

**COMBINED PROJECT INFORMATION DOCUMENTS / INTEGRATED
SAFEGUARDS DATA SHEET (PID/ISDS)
CONCEPT STAGE**

Report No.: PIDISDSC16887

Date Prepared/Updated: 09-Mar-2016

I. BASIC INFORMATION

A. Basic Project Data

Country:	Angola	Project ID:	P157671
		Parent Project ID (if any):	
Project Name:	Angola Statistics Project (P157671)		
Region:	AFRICA		
Estimated Appraisal Date:	29-Apr-2016	Estimated Board Date:	30-Nov-2016
Practice Area (Lead):	Poverty and Equity	Lending Instrument:	Investment Project Financing
Sector(s):	General public administration sector (75%), Public administration- Agriculture, fishing and forestry (20%), Information technology (5%)		
Theme(s):	Poverty strategy, analysis and monitoring (40%), Economic statistics, modeling and forecasting (30%), Other public sector governance (30%)		
Borrower(s):	Government of Angola (Ministry of Finance)		
Implementing Agency:	Instituto Nacional de Estatística		
Financing (in USD Million)			
	Financing Source	Amount	
	Borrower	0.00	
	International Bank for Reconstruction and Development	60.00	
	Total Project Cost	60.00	
Environmental Category:	C - Not Required		
Concept Review Decision:	Track I - The review did authorize the preparation to continue		
Is this a Repeater project?	No		
Other Decision	Project preparation will be supported by a PPA in the amount of USD 6 million conditional on the Government formalizing the respective request and on the		

(as needed):	availability of PPA funds.
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B. Introduction and Context

Country Context

1. Angola is one of the largest countries in Sub-Saharan Africa, the third largest African economy and the second largest African oil producer. Angola became independent from Portugal in 1975. The country however fell into a civil conflict that lasted 27 years and ended with a peace accord in 2002. In 2014, the first Population Census since independence was conducted counting a population of 24 million, with over 27 percent living in Luanda province and 40 percent in rural areas. Despite being an upper middle income country, about 30 percent of the Angolan population were below the international poverty line in 2008. Inequality indicators suggest a decline over time from a Gini index of 52 in 2000 to an index of 43 in 2008. In 2011, it had a net enrollment rate of 86 percent in primary education and a literacy rate among the youth of 73 percent in 2013. It had an infant mortality rate of 99 per thousand live births in 2014 compared to 58 per thousand in Sub-Saharan Africa. The under-five mortality rate was 157 per thousand in 2015 compared to 83 in Sub-Saharan Africa.

2. Propelled by the end of the civil conflict and high oil prices, the Angolan economy posted an average growth rate of 12.5 percent between 2004 and 2008. This period of high growth rates was interrupted by the 2008-09 crisis that brought oil prices down. From 2009 to 2011, GDP grew at 2.5 percent on average. Economic growth resumed its fast pace in 2012 - 7.6 percent growth rate – but was recently hit by another drop in oil prices. This time, as opposed to the 2008-09 episode, the effect has been stronger as the drop in oil prices appear due to a structural shift in the oil sector led by the increasing role of unconventional oil in the global supply mix. Prices are expected to remain low for a prolonged period of time. GDP growth for 2014 and 2015 are estimated by the government at 4.8 and 4 percent respectively.

3. Angola is an oil dependent country. Oil exploitation accounts directly for one third of the country GDP, but has a huge indirect effect in the economy, which ends up dictating the pace for the whole economy as it can be seen by the correlation between the value of oil production and GDP growth. The Angolan economy is not diversified – oil exploitation and refinery accounts for 90 percent of the industrial production – and most consumer goods have to be imported.

4. Angolan dependency on oil is also seen in its fiscal accounts, and historically oil revenues accounts for three quarters of government revenues on average. The period of high oil prices allowed Angola to increase current and capital expenditures and still have a balanced budget and low debt levels. This reality however has changed since 2014. Revenues were almost halved and large cuts had to be made to the budget. Fuel subsidies were cut, public investment was reduced to its lowest levels in years and purchase of goods and services were severely restricted even to the point of generating some arrears. After showing a large budget deficit in 2014, the government was able to more than halve the budget deficit in 2015. Public debt increased to fill the budget gap, but also as a result of the exchange rate depreciation since roughly half of it is foreign currency denominated.

5. The fall in oil prices turned the country's current account from surplus to deficit. Angola posted two consecutive currency accounts (CA) deficits in 2014 and 2015. Historically, oil exports proceeds were more than sufficient to pay for the imports of goods and services needed

for the domestic economy, however from 2014 onwards this was not possible anymore. The government reacted by depreciating the local currency – Kwanza – by 52 percent since December 2014 and instituting administrative controls on the foreign exchange market. The depreciation and the reduction in subsidies also acted to increase inflation, which almost doubled from 2014 (7.5 percent) to 2015 (14.3 percent). Monetary policy was adjusted to fight inflation with the policy rates being hiked several times, but its power in Angola is very limited.

6. The agricultural sector is one of the most promising sectors for a diversification of the economy. The sector accounts for about 11 percent of GDP in Angola and contributed considerably to GDP growth with a growth rate of 10 percent in 2014. The sector is also a substantial provider of employment for the rural population. Small farmers (Agricultural Households) are the main contributors to agricultural production with more than 80% of cultivated area. The agriculture sector has suffered significantly from the past instability and civil war, but several programs for small-holder and commercial farmers are currently planned with the aim to develop the sector which has a considerable potential to be one of the drivers of poverty reduction.

7. Despite the importance of the agricultural sector, timely and accurate data on its structure and trends of the development of agricultural activities are very limited in Angola. The last agricultural census dates back to the early 70s. Since the country's independence in 1975, no nationally representative agricultural survey has been implemented. This lack of reliable and up to date data is a major constraint for policy makers and investors in the sector as well as for national statistics like the national accounts which currently have to rely on outdated data and estimates.

8. In its National Development Plan 2013 – 17, the Government of Angola identifies the improvement of official statistics as one of the national policy objectives. In Angola, lack of timely and reliable data poses a problem for evidence-based decision making in key areas including national accounts and welfare in addition to agriculture. Improved statistics will inform Government's policies, and allow monitoring of policies as well as the degree of their efficacy. The implementation of the population census, an improvement of the national statistics system as well as implementation of key surveys for welfare and agriculture are considered important to improve the management of the public sector.

Sectoral and Institutional Context

9. The Instituto Nacional de Estatística de Angola (INE) is the main official provider of statistics in Angola. The legal framework of the national statistics system is defined in Law 3/11 from 2011, which establishes the principles and norms of the national statistics system. The Law 3/11 indicates that INE alongside the Banco Nacional de Angola are the official statistics producers in Angola. INE is supported by regional statistics offices as well as departments in line ministries.

10. The overall capacity of Angola's national statistics system is limited. An incomplete legal and institutional framework limits the capacity of the national statistics system and creates deficiencies in the production of quality statistics. Regulations and the organic statute (Estatuto Orgânico) of INE – both mandated in the Law 3/11 – are drafted but still pending approval by the Council of Ministers. Currently, INE has about 250 permanent staff and 250 temporary hired employees. Approval of the organic statute will allow INE to modernize its staffing structure by implementing an essential human resource reform including promotions, transitioning temporary hired employees to permanent staff and opening new positions. The reform will transform INE

into an attractive and competitive work place for staff while reducing staff fluctuations. The regulations will allow INE to incentivize enterprises into sharing vital statistics and increase its leverage over administrative data. More generally, coordination between different government bodies has space for improvement. Some line ministries still implement their own sectoral surveys and publish statistics without any supervision or approval by INE. Others derive their own statistics instead of using INE's published statistics, for example in the case of national accounts for budget purposes.

11. INE's limited capacity to provide official statistics is reflected in a low Statistical Capacity Index (SCI) score of 47.8 in 2015 (compared to an average of 59.9 for Sub-Saharan Africa). The existing sectoral statistics that are published are insufficient to assess the performance of the economy. For instance, demographic and migration statistics, monetary and financial statistics, trade statistics, and price statistics are of low quality. Statistics on crime and justice, business, investment, construction, informal sector, agriculture / forestry, transport, energy, public administration, labor costs, among other statistics are either not produced or have insufficient quality. Also statistics obtained from administrative sources are of low quality. These include vital, education, health, migration, and culture statistics. Overall, ministries have insufficient technical capacity and either employ inappropriate methods to produce these statistics or the statistics produced do not cover the whole country.

12. The System of National Accounts in Angola suffers from data limitations, weak methodologies and insufficient documentation. Angola currently uses the System of National Accounts 1993 (SNA93) with a benchmark year of 2002. The chained volume estimates are insufficiently documented and might require a methodological update. More generally, documentation of sources and methods for annual national accounts is insufficient. The coverage of the national accounts is limited especially for the informal sector as well as other activities (e.g. construction and mineral exploration and evaluation). Access to administrative data and particularly tax data is limited. No quarterly GDP estimates are currently published. While the number of staff assigned to national accounts is adequate, most of those staff are unexperienced in the compilation of national accounts explaining the heavy reliance on external consultants.

13. The National Strategy for the Development of Statistics (NSDS) defines a strategy towards a modern national statistical system in Angola. The NSDS 2015-2025 defines three main strategic actions to improve the national statistics system: (a) To decentralize and deconcentrate the statistical activity and to strengthen the legal, organizational, operational, and coordination framework of the national statistics system; (b) To develop the technical capacity of the national statistics system as to improve the quality of official statistics; and (c) To know what the users need from the national statistics system and provide an adequate response.

14. The implementation of the NSDS is proposed to be implemented in two stages. The first stage takes place from 2015 to 2021 and focuses on the development of statistics. At the end of this stage, the national statistics system shall be able to produce quality official statistics and disseminate them in a timely manner to satisfy users. The second stage takes place from 2022 to 2025 and is labeled as the consolidation phase. In this stage the national statistics system shall improve the statistics production and dissemination process.

15. The proposed statistics lending project is in line with the borrower's objectives, policies, and strategies in the sector. The project proposes a two-fold strategy to improve the national

statistical system while closing the most important data gaps. The first component of the project centers on institutional and human capacity to transform INE into a modern provider of high quality and timely statistical data. The second component will directly improve national accounts and establish monitoring systems for welfare and for agricultural production. Public access to high quality data will stimulate policy analysis and strengthen user demand for statistics produced by INE. Institutional reform in conjunction with high user demand aims to secure sustainable funding of INE by the Government of Angola after the end of the project.

Relationship to CAS/CPS/CPF

16. The proposed statistical lending operation is directly aligned with the CAS objectives for Angola. According to the Country Assistance Strategy (CAS) 2014 – 16, the nature of the World Bank Group’s support to Angola centers around facilitating knowledge transfer, providing strategic development advice, and building institutions and capacity, for reducing poverty and promoting shared prosperity. Specifically, the World Bank Group will help strengthen Angola’s national capacity to sustain a more broad-based economic and social development and shared prosperity. The proposed project aligns with the CAS objectives by improving the national statistics system with a focus on institutional reform, human capacity development, and data production and dissemination activities. Indirectly, it contributes to strategic development advice by the provision of data to inform evidence-based policies.

17. The project also contributes generally to World Bank’s activities and (planned) operations in Angola. The improvement of national accounts supports monitoring of macro-fiscal management in Angola. The welfare monitoring system with its Household Budget and Employment survey contributes to World Bank’s poverty monitoring activities as well as social protection activities by improving our understanding of the targeting of Cartão Kikuia and allow designing better targeting schemes. The agricultural production monitoring system links closely with the commercial agriculture development project and the smallholder agriculture development and commercialization project under preparation.

C. Proposed Development Objective(s)

Proposed Development Objective(s) (From PCN)

The PDO is to strengthen the capacity of INE in Angola to fill data gaps, improve statistical production and enhance statistical dissemination practices.

Key Results (From PCN)

18. The key aspects of the PDO are the strengthening of INE’s capacity, filling data gaps, improving statistical production and enhancing dissemination practices. Progress towards to PDO will be measured and monitored through the following indicators:

- 1) Increase in the Statistical Capacity Index (SCI) score;
- 2) Number of agriculture, welfare, employment and business surveys or censuses implemented;
- 3) Improved national accounts by (i) coverage of the informal sector, (ii) updated and published description of sources and methods, (iii) updated CPI basket, (iv) updated export- and import price indices, and (v) estimation of quarterly GDP in current and constant prices;
- 4) Number of survey and census micro-datasets freely available on-line.

19. The key outputs of the project that will be monitored include:

- a) Number of staff at INE with improved skills;
- b) Number of statistical reports available on-line;
- c) Number of published quarterly GDP statistics;
- d) Number of views or downloads of statistical reports and micro-datasets;
- e) Number of published statistical reports with gendered statistics.

D. Concept Description

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20. INE was identified as the main direct beneficiary of the project and the designated implementing agency as the provider of official statistics in Angola. The project in the amount of US\$ 60 million is proposed to have a duration of five years starting with the approval of the project by World Bank and the Government of Angola. Project activities are selected from the NSDS based on four characteristics. The activities are (i) core features of a modern statistical producer, (ii) aligned with World Bank's comparative advantage in technical assistance, (iii) implementable independent of other activities that are not part of the project, and (iv) closing critical data gaps to inform policies and programs in Angola. The project will be structured into three components: (1) Institutional Reform and Capacity, (2) Data Production and Dissemination, and (3) Project Management. The project activities will not include any civil works. While this operation aims to strengthen the capacity of INE, it will work in close collaboration with other relevant institutions namely the Ministry of Agriculture and FAO. Pending availability and client request, the preparation of the project will be supported by a project preparation advance (PPA) in the amount of US\$ 6 million.

(1) Institutional Reform and Capacity (US\$ 5 million)

21. The first component will transform INE to become a modern provider of statistics. The transformation will include institutional reform to improve INE's functional organization and political autonomy, improvement of ICT and statistical infrastructure to create a more effective institution and enhanced human capacity for an improvement of the quality of statistics.

(1.1) Institutional Reform

22. An institutional assessment will provide the foundation for institutional reform. The institutional assessment will include an analysis of the organigram as well as a functional review and an HR review. The results of the assessment will complement the organic statute and statistics regulations, both pending approval by the Council of Ministers. The assessment will provide the basis for implementing the legal framework once approved by the Council of Ministers, supporting drafting of additional regulations, reviewing existing laws and regulations, updating job descriptions and matching with available skill sets as well as reforming INE's workforce.

23. Coordination of statistical activities in the country is important to avoid redundancies and create synergies by complementary activities. The project will support a forum for statistical coordination among Government institutions and development partners.

(1.2) ICT and Statistical Infrastructure

24. A modern statistical producer requires the technical setup to process and disseminate data. Based on an ICT assessment, the project will fund an upgrade of the ICT infrastructure to ensure efficient workflows for data processing and analysis, for data archiving, data dissemination including a micro-data library as well as modern GIS processing, storage and dissemination.

25. An important element of an effective statistical system is the definition of standards, concepts and definitions to ensure comparability of country statistics. The project will support drafting of a national statistical compendium to collate and unify those definitions. This will also support INE in its role as guarantor of official statistics and simplify the approval of statistics from other sources than INE as official statistics.

(1.3) Human Capacity

26. High quality statistics require a skilled workforce. Based on a training needs assessment, the project will identify key trainings for INE's workforce. Trainings will include on-the-job-trainings with shadow assignments, workshops, short-term courses, certifications and twinning arrangements with statistical offices in other Portuguese-speaking countries. Given the currently limited availability of such trainings in Angola, the project will also use statistical schools in related countries like Brazil. In addition, the project will support domestic universities in designing relevant statistics curricula and facilitate the creation of a statistical learning infrastructure in Angola.

(2) Data Production and Dissemination (US\$ 50 million)

27. Angola's statistical landscape is characterized by recognized gaps of key statistical data. The project focuses on closing the most important data gaps and creating a modern statistical monitoring infrastructure for national accounts, agricultural production and welfare paired with open access data policies.

(2.1) National Account Statistics

28. The national accounts form the backbone of the national statistical system. Currently, national accounts are estimated based on incomplete data such as missing informal sector data and retail statistics limited to Luanda. In addition, in-house technical capacity at INE is limited, often resorting to external consultants to produce statistics. The project will improve INE's capacity to produce national account statistics and close the main data gaps. The tandem approach of building technical capacity and supporting data collection will contribute towards a sustainable quality improvement of the national accounts. The establishment of a welfare and agricultural production monitoring system will provide updated welfare and new agricultural production data to improve national account statistics (see subcomponents 2.2 and 2.3). In addition, the project will support an improvement and the maintenance of a business registry, a business survey to recalibrate the production price index, an informal sector survey and compilation of export and import price indices. These activities will be complemented by improving the quality and facilitating better access to administrative data. The production of quarterly GDP estimates will be supported by those activities as well as other relevant data collection activities like construction surveys.

(2.2) Welfare Monitoring System

29. Modern statistical systems are expected to update poverty numbers every three years. In Angola, the most recent poverty estimates are derived from data collected in 2008/9. The project will support the setup of a welfare monitoring infrastructure by establishing a flexible continuous survey system. The survey system will include two major household budget surveys in the first and fourth year of the project to produce updated poverty numbers every three years. Preparations for the first survey have already started and are planned to be supported by a PPA. In the two intermediate years, a follow-up survey will be conducted to update labor statistics and to infer poverty based on household characteristics. Anonymized datasets will be made freely available in a micro-data library. Statistical analysis of the data will be published in reports with gender-specific statistics for key indicators.

(2.3) Agricultural Production Monitoring System

30. Despite the importance of the agricultural sector, accurate statistics for agricultural production in Angola are non-existent. Since independence, no nationally representative agricultural survey has been conducted. To close this data gap in a sustainable way, the project will support the setup of an agricultural production monitoring system. The main objective of the monitoring system is the provision of high quality data to allow analysis and formulation of evidence-based policies and programs for the agricultural sector. In particular, the system aims to improve the understanding of the rural, agricultural sector including subsistence and small-holder farmers as well as commercial farmers. The system will allow the analysis of key constraints to agricultural growth and derive policies to overcome those. The Ministry of Agriculture will be closely involved in the design of the monitoring system to align with in-country systems and ensure complementarity with existing routine data collection efforts and available administrative data.

31. The agricultural production monitoring system will be initiated by an Agricultural Census (RAP) conducted in the first year of the project. The Census will include a structural survey with a sample of household farmers utilizing the data from the Population Census 2014 as sampling frame. Commercial farmers (about 8,000) as well as communes (618) will be completely enumerated. This system of surveys is already under preparation with field work planned to start quickly after project approval. Based on the generated data, follow-up sample surveys will be used to monitor agricultural production annually and provide more detailed data on selected subsectors like horticulture, forestry or fishery. Anonymized datasets will be made freely available in a micro-data library. All activities in this sub-component will be coordinated closely with the Ministry of Agriculture and FAO, which will provide the institutional assurance for the quality of the results.

(2.4) Analysis and Dissemination

32. Open access to anonymized data contributes to transparency, supports evidence-based policy analysis and also creates user demand for high quality statistics. In turn, this helps statistics producers to justify Government budget allocations to sustain a modern statistical system. Therefore, the project will support the development of data access and information policies, a revival of the existing micro-data library and more generally advocacy for statistics to strengthen user demand.

33. Policy relevance of data is created by providing insightful analysis in the form of policy notes. The project will fund the production of a policy note for each of the monitoring systems by the provision of technical assistance. With the lead of the Ministry of Planning, the welfare data will be analyzed and a policy note authored on poverty in Angola. Led by the Ministry of Agriculture, food security will be analyzed utilizing data from the agricultural surveys. Both policy notes will be showcased to the public to draw attention to the availability of high quality data. In addition, INE will produce an annual statistical yearbook to present new available statistics to the public.

(3) Project Management (US\$ 5 million)

34. The project aims to provide sustainable improvements to the statistical system in Angola. Utilizing an internal project implementation unit allows for sustained capacity in INE and maximizes INE's ownership of the project. The project manager will be staffed from INE's workforce. In addition, the project management unit will consist of a financial management specialist, a procurement specialist, an HR specialist and M&E as well as an ICT specialists. The unit will be supported by international consultants if needed with a focus on building the capacity of the unit over the initial phase of the project.

II. SAFEGUARDS

A. Project location and salient physical characteristics relevant to the safeguard analysis (if known)

Activities will be implemented at the INE office in Luanda, with the exception of surveys and gathering of statistical data, which are taking place across the entire country. Project benefits will be nationwide.

B. Borrower's Institutional Capacity for Safeguard Policies

Not applicable.

C. Environmental and Social Safeguards Specialists on the Team

Cheikh A. T. Sagna (GSU01)

D. POLICIES THAT MIGHT APPLY

Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	No	
Natural Habitats OP/BP 4.04	No	
Forests OP/BP 4.36	No	
Pest Management OP 4.09	No	
Physical Cultural Resources OP/BP 4.11	No	

Indigenous Peoples OP/BP 4.10	No	
Involuntary Resettlement OP/BP 4.12	No	
Safety of Dams OP/BP 4.37	No	
Projects on International Waterways OP/BP 7.50	No	
Projects in Disputed Areas OP/BP 7.60	No	

E. Safeguard Preparation Plan

1. Tentative target date for preparing the PAD Stage ISDS

29-Apr-2016

2. Time frame for launching and completing the safeguard-related studies that may be needed. The specific studies and their timing should be specified in the PAD-stage ISDS.

Not applicable.

III. Contact point

World Bank

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Borrower/Client/Recipient

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V. Approval

Task Team Leader(s):	Name: Utz Johann Pape	
<i>Approved By</i>		
Safeguards Advisor:	Name: Johanna van Tilburg (SA)	Date: 21-Mar-2016
Practice Manager/ Manager:	Name: Pablo Fajnzylber (PMGR)	Date: 21-Mar-2016
Country Director:	Name: Elisabeth Huybens (CD)	Date: 01-Apr-2016

1 Reminder: The Bank's Disclosure Policy requires that safeguard-related documents be disclosed before appraisal (i) at the InfoShop and (ii) in country, at publicly accessible locations and in a form and language that are accessible to potentially affected persons.