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**INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL FINANCE CORPORATION
MULTILATERAL INVESTMENT GUARANTEE AGENCY**

**PERFORMANCE AND LEARNING REVIEW
OF THE COUNTRY PARTNERSHIP STRATEGY**

**FOR
THE REPUBLIC OF ANGOLA
FOR THE PERIOD FY14-FY16**

MARCH 29, 2018

**Central Africa Country Department 1
Africa Region**

**The International Finance Corporation
Sub-Saharan Africa Department**

The Multilateral Investment Guarantee Agency

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ABBREVIATIONS AND ACRONYMS

ADECOS	Health and Community Development Agents
AF	Additional Financing
AFD	French Development Agency (Agence Française de Développement)
AfDB	African Development Bank
AML	Anti-Money Laundering
APPSA	Agriculture Productivity Program for Southern Africa
AS	Advisory Services
ASA	Advisory Services and Analytics
BNA	Central Bank of Angola (Banco Nacional de Angola)
BNI	Banco de Negócios Internacional
BPC	<i>Banco de Poupança e Crédito</i>
CADP	Commercial Agriculture Development Project
CBR	Correspondent Bank Relationship
CEM	Country Economic Memorandum
CFT	Counter Financing of Terrorism
CGE	Conta Geral do Estado (Government Budget Report)
CMU	Country Management Unit
COP21	2015 United Nations Climate Change Conference
CPF	Country Partnership Framework
CPI	Consumer Price Index
CPS	Country Partnership Strategy
DB	Doing Business
DP	Development Partners
DPF	Development Policy Financing
DPO	Development Policy Operation
DTP3	Diphtheria-Tetanus-Pertussis
EIB	European Investment Bank
ESW	Economic and Sector Work
EU	European Union
FAO	Food and Agriculture Organization
FSAP	Financial Sector Assessment Program
FSI	Financial Stability Indicators
FX	Foreign Exchange
GDP	Gross Domestic Product
GER	Gender Equality Ratio
GNI	Gross National Income
GoA	Government of Angola
GP	Global Practice
HMIS	Health Multi-Indicator Survey
HR	Human Resource
IBRD	International Bank for Reconstruction and Development
ICRR	Implementation Completion Report Review
IDA	International Development Association
IEG	Independent Evaluation Group
IFAD	International Fund for Agricultural Development
IFC	International Finance Corporation
IFMIS	International Financial Management Information Systems

IMF	International Monetary Fund
INDC	Intended Nationally Determined Contribution
IPF	Investment Project Financing
ISR	Implementation Status Report
LDP	Local Development Project
MHSS	Municipal Health Service Strengthening
MHSSP	Municipal Health Service Strengthening Project
MICS	Multiple Indicator Cluster Survey
MIGA	Multilateral Investment Guarantee Agency
MoF	Ministry of Finance
MOSAP	Market Oriented Smallholder Agricultural Project
MPLA	People’s Movement for the Liberation of Angola
MSME	Micro-, Small- and Medium-size Enterprises
NGO	Non-Governmental Organization
NRA	National Risk Assessment
PBG	Policy Based Guarantee
PDO	Project Development Objectives
PDNA	Post Disaster Needs Assessment
PEFA	Public Expenditure and Financial Accountability
PEMFSR	Public Expenditure Management and Fiduciary Systems Review
PER	Public Expenditure Review
PFM	Public Financial Management
PLR	Performance and Learning Review
PND	National Development Plan (PND)
PPA	Project Preparation Advance
PPP	Public Private Partnership
RAMP	Reserve Assets Management Program
RAS	Reimbursable Advisory Services
SCD	Systematic Country Diagnostic
SDGs	Sustainable Development Goals
SISTAFE	Public Finance Management Information System
SME	Small and medium enterprise
SOE	State Owned Enterprise
SP	Social Protection
SSA	Sub-Saharan Africa
TA	Technical Assistance
USAID	US Agency for International Development
UN	United Nations
UNDP	United Nations Development Program
USAID	US Agency for International Development
UNICEF	United Nations Children’s Fund
WB	World Bank
WBG	World Bank Group
WDI	World Development Indicators
WEO	World Economic Outlook
WHO	World Health Organization

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I. INTRODUCTION

1. **The Board of Executive Directors discussed the FY14-FY16 Country Partnership Strategy (CPS) for Angola on September 26, 2013 (Report No. 76225-AO).** The CPS supported the Government's 2013-2017 National Development Plan (PND), which had as objectives to accelerate economic growth and diversify the economy, improve social outcomes and ensure sustainable management of natural resources. It was structured around two pillars: 1) supporting integrated national economic diversification; and 2) enhancing the quality of service delivery; and an underlying foundation plank aimed at building human and institutional capacity and resilience to shocks. It also sought to address the crosscutting dimension of gender.

2. **The CPS program was focused on Advisory Services and Analytics (ASA).** In 2013, Angola had sufficient resources to finance its own ambitious development agenda. Thus, demand for World Bank Group (WBG) financing was limited. However, the country needed support to build the knowledge and the institutional and human capacity to use its resource boom effectively and sustainably. Under these circumstances, the CPS had laid out an ASA-intensive program, with thirty-three proposed ASA including ten Reimbursable Advisory Services (RAS). The CPS further focused on improving the performance of the four existing International Development Association (IDA) investment-financing projects (IPFs) with total commitments of US\$359.5 million, and a new Learning for All Project approved with the CPS for US\$75 million. At the time of the CPS approval, the WBG portfolio included Multilateral Investment Guarantee Agency's (MIGA) guarantees for a total of US\$84.9 million, and International Finance Corporation (IFC) investments of US\$1.44 million.

3. **The CPS was endorsed when Angola was on the verge of graduating from IDA to the International Bank for Reconstruction and Development (IBRD) without transitioning through a blend country status.** Angola was in the process of familiarization with IBRD terms and instruments and did not yet have an IBRD exposure limit. More importantly, following recommendations from the Independent Evaluation Group (IEG) Country Assistance Evaluation Report (1991-2006, Report 39084, 2007), the CPS opted to focus on building trust and mutual knowledge between the WBG and the authorities, and only pursue financing opportunities that responded to revealed demand. Despite the extensive consultations undertaken in the preparation of the ASA program, changes in the country context and stakeholders' preferences resulted in the cancellation of more than half of the planned ASA activities.

4. **The sharp decline in oil prices that started in mid-2014 caused severe macro-fiscal challenges and put at risk the gains made in poverty reduction.** In addition, during the period 2015-2016, Angola faced the worst yellow fever outbreak in years, fueled by unusual weather conditions conducive to vector-transmitted infections.¹ In the same period, the southern region of Angola faced four years of severe drought, which depleted livestock, a critical source of livelihood in the area, causing deaths and adversely affecting health outcomes particularly of children.

¹ By August 2016, Angola had reported a total of 4,041 suspected cases of which 884 were laboratory confirmed, and 371 deaths among all the suspect cases.

5. **The oil shock enhanced the relevance of the WBG’s financial engagement.** The turning point in the partnership came when the Government of Angola (GoA) requested its first-ever IBRD financing and the WBG responded promptly and positively by approving Angola’s first Development Policy Financing (DPF) operation, including a lending component and a Policy-Based Guarantee (PBG). Mutual trust was further enhanced by the WBG’s readiness to work with other development partners (DPs) to ramp up engagement through both emergency and longer-term measures in response to the health crisis. As a reflection of the strengthened partnership, lending operations picked up from FY15 on. At the end of 2017, the WB portfolio consisted of seven projects with commitments of US\$806.5 million; MIGA’s gross exposure was US\$433.3 million; and IFC’s committed portfolio stood at US\$32 million with two clients.

6. **Angola’s 2017 general elections were marked by an unprecedented political transition, and followed by promising shifts in economic policy.** Former Minister of Defense, João Lourenço, succeeded President dos Santos who had been in power for the previous 38 years. On October 10, 2017, the new Government announced a set of measures included in a six-month interim plan, and intended to: (i) continue the fiscal consolidation process; (ii) ensure public debt sustainability; (iii) consolidate and strengthen monetary and foreign exchange policies; (iv) strengthen the local financial sector; (v) improve business environment, productivity and competitiveness of local companies; and (vi) attract foreign direct investment. The Government followed through on these announcements with a series of decisions in the fiscal and monetary policy areas, and with respect to governance and private sector development, which are detailed in the next Section. In parallel the Government has been working on a medium-term strategy, the PND 2018-2022, and has unequivocally expressed its willingness to deepen the partnership with the WBG. This Performance and Learning Review (PLR) proposes to broaden the CPS program to support implementation of the reforms proposed by the newly elected GoA, thus helping Angola make progress towards the twin goals of eradicating extreme poverty and fostering shared prosperity.

7. **This Performance and Learning Review (PLR) recommends a three-year extension of the FY14-FY16 CPS until the end of FY19.** The extension would allow time for the substantial course corrections proposed in the revised CPS to be implemented, for the proposed expansion of lending activities to have impact, and to build ownership and trust with the newly elected government. In addition, the extension would allow the forthcoming Country Partnership Framework (CPF) to reflect the findings of the ongoing Systematic Country Diagnostic (SCD) (P160468) scheduled to be completed by the end of FY18 and to be informed by key knowledge products recently completed and ongoing. Finally, the extension allows the alignment of the WBG CPF with the National Development Plan 2018-2022, which is scheduled for approval in mid-2018.²

II. MAIN CHANGES IN COUNTRY CONTEXT

A. KEY MACROECONOMIC AND DEBT DEVELOPMENTS

8. **The macro economic projections presented in the CPS were profoundly upended by the sharp drop in global oil prices.** The average real Gross Domestic Product (GDP) growth rate

² The GoA adopted the comprehensive Economic Strategy to Address the Crisis in March 2016.

for the period 2014-2016 was 2.4 percent, while the CPS had projected an average growth rate of 7.3 for the same period (Table 1). The reduction in oil prices triggered deteriorations in the fiscal accounts (oil revenues represented 75 percent of all government revenues in 2013) and external accounts (oil accounted for 97 percent of exports in 2013), and provoked fuel price increases, tax hikes, and currency devaluation. Inflation increased from 7.5 percent in 2014 to 41.9 percent in 2016, and abated to an estimated 25.1 percent in January 2018.

9. **The GoA initially responded swiftly to the oil shock.** The 2015 budget was revised to reflect the lower oil prices.³ Fuel subsidies were phased out and measures to contain the wage bill were adopted, including the freezing of public sector wages and systematically identifying and eliminating ghost workers. Current expenditures and public investments were also cut back. The GoA further acted to increase revenues by raising non-oil tax rates, creating a new tax on financial transactions, and improving tax administration. On external and monetary policies, the GoA eased the exchange rate peg, increased interest rates and tightened controls on the growth of monetary aggregates. In January 2016, the GoA approved a comprehensive strategy to stimulate economic diversification away from oil.

10. **Economic adjustment and reforms lost momentum, and economic policy reversed course from the second quarter of 2016.** The National Bank of Angola (BNA) re-pegged the currency in April 2016 and introduced administrative controls on access to foreign exchange (FX) to fight the soaring inflation. The re-peg of the exchange rate and the introduction of FX controls harmed private sector investments and production decisions. FX controls were also introduced to avoid a quick depletion of the international reserves. The spread between the official and parallel exchange rate widened to 183 percent by end of December 2016, and was standing at 160 percent in December 2017. In parallel, Angolan banks lost Correspondent Bank Relationships (CBR) with US banks, further complicating access to FX. In an attempt at boosting GDP growth, the GoA increased public investment, halting fiscal consolidation and leading to higher deficits and debt. The BNA also froze the benchmark interest rate at 16 percent, and real interest rates became negative given the inflation rate. Public and publicly guaranteed debt increased from 32.9 percent of GDP in 2013, to an estimated 65.1 percent by the end of 2016. Recent data indicates that three quarters of the debt is domestic and Chinese institutions are the largest external lenders

11. **On January 3, 2018 the GoA announced a Macroeconomic Stabilization Program (PEM) that represents an important milestone towards restoring macroeconomic balance.** The PEM includes monetary, exchange rate and fiscal policy measures, including a more flexible exchange rate regime. In January 2018, the BNA launched weekly auctions of foreign exchange, within bands, to participating commercial banks. The Kwanza has since depreciated by 30 percent against the dollar⁴, and the spread between the official and informal exchange rate has started to decrease. This course correction may benefit from a recently approved legislation that will exempt capital held abroad from penalties, if repatriated within six months. The BNA also raised its benchmark interest rate from 16 to 18 percent, and announced that it will pursue tight monetary

³ The budget reference oil price was reduced from US\$81 to US\$40 per barrel. Within the DPF policy dialogue, the Government requested a study on how to improve the management of the Oil Price Differential Account (OPDA), which serves as a fiscal stabilization mechanism.

⁴ At end-February 2018, one dollar was equivalent to 215 Kwanzas, i.e., a depreciation of about 30 percent relative to the former peg of 166 kwanzas to the dollar.

aggregate targets. The Ministry of Finance released its budget proposal for 2018, aiming to reduce the deficit from 5.7 percent in 2017 to 3 percent of GDP in 2018. Fiscal consolidation will be sought by raising some consumption and excise taxes and cutting back on payroll, subsidies, and capital expenditures. No salary increase is expected for civil service in 2018, while increases in prices of fuel, energy and public transportation have been announced.

12. The difficult economic context and indirect exposure to the oil sector put the financial sector under pressure, although there are significant variations between banks. As of November 2017, system-wide capital adequacy remained above the regulatory minimum (17.8 percent of risk-weighted assets vs the 12 percent minimum), but two large public banks as well as two smaller private banks did not meet the minimum capital adequacy ratio. Following the completion of an Asset Quality Review in 2015, the BNA asked undercapitalized banks to submit recapitalization plans. The Government proceeded with a recapitalization of non-compliant public banks in 2015-16, at a cost of about 0.25 percent of GDP. More recently the Government also announced the establishment of a Government-funded bank to deal with non-performing loans and seek their resolution. Banks have so far managed to contain the fallout from the withdrawal of CBRs through intermediary (nested) relationships and access to other hard currencies (such as the Euro). This is an issue that requires urgent attention, starting with dealing with the underlying concerns regarding Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT).

13. The GoA maintains dialogue with the International Monetary Fund (IMF) in the context of Article IV Consultations and Staff visits. The latest Article IV mission took place in early March 2018. The IMF and Angola attempted to establish a program in 2016, but negotiations ended at an early stage. Angola benefited from IMF technical assistance with respect to national accounts, tax administration, medium-term fiscal management, and foreign exchange market operations. Further assistance is expected to be delivered in the areas of bank supervision and the development of a Government securities market.

Table 1: Angola Selected Economic Indicators

	Actual			Prel	Projections			
	2013	2014	2015	2016	2017	2018	2019	2020
Angola oil prices (US\$/barrel)	107.7	96.9	50	40.4	52	49	51.5	53
Angola oil production (million barrels/day)	1.74	1.69	1.78	1.74	1.65	1.7	1.72	1.73
GDP growth (% p.a.)	6.8	4.8	3	0	1.2	1.7	2.2	2.4
Consumer prices (annual average)	8.8	7.3	10.3	32.4	31.7	24.7	20.2	13.9
Consumer prices (end of period)	7.7	7.5	14.3	41.9	26.3	25.9	15.4	12.7
Public revenue (% GDP)	40.2	35.3	27.3	17.4	17.7	18.3	19.1	19.4
Public expenditure (% GDP)	40.5	41.9	30.6	21.9	23	21.5	21	21
Overall fiscal balance (% GDP)	0.3	-6.6	-3.3	-4.5	-5.3	-3.2	-2	-1.6
Government debt (% GDP)*	32.9	40.7	64.6	65.6	65.2	69.3	68.2	65.5

Source: MINFIN and WB, February 2018; *Government debt includes debt of public companies.

14. The medium-term outlook has external and internal downside risks. Growth was expected to recover modestly in 2017, and hover around 1-2 percent a year in the medium term. The modest recovery (Table 1) could be jeopardized by lower than projected oil prices, difficulties in controlling spending and growing public debt. While exchange rate flexibility will help restore

macroeconomic stability, there are risks to inflation – standing at 25.1 percent in January 2018 – debt dynamics – as more than half of the debt is denominated in foreign currency - and the banking system. According to Ministry of Finance (MoF) data, public debt, excluding public companies, has surpassed 67 percent of GDP in January 2018, up from 59.8 percent in July 2017. Public debt is likely to surge in the short-term due to increasing financing needs and the devaluation of the currency. Concerns about debt sustainability are aggravated by the shortening maturity of the debt and the issuance of debt to settle payment arrears. There are also risks related to the withdrawal of remaining CBRs, delays in the recapitalization of weaker banks, and social issues such the yellow fever epidemic outbreak in 2016.

15. **The Angolan authorities are determined to diversify the economy away from oil.** In addition to an improved macroeconomic framework, reforms will be needed to remove bottlenecks associated with inadequate infrastructure, business environment constraints, limited access to finance, and a lack of skilled workers. A more inclusive growth pattern could be achieved through diversification towards the agricultural sector. The agricultural sector accounts for 11 percent of GDP, recorded a growth rate of 10 percent in 2014, and is a substantial provider of employment for the rural population, which constitutes the poorest segment of the population. Smallholder farmers cover more than 80 percent of the cultivated area. Programs that aim to develop the sector by focusing on smallholder farmers will promote a more inclusive growth pattern and have considerable potential to accelerate poverty reduction. To this end the Government is considering options such as developing extension services, promoting the use of inputs including through trade tariff reform, land reform, and increased use of irrigation. Poverty reduction through pro-poor growth should be complemented by social protection programs that include access to more productive economic activities while building resilience, especially in times of economic shocks.

B. CHANGES IN POVERTY REDUCTION AND SHARED PROSPERITY

16. **Although recent poverty data is not available, estimates suggest that the poverty rate has fallen only slightly.** At the time of the CPS approval, the poverty headcount was estimated at 30.1 percent, using a US\$1.90/day Purchasing Power Parity (PPP) poverty line. These estimates were based on the most recent Angola household survey, completed in 2008, and no new household survey data has been produced since. Imputations suggest a very slow decline in poverty to 28 percent in 2014. The country ranked 150th in the 2016 UN Human Development Index, dropping a few positions compared to 2013, when Angola ranked 148th. With the oil price shock, Angola's GNI per capita dropped from US\$5,300 in 2013 to US\$4,180 in 2015 and US\$3,440 in 2016. As Annex 8 illustrates, Angola continues to lag its middle-income peers in terms of human development indicators, due to low investment in human capital.⁵

17. **Inequality declined from 0.55, as measured by the Gini coefficient, in 2008 but remained very high at 0.425 in 2014.** This is not only reflected in economic data but also in low human development indicators such as life expectancy at birth, which according to World Bank data increased slightly from 60.3 years, to 61.2 years in 2015. The latest estimates show that health indicators remain short of international targets, although infant and under-five child mortality rates have substantially improved. Per recent survey data the rate of maternal mortality is 239 deaths

⁵ While behind its peers, Angola made noticeable strides in improving human development indicators in the last 15 years, a period in which the country was finally able to focus on development after a 27-year civil war.

per 100,000 live births and the under-five child mortality rate is 68 deaths per 1,000 live births.⁶ However, trends in nutrition indicators raise concerns. During the 2007-2011 period, an estimated 29 percent of Angola's children under-five suffered from moderate-to-severe stunting, but the recent Multiple Indicators and Health Survey 2015-16 (MIHS) shows an increase in the rate of stunting to 38 percent. The MIHS also shows that 15.2 percent of children under 5 suffered from severe chronic malnutrition and up to 65 percent of children above 6 months of age and under-5 years are anaemic, suggesting serious long-term implications for cognitive development, skills acquisition and employability in important parts of the Angolan population.

18. **Marked regional disparities persist and the deep divide between the rural and urban population described in the CPS, prevails.** Estimates for 2014 indicate that the percentage of poor in the province with the capital city Luanda is the lowest at 8.6 percent, while poverty reaches 54.3 percent in the drought-affected southern province of Cunene. Generally, the rural population is deprived in many poverty dimensions, including in non-monetary dimensions like education and health. The lack of recent data on poverty and inequality will be addressed through a new World Bank-financed household budget survey launched in late 2017. The pilot survey took place in November-December 2017; the main data collection will start in early March 2018 and will end in February 2019. Data are expected to be available by mid-2019 including on updated poverty and inequality indicators, which will enable a more accurate assessment of progress in poverty reduction.

19. **Although the Government has made efforts to safeguard social sector expenditures, the worsening fiscal situation and inflation are making it increasingly difficult to achieve this objective.** The GoA spent an average of 3.2 percent and 1.9 percent of GDP on education and health, respectively, over 2008-2015. While these ratios, as well as the corresponding proportions in terms of overall government spending have remained stable over 2010-2015, the budget for social spending has dropped sharply in real terms towards the end of this period. For instance, public spending on health was reduced by as much as 39 percent in real terms in 2015, leading to a sharp decrease among other things in expenditure on immunizations. Thus, to improve human development outcomes, it is imperative to reduce inflation and to address the major inefficiencies in social expenditures and the delivery and quality of social services.

C. POLITICAL DEVELOPMENTS

21. **Governance, transparency and accountability issues are high priorities of the GoA program for the next five years, and President João Lourenço has pledged to fight corruption and improve overall governance.** Angola's economy and public finances depend on the oil sector. The sector is relatively well-managed upstream, with open competitive bidding and publication of contract awards, payments for exploration, and drilling licenses. Yet, significant weaknesses in the overall public financial management system have allowed for considerable leakages and wasteful public spending downstream. In addition, entrenched politically connected oligopolies, poor investor protection, and a weak rule of law all negatively affect the investment climate more broadly. President Lourenço has given early positive signals of his determination to tackle governance issues. These include: (i) replacing the entire board of the state-owned oil company Sonangol, and commissioning a reputable international firm to audit its accounts; (ii)

⁶ See GoA, Multiple Indicators and Health Survey, 2015-16 (MIHS).

replacing the management of the Sovereign Wealth Fund; and (iii) appointing an advisory council that includes opposition and civil society members. Other measures include a major simplification of tourism visa requirements; a first wave of privatizations of state-owned enterprises (SOEs), including Angola Telecom; and the recent submission to Parliament of a private investment law which will facilitate foreign investment, and of a competition law.

22. **Some progress was made in Public Financial Management.** A Public Expenditure Management and Fiduciary Systems Review (PEMFSR) based on the Public Expenditure and Financial Accountability (PEFA) methodology was carried out in 2016, financed by the African Development Bank (AfDB). It found that budget credibility is at acceptable levels and noted improvements in public procurement, internal control environment, budget reporting through the Integrated Financial Management Information System (IFMIS), and external audits of government accounts. A tax reform achieved a broadening of the tax base. Fuel subsidy reforms brought prices in line with market rates, and did away with some of the most expensive and regressive subsidies. Finally, a biometric census of public sector staff uncovered 54,000 ghost workers, and they were removed.

23. **Despite these advances, significant weaknesses remain, particularly in the areas of fiscal risk monitoring, state-owned enterprise (SOE) oversight, public investment management, and budget planning.** The technical quality and realism of the budget has increased with better forecasting. Yet frequent in-year budget adjustments and slow execution of investment expenditures have meant that spending units lack reliable budget ceilings, causing payment and implementation delays and additional costs for public investments. The medium-term budget planning instruments prepared by various sectors are not effectively used for allocations. The lack of integration between the investment and recurrent budget continues to be an issue.

24. **A key challenge going forward will be to ensure more efficient spending through improved screening of public investments and more effective control of corruption.** Construction is a sector where weak governance and inadequate public investment management systems are known to result in significant efficiency losses. Despite some improvements in public procurement, including a new legal framework and a strengthened public procurement agency, many high-value public contracts continue to be given to politically connected firms outside of the formal processes. While external audits by the supreme audit institution (*Tribunal de Contas*) have increased in recent years, the external control chain needs to be strengthened through a more effective engagement with the parliamentary budget commission and anti-corruption bodies.

III. SUMMARY OF PROGRAM IMPLEMENTATION

A. PROGRAM AND PORTFOLIO PERFORMANCE

25. **At the time of the endorsement of the CPS, demand for WBG financing was limited.** The indicative IDA16 allocation for Angola was US\$170 million. Yet only the Learning for All Project (P122700) for an amount of US\$75 million was approved during IDA16. The anticipated demand for an IBRD guarantee to support the energy sector did not materialize.

26. **Demand for IBRD financing emerged and grew rapidly after the oil price shock and the health emergency.** To help address macroeconomic risks and close the financing gap in the aftermath of the oil price shock, the World Bank added a series of two DPFs to the CPS program. The Fiscal Management Development Policy Financing (FMDPF) (P155323), including a US\$450 million loan and a US\$200 million PBG, were approved by the Board in FY15. However, the macroeconomic policy framework deteriorated, and the series was truncated after the first of two planned operations. The PBG was postponed for a year and lapsed in FY17. In this context the World Bank turned to providing additional support through IPFs to existing, and in some cases new, areas of engagement. In FY17, the World Bank approved the second Smallholder Agriculture Development Project (P154447, US\$70 million); additional finance (AF) to the Local Development Program (P160105, US\$70 million); and the Statistics Project (P157671, US\$62 million). In FY18, the World Bank approved the second Water Sector Institutional Development Project (P151224, US\$200 million), and is pursuing the preparation of four additional projects expected to be approved in FY18 or FY19: the Health System Performance Strengthening Project (P160948, US\$110 million); the Commercial Agriculture Development Project (P159052, US\$130 million); the Luanda Bitá Water Supply Project Guarantee (P163310, US\$300 million); and an AF to the second Water Institutional Development Project (US\$150 million). Pending the preparation of the new project in the health sector, the World Bank was able to support GoA's response to the yellow fever epidemic through the reallocation of resources of the Municipal Health Service Strengthening Project (MHSSP) (P111840).

27. **Demand for MIGA's guarantees intensified after the oil shock.** MIGA helped Angola address its severe energy deficit through its support for the expansion of the Cambambe hydroelectric power plant to help boost the country's installed power generation capacity at the time by more than 30 percent. MIGA provided non-honoring of sovereign financial obligations cover of US\$512 million to the project's lenders for a period of 13 years through two guarantees, the first issued in 2013 for US\$511.8 million and a second for US\$14.9 million issued in FY16. MIGA's coverage was critical in helping to mobilize the long-term debt financing to complete the project, responding to the Government's focus on developing hydropower energy sources. MIGA's total gross exposure now amounts to US\$386.1 million as the underlying debt covered by MIGA has amortized over time. The deteriorating macroeconomic policy framework and governance issues prevented MIGA to extend further support.

28. **The GoA interest in working with the IFC to harness the potential of the private sector increased after the oil shock.** However, governance-related issues limited the opportunities for IFC interventions. With a total commitment of US\$32 million as of January 31, 2018, IFC supports two active trade finance lines with *Banco de Fomento Angola* (BFA) and *Banco de Negocios Internacional* (BNI), and a US\$20-million working capital facility with BNI. The investments to BFA and BNI support trade finance activities and facilitate trade flows that are critical to an economy that is heavily dependent on imports, especially as oil-led growth is slowing down.

29. **The ASA program was considerably revised to enhance ownership and adjust to the new country context.** The CPS program included 33 ASA products including ten Reimbursable Advisory Services (RAS). Seventeen out of the 33 ASA were subsequently dropped. Given the tighter budget after the oil shock, the GoA dropped five out of the ten RAS activities programmed.

Agreements for the Business Environment Reform RAS (P163713), Risk Assessment of Illicit Financial Flows RAS (P158042), and Financial Sector Development RAS (P147800) were signed in March 2017, for a total amount of US\$8 million, and their implementation is well underway. The GoA also reprioritized analytics, dropping activities such as the Angolan Economic Updates in favor of more urgent ASA such as the Angola Poverty and Social Impact Analysis of Subsidy Reform (P159805). Planned technical assistance (TA) was substantially revised, dropping activities which were poorly defined (such as the e-courses formerly offered by the now-defunct World Bank Institute) or for which there was insufficient ownership (IFC Business Edge) and refocusing the program on social protection (SP) and business environment issues.

30. Disbursement rates improved considerably, notwithstanding continued implementation challenges. In the middle of the macro-economic crisis, disbursement of counterpart funds was delayed and Project Implementation Units (PIUs) faced difficulties to make payments abroad, including for consultants. Enhanced supervision, continuous capacity strengthening, and coordination with the Ministry of Finance is gradually helping address project implementation delays stemming from institutional complexity, capacity constraints in the implementing ministries and PIUs, rapid turnover of staff in some ministries and agencies, slow procurement processes, and difficulties in retaining skilled fiduciary staff. Coordinated efforts from the Country Management Unit (CMU), task teams, the MoF, and the PIUs succeeded in markedly improving the portfolio disbursement ratios from an average of 12 percent at end-June 2013, below the Africa Region (AFR) average of 22.5 percent, to 22 percent in FY16 and 35 percent in FY17, higher than the AFR averages of 19.6 percent and 21.2 percent in FY16 and FY17, respectively. A combination of extensions of closing dates and additional financing explain the relatively high average age of the portfolio, which increased from 4 years to 4.3 years between FY13 and FY17.

31. Implementation Completion Report Reviews (ICRRs) and Implementation Status Reports (ISR) for operations are rated moderately satisfactory or higher. The ICRR for the Market-Oriented Smallholders Agriculture Project (MOSAP) (P093699) was rated Moderately Satisfactory for outcome as well as for World Bank and Borrower Performance, and the risk to development outcomes was rated modest, given the approval of a follow-on operation that is expected to consolidate the achievements of this project. For 75 percent of the active projects, ISRs are rated moderately satisfactory or higher for both development objectives and project implementation. No Completion and Results Reports (CRRs) have been prepared for the IFC's portfolio in Angola during the period FY14-FY17. However, projects are in good standing with no non-performing loans.

32. Results of the 2015 country survey of stakeholders showed a marked improvement in several areas. From May to July 2015, 386 stakeholders of the WBG in Angola were invited to provide opinions on the WBG's work in the country by participating in a survey. A total of 91 stakeholders participated in the survey (24 response rate).⁷ Overall attitudes are more positive than in FY12 in terms of relevance, alignment and how realistic the World Bank's strategies are given

⁷ Participants were drawn from central and local government officials, Project Implementation Units (PIUs), consultants/contractors working with the WBG, bilateral and multilateral agencies, the media, non-profit organizations, community-based organizations, trade unions, faith-based groups, academia/research institutes/think tanks, the judiciary branch and other organizations. For more details see FY15 Angola Country Opinion Survey Report, The World Bank Group, Public Opinion Research Group, October 2015.

the country context. Similarly, there is a convergence between the positive attitudes of those who collaborate with the World Bank toward specific sectoral support and those who do not collaborate. Still, the overall effectiveness rating for the World Bank is somewhat low. Interestingly, four out of ten stakeholders reported that the World Bank's support helps the poorest in Angola to a somewhat or fully insufficient degree, while poverty itself is considered as one of the top development priorities in the country. The 2015 survey also pointed to a need to speed up processes and to increase dissemination of information on WBG work, and to intensify collaboration with stakeholders outside the Government. A new country survey is planned for 2018.

33. **As envisaged by the CPS, the World Bank worked closely with other development partners.** The World Bank worked with Food and Agriculture Organization (FAO) in the implementation of the MOSAP (P093699), which also benefited from co-financing from the International Fund for Agricultural Development (IFAD) and the Government of Japan. Other examples of collaboration are the MHSSP (P111840), with co-financing from the oil giant *Total*, and which co-financed the Health Multi-Indicator Survey (HMIS) with the United Nations Children's Fund (UNICEF), World Health Organization (WHO), and the United States Agency for International Aid (USAID). Similarly, the Local Development Project (LDP) (P105105) benefitted from parallel funding from the European Union (EU). The WBG works very closely with the EU on Social Protection. Dialogue intensified between the WBG and the French Development Agency (AFD), which is co-financing the Water Sector Institutional Development Project 2 (WSIDP 2) (P151224). The Government of Japan, IFAD and AFD are exploring the possibility of co-financing projects in agriculture. An effective collaboration and coordination with the IMF (macro/fiscal/financial sector policies) and the AfDB on public finance management (PFM), agriculture and water sector interventions have strengthened the policy dialogue on critical macroeconomic and structural reforms.

B. PROGRESS TOWARDS 2014-16 CPS OUTCOMES

34. **Progress towards the CPS outcomes by end-FY16, the original date of the CPS period, is rated 'modest'.** Progress was made towards some outcomes under Pillars 1 and 2 and, with additional time, the outcomes could be achieved (Figure 1). When relevant, progress achieved after FY16 are presented but they are not factored in the above assessment. Also, most outcomes under the Foundation Plank are off track. Progress against each outcome is detailed below and in Annex 3. Revised or new indicators are reflected in Annex 1.

Figure 1: CPS Objectives and Indicators, Summary of Progress

Pillar 1: Economic Diversification for Shared Prosperity 	Pillar 2: Enhancing Quality of Service Delivery and Deepening Social Protection 	Foundation Plank: Building Human / Institutional Capacity and Resilience to Shocks 
<i>Outcome 1</i> . Increase average yield for major crops cultivated by smallholder farmers 	<i>Outcome 5</i> . Improve the quality of education 	<i>Outcome 10</i> . Improve coordination of economic policies and efficiency of public expenditures 
<i>Outcome 2</i> . Expand power generation and transmission network to reduce power outage 	<i>Outcome 6</i> . Expand health service delivery 	<i>Outcome 11</i> . Formulate and implement a long-term skills development strategy 
<i>Outcome 3</i> . Remove regulatory overhang and improve business environment 	<i>Outcome 7</i> . Improve sustainable water supply system 	<i>Outcome 12</i> . Strengthen training of GoA national and local level staff 
<i>Outcome 4</i> . Improve access to finance and reduce financial sector risk 	<i>Outcome 8</i> . Reduce malnutrition 	<i>Outcome 13</i> . Build awareness about Angola's exposure to severe climate change 
	<i>Outcome 9</i> . Improved access to social safety net and nutrition 	

 = achieved	 = partially on track
 = on track	 = off track

Pillar 1: Economic Diversification for Shared Prosperity

35. **Results achieved under Pillar One indicate that the CPS outcomes are within reach.** As detailed below, the CPS is contributing to Angola's economic diversification by supporting increased smallholder production and productivity, supporting increased power generation, and by contributing to removing bottlenecks to doing business. *This PLR adjusts the results framework to reflect activities planned under the revised CPS.*

36. **Outcome 1, increase average yield from major crops cultivated by smallholder farmers, is on track.** Through the MOSAP (P093699), the WBG helped increase average-yield for major crops cultivated by smallholder farmers (maize, cassava and potato) in line with the CPS targets. *This PLR adjusts the targets of existing indicators and adds new results indicators measuring farmers with formal links to the market, female beneficiaries, and number of participating Medium and Small Enterprises (SMEs) supplying agro-products to buyers, aggregators and/or processors.*

37. **Outcome 2, expand power generation and transmission network to reduce power outage, is partially on track.** MIGA guarantees (Cambambe Hydroelectric Project Phase I and Cambambe Hydroelectric Project Phase II (P11071)) are helping increase Angola's generation capacity. The targeted 30-percent increase in generation capacity was met in 2017. The expected demand for the IBRD partial risk guarantee, RAS (regulatory reform, rural electrification, tariff rationalization, operations and maintenance, and training program at facilities level), and IFC advisory services on energy PPPs did not materialize. The CPS anticipated that the results framework would need calibration depending on the Government's demand for support. *This PLR drops indicators on the number of provincial population centers connected to the grid and on the reduction of subsidies and tariffs.*

38. **Outcome 3, remove regulatory overhang and improve business environment, is partially on track.** Delays in the approval of the Business Environment Reform RAS (P163713) limited

WBG ability to contribute to improving the business environment. With the RAS signed in March 2017, progress is expected over FY18-FY19. *This PLR drops the indicator on entrepreneurial capacity and strengthens the indicators on Doing Business.*

39. **Outcome 4, improve access to finance and reduce financial sector risk, is partially on track.** Progress towards improved access to finance and reduced financial sector risk is being made with contributions from the WB, IFC and MIGA. The WB helped strengthen the Credit Registry at BNA, which now covers credit transactions of all SMEs receiving loans under the GoA Guarantees program. Banking supervision and AML-CFT monitoring and enforcement are improving with WBG support. Under Reserves Advisory and Management Program (RAMP), 52 BNA officials, of whom 29 are female, received specialized training. The IFC is making investments to support trade finance and facilitate trade flows critical to an economy heavily dependent on imports and suffering a precipitous decline in oil revenues. Finally, MIGA extended an investment guarantee for *Aceria de Angola*, one of the first large-scale industrial projects in the country outside of the oil sector. *This PLR revises slightly the indicator on AML-CFT.*

Pillar 2: Enhancing Quality of Service Delivery and Deepening Social Protection

40. **Results achieved under Pillar two indicate that the CPS outcomes are within reach.** Despite a slow start, as detailed below, the CPS is now making significant contributions to improving the service delivery in the education and health sectors. Progress is also being made to create a framework to support vulnerable people and empower them and share economic growth. *This PLR adjusts the results framework to reflect activities planned under the revised CPS.*

41. **Outcome 5, improve the quality of education, is on track.** With WB support through the Learning for All Project (P122700) the GoA is making significant progress in school management. While the CPS target on trained teachers was not reached by FY16, it could be achieved by end FY19. Angola's youth literacy gender parity index has increased from 0.75 in 2001 to 0.83 in 2013, reflecting sustained engagement to improve female literacy. *This PLR adjusts the results framework to reflect activities planned under the revised CPS.*

42. **Outcome 6, expand health service delivery, is on track.** Through the MHSSP (P111840), the WB contributed to the increase in the percentage of institutional deliveries and the coverage of children immunized with Penta vaccine both beyond the CPS targets. *This PLR adjusts the results framework to reflect activities planned under the revised CPS.*

43. **Outcome 7, improve sustainable water supply system, is on track.** Through WSIDP (P096360) the WB extended access to safe water to 338,140 people by March 2017, about 10 percent below the target. However, the WSIDP achieved the target of women beneficiaries (50 percent). *This PLR adjusts the results framework to reflect activities planned under the revised CPS.*

44. **Outcome 8, reduce malnutrition, is off track.** Through the MHSSP (P111840), the WB financed the Health Multi-Indicator Survey, which updated information on Angola's nutritional status, critical for policy making. However, the planned Nutrition Gap Analysis was dropped. *This*

PLR drops this outcome and the related indicator. Activities to reduce malnutrition under the revised CPS will be deferred until the forthcoming CPF.

45. **Outcome 9, improve access to social safety nets, is on track.** The WB is supporting three complementary sets of actions to strengthen Social Protection (SP): (i) analytical work to identify the gaps and improve the effectiveness of safety nets; (ii) development of targeting systems based on poverty maps; and (iii) design and development of productive safety nets to support the livelihoods of beneficiaries. The planned social assistance strategy was prepared and has been awaiting adoption since 2015. With WB support, progress is being made towards a unified registry of SP beneficiaries. *This PLR adjusts the results framework to reflect activities planned under the revised CPS.*

Foundation Plank, Building Human / Institutional Capacity and Resilience to Shocks, is off track.

46. **The CPS outcomes under the Foundation Plank are off track and must be revised.** As detailed below, limited progress was made in the planned activities to build human and institutional capacity and resilience to shocks. Considering the changed context this focus area as initially conceived is no longer relevant or adequate. *It will therefore be dropped, and key objectives will be transferred to other areas of the revised CPS.*

47. **Outcome 10, Improve coordination of economic policies and efficiency of public expenditures, is on track.** The reinstatement of the Fiscal and Monetary Coordination Committee has tightened coordination of economic policies.⁸ Effective budget execution has been affected by the turmoil caused by the decline in oil prices, which has led to two major budget revisions in 2015 and 2016. Noticeable progress has been made in areas such as taxation, procurement and reduction of subsidies. Through the FMDPF (P153243), the World Bank supported fiscal consolidation through the strengthening of tax administration, improved fiscal stabilization of the Oil Price Differential Account, improved public investment management system to increase value for money, and reduced regressive fuel price subsidies from 5.2 percent of GDP in 2013 to 1.8 percent in 2015. *The PLR gives this outcome high priority and places it as the first objective of the revised results matrix establishing firm indicators to be reached by the end of the revised CPS.*

48. **Outcome 11, Formulate and implement a long-term skills development strategy, is off track.** The GoA has identified skills development, notably of the youth, as a critical area to foster economic diversification away from natural resources and towards employment-intensive sectors. However, the GoA did not seek the anticipated WBG support and formulated an entirely homegrown, long-term skills development strategy (the National Human Resources Training Plan). The GoA also dropped its demand for support for the preparation of regular surveys of private sector labor demand. *This PLR eliminates this outcome and related indicators from the CPS Results Framework.*

49. **Outcome 12, Strengthen training of GoA national and local level staff, is off track.** The expected demand for the development of a GoA medium-term HR capacity-building program by 2015 did not materialize. Similarly, no WBG engagement was requested to undertake actions to

⁸ Presidential Dispatch 34/15 from April 30, 2015, creating the Fiscal and Monetary Coordination Committee.

support the development of specialized training institutions and universities. WBG support was limited to MHSSP (P111840)-financed training activities and the provision of resource persons for seminars and other events. *This PLR eliminates this outcome and related indicators from the CPS Results Framework.*

50. **Outcome 13, *Build awareness about Angola's exposure to severe weather events and to long-term effects of global climate change, is off track.*** The WBG is currently contributing to one climate resilience assessment (drought in the South of Angola). However, no WBG-supported operations directly contributed to the target of reducing the reliance on fuelwood by 10 percent each year through introduction of cooking gas. Angola remains committed to fighting climate change and submitted its Intended Nationally Determined Contribution (INDC) to the COP 21 in Paris, including through WBG-supported projects. *Rather than retain this outcome, this PLR will introduce climate change-sensitive activities in several projects.*

Gender

51. **The projects implemented under the CPS helped address gender constraints, but challenges remain.** Through the MHSSP (P111840) the World Bank supported the MIHS 2015-2016. Data from the survey has been used for the Government's 2017 Gender Statistics report, which underscores the enormous challenges to ensure gender balance. Angolan women have poorer outcomes in education and health, have lower access to safe water and electricity than their male counterparts, are more likely to be victims of gender-based violence than men, and fare poorly compared to men in terms of access to public and private jobs. In addition to the support provided through the collection of statistics, the MHSSP (P111840) has provided ante-natal care to over 130,000 women, and over 240,000 deliveries were attended by skilled health personnel. Through the MOSAP (P093699), 13,621 women adopted improved technology for agriculture, financing and literacy programs. Similarly, the WSDIP (P096360) has expanded access to clean water to almost 170,000 women and girls. As mentioned earlier, under the RAMP, 52 BNA's officials, 29 of whom are females, received specialized training.

IV. EMERGING LESSONS

52. **Several lessons emerged from CPS implementation thus far.** Key lessons that will inform adjustments to the program going forward are:

➤ *Deepening the understanding of Angola's political economy and strengthening mutual trust is critical to consolidate the partnership between the GoA and the WBG.* The FY14-FY16 CPS was prepared in consultation with the authorities but the political economy analysis was not regularly updated to capture changes on the ground and adjust the program in a timely fashion, particularly regarding ASA, to the new realities. This led to many activities being dropped. This PLR builds upon a deepened political economy understanding and increased mutual trust and supports a revised program for which there are both strong ownership and clearly identified champions. As importantly, the ASA program caters to the absorptive capacity of the Government and other national stakeholders.

- *Closing knowledge and data gaps is critical for the preparation and implementation of effective programs.* The FY14-FY16 CPS was prepared in a context of enormous knowledge gaps and this affected negatively the performance of the program. In the last two FYs, the WBG has made considerable progress in supporting data collection and preparing ASA. With other Development Partners, the WB co-financed the 2015-2016 MIHS. The Statistics Project (P157671) is supporting a household survey, an agriculture survey and improvements in national accounts. In FY17, the WB completed a well-received Public Expenditure Review (PER) (P151501) focused on education and health. A follow-up Social Protection Expenditure Review (P162124) and Country Economic Memorandum (CEM) (P162993) are scheduled for delivery in early FY19. Important ASA is also ongoing to strengthen institutional and human capacity and inform future financing in SP and health. To kick-start policy dialogue with the incoming cabinet, multi-GP Policy Notes for Incoming Administration of Angola (P164179) are being finalized for delivery in Q3 of FY18.
- *Development Policy Financing is useful for supporting key reforms but needs to be grounded in solid technical and political economy analysis.* The FMDPF (P153243) and companion Policy Based Guarantee (PBG, P153243) were key to the turnaround in the policy dialogue with the GoA, in a process that involved cross-GP collaboration. However, the limited knowledge base and lack of updated political economy analysis constrained the effective identification of a feasible space for reform, and the measures supported by the program.
- *There are significant gains to be had from additional project preparation effort up front, including using PPA to ensure implementation readiness prior to approval.* Initial delays in the implementation of the Learning for All Project (P122700) and several others show that institutional and human capacity constraints should be addressed during preparation. Challenges faced in monitoring progress towards outcomes highlight the need to carefully select program and project indicators and monitor them during implementation. The MHSSP (P111840) and the Commercial Agriculture Development Project (CADP) (P159052), under preparation are tapping into Project Preparation Advances (PPA) to address some of those issues and ensure implementation readiness before project approval.
- *Explicitly and systematically including activities to address gender inequality and monitoring results is critical to strengthen the CPS program.* Project design and implementation need to take into account gender issues and seek to address inequalities. New programs in sectors such as agriculture, health, education, and water are bringing specific attention to gender.
- *Close partnership and dialogue with the GoA and other development partners is critical for stronger collaboration between all parties.* The WBG continues the successful dialogue with partners such as the AFD, IFAD, the European Investment Bank (EIB), and the Government of Japan to mobilize financing support for projects in the water and agriculture sectors. The WBG was also successful in mobilizing resources from the oil giant *Total* for the health sector.

V. ADJUSTMENTS TO COUNTRY PARTNERSHIP STRATEGY

53. **This PLR proposes revising the CPS and extending it for three additional years through FY19 (a total of 6 years).** The proposed extension would allow time for the substantial course corrections proposed in the revised and streamlined CPS results framework, and the expansion of lending activities, to have impact. In addition, it would allow the new CPF to be informed by the SCD (P160468) and CEM (P162993) scheduled for delivery in Q4 of FY18 and Q1 of FY19, respectively. The extension would also better align the new CPF with the Angola National Development Plan 2018-2022, due to be approved by the newly elected authorities in early 2018 while providing enough time for the new government to formulate its demands.

54. **The revised CPS supports the GoA to more forcefully address the vulnerabilities that result from the high dependence on oil, brought to the forefront by the oil price shock.** The WBG will continue to contribute to diversified economic growth, job creation and poverty reduction, while supporting reforms to increase social service efficiency. The revised CPS includes an ambitious ASA agenda, with a series of policy notes, PERs and a CEM, expected to inform ongoing and planned operations (Annex 4).

55. **Focus areas are reduced from three to two in the revised CPS, with more robust core objectives covering the most significant outcomes of the original CPS.** The two focus areas are: (1) promoting diversified growth and competitiveness; and (2) increasing efficiency of social programs and strengthening social protection. The thirteen outcomes of the original CPS have been narrowed down to eight and results indicators were revised for a better alignment with strategic objectives, financing and ASA (Annex 1). Outcomes 8 (Reduce malnutrition), 11 (Formulate and implement a long-term skills development strategy), 12 (Strengthen training of GoA national and local level staff) and 13 (Build awareness about Angola's exposure to severe climate change) of the original CPS were dropped. In addition, outcomes 3 (Remove regulatory overhang and improve business environment) and 4 (Improve access to finance and reduce financial sector risks) are now merged into the new objective 2 (Improving the business environment and deepening financial inclusion).

56. **The revised CPS proposes an increased volume of IBRD lending (Table 2).** The program also expects continued engagement of IFC and MIGA. The PLR anticipates IBRD commitments during the period FY17-FY19 to reach US\$1,342 million, of which US\$402 million were already approved in FY17 and early FY18 in the form of three IPFs and on one AF. The remaining planned US\$940 million of commitments will be for IPFs, mainly in the agriculture and the water sector, and for a US\$285 million IBRD guarantee to the *Luanda Bitá* Water Supply Project (P163610). The latter project would build on the Bank's long-term engagement in the water sector, and would allow the Bank to help the Government structure the procurement and the financing of much needed new water production facilities, while leveraging scarce IBRD resources thanks to the use of a guarantee catalysing private financing. A new DPF may be considered in FY19 if the GoA furthers its earlier commitments and implements a set of robust measures in support of economic competition and diversification, as well as human development and social protection. The DPF would be subject to a stable and adequate macroeconomic framework, the elements of which the GoA has started putting in place. Actual lending volumes will depend on country demand, improvements in the policy framework, global economic circumstances, IBRD's

financial capacity, and demand from other IBRD borrowers. Ongoing efforts to mobilize other development partners such as EIB, AFD and Japan will influence final allocations.

57. **The results framework of the CPS has been substantially revised.** As anticipated in the CPS, some indicators and milestones were dropped or replaced (e.g., energy), because the demand for financing and ASA did not materialize. Adjustments were also made to reflect the extended CPS period and new operations (e.g., access to clean water). Finally, the results framework was revised to reflect the inclusion of gender considerations in almost all new projects in areas such as agriculture, health, education, water, and social protection.

Table 2: Revised CPS Financing Program (in US\$ million)

	P number	FY17-18 Approved	FY18-FY19 Planned
CPS Focus Area One: Promoting Diversified Growth and Enhanced Productivity			
Development Policy Operation/PBG			250
Smallholder Agriculture Dev.	P154447	70	
Commercial Agriculture Dev. Project	P159052		130
Angola Statistics Project	P157671	62	
Angola APPSA (RI)	P164486		25
Water Sector Institutional Dev.2 and 3	P151224	200	150
Luanda Bitá Water Supply Project Guarantee	P163572		285
Revised CPS Focus Area Two: Increasing Efficiency of Social Programs and Strengthening Social Protection			
Local Development Project – AF	P160105	70	
Health System Performance Strengthening	P160948		100
Total		402	940

REVISED CPS FOCUS AREA ONE: PROMOTING DIVERSIFIED GROWTH AND COMPETITIVENESS

58. **To reduce poverty and promote shared prosperity the GoA is diversifying its economy.** This includes reforms to improve the business environment to attract private investment, and to promote labor-intensive sectors such as agriculture. To enable growth, the government is implementing actions to consolidate macroeconomic stability while investing in key infrastructure including energy and transport, and has also pledged to improve governance and fight corruption. Considering support provided or planned by other partners notably the AfDB, EU and the IMF, the revised CPS program supports the GoA to: (1) strengthen resilience to macroeconomic and financial sector risks; (2) increase growth in the agriculture sector focusing on smallholder and SMEs commercial agriculture; (3) improve the ease of doing business; and (4) expand access to reliable power.

Revised CPS Objective 1: Strengthening resilience to macroeconomic and financial sector risks

59. **The oil price shock highlighted the urgency of addressing vulnerabilities and dependence on oil while diversifying the economy.** In close coordination with the IMF, the revised CPS continues the ongoing support to strengthen macroeconomic management and reduce macroeconomic and financial sector risks, through dialogue and ASA, including a series of PERs, a CEM, and policy notes. The WBG is mobilizing TFs to provide TA which would help safeguard financial stability and strengthen financial sector supervision, and the AML/CFT framework. The revised CPS will also support improvements in national accounts through the Angola Statistics Project (P157671). As discussed above, the revised CPS could also support a strong program of economic and social reforms through a DPF, if the current momentum for reforms is sustained, and the macroeconomic policy framework becomes adequate. The DPF could for instance support a strong set of reforms to strengthen the regulatory framework of public water and electricity utilities including the transition towards a PPP framework; the privatization of selected SOEs and strengthened governance of those remaining in the public sector; improvements in the business environment, such as the forthcoming private investment law and the competition law; reforms towards financial sector stability and development including revamped bank supervision procedures and a new deposit guarantee fund; and measures to support agricultural development, such as land and trade reform, and the expansion of extension and irrigation services. The DPF would incorporate lessons from the recent past, including the political economy of sustaining difficult real sector reforms.

Revised CPS Objective 2: Improving the business environment and deepening financial inclusion

60. **The revised CPS enhances support for a more conducive business environment, critical for Angola's private sector development.** The revised CPS continues support to improve the investment climate through the Business Environment Reform RAS (P163713). The Commercial Agriculture Development Project (P159052) will also seek to remove bottlenecks to private sector investments in agriculture, especially regulatory bottlenecks, burdensome for MSEs, while improving Angola's performance on Doing Business indicators.

61. **Building a dynamic private sector requires adequate access to financial services.** The WBG supported the preparation of a prioritized and well-sequenced Angola financial sector strategy to improve intermediation, foster stability, develop financial structures, increase the rate of financial inclusion, and help bridge the gap in long-term finance. The Financial Sector RAS (P147800) will promote financial inclusion, strengthen financial supervision, and safeguard financial stability. Additionally, the CADP (P159052) includes a component to promote access to finance through the Partial Credit Guarantee Facility. IFC is looking for opportunities to expand its portfolio in agribusiness and the agribusiness chain, infrastructure, PPPs and services including retail, real estate and construction. In addition, IFC will continue to support financial inclusion through continued support to local banks, exploring opportunities with non-bank financial institutions and leveraging the World Bank's Financial Sector RAS (P147800.) IFC will similarly leverage the Business Environment Reform RAS (P163713) to be ready to invest in the real sector as market opportunities arise.

Revised CPS Objective 3: Increasing agriculture growth and developing commercial agriculture

62. **The revised CPS deepens support to boost production and productivity, emphasizing smallholder linkages with markets.** This will be done through the Smallholder Agriculture Development and Commercialization Project (SCADP) (P154447) for selected crops, such as cassava, Irish potato and maize. The CADP (P159052) will support boosting competitiveness of agro-livestock producers in selected value chains and stimulate agribusiness development. The Agriculture Productivity Program for Southern Africa (APPSA) (P164486) will help increase the availability of improved agricultural technologies. The Angola Statistics Project (P157671) will help close a critical data gap by financing the agriculture census. IFC will look to leverage the CADP (P159052) to identify opportunities to finance agribusiness activities and develop the value chain, which could potentially stimulate the manufacturing sector. Both the SCADP (P154447) and the CADP (P159052) include activities that enhance women’s access to services, assets, and opportunities, central to increase agricultural output and boost women’s economic empowerment. Also importantly, the SADCP (P154447) deals with smallholder agricultural development while promoting climate smart agriculture and climate adaptation through use of improved technologies and conservation agriculture. Angola tends to experience seasonal rain variability and sometimes even long periods of drought that adversely affect agricultural production. The SADCP (P154447) promotes appropriate adaptation practices, including irrigated agriculture, to mitigate such production losses.

63. **WBG planned interventions in agriculture will include environmental and climate-smart agriculture (CSA) activities.** This will be achieved by supporting investments in the more efficient use of water resources, promotion of soil conservation techniques, and integrated natural resource management. Angola tends to experience seasonal rain variability and sometimes even long periods of drought that adversely affect agricultural production. The World Bank will support climate adaptation using improved technologies and conservation agriculture while promoting appropriate adaptation practices, including irrigated agriculture, to mitigate production losses.

Revised CPS Objective 4: Expanding power generation

64. **Economic growth requires increased access to power and enhanced reliability.** The revised CPS continues the support to expanding generation capacity through the existing MIGA guarantee Cambambe Hydroelectric Project-Phase II (P11071). IFC will also explore opportunities for public-private partnerships (PPPs) in the electricity sector together with the government. By supporting hydropower generation, the WBG supports renewable, clean sources of energy that have a much lower environmental impact than conventional energy technologies.

REVISED CPS FOCUS AREA TWO: INCREASING EFFICIENCY OF SOCIAL PROGRAMS AND STRENGTHENING SOCIAL PROTECTION

65. **Angola faces the complex challenge of balancing short-term measures to address a slumping economy with long-term benefits of improved human development outcomes.**⁹ Recent efforts have improved health and education outcomes, but Angola still trails behind comparator countries on human development outcomes and the crisis is likely to jeopardize progress made so far. In this difficult macro-fiscal context, improved education and health indicators, as well as on social protection, will require policymakers to identify and protect or drive to increase expenditures in critical social sector areas, while enhancing the quality of health, education, and social protection spending. The revised CPS deepens the support to improve human capital through ASA and IPFs (Learning for All Project (P122700), the MHSS (P111840), the HSPSP (P160948), the LDP-AF (P160105), the WSIDP (P096360), the WSIDP 2 (P151224) and the *Luanda Bita* Water Supply Project Guarantee (P163572)), focusing on four objectives: (1) improving access to water and sanitation services; (2) enhancing teacher skills; (3) expanding health service delivery; and (4) improving access to social safety nets and social service delivery for vulnerable groups. Should a DPF be prepared as discussed earlier, this instrument would be used to also support key policy reforms in the area of human development, such as results-based financing in health or education; a more efficient allocation of public expenditures; or a rationalization of the social protection system.

Revised CPS Objective 5: Improving access to water and sanitation services

66. **Improving access to safe water and sanitation services requires not only increased production and distribution networks but also a better institutional framework for water management.** The revised CPS expands support to this critical sector, building up from the successful, ongoing WSDIP (P096360). The US\$200-million WSDIP II (P151224), approved on March 10, 2017, supports the strengthening of institutional capacity of water sector agencies, increasing water service coverage in target cities, and a review of the sanitation services strategy. Angola is vulnerable to floods and droughts. These severe weather events and climate change will not only heighten the tensions of water resource utilization and allocation, but could also pose additional challenges to the people who already have difficulties in accessing clean water. The WBG will support water management capacity strengthening.

Revised CPS Objective 6: Enhancing teachers' skills and school management, and increasing the number of literate Angolans

67. **Improving education quality, which is necessary to address the skills gap in Angola, requires, in turn, to improve the training of teachers as well as school management.** The revised CPS continues the support to the GoA program through the PER (P151501), and the Learning for All Project (P122700) approved in FY14 and restructured and extended in FY16. The revised CPS will also support literacy programs to help increase the number of adults able to access vocational training.

⁹ In education, for instance, the secondary education Gender Equality Ratio (GER) has increased from about 32% in 2011 to about 40% in 2015.

Revised CPS Objective 7: Improving utilization and quality of healthcare services

68. **Improving the utilization and quality of healthcare is critical to improve health outcomes.** The revised CPS deepens the WBG's support through ASA (PER (P151501), Transforming Angola's Key Poverty Programs into Effective and Nutrition Sensitive Safety Net Interventions (P165224), the Learning for All Project (P122700)) and IPFs (MHSS (P111840) and the HSPSP (P160948)), to continue improving maternal and child care while supporting institutional capacity in close coordination with other partners. The US\$100-million Health Sector Reform Project (HSRP) (P160948), scheduled for Board consideration in FY19, will help improve preparedness for communicable disease emergencies, improve the efficiency of preventive primary health care delivery and support a new results-based financing model in health care, with a focus on maternal and child health and nutrition. This project will also pilot a new institutional set up for implementation, aiming to ensure capacity strengthening in the sector. The ongoing PERs will support the preparation of this new project.

Revised CPS Objective 8: Improving access to social safety nets and social service delivery for vulnerable groups

69. **The oil price crisis brought to the fore the need for a more efficient and better-targeted social protection framework.** Overall, the poor and the young are not well served by Angola's social protection system. In addition, service delivery is uneven, and poor communities have the least access. Angola intends to strengthen administrative de-concentration and decentralization with strategies and plans implemented at decentralized levels, including for social protection. The revised CPS broadens support in decentralization through the LDP-AF (P160105) of US\$70 million building on the achievements and lessons learned from the original LDP (P105101), the on-going SP PER (P162124), and the recently completed Support to a Systematic Approach to Social Protection and Poverty Reduction TA (P156589).

70. **The WBG will engage in improving nutrition and reducing stunting with results expected after FY19.** This outcome has therefore been dropped from the original CPS (Outcome 8) and will be picked up in the CPF. Over FY18 and FY19 the WBG will support the Government in transforming key poverty programs into effective and nutrition-sensitive safety nets and health interventions, including through: (a) developing complementary activities for cash transfer recipients to consume more nutritious food and start building their productive asset base; (b) developing adequate communication instruments and tools to highlight the significance of good nutrition targeted to Health and Community Development Agents (ADECOS) supporting various programs; and (c) using the Results-Based Financing pilot under the HSRP (P160948) to introduce incentives focused on maternal and child health care services delivered (immunization, antenatal care (ANC) visits, births attended by skilled attendants, nutrition services) at primary health care centers at the provincial and municipal levels.

VI. RISKS TO THE REVISED CPS PROGRAM

71. **The Systematic Operations Risk-rating Tool (SORT) analysis rated the overall risk for the FY14-FY16 CPS program as substantial.** The PLR reaffirms this rating, and identifies new risks, notably political risks associated with the emergence of a new government, resulting from the August 23, 2017 general elections. Table 3 presents the updated ratings for the revised CPS.

Table 3: Systematic Operations Risk-Rating Tool (SORT) for the revised CPS

Risk Categories	Rating (H, S, M or L)
1. Political and governance	Substantial
2. Macroeconomic	High
3. Sector strategies and policies	Moderate
4. Technical design of project or program	Moderate
5. Institutional capacity for implementation and sustainability	Substantial
6. Fiduciary	Substantial
7. Environment and social	Moderate
8. Stakeholders	Moderate
Overall	Substantial

72. **Political and governance risks are substantial.** With a new government emerging from the general elections, some reforms could be put on hold while the new government defines its priorities. Also, while President Lourenço has shown his determination to implement deep reforms, the extent to which he will be able to secure enough political support for them has not yet been fully tested. To feed into the policy dialogue with the new cabinet, which will take place throughout FY18, the WBG is finalizing multi-GP policy notes, as well as a CEM. The subsequent preparation of an SCD, and of the next CPF in FY19 will give regular opportunities to engage in-depth with the new Government, and to identify and adjust the most promising areas for Bank support.

73. **Macroeconomic risk is high.** DPF and PBG could support a government program to address macroeconomic imbalances and a solid macro policy framework. Alternatively, IPFs and ASA can support and inform critical reforms including supporting improvements to the policy framework. In addition, tight budgets could delay counterpart financing affecting project implementation. The Bank is intensifying policy dialogue with key stakeholders to enhance its ability to provide just in time policy advice and adjust interventions as needed.

74. **Institutional, implementation, and fiduciary risks are substantial.** Progress was made with respect to PFM in recent years, notably in areas such as the legal framework, implementation of the integrated management information system known as *Sistema Integrado de Gestão Financeira do Estado (SIGFE)*, establishment of the Single Treasury Account, availability of budget information to the public, and audit of the annual consolidated state account (*Conta Geral de Estado*). Despite this positive trend, more efforts are needed in areas such as budget execution (there are significant variances between planned budget and actual expenditures), internal controls, and external controls by the General Inspectorate of Finance. In addition, there is limited recent

assessment which could inform ongoing and planned reforms. A public expenditure management and fiduciary systems review based on application of Public Expenditure and Financial Accountability (PEFA) assessment methodology is currently under preparation by the African Development Bank. Political economy analysis is being undertaken in the CEM to identify political and institutional obstacles and possible mitigation strategies.

Annex 1: Revised CPS Results Matrix

Revised CPS Objectives and Indicators (FY14–FY19)	Supplementary Progress Indicators	WBG Program
<p>Revised CPS Focus Area One: Promoting Diversified Growth and Competitiveness: To reduce poverty and promote shared prosperity the GoA is implementing programs to diversify its economy. The GoA program includes reforms to improve the business environment, and to promote labor-intensive sectors such as agriculture. To enable growth, the government plans to implement actions to consolidate macroeconomic stability while investing in key infrastructure including energy and transport. The GoA has also pledged to improve governance, notably fighting corruption. Considering support provided or planned by other partners notably the AfDB, EU and the IMF, the revised CPS program supports the GoA to: (1) strengthen resilience to macroeconomic and financial sector risks; (2) improve the business environment and deepening financial inclusion; (3) increasing agriculture growth and competitiveness; and (4) expanding power generation.</p>		
<p>Revised CPS Objective 1: Strengthening resilience to macroeconomic and financial sector risks</p>		
<p>The oil price shock brought to the fore the urgency to address more forcefully vulnerabilities and dependence on oil, and to diversify the economy. The revised CPS continues the ongoing support provided to the GoA in close coordination with the IMF to strengthen macroeconomic management and reduce macroeconomic and financial sector risks, through dialogue and analytics. Advisory Services (AS) will continue helping to strengthen financial sector supervision, safeguard financial stability, and strengthen the AML/CFT framework. The revised CPS will also support improvements in national accounts through the Angola Statistics Project (P157671). The revised CPS could support a strong GoA policy and institutional reform program through a DPF and a PBG, if the macroeconomic policy framework becomes adequate.</p>		
<p>Revised CPS Indicator 1.1: Volatility of public expenditure reduced as measured by the standard deviation of public expenditures (capital + current) - average of the last 4 years</p> <ul style="list-style-type: none"> • <i>Baseline (2014): 7.1</i> • <i>Target (2019): 2.2</i> <p>Revised CPS Indicator 1.2 Increase in the Statistical Capacity Index (SCI, Bank-computed) score.</p> <ul style="list-style-type: none"> • <i>Baseline (2014): 47.8</i> • <i>Target (2019): 52</i> 	<p>1.1 Stock of government payment arrears (as % of GDP) measured by information provided in the Government Budget Report (Conta Geral do Estado, CGE)</p> <ul style="list-style-type: none"> • <i>Baseline (2014): 10.6</i> • <i>Target (2019): 2.5</i> 	<p>Closed Projects:</p> <ul style="list-style-type: none"> - FMPDPF1 (P153243) <p>Ongoing/Recently completed ASA</p> <ul style="list-style-type: none"> - Angola Economic Update 2 (P146753) - Public Angola Public Expenditure Review (P151501) - Improving Rules for Angolan Oil Fund (P159791) - Social Protection Expenditure Review (P162124) - Angola Country Economic Memorandum (P162993) - Selected Policy Notes for Incoming Administration of Angola (P164179) <p>Ongoing Projects:</p> <ul style="list-style-type: none"> - Angola Statistics Project (P157671) <p>Planned Projects</p> <ul style="list-style-type: none"> - New DPF Series

Revised CPS Objectives and Indicators (FY14–FY19)	Supplementary Progress Indicators	WBG Program
<p>Revised CPS Indicator 1.3: AML/CFT issues are effectively addressed, informed by a national risk assessment (NRA)</p> <ul style="list-style-type: none"> • <i>Baseline (2014): No NRA</i> • <i>Target (2019): NRA completed, action plan adopted.</i> 	<p>1.2 Administrative and regulatory framework for the NRA in place.</p> <ul style="list-style-type: none"> • <i>Baseline (FY14): No NRA coordinator or working group set up</i> • <i>Target (FY18): NRA coordinator nominated and multi-disciplinary NRA working group set up.</i> 	<p>Ongoing/ completed ASA</p> <ul style="list-style-type: none"> - AML/CFT FSAP for Angola (P127963) - Financial Sector Development TA (P147799) - Risk assessment of illicit financial flows (P158042) - Financial Sector RAS (P147800) <p>Planned Projects:</p> <ul style="list-style-type: none"> - New DPF Series
<p>Revised CPS Objective 2: Improving the business environment and deepening financial inclusion</p>		
<p>The GoA is introducing legal and institutional reforms to improve the business environment and attract private sector investment. However, more is needed to attract domestic and international investors. The revised CPS program deepens the support to the GoA reforms to remove bottlenecks to doing business and to enhance access to finance through RAS and financing both from IBRD and IFC. Special attention will be given to removing bottlenecks to private sector investments in the agriculture sector through the Angola Investment Climate Reform project (P601691) and the Commercial Agriculture Development Project (P159052). This support will seek to remove regulatory bottlenecks, especially burdensome for SMEs, and to improve Angola’s performance as measured by DB indicators.</p>		
<p>Revised CPS Indicator 2.1: Reduced Angola’s Doing Business distance to the frontier of good regulatory practice (% points)</p> <ul style="list-style-type: none"> • <i>Baseline (2014): 38.41</i> • <i>Target (2019): 44.17</i> <p>Revised CPS Indicator 2.2 Credit registry coverage of SMEs receiving loans under the Government guarantee program</p> <ul style="list-style-type: none"> • <i>Baseline (2014): 0%</i> • <i>Target (2019): 100%</i> 	<p>2.1 Time needed to start a business</p> <ul style="list-style-type: none"> • <i>Baseline (2014): 68 days</i> • <i>Target (2019): 34 days</i> <p>2.2 All BNA asset managers receive training under RAMP</p> <ul style="list-style-type: none"> • <i>Baseline (2014): 0</i> • <i>Target (2019): 52</i> <p><i>Of which 29 are female</i></p>	<p>Ongoing/ completed ASA</p> <ul style="list-style-type: none"> - Doing Business reform memorandum - Business Environment Reform RAS (P163713) - Financial Sector RAS (P147800) - RAMP <p>Pipeline</p> <ul style="list-style-type: none"> - Commercial Agriculture Development Project (P151811) - Angola Investment Climate Reform Project (IFC advisory) <p>Planned Projects</p> <ul style="list-style-type: none"> - New DPF Series - IFC investments in financial institutions and trade
<p>Revised CPS Objective 3: Increasing agricultural growth and the development of commercial agriculture</p>		
<p>Angola’s enormous agricultural potential is untapped and offers unique opportunities for inclusive growth and economic diversification and the GoA identified the sector as key to achieve its economic and social objectives. Angola imports food products massively whereas, with ample natural resources, agriculture and livestock provide clear paths for inclusive growth. This requires a focus not just on productivity but also on commercialization. The revised CPS supports boosting agricultural growth for selected crops in targeted areas, helping increase production and productivity of smallholders, while strengthening their linkages with markets, and supporting the development of commercial agriculture in selected value chains. The revised CPS will also support competitiveness of agro-livestock producers, and help increase availability of improved agricultural technologies. In addition, it will help close a critical data gap by financing the Angola agriculture census. Meanwhile, the IFC will continue promoting the agribusiness sector through joint work with the Bank, identifying</p>		

Revised CPS Objectives and Indicators (FY14–FY19)	Supplementary Progress Indicators	WBG Program
<p>opportunities to improve the investment climate for commercial agri-business and seeking to invest directly in the agribusiness value chain, where appropriate market conditions arise. Two important projects, the SCADP and the CADP, include activities that enhance women’s access to services, assets, and opportunities, central to increase agricultural output and reduce gender imbalances.</p>		
<p>Revised CPS Indicator 3.1: Proportion of production marketed in the project areas (percentage)</p> <ul style="list-style-type: none"> • <i>Baseline (2016): 17</i> • <i>Target (2019): 30</i> <p>Revised CPS Indicator 3.2: Female beneficiaries of WB supported agriculture project</p> <ul style="list-style-type: none"> • <i>Baseline (2014): 0</i> • <i>Target (2019): 50,000</i> 	<p>3.1: Increase average yield (areas covered by WB projects) of:</p> <ul style="list-style-type: none"> • Maize • <i>Baseline (2014): 0.4t/ha</i> • <i>Target (2019): 0.8t/ha</i> • Irish potato • <i>Baseline (2014): 4t/ha</i> • <i>Target (2019): 5.3t/ha</i> • Cassava • <i>Baseline (2014): 11t/ha</i> • <i>Target (2019): 13t/ha</i> 	<p>Closed Projects</p> <ul style="list-style-type: none"> - Market Oriented Smallholder Agriculture Project (P093699) <p>Projects under implementation</p> <ul style="list-style-type: none"> - Smallholder Agriculture Development and Commercialization Project (SADCP, P154447) - Statistics Project (P157671) (Agriculture Census) <p>Pipeline</p> <ul style="list-style-type: none"> - Commercial Agriculture Development Project (P151811) <p>Planned Project</p> <ul style="list-style-type: none"> - Africa: Agricultural Productivity Program for Southern Africa - Angola & Lesotho (P164486) (PE) (APPSA)
<p>Revised CPS Objective 4: Expanding power generation</p>		
<p>Increased economic diversification requires increased access to power and enhancing its reliability. Per Doing Business reports, getting electricity in Angola is cumbersome and expensive. Businesses rely on expensive, inefficient and polluting generators to operate. The GoA is investing heavily to increase generation, transmission, and distribution networks, while enhancing governance in the sector. The AfDB and other DPs take the lead in providing support in the sector. The revised CPS will continue the support expanding generation capacity through a MIGA guarantee.</p>		
<p>Revised CPS Indicator 4.1: Electricity generation capacity increased by 30% between 2013 and 2019</p>		<p>Projects under implementation</p> <ul style="list-style-type: none"> - Cambambe Hydroelectric Project-Phase II (P11071)
<p>Revised CPS Focus Area Two: Increasing Efficiency of Social Programs and Strengthening Social Protection</p>		
<p>Angola now faces the complex challenge of balancing short-term measures to address a slumping economy, against long-term benefits of improved human development outcomes. Recent efforts have improved health and education outcomes, but Angola still trails behind comparator countries in human development outcomes and the crisis could jeopardize progress made so far. Social protection programs are fragmented and could be more effective. Considering support provided or planned by other partners notably the EU and UN agencies, the revised CPS deepens support to the GoA program to improve human capital through ASA and IPFs (education, health, water and SP), focusing on four objectives: (1) improving access to water and sanitation services; (2) enhancing teacher skills; (3) improving utilization and quality of healthcare services; and (4) improving access to social safety nets and social service delivery for vulnerable groups.</p>		
<p>Revised CPS Objective 5: Improving access to water and sanitation services</p>		
<p>Improving access to safe water and sanitation services in Angola requires not only increased production and distribution networks but also a better institutional framework for water management. The revised CPS expands WB support to this critical sector, building up from the successful, ongoing, Water Sector Institutional Development Project (WSDIP), complemented by the US\$200 million WSDIP II, approved on March 10, 2017, which supports GoA’s actions to strengthen the institutional capacity of water sector agencies, increase water service coverage in target cities, and initiate a review of the strategy to increase access to sanitation services. The total cost of the WSDIP II is US\$545 million. Through this operation, the WBG mobilized US\$150 million from the AFD, and the GoA is contributing with US\$95 million. The EIB is assessing the possibility to close the financing gap.</p>		

Revised CPS Objectives and Indicators (FY14–FY19)	Supplementary Progress Indicators	WBG Program
<p>Revised CPS Indicator 5.1: Number of people in urban areas provided with access to improved water sources under WSIDP project</p> <ul style="list-style-type: none"> • <i>Baseline (2014): 230,000 people (of which 50 % are women)</i> • <i>Target (2019): 520,000 (of which 50% women)</i> 	<p>5.1: Number of Provincial Water and Sanitation Utilities achieving annual profitability targets.</p> <ul style="list-style-type: none"> • <i>Baseline (2014): None</i> • <i>Target (2019): 44%</i> <p>5.2: Percentage of network expansion contracts informed by preparation workshops dedicated to women:</p> <ul style="list-style-type: none"> • <i>Baseline (2014): None</i> • <i>Target (2019): 100%</i> 	<p>Projects under implementation -WSIDP 1 - Second Water Sector Institutional Development Project (P151224)</p> <p>Pipeline - Luanda Bita Water Supply Project Guarantee (P163610)</p>
<p>Revised CPS Indicator 5.2: Number of provincial water utilities having prepared sanitation masterplans:</p> <ul style="list-style-type: none"> • <i>Baseline (2014):0</i> • <i>Target (2019): 9</i> 		
<p>Revised CPS Objective 6: Enhancing teachers’ skills and school management and increasing literacy of the workforce</p>		
<p>Improving education quality, which is necessary to start addressing the wide skills-gap in Angola, depends on better teachers and improved school management. The revised CPS continues the support to the GoA program through ASA (PER, Impact Evaluation) and an IPF approved in FY14 that was restructured and extended in FY16.</p>		
<p>Revised CPS Indicator 6.1: Improvement in teachers’ skills and knowledge, demonstrated by increased scores on specific tests to be administered before and after trainings received.</p> <ul style="list-style-type: none"> • <i>Baseline (2014): 0</i> • <i>Target (2019): 80%</i> <p>Revised CPS Indicator 6.2: Plan for national implementation of school grouping model (ZIPS)</p> <ul style="list-style-type: none"> • <i>Baseline (2013): None</i> • <i>Target (2019): finalized and operational</i> 	<p>6.1: Number of teachers in training (in-service)</p> <ul style="list-style-type: none"> • <i>Baseline (2013): 6,000</i> • <i>Target (2019): 18,000</i> <p>6.2: National assessment on learning outcomes</p> <ul style="list-style-type: none"> • <i>Baseline (2013): None</i> • <i>Target (2018): piloted</i> <p>6.3: Number of beneficiaries of WB supported literacy campaign.</p> <ul style="list-style-type: none"> • <i>Baseline (2013): 0</i> • <i>Target (2019): 500,000 of which, 50% women</i> 	<p>Projects under implementation - Learning for All Project (P122700) - Local Development Project (P105101)</p> <p>Ongoing/ completed ASA - Public Expenditure Review (P151501) - Social Protection Expenditure Review (P162124)</p>
<p>Revised CPS Objective 7: Improving utilization and quality of healthcare services</p>		
<p>Improving the utilization and quality of healthcare across the health system is critical to improve health outcomes for all Angolans. The revised CPS deepens the WBG’s support through ASA and IPFs, to continue improving maternal and child care while supporting institutional capacity, in close coordination with other partners. The Angola Health Reform Project (P160948) will further help improve preparedness for communicable disease emergencies, improve the efficiency of preventive primary health care delivery and support a new results-focused financing model in health care, with a focus on maternal and child care and nutrition. This project will also pilot a new institutional set up for implementation, aiming to</p>		

Revised CPS Objectives and Indicators (FY14–FY19)	Supplementary Progress Indicators	WBG Program
ensure capacity strengthening in the sector. Also, the project will help Angola establish an adequate framework to address emergencies.		
<p>Revised CPS Indicator 7.1: Institutional deliveries (i.e., in health facilities) in five selected municipalities (%)</p> <ul style="list-style-type: none"> • <i>Baseline (2013): 35</i> • <i>Target (2019): 60</i> 	<p>7.1: Health facilities constructed, renovated, and/or equipped with WBG support</p> <ul style="list-style-type: none"> • <i>Baseline (2009): 0</i> • <i>Target (2019): 130</i> 	<p>Projects under Implementation</p> <ul style="list-style-type: none"> - Municipal Health Service Strengthening (Revitalização) (P111840) - Local development Project - AF (P160105)
<p>Revised CPS Indicator 7.2: Number of 0-1-year-old children immunized with 3rd dose of Penta vaccine</p> <ul style="list-style-type: none"> • <i>Baseline (2014): 52,777</i> • <i>Target (2019): 100,000</i> 	<p>7.2: Health facilities receiving at least 2 supervision visits per year using standardized checklists (%)</p> <ul style="list-style-type: none"> • <i>Baseline (2011): 0</i> • <i>Target (2019): 100</i> 	<ul style="list-style-type: none"> - Systematic Approach to social Protection and Poverty reduction TA (P156589) <p>Pipeline</p> <ul style="list-style-type: none"> - Health System Performance Strengthening Project (HSPSP, P160948) <p>Ongoing/ completed ASA</p> <ul style="list-style-type: none"> - Public Expenditure Review (P151501) - Systematic Approach to social Protection and Poverty reduction TA (P156589) - Social Protection Expenditure Review (P162124) - Transforming Angola’s Key Poverty Programs into Effective and Nutrition Sensitive Safety Net Interventions (P165224)
<p>Revised CPS Objective 8: Improving access to social safety nets and social service delivery for vulnerable groups</p>		
<p>Improving safety nets and access to basic services to poorest communities is critical to address poverty efficiently in the current context of austerity and constraining budgets. The revised CPS contributes to these efforts focusing on: (a) improving social assistance by making social safety nets more effective, better targeted and introducing productive inclusion options for beneficiaries, and (b) enhancing efficiency and sustainability of local development plans at municipal level. The Board approved in FY18 an AF for the LDP. Interventions supported by the project will be informed by the ongoing TA and PER focusing on SP.</p>		
<p>Revised CPS Indicator 8.1: Number of beneficiaries of productive safety nets (WB projects)</p> <ul style="list-style-type: none"> • <i>Baseline (2016): 0</i> • <i>Target (2019): 30,000</i> <p>Of which women (percentage)</p> <ul style="list-style-type: none"> • <i>Baseline (2016): 0</i> • <i>Target (2019): 50</i> 	<p>8.1: Better targeting achieved through unified registry of beneficiaries</p> <ul style="list-style-type: none"> • <i>Baseline (2014): no registry</i> • <i>Target (2019): registry approved and used for targeting of safety nets</i> <p>8.2: Percentage of timely payments (*) to productive safety nets beneficiaries</p> <ul style="list-style-type: none"> • <i>Baseline (2014): 0</i> • <i>Target (2019): 70%</i> <p>(*) There is a calendar for payments and this will be used to monitor whether payments are made on time.</p>	<p>Closed Projects</p> <ul style="list-style-type: none"> - FMPDPF1 (P153243) <p>Projects under implementation</p> <ul style="list-style-type: none"> - Local Development Project (P105101) - Local development Project - AF (P160105) - Statistics IPF <p>Ongoing/ completed ASA</p> <ul style="list-style-type: none"> - Social Protection Expenditure Review (P162124)

Revised CPS Objectives and Indicators (FY14–FY19)	Supplementary Progress Indicators	WBG Program
<p>Revised CPS Indicator 8.2: Number of beneficiaries of productive inclusion activities (WB supported under LDP)</p> <ul style="list-style-type: none"> • <i>Baseline (2014): 0</i> • <i>Target (2019): 5,000</i> <p>Of which women (percentage)</p> <ul style="list-style-type: none"> • <i>Baseline (2016): 0</i> • <i>Target (2019): 50</i> 	<p>8.3: Percentage of participating municipalities with Updated Municipal Economic Development Strategies</p> <ul style="list-style-type: none"> • <i>Baseline (2014): 0</i> <ul style="list-style-type: none"> ○ <i>Target (2019): 50</i> 	<ul style="list-style-type: none"> - Support to a Systemic Approach to Social Protection and Poverty Reduction (P156589) - Social Protection Expenditure Review (P162124) - Transforming Angola’s Key Poverty Programs into Effective and Nutrition-Sensitive Safety Net Interventions (P165224)
<p>Revised CPS Indicator 8.2: Number of beneficiaries of productive inclusion activities (WB supported under LDP)</p> <ul style="list-style-type: none"> • <i>Baseline (2014): 0</i> • <i>Target (2019): 5,000</i> <p>Of which women (percentage)</p> <ul style="list-style-type: none"> • <i>Baseline (2016): 0</i> • <i>Target (2019): 50</i> 	<p>8.4 Coherent social assistance strategy with a functional operational plan by FY19 prepared and submitted to the GoA.</p>	

Annex 2: Matrix of Key Changes to Original CPS Results Matrix

Original CPS Results Matrix	Revised CPS Results Matrix	Comments
Pillar 1: Economic Diversification for Shared Prosperity	Revised CPS Focus Area 1. Promoting Diversified Growth and Competitiveness	The original Pillar 1 was renamed as revised CPS Focus Area 1 and revised as detailed below
<p>Increase average yield for major crops cultivated by smallholder farmers</p> <ul style="list-style-type: none"> • Smallholder farmers to benefit from capacity building support and assistance from extension services 	<p>Revised CPS Objective 3: Increasing agriculture growth and the development of commercial agriculture.</p>	The revision aims to emphasize commercialization and include SMEs as targeted beneficiaries.
<p>Project-level interventions to increase yield:</p> <ul style="list-style-type: none"> • Maize from 0.4 in 2014 to 0.8 t/ha in 2016 • Irish potato from 4.0 in 2014 to 5.0 t/ha in 2016 • Cassava from 11 in 2014 to 12 t/ha in 2016 	<p>Revised CPS Indicator 3.1: Farmers with formal links to the market supported by WB projects (percentage)</p> <ul style="list-style-type: none"> • <i>Baseline (2014): 0</i> • <i>Target (2019): 5</i> <p>Revised CPS supplementary progress indicator 3.1: Increase average yield of:</p> <p>Maize</p> <ul style="list-style-type: none"> • <i>Baseline (2014): 0.4t/ha</i> • <i>Target (2019): 0.8t/ha</i> <p>Irish potato</p> <ul style="list-style-type: none"> • <i>Baseline (2014): 4t/ha</i> • <i>Target (2019): 5.3t/ha</i> <p>Cassava</p> <ul style="list-style-type: none"> • <i>Baseline (2014): 11t/ha</i> • <i>Target (2019): 13t/ha</i> <p>Revised CPS Indicator 3.2: Female beneficiaries of WB supported agriculture project:</p> <ul style="list-style-type: none"> • <i>Baseline (2014): 0</i> • <i>Target (2019): 50,000</i> <p>Revised CPS Indicator 3.3: Number of participating SMEs supplying products to buyers, aggregators and/or agro-processors</p> <ul style="list-style-type: none"> • <i>Baseline (2014): 0</i> • <i>Target (2019): 5</i> <p>Revised CPS supplementary progress indicator 3.2: Number of business plans that are supported by the MOSAP (P093699) and SCADP (P154447) to beneficiary SMEs for agricultural activities, in the value chain.</p> <ul style="list-style-type: none"> • <i>Baseline (2014): 0</i> 	The revision reflects the importance given to both productive and commercialization and targets reflect what can be achieved under MOSAP (P093699) and SCADP (P154447).

Original CPS Results Matrix	Revised CPS Results Matrix	Comments
	<ul style="list-style-type: none"> Target (2019): 10 	
<p>Expand power generation and transmission network to reduce power outage</p> <p>Accelerate rural electrification</p> <p>Reduce distribution and collection costs</p>	<p>Revised CPS Objective 4: Expanding power generation</p>	<p>Increased access to power remains a crucial part of the revised CPS. The revised CPS objective was revised to reflect the fact that transmission and interventions to accelerate rural electrification will not be directly attributable to WBG support.</p>
<p>Electricity generation capacity increased by 30% between 2013 and 2017.</p>	<p>Revised CPS Indicator 4.1: Electricity generation capacity increased by 30% between 2013 and 2019.</p>	<p>The indicator remains unchanged. A supplementary indicator was added to monitor progress.</p>
<p>Increase the number of provincial population centers connected to the grid.</p>	<p>Dropped</p>	<p>Increased access for provincial urban areas is not directly attributable to WBG support</p>
<p>Indicator 2.3: Reduce subsidies through tariff rationalization and improved collection rate by 20 percent by 2017</p>	<p>Dropped</p>	<p>The AfDB is leading on energy sector reform. Energy subsidy reform would have been supported under the dropped Second Fiscal Management Development Policy Financing (P156980). The WB is following developments in this area in the context of the collaboration with the AfDB, which is the lead DP for the electricity sector.</p>
<p>Remove regulatory overhang and improve business environment</p>	<p>Revised CPS Objective 2: Improving the business environment and deepening financial inclusion</p>	<p>This represents a merging with previous outcome 3 and 4 because of the tightened focus and simplification of the revised CPS.</p>
<p>Reduce the time needed to start a business from 68 days to the SSA average of 34 days.</p>	<p>Revised CPS Indicator 2.1: Reduced Angola's Doing Business distance to the frontier of good regulatory practice (% points)</p> <ul style="list-style-type: none"> Baseline (2014): 38.41 Target (2019): 44.17 <p>Revised CPS supplementary indicator 2.1: Time needed to start a business</p> <ul style="list-style-type: none"> Baseline (2014): 68 days Target (2019): 34 <p>Revised CPS supplementary indicator 2.2: Credit bureau coverage of SMEs receiving loans under the Government guarantee program</p> <ul style="list-style-type: none"> Baseline (2014): 0% Target (2019): 100% <p>Supplementary indicator 2.3: all BNA asset managers receive training under RAMP</p>	<p>New indicator 3 aims at measuring broader impact on improvements in the business environment. The results indicators included in the original CPS are maintained but as supplementary indicators.</p>

Original CPS Results Matrix	Revised CPS Results Matrix	Comments
	<ul style="list-style-type: none"> Baseline (2014): 0% Target (2019): 100% 	
Strengthen entrepreneurial capacity	Dropped.	The anticipated demand for services under the Business Edge Program did not materialize.
Improve access to finance and reduce financial sector risk	Merged with new revised CPS objective 2	Reflecting the intention to simplify the results framework and reflect adjustments to the strategy in response to the oil shock.
Improve credit bureau coverage from 0% in 2013 to all SMEs receiving loans under the Government guarantee program	Supplementary progress indicator 2.2.	
Improve banking supervision and FOREX management	Dropped	As formulated the indicator is difficult to measure. Through ASA and policy dialogue the WB is helping strengthen banking supervision and forex management.
All BNA asset managers receive training under RAMP	Supplementary progress indicator 2.3.	
Strengthen Anti-money laundering /Countering of Financing of Terrorism monitoring and enforcement	<p>Revised CPS Indicator 1.2: AML/CFT issues are effectively addressed, informed by a national risk assessment (NRA)</p> <ul style="list-style-type: none"> Baseline (2014): No NRA Target (2019): NRA completed, action plan adopted and under implementation <p>Supplementary progress indicator 1.2: Administrative and regulatory framework for the NRA in place.</p> <ul style="list-style-type: none"> Baseline (FY2014): No NRA coordinator or working group set up Target (FY2018): NRA coordinator nominated and multi-disciplinary NRA working group set up. 	AML-CFT has gained much increased importance in the revised CPS results matrix reflecting changes in country context and client demand.
Pillar 2: Enhancing Quality of Service Delivery and Deepening Social Protection	Revised CPS Focus Area Two: Increasing Efficiency of Social Programs and Strengthening Social Protection	The original Pillar 2 was renamed as revised CPS Focus Area 2 and revised

Original CPS Results Matrix	Revised CPS Results Matrix	Comments
<p>Improve the skills of in-service teachers</p> <p>Establish the school management system</p> <p>Increasing the number of trainable Angolans</p>	<p>Revised CPS Objective 6: Enhancing teacher’s skills, and school management and increasing the number of trainable Angolans</p>	<p>Collapsed the three objectives into one.</p>
<p>Number of teachers trained through In-Service Teacher Training Program increasing from 6,000 in 2013 to 11,000 in 2016</p>	<p>Revised CPS Indicator 6.1: Demonstrated improvement in trained teachers’ skills and knowledge because of the training (*).</p> <ul style="list-style-type: none"> • <i>Baseline (2014): 0</i> • <i>Target (2019): 80%</i> <p>(*). Percentage increase in score on specific tests to be administered before and after trainings received</p> <p>Supplementary indicator 6.1: Number of teachers in training (in-service)</p> <ul style="list-style-type: none"> • <i>Baseline (2013): 6,000</i> • <i>Target (2019): 18,000</i> <p>Supplementary indicator 6.2: National assessment on learning outcomes</p> <ul style="list-style-type: none"> • <i>Baseline (2013): None</i> • <i>Target (2018): piloted</i> 	<p>Target for 2019 substantially increased to 18,000 beneficiaries. Refocuses on capturing the improvements in teachers’ skills and on piloting a national assessment on learning outcomes</p>
<p>Plan for national implementation of School grouping (ZIP) model prepared by 2014.</p>	<p>Revised CPS Indicator 6.2: Plan for national implementation of school grouping model (ZIPS)</p> <ul style="list-style-type: none"> • <i>Baseline (2013): None</i> • <i>Target (2019): finalized and operational</i> 	<p>Target revised to consider what can be achieved by FY19.</p>
<p>Literacy Campaign in all provinces of Angola targeting disparities of gender, income and geography (500,000 students benefiting from project intervention)</p>	<p>Supplementary indicator Revised CPS Indicator 6.3: Number of beneficiaries of WB supported literacy campaign.</p> <ul style="list-style-type: none"> • <i>Baseline (2013): 0</i> • <i>Target (2019): 500,000</i> 	<p>Given delays in project implementation, the target remains the same.</p>
<p>Expand health service delivery</p>	<p>Revised CPS Objective 7: Improving utilization and quality of healthcare services</p>	<p>Adjusted to reflect more closely the WBG interventions.</p>
<p>Percentage of institutional deliveries in the five selected municipalities increases to 52% in 2014 and 57% in 2016</p>	<p>Revised CPS Indicator 7.1: Institutional deliveries in five selected municipalities (%)</p> <ul style="list-style-type: none"> • <i>Baseline (2014): 35</i> • <i>Target (2019): 60</i> 	<p>Revises the target to reflect what can be achieved by FY19. Adds supplementary indicators to monitor progress.</p>

Original CPS Results Matrix	Revised CPS Results Matrix	Comments
	Supplementary Indicator 7.1: Health facilities constructed, renovated, and/or equipped <ul style="list-style-type: none"> • <i>Baseline (2009): 0</i> • <i>Target (2019): 30</i> Supplementary Indicator 7.2: Health facilities receiving at least 2 supervision visits per year using standardized checklists (%) <ul style="list-style-type: none"> • <i>Baseline (2011): 0</i> • <i>Target (2019): 100</i> 	
% of children 0-1 year immunized with Penta vaccine 3rd dose increases from 33% in 2013 to 38% in 2016	Revised CPS Indicator 7.2: Number of 0-1-year-old children immunized with 3 rd dose of Penta vaccine <ul style="list-style-type: none"> • <i>Baseline (2014): 52,777</i> • <i>Target (2019): 80,000</i> 	Revises the target to reflect what can be achieved by FY19. Replaces percentages with absolute targets that are easier to monitor.
Improve sustainable water supply system <ul style="list-style-type: none"> • Rehabilitate and broaden capacity and coverage of existing water delivery and sanitation systems • Improve profitability of operators through an appropriate tariff policy without burdening needy population 	Revised CPS Objective 5: Improving access to water and sanitation services	Reflecting that the ultimate objective with interventions in this area is to improve access to water and the supply system is only a means to an end
Number of people in urban areas provided with access to improved water sources under the project reaches to 230,000 in 2014 and to 520,000 people in 2016 (of which 50 % are women)	Revised CPS Indicator 5.1: Number of people in urban areas provided with access to improved water sources under WSIDP project <ul style="list-style-type: none"> • <i>Baseline (2014): 230,000 people (of which 50 % are women)</i> • <i>Target (2019): 520,000 (of which 50% women)</i> 	No changes. Given implementation delays, the target for FY16 is only achievable by FY9. WSIDP 2 will only show results after the revised CPS period.
Number of Provincial Water and Sanitation Utilities achieving annual profitability targets increases to 20% in 2016 and to 44 % in 2019	Revised CPS Indicator 5.2: Number of Provincial Water and Sanitation Utilities achieving annual profitability targets increases <ul style="list-style-type: none"> • <i>Baseline (2014): None</i> • <i>Target (2019): 44%</i> 	No change in the FY19 target.
Reduce malnutrition	Dropped	While malnutrition remains a high priority for the WBG, activities that will help achieve this objective will only produce results after the revised CPS period; as such this Objective is being deferred to the forthcoming CPF.
GoA Program on reducing malnutrition	Dropped	The WB supported the collection of data critical for the formulation of the GoA program to reduce malnutrition. ASA is

Original CPS Results Matrix	Revised CPS Results Matrix	Comments
		also ongoing in this area. Objectives and results will be included in the CPF.
Percentage of households that consume iodized salt increases from 44.7% in 2007 to 75% in 2016	Dropped	No WBG planned supported activity will contribute to an increase in iodized salt consumption.
Improved access to social safety net and nutrition	Revised CPS Objective 8: Improving access to social safety nets and social service delivery for vulnerable groups	Changes were made to increase the impact within this critical focus area including by integrating the work on strengthening local development plans.
Coherent social assistance strategy adopted with a functional operational plan	Revised CPS Indicator 8.1: Coherent social assistance strategy with a functional operational plan by FY19 prepared and submitted to the GoA.	Adjusts the indicator to reflect what can be realistically achieved.
Better targeting achieved through unified registry of beneficiaries, monitoring and evaluation	<p>Revised CPS Indicator 8.2: Number of beneficiaries of productive safety nets</p> <ul style="list-style-type: none"> • <i>Baseline (2016): 0</i> • <i>Target (2019): 30,000</i> <p>Supplementary indicator 8.1: Better targeting achieved through unified registry of beneficiaries</p> <ul style="list-style-type: none"> • <i>Baseline (2014): no registry</i> • <i>Target (2019): registry approved and used for targeting of safety nets</i> <p>Supplementary indicator 8.2: Percentage of timely payments (*) to productive safety nets beneficiaries</p> <ul style="list-style-type: none"> • <i>Baseline (2014): 0</i> • <i>Target (2019): 70%</i> <p>(*) There is a calendar for payments and this will be used to monitor whether payments are made on time.</p>	Captures the focus on improved targeting and monitoring of SP programs.
	<p>Revised CPS Indicator 8.3: Percentage of municipalities implementing participatory Local Development Plans</p> <ul style="list-style-type: none"> • <i>Baseline (2014): 23</i> • <i>Target (2019): 90</i> <p>Supplementary indicator 8.3: Percentage of participating municipalities with Updated Municipal Economic Development Strategies</p> <ul style="list-style-type: none"> • <i>Baseline (2014): 0</i> • <i>Target (2019): 70%</i> <p>The WB supports the preparation of a PDNA and action plan in response to the drought and floods in the South of Angola.</p>	Captures the focus on local development plans including economic development and investment planning.

Original CPS Results Matrix	Revised CPS Results Matrix	Comments
Foundation Plank: Building Human / Institutional Capacity and Resilience to Shocks	Dropped. Some objectives included in revised CPS Focus Area One: Promoting Diversified Growth and Competitiveness	Revised CPS now consists of only two focus areas with institutional capacity being cross cutting across all objectives
Improve coordination of economic policies and efficiency of public expenditures	Revised CPS Objective 1: Strengthening resilience to macroeconomic and financial sector risks	Adjusts the focus on resilience to macroeconomic and financial sector risks reflecting priorities in the aftermath of the oil shock and the improvement in policy dialogue since the approval of the FMPDPF1 (P153243) in FY15.
Better economic monitoring	Indicator 1.1: Volatility of public expenditure reduced as measured by the standard deviation of public expenditures (capital + current) - average of the last 4 years <ul style="list-style-type: none"> • <i>Baseline (2014): 7.1</i> • <i>Target (2019): 2.2</i> Supplementary indicator 1.1: Stock of government payment arrears (as % of GDP) measured by information provided in government balance sheet on CGE <ul style="list-style-type: none"> • <i>Baseline (2014): 10.6</i> • <i>Target (2019): 2.5</i> 	The broad focus on better economic monitoring has been replaced with a tight focus on addressing issues in the financial sector. The broad focus on effective budget execution has been concretized and narrowed down to reducing volatility of public expenditure and government payment arrears.
Effective budget execution		
Formulate and implement a long-term skills development strategy	Dropped	Anticipated demand for activities that would lead to this objective and related results did not materialize.
GoA Program for Skills Development adopted	Dropped	
Regular survey of private sector labor demand	Dropped	
Strengthen training of GoA national and local level staff	Dropped	Anticipated demand for activities that would lead to this objective and related results did not materialize.
GoA carries out medium-term HR capacity-building planning by 2015	Dropped	
Collective course offerings on economic management, planning and budgeting, spatial analysis, and development issues at ENAD, IFAL, other specialized Institutes, and universities expanded by 2015	Dropped	
Build awareness about Angola's exposure to severe weather events (drought and floods), particularly for rural farming households, and to	Dropped	Awareness to Angola's exposure to severe weather shocks is going to be mainstreamed into all relevant operations (e.g., agriculture, water).

Original CPS Results Matrix	Revised CPS Results Matrix	Comments
long-term effects of global climate change		
GoA carries out climate resilience assessments in 3 key sectors (e.g. agriculture, fisheries and urban transport) by 2016	Dropped	The WB is supporting the preparation of a PDNA and action plan in response to the drought and floods in the South of Angola. No additional assessments are planned during the revised CPS period.
Reliance on fuelwood reduced by 10 percent each year through introduction of cooking gas	Dropped	No planned activities support reduction in fuelwood use.

Annex 3: Matrix Summarizing Progress toward FY14-16 CPS Objectives

CPS Outcomes	WBG Program	Status
Pillar 1: Economic Diversification for Shared Prosperity		
<p>Increase average yield for major crops cultivated by smallholder farmers</p> <ul style="list-style-type: none"> • Smallholder farmers to benefit from capacity building support and assistance from extension services <p><i>Milestones & Indicators</i></p> <p>Project-level interventions to increase yield:</p> <ul style="list-style-type: none"> • Maize from 0.4 in 2014 to 0.8 t/ha in 2016 • Irish potato from 4.0 in 2014 to 5.0 t/ha in 2016 • Cassava from 11 in 2014 to 12 t/ha in 2016 	<p><u>Active Projects</u></p> <ul style="list-style-type: none"> • Market-oriented Smallholders Agriculture Project – -SAADP <p><u>AAA</u></p> <ul style="list-style-type: none"> • Integrated Rural Development Strategy (FY14) 	<p>On track. Yields of selected crops have overall increased beyond the project’s targets. The few not yet achieved will likely be achieved by FY18. The project fostered smallholders’ adoption of improved technologies. Over 51,900 smallholder farmers were trained in the use of improved agricultural technologies and 14,000 smallholders were enrolled in the FAO-supported training (Farmers’ Field Schools). The Integrated Development Strategy was dropped, while the MOSAP closed in FY16.</p>
<p>Outcome 2: Expand power generation and transmission network to reduce power outage</p> <p>Accelerate rural electrification</p> <p>Reduce distribution and collection costs</p> <p><i>Milestones & Indicators</i></p> <p>Electricity generation capacity increased by 30% between 2013 and 2017</p> <p>Increase the number of provincial population centers connected to the grid</p> <p>Indicator 2.3: Reduce subsidies through tariff rationalization and improved collection rate by 20 percent by 2017</p>	<p><u>Guarantees</u></p> <ul style="list-style-type: none"> • MIGA political risk insurance • Possible IBRD partial risk guarantee <p><u>RAS</u></p> <ul style="list-style-type: none"> • Reimbursable energy TA in 2-3 areas [CPS results subject to demand for IBRD and RAS products] 	<p>Partially on Track. In FY13 MIGA issued a guarantee of US\$512 million to support expansion of the country’s energy infrastructure and a further \$14.9 million in FY16. The expansion involved the addition of 700 MW to the Cambambe hydroelectric power plant on the Kwanza River, in addition to the 180MW installed already, through the construction of a second powerhouse and four additional turbine generators. The construction is expected to be completed in 2018. The assessment of the increase in electricity generation will happen after the construction phase of the project is completed. There is insufficient data to assess the increase in the number of provincial populations connected to the grid. This indicator will be dropped. Activities undertaken to reduce subsidies did not take place and the related indicator will be dropped. The IBRD guarantee and the RASs did not materialize.</p>
<p>Remove regulatory overhang and improve business environment</p> <p><i>Milestones & Indicators</i></p> <p>Reduce the time needed to start a business from 68 days to the SSA average of 34 days.</p> <p>Strengthen entrepreneurial capacity</p>	<p><u>AAA</u></p> <ul style="list-style-type: none"> • Review of accountancy profession • Doing Business Reform action plan <p><u>RAS</u></p> <ul style="list-style-type: none"> • Public-Private Partnerships • Investment Climate Program 	<p>Partially on track. The time needed to start a business decreased from 68 days to 36 days as of June 2015. This target is on track to be achieved by end FY18. Modest progress in strengthening entrepreneurial capacity. Given that activities to strengthen entrepreneurial capacity will not be undertaken, the related indicator is dropped. The Doing Business Reform action plan was consolidated with the Investment climate RAS. The Public-Private Partnerships and the Business Edge Program were dropped.</p>

CPS Outcomes	WBG Program	Status
	<ul style="list-style-type: none"> • Business Edge Program 	
<p>Improve access to finance and reduce financial sector risk</p> <p><i>Milestones & Indicators</i></p> <p>Improve credit bureau coverage from 0% in 2013 to all SMEs receiving loans under the Government guarantee program</p> <p>Improve banking supervision and FOREX management</p> <p>All BNA asset managers receive training under RAMP</p> <p>Strengthen Anti-money laundering /Countering of Financing of Terrorism monitoring and enforcement</p>	<p><u>AAA</u></p> <ul style="list-style-type: none"> • Financial Sector Development Strategy <p><u>RAS</u></p> <ul style="list-style-type: none"> • FSAP recommendations follow-up • Reserve Advisory and Management Program (RAMP) • AML-CFT Action Plan Support (FY 14-15) 	<p>On track. The Credit Registry at BNA collects and reports data on credit transactions and covers all SMEs receiving loans under Gov. Guarantees program. Banking supervision is improving although more concrete indicators are needed to measure progress. All BNA asset managers received training. Some progress is also being made to strengthen AML-CFT monitoring and enforcement. IFC is contributing to this outcome focusing on improving access to financing. The Financial Sector Development Strategy was delivered in FY17. The FSAP recommendations follow-up RAS was replaced by the Financial Sector RAS. The other RASs are ongoing.</p>
Pillar 2: Enhancing Quality of Service Delivery and Deepening Social Protection		
<p>Improve the quality of education</p> <ul style="list-style-type: none"> • Improve the skills of in-service teachers; • Establish the school management system; • Increase the number of trainable Angolans) <p><i>Milestones & Indicators</i></p> <p>Number of teachers trained through In-Service Teacher Training Program increasing from 6,000 in 2013 to 11,000 in 2016</p> <p>Plan for national implementation of School grouping (ZIP) model prepared by 2014</p> <p>Literacy Campaign in all provinces of Angola targeting disparities of gender, income and geography (500,000 students benefiting from project intervention)</p>	<p><u>Lending</u></p> <ul style="list-style-type: none"> • Learning for All Project (P122700) <p><u>Trust Fund</u></p> <ul style="list-style-type: none"> • READ Trust Fund 	<p>On track. Milestones and indicators have been updated to reflect what can be realistically achieved by 2018. A project extension of 22 months is required to achieve targets and PDO.</p>

CPS Outcomes	WBG Program	Status
<p>Expand health service delivery</p> <p><i>Milestones & Indicators</i> Percentage of institutional deliveries in the five selected municipalities increases to 52% in 2014 and 57% in 2016</p> <p>% of children 0-1 year immunized with Penta vaccine 3rd dose increases from 33% in 2013 to 38% in 2016</p>	<p>Active Projects</p> <ul style="list-style-type: none"> • Municipal Health Service Strengthening (Revitalização) (P111840) - • Local Development Program (LDP) (P105101) <p>Partnerships</p> <ul style="list-style-type: none"> • Health – TOTAL E&P • LDP – European Union 	<p>On track. Institutional deliveries reached 61% in 2015 and % of children 0-1 year immunized with Penta vaccine 3rd dose reached 82% in 2015 well above the target. In collaboration with WHO and other development partners, actions are also ongoing to prevent spread of HIV and keep prevalence below 3%, including by supplying medicines and test kits. Despite delays, construction of health facilities supported under the Municipal Health Service Strengthening (Revitalização) (P111840) has started in FY16Q1. The LDP (P105101) will also contribute to this outcome (outcome 9)</p>
<p>Improve sustainable water supply system</p> <ul style="list-style-type: none"> • Rehabilitate and broaden capacity and coverage of existing water delivery and sanitation systems • Improve profitability of operators through and appropriate tariff policy without burdening needy population <p><i>Milestones & Indicators</i> Number of people in urban areas provided with access to improved water sources under the project reaches to 230,000 in 2014 and to 520,000 people in 2016 (of which 50 % are women)</p> <p>Number of Provincial Water & Sanitation Utilities achieving annual profitability targets increases to 20% in 2016 and to 44 % in 2019</p>	<p>Active Projects</p> <ul style="list-style-type: none"> • Water Sector Institutional Development Project (WSIDP) (P096360) • WSIDP Additional Financing <p>AAA</p> <ul style="list-style-type: none"> • Sanitation Study <p>Partnerships South-South Exchange with Brazil water utilities</p>	<p>On track. The WB has helped add 30,000 new connections benefitting a total of 430,000 people by 2016, and the gender composition is being respected. Work to help utilities achieve annual profitability is ongoing and the target could be achieved in FY19. The AAA was dropped and the South-South exchange with Brazil did not take place.</p>
<p>Reduce malnutrition</p> <p><i>Milestones & Indicators</i> GoA Program on reducing malnutrition</p> <p>Percentage of households that consume iodized salt increases from 44.7% in 2007 to 75% in 2016</p>	<p>AAA/TA</p> <ul style="list-style-type: none"> • Nutrition Gap Analysis (P125146) 	<p>Off track. Analytical work was completed and delivered to the Ministry of Health in 2013. The targets were not achieved. The WB supported the MIHS 2015-16, which collected relevant data on nutrition that could inform future policies. The ongoing Transforming Angola's Key Poverty Programs into Effective and Nutrition-sensitive Safety Net Interventions (TA) (P165224) and the Health System Performance Strengthening Project (HSPSP, P160948) under preparation will contribute for improvements in nutrition. However, WB supported improvements will only emerge after the Revised CPS period.</p>
<p>Improved access to social safety net and nutrition</p> <p><i>Milestones & Indicators</i></p>	<p>AAA</p> <ul style="list-style-type: none"> • Programmatic social protection and 	<p>On track A social assistance strategy was drafted with other DPs support but has not yet been approved by the GoA. The Bank is</p>

CPS Outcomes	WBG Program	Status
<p>Coherent social assistance strategy adopted with a functional operational plan</p> <p>Better targeting achieved through unified registry of beneficiaries, monitoring and evaluation</p>	<p>nutrition support</p> <p>Partnerships: South-South Exchange on Social Protection Schemes (e.g. Bolsa Familia)</p>	<p>supporting the development of poverty maps, improvements to the government's safety net program (Cartao Kikuia) as well as better coordination among safety net programs through the establishment of a social registry of beneficiaries.</p>
Foundation Plank: Building Human / Institutional Capacity and Resilience to Shocks		
<p>Improve coordination of economic policies and efficiency of public expenditures</p> <p><i>Milestones & Indicators</i></p> <p>Better economic monitoring</p> <p>Effective budget execution</p>	<p>AAA</p> <ul style="list-style-type: none"> • Angola Economic Updates • Public Expenditure Review <p>RAS</p> <ul style="list-style-type: none"> • Statistical and modeling support to INE, MoF, MoE, MPlan and BNA 	<p>On track. Support was channeled through the FMPDPF1 (P153243), ASA and policy dialogue. The coordination of economic policies (fiscal and monetary) were tightened through the reinstatement of the Fiscal and Monetary Coordination Committee. Effective budget execution has been affected by the turmoil caused by the decline in oil prices. The Economic Updates were dropped. The Public Angola Public Expenditure Review (P151501) was completed in FY17. The RAS did not materialize.</p>
<p>Formulate and implement a long-term skills development strategy</p> <p><i>Milestones & Indicators</i></p> <p>GoA Program for Skills Development adopted</p> <p>Regular survey of private sector labor demand</p>	<p>AAA</p> <ul style="list-style-type: none"> • Integrated Skills Development Policy Note (Joint WBG-EU Assessment FY15) • Youth Employment Policy Note 	<p>Off track. The expected demand for AAA did not materialize. The authorities have prepared the entirely home-grown National Human Resources Training Plan. No private sector labor demand surveys were prepared with WB support. This outcome and related results were dropped.</p>
<p>Strengthen training of GoA national and local level staff</p> <p><i>Milestones & Indicators</i></p> <p>GoA carries out medium-term HR capacity-building planning by 2015</p> <p>Collective course offerings on economic management, planning and budgeting, spatial analysis, and development issues at ENAD, IFAL, other specialized Institutes, and universities expanded by 2015</p>	<p>AAA</p> <ul style="list-style-type: none"> • Human resource and institutional capacity assessment for key institutions (INE, Ministries of Planning, Finance, and Economy) <p>RAS/Training</p> <ul style="list-style-type: none"> • Tailored training courses • WBI e-courses 	<p>Off track. Expected demand for AAA, RAS/Training did not materialize. This outcome and related results were dropped.</p>
<p>Build awareness about Angola's exposure to severe weather events (drought and floods), particularly for rural farming households, and to long-term effects of global climate change</p> <p><i>Milestones & Indicators</i></p> <p>GoA carries out climate resilience assessments in 3 key sectors (e.g. agriculture, fisheries, urban transport) by 2016</p> <p>Reliance on fuelwood reduced by 10 percent each year through introduction of cooking gas</p>	<p>Workshop</p> <ul style="list-style-type: none"> • Climate Change Seminar (FY15) <p>Training</p> <ul style="list-style-type: none"> • WBI e-courses 	<p>Off track. The planned assessments did not take place for lack of demand. The WB is currently contributing to one climate resilience assessment (drought in the South of Angola). However, no WB supported operations directly contributed to the reduction of the reliance on fuelwood by 10 percent each year through introduction of cooking gas. Angola remains committed to fighting climate change and submitted its Intended Nationally Determined Contribution (INDC) to the COP21. This PLR does not maintain this cross-cutting</p>

CPS Outcomes	WBG Program	Status
		theme with specific results but will rather mainstream climate change into all activities. No demand for WB financing or ASA, hence this activity was dropped.

Annex 4: Planned and Actual Deliveries of Non-Lending Services (FY14-19)

CPS PLANS (09/2013)		STATUS
FY14	ESW	
	Integrated Rural Development Strategy	Dropped
	Nutrition gap analysis (P125146)	Delivered
	Angolan Economic Updates (P146753)	Delivered
	Review of accountancy profession	Delayed but ongoing as Support to Angola Professional Accountancy Professional Organization (P155887)
	RAS	
	AML-CFT Action Plan Support (FY 14-15)	Ongoing as Risk Assessment of Illicit Financial Flows (P158042)
	Reserve Advisory and Management Program (RAMP)	Ongoing
	FSAP recommendations follow-up	Dropped
	Energy (2-3 areas)	Dropped
	Investment Climate Program	Dropped
	Non-Lending TA	
Programmatic social protection and nutrition support	Dropped and replaced by two new TAs (P162124); (P165224)	
Climate Change Seminar South-South Exchange on Social Protection Schemes (e.g. Bolsa Familia)	Dropped SSKE organized under the LDP.	
FY15	ESW	
	Public Expenditure Review	Rescheduled and delivered in FY17 Delivered FY 17
	Financial Sector Development Strategy (P151999)	Dropped
	Doing Business Reform action plan	Dropped
	Integrated Skills Development Policy Note	Dropped
	Human resource and institutional capacity assessment for key institutions (INE, Ministries of Planning, Finance, and Economy)	Dropped
	Youth Employment Policy Note	Dropped
	Angola Economic Update	Dropped
	RAS	
	Sovereign Wealth Fund	Dropped
	Business Environment Reform (P163713)	Ongoing (from FY17)
	Public Private Partnerships	Dropped
	Non-Lending TA	
	Social Protection and Nutrition Support	Replaced by Transforming Angola's Key Poverty Programs into Effective and Nutrition Sensitive Safety Net Interventions (P165224)
Angola Procurement Reform Support Tailored training courses Tailored training courses	Dropped Dropped	

CPS PLANS (09/2013)		STATUS
	WBI e-Courses	Dropped
	IFC Business Edge Program	Dropped
FY16	ESW	
	Sanitation Study	Dropped
	Angolan Economic Updates	Replaced by Social Protection PER (P162124), ongoing, to be delivered in FY18
	RAS	
	Statistical and modeling support to INE, MoF, MoE, MPlan and BNA	Dropped and replaced by the Angola Statistics Project approved by the Board in FY17
Non-Lending TA		
	South-South Exchange on Water and Social Protection	Dropped
PERFORMANCE AND LEARNING REPORT PLANS (from 09/2016)		
FY17- FY19	Analytics	
	Social Protection PER (P162124),	Planned for FY18
	Improving Rules for Angolan Oil Fund (P159791)	Delivered in FY17
	Country Economic Memorandum (P162993)	Planned for FY18
	Angola PSIA of Subsidy Reform (P159805)	Delivered in FY17
	Selected Policy Notes for the Incoming Administration of Angola (P164179)	Planned for FY18
	RAS	
	Financial Sector (147800)	Ongoing
	Risk Assessment of Illicit Financial Flows (P158042)	Ongoing
	Non-Lending TA	
	Support to a Systematic approach to Social protection and Poverty Reduction	Delivered in FY17
	IFC Advisory Services for Investment Climate program	Planned for FY18
Transforming Angola's Key Poverty Programs into Effective and Nutrition Sensitive Safety Net Interventions (P165224)	Ongoing	

**Annex 5: Angola FY14-FY19 CPF Ongoing and Planned Lending Operations
(US\$ millions)**

CPS PLANS (02/23/2012)				
FY	Project	Committed/Planned Projected Financing	Status as of June 30, 2016	Committed/Restructured Financing
2009-14	Market-Oriented Smallholders Agriculture Project	30.0	Closed. Project was restructured	30.0
	Learning for All Project	75.0	Under implementation.	75.0
	Local Development Program	60.0	Under implementation. Closing date of December 31, 2017.	81.7
	Water Sector Institutional Development Project (WSIDP)	57.0	Under implementation. Benefited from additional financing of 120 in FY13.	177.0
	Municipal Health Services Strengthening Project	70.8	Under implementation. Restructured in FY15 (Extension, DPO)	70.8
	<i>Subtotal at CPS approval</i>		292.8	
PERFORMANCE AND LEARNING REPORT PLANS (from 07/2016)				
2015	Fiscal Management Programmatic DPF I	450	Closed.	450
2015	Partial Bank Guarantee under DPF1	200	Guarantee approved but lapsed.	0.0
2016	Smallholder Agriculture Development and Commercialization Project	70	Approved FY17	70
2017	Angola Statistics Project	62	Approved FY17	62
2017	DPF2	200	Dropped	0
2017	Second Water Sector Institutional Development Project (WSIDP) (II)	200	Approved FY17	200
2018	Local Development AF	70	Approved FY18	70
2018	Health System Performance Strengthening Project	100	Scheduled for Board consideration in FY18	
2018	Commercial Agriculture Development Project	130	Scheduled for Board consideration in FY18	
2018	Angola APPSA	25	Scheduled for Board consideration in FY18	
2018	Luanda Bitá Water Supply Project Guarantee	285	Scheduled for Board consideration in FY18	
2019	DPF /PBG	250	TBD	
	<i>Subtotal</i>	2042		852

Annex 6: Recipient and Bank Executed Trust Funds

Donor Name	Trust Fund #	Trust Fund Name	Project #	Net Grant Amount (USDS-M)	Funds Disbursed to date (USDS-M)	Fund Balance (USDS-M)	Effective Date	Grant Sign Date	End Disbursement date	Closing Date	Status
Recipient Executed											
Japan Ministry of Finance	TF057845	PHDR: Angola Market Oriented Smallholder Agriculture	P093699	3.6	3.6	0.0	11/26/09	11/26/09	07/31/16	03/31/16	Closed
Total E&P Angola	TF071846	Municipal Health Service Strengthening Project	P111840	2.11	0.94	1.16	23/10/13	23/10/13	04/30/18	12/31/17	Ongoing- Under restructuring as of: 07/14/17
Bank Executed											
Government of the Russian Federation (READ)	TF013757	Angola READ Program - Phase 3	P116547	0.86	0.86	0.0	11/27/12	11/27/12	10/31/14	06/30/14	Closed
Poverty and Social Impact Analysis	TF018026	PSIA- Multidimensional Poverty Analysis for Angola	P159805	0.027	0.027	0.0	06/05/16	06/05/16	12/11/16	08/11/16	Closed
Development Impact Evaluation (DIME)	TF018547	IE-Impact Evaluation to Impact Development	P147411	0.15	0.13	0.02	11/17/14	11/17/14	03/17/18	11/17/17	Ongoing
Financial Sector Reform & Strengthening Initiative (FIRST)	TF018900	Financial Sector Reform & Strengthening	P151999	0.39	0.37	0.02	01/16/15	01/16/15	10/31/17	06/30/17	Closed
Rapid Social Response (RSR)	TF0A1045	Support to a systematic approach to social protection and poverty	P156589	0.45	0.44	0.01	08/30/15	08/30/15	07/31/17	03/31/17	Closed

Annex 7: IFC Statement of Committed and Outstanding Portfolio as of January 31, 2018

International Finance Corporation
Statement of IFC's Committed and Outstanding Portfolio

Amounts in US Dollar Millions
 Accounting Date as of : 01/31/2018

Region(s): Sub-Saharan Africa
 Country(s) : Angola

Commitment	Institution	LN	LN	ET	QL + QE	GT	RM	ALL	ALL	LN	ET	QL + QE	GT	RM	ALL	ALL
Fiscal Year	Short Name	Cmtd - IFC	Repayment - IFC	Cmtd - IFC	Cmtd - IFC	Cmtd - IFC	Cmtd - IFC	Cmtd - IFC	Cmtd - Part	Out - IFC	Out - IFC	Out - IFC	Out - IFC	Out - IFC	Out - IFC	Out - Part
2009/ 2010/ 2013/ 2014/ 2017/ 2011/ 2015/ 2016/ 2008/ 2012	BFA Angola	0	0	0	0	0.07	0	0.07	0	0	0	0	0	0	0	0.00
2018/ 2017/ 2015/ 2016	BNI Angola	20.00	0	0	0	12.05	0	32.05	0	0	0	0	12.05	0	12.05	0.00
Total Portfolio		20.00	0	0	0	12.11	0	32.11	0	0	0	0	12.05	0	12.05	0

Annex 8: MIGA Portfolio in Angola as of January 31, 2018

Project Name	Effective Date	Expiry Date	Business sector	Amount US\$
Cambambe Dam	6/28/2013	10/15/2026	Infrastructure	363,310,463
ADA Steel Mill	06/12/2015	06/11/2025	Manufacturing	69,993,000
Total				433,303,463

Annex 9: Angola's Social Indicators Against Selected Comparator Countries

	Angola	SSA	Nigeria	Rep. Congo	Ghana	Swaziland	Cabo Verde	Namibia
Poverty (below \$1.90/day PPP)	30.1	42.7	21.8	9.6	25.2	16.6	17.6	6.7
Years of schooling (adults) ¹	4.7	NA	5.2	6.1	7.0	7.1	3.5	6.2
Primary completion (%)	49.7	68.7	76	74.3	101.1	79	99.8	81.1
Progression to secondary (% male)	30.8	79.4	62	78.1	97.9	99.8	95.2	95.1
Progression to secondary (% female)	53.4	77.5	45	74.8	98.	98.3	98.1	96.7
Youth literacy (%)	73.0	70.8	66.4	80.9	85.7	93.5	98.1	92
Child Mortality (per 1,000 live births) ²	68	83.2	109	45	61.6	60.7	24.5	45.4
Immunization DTP3 (%)	80	77.2	66	90	98	98	95	88
Stunting (%) ²	38.0	37.2	32.9	25	18.8	31	21.4	29.6
Life expectancy at birth	52.3	58.6	52.8	62.3	61.3	48.9	73.1	64.7
GNI per capita (Atlas method)	4,180	1,630	2,820	2,540	1,480	3,230	3,290	5,210

Source: WDI, except 1) UNDP-Human Development report (latest data available); and 2) MIHS (2016-17).