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R2019-0180/1

July 3, 2019

Closing Date: Tuesday, July 16, 2019
at 6:00 p.m.

FROM: Acting Vice President and Corporate Secretary

Angola - Strengthening the National Social Protection System Project (Cash Transfer)

Project Appraisal Document

Attached is the Project Appraisal Document regarding a proposed loan to Angola for a Strengthening the National Social Protection System Project (Cash Transfer) (R2019-0180/1), which is being processed on an absence-of-objection basis.

Distribution:
Executive Directors and Alternates
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Bank Group Senior Management
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Directors and Department Heads, Bank, IFC, and MIGA

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Report No: PAD3340

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

PROJECT APPRAISAL DOCUMENT

ON A

PROPOSED LOAN

IN THE AMOUNT OF US$320 MILLION

TO THE

REPUBLIC OF ANGOLA

FOR A

STRENGTHENING THE NATIONAL SOCIAL PROTECTION SYSTEM PROJECT (CASH TRANSFER)

June 28, 2019

Social Protection & Jobs Global Practice
Africa Region

CURRENCY EQUIVALENTS

(Exchange Rate Effective May 10, 2019)

Currency Unit =	Angolan Kwanza (AOA)
AOA 325 =	US$1

FISCAL YEAR
January 1 - December 31

Regional Vice President:	Hafez M. H. Ghanem
Country Director:	Elisabeth Huybens
Senior Global Practice Director:	Michal J. Rutkowski
Practice Manager:	Jehan Arulpragasam
Task Team Leader:	Bénédicte Leroy de la Brière

ABBREVIATIONS AND ACRONYMS

ADECOS	Community and Health Development Agent (*Agente de Desenvolvimento Comunitário e Sanitário*)
APROSOC	Support to Social Protection in Angola (*Apoio à Protecção Social em Angola*)
AOA	Angolan Kwanza
ATM	Automated Teller Machine
CASI	Integrated Social Action Center (*Centro de Acção Social Integrada*)
CMU	Country Management Unit
CSO	Civil Society Organization
CSU	Unified Social Registry (*Cadastro Social Único*)
CT	Cash Transfer
DPF	Development Policy Financing
E&S	Environmental and Social
ESMF	Environmental and Social Management Framework
ESS	Environment and Social Standards
EU	European Union
FAS	Social Support Fund (*Fundo de Apoio Social*)
FM	Financial Management
GBV	Gender-Based Violence
GDP	Gross Domestic Product
GoA	Government of Angola
GRM	Grievance Redress Mechanism
HCI	Human Capital Index
HD	Human Development
IAASB	International Auditing and Assurance Standards Board
IBEP	Living Standard Measurement Study Survey (*Inquerito Integrado sobre of Bem-Estar da População*)
IDREA	Household Budget and Labor Force Survey (*Inquerito de Despesas, Receitas e Emprego*)
IFR	Interim Financial Report
IIMS	Multiple Indicators Cluster Survey (*Inquerito de Indicadores Múltiplos e de Saúde*)
IMF	International Monetary Fund
INE	National Statistical Institute (*Instituto Nacional de Estatística*)
IP/SSAHUTLCs	Indigenous People / Sub-Saharan Africa Historically Underserved Traditional Local Communities
MACVP	Ministry of Ex-Combatants and Veterans of the Motherland (*Ministério dos Antigos Combatentes e Veteranos da Pátria)*
MAPTSS	Ministry of Public Administration, Labor, and Social Security (*Ministério da Administração Pública, Trabalho e Segurança Social*
MASFAMU	Ministry for Social Action, Family and the Promotion of Women (*Ministério da Acção Social, Familia e Promoção da Mulher*)

MAT	Ministry of Territorial Administration and Reform of the State (*Ministério da Administração Territorial e Reforma do Estado*)
M&E	Monitoring and Evaluation
MED	Ministry of Education (*Ministério da Educação)*
MINDEN	Ministry of National Defense (*Ministério da Defesa National*)
MINFIN	Ministry of Finance (*Ministério das Finanças*)
MINSA	Ministry of Health (*Ministério da Saúde)*
MIS	Management Information System
NGO	Non-Governmental Organization
OHS	Occupational Health and Safety
PDL	Local Development Project (*Projecto de Desenvolvimento Local*)
PDO	Project Development Objective
PDN	National Development Plan (*Plano de Desenvolvimento Nacional*)
PER	Public Expenditure Review
PIM	Project Implementation Manual
PISU	Project Implementation Support Unit
PMT	Proxy-Means Test
POM	Project Operational Manual
PPSD	Project Procurement Strategy for Development
PSIA	Poverty and Social Impact Analysis
SCD	Systematic Country Diagnostic
SEA	Sexual Exploitation and Abuse
SIGFE	State Integrated Financial Management System (*Sistema Integrado de Gestão Financeira do Estado*)
SPJ	Social Protection and Jobs
SSA	Sub-Saharan Africa
SSN	Social Safety Net
TA	Technical Assistance
UMIC	Upper Middle-Income Country
UNICEF	United Nations Children's Fund
WB	World Bank

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DATASHEET

BASIC INFORMATION

Country(ies)	Project Name
Angola	Strengthening the National Social Protection System Project (Cash Transfer)

Project ID	Financing Instrument	Environmental and Social Risk Classification
P169779	Investment Project Financing	Moderate

Financing & Implementation Modalities

[ ] Multiphase Programmatic Approach (MPA)	[ ] Contingent Emergency Response Component (CERC)
[ ] Series of Projects (SOP)	[ ] Fragile State(s)
[ ] Disbursement-linked Indicators (DLIs)	[ ] Small State(s)
[ ] Financial Intermediaries (FI)	[ ] Fragile within a non-fragile Country
[ ] Project-Based Guarantee	[ ] Conflict
[ ] Deferred Drawdown	[√] Responding to Natural or Man-made Disaster
[ ] Alternate Procurement Arrangements (APA)	

Expected Approval Date	Expected Closing Date
16-Jul-2019	31-Oct-2023

Bank/IFC Collaboration
No

Proposed Development Objective(s)

The objectives of the project are to provide temporary income support to poor households in selected areas of Angola, and to strengthen the delivery mechanisms for a permanent social safety net system.

Components

Component Name	Cost (US$, millions)
Component 1: Cash transfers program to poor households	260.00
Component 2. Development of an effective safety nets system	50.00
Component 3: Project management	10.00

Organizations

Borrower:	Republic of Angola
Implementing Agency:	Ministry of Social Action, Family and Promotion of Women (MASFAMU) Social Support Fund (FAS)

PROJECT FINANCING DATA (US$, Millions)

SUMMARY

Total Project Cost	320.00
Total Financing	320.00
of which IBRD/IDA	320.00
Financing Gap	0.00

DETAILS

World Bank Group Financing

International Bank for Reconstruction and Development (IBRD)	320.00

Expected Disbursements (in US$, Millions)

WB Fiscal Year	2019	2020	2021	2022	2023	2024
Annual	0.00	84.00	182.00	35.08	14.16	4.76
Cumulative	0.00	84.00	266.00	301.09	315.24	320.00

INSTITUTIONAL DATA

Practice Area (Lead)

Social Protection & Jobs

Contributing Practice Areas

Education, Finance, Competitiveness and Innovation, Health, Nutrition & Population

Climate Change and Disaster Screening

This operation has been screened for short and long-term climate change and disaster risks

Gender Tag

Does the project plan to undertake any of the following?	
a. Analysis to identify Project-relevant gaps between males and females, especially in light of country gaps identified through SCD and CPF	Yes
b. Specific action(s) to address the gender gaps identified in (a) and/or to improve women or men's empowerment	Yes
c. Include Indicators in results framework to monitor outcomes from actions identified in (b)	Yes

SYSTEMATIC OPERATIONS RISK-RATING TOOL (SORT)

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

COMPLIANCE

Policy

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

[ ] Yes [✓] No

Does the project require any waivers of Bank policies?

[ ] Yes [✓] No

Environmental and Social Standards Relevance Given its Context at the Time of Appraisal

E & S Standards	Relevance
Assessment and Management of Environmental and Social Risks and Impacts	Relevant
Stakeholder Engagement and Information Disclosure	Relevant
Labor and Working Conditions	Relevant
Resource Efficiency and Pollution Prevention and Management	Relevant
Community Health and Safety	Relevant
Land Acquisition, Restrictions on Land Use and Involuntary Resettlement	Not Currently Relevant
Biodiversity Conservation and Sustainable Management of Living Natural Resources	Not Currently Relevant
Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities	Relevant
Cultural Heritage	Not Currently Relevant
Financial Intermediaries	Not Currently Relevant

NOTE: For further information regarding the World Bank's due diligence assessment of the Project's potential environmental and social risks and impacts, please refer to the Project's Appraisal Environmental and Social Review Summary (ESRS).

Legal Covenants

Sections and Description

The PISU installed a fully functional accounting software for project implementation and implements the needed accounting and financial controls based on the accounting software.

Conditions

Type	Description
Effectiveness	The Project Implementing Entity has established the PISU in a manner acceptable to the Bank
Effectiveness	The Borrower has furnished to the Bank documentary evidence, in form and substance satisfactory to the Bank, of establishment of the necessary arrangements, in form and substance satisfactory to the Bank, for purposes of ensuring the Borrower's compliance with the provisions of Section 6.02 of the General Conditions under existing loan agreements between the Borrower and the Bank.
Disbursement	Notwithstanding the provisions of Part A of the loan agreement, no withdrawal shall be made under Category (2), unless the Project Implementing Entity, has (i) hired at least one Payment Agent; and (ii) adopted the Cash Transfers and Grants Manual, all in a manner acceptable to the Bank.
Effectiveness	The Project Operation Manual has been adopted by the Project Implementing Entity in a manner acceptable to the Bank.
Effectiveness	The Subsidiary Agreement has been executed and all conditions precedent to its effectiveness have been met, in a manner acceptable to the Bank.
Effectiveness	A senior procurement specialist has been hired by the Project Implementing Entity in a manner acceptable to the Bank

I. STRATEGIC CONTEXT

A. Country Context

1. **The Angolan economy is at a significant juncture.** The current growth model based on oil wealth is nearly exhausted and has not delivered inclusive growth and shared prosperity. In addition, over-dependence on oil has made growth and macroeconomic management highly vulnerable to external shocks. The challenge for the new Administration of President João Lourenco, the first new leader in almost four decades and in office since September 2017, is to lay the foundations for a new growth model that is more open and inclusive, and less dependent on oil. Prospects of persistently low oil prices and potentially diminishing oil reserves over the longer-term make the call for economic diversification and inclusion even more pressing. Within this context, Angola faces two broad policy challenges that need to be urgently addressed:

- Angola needs institutions that support more sustainable and less volatile growth. The sharp and prolonged decline in oil prices since mid-2014 has reduced oil revenues and caused Gross Domestic Product (GDP)growth to contract over the past three years. The current account deficit stood at 8.8 percent of GDP in 2015, large fiscal deficits have been recorded since 2014, public debt has doubled over the last three years. There is also an urgent need to safeguard financial system stability as the undercapitalization of a systemically important state-owned bank, the loss of direct U.S. dollar correspondent banking relationship, and non-performing loans are inhibiting the banking sector's ability to provide needed credit for the private sector, especially for small and medium enterprises. Inflation escalated in 2016, reaching a peak of 40 percent in December 2016, before retrenching to 18 percent in February 2019.

- Angola needs a more inclusive growth model that promotes private-sector led diversification and protects the poor and vulnerable. Up to now, Angola has relied on the oil industry and high oil prices to drive economic growth and to rebuild a large part of its infrastructure, which was destroyed during the long Civil War (1975-2002). Inequality remains high, with a Gini coefficient of 0.43 in 2016. In the 2015, Angola ranked 150 (out of 188) in terms of Human Development Indicators. The Human Capital Index (HCI) is at 0.36 and performs below income comparators and the Sub-Saharan Africa's average at all levels. In 2016, about 30 percent of the Angolan population remained below the international poverty line (at $1.90/ day and 55 percent if $3.1/day is considered). Investment in human capital, effective institutions and a favorable business environment are critical for economic diversification and job creation.

2. **The new Administration is aware of these challenges and has started to implement much needed reforms.** Decisive steps have been taken towards restoring macro-stability and the medium-term National Development Plan (2018-2022) lays out a road map towards a more diversified and inclusive growth model that is open to supporting a young and growing population. The new Administration has also shown willingness to tackle entrenched interest and has undertaken several critical reforms, including the passage of laws for greater private sector investment and transparency. The new Administration is advancing plans to open up important sectors to competition, including through privatizations of large-scale state-owned enterprises. Macro-economic policies have been adjusted to reflect market realities and address imbalances; these include greater exchange rate flexibility; the modernization of monetary policy; plans to reform and better target subsidies; more effective management of natural resource wealth through the creation of a Sovereign Wealth fund with the dual objective of fiscal-stabilization and long-term saving; and a commitment to restructure state-owned banks. Together with the proposed Development Policy Financing (DPF) (P166564) series and the Luanda Bita Water Supply guarantee (P163610), the proposed project intends to support Angola in its ambitious and urgent reform strategy (Box 1), by ensuring that the social safety net builds the resilience of the poor to economic shocks

and provides opportunities for them to strengthen their human capital and contribute their full potential to the country's growth.

Box 1: Tariff and Subsidies Reform in Angola and World Bank support

According to the Government of Angola (GoA), general price subsidies represent a heavy burden on public finances and mostly benefit the wealthiest segments of society (IMF, 2018). The GoA started to reduce subsidies by adjusting water tariffs in August 2018 and plans to adjust electricity and public transportation tariffs as well as gasoline and diesel prices over the course of the next few years. The GoA's strategy for the electricity and water sectors also targets measures to improve the operational efficiency of state-owned enterprises (SOE) in these sectors.

In an ideal world, utility and fuel prices are at the cost-recovery levels reflecting efficient operation; there are no sector-specific price subsidies; and assistance to the poor is integrated, sharply targeted, and designed to meet their essential needs. Angola is currently far from the ideal. The current legal and regulatory framework does not support sustainable financial performance of public utilities, because pricing and operational decisions do not reflect cost-recovery principles and are susceptible to political influence. Price subsidies have also not proven efficient and effective in protecting the poor, because they are universal, making them highly regressive and benefitting the rich disproportionally.[1] Angola's social safety net is currently too fragmented and limited in scope to mitigate the impact of subsidy reform. The absence of a poverty-targeted safety net limits households' capacity to manage risks thus potentially worsening the likely adverse social effects of pricing and subsidy reforms and increasing the risk of civil strife and rejection of the reform.

Critical aspects of tariff and subsidy reforms in Angola are therefore: (i) a rule-based and transparent tariff- and price-setting process for utilities and fuel suppliers, and adequate tariff and price levels to cover efficient costs and gradually support investment; (ii) improved operational efficiency of public utilities and fuel suppliers; and (iii) a shift from inefficient, universal price subsidies to effective poverty-targeted social safety nets, and social services to foster investments in human and productive capital and increase the opportunities of poor households to participate fully in the country's development.

World Bank engagement in tariff and subsidies reform in Angola:

With help of the World Bank, the GoA plans to develop and implement an automatic price adjustment mechanism to ensure that domestic prices of gasoline and diesel fuel are at cost-recovery levels based on import parity, while strengthening poor households' capacity to manage shocks -particularly those linked to the subsidy reform- through cash transfers. In the water and electricity sectors, tariff reforms are aimed at recovery of efficient costs and elimination of operating subsidies, coupled with policies to protect poor consumers or increase access to low income areas. The proposed DPF series "Angola Growth and Inclusion" (P166564), the proposed Bita Water Supply Project Guarantee (P163610) and the proposed Social Safety Nets Project (P169779) provide an integrated package to support Angola's reforms towards an effective and transparent pricing-setting mechanism for fuel and utility prices, a more efficient operation and fairer access for poor households. Objective 2.1 of the proposed DPF "Protecting the poor and vulnerable from shocks" focuses on the policy reforms that support the proposed SSN project.

3. **Angola's wealth has hardly benefitted its poor**. The boom and bust cycles and high revenue/expenditure volatility are preventing sustained investment in physical and human capital, which could prove counterproductive to longer-term

development. The Republic of Angola is the third largest economy in Africa, the second largest oil producer, and the third diamond producer. However, its human development outcomes rank below those of most lower income countries. Angola's share of population ages 0–14 ranks fifth in the world: almost half (48 percent) of the population is less than 15 years old and only 2 percent are 65 years or older. Life expectancy at birth was at 53 years in 2016, making it the seventh-lowest in the world. At 477 per 100,000 live births, maternal mortality rate has improved over the past few years but remains almost eight times the average in Upper Middle-Income Countries (UMIC) (57 per 100,000 live births). Angola had the highest infant (96 per 1,000 live births) and child (157 per 1,000 live birth) mortality rates in the world in 2015. Angola is in the bottom 10 countries in terms of learning outcomes.

4. **Women's human capital and economic empowerment are particularly low.** The averages hide significant inequality between women and men: only 52 percent of women above 15 years of age could read and write in 2008-9 compared to 81 percent of men, with the gap larger in rural areas and in 2015-16, 22 percent of women had never attended school compared to 8 percent of men (MASFAMU, 2017). Fertility rates are high, at 6.2 children per woman aged 15-49, with differences by location and education (8.2 in rural areas vs. 5.3 in urban). Only 14 percent of women have access to contraception while 52 percent express demand for it. Teenage pregnancy affects one third of adolescent girls 15-19 years of age. Income and schooling levels are linked to fertility: 53 percent of adolescent girls in the bottom two quintiles are mothers compared to 16 percent of those in the top quintile, 58 percent of adolescent girls with no schooling are mothers compared to 25 percent of the ones with secondary or higher education. High fertility is also linked to low labor force participation and low-quality jobs. Only 45 percent of women participate in the labor force compared to 61 percent of men. Women are concentrated in the informal sector, mostly in agriculture (36 percent of women vs. 28 percent of men) and trade (50 percent of women vs. 23 percent of men) and 30 percent of working women are unpaid (see Annex 4).

B. Sectoral and Institutional Context

5. **Angola's public spending on social sectors, as a share of GDP, is below other country group averages, unlike its military expenditures**. In 2018, the budget allocation for the social protection sector decreased in nominal terms while the allocation for health and education increased but decreased as a percent of estimated GDP (Angola SP PER, 2018). In 2017, health expenditures amounted to 1.6 percent of GDP (compared to an average 2.9 percent of GDP in Africa). Education expenditures were 2.5 percent of GDP (compared to an average 4.5 percent of GDP in Africa). Social safety net expenditures were 0.3 percent of GDP -- well below the average spending in Africa of 1.3 percent of GDP. Despite decreased fuel and utility price subsidies, the amount spent in 2017 remained above the amount spent in upper-middle-income countries (UMICs) (1.4 percent of GDP in Angola versus 0.5 percent of GDP in UMICs). On the contrary, military spending in Angola is important, accounting for 5.1 percent of GDP -- well above military spending in other comparable countries**.**

6. **The Government of Angola (GoA) is working to establish a social protection system, but the system remains highly fragmented.** Law 7/04 of 2004 establishes the legal and institutional framework for social protection in Angola with three pillars: Basic, Compulsory, and Complementary Social Protection. The Ministry of Social Action, Family, and Promotion of Women (*Ministério da Acção Social, Família e Promoção da Mulher*, MASFAMU) is the main institution responsible for coordinating the implementation of social policies in Angola. Social protection spending is highly concentrated in two ministries: The Ministry of Public Administration, Labor, and Social Security (*Ministério da Administração Pública, Trabalho e Segurança Social*, MAPTSS) and the Ministry of National Defense (*Ministério da Defesa Nacional*, MINDEN) mainly for contributory social protection. Other ministries, including MASFAMU, the Ministry of Health (*Ministério da Saúde*, MINSA), the Ministry of Ex-Combatants and Veterans of the Motherland (*Ministério dos Antigos Combatentes e Veteranos da Pátria*, MACVP), and the Ministry of Territorial Administration and Reform of the

State (*Ministério da Administração do Território e Reforma do Estado*, MAT), received very limited budget allocation, barely 2 percent of total social protection spending, which is allocated to noncontributory social assistance. The Social Support Fund (*Fundo de Apoio Social*, FAS) under the MAT, supports local service delivery. The Ministry of Education (*Ministério da Educação*, MED) implements several educational programs such as school feeding, distribution of uniforms and tertiary scholarships, but its budget allocation is not included as social protection. Fuel and utility price subsidies are not part of the statutory social protection system, but expenditure on such subsidies fall under the social protection budget rather than the energy budget as in most countries.

7. **Social protection spending has decreased significantly, is poorly targeted and largely ineffective.** The share of war-related assistance expenditures increased relative to expenditures targeted to the poor and vulnerable. Government spending on fuel and utility price subsidies has by far exceeded spending on (contributory and non-contributory) social transfers. Angola's social protection spending is thus highly regressive, since price subsidies–which mainly benefit the better-off[1]–accounted for almost 64 percent of total social protection spending between 2010-2017. Overall, the poor and the youth do not seem to be well served by Angola's social protection system and the country's social protection needs to better align with the needs of a young, growing population, with high levels of multi-dimensional poverty and significant spatial, gender and generational inequality.

8. **Subsidies have historically represented a large share of the budget, but a combination of policy reforms—including the implementation of a subsidy reform at the end of 2014—and falling oil prices has reduced their budgetary impact since 2015.** Angola subsidizes fuel, electricity, water and transport prices and state-owned enterprises (SOEs). The government has embarked on a bold subsidy reform since September 2014, reducing spending on (price and SOE) subsidies to an estimated 1.7 percent in 2018 (preliminary results from on-going cost-of-service study). The extent of the total impact of the subsidy reform (including fuel, water, electricity, transport) is not yet known because information regarding the magnitude and structure of subsidies is scarce. World Bank's preliminary estimations[2] showed that the direct effect of the increased tariffs will wealthier households more than poorer ones. However, in urban areas, where access is higher than in rural areas, poor households would be negatively affected by the removal of subsidies for electricity, water and fuel, directly and indirectly through the increases in goods' prices.

9. **The government intends to move quickly with further subsidy reform in 2019 and to improve the effectiveness of social protection interventions.** Angola has little fiscal space to cut expenditures. Faced with a large government debt and declining oil production, the country needs to pursue a gradual but consistent fiscal consolidation path, and concomitantly scale up and improve the effectiveness of social services. Eventually, the government should direct part of the savings obtained from subsidy removal and other efficiency gains toward increasing investments in education, health, and social protection. The GoA has recognized social safety nets as an effective way to strengthen the capacity of poor households to withstand shocks, including economic ones. The subsidy reform provides an opportunity to shift the social contract from one of universal, inefficient and regressive subsidies to a system of poverty-targeted social safety nets that can strengthen resilience and equity and help provide opportunities for the poorest so that they can partake in the economic diversification of the country. In addition, strengthening social protection can help increase the political space for further reforms.

10. **Angola has started to experiment with cash and near-cash transfers in recent years**. The *Cartão Kikuia*, a voucher program, was the largest non-war related program of MASFAMU in 2018 (with a planned allocation of 7.2 percent of the Ministry's budget and 0.02 percent of GDP). The program started in 2014 and aimed to provide basic consumer items for the poorest households in the country, in the form of electronic cards to be redeemed in specific stores selected by the government. The value of the benefit was AOA 5,000 monthly for 12 months. The targeting mechanism combined

[1] While 77 percent of fuel price subsidies benefit the top 40 percent households, only 10 percent accrues to the bottom 40 percent.

[2] Based on the first 6 months of the 2018 Household Budget and Labor Force Survey (IDREA) data

geographic, categorical, and poverty criteria but was not rigorously implemented. Between 2014 and 2018, the program only reached 40,000 households, who received at most one or two monthly payments and disbursement rates were less than 50 percent in 2015 and 2016 (SPL PER, 2018). Previous analysis about the potential to use *Cartão Kikiua* (World Bank, 2016) as part of the subsidy reform highlighted the operational bottlenecks and recommended a shift to cash. In 2018, the government decided to pilot cash transfer programs, with the planned Child Grant Program supported by the United Nations Children's Fund (UNICEF) (financed by the European Union (EU)). The program will provide cash transfers of EUR 10 per child from 0 to 4 years to 20,000 children (approximately 7,000 households) in socially vulnerable households. The pilot is tested in vulnerable rural areas of Moxico, Uige, and Bie and has informed the design of targeting and payment mechanisms for the proposed project. Were they to be extended, through the social registry, these child-focused transfers could provide a complement to the proposed cash transfer program which is household and poverty-targeted.

11. **With the support of the World Bank through the Local Development Project (P105101), FAS will implement a pilot cash-for-work program to combine regular income opportunities of poor and vulnerable households with the creation of basic local productive infrastructure, as well as skills and on-the-job training.** The pilot will be implemented in six of the poorest rural municipalities (Chongoroi, Luacano, Muconda, Quela, Quilengues, and Ukuma) and approximately 7,000 beneficiaries will participate in cash-for-work activities. Participants will work 20 days per month for four months each year during the two years of implementation of the project and will be paid AOA 400 per day (approximately US$2.4), amounting to a total of US$386 over the two-year period. The cash-for-work intervention would potentially complement the proposed cash transfer program in smaller towns with a greater dependence of poor livelihoods on agriculture.

C. Relevance to Higher Level Objectives

12. **The 2018 Systematic Country Diagnostic (SCD) for Angola identified exclusion, i.e. the inability of the poor to benefit from growth, exacerbated by under-investment in services and weak human capital, as one of the key binding constraints to the country's development**. It highlighted increasing social protection coverage and efficiency as a key development priority. The proposed project would contribute to this priority and is fully aligned with the Angola Performance and Learning Review (P155810) emphasis on improving human development.

13. **The proposed project is also fully in line with Angola's National Development Plan (PDN) for 2018-22, notably its first strategic axis on "Human Development and Social Welfare**" which includes a program objective (1.5) on social protection and assistance and one on local development and poverty alleviation (1.1.1 with program target 2.2. that poverty rate decrease from 36 percent in 2017 to 25 in 2022) and stresses good governance and evidence-based decision-making for policy. The proposed project would directly contribute to strengthening the Unified Social Registry (*Cadastro Social Unico, CSU*) with the planned registration of up to two million households (40-45 percent of the population), which will provide a key tool for social policy planning and coordination (PDN poverty alleviation program target 3.1. is 1.13 million social action beneficiaries registered in the social registry by 2022). In addition, the project will strengthen monitoring and evaluation to enable the construction of an evidence-based system of targeted safety nets that can strengthen resilience and equity and help provide opportunities for the poorest in the country.

14. **The proposed Project is also aligned with the World Bank Social Protection and Labor Strategy for Africa (2012-2022).** It supports the overarching goal of helping improve resilience, equity, and opportunity for people in both low-and middle-income countries. Resilience would be promoted through insuring against welfare losses from shocks (mainly economic); equity by protecting the poorest against destitution and the near poor against poverty traps; and opportunity

through supporting women's and men's productive inclusion as well as investments in the human capital of girls and boys. The Project follows the strategic direction of moving from fragmented approaches to more harmonized systems for social protection. This would be achieved by building adequate delivery systems for social protection programs and by building administrative and operational capacity for program implementation at central and decentralized levels.

15. **The proposed project will contribute to the second pillar of the World Bank Strategy for Africa (*Africa's Future and the World Bank's support to it*, 2011-21).** The second pillar focuses on vulnerability and resilience, in particular the management of macro-economic shocks through support to social safety nets, as reiterated in the Africa Regional Update 2019 (*Eradicating Poverty and Boosting Shared Prosperity in Africa*). The proposed project will directly contribute to the World Bank Africa Human Capital Plan (*Powering Africa's Potential Through Its People*) objectives of increasing social protection coverage and indirectly to greater access to health and education services which would in turn lead to lower teenage fertility, child mortality, lower stunting rates, and increased learning.

16. **Finally, the Project would contribute to the World Bank twin goals of ending poverty and boosting shared prosperity.** The Project would promote boosting shared prosperity, by increasing Angola's social policy focus on the bottom two quintiles of consumption in Angola. The cash transfer component would provide an income boost to these households. A proper targeting system would be developed to identify the poorest households in the selected municipalities and cash transfers would be complemented at the local level by improving coordination with and access to productive inclusion initiatives and core human development services such as nutrition, health and education.

17. **The proposed project's two-track approach -- short-term cash transfer program and medium-term investments in a safety net system – provides the foundation for a long-term shift of the social contract from universal, inefficient price subsidies towards poverty-targeted cash-based safety nets and better-quality human development services.** Taking the crisis as an opportunity for reform, the proposed project provides catalytic financing for the government to build systems at scale and set up a process of program consolidation and reorientation to better fit the need of the young population, which face multiple human capital challenges. The systemic elements supported by the proposed project will set the stage for a second generation of interventions that can help address the structural roots of poverty in Angola, such as under-investment in services and human capital, and better articulate the demand for and supply of health, education, water and sanitation services and productive inclusion interventions. However, the full poverty reduction potential of these systems will be realized when the interventions they support can be scaled-up both in terms of coverage and scope, which will require additional funding and know-how.

II. PROJECT DESCRIPTION

A. Project Development Objective

PDO Statement

The objectives of the project are to provide temporary income support to poor households in selected areas of Angola and to strengthen the delivery mechanisms for a permanent social safety net system.

PDO Level Indicators

18. **Progress towards meeting the project development objectives would likely be measured through the following key results indicators**:

Outcome 1: Temporary income support provided to poor households in selected areas

- Beneficiaries of social safety net programs (disaggregated by sex), unconditional cash transfers and others
- Percentage of cash transfer beneficiary households among the poorest 40 percent,

Outcome 2: Delivery systems for a permanent social safety net system are strengthened

- Number of administrative units (CASIs, MASFAMU offices) adopting the CSU as a single gateway to SSN programs
- Percentage of cash transfer beneficiary households in which some members (males/females) benefit from access to local human development services.

B. Project Components

19. **The proposed project design builds on the main findings from background studies** undertaken in FY17/18, notably the Social Protection Public Expenditure Review (2018) and the SCD. The proposed project would assist the government of Angola in enhancing the readiness of the social protection sector to implement short and mid-term mitigation measures that would (i) enable the country's subsidy reform; and (ii) help establish an effective social protection system.

Component 1: Cash transfer program to poor households (US$260 million)

20. **The objective of this component is to design and implement the systems for a temporary cash transfer program that aims to mitigate the impact of the subsidy reform** on poor populations (bottom two quintiles) with a goal of reaching one million households. Delivering the cash transfers will foster the development of key delivery mechanisms, which will be set-up to be used by other safety net programs in the medium-term. The cash transfers would last for 12 months, in the form of six bimonthly payments of AOA 10,000 per household. The cash would contribute to help households smooth consumption as they adjust to the direct and indirect effects of the subsidy removal, increases in basic goods and services prices. The delivery mechanisms will form the foundations of the Social Safety Net (SSN) system. The component includes two sub components.

Subcomponent 1.A – Key permanent delivery systems to implement social protection programs (US$15 million)

21. This subcomponent is expected to increase the effectiveness of the social protection system by developing delivery systems that enhance the effectiveness and efficiency of the social protection sector and allow MASFAMU (especially the National Directorate for Social Assistance), FAS, and participating municipalities to better manage their programs. The specific systems to be further developed under the project include the following:

- **Registry.** The Government of Angola recently approved a Unique Social Registry **(*Cadastro Social Unico, CSU*)** that would serve as a national instrument for outreach, intake, registration, and determination of potential eligibility for all social programs[3]. The Social Registry is also conceived as a planning tool for municipalities to better understand the vulnerability of their populations. It would contribute to strengthen capacity to design policies and programs and perform monitoring and evaluation of existing programs. This is a potentially key instrument in the framework of the decentralization process, supported by the on-going World Bank Technical Assistance (TA) project (P166629) and planned Decentralization for Improved Service Delivery (P170123) project. The proposed project will support the registration of up to 2 million households, which data will feed into the CSU.

- **Targeting system.** The targeting system will include (i) geographical targeting through poverty maps; (ii) individual targeting through a PMT formula (Figure 1); and (iii) community validation. Municipal and *comuna*-level poverty maps and a Proxy-Means Test (PMT) using the 2008 household survey will be used to start household

[3] The decree setting up the CSU was published on May 10, 2019

registration (component 1) and would be updated as the 2018 household survey data becomes available.

Figure 1: PMT formula for Angola

	Coefficient
No. household members	-0.07***
Children under 5 years old*	-0.09***
(log) rooms per capita	0.24**
High quality walls*	0.20***
Roof made from grass or palm*	-0.19***
Electricity*	0.21***
Cooking fuel: coal*	-0.15***
Cooking fuel: wood*	-0.32***
Water treated*	0.11***
Computer*	0.23***
Radio*	0.15***
Motorcycle*	0.12***
Car*	0.26***
Fridge/freezer*	0.17***
Constant	8.99***
Observations	9002
R^2	0.56

Note: dependent variable: (log) per capita consumption. * on variable labels indicates a dummy variable. *, **, and *** on coefficients indicate significance levels of 0.1, 0.05, and 0.01 respectively.

Source: Team calculations using IBEP 2008 and census 2014

Given the products affected by the planned price subsidy reform (water, electricity, transport and fuel), urban areas and areas along the economic coastal corridor are likely to be most affected. The geographical targeting would thus focus on provincial capitals and the municipalities that concentrate the highest number of urban households in the bottom two quintiles. Table A3. 1 in Annex 3 lists those 40 municipalities, that house approximately one million households in the two lowest quintiles.

Within each of the selected municipalities, *comuna*-level poverty maps would further narrow the geographical scope of the registration. When available, *bairro*-level poverty maps would enable a more disaggregated geographical targeting. Otherwise, neighborhoods (*bairros)* would be ordered by poverty-level according to *bairro*-level criteria such as types of settlement, proportion of precarious housing, lack of access to basic services, and crowding, building on the municipal profile managed by FAS.

At the household-level, potentially eligible households would be surveyed at selected registration points with a questionnaire collecting basic information to identify and locate the household and compute their proxy-means score. It is expected that the project would support the registration of up to 2 million potentially eligible households in the selected areas. Community validation would be organized with the support of neighborhood commissions (*Commissões de Bairro*) and the Community and Health Development Agents (ADECOS).

Based on available information, it is expected that 40 percent of beneficiary households be headed by women and that beneficiaries would be distributed roughly evenly between urban and rural areas of the selected municipalities. The selection of municipalities provides national coverage (all provinces), focuses on zones most affected by the reform (urban and peri-urban areas), and eases cash distribution given the likely concentration of the poor.

- **Payment system.** A payment system will be established, with a view to stimulate financial inclusion. The efficient payment mechanisms built under the project would ensure that most payments are made through competitively selected external payment agencies. Selected payment agencies would deliver transfers through electronic payment instruments (initially payment cards) linked to a pooled or individual basic transaction bank account (such as *Bankita*, a basic account with simplified Know-your-Customer requirements, a maximum AOA 100,000.00 balance and limited fees), set-up specifically for the program. Payment agencies will eventually be selected on the quality and costs of services they would offer to facilitate beneficiaries' access to the funds. Initially, transfers would be paid bimonthly through payment cards (potentially quarterly in areas where payment infrastructure is especially weak) or basic bank accounts. The UNICEF-supported pilot Support to Social Protection (APROSOC) program uses transfers to bank accounts. Under the proposed project, the cash transfers would last for one year.

- **Management Information System (MIS).** First, an MIS will be designed and implemented specifically for the cash transfer program. The main modules would comprise (i) registration and beneficiary identification modules; (ii) payments module; (iii) monitoring and evaluation (M&E) module; and (iv) grievance redress mechanism (GRM). Modules to support the safety net system would include (i) referral to productive inclusion activities and human development services, and (ii) benefits management.

- **M&E system.** Current safety net interventions do not collect systematically output and outcome indicators and no impact evaluations of MASFAMU's core interventions are available. The project would help MASFAMU and FAS improve their M&E system by: (i) defining a results framework for the cash transfers and developing instruments to track these indicators; (ii) conceptualizing the instruments to be used to monitor the cash transfer programs and other selected interventions, including performance of the registry, process evaluations, impact evaluation; and (iii) assessing beneficiary perception and satisfaction. The impact evaluation would assess the poverty impacts of the cash transfers as well as their access to human development services (with a focus on access to schooling for children and adolescent girls, access to maternal and child health services, and access to water) on a sub-group of the beneficiaries among the later waves of registration. It will also assess sex-disaggregated impacts of the productive inclusion activities on beneficiaries' income-generation and overall welfare.

- **Grievance Redress Mechanism (GRM).** An information and complaint redress system to enable both beneficiary and non-beneficiary households as well as local implementers to inform and lodge complaints about selection, payments, compliance, quality of services, gender-based violence (GBV) related to payments to women and sexual exploitation and abuse (SEA) related to sexual favors for registration or any other issue arising during implementation, and to seek redress will be designed and implemented under the project. The GRM will be adapted to cultural specificities in municipalities where the safety nets would reach households from vulnerable groups, including ethnic minorities. A specific grievance mechanism will be provided for all direct workers and contracted workers (to raise workplace concerns).

- **Basic referral system for cash transfer beneficiary households to access local productive inclusion and human development interventions.** After the temporary cash transfers, a subset of beneficiary household members would be referred to productive inclusion activities and/or human development programs/services implemented in their municipality of residence.

22. **The registration, targeting, payment systems and a basic version of the MIS for the cash transfer program will be piloted in two municipalities** (Cacuaco, Luanda Province and Huambo, Huambo province), potentially with support from the Local Development Project (P160105). The pilot is expected to identify at least 45,000 beneficiary households. Experience from this pilot will inform the phased scale-up of the cash transfer programs.

23. **Eligible activities under this sub-component would include**: (ii) technical assistance for the conceptualization of the registry and its business processes including protection of individual data, coordination with productive inclusion activities and access to human development services; (ii) equipment and hardware for the registry implementation in the 40 municipalities and the resulting database and back-up systems, (iii) software applications for the targeting based on the agreed questionnaire, beneficiary identification, payment automated mechanisms, monitoring and evaluation modules, and (iv) training, study tours and other initiatives to enhance the capacity of MASFAMU, FAS and municipalities' staff to implement the social registry and the cash transfer program and use the systems for other programs they manage.

Subcomponent 1.B – Cash transfer programs (US$245 million)

This subcomponent is expected provide cash transfers to one million households over one year. Beneficiaries would belong to the poorest 40 percent households in selected areas.

Transfer amounts and payments

24. **Transfers to be received by the beneficiary households amount to the equivalent of 10 percent of the poverty line per individual** i.e. AOA 5,000.00 (approx. US$15.00) per month and per family. This amount is close to the average poverty gap of AOA 5,500.00. Preliminary analysis of IDREA 2018 first 6 months' data shows that households in the first two quintiles spend between 7 and 11 percent of their monthly income on water, electricity, fuel and transport, (on average an estimated AOA 4,610.00). The cash transfer would then cover a doubling of expenses. The proposed amount also maximizes the cost-benefit ratio of the transfers in terms of estimated poverty reduction impacts. Given the resources available, it enables a significant coverage of the bottom 40 percent (half of them and approximately three fourths of the poor in urban areas). Uncertainty about the extent of the subsidies and their impacts on different household groups, means that this amount may be revised after updated simulations based on the complete IDREA 2018 data and DPF Poverty and Social Impact Analysis and according to available additional fiscal resources.

25. **As savings from the subsidy reform and other efficiency gains materialize, the program would be progressively expanded** either to potentially increase amounts/duration based on updated estimates of the impact of the subsidy reform and/or to cover other affected groups, based on the planned update of the poverty map using the on-going IDREA household survey also supported by the World Bank (P157671). Similarly, as the regulatory framework and payment infrastructure for financial inclusion evolves, transfers could be extended more frequently and/or through mobile payments.

Recipients

26. **Documented gender inequality in Angola (Annex 3) suggests that the marginal impact of the transfers would be higher if they reached women**. It is estimated that a significant proportion of beneficiary households will be households with a single female adult earner (approximately 40 percent of households self-report as female-headed, Table A3. ***1***, Annex 3). The project will support specific outreach activities (Component 2B) to ensure these households can access registration points. The project will encourage the issuance of beneficiary payment cards to women in households. Complementary activities would include a partnership with the Ministry of Justice to increase access to identification (*Bilhete de Identidade*) especially for women (Component 2B). Given the high prevalence of gender-based violence (35 percent of ever-married Angolan women aged 15-49 years reported experiencing intimate partner physical and/or sexual violence at least once in their lifetime and 26 percent in the past 12 months in 2017), Community Development Agents (ADECOS) and civil society will provide couples and community awareness-raising interventions to mitigate potential risks of increased intra-household conflict and gender-based violence around the management of the cash transfers.

27. **This component would finance**: (i) targeting and selection of beneficiaries, (ii) cash transfers to beneficiaries; (iii) operational costs to deliver the cash transfers; and (iv) operational costs of complementary activities to ensure access of women to the cash as recipients and managers of the money.

Component 2: Development of a permanent safety nets system (US$50 million)

28. **The specific objective of this component is to strengthen the capacity of MASFAMU, FAS and partner institutions responsible for activities in social safety nets at the central, provincial and municipal levels to further build a proper safety nets system**. This component includes two sub-components that aim to strengthen communication and develop complementary programs to support productive and human capital investments at the municipal level.

Subcomponent 2.A: Communication strategy for the subsidy reform and the safety net programs (US$5 million)

29. **This sub-component is expected to increase the support for the subsidy reform and help broaden the political space for its implementation**. The project would support the Ministry of Finance, the Ministry of Social Communication, MASFAMU and the other sectors involved in the reform to set up and implement a communication strategy for the subsidy reform. Communication activities will provide key information to external (citizens) and internal (civil servants and decision-makers) audiences to help create awareness and understanding of the subsidy reform as a reform of the social contract within the overall reform agenda, with the transformation of the social safety net from universal regressive subsidies to poverty targeted direct transfers including the cash transfer program and the improvement of basic services and economic diversification which would benefit the middle-class. The Ministry of Social Communication will provide strategic guidelines for the overall campaign, which would lay out the short-term changes and the expected impacts in the medium-term.

30. **The project would also support FAS and MASFAMU to set-up and implement an information, education and communication (IEC) strategy for the operationalization of the cash transfer program** and other selected programs. The IEC strategy would seek to foster basic awareness about the role and functions of the registry, its relationship with the cash transfer programs and other safety nets, the characteristics of the cash transfer program and the role and responsibilities of the different implementers. Outreach will be especially key to foster registration and to inform potentially eligible households about the registration process (on-demand at registration points, type of information and documentation needed). Communication should emphasize that registration is necessary but does not guarantee access to the cash transfers or any other safety net programs. Communication should also explain the process for enrollment into the cash transfer program, the payment mechanism, the process for complaints and appeals, and the roles and responsibilities of main implementers.

31. **The communication strategy will use different instruments** according to the targeted audience:

- *Social Communication with general audience*. These instruments would target the public in general and include all external audience such as: opinion- and decision makers at all political levels, academia, the media and civil society, key stakeholders in the sectors affected by the reform such as water providers, transport operators, and potential program beneficiaries and non-beneficiaries. The social communication aims to ensure an understanding of the overall reform agenda, overall visibility of the subsidy reform, its rationale, mitigating measures, and expected impacts; to promote awareness about the planned activities, seek to broaden support for the reform, and mitigate any adverse reaction. This would rely on a range of channels including radio, TV, press, internet and social media.
- *Operational communication with beneficiaries and potential beneficiaries.* This would focus on the registry, the cash transfer program, the productive inclusion and human development programs and would target program beneficiaries and potential beneficiaries as well as implementers at the local and central levels in the municipalities where the program will operate. It would aim to increase awareness among beneficiaries and non-beneficiaries about the registry, the cash transfer program and their processes. It would seek to explain in simple and clear terms, the scope and limitations of the registry and the programs, eligibility criteria, procedures, roles and responsibilities and other characteristics of the program. This would rely also on a range

of channels such as radio, community theater, program materials (beneficiary booklet), dedicated phone lines and possibly social media, taking into account the low functional literacy of the intended audience.

- *Internal Communication with civil servants:* This would target government staff across the main ministries involved, and the program implementation unit to raise awareness of program objectives and rules, to promote their roles as communicators as well as to inform and monitor program implementation, while fostering a culture of transparency.

32. **Eligible activities under this sub-component would include**: technical assistance for (i) the conceptualization of the overall communication strategy; (ii) implementation of the subsidy reform communication strategy; and (iii) development and implementation of the information, education and communication strategy for the registry, the cash transfers and other selected safety net programs; (iv) equipment and materials to produce communication support.

Subcomponent 2.B: Establishment of an effective basic safety nets system, supporting investments in productive and human capital (US$45 million)

33. **This sub-component is expected to strengthen the poverty impacts of the safety net systems by helping address more structural characteristics of poverty**. It aims to support the Government of Angola in establishing an effective poverty-targeted cash-based safety nets system in the mid-term. Building on the on-going decentralization process, which includes the municipalization of social assistance, institutional and administrative capacity for well-targeted and scalable social assistance programs for the poor - such as cash transfers, productive inclusion initiatives and services to support to human capital development– would be strengthened at the decentralized level to enable the poor and vulnerable population to participate in the country’s development and growth process. The project would thus support the development of a referral system (Component 1.A).

34. **A subset of the cash transfer program beneficiaries would be referred to existing productive inclusion activities, supported by FAS in selected municipalities (US$20 million)**. The types of activities offered to participants would largely depend on the interventions available in their municipality of residence but would include specific technical assistance to increase their income-generation capacity. Participating members of the household could be an out-of-school teenager, or an out-of-labor force/underemployed adult. The project will support interventions to facilitate the participation of women in income generation, especially by providing support to potentially working mothers through child care services. Based on the existing portfolio of FAS activities, this sub-component would support the provision of skills and grants to promote self-employment including in small agriculture activities, self-employment and entrepreneurship and strengthen linkages with other Government initiatives such as the support to commercial agriculture and farmer field schools in the four provinces of Benguela, Huambo, Huila, Namibe.

35. **Based on the information in the social registry, the project would support technical assistance to strengthen social sectors coordination and access of the cash transfer beneficiaries to human development services.** Building on the mapping of social services developed by the Health and Community Development Agents (ADECOS) with support from the Local Development Project, the project will support the existing municipal Integrated Centers for Social Assistance (CASI) already present in 19 of the targeted municipalities (Table 1, Annex 2) in developing pilot coordination mechanisms and interventions between the social safety net, identification, health and/or education providers. The project would also provide technical assistance to improve social sector coordination bodies, at the municipal level the Social Concertation Committee (*Comité de Concertacão Social)* and at the national level the National Council for Social Action.

36. **The project would provide support to the 19 existing CASIs (see Annex 3) for activities that would help strengthen the linkages of beneficiaries to human development services** such as (i) mobile ID/registration campaigns, (ii) behavior change campaigns by ADECOS for beneficiary households to bring drop-out children/youth back to school or participate in adult literacy training to further investments in their human capital, to prevent early marriage or teenage pregnancy, to access mother and child and reproductive health services, to prevent chronic malnutrition (stunting) (iii)

health fairs including vaccinations, support to victims of domestic violence, social inclusion of teenagers and youth through Civil Society Organizations (CSOs). A positive menu of eligible activities will be developed in the operational manual. These activities could provide demand-side complementarities to supply-side interventions supported by the Health System Performance Strengthening (P160948) project and forthcoming Girls' Empowerment and Learning for All (P168699) project.

37. **Municipalities with an established CASI will present a budgeted plan to MASFAMU/PISU, with the activities to be supported**. Following procedures described in the operational manual, MASFAMU/PISU would approve the plan and FAS would procure the materials needed for the implementation of the activities. Eligible expenses for CASIs under this component would include: information materials for the campaigns, field materials for ADECOS to implement the interventions, technical assistance, operating costs for ADECOS and community members. No works (i.e. construction of CASIs) will be supported by this component.

38. **This sub-component will finance** (i) technical assistance for the referral system, (ii) cash transfers for a subset of beneficiaries involved in productive inclusion activities, (iii) materials and operational costs for the implementation of eligible complementary activities, and (iv) technical assistance to social sectors coordination bodies to strengthen their coordination and joint planning.

Component 3: Project management (US$10 million)

39. **This component will support the establishment of a dedicated project implementation support unit (PISU) to support FAS and MASFAMU in implementing project activities**. It is anticipated that FAS will lead the implementation of the cash transfer program and the overall operations of the project activities while MASFAMU will focus on coordination, overall communication strategy for the reform, and coordination with human development service providers in selected municipalities. Given the expected increase in workload to establish various novel delivery mechanisms and to deliver cash transfers at scale, the project will support the recruitment of a core group of team members including a project coordinator, an operations coordinator, a registry coordinator, a payment coordinator, as well as financial management, procurement, M&E, gender and social development, institutional development, IT and communication (operational and strategic) specialists and an operation officer to support MASFAMU. This staff will liaise with municipalities and other actors who provide services in the communities.

40. **The project will support the establishment and activities of a multi-sectoral committee**, led by the Secretary for Economic Affairs of the Presidency and including MINFIN, MASFAMU, MAT and INE which will function as a steering committee for the project and contribute to a whole of government approach for the subsidy reform.

41. **The component will also support targeted capacity building for the implementation of programs.** Component 2 seeks to strengthen government's operational capacity to implement, monitor and evaluate the social safety nets, and effectively use the delivery systems. This component would support the provision of additional technical assistance and specific capacity building activities for MASFAMU and FAS so that they can strengthen strategic planning, fund-raising, and advocacy for social assistance. Given the gender gaps in human capital and economic empowerment, capacity-building activities will also focus on how the SSN programs can be designed and implemented to maximize their potential in addressing those gaps.

C. Project Beneficiaries

42. **Direct beneficiaries of the Project would include** (i) 1,000,000 poor families who will participate in the cash transfer component of the Project in selected 40 municipalities in the country; (ii) 20,000 beneficiary households which

will participate in productive inclusion activities in selected municipalities; (iii) an estimated 600,000 beneficiary households which would be reached by the CASIs' activities supported by the project, and (iv) MASFAMU, FAS and municipalities' staff (up to 200) who will participate in specific trainings and study tours financed by the Project.

43. **Beneficiaries of the cash transfers would be poor households (in the bottom two quintiles) living in the 40 municipalities with the largest number of urban poor in the country**. These municipalities are likely to be more impacted by the subsidy reform. Households will be targeted through a combination of geographical targeting (poorest neighborhoods in the selected municipalities), individual targeting through a Proxy Means Test and community validation.

44. **Beneficiaries of the cash transfers would be registered and enrolled in the program in 6 different phases** until the total number of 1 million beneficiary households is reached (Figure A3.1 in Annex 3).

45. **Beneficiaries for Component 2 activities** (productive inclusion and support to human capital development), will be selected among those households who received the cash transfers and through selection criteria that will be defined during Project implementation as the CASIs identify the most salient barriers to human development in their municipalities and their priority interventions. For example, if a CASI decides to focus on access to identification for children and undocumented adults, the target will be set-up as per the number of household members without identification as reported in the social registry questionnaires, if they focus on information and incentives for adolescent girls to stay in school, the target will depend on the number of girls 13-18 years of age among beneficiary households in that municipality. If they focus on community-based prevention of stunting, the target will depend on the number of pregnant women, families with children below 2 years of age or under-nourished children. It is expected that 60 percent of households will have members participating in these activities.

46. **MASFAMU, FAS and municipal staff directly benefitting from project capacity-building activities** will include up to 4 staff in each municipality (including the head of the local CASI, a social registry operator, and two ADECOs in a training the trainers' approach), one or two staff at the provincial level and staff in the central offices of MASFAMU and FAS.

D. Results Chain

47. **A Theory of Change guides the project's outputs and outcomes toward the realization of both the PDO and high-level, long-term objectives related to poverty reduction and human capital development in Angola.** As articulated in Section I, the project provides a first level of support to the Government in pursuing its own high-level objectives related to human capital development and poverty reduction articulated in the National Development Plan 2018-22 axis on "Human Development and Social Welfare".

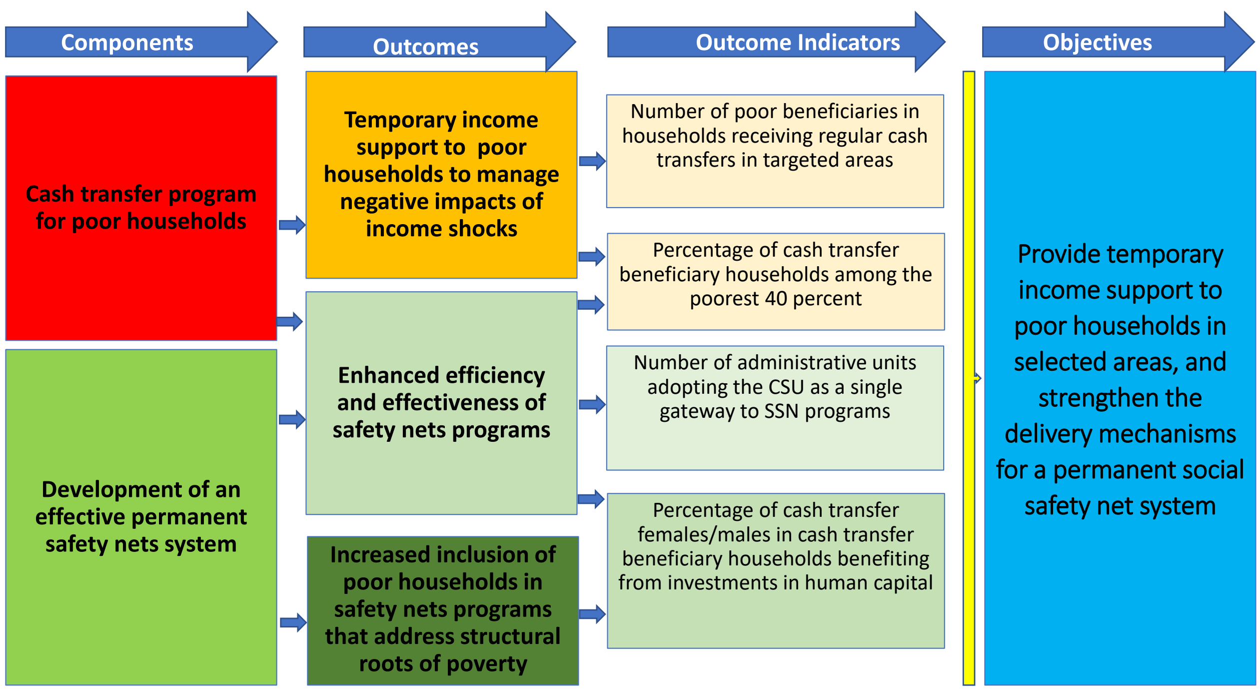
48. **The Project will support the Government of Angola in its efforts to reduce poverty and vulnerability in the country.** It will seek to support a two-pronged approach of short-term income support to poor households to mitigate the impact of potential negative economic shocks linked to the forthcoming subsidy reform and mid-term systemic investment in a more effective poverty-targeted social safety nets system that provides households with opportunities to invest in productive and human capital.

49. **Historically, Angola has spent very little in social assistance and the little it spent was poorly targeted and inefficient**. Therefore, enabling the water, electricity and fuel subsidy reform to redirect part of the savings towards poverty targeted social assistance programs is an important step towards building an effective safety nets system. It is also an important part of the diversification of the economy and the move away from a truncated post-conflict social protection system to one that recognizes the underlying risk structure facing Angolan households due to low human capital, low access to human development services, and high inter-generational, regional and gender inequality.

50. **The Theory of Change identifies the elements necessary for a more effective permanent social safety nets system** (Figure 2) as being (i) protection of poor households from economic shocks, including those linked to the subsidy reforms; (ii) increased resilience of poor and vulnerable households through an increased inclusion in safety nets programs; and (iii) enhanced efficiency and effectiveness of safety nets programs through enhanced coordination and outreach mechanisms including a social registry and effective targeting and payment systems.

51. **First, the Project will seek to implement a cash transfer program benefitting 1 million households with efficient targeting and payment systems**. The cash transfers will enable beneficiaries to smooth consumption and mitigate the impact of the subsidy reform. Delivering this program will enable the set-up of the key delivery systems. Second, the Project will also seek to foster human capital development and productive inclusion of beneficiary families, with a focus on women and girls. Complementary activities to the cash transfers, including productive inclusion and social assistance, will build their awareness of the importance of human capital investments, and increase their knowledge and practice of how to make investments in their future. The two-fold approach would be supported by major institutional strengthening efforts to make sure that adequate human and technical capacity exists at the central and decentralized levels for the implementation of programs. This approach is aligned with Government's effort to decentralize social assistance at municipal level.

Figure 2: Project's theory of change



E. Rationale for World Bank Involvement and Role of Partners

52. **World Bank's support brings technical and financial value added to the social protection sector in Angola**. Angola's Social Protection system is very fragmented, and the coverage of the poor remains insufficient. Angola intends to use a decentralized approach towards social protection, but municipalities in charge of implementing the programs lack technical and financial capacity.

53. **The World Bank has worldwide experience in supporting innovative social safety nets, productive inclusion and human capital development interventions in countries with limited financial and operational capacity**. The proposed intervention is in line with World Bank's Strategy for Social Protection in Africa aiming at building solid Social Protection systems supported by an adequate policy framework. More specifically, the World Bank has already supported the implementation of social safety net systems including a mix of unconditional cash transfers with human and productive capital investment, system-building and large scale-up with very positive results in several African countries including Ethiopia, Kenya, Malawi, Rwanda and Tanzania among others.

54. **World Bank financial support would allow to scale up programs and activities and mitigate the negative impact of the forthcoming water, electricity, transport and fuel subsidy reform**. The Government of Angola has never implemented a direct large-scale social safety net intervention. The World Bank would bring this expertise to the Project through the provision of an integrated package of support with financial support through the DPF and sector lending to utilities on the one hand (see Box 1, p. 7) and complementarity with other operations supporting human development sectors and the decentralization process, and technical assistance through the support to the implementation of the Government's Human Capital Plan. The financial support from the Project would allow the Government of Angola to set up the programs at large scale until the savings of the subsidy reform could be re-directed to sustain the system and the interventions.

55. **Donor support to Social Protection in Angola is still limited and the proposed Project would address a gap in the Government's capacity to implement national policies**. The proposed intervention is expected to attract other donors and partners to support the social protection agenda in the country. UNICEF is supporting MASFAMU to implement the APROSOC Program with EU funds. Despite the small size of the program, it provided proof-of-concept on cash transfers and the Project will coordinate with UNICEF to build on their experience, especially in the development of delivery systems such as the payment system.

F. Lessons Learned and Reflected in the Project Design

56. **Even though this is the first IPF on safety nets in Angola, the World Bank has been providing technical and financial assistance to the Social Protection sector in Angola since 2010 through the Local Development Project (P105101).** This previous engagement, together with the Social Protection PER (P156589) and the Systematic Country Diagnosis (P160468) developed in 2018, yielded several lessons learned that have been reflected in the Project design:

57. **Angola needs to increase its budget allocation for social assistance**. Government spending on energy price subsidies has by far exceeded spending on (contributory and non-contributory) social transfers. Angola's social protection spending is thus highly regressive, since energy price subsidies mainly benefit the better-off. Social protection spending (including pensions, subsidies and social assistance) decreased in the past few years from 7.8 percent of GDP in 2010 to 2.2 percent of GDP in 2016, but only 0.3 percent of GDP was dedicated to social assistance targeting the poorest. The savings of the subsidy reform and the financial support of the Project would allow to redirect additional funds for safety nets programs in the short and medium-term.

58. **Implementation of safety nets programs can enable the necessary subsidy reform**. The sharp and prolonged decline in oil prices since mid-2014 has had a significant impact on Angola's economy. The recent economic crisis and the subsidy reform will have a direct impact in the short term on the wellbeing of the Angolan population. In this sense, the Government needs to deploy short- and medium-term social protection policies and programs to protect the poorest from the effects of the crisis and the subsidy reform. The credibility of the poverty-targeting and the transparency about program operations are a key ingredient for the overall credibility of the reform and the renewal of the social contract.

59. **Effective poverty reduction in Angola requires a diverse set of interventions**. Poverty is multi-dimensional in

Angola with access to human capital and basic services very low for both the chronic and transient poor. To address structural poverty and to help address its root causes, a variety of activities are needed to effectively meet the needs of the most vulnerable populations. Research has found that cash transfers have a greater overall impact when they are accompanied by complementary measures (e.g., training programs, complementary health and nutrition interventions, etc.). In addition to providing resources to meet immediate needs, the Project will provide support to local implementers of productive inclusion and human development interventions. The World Bank is also supporting projects in health and education, and access to water and finance which would strengthen the supply of key services.

60. **The Social Protection sector needs to operate as a system**. Even though the legal framework for Social Protection in Angola is quite robust, the Social Protection sector is very fragmented with many social protection interventions implemented by different Government and non-Government agencies in an uncoordinated way. The lack of adequate management information tools does not allow for a proper monitoring and evaluation of programs and beneficiaries and therefore it leads to potential duplication of benefits and low efficiency and effectiveness of the sector. To minimize this risk and improve the efficiency and effectiveness of the sector, the Project would follow the strategic direction of moving from fragmented approaches to more harmonized systems for social protection. This would be achieved by (i) improving vertical and horizontal coordination on the different branches of social protection; (ii) building adequate delivery systems for social protection programs (Social Registry, MIS, targeting system, payment system, etc.); and (iii) by building administrative and operational capacity for program implementation at central and decentralized level.

61. **Institutional Strengthening is needed to build capacity to implement social protection programs**. The Project aims at supporting existing Government policies and programs in the social protection sector. However, Government technical and financial capacity for the implementation of these policies and programs is still weak. The Project will provide institutional and financial support to FAS and MASFAMU and participating municipalities that aims at increasing their technical capacity at central and decentralized level.

62. **Support to decentralization is key for the implementation of social protection policies and programs in Angola**. Municipalities need to take a leading role in the implementation of social programs. In this sense, support to decentralization of social programs through support to municipalities would be key to ensure effectiveness and efficiency of the system.

63. **Existing gender imbalances in Angola should be considered when targeting social services, productive and human capital development activities**. Data on poverty and employment rates show that women are significantly disadvantaged in Angola. To address this gap, the Project delivers the cash transfers to the women, which potentially provides them with more agency to decide on household expenses and alleviate their household's poverty, more social standing within their households and communities, and releases some of the stress linked to poverty. In addition, the design and implementation of productive inclusion interventions will integrate specific constraints facing women to access paid work such as childcare and household responsibilities, occupational segregation, and safety. Specific local gender gaps in access to identification, health and education will orient the prioritization of complementary interventions by CASIs and the focus on specific groups such as adolescent girls. Specific gender indicators were identified for the Project including the disaggregation of cash transfer beneficiaries, of participants in productive inclusion and CASI interventions by sex. These indicators would provide an idea of the number of women, girls, boys, and men that increased their income or access human development services through the Project.

III. IMPLEMENTATION ARRANGEMENTS

A. Institutional and Implementation Arrangements

64. **Responsibility for SP policies and programs' implementation is fragmented in Angola.** While the Ministry for Social Action, Family, and Promotion of Women (*Ministério da Acção Social, Família e Promoção da Mulher*, MASFAMU) is the main institution responsible for coordinating the implementation of social policies in Angola, social protection spending is highly concentrated in two other ministries and focused on contributory social insurance rather than social safety nets.

65. **According to Presidential Decree 19/18 of January 29, 2018, the mission of the Ministry for Social Action, Family, and Promotion of Women (MASFAMU) is** to design, coordinate and implement social policies and programs for the most vulnerable population groups, to fight poverty, defend and strengthen family welfare, the promotion of women, community development and guarantee women's rights in terms of gender equality and equity. MASFAMU receives a very limited budget allocation and is still in a process of restructuration after the merging of the ex-Ministry for Social action and reintegration (MINARS) and Ministry of Family and Promotion of Women. It is also strengthening its provincial and municipal representations. The ministry will manage the Unique Social Registry (*Cadastro Social Unico)* and the associated Social Assistance Information System. The ministry has never managed a World Bank project.

66. **According to Presidential Decree 48/19 of February 6, 2019, the Social Action Fund (FAS) supports and contributes to the promotion of sustainable participative development** among the poorest or vulnerable populations, through poverty alleviation and economic stabilization programs. It intervenes in zones that most need public investments, to increase basic social service supply and alleviate community poverty. FAS has provincial and municipal representations. Since 2010, FAS has been implementing the Local Development Project (P105101).

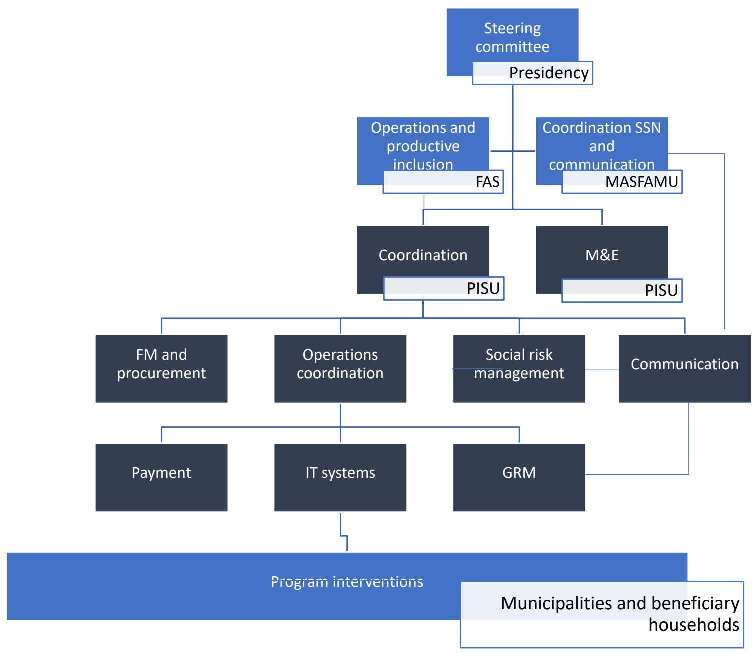
67. **MASFAMU and FAS have been coordinating already in the implementation of safety nets.** At the municipal level, MASFAMU and FAS both participate in the Municipal Social Concertation committees and co-manage the ADECOS, who could eventually play a supply-demand integratory role at the local level while also helping to register households in the Unified Social Registry. MASFAMU has limited experience with large scale programs, mainly due to budget restrictions over the recent years. FAS, like other social funds in Africa had demonstrated its effectiveness as an implementing agency. FAS is in a good position to coordinate implementation at local level, given its presence throughout the country. Over the last years, FAS has created and staffed several administrative units, including human resources, procurement, financial management and safeguards, and its productivity has increased because of additional equipment, training, and staff supported by the Local Development Project (P101105).

68. **Given the linkages between the safety nets and the implementation of the subsidy reform as a whole of government initiative, a multi-sectoral committee**, led by the Secretary for Economic Affairs of the Presidency and including MINFIN, MASFAMU, MAT and the National Statistical Institute (INE) which will function as a steering committee for the project.

69. **The proposed project follows the coordination process put in place and would thus be jointly implemented by MASFAMU and FAS, with the support of a Project Implementation Support Unit (PISU) with dedicated staff to the project**. The PISU will be legally established under the direct supervision of the Director of FAS. MAT would include the PISU in the FAS administrative structure. The PISU will support the implementation of all three components of the project, including Component 2, in which the main activities related to the development and implementation of the communication strategy and the coordination of the safety net system are under responsibility of MASFAMU. FAS will implement all operational activities related to the cash transfer program (Components 1) and productive inclusion interventions. The PISU will be responsible to support the implementation of the project, including technical, monitoring, fiduciary, and safeguards-related aspects. Therefore, the PISU, in addition to the staff necessary to carry out activities related to financial management, procurement and safeguards (FM and procurement specialists and a gender and social

risk management specialist), will include technical specialized staff to support activities under the responsibility of both implementation agencies and would include a project coordinator, an operational coordinator, a payments specialist, a database manager, an IT specialist, an M&E specialist, a strategic and operational communication specialist, an institutional development specialist and operations officer supporting MASFAMU on activities under Component 2 and the necessary support staff. The PISU will coordinate with the municipalities and other service providers such as the field operators, payment agencies and external evaluators, which will operate in the municipalities (Figure 3).

Figure 3: Project Implementation Support Unit



70. **Fiduciary management for the project would be carried out by the PISU with FAS**. FAS has been working to ensure compliance with FM requirements in World Bank-funded operations and has taken appropriate actions to strengthen its FM capacity. It is also in the process of hiring a procurement specialist.

71. **Municipalities have a potential key role in the implementation of safety nets** and other social services in the decentralization process, through the registration of households in the CSU and the management and implementation of social assistance programs through the CASIs. Municipalities would be invited to participate in capacity-building on social safety nets supported by the project.

B. Results Monitoring and Evaluation Arrangements

72. **The PDO-level and intermediate results indicators would be monitored using the following sources and methodologies:** (i) data collected through management information systems supported by the Project (Registry, payment systems); (ii) regular administrative data collection processes; (iii) beneficiary surveys supported by the Project and conducted by outsourced external firm(s); (iv) process evaluations of the registry, the productive inclusion and the human

development interventions supported by the Project and conducted by outsourced external firms; (v) an impact evaluation of the cash transfers and of the productive inclusion/human development linkages package supported by the Project and conducted by outsourced external firms and including a targeting assessment of the cash transfers; (vi) other monitoring and evaluation studies conducted by the Client; and (vii) progress reports to be prepared by the project implementation support team (especially the M&E specialist). In general, the project implementation support team would be responsible for gathering the relevant reports and information from MASFAMU and FAS representatives and other relevant parties involved in the project implementation (e.g. CASIs) to monitor the PDO and results, and for communicating with the World Bank according to the frequency of reports to be described in the project's Results Framework. The proposed project would also support continued building of the FAS and MASFAMU capacity (including its Studies, Planning and Statistics (GEPE)) to better track implementation, monitor key SSN interventions, and evaluate policy and programs based on the systematic and organized feedback from beneficiaries, the impact evaluations and the use of the MIS data.

C. Sustainability

73. **Sustainability of the activities supported by the project can be assessed through three perspectives**: a fiscal one, assessing the resources available to the SSN; a political one, assessing the support for SSN interventions; and an institutional one, assessing the strength of the institutional framework.

Fiscal: Harnessing Resources to Sustain and Expand Social Safety Nets

74. **The cash transfer program for poor households is financially sustainable. Angola has the capacity to secure sustainable resources to sustain and expand the program by making better use of existing resources and securing additional funding**. The cost of the transfer program to one million families (including 25 percent of administrative cost) is low and around 0.4 percent of GDP. In 2015, social assistance spending in Angola was 0.4 percent of GDP. This spending is well below the average social assistance spending in the world (1.5 percent of GDP), in Africa (1.3 percent of GDP), lower-middle-income countries (1.2 percent of GDP), upper-middle-income (2.2 percent of GDP) and Central Africa (0.8 percent of GDP). Even if the cost of the cash transfer program were added to the current spending on social assistance, the total social assistance spending would amount to approximately 0.8 percent of GDP, which continues to be low compared to the average amount spent in other comparable countries.

75. **Savings from the subsidy reform, the reintegration of ex-militaries, and the Government's fiscal consolidation efforts provide much-needed fiscal space to increase funding for poverty reduction programs.** Subsidies have historically represented the largest share of social protection budget, even if they decreased to 1.7 percent of GDP by 2018. The cost of the transfer program (around 0.4 percent of GDP) is less than a third of the estimated fiscal savings from the removal of remaining price subsidies. In addition, currently, 70 percent of social assistance spending (0.3 percent of GDP) is allocated to ex-military and combatants. In 2019, almost 80 percent of MASFAMU budget was allocated to The Program for Socioeconomic and Productive Reintegration of Ex-military (*Programa de Reintegração Sócio Económica e Produtiva dos Ex-militares*) which aims to complete the process of socioeconomic and productive reintegration of ex-military personnel by 2022 under the Angolan Peace Agreements. The estimated cost for 2018–2022 is AOA 122 billion or US$543 million which is almost double the total cost of the proposed project (US$320 million). These resources could be reallocated to SSN after 2022.

76. **The development of key permanent delivery systems to implement social protection programs improves cost-efficiency of social protection interventions and reduces operational costs.** Maximizing the efficiency and effectiveness of social safety net programs is paramount given the tight fiscal environment and competing demands. Social protection delivery systems allow for a better use of existing resources and promote cost efficiency by improving effectiveness and coordination of interventions, minimizing inclusion errors, reducing operational costs, and setting-up robust M&E to track payments. In other middle-income countries (Brazil, Mexico, South Africa, Romania, and Turkey) such savings have amounted to up to almost half of the operational cost of existing programs.

Politics: Recognizing and Leveraging Politics to Sustain and Expand Social Safety Nets.

77. **The scope of the future expansion of the social safety net system depends on high-level political ownership, and the subsidy reform offers a unique window of opportunity**. The political attractiveness of social safety net programs can evolve quickly and may help garnering more support for reforms. By including the social safety net project as an explicit part of macroeconomic policy and subsidy reform (Box 1, p.7), the GoA demonstrates its commitment to both diversify and modernize the economy and protect the poor during the transition. This project supports the shift in social contract progressively. In component 1, the program parameters reflect technical and political preferences. To strengthen political support, the targeting of the project reflects the need to reach the poor in areas most affected by the subsidy reform but also mitigate strife about the subsidy reform by including provincial capitals where protests are more likely to happen. The design of the system supports social accountability mechanisms that may strengthen the political feedback loop. The communication strategy of this project aims to inform people, manage expectations, build public support for the reform, and instill public trust and transparency, which would ultimately contribute to strong political support. Productive inclusion as well as human development interventions after the temporary cash transfers in component 2 may prove important features in rallying support for the program. They can help address perceptions about deservingness by requiring beneficiaries to undertake extra efforts and thus overcome concerns about inadequacy of the transfers or welfare dependency or use of the transfer to purchase temptation goods, such as alcohol and tobacco. The monitoring and evaluation will provide evidence as to the likely negligible incidence of the latter.

Institutions: Anchoring in Strong Institutions to Sustain (and Expand) Social Safety Nets.

78. **Strong institutions are critical to implementing programs at large scale in a transparent and professional manner, to ensuring coordination and efficiency in their delivery and sustained political commitment.** Laws, policies, and strategies are increasingly being deployed to anchor social safety nets in Angola:

- A legal and institutional framework exists for social protection in Angola (Law 7/04 of 2004);
- The National Development Plan for 2018-22 notably its first strategic axis on “Human Development and Social Welfare” provides a vision for social safety nets;
- a National Social Protection Policy has been drafted and is pending approval from Presidency;
- a decree to institute a unified social registry was published on May 10, 2019.

The project aims to support and strengthen institutions involved in the social protection sector. For instance, it would directly contribute to strengthening the Unified Social Registry (*Cadastro Social Unico*) with the planned registration of up to two million households. This project emerges as a short-term response to an emergency which would lay the foundations for addressing deep-routed causes of poverty. Oversight, coordination, and management is at a very high-profile agency, the Secretary of the President for Economic Affairs, which provides high visibility and agility. The proposed project would strengthen and clarify the role of MASFAMU as a coordination and regulation agency and FAS as an implementing agency. Moreover, by strengthening CASIs and other municipal level social assistance delivery mechanisms, the project would contribute to ensure effective decentralized social assistance services.

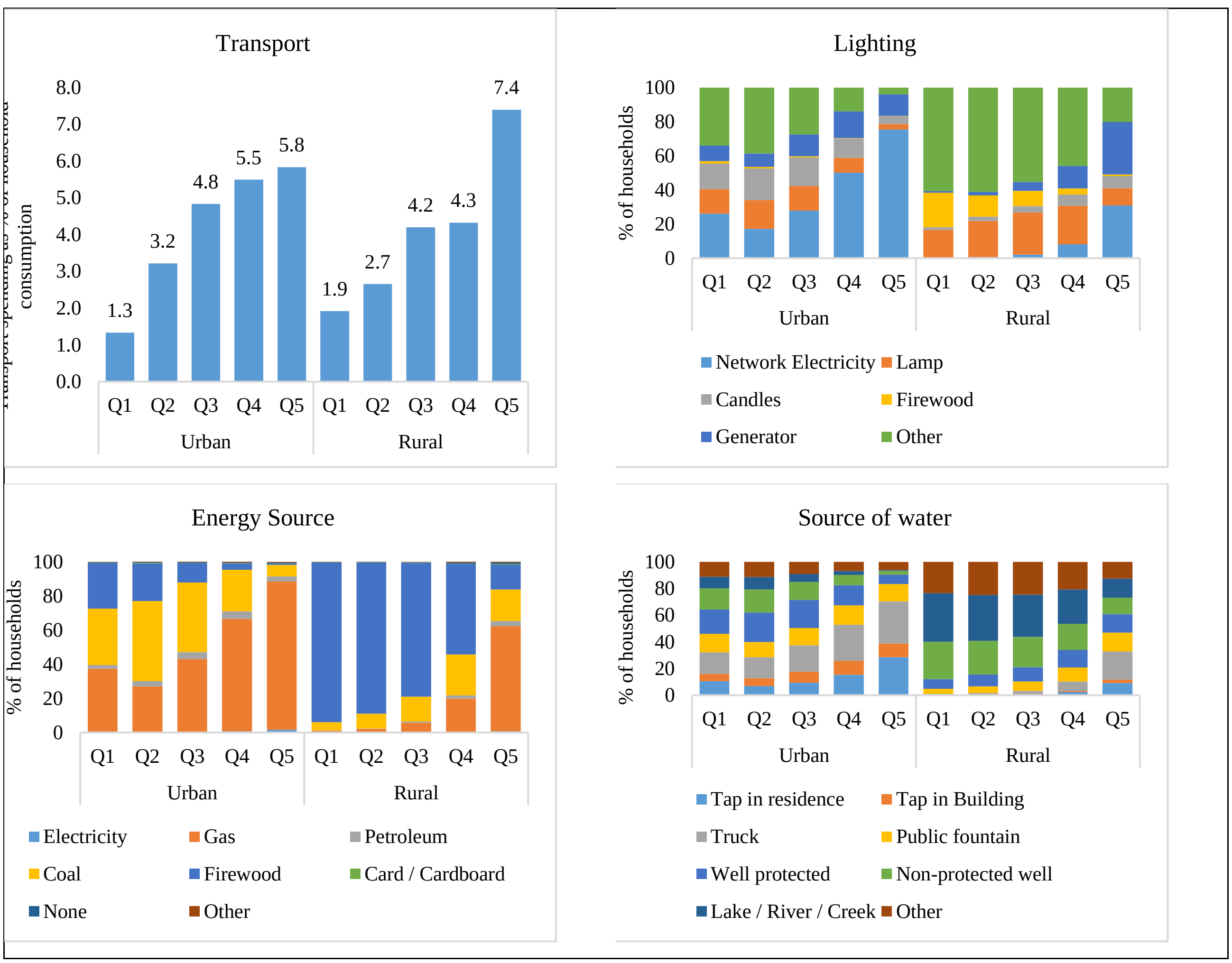
IV. PROJECT APPRAISAL SUMMARY

A. Economic and Financial Analysis

79. **While subsidies disproportionally benefit the non-poor, their elimination can seriously impact the poor,**

especially those living in urban areas. Subsidy reforms have direct effects through price increases, and indirect effects by pushing up the price of basic products. The extent of the effects of the subsidy reform is not yet known because of the lack of information regarding the magnitude and structure of subsidies. Data from the IBEP 2008, Census 2014 and IDREA 2018, indicates that urban poor households will be more directly affected by subsidy removal than rural poor households: their expenditure allocated to transport is higher, they have more access to electricity and water networks, and the source of their energy is predominately gas (petroleum to a lower extent, see figure 4). The impacts of the water price subsidy removal in August 2018 seem to have been moderate, given low access of the poor to public water connections. The 2016 PSIA of Subsidy Reform (P159805) documented that elimination of the fuel subsidies would increase the poverty head count rate by about 2 percentage points and urban households would be considerably more affected than rural households because of their higher consumption. Preliminary estimations of the upcoming DPF PSIA based on the first six months of IDREA data collection 2018, shows poor households who reported expenditures on subsidized products allocate a higher share of their consumption than better off households: electricity 5.6 vs 2.2 percent, fuel 9.3 vs 5.8 percent, water 5.6 vs 3.3 percent. The analysis will be updated during implementation based on the results of the Poverty and Social Impacts Analysis for the Growth and Inclusion DPF.

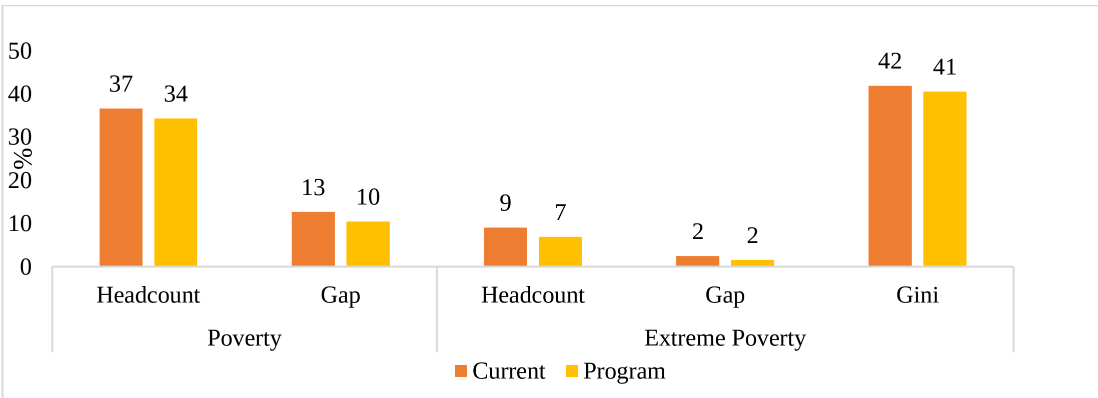
Figure 4: Household consumption and access of subsidized goods per quintile



Source: Team calculations using: for Transport IBEP 2008, for Lighting, Energy and Water Source the Census 2014 (using Proxy-Means Test quintile distribution)

80. **To respond to the shock and mitigate poverty impacts of the subsidy reform, a cash transfer program would be introduced.** Many countries have used safety net measures to protect the poor from subsidy reforms by introducing new programs (Ghana, Indonesia, Ukraine, Yemen), strengthening their social protection system (Armenia, Brazil, Egypt, India, Indonesia, Iran, Jordan, Nigeria, and Pakistan), and increasing the benefit level of their transfers (Indonesia, Jordan)[4]. In Angola, a monthly transfer of AOA 5,000 (approx. 15US dollars) represents on average 10 percent of the extreme poverty line, of the average household consumption of the poor, and is close to the average extreme poverty gap (AOA 5,500). Preliminary estimations suggest that reaching the poorest 1 million households will reduce total poverty headcount by 3 percentage points from 37 percent to 34 percent and extreme poverty headcount would decreased from 9 percent to 7 percent (Figure 5). This would also reduce the total and extreme poverty gap by 3 and 2 percentage points respectively. The cost of the transfer program including 25 percent of administrative cost is around 0.40 percent of GDP, less than a third of the estimated fiscal savings from the removal of price subsidies (about 1.7 percent of GDP in 2018).

Figure 5: Poverty and Inequality indicators (current and post-program)



Source: Team calculations using IBEP 2008

81. **Numerous studies have demonstrated that social safety nets boost consumption, reduce poverty, and improve the well-being of the poorest or most vulnerable.** The most recent review of impact evaluations in Africa shows that total consumption increases by an average of US$0.74 for each US$1.00 transferred and the programs with the largest impact on consumption are programs such as the Social Cash Transfer Program in Malawi and the Zambia Child Grant program, which used objective indicators of household welfare to target poor households (Ralston, Andrews, and Hsiao 2017). By providing a secure source of income or helping smooth consumption, social safety nets foster opportunities for adults to invest in the human capital of children and youth. Conditional and unconditional cash transfer programs have been shown to improve school enrollment and attendance gains in education are especially pronounced in upper-primary and secondary school, when dropout rates rise. Adolescents ages 15–19 were 15 percent more likely to complete higher education in Tanzania, and enrollment rates among children ages 13–17 were 10 percent higher in the Lesotho Child Grants Program (Evans et al. 2014; Pellerano et al. 2014). Their impact on health care is more limited and reflects the demand- and supply-side constraints to improved health and the speed at which program impacts can be realized. Social safety nets also help build household resilience to economic shocks through increased savings and investments in productive assets, they lead to the launch or expansion of business activities and more time spent on household farms with higher small animal holdings. They also limit the use of adverse coping strategies, including the use of child labor (Kenya Orphan and Vulnerable Children Program, and the Lesotho Child Grants Program) or in the mid-term, early marriage (Ethiopia Productive Safety Net Program). Social safety net programs affect directly beneficiary households but

[4] Yemtsov, Ruslan; Moubarak, Amr. 2018. Assessing the Readiness of Social Safety Nets to Mitigate the Impact of Reform: Energy Subsidy Reform Assessment Framework (ESRAF) Good Practice Note 5. ESMAP Paper. Washington, D.C.: World Bank Group.

also the local economy through multiplier impacts, which depend on the structure of local markets. Those have been documented in Ethiopia, Ghana, Lesotho, Zambia, and Zimbabwe. By providing a secure source of income to women or helping smooth household consumption, social safety nets may help reduce stress associated with poverty-induced scarcity, increase the standing of women within their households and communities which may account for the decrease in intimate partner violence observed in over 70 percent of studies reviewed by Peterman and Roy (forthcoming 2019).

82. **Strong delivery mechanisms can lead to significant savings and cost-effective delivery of social safety net transfers to the intended beneficiaries.** In South Africa, significant efficiency gains were achieved by overhauling administration with a specialized agency for centralized administration and payments, the use of biometric smart cards, beneficiary re-registration, and regular biometric proof-of-life verifications[5]. During the first seven years of Mexico's Prospera Program, administrative costs fell from 51 percent of the program's overall budget to 6 percent. This was because large up-front investments in systems yielded benefits for multiple years and the number of beneficiaries served by the systems also increased[6]. The administrative costs associated with Cameroon's Social Safety Nets Project declined from an initial 60 percent of total spending to 23 percent after one year[7]. During the first year of the program, the largest cost item was the information infrastructure set-up; but, after the first year, benefit payments became the largest cost item. In Brazil, the National Database of Social Information led to a reduction of the time necessary to document a retirement to 30 minutes, and in 2013, approximately R$900 million (US$385 million) in payments were blocked as result of cross-checking information. The government of Romania can carry out cross-checks between social safety nets and external data by using a unique personal identification number in all major national databases and in 2013, these checks led to the recovery of €1.5 million (approximately US$1.65 million). In Turkey the development of the integrated information system represented a substantial US$13.1 million[8] investment but generated overall resource saving of US$39 million per year.

B. Fiduciary

(i) Financial Management

83. **A Financial Management (FM) Assessment was undertaken to evaluate the adequacy of the proposed project FM arrangements**. The Assessment was carried out in accordance with the Directives and Policy for Investment Project Financing (IPF) and the World Bank Guidance on FM in World Bank IPF Operations issued on February 28, 2017. The overall FM residual risk is Substantial due to the country risk, fiduciary capacity issues in the country, and capacity of internal and external oversight bodies.

84. **FAS will have overall FM responsibility for the Project.** This agency has gained experience over time in implementing the following World Bank-financed operations: the ongoing Local Development (P105101), closed Social Action Fund (P000061), closed Second Social Action Fund (P056393), and closed Third Social Action Fund (P081558). While this agency has gained experience over the period, the FAS's Finance Section has revealed some capacity gaps. However, the Finance Section is supported by an experienced FM Consultant. A qualified and experienced FM consultant supporting FAS's Finance Section should be on board throughout the project implementation.

85. **The project funds, expenditures, and resources will be accounted for using automated accounting software and the basis of accounting will be cash basis.** Disbursement of IBRD funds will be report-based (quarterly interim unaudited

[5] Alam, Mokate, and Plangemann 2016
[6] Lindert, Skoufias, and Shapiro 2006
[7] Beegle, Kathleen G.; Coudouel, Aline; Monsalve Montiel, Emma Mercedes. 2018. Realizing the Full Potential of Social Safety Nets in Africa (English). Washington, D.C. : World Bank Group.
[8] Leite, Phillippe; George, Tina; Sun, Changqing; Jones, Theresa; Lindert, Kathy. 2017. Social Registries for Social Assistance and Beyond : A Guidance Note and Assessment Tool. Social Protection & Labor Discussion Paper; No. 1704. World Bank, Washington, DC. : World Bank Group.

financial reports). The Project will make use of advances, direct payment, reimbursement and special commitment methods for disbursements. FAS will prepare quarterly consolidated unaudited interim financial reports (IFRs) and provide such reports to the World Bank within 45 days of the end of the calendar quarter to which they relate. The project will be audited annually by independent auditors acceptable to the World Bank, in accordance with International Standards on Auditing as issued by the International Auditing and Assurance Standards Board (IAASB) within the International Federation of Accountants (IFAC). The audit report together with Management Letter will be submitted to the World Bank within six months after the financial year-end; that is June 30th of each following year.

(ii) Procurement

86. **Procurement procedures for the Angola Social Safety Nets project will be carried out in accordance with the World Bank procurement regulations.** The Borrower will carry out procurement under the proposed project in accordance with the World Bank's "Procurement Regulations for IPF Borrowers" (Procurement Regulations) dated July 2016 and revised in November 2017 and August 2018 under the New Procurement Framework (NPF), and the "Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants", dated July 1, 2016, and other provisions stipulated in the Financing Agreements.

87. **The procurement arrangements for the project will be managed by the Social Support Fund (FAS).** The FAS PISU will include procurement responsibilities. It already has a procurement officer and a procurement assistant, but the procurement team shall be strengthened with the recruitment of an experienced procurement specialist. No procurement should be done at Provincial/Municipal level (except purchases considered as operating costs and not subject to the procurement plan).

88. **Project Procurement Strategy for Development Summary.** The Borrower has prepared a Project Procurement Strategy for Development (PPSD) with guidance and support from the World Bank procurement team. The establishment of a payment system would be conducted by one or more banks (non-consulting services estimated at US$20 million) under a request for bids, limited national approach by invitation to commercial banks licensed in Angola, because there is no other type of financial institution with the capacity to perform the activity. Implementation of a cash transfer program, agencies for registration and enrolment of beneficiaries (estimated at US$20 million) will be acquired through an international competitive selection process, through the Quality and Cost Based Selection (QCBS) method. The development of the Management Information System (MIS) (estimated at US$500,000) will be done through national competitive bidding through the QCBS method. Companies to implement the productive inclusion activities (estimated at US$2 million) will be acquired through national competitive selection process through the QCBS method. The use of national market approach is justified by the need for proximity between the service provider and the beneficiaries, hence the selection aims at Non-Governmental Organizations (NGOs) on a national basis

89. **The procurement capacity is considered unsatisfactory.** The FAS PIU is implementing the Local Development Project (P105101) and its Additional Financing (P160105) and the procurement team consists of a procurement officer and a procurement assistant. While working on these projects for some years now, the team has revealed capacity gaps. The addition of a new project, the Social Safety Nets project (P169779), will exceed the capacity of the current team to handle procurement in an adequate manner. Furthermore, this new project will be subject to the Procurement Regulations while the Local Development Project is under the Guidelines regime. Therefore, the PIU FAS shall be strengthened with the recruitment of an experienced procurement specialist acceptable to the World Bank, as a condition for project effectiveness. The specialist will ensure adequate transfer of knowledge to the existing team. A Project Operations Manual, including a Procurement section, shall be prepared as an effectiveness condition.

90. **The procurement risk is high.** The high rating is based on the limited capacity of the existing procurement team, including the fact that it has no experience with World Bank Procurement Regulations and the increased workload for the procurement team due to the management of a new project. Mitigation measures include the recruitment of an

experienced procurement specialist, the preparation of a Project Operations Manual and the transfer of knowledge from the procurement specialist to the team in place.

C. Legal Operational Policies

	Triggered?
Projects on International Waterways OP 7.50	No
Projects in Disputed Areas OP 7.60	No

D. Environmental and Social

ESRS at Concept Note stage

The project activities do not include any physical works or construction. Project activities include unconditional cash transfers, and referral of a subset of households to complementary interventions such as providing skills and grants to poorer household members, to promote self-employment and entrepreneurship, increase local productivity and enhance linkages with other existing Government initiatives. However, the potential for environmental and public health impacts related to productive inclusion activities. Since beneficiaries are located in the municipalities which hold the highest number of urban poor, they may be in peri-urban and rural areas of the municipalities and productive inclusion activities may include small agricultural activities. The overall social benefits are expected to be positive but there are identified social risks and impacts related to gender inequality, social inclusion, sexual exploitation and abuse (SEA), gender-based violence (GBV), use of security personnel, legacy issues relating to heightened vulnerability status of beneficiaries who may have previously been subject to forcible relocation and indigenous people. The project prepared an Environmental and Social Management Framework (ESMF) that provided general environmental and social baseline information relevant to the project; assessed anticipated E&S risks and impacts based on the relevant ESSs; described how subprojects will be reviewed and screened, including the type and timing of any subproject E&S assessment instruments; and detailed the institutional arrangements for E&S assessment, management, supervision and reporting. The ESMF addressed potential indirect environmental impacts, as well as social risks and impacts such as social inclusion, resource competition/inter and intra-household conflict, and any relevant legacy issues. SEA and GBV risks will be managed through an Action Plan and an Indigenous Peoples Policy Framework (IPPF) will be prepared to address engagement with indigenous peoples. Social risks expected to be avoided through project design include support for specific outreach activities to ensure female-headed households can access registration points and will encourage the issuance of beneficiary ATM cards to one woman or the main couple in households. Encouraging the issuance of ATM cards will also avoid potential risks related to use of security personnel for distribution of cash benefits. Current relevant ESS are : 1, 2, 3, 4 ,7 and 10.

Environment and Social Risks Summary at Appraisal Stage. The Environmental and Social Risk Classification (ESRC) for the project is Moderate. Project activities include unconditional cash transfers, and referral of a subset of households to complementary interventions including providing skills and grants to poorer household members to promote self-employment and entrepreneurship, increase local productivity and enhance linkages with other existing Government initiatives. While the overall social benefits are expected to be positive, identified social risks and impacts are related to gender inequality, social inclusion, sexual exploitation and abuse (SEA), gender-based violence (GBV), inclusion of Indigenous People/Sub-Saharan Africa Historically Underserved Traditional Local Communities (IP/SSAHUTLCs), and legacy issues relating to the heightened vulnerability status of beneficiaries who may have previously been subject to forcible relocation due to the war. Since beneficiaries are located in the municipalities which hold the highest number of urban poor, they may be in peri-urban and rural areas of the municipalities and productive inclusion activities may include small agricultural activities. Project activities do not include any physical works or construction. The project has prepared an Environmental and Social Management Framework (ESMF) that provides general environmental and social baseline information relevant to the project; assessed anticipated environmental and social risks and impacts based on subproject typologies; described how subprojects will be reviewed and screened, including the type and timing of any subproject E&S assessment instruments; and detailed the institutional arrangements for E&S assessment, management, supervision and reporting. The ESMF addresses social risks and impacts such as social inclusion, resource competition/inter and intra-household conflict, and any relevant legacy issues. The ESMF assessed minimal to no potential direct and/or indirect environmental impacts related to the cash transfers and limited potential impacts for the complementary interventions related to occupational health and safety (OHS) that were readily mitigable through preparation and implementation of OHS plans. The ESMF will screen against provision of productive inclusion grants to beneficiaries for use of proceeds that would include construction, physical or economic displacement, use of hazardous materials including pesticides, and significant adverse environmental and social risks and impacts consistent with an ESRC of Substantial or High. In addition, SEA and GBV risks will be managed through measures included in the ESMF.

As there may be people in the project area that meet the requirements of ESS 7 (IP/SSAHHUTLCs), a Vulnerable Groups Policy Framework (VGPF) has been prepared to address engagement with these groups. It provides guidance on their inclusion, meaningful consultations, mitigating adverse impacts, addressing grievances in a culturally inclusive and appropriate manner and providing culturally appropriate benefits. Labor Management Procedures have been prepared that set out guidance for managing the project's direct workers, contractors, primary supply workers and civil servants. It includes measures related to working conditions, equal opportunities and fair treatment, non-discrimination and OHS measures. It also describes the grievance mechanism for labor-related complaints. The Stakeholder Engagement Plan (May 21, 2019) describes the government, NGO/CSO and other stakeholders and their respective direct and indirect engagement in the project. It also describes the process of consultations, disclosure and handling of complaints through the project grievance mechanism. Social risks expected to be avoided or mitigated through project design include support for specific outreach activities to ensure female-headed households can access registration points and encourage the issuance of beneficiary ATM cards to one woman or the main couple in households. Encouraging the issuance of ATM cards will also avoid potential risks related to use of security personnel for distribution of cash benefits.

91. **Citizen engagement.** Several citizen engagement mechanisms will be mainstreamed into different subcomponents of the project, such as (i) beneficiary surveys on a semi-annual basis to collect feed-back from citizens in the targeted municipalities on program's performance, transparency and inclusiveness; (ii) focus groups and participatory planning for the productive inclusion and access to human development services interventions to ensure the adequacy of the interventions and collect feed-back from citizens, beneficiaries, training providers and CASI/FAS (ADECOS in particular) staff on the interventions; and (iii) a project level grievance redress mechanism (GRM) to improve transparency and accountability and guarantee that program management consider beneficiaries' feed-back as a quality enhancement tool (particular attention will be paid to using the GRM as a tool to ensure that beneficiaries and non-beneficiaries, women and men, ethnic minorities/IPSSAHUTLCs, illiterate or low-literacy individuals, and non-Portuguese speakers can make complaints about the management of the targeting process, timeliness and completeness of transfers, treatment by project and outsourced firms' staff).

92. **Gender.** The proposed project will contribute to address gender-related challenges and enhance knowledge on different gender dimensions of poverty and access to social and human development services. This directly related to the gender cross-cutting priority of the forthcoming CPF for Angola. The main gender gap the proposed project seeks to address is poverty, and to some extent gaps in human capital, access to financial services, and agency (see Annex 4). Given the higher poverty levels of female-headed households, the project will ensure equal opportunities for these and male

headed households to be included in the registry. In addition, payment cards will be given in priority to women in households. Depending on the actual payment systems, this may provide women with higher access to bank accounts. In addition, the proposed project will implement awareness-raising measures about potential GBV risks. The proposed project will also ensure that women can access productive inclusion interventions through the provision of child care services and the choice of activities to be supported. Second, citizen engagement activities will be designed in a way to include consultation on gender issues related to intra-household decision-making on resources, access to social services, and productive inclusion opportunities. Third, the results framework of the Project includes sex-disaggregated indicators when possible and will set different targets for female sub-groups (specifically on school attendance for adolescent girls among beneficiary households in liaison with the forthcoming Girls Empowerment and Education for All II Project (P168699). Data collection mechanisms will ensure the adequate level of disaggregation and the PISU will use the sex-disaggregated data to inform project implementation and ensure that the Project addresses constraints facing women, girls, boys and men in accessing project services and benefits. Fourth, the GRM mechanisms to address queries, resolve problems in implementation, and address complaints from beneficiaries and non-beneficiaries will be gender-sensitive (location, types of mechanisms, confidentiality, gender of frontline staff).

93. **Climate co-benefits.** The implementation of the Registry does not envision a specific targeting of climate vulnerable households, since it focuses on urban areas. However, income poor households are likely to be vulnerable to climate change or to live in urban areas that would be affected by increased floods. An estimated potential 67,800 and 33,700 beneficiary households live in areas at high and medium risks of urban floods, respectively. In addition, it is expected that up to a third of the productive inclusion activities (5,000 households) involve adoption of drought-resistant crops and increased tree cover. No climate co-benefits were assigned to the project.

V. GRIEVANCE REDRESS SERVICES

Communities and individuals who believe that they are adversely affected by a World Bank (WB) supported project may submit complaints to existing project-level grievance redress mechanisms or the WB's Grievance Redress Service (GRS). The GRS ensures that complaints received are promptly reviewed in order to address project-related concerns. Project affected communities and individuals may submit their complaint to the WB's independent Inspection Panel which determines whether harm occurred, or could occur, as a result of WB non-compliance with its policies and procedures. Complaints may be submitted at any time after concerns have been brought directly to the World Bank's attention, and Bank Management has been given an opportunity to respond. For information on how to submit complaints to the World Bank's corporate Grievance Redress Service (GRS), please visit http://www.worldbank.org/en/projects-operations/products-and-services/grievance-redress-service. For information on how to submit complaints to the World Bank Inspection Panel, please visit www.inspectionpanel.org.

VI. KEY RISKS

94. **The overall risk rating for the proposed project is Substantial.** Risks related to the sector strategies and policies, are considered moderate. Risks related to political and governance, technical design of the project, financial management, and stakeholders are considered substantial and risks related to macro-economic context, institutional capacity for implementation, and fiduciary high.

95. **Political and governance risks are substantial.** Angola is at a significant juncture economically and politically. As the government pushes through its overall reform program, vested interests may resist changes more strongly especially

in some of the key enabling sectors for private sector development such as electricity and transport. Political and governance risks are thus considered substantial. The project will support technical assistance for communication and support investments in evidence-based targeting mechanisms as well as M&E to mitigate this risk.

96. **Stakeholders' risk is considered substantial.** Political will is strong but the capacity to prioritize, sequence and execute programs at scale is very limited. In the context of the subsidy reform, failure to deliver quick wins and to be transparent about targeting may erode citizen's trust in the reform and may lead to instability in urban areas. The project is supporting the development of key permanent building blocks for the implementation of safety nets (Component 1A) and providing technical assistance to strengthen coordination (Component 2B) at the central and local levels, which addresses some of this risk. UNICEF has also been providing technical assistance to the government in the area of safety nets over the last years with support to the development of the national SP policy, and the implementation of a pilot cash transfer through MASFAMU. Coordination with them is strong and will need to continue being promoted, especially in the perspective of supporting the Government's human capital strategy.

97. **Macro-economic risks are high given oil price volatility and limited borrowing space.** A strong commitment to macroeconomic stability and structural reforms, together with long-term prospects of declining oil production are mitigating factors here, as they provide strong incentives to pursue a less-oil dependent inclusive growth model. The project's cash transfer component can widen the support for the reform agenda, by coupling the economic reforms with a social contract reform.

98. **Institutional capacity for implementation risk is considered high since the cash transfer program requires strong implementation capacity and coordination between central and municipal levels.** While FAS has the institutional reach and experience working with some of the key operators, it has never implemented this kind of intervention at that scale. In addition, the project will require operational coordination between two ministerial departments: MASFAMU and MAT, the latter through FAS. Municipalities also have limited capacity to implement social assistance interventions. Dedicated technical assistance and involvement of private sector providers with performance-based contracts will help mitigate this risk as well as proactive World Bank supervision, with a locally-based team.

99. **The fiduciary risk rating is high given the high procurement risk.** This assessment is based on the limited capacity of the existing procurement team in FAS, including the fact that it has no experience with World Bank Procurement Regulations and the increased workload for the procurement team due to the management of a new project**.** Mitigation measures include the recruitment of an experienced procurement specialist, the preparation of a Project Operations Manual and the transfer of knowledge from the procurement specialist to the team in place. Financial management risk is considered substantial due to the novelty of cash transfers at this scale. MASFAMU has never implemented World Bank supported projects and FAS will need support to ensure that adequate fiduciary instruments are in place to make sure that expenditures are reported in a transparent and timely manner. The fact that payments to households will be automated mitigate some of the risks linked to the direct transfers.

ANNEX 1: RESULTS FRAMEWORK AND MONITORING

Results Framework
COUNTRY: Angola
Strengthening the National Social Protection System Project (Cash Transfer)

Project Development Objectives(s)

The objectives of the project are to provide temporary income support to poor households in selected areas of Angola, and to strengthen the delivery mechanisms for a permanent social safety net system.

Project Development Objective Indicators

Indicator Name	DLI	Baseline	End Target
Outcome 1. Temporary income support provided to poor households in selected areas			
Percentage of cash transfer beneficiary households among the poorest 40 percent (Percentage)		0.00	70.00
Beneficiaries of social safety net programs (CRI, Number)		0.00	5,000,000.00
Beneficiaries of social safety net programs - Female (CRI, Number)		0.00	2,600,000.00
Beneficiaries of Safety Nets programs - Unconditional cash transfers (number) (CRI, Number)		0.00	5,000,000.00
Beneficiaries of Safety Nets programs - Other social assistance programs (number) (CRI, Number)		0.00	600,000.00
Outcome 2. Delivery systems for a permanent social safety net system strengthened			
Percentage of cash transfer beneficiary households in which some members (female/male) benefit from access to local human development services (Percentage)		0.00	60.00

Indicator Name	DLI	Baseline	End Target
Number of administrative units (CASIs, MASFAMU offices) adopting the CSU as a single gateway to SSN programs (Number)		0.00	40.00

Intermediate Results Indicators by Components

Indicator Name	DLI	Baseline	Intermediate Targets	End Target
			1	
Component 1: Cash transfer program to poor households				
Number of households registered in the social registry (Number (Thousand))		0.00		2,000.00
Share of complaints received and recorded in the MIS that are addressed (Percentage)		0.00		70.00
Percentage of cash transfer recipients in beneficiary households receiving their transfer per the payment schedule (Percentage)		0.00		75.00
Component 2: Development of a permanent safety nets system				
Number of teenage girls in cash transfer beneficiary households who attend school (Number)		0.00		30,000.00
Number of beneficiary female/male household members participating in productive inclusion (Number)		0.00		15,000.00
Communication strategy developed and implemented (Text)		Guidelines on subsidy reform from Ministry of Social Communication available		Materials produced and strategy implemented
Component 3: Project management				
M&E framework for SSN developed and regularly updated (Text)		No M&E framework exists	M&E frameworks available for registry, CTs, productive inclusion and	M&E information regularly updated (at least on a 6-month basis).

Indicator Name	DLI	Baseline	Intermediate Targets	End Target
			1	
			complementary HD interventions	
Percentage of project beneficiaries satisfied with activities supported by the project (sex-disaggregated and disaggregated by activity) (Percentage)		0.00		70.00

Monitoring & Evaluation Plan: PDO Indicators

Indicator Name	Definition/Description	Frequency	Datasource	Methodology for Data Collection	Responsibility for Data Collection
Percentage of cash transfer beneficiary households among the poorest 40 percent	Proportion of beneficiary households that belong to the target group (the bottom 40 percent)	Once	IDREA 2018 data (conditional on access) Impact evaluation ba seline data	Household survey	FAS
Beneficiaries of social safety net programs		Yearly	MIS	This indicator provides a cumulative tracking of beneficiaries of CTs, productive inclusion, and access to human development services	FAS for CTs and productive inclusion MASFAMU for access to HD services

Beneficiaries of social safety net programs - Female		Yearly	MIS (Recipient of payments and participants in HD and productive inclusion activities)	Administrative records of payments and participation	FAS (CT and productive inclusion) and MASFAMU (access to HD services)
Beneficiaries of Safety Nets programs - Unconditional cash transfers (number)		Yearly	MIS (CSU and payment system)	Administrative records of payments	FAS
Beneficiaries of Safety Nets programs - Other social assistance programs (number)		Yearly	MIS	Administrative records of participants in productive inclusion and access to HD services among CT beneficiary households	FAS and MASFAMU
Percentage of cash transfer beneficiary households in which some members (female/male) benefit from access to local human development services	This measures the participation of beneficiary household in the activities implemented by CASIs to foster human capital investment in their members.	Quarterly	MIS (CASI monitoring)	Administrative records from CASIs	MASFAMU
Number of administrative units (CASIs, MASFAMU offices) adopting the CSU as a single gateway to SSN programs	Tracks the number of CASIs, MASFAMU municipal and provincial offices, that use the CSU to select the	Semi-annually	CSU MASFAMU reports and documents	FAS would monitor the roll-out of the registry and MASFAMU its use by consolidating	FAS

	prospective beneficiaries of the programs they implement.			information from the MIS and CSU	

Monitoring & Evaluation Plan: Intermediate Results Indicators					
Indicator Name	**Definition/Description**	**Frequency**	**Datasource**	**Methodology for Data Collection**	**Responsibility for Data Collection**
Number of households registered in the social registry	This indicator tracks the number of households registered in the social registry, as part of the roll-out of the cash transfer program in the target municipalities	Bi-monthly	Registry	Registry administrative records	FAS
Share of complaints received and recorded in the MIS that are addressed	This indicator tracks the shared of complaints received in the GRM that are addressed timely, as defined in the operational manual. This indicator will be disaggregated by sex of complainant and municipalities to assess any potential differences in treatment between women and men and potential performance differences between municipalities.	Quarterly	MIS	PISU staff consolidates data from the GRM	FAS
Percentage of cash transfer recipients in beneficiary households receiving their	This indicator measures the timeliness of the payments.	Bi-monthly	MIS (payment	FAS will monitor the payment records sent	FAS

transfer per the payment schedule	It will be disaggregated by sex to assess any difference between male and female recipients and payment agency for any difference in performance.		system)	by the payment agencies against the agreed calendar of payments	
Number of teenage girls in cash transfer beneficiary households who attend school	This indicator tracks school attendance (above 75 percent in the 4 weeks before data collection) of adolescent girls aged 13-18 in cash transfer beneficiary households. This will feed into the human capital indicators of the CPF.	Semi-annually (one month after school starts and 6 months later)	Beneficiary surveys, spot checks Administrative records if available Impact evaluation MIS	Beneficiary, spot checks and impact evaluation surveys contracted out to data collection firms. Administrative records from schools	FAS based on survey data and administrative records
Number of beneficiary female/male household members participating in productive inclusion	This indicator tracks the linkage of CT beneficiaries to productive inclusion support. It will be disaggregated by sex to track improvements on women's access to jobs among beneficiaries.	Semi-annually	MIS and FAS administrative records	FAS would consolidate the data from municipalities.	FAS
Communication strategy developed and implemented	This indicator tracks the preparation and implementation of a communication strategy that includes: - strategic communication about the subsidy reform and the cash transfer	Semi-annually	Communication agency reports on activities, products, events MIS: outreach activities	Consolidation of MIS and communication agency reports by PISU (MASFAMU and FAS communication specialist).	FAS with support of MASFAMU

	program as a part of the response package for the subsidy reform , - operational communication about the cash transfer program and the various delivery mechanisms of the incipient social safety net systems.				
M&E framework for SSN developed and regularly updated	This indicator tracks the improvement in M&E supported by the project	Semi-annually	MIS	Consolidation of work plans and results from the different modules	FAS with support from PISU and MASFAMU
Percentage of project beneficiaries satisfied with activities supported by the project (sex-disaggregated and disaggregated by activity)	This indicator measures one dimension of the overall quality of the project engagement with its beneficiaries (male and female household members) across registration, payments, access to productive inclusion, access to complementary HD services.	Semi-annually	Beneficiary survey GRM	Beneficiary surveys, focus groups, impact evaluation	FAS based on reports and data from outsourced firms

ANNEX 2: Implementation Arrangements and Support Plan

COUNTRY: Angola
Strengthening the National Social Protection System Project

1. **MASFAMU and FAS have been coordinating already in the implementation of safety nets.** At the municipal level, MASFAMU and FAS both participate in the Municipal Social Concertation committees and co-manage the ADECOs, who could eventually play a supply-demand integratory role at the local level while also helping to register households in the Unified Social Registry. MASFAMU has led the UNICEF-supported implementation of APROSOC's cash transfers but has limited experience with large scale programs, mainly due to budget restrictions over the recent years. FAS, like other social funds in Africa had demonstrated its effectiveness as an implementing agency. FAS is in a good position to coordinate implementation at local level, given its presence throughout the country. Over the last years, FAS has created and staffed several administrative units, including human resources, procurement, FM, and safeguards, and its productivity has increased because of additional equipment, training, and staff supported by the PDL.

Description of Project Implementing Entity.

2. **The proposed Project would be implemented by FAS under MAT (Components 1, 2B, and 3), while Component 2A and 2B (coordination with municipal social assistance) will be implemented by MASFAMU**. The PISU under FAS will have the ultimate fiduciary role and obligations for the entire project. MASFAMU, via the help of existing staff and to-be-hired two consultants (communication specialist and operation specialist, at the expenses of project funds) will be responsible for the implementation of Components 2A and B from technical perspective only. All fiduciary tasks (procurement, payment, reporting, etc.) related to implementation of Component 2 will be managed by the PISU staff under FAS.

3. **The proposed project follows the coordination process put in place and would thus be jointly implemented by MASFAMU and FAS, with the support of a Project Implementation Support Unit (PISU) with dedicated staff to the project**. The National Directorate for Social Action in MASFAMU would provide coordination for the safety net system and overall communication (Component 2B) while FAS will implement all operational activities related to the cash transfer program (Components 1 and 2A) and productive inclusion interventions. The PISU will be responsible to support the implementation of the project, including technical, monitoring, fiduciary, and environmental and social standards-related aspects. The PISU will be legally established under the direct supervision of the Director of FAS. MAT would include the PISU in FAS administrative structure. The PISU will support the implementation of all three components of the project, including Component 2, in which the main activities related to the development and implementation of the communication strategy and the coordination of the safety net system under responsibility of MASFAMU. Therefore, the PISU, in addition to the staff necessary to carry out activities related to financial management, procurement and safeguards (FM and procurement specialists and a gender and social risk management specialist), will include technical specialized staff to support activities under the responsibility of both implementation agencies and would include a project coordinator, an operational coordinator, a payments specialist, a database manager, an IT specialist, an M&E specialist, an operational communication specialist and a strategic communication specialist, an institutional development specialist and operations officer supporting MASFAMU on activities under Component 2 and the necessary support staff. The PISU will coordinate with the municipalities and other service providers such as the field operators, payment agencies and external evaluators, which will operate in the municipalities.

4. **A Project Operational Manual (POM) will be developed to set out the financial management and internal control policies and procedures** and be intended to guide staff and minimize the risk of errors and omissions, as well as delays in recording and reporting. The Terms of Reference for each member of the PIU will be prepared and included in the POM and should be acceptable to the World Bank. The procurement specialist will need to be hired prior to Project effectiveness. In addition to these professionals, the PISU shall hire as many individual consultants as needed to help with the implementation of specific project activities over the course of the implementation.

Financial Management

5. **Background.** A Financial Management (FM) Assessment was undertaken to evaluate the adequacy of the proposed project FM arrangements. The Assessment was carried out in accordance with the Directives and Policy for Investment Project Financing (IPF) and the World Bank Guidance on FM in World Bank IPF Operations issued on February 28, 2017. FAS will have overall FM responsibility for the Project. This agency has gained experience over the time in implementing the following World Bank-financed operations: the ongoing Local Development (P105101), closed Social Action Fund (P000061), closed Second Social Action Fund (P056393), and closed Third Social Action Fund (P081558). While this agency has gained experience over the period, the FAS's Finance Section has revealed some capacity gaps. However, the Finance Section is supported by experienced FM Consultant. The overall FM residual risk is **Substantial** due to the country risk, fiduciary capacity issues in the country, and capacity of internal and external oversight bodies.

6. **Country Context.** Progress was made in improvement in PFM in recent years as a result of government commitment in PFM reforms. The country laws and regulations have been developed and revised in recent years in several areas, including revenue administration, procurement, debt management, State Owned Enterprises, internal controls and external scrutiny with the aim of strengthening transparency and accountability in the management of public finances in the country. The government expenditures are managed through the government integrated financial information system, the SIGFE, which was successfully implemented at central level and in all 18 provinces.

7. **Despite a positive trend of change in the overall country PFM, the ongoing reform efforts are not addressing several areas in PFM**: (i) commitment controls on government payments are weak and have contributed to the accumulation of arrears in the past and to the erosion of budget credibility, and (ii) government control over fiscal risks is weak, particularly those arising from State Owned Enterprises and autonomous agencies. The government commitments with further reforms are aimed at addressing these weaknesses.

8. **FM Risk Assessment and Mitigation.** The risks and mitigation measures are described in the table below.

Table A2.1 FM Risk Assessment and Mitigation

Risk	Risk Rating	Risk Mitigating Measures Incorporated into Project Design	Conditions for Effectiveness (Yes/No)	Residual Risk
Inherent risk	S	—	—	S
Country level. Progress has been made in reform of the country's PFM over the years; however, these reform efforts are yet to address weaknesses in the budget execution, internal controls, capacity development, and general oversight.	H	The GoA is committed to continue with implementation of further reform to improve governance and strengthening the PFM environment and enhancing transparency in the country.	No	H
Entity level. FAS has experience in handling FM matters of WB-financed projects, however the fact that FAS will be handling an additional large and complex operation poses a risk as this could jeopardize its ability to perform well for the two projects	H	FAS financial staff has experience in handling WB-financed operations, and its capacity is being strengthened by a support of experienced and qualified FM Consultant and these arrangements should be maintained throughout the project implementation. In addition, an internal audit firm will be appointed within 3 months after the project effectiveness.	No	S
Project level. The resources of the project may not be used for the purpose intended as one of the components will support implementation of the cash transfer	S	FAS will make use of existing accounting software to account for funds, expenditures, and resources of the project. For the cash transfer, a financial institution will be contracted through a competitive process to deliver transfers in cash or using electronic payment instruments (prepaid cards, debit cards, and smart cards). The WB will provide necessary implementation support on project FM matters.	No	S
Control Risk	S			S

Risk	Risk Rating	Risk Mitigating Measures Incorporated into Project Design	Conditions for Effectiveness (Yes/No)	Residual Risk
Budgeting. Weak budgetary execution monitoring may lead to budgetary overruns or inappropriate use of project funds	S	The Project Implementation Manual (PIM), including FM procedures will spell out the budgeting and budgetary control arrangements to ensure appropriate budgetary oversight. The IFR will include a comparison of planned and actual project expenditures along with clear analysis/explanation on the budget execution, associated bottlenecks and solutions.	No	M
Accounting. Project funds, expenditures, and resources are not properly recorded since FAS is accounting for other project and may be confused/overwhelmed in handling record of the project transactions.	S	FAS will make use of the automated accounting package to account for project funds, expenditures and resources, which is currently in use by the ongoing operation. In so doing the accounting package will be customized for separately record of project transactions and production of financial reports. The FAS's Finance Section is being supported by qualified and experienced FM Consultant.	No	S
Internal control: Noncompliance with key internal control procedures due to weak internal control environment and oversight mechanisms in the country taking into account that the project will support implementation of the cash transfer.	H	Financial and administrative procedures to be employed by FAS in project implementation will be documented in the PIM. A manual for cash transfer will be prepared to provide guidance in the implementation of this component going through the different steps of identification, selection, payment and control over payments, reporting, etc.). No disbursement will be made under the associated component before the manual is elaborated and adopted An internal auditor for FAS will be appointed within 3 months after the project effective date. WB's regular FM implementation support through desk reviews and field visits will make appropriate recommendations to improve project FM environment.	No	S

Risk	Risk Rating	Risk Mitigating Measures Incorporated into Project Design	Conditions for Effectiveness (Yes/No)	Residual Risk
Funds flow. Funds may not reach the beneficiaries, specifically the cash transfer to the participants in the Cash Transfer Program The failure by commercial banks to make payments in foreign currency may impact negatively implementation of project activities	S	Disbursements of project will be handled by FAS financial team with the required experience. A financial institution will be contracted through competitive process to manage the cash transfer. The project will make use of all available disbursement methods, specially the direct payments as interim solution to mitigate the challenges of commercial bank to make international bank transfer.	No	S
Financial reporting. The implementing agency may not able to produce the financial reports in a timely manner as required to monitor and effectively manage the project. In addition, the financial institutions may not produce timely reports on cash transfer payments.	S	Interim unaudited financial reports (IFRs) and annual financial statements formats and contents were discussed and agreed with FAS. The formats will be similar to those in use for ongoing operation. FAS will use the existing automated accounting package that will enable the efficient and timely generation of financial information. Formats of the reports of cash transfer payments will be included in the contract as annex and payments will be linked to the reporting arrangements	No	S
Auditing. Delays in submission of audit reports due to the delays in selection of the project external auditors	M	An independent external audit firm will be hired by the project to ensure compliance with the audit submission timelines set out in the Loan Agreement. The World Bank will monitor audit submission compliance and ensure implementation of management letter recommendations.	No	M
OVERALL FM RISK	S	—	—	S

Note: M = Moderate; S = Substantial; and H = Higher

9. **Financial Management Action Plan.** To establish an acceptable control environment and to mitigate FM risks identified in the table above, the following measures should be taken by the due dates as indicated in the Financial Management Action Plan.

Table A2.2. Financial Management Action Plan Due Dates

Number	Action	Responsibility	Completion Date
1	Develop the Project Implementation Manual including FM procedure	MASFAMU/FAS	Effectiveness
2	Maintain on board a qualified and experienced FM Consultant to support the FAS's Finance Section	FAS	Throughout project Implementation
3	Customize the accounting software to maintain separate records and ledge accounts for the proposed project.	FAS	Within 2 months after project effectiveness
4	Prepare and adopt a manual for cash transfers	FAS/ MASFAMU	Condition of disbursement
5	Appointment of qualified and experienced external audit firm	FAS	Within 3 months after project effectiveness
6	Appointment of qualified and experienced internal auditor	FAS	Within 4 months after project effectiveness

10. **Budgeting**. Budget preparation and monitoring budget execution will follow national procedures and those to be documented in the Project Implementation Manual (PIM). MASFAMU and FAS will prepare annual budgets based on the annual work plans and the approved procurement. It is expected that the MASFAMU and FAS will prepare annual budgets that cover activities proposed to be carried out in each fiscal year. The project will also be responsible for producing variance analysis reports comparing planned with actual expenditures on a quarterly basis. The periodic variance analysis will enable the timely identification of deviations from the budget. These quarterly variance analysis reports will be part of the IFRs that will be submitted to the World Bank on a quarterly basis.

11. **Staffing.** FAS will be responsible for fiduciary aspects of the project. The overall responsibility of project FM matters rests with the head of the FAS's Finance Section. While this agency has gained experience over the period, it has revealed some capacity gaps. However, this section is supported by a qualified and experienced FM Consultant. These arrangements should be maintained throughout the project implementation. For the component to be implemented by MASFAMU, the head of the Planning, Studies and Statistics Unit (GEPE – Gabinete de Estudo, Planificação e Estatitisca) will be in-charge of project FM matters. He has acceptable skills to perform his duties and responsibilities.

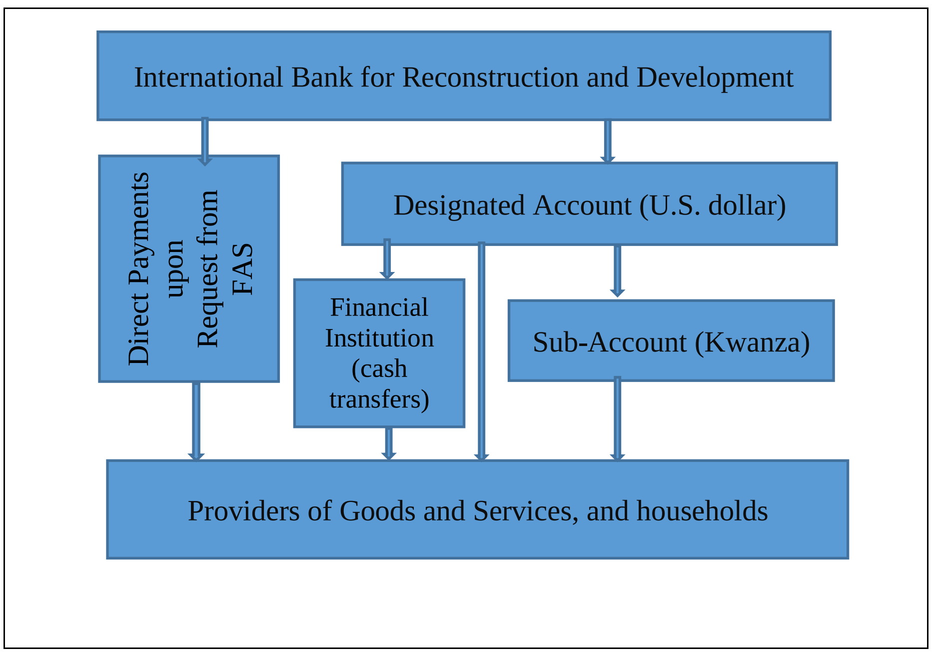
12. **Accounting**. FAS and MASFAMU will account for funds, expenditures, and resources of the proposed project using an automated accounting software. This accounting software should be adequate and capable of producing reliable financial reports required to monitor and manage effectively the progress of the project. The accounting software in use by FAS will be customized to maintain separate records and ledge accounts for the proposed project and allow preparation of financial reports required to monitor and manage effectively the project.

13. **Internal Control**. The General Inspectorate of Finance ('IGF-Inspeção Geral das Finanças') would normally conduct internal audit reviews of the activities of this operation as its mandate is to carry out internal audit reviews of the entire government entities. However, the project activities may not be subject to internal audit review by IGF due to its limited capacity and some constraints on their work program. As FAS will be implementing this additional large and complex

project it is recommended that a qualified and experienced external audit firm should be engaged within 3 months after the project effectiveness. The finance and administrative procedures to be employed during the implementation of the project will be documented in PIM, which will be prepared and adopted by project effectiveness.

14. **Financial Reporting**. FAS is producing regular financial reports for the ongoing project. For the proposed project, it will prepare quarterly consolidated IFRs in form and content satisfactory to the World Bank, which will be submitted to the World Bank within 45 days after the end of the calendar quarter to which they relate. At the end of each fiscal year, FAS will also produce annual project financial statements (PFS), covering the entire project, in accordance Financial Reporting under Cash Basis of Accounting. In addition, the PFS's components will be outlined in the terms of reference for audit of this proposed project.

15. **Funds Flow and Disbursement Arrangements.** To facilitate the implementation of the project activities, FAS will establish and maintain a segregated Designated Account (DA) to receive advances from IBRD, in U.S. dollars at a commercial bank under terms and conditions acceptable to the World Bank. In addition, MASFAMU will establish a sub-account to receive funds from the DA, in local currency at commercial bank acceptable to the World Bank, to facilitate payments of project activities to be implemented by this Ministry. From the DA, FAS will: (i) make payments to consultants and suppliers of goods and services; (ii) transfer funds to the financial institution for payments of subsidies to poor households; (iii) transfer funds to sub-account to be maintained and managed by MASFAMU to facilitate payments of local eligible project expenditures. The figure below depicts the funds flow mechanism for the proposed project.



16. **Disbursement arrangements**. Disbursement of IBRD funds will be report-based (quarterly interim unaudited financial reports). These reports will include a statement of sources and uses of funds, an updated six-month forecast, Designated Account Activity statement and statements of eligible expenditure under contracts subject to and not subject to prior review.

17. **An initial advance will be made into the Designated Account upon the effectiveness of the Loan Agreement and at the request of FAS**. The advances will be the estimated cash requirements to meet the project expenditure for first 6 months of the project life, as indicated in the initial six-month cash flow forecast. After every subsequent quarter, FAS will submit the IFRs. And, the cash requests at the reporting date will be the amount required for the forecast period as shown in the approved IFRs less the balances in the Designated Account at the end of the quarter.

18. The option of disbursing the IBRD funds through direct payment, reimbursement, and special commitment will also be available. The World Bank will issue the Disbursement Letter and Financial Information Letter which will specify the additional instructions for withdrawal of the proceeds of the Loan.

19. **Cash transfer payments**. The project will provide cash transfers to poor household sto mitigate the impact of the subsidy reform on poor populations. The selection of the beneficiaries will be done using a combination of geographical targeting and a poverty verification process (Proxy Means Test) involving household surveys and a final community validation. A payment agent (preferably a financial institution) will be recruited by MASFAMU/FAS through a competitive process to handle the payment of cash transfers to the beneficiaries. FAS will transfer funds from the DA to an appointed agent every quarter, and the payments to the beneficiaries will be done every two months. A manual documenting the implementation arrangements, processes, and reporting arrangements of the cash transfer should be prepared and adopted before the disbursement for this component.

20. **Auditing.** The project will be audited annually by independent auditors acceptable to the World Bank. The project financial statements will be audited in accordance with International Standards on Auditing as issued by the International Auditing and Assurance Standards Board (IAASB) within the International Federation of Accountants. The audit report together with the Management Letter will be submitted to WB within six months after the financial year-end; that is June 30th of each following year. The costs incurred for the audit will be financed under the project. The auditors will be required to express a single opinion on the project financial statements. In addition, a detailed Management Letter containing the auditor’s assessment of the internal controls, accounting system, and compliance with financial covenants in the Financing Agreement, suggestions for improvement, and management’s response to the auditor’s Management Letter will be prepared and submitted to the World Bank.

21. **Effectiveness condition**. Preparation and adoption of PIM, including FM procedures is a condition of effectiveness.

22. **Legal covenant.** The following is a legal covenant: FAS/PISU should install a fully functional accounting software for project implementation and implement the needed accounting and financial controls based on the accounting software.

23. **Disbursement condition**. A preparation and adoption of a manual for cash transfers is a condition of disbursements.

24. **Implementation Support Plan**. Based on the current overall FM risk of this operation, the project will be supervised twice a year. In addition to desk-based reviews, the FM specialist will perform field visit to ensure that Project’s FM arrangements operate as intended. The initial implementation support mission will focus on review on the status of the agreed conditions.

Procurement

25. **Procurement Risk Management Plan.** The PPSD addresses how procurement activities will support the development objectives of the Project and deliver the best value for money under a risk-based approach. Based on the procurement risk analysis conducted as part of the PPSD, the following risk management plan was also prepared to inform a procurement approach that considers the ability of the Borrower to manage such identified risks:

Table A2.3. Procurement risk management plan

Identified risk	Risk description	Description of proposed mitigation through procurement process	Risk owner	Procurement process stage
Poor and noncompliant implementation of project procurement	Limited experience of World Bank funded projects and non-familiarization with World Bank's new procurement Policy and Regulations.	Strengthen the FAS capacity with hiring of a full-time local Procurement Specialist. Providing intensive trainings, seminars and pre-bidding conferences on the procurement process for the staff of MPSE, PMT and potential bidders	Borrower	All project implementation cycle
Terms of References are inadequate	Limited expertise of the Borrower to hire and use large and complex consultancies	The hired seasoned Procurement specialist will be assisted by a hired experienced international Technical Experts/Consultant during the first two years of the implementation, to support the Ministry and the PISU in preparation of the TORs.	Borrower	Preparation of procurement documents
Contract management risks	At contract management stage much more attention to timely implementation of contract duties, though suppliers provide the Performance Security on proper time and proper form.	Implement timely contract progress monitoring, carefully check the duration of the Performance Guarantee and applicable form. Particular attention and set up for management of Standards Information Base agreement	Borrower	Contract management
Procurement and implementation delays	There is a risk of procurement & implementation delay which is manageable through implementing appropriate mitigation measures	- Implement timely project progress monitoring and evaluation tools - Clear roles and responsibilities of parties concerned and project stakeholders	Borrower	Preparation of procurement documents, bid evaluation, and contract management
Limited project management capacity of the PISU	The level of qualification and experience of the project implementing support team has a direct effect on project success	Composition of qualified project implementation support team	Borrower	Project implementation
Staff turnover, including PISU staff	High level of staff turnover affects capacity of project implementing team	Introducing financial and social incentives to keep trained and qualified staff throughout the project period. To hire a Procurement Assistant in addition to the PISU Procurement Specialist.	Borrower	Project implementation

Implementation Support Plan

26. **The implementation of the proposed project will be supported through the following sets of activities**: (i) Ongoing technical support, (ii) Specific Fiduciary support, and (iii) Regular supervision and implementation support. These activities will be also part of an ongoing policy dialogue with MASFAMU, FAS and MINFIN and will be partially supplemented by the implementation of technical assistance provided through trust funds.

- The World Bank will provide ongoing technical support to both MASFAMU and FAS during implementation. This technical support, to be provided by a full time Social Protection and Jobs staff based in the WB's Luanda office, will be focused on the day-to day implementation of the project and will link PISU and other relevant staff with the relevant units within the World Bank as necessary.
- As this project is the first IBRD operation implemented by MASFAMU, the WB will provide specific support to the PISU in the areas of financial management and procurement to ensure compliance with applicable fiduciary standards. This support, to be provided by specialized financial management and procurement specialists based in the Country Management Unit (CMU), will be provided through the ongoing supervision of the project.
- The World Bank team will conduct regular supervision and implementation support missions (at least twice a year) to review the progress in the specific activities to ensure that the development objective of the project is expected to be achieved on time. As the project makes progress towards its PDO, the implementation support plan may be adjusted as necessary, depending on the areas that may need additional assistance.

27. *FM Implementation Support and Supervision Plan*. Considering the fact that this is a large and novel project for FAS, there will be two FM supervisions over PISU per year carried out once the project becomes effective. The supervision visit will include direct visit to the PISU and field visits to municipalities, CASIs and final beneficiaries of the project. It will also include review and verification of funds flows, transactions, etc. In addition, desk reviews of the Project's quarterly IFRs as well as reviews of Project's audited annual financial statements and annual auditor's report and management letters will also be conducted by the World Bank team. This would include monitoring and reviewing any agreed actions, issues identified by the auditors, randomly selected transactions, as well as other issues related to project accounting, reporting, budgeting, internal controls, and flow of funds. The on-site reviews may include visits to selected beneficiaries, depending on the level of risk and findings identified throughout the implementation.

28. *Procurement Supervision and Post Review***.** Routine procurement reviews and supervision will be provided by the World Bank Procurement Specialist. Procurement supervision would be provided through prior reviews in accordance with procurement thresholds. Two supervision missions are expected to take place every year, through both desk and on-site reviews of procurement arrangements and results, including post review of randomly selected contracts. During the missions, ex-post reviews will be conducted for the contracts that are not subject to World Bank prior review on a sample basis (20 percent of the total number of contracts). One ex-post review report will be prepared per fiscal year, including physical inspections for not less than 10 percent of the contracts awarded during the review period. As needed, on-site, ad-hoc procurement training may be provided to the project management team upon request.

29. *Environmental and Social Stantards review would be carried out in accordance with the new Environmental and Social Framework* (ESF). The review will be carried out at least twice a year and will involve a desk review of all documentation related to the activities within the social and labor management plans. The environmental review will not be necessary as the project activities are environmentally neutral without including any new construction or rehabilitation/renovation of existing buildings. The environmental and social teams will provide opportune support and, as necessary, training to the PISU to ensure adequate compliance with the related requirements.

30. **Implementation Support Plan and Budget**. Table A1.4 below presents the implementation support plan and initial estimated costs. All expenditures are expected to come from the regular World Bank budget.

Table A1.4: Implementation Support Plan and Budget

Support	Resource		Supervision Cost per year
	Team Member		
Project's TTL: (i) coordination of overall project supervision and implementation support, (ii) technical and operational support in the areas of social safety nets (iii) M&E; (iv) overall implementation; (v) lead policy dialogue.	Lead economist	6 weeks	US$140,000
Technical support: (i) day to day implementation, (ii) social assistance, (iii) support PISU and link them with other WB specialists as necessary, (iv) ongoing technical dialogue with the Government	Social Protection specialist (local)	22 weeks	
Technical support in productive inclusion	Senior social protection Specialist/economist	4 weeks	
Technical support in social registry	Senior social protection specialist	3 weeks	
Technical support in payment systems	Senior Consultant	8 weeks	
Technical support in communication	Senior Consultant	4 weeks	
Technical support in IT related issues	Consultant	4 weeks	
Financial management support	Financial Management Specialist	4 weeks	
Procurement support	Procurement Specialist	4 weeks	

ANNEX 3: Detailed cash transfer program roll-out

COUNTRY: Angola
Strengthening the National Social Protection System Project

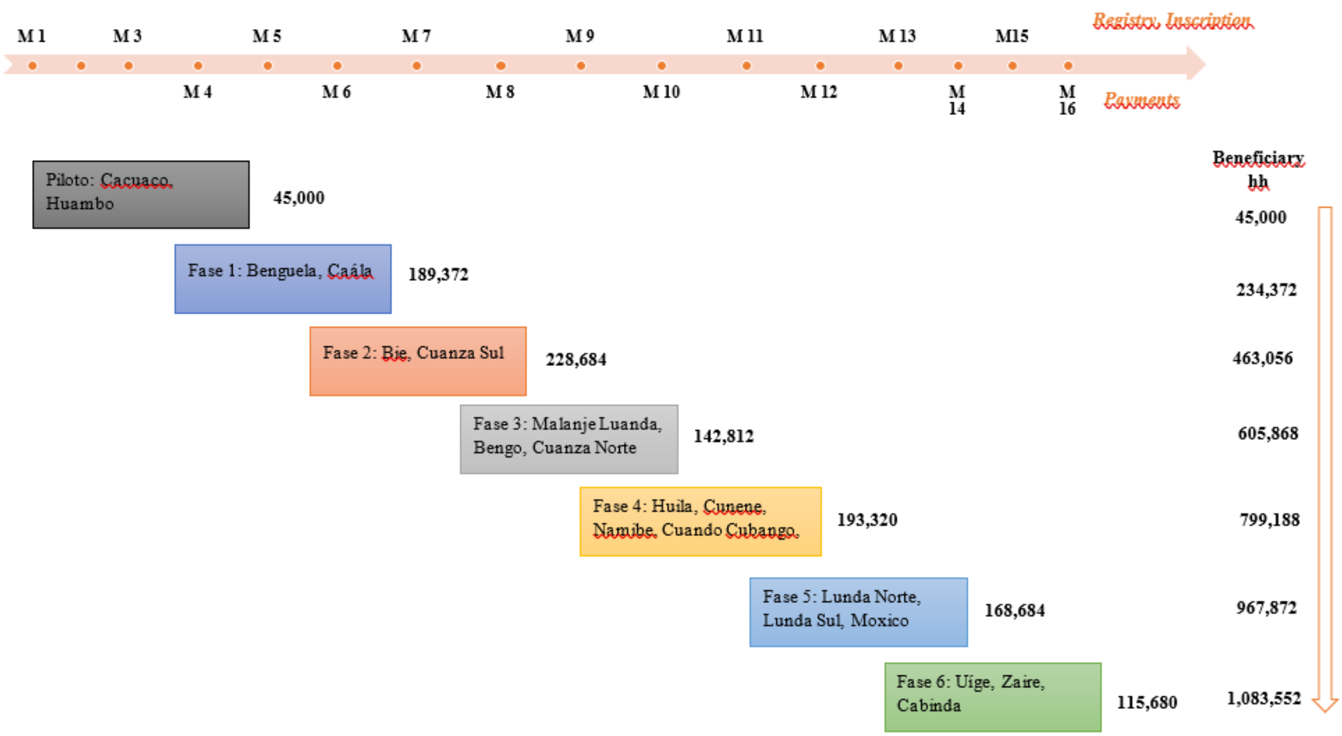
Table A3. 1: Municipalities with the highest number of urban poor in Angola

	Province	Municipality	Total households	Households in Q1-Q2	Female headed households in Q1-Q2	Urban households in Q1-Q2	Rural households in Q1- Q2
1	Lunda Sul	Saurimo	100,380	**40,980**	17,892	31,368	9,612
2	Luanda	Cacuaco	244,380	**32,652**	10,884	29,904	2,748
3	Bie	Kuito	100,416	**44,028**	18,408	25,824	18,204
4	Huambo	Huambo	160,284	**41,580**	17,520	25,704	15,876
5	Malanje	Malanje	110,892	**32,544**	14,688	24,228	8,316
6	Luanda	Viana	369,720	**26,100**	10,548	23,964	2,136
7	Huila	Lubango	172,212	**55,356**	20,772	23,424	31,932
8	Benguela	Benguela	133,428	**21,000**	9,096	20,064	936
9	Cuando Cubango	Menongue	79,980	**34,128**	17,076	19,260	14,868
10	Lunda Norte	Cuango	47,580	**25,812**	5,244	19,056	6,756
11	Uíge	Uíge	111,012	**35,904**	13,032	18,480	17,424
12	Cabinda	Cabinda	165,888	**23,748**	8,244	18,372	5,376
13	Moxico	Luena	81,660	**32,640**	10,632	17,676	14,964
14	Luanda	Belas	264,804	**16,560**	5,508	15,492	1,068
15	Luanda	Luanda	526,860	**14,400**	5,244	14,400	0
16	Huambo	Caála	65,352	**37,908**	18,288	13,080	24,828
17	Lunda Norte	Lucapa	43,020	**19,872**	4,788	12,504	7,368
19	Lunda Norte	Cambulo	34,164	**18,348**	3,204	11,220	7,128
18	Lunda Norte	Chitato	52,500	**17,172**	6,528	11,220	5,952
20	Zaire	Mbanza Congo	43,104	**15,924**	8,016	11,004	4,920
21	Zaire	Soyo	63,720	**14,976**	5,868	10,932	4,044
22	Namibe	Namibe	64,188	**15,732**	5,088	10,248	5,484
23	Cuanza Sul	Amboim (ex. Gabela)	65,304	**30,804**	10,740	8,748	22,056
24	Benguela	Cubal	73,584	**54,612**	21,396	8,496	46,116
25	Cuanza Sul	Sumbe	67,308	**20,724**	8,016	8,448	12,276
26	Benguela	Catumbela	43,104	**8,652**	3,252	7,956	696
27	Benguela	Ganda	59,748	**41,340**	18,132	7,860	33,480
28	Uíge	Negage	33,612	**13,884**	5,676	7,656	6,228
29	Moxico	Luau	21,924	**13,860**	4,680	7,608	6,252

30	Benguela	Lobito	88,452	**12,936**	5,292	7,512	5,424
31	Bie	Camacupa	39,936	**28,608**	15,060	7,152	21,456
32	Benguela	Bahia Farta	28,248	**12,924**	6,024	6,864	6,060
33	Cuanza Norte	Cazengo	41,376	**8,364**	4,032	6,780	1,584
34	Huila	Matala	59,700	**39,204**	15,000	6,732	32,472
35	Bie	Andulo	62,064	**42,468**	17,364	6,588	35,880
36	Cunene	Kwanhama	80,424	**48,900**	24,168	6,276	42,624
37	Zaire	Kuimba	17,040	**11,244**	5,388	6,024	5,220
38	Cuanza Sul	Cela (ex Waku-Kungo)	54,480	**27,948**	10,344	5,976	21,972
39	Cuanza Sul	Seles (ex. Uku Seles)	47,556	**34,104**	15,024	5,820	28,284
40	Bengo	Dande (Caxito)	58,824	**15,612**	6,636	3,876	11,736
	Total		3,978,228	**1,083,552**	432,792	533,796	549,756

1. **Beneficiaries will be enrolled by phases over the course of roughly a year**. Enrollment will start in the municipalities of Cacuaco (Luanda province) and Huambo (Huambo province) and follow the calendar outline in Figure A2.1 below.

Figure A3.1: Enrollment schedule by month



2. **Table A3.2 lists the 19 municipalities with a CASI building available at project approval.** It also includes the number of ADECOS that are attached to these centers.

Table A3.2. Targeted municipalities with a CASI built by project approval

Province	Municipalities	Households Q1 e Q2	ATMS	CASI	Adecos
Lunda Sul	Saurimo	**40,980**	32	Preparation (june 19)	Selection, training
Luanda	Cacuaco	**32,652**	89	construction (april 19)	60
Huambo	Huambo	**41,580**	110	construction (april 19)	Selection, training
Malanje	Malanje	**32,544**	47	construction (march 19)	30
Luanda	Viana	**26,100**	198	construction (april 19)	60
Uíge	Uíge	**35,904**	43	Functioning	137
Cabinda	Cabinda	**23,748**	83	construction (march 19)	
Moxico	Luena (Moxico)	**32,640**	1	Functioning	30
Luanda	Belas	**16,560**	410	construction (april 19)	30
Luanda	Luanda	**14,400**	931	Functioning	60
Lunda Norte	Cambulo	**18,348**	2	construction (june 19)	30
Lunda Norte	Chitato	**17,172**	15	construction (june 19)	30
Zaire	Mbanza Congo	**15,924**	15	construction (march 19)	
Namibe	Namibe	**15,732**	48	construction (may 19)	
Cuanza Sul	Sumbe	**20,724**	33	construction (march 19)	
Benguela	Catumbela	**8,652**	17	construction (april 19)	
Cuanza Norte	Cazengo	**8,364**	17	construction (march 19)	Selection, training
Cunene	Kwanhama	**48,900**	30	construction (may 19)	Selection, training
Bengo	Dande (Caxito)	**15,612**	25	construction (march 19)	Selection, training
Total		**466,536**			467

ANNEX 4: Gender gaps in Angola

COUNTRY: Angola
Strengthening the National Social Protection System Project

1. **More than half of the total population in 2014 were women (52 percent)**. Most households self-reported as male-headed (62 percent). Gender gaps in human capital, access to jobs, access to assets and financial services, and voice and agency are pervasive and intersect with location (rural/urban), ethnicity and age.

Human Capital

2. **Important education gender gaps remain with literacy, school attendance and secondary completion rates higher for men than women.** In 2014, illiteracy rates in Angola were still 34 percent nationally, with a major disadvantage for women (47 percent of women vs 20 percent of men). Among the poor, only one in four women can read and write, while half of the men can. Among the rich, the difference between women and men is lower (81 and 94 percent respectively) (IBEP, 2008). While primary school attendance is higher for women than men (35 and 30 percent, respectively), men spend more time in school than women: in 2015, only 38 percent of women ever attended secondary school compared to 55 percent of men (7 percent of women and 13 percent of men completed secondary school and stopped schooling). Only 5 percent of women and 8 percent of men aged 15-49 attended or completed higher education (IIMS 2015-16). The most important reasons for girls' school dropout and non-admission to school are: very expensive (26.8 percent), don't like to study (12.5 percent), household work (11.5 percent), and pregnancy (7.5 percent) (IBEP, 2008). For boys, the most important reasons are: very expensive (35 percent), lack of teachers (11 percent), don't like to study (10 percent) and needs to work (7 percent) – household work contributes only 2 percent.

3. **Women have an average of 6.2 children and this increases with lower levels of education and wealth**. Urban women have a lower fertility rate than rural women (5.3 versus 8.2 children per women). Fertility is higher among women with no education (7.8 children) than among women with secondary or higher education (4.5 children). Women living in the poorest households have an average of 8.5 children, compared to 4.0 children among women living in the wealthiest households. Among teenagers age 15-19, 35 percent have begun childbearing, 29 percent are already mothers, and 6 percent are pregnant with their first child. Teenage childbearing is twice as high among young women with no education (58 percent) than among women with secondary or higher education (25 percent). At the provincial level, teenage childbearing ranges from 21 percent in Luanda to 60 percent in Lunda Sul.

4. **The lower the level of education of the mother, the lower the probability that a child survives her first 12 months or five years**. Children whose mothers completed high school (or above) are 55 percent less likely to die during the first 12 months of life than children of mothers without any schooling. The probability of dying before the age of five is 51 percent higher for children of mothers with no schooling. Access to health care is low among women in rural areas, less educated and poor. Eighty-two percent of women in urban areas received antenatal care from a health professional, compared to 52 percent of rural women. Of the women who never had antenatal care, 48 percent never went to school and only 12 percent had a high school or higher education. Almost 90 percent of women in the highest quintile were attended by qualified health personnel (doctors, nurses, or midwives), while in the poorest quintile, only 44 percent of women had access to a professional and 55 percent did not receive prenatal care.

Poverty and access to income

5. **There are no significant differences in the incidence of poverty between men and women, but in 2008 more women were poor than men** (50.4 percent vs 49.6 percent of the total poor respectively, IBEP, 2008).

6. **Self-declared male-headed households generate 30 percent more income from labor sources than female-headed households.** In 2014, 53 percent of the population was economically active, 45 percent of women and 61 percent of men. The female unemployment rate was slightly above the male rate (24.9 percent vs 23.6 percent). Employment rate was lower among women (34.1 percent) than men (46.6 percent). Thirty percent of women and 12 percent of men are not paid for their work. Female-headed households earn higher incomes from non-labor sources, and among these, cash transfers predominate, three times higher than the average value received by men. Most women work in the informal market. According to the IIMS 2015-2016, half of women worked in the trade and services sector, a number that drops to 23 percent for men. About 36 percent of women work in agriculture, compared to 28 percent of men. Only 8 percent of female workers were qualified, and 2 percent were technicians or managers, compared to 26 percent and 18 percent of men, respectively.

7. **Time use is sex-differentiated**. Water transportation and collection of firewood are associated with gender, as the responsibility for household supply is attributed to women, shared only with the children (IBEP, 2008). Child care is also mainly a female responsibility.

8. **Through providing cash transfers to preferably women, the proposed project can contribute to close the income gap between women and men,** in the short-term through the transfers themselves, in the medium-term through participation in income generating activities, and in the long term through access to education.

Access to assets and financial services

9. **In 2014, only 22 percent of women had access to an account compared to 36 percent of men** (these percentages decreased compared to 2011 data, Global Findex). Forty percent of men and 20 percent of women have used the Internet at least once and mobile phone ownership is much more common among men (70 percent) than women (51 percent) (IIMS 2015-2016).

10. **Men are more likely to be sole owners of land and housing than joint owners with a woman**. Twenty-eight percent of men reported owning a house alone and 17% own a home together with a woman. In relation to land tenure, a fifth (20 percent) of men own land individually and 12 percent own land jointly with their partners.

Voice and Agency

11. **Polygamous unions were common**: 22 percent of women age 15-49 were in a polygamous union and 8 percent of men had more than one wife. Polygamy decreases with household wealth. Thirteen percent of men in the poorest households have two or more wives, compared to 2 percent of men in the wealthiest households (IIMS 2015-2016).

12. **Four in ten women who are employed and earn cash make joint decisions with their husband on how to spend their earnings, and the same proportion make these decisions on their own.** Married women are most likely to have sole or joint decision-making power regarding visiting family or relatives (88 percent) and major household purchases (81 percent). Three-quarters of women participate in decisions about their own health care. Overall, 65 percent of married women participate in all three decisions. Seven percent do not participate in any of the three decisions (IIMS 2015-2016).

13. **A significant share of women experiences physical violence and social perceptions about the position and role of women in society and within the family condone it.** Thirty-two percent of women have been victims of physical violence since the age of 15; 8 percent were victims of sexual violence at some time in their lives and 34 percent of women aged 15-49 and married have experienced marital, physical or sexual violence. Experience of physical violence after age 15 is greater among women who are employed and paid in cash (37 percent) than among unemployed women (29 percent) and women who are employed but not paid with cash (28 percent). A quarter of women and a fifth of men age 15-49 agree that a husband is justified in beating his wife for at least one of the following reasons: if she burns the food, argues

with him, goes out without telling him, neglects the children, or refuses to have sex with him (IIMS 2015-2016).

14. **In Angola, women's representation in parliament has increased and is above the average of similar income countries.** In 2017, women held 30.5 percent of the 220 seats in the National Assembly, (comparable rates in high and low-middle income countries are 28 and 23 percent respectively). Of the 33 Ministries, 13 are run by women; seven of the 56 State Secretariats are headed by women. In the diplomatic representation, 22 of the 56 diplomatic missions accredited abroad are headed by women and in 2016 only four women were national ambassadors (out of 45 ambassadors).

15. **The law affects economic decisions women make and in Angola, women get 77 percent of the rights of men** (Women, Business and the Law data, 2018). There are no legal gender differences regarding going places, getting married, running a business or managing assets. However, the law affects women and men differently regarding starting a job, getting paid, having children or receiving a pension. Regarding sexual harassment, the recently approved penal code includes two decrees on criminal penalties or civil remedies on sexual harassment (Article 184, sexual assault; and Article 188, sexual harassment). On the other hand, according to the 2015 national labor law, women cannot work in jobs deemed hazardous, arduous or morally inappropriate in the same way as men; women are not able to work in the same industries as men; there is maternity leave (12 weeks) but no paternity or parental leave; and the law does not establish explicit pension care credits for periods of childcare.

16. **Individual-level data is scarce and some of the gender gaps remain difficult to quantify,** especially on access to assets, income and welfare.

17. **Through the complementary measures to raise awareness on couple decision-making processes in households around the cash transfers (and the transfers themselves), the proposed project may contribute to closing some of the gaps on voice and agency at the household- and community- levels.** This will require active engagement with husbands and male community leaders to minimize risks of GBV.