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Program Information Document (PID)

Appraisal Stage | Date Prepared/Updated: 13-Mar-2024 | Report No: PIDPA00075



BASIC INFORMATION

A. Basic Program Data

Project Beneficiary(ies) Angola	Region EASTERN AND SOUTHERN AFRICA	Operation ID P181160	Operation Name Angola Secondary Cities Support Program
Financing Instrument Program-for-Results Financing (PforR)	Estimated Appraisal Date 15-Apr-2024	Estimated Approval Date 26-Jun-2024	Practice Area (Lead) Urban, Resilience and Land
Borrower(s) Ministry of Finance	Implementing Agency Ministry of Public Works, Urbanization, and Housing		

Proposed Program Development Objective(s)

The objective is to improve urban growth management capacity through the delivery of climate-smart urban infrastructure and affordable housing solutions in select secondary cities in Angola

COST & FINANCING (US\$, Millions)

Maximizing Finance for Development

Is this an MFD-Enabling Project (MFD-EP)? Yes

Is this project Private Capital Enabling (PCE)? Yes

SUMMARY

Government program Cost	400.00
Total Operation Cost	400.00
Total Program Cost	394.25
IPF Component	5.00
Other Costs (Front-end fee,IBRD)	0.75
Total Financing	400.00
Financing Gap	0.00

FINANCING



Total World Bank Group Financing	300.00
World Bank Lending	300.00
Total Government Contribution	100.00

Decision

The review did authorize the team to appraise and negotiate

B. Introduction and Context

Country Context

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

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

3. **This five-year PDN will be carried out in the context of the climate crisis, which is already demonstrating devastating effects for the country.** Warming in Angola has accelerated significantly in recent years – the annual mean temperature has increased by 1.4°C since 1951 and is expected to keep rising. By 2040–2060, most of the country is projected to be 1.5–2.5°C warmer, with significant implications for water availability, drought severity, and, in some areas,



extreme heat. Precipitation trends are more uncertain, but rainfall variability is clearly increasing. Economic modeling shows that without adaptation measures, climate change impacts could reduce Angola's GDP by 3–6 percent by 2050.¹ Urban areas are especially vulnerable to flooding, heatwaves (increase in urban heat island effect), and drought (stressing water-provision in cities). As emphasized in the Country Climate and Development Report for Angola, achieving economic diversification is inextricably linked to developing its resilience to the climate crisis. Notably, *building green and resilient cities* is one of the five pathways to climate resilient development through their role as engines for inclusive and resilient growth.

4. **The Government of Angola's new National Housing Policy (NHP) aims to create favorable conditions to ensure access to adequate and decent housing through different modalities, in an inclusive, transparent, fair and equitable manner to promote socioeconomic and sustainable development.** Within the context of the NHP, the GoA established the Guided Self-Construction Program (*Auto-Construção Dirigida*, ACD) in 2023. The ACD is an inter-ministerial program that aims to promote private sector construction of decent and accessible housing. The ACD was formulated as a mechanism for the implementation of land management and housing construction policies that support the right to decent housing and quality of life and human dignity in alignment with the international commitments made by Angola to the United Nations, with particular emphasis on the New Urban Agenda and the Sustainable Development Goals. The long-term objective of the ACD is to deliver 4,000,000 housing solutions by 2050, representing a doubling of today's residential building stock.

Sectoral and Institutional Context

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

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

¹ World Bank (2022). Angola Country Climate and Development Report. Washington: DC.



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

8. **Angola's low provision of quality infrastructure has been repeatedly identified as a binding constraint to diversified growth and private investment, and has resulted in pervasive informality, low and unequal access to basic services, and a housing deficit estimated at 2.2 million units.** Although post-war Angola made an unprecedented effort to reconstruct its infrastructure (spending 4.1 percent of its GDP per year from 2008-2018), urban infrastructure failed to keep pace with urban growth, and currently Angola's infrastructure is ranked 126th out of 141 countries.² The urban housing deficit is driven by inadequate services and high informality: the number of urban residents without access to improved drinking water has doubled since 2010, about 25 percent of the urban population lacks access to basic sanitation facilities, and only 3 percent of the urban population has a toilet connected to sewerage networks. In secondary cities, such as Lubango and Huambo, the proportion of urban footprint occupied by informal settlements is estimated at over 90 percent.

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

10. **Despite ongoing modernization, a weak land administration system currently leaves urban residents vulnerable to eviction and disputes, deters private investment in land and property, and limits local government revenue potential.** Although property tax could boost local revenues, its effectiveness is limited by the small proportion of properties that are registered (about 6.6 percent nationwide). The lack of legal titles leaves most urban households susceptible to evictions, demolitions, and land conflicts; unable to access housing finance; and disincentivized to invest in their land. Since the 2010 Constitution, provisions were adopted to modernize land administration and decentralize it to the municipal levels, but the process is still incipient, and procedures for granting legal tenure rights remain lengthy and costly. Responsibilities for land administration are fragmented across multiple national, local, and even traditional entities; in this context, important efforts are underway to digitize and connect the land administration services of different institutions, to improve efficiency, transparency, and accessibility of land administration systems.

² 2019 Global Competitiveness Report



11. **The housing finance system in Angola is underdeveloped, and the absence of a mortgage market has created a bottleneck for the development of the formal housing sector.** Most of the housing stock is informal, built gradually on land not formally granted by the state, financed through household savings and interpersonal borrowing. In fact, as of November 2023, only 5,300 mortgages were outstanding, representing only 0.05 percent of GDP. Even upper-middle-income families may not qualify for a mortgage, and thus they take out short-term consumer or salary-guaranteed loans for housing and are required to pay high commercial interest rates. There is no current data published on the production or sale of new housing by the private sector in Angola. Between 2015 and 2021, only 9,218 building licenses were approved across the country. At the lowest end of the market, owner builders report that they could incrementally build a two-bedroom house of 75m² with conventional materials for US\$12,000 – US\$18,000.

12. **The GoA has a long history of engagement in the housing sector, but interventions over the last 15 years have failed to meet targets and resulted in a significant fiscal burden.** The National Urbanization and Housing Program (PNUH) launched in 2008 aimed to build one million new units, but to date has only delivered approximately 220,000. As of 2021, about 90,000 units have been constructed in satellite dormitory cities (*centralidades*), although some locations still require connection to utilities; 13,000 have been completed by municipalities; and 4,000 units were provided by other government programs. The private sector is estimated to have delivered 71,000 units, although 65 percent of these were financed by the government. The self-construction program delivered 132,000 plots, but only 13,000 housing units have been built by beneficiaries. This is primarily due to institutional bottlenecks and misalignment of incentives among government actors that resulted in selection of sites far from job centers, lack of connections to utilities, lack of financing for housing construction for beneficiaries, and absence of land titles. Through 2017, housing sector investments averaged 5 percent of GDP and resulted in significant public debt. It is estimated that debt related to PNUH accounts for at least 27 percent of the US\$22 billion Angola owes China, which in turn represents 43 percent of Angola’s public external debt. The burden of these commitments has been amplified by the high rate of non-payment, estimated as 64 percent of occupants in the *centralidades*, most of which have household incomes above the 70th percentile.

13. **The proposed operation will strengthen urban planning capacity at the local and national levels, as well as basic service delivery, and enable private sector participation in the supply of affordable, resilient housing solutions in selected cities.** Supporting the Government to transform the way its cities are developing through an intervention that focuses on the housing sector is particularly relevant for Angola, given that housing is: (i) a determinant of urban form and therefore low-carbon development pathways; (ii) an aggregator of infrastructure and access to basic services and therefore a mediator in climate change vulnerability; (iii) a driver of the economy; and (iv) a substantial drain of fiscal resources. Previous national housing programs have failed to address a major bottleneck to the supply of affordable housing by the private sector, namely accessibility of land with basic infrastructure for housing (e.g., water, sanitation, roads, and electricity). A new program that will strengthen the ability of provincial and municipal governments to make climate-smart decisions on land use, designate areas for urban expansion, plan resilient and green infrastructure provision, and improve beneficiary targeting, while mobilizing the private sector for the supply of affordable housing solutions, will transform the current housing policy and will have repercussions across the economy.

PforR Program Scope

14. **PforR Program Definition.** The PACSA Program will support design and implementation of three of the four sub-programs of the ACD (the sub-program targeting agricultural areas is excluded) in selected secondary cities, focusing on



the provision of basic services, planning instruments, titling, and beneficiary selection and transfer. Through the implementation of the Program, local and national institutions will be strengthened for the effective management of urban growth in three of Angola’s largest secondary cities – Huambo, Benguela, and Lubango – and capacity for the management of public-private partnerships for the delivery of affordable housing will be enhanced.

15. **The proposed PforR Program will support a subset of the government program in selected secondary cities.** The boundaries of the Program are defined as follows:

- a. **Duration.** The Program will be implemented over a period of five calendar years between 2024 and 2029. Disbursement-linked indicators (DLIs) are assessed over five fiscal years from September 2024 to September 2029.
- b. **Selection of participating secondary cities.** A total of six municipal administrations, comprising three secondary cities, will be supported by the Program. Selection of the municipalities was based on urban population growth rates, urbanization patterns, local economic development characteristics, availability of public land, institutional capacity, and exclusions applicable under World Bank PforR policies.
- c. **Sub-programs.** The Program will support design and implementation of three of the four sub-programs of the ACD (the sub-program targeting agricultural areas is excluded).
- d. **Financing.** The overall government program is US\$1.9 billion. The World Bank Program is proposed as US\$400 million, covering 21 percent of the overall government program. The World Bank (IBRD) will finance US\$300 million (or 75 percent) of the Program. The breakdown of expenditures is provided in Table 3.

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

	ACD (government program)	PACSA (PforR Program)
Objective	To (i) enable a social housing model whose implementation is easy, quick, and low-cost; (ii) create attractive conditions for housing finance; and (iii) stop the proliferation of informal settlements	To improve urban growth management capacity through the delivery of climate-smart urban infrastructure and affordable housing solutions in select secondary cities in Angola
Focus Area	Sites and services – households Sites and services – developers Sites and services – agriculture Urban upgrading	Sites and services - households Sites and services - developers Urban upgrading
Duration	2023-2050	2024-2029
Geographic coverage	Whole country	Benguela, Huambo, Lubango metropolitan areas
Overall Financing	2023-2027: US\$1.9 billion	US\$400 million (US\$300 million IBRD)

16. **PACSA is designed to support MINOPUH and local administrations to strengthen land use planning to accommodate future urban expansion in a resilient and well managed manner and to enhance the quantity and quality of affordable housing solutions.** Specifically, it will focus on: (i) promoting private sector participation in affordable housing provision through support for infrastructure investments; (ii) strengthening institutions with critical roles in housing policy and programs; (iii) deepening housing sector regulatory reforms and operationalizing them through strengthened systems; and (iv) promoting the livability and sustainability of housing through climate resilient and energy efficient infrastructure investments. The use of the PforR instrument will help to incentivize MINOPUH’s progression



through a series of steps critical to strengthening urban growth management and enabling a well-functioning housing sector.

17. **MINOPUH will implement the infrastructure investments directly or through relevant local authorities and utilities.** Basic public infrastructure is typically built, owned, and operated by an array of local, provincial, and national entities. Eligible types of infrastructure investments will be based on an indicative “positive list” and a definitive “negative list.” PACSA funds may not be used for any investments with “significant” environmental or social risks per the WB’s PforR policy (OP/BP 9.00). These include any investments that require land acquisition; new construction of highways, rail, or mass transit; wastewater treatment plants; or landfills. PACSA funds may not be used to directly build conventional housing units, except for core housing units for vulnerable beneficiaries.

18. **Serviced residential lots under PACSA will target households using a segmented market approach.** Lots with basic infrastructure, as well as urban upgrading investments, will target households at or below the 40th income percentile (US\$ 3,400 equivalent per year). Lots with full infrastructure will target households between at or below the 60th income percentile (US\$5,000 per year). Serviced lots and housing units delivered by the private sector will target households at or below the 80th income percentile (US\$7,000 per year). Based on preliminary analysis, PACSA will support the supply of approximately 33,000 housing solutions over five years. Of these, 10,000 housing solutions will be delivered through the private sector and 3,000 will be delivered to vulnerable households with a core house. See Annex 3 for further details.

19. **Enabling Private Capital.** The PACSA has been reviewed for its potential for, and will be accounted as, enabling Mobilizing Finance for Development (MFD) and Private Capital Enabling. The Program will take steps toward addressing three key bottlenecks that constrain the private sector from contributing more to the provision of affordable housing: (i) limited access for households to housing finance; (ii) no established PPP model for affordable housing provision; and (iii) all in housing prices that exceed low to middle income household affordability. The Program will support private sector engagement in affordable housing through: (i) preparing strategies, regulations and tools to support access to housing finance, for example through DLI 3 operationalization of the Land and Property Registration System (LPRS); (ii) DLI 5 development, approval and adoption of regulations and tools for private sector partnerships (PPPs) and (iii) DLIs 6 & 7 provision of serviced super lots (private sector developers) and lots (household self-construction) at subsidized cost for privately financed construction/purchase. Such measures are designed with the expectation of generating 26,400³ housing units (medium scenario) of which approximately 10-30 percent would be suitable for mortgage financing and 60-80 percent for microcredit or household saving investment. The remaining 10 percent would be provided as government subsidized housing. This provision is expected to result, across the 23,000 units requiring household investment, in a total demand for US\$350 million of private capital of which US\$100-240 million will be in the form of mortgages and US\$110-160 million in microcredit loans. Meeting this demand for capital would represent a significant increase in the housing finance market in Angola and requires support for the banking and microcredit sector from across the WBG.

20. **Closing the Gender Gap.** The PACSA is informed by a gender gap analysis, and the Program accounts for measures to improve gender equality and includes a gender indicator to measure impacts. Women in Angola are less likely than men to be household heads, own land titles, or have access to financing. According to Angola’s 2014 Census, women made up 52 percent of the population and headed 35 percent of households (IDH, 2017). Although statutory law in Angola

³ Assumes 100% build out of parcels where construction of the housing unit will be delivered by private sector developers or the public sector, and 65% for parcels developed by the public sector for household self-construction.



provides for gender equality in property and inheritance rights, in practice, women have less access to land.⁴ Data in Angola's National Housing Information System showed that only 28 percent of beneficiaries of government housing projects in Luanda were women, and government officials estimate that percentages are lower in secondary cities and rural areas. Land and other immovable property are important sources of collateral to access credit, meaning unequal access to titles impacts women's economic and financial empowerment. Data from the World Bank's Global Financial Inclusion Index shows that women in Angola were less likely than men to borrow money to start, operate, or expand a farm or business.⁵ Angola's gender gap in financial inclusion is above the Sub-Saharan African (SSA) average: 22.3 percent of women have a financial account,⁶ compared to 36.1 percent of men.⁷

21. To address these issues, PACSA will support women's access to titled land and housing. Beneficiary selection and screening criteria for will promote lot allocation to women. These will prioritize applications from women and require a minimum percentage (tentatively 30 percent, to be defined during implementation) of beneficiaries to be women, who may be sole-owners (to ensure opportunities for female-headed households) or co-owners (to ensure women's inclusion and empowerment within the household). Inclusion of women on lot titles is expected to support not only home-ownership and tenure security, but also women's access to finance, using titles as collateral. This will be incentivized through: (i) requirements for the gender-sensitive design of beneficiary selection criteria (DLI 1a); (ii) requirements for the Land and Property Registration System (LPRS) to allow co-ownership of titles (DLI 3); (iii) gender monitoring capability of the Beneficiary Management Information System (BMIS) (DLI 4); and (iv) gender-disaggregated DLI targets for lots allocated to women under DLIs 5 and 6. PDO-level indicators also target the mentioned minimum percentage of serviced lots delivered to women through the Program.

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

23. **Paris Alignment and Climate Co-Benefits.** The operation is aligned with the goals of the Paris Agreement on both mitigation and adaptation. The operation is not at material risk of having a negative impact on the country's low-GHG emissions development pathways. All the activities financed under the Program are on the universally aligned list, including energy-efficient housing (EDGE Level I design certification⁸ or equivalent), LED street lighting, urban parks and open public spaces, land administration, nature based solutions, urban drainage, improvements to household waste collection, expansion and rehabilitation of water supply systems, domestic on-site wastewater treatment (septic systems),

⁴ Through customary law, women are often only able to access land through their husbands or sons. One study found that only 23 percent of widows had access to land owned by their deceased husbands. World Bank (2018). 'Angola Systemic Country Diagnosis.'

⁵ World Bank (2018). 'Angola Systemic Country Diagnosis.'

⁶ At a bank or other financial institution, or an active mobile money service.

⁷ Making the gap 13.8 percentage points, versus 11.5 percentage points on average in SSA. Data from the World Bank Gender Data Portal.

⁸ The Team is discussing with IFC EDGE the possibility of piloting an EDGE certification program for self-build housing.



road upgrading and rehabilitation, and improvements to non-motorized transport. Moreover, all Program activities are aligned with Angola's NDCs (2021) and National Climate Change Strategy (2017) (see Annex 3).

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

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

26. The proposed Program aims to facilitate the transition towards low carbon and disaster resilient urban development. PACSA will leverage the following investments within the targeted secondary cities:

- a. *Climate Smart Urban Infrastructure*: The Program will incentivize public investments in urban infrastructure that consider current and expected future changes in climate conditions.⁹ Through the preparation and implementation of Climate Smart Design Guidelines, neighborhood scale investments that support climate mitigation and low-carbon development (e.g., public transit stops, bicycle lanes, walkways, and urban green spaces) as well as climate adaptation and disaster risk reduction (e.g., side drainage, retention walls, and nature-based solutions for heat and flood management) will be implemented.
- b. *Climate Smart Urban Design Guidelines*: The Program will support the development of Climate-Smart Urban Design Guidelines, ensuring they are sensitive to disaster risks (by incorporating location-specific hazard/disaster risk information) and support low carbon and green urban development patterns, including compact and connected urban forms. Urban Design Guidelines will guide the development and upgrading of sites under PACSA.
- c. *Climate Smart Urban Growth*: The Program will support the selection of housing development sites that support compact, connected, low-carbon and climate-resilient urban growth.
- d. *Climate Smart Houses*: The Program will support the development and roll-out of climate smart housing designs, for use in guided self-construction of homes and by participating private sector developers. Model house designs

⁹ World Bank, 2022. Reference Guide for Climate-Smart Public Investment



will incorporate resilience to climate risks, as well as energy-efficient and low-carbon designs, to prevent carbon-lock in and mitigate disaster risk.

27. Multiple DLIs with an associated funding amount of US\$249 million will measure the application of green and resilient design principles in sites and services schemes delivered under PACSA, including DLIs 1, 2, 5, 6, 7, 8, and 10.

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

Program Financing

Source	Amount (US\$, Millions)	% of Total
Counterpart Funding	100.00	25%
Borrower/Recipient	100.00	25%
International Bank for Reconstruction and Development (IBRD)	300.00	75%
Total Program Financing	400.00	

C. Proposed Program Development Objective(s)

Program Development Objective(s)

The objective is to improve urban growth management capacity through the delivery of climate-smart urban infrastructure and affordable housing solutions in select secondary cities in Angola.

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

- i. Number of residential lots serviced by the government to agreed climate -smart standards and transferred to eligible households, of which percent that are registered in the name of a woman (to measure climate smart urban infrastructure delivery through sites and services, effective beneficiary targeting, and capacity for urban growth management; RA 1 and RA 3)
- ii. Number of households provided with climate-smart improved basic services and secure land tenure in informal neighborhoods, of which percent that are registered in the name of a woman (to measure climate smart urban infrastructure delivery through urban upgrading; RA 1 and RA 3)
- iii. People with enhanced resilience to climate risks (Corporate Scorecard; RA 1 and RA 3)



- iv. Number of residential lots serviced by private developers to agreed climate-smart standards and transferred to eligible households, of which percent that are registered in the name of a woman (to measure engagement of the private sector in affordable housing; RA 2)
- v. Total private capital enabled (Corporate Scorecard; RA 2)

D. Environmental and Social Effects

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

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

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

33. **The capacity of INOTU to supervise social and environmental management activities is low.** The ESSA's key recommendations include: (i) preparation of specific social and environmental management guidelines for PACSA; (ii) strengthening the permanent capacity of INOTU on environmental and social management; (iii) adoption of environmental and social screening processes in activities related to PACSA; (iv) develop training activities (on social and environmental and health and safety management) for INOTU and Municipal Administrations' teams and other provincial, municipal and community-level organizations; (v) implementation of screening procedures, and development of an exclusion list for



activities that may have potential impacts on natural habitats; (vi) adoption of specific procedures for risk assessment of the areas to be developed; and (vii) effective implementation of conflict management mechanisms.

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

Summary of Screening of Environmental and Social Risks and Impacts of the IPF Component

E. Financing

Program Financing

Source	Amount (US\$, Millions)	% of Total
Counterpart Funding	100.00	25%
Borrower/Recipient	100.00	25%
International Bank for Reconstruction and Development (IBRD)	300.00	75%
Total Program Financing	400.00	



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APPROVAL

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