

Republic of Angola**First Fiscal Management Development Policy Financing****Chair Summary*****June 30, 2015**

Executive Directors approved an IBRD loan to the Republic of Angola of US\$450 million and a policy-based guarantee (PBG) of US\$200 million for the First Fiscal Management Development Policy Financing Operation (R2015-0112) on the terms and conditions set out in the President's Memorandum. Mr. McGuire wished to be recorded as abstaining.

Directors recognized Angola's achievements in economic growth, macroeconomic stability, poverty reduction and reconciliation since the civil war ended. They expressed broad support for this first budget support and IBRD operation to strengthen the Government's fiscal management in the context of low oil prices to create the fiscal space needed to better protect the poor and vulnerable. Directors welcomed the three pillars of the operation to: introduce fiscal rules for the utilization of the Oil Funds and modernize tax administration and tax policy to increase non-oil revenue collection; increase value for money by enhancing the efficiency and efficacy of public investment management; and move from untargeted fuel price subsidies to targeted cash-transfers and evidence-based policy making.

Directors appreciated the stepping up of the World Bank Group's engagement with Angola at this critical juncture. They emphasized the importance for Angola to transparently account for and record oil revenue and to spend it well. They encouraged the Bank to continue supporting reforms to gradually even out income distribution, such as plans to expand social safety net programs and make them more effective.

They also encouraged the Bank to pursue and strengthen assistance to improve statistics and survey data as a key step to improve spending targeting and promote evidence-based policy making. They cautioned about the heavy reliance on oil revenues and encouraged the Bank to pursue and strengthen its support to economic diversification efforts.

Directors took note of risks associated with the operation, notably political and governance, macroeconomic, fiduciary, institutional and implementation capacity and sustainability. They underscored the vital importance of capacity building and technical assistance for Angolan agencies. Directors emphasized effective donor coordination among the Bank, IMF, UN, and other development partners in support of Angola's reform program. They also underscored the value of South-South learning on fiscal issues, taxation, and structural reforms.

*This summary is not an approved record.