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Project Information Document (PID)

Concept Stage | Date Prepared/Updated: 03-Apr-2024 | Report No: PIDDC00625



BASIC INFORMATION

A. Basic Project Data

Project Beneficiary(ies) Angola	Operation ID P181495	Operation Name Enhancing the Social Protection System for Human Capital and Resilience	
Region EASTERN AND SOUTHERN AFRICA	Estimated Appraisal Date 17-Jun-2024	Estimated Approval Date 27-Sep-2024	Practice Area (Lead) Social Protection & Jobs
Financing Instrument Investment Project Financing (IPF)	Borrower(s) Ministry of Finance	Implementing Agency FAS Local Development Institute	

Proposed Development Objective(s)

Increase access to opportunities to build human capital and resilience, and to strengthen social protection system.

PROJECT FINANCING DATA (US\$, Millions)

Maximizing Finance for Development

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

Is this project Private Capital Enabling (PCE)?

SUMMARY

Total Operation Cost	400.00
Total Financing	400.00
of which IBRD/IDA	400.00
Financing Gap	0.00

DETAILS

World Bank Group Financing

International Bank for Reconstruction and Development (IBRD)	400.00
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Environmental and Social Risk Classification

Moderate

Concept Review Decision

The review did authorize the preparation to continue

Other Decision (as needed)

B. Introduction and Context

Country Context

1. **The Republic of Angola is a lower middle-income country (LMIC) that has relied on the petroleum industry to drive economic growth and rebuild a large part of its infrastructure.** In 2022, Angola was the third-largest economy in Sub-Saharan Africa and the second-largest oil producer on the continent. Angola's economy remains heavily dependent on the petroleum industry, which contributes significantly to its GDP, tax revenues, and exports. This reliance makes the economy susceptible to external shocks, which can lead to food price volatility, given that Angola imports over half of its food needs.¹

2. **A human capital crisis is unfolding in Angola, hindering economic diversification and sustained growth.** Despite its wealth, Angola's human capital outcomes remain significantly lower than those of comparable countries.² Life expectancy of 61.5 is more than six years below the global LMIC average. The Human Capital Index (HCI) of 0.36 is among the lowest in the world, driven in parts by the high prevalence of stunting among children under two years of age (32 percent). One in six school-aged children do not attend school, and maternal and child mortality rates are about twice as high as the average in other LMICs.³ This situation impedes Angola's potential for sustainable and inclusive growth, which relies on human capital for increased productivity, the development of a diversified economy, and enhanced resilience to climate change.⁴

3. **Growing exposure to extreme climatic events and other types of shocks threatens economic prospects.** Angola ranks 38th in the list of the most climate vulnerable countries,⁵ with over a third of the population at risk of falling into or experiencing worsening poverty due to climatic shocks.⁶ Droughts already impact one million people per year on average, mainly in impoverished southern provinces.⁷ Climate-related agricultural losses could soon cost the economy US\$100 million annually, while rising temperatures and extended dry seasons jeopardize food and water security.⁸ Urban areas, home to over 60 percent of the population, may also experience increased flooding.⁹

4. **Meanwhile, poverty and inequality remain high.** Angola continues to struggle with high poverty levels, with almost a third of the population or around 10 million people living under the national poverty line.¹⁰ While rural areas

¹ World Bank. [Macro Poverty Outlook](#). Annual Meetings 2023.

² [Human capital](#) consists of the knowledge, skills, and health that people accumulate throughout their lives, enabling them to realize their potential as productive members of society.

³ [World Bank Gender Data Portal](#).

⁴ Building human capital is identified as: a key priority for the country for reducing poverty and boosting economic growth; and one of the five pathways to climate resilience. (World Bank. [Macro Poverty Outlook](#). Annual Meetings 2023; World Bank. 2022. [Angola Country Climate Development Report](#). World Bank Group).

⁵ [2018 Notre Dame Global Adaptation Initiative Readiness Index](#).

⁶ Hallegatte et al. 2016. *Shock Waves: Managing the Impacts of Climate Change on Poverty*. Climate Change and Development. World Bank; Washington, DC.

⁷ World Bank. 2022. [Angola Country Climate Development Report](#). World Bank Group.

⁸ World Bank. 2022. *Angola Country Climate and Development Report*. Washington: DC.

⁹ [Think Hazard](#).

¹⁰ National Poverty Rate. Survey on Expenditure, Income and Employment in Angola (Inquérito Sobre Despesas, Receitas e Emprego em Angola, IDREA) 2018-19; and World Bank. 2020. [Angola Poverty Assessment](#).



experience nearly three times the poverty rate of urban areas, rapid urbanization has led to a significant increase in the share of urban poor. Food insecurity is widespread, affecting both rural and urban households.¹¹ Angola's Gini coefficient reflects high inequality, with wealth distribution remaining minimal among the population.¹²

5. **Productive employment opportunities remain scarce, especially for the poor and for women.** A significant portion of the poor works in low-income agricultural jobs and lacks education, with limited opportunities to access better jobs or increase income.¹³ Gender barriers further contribute to an over-concentration of women in low-quality jobs.¹⁴ Gender disparities exacerbate poverty and vulnerability for women, with large rural households led by women facing higher poverty rates than those led by men. Angola's very high fertility rate (the second highest in the world), coupled with low enrollment of girls in secondary education, perpetuate a cycle of gendered risks, poverty, and vulnerability.¹⁵

Sectoral and Institutional Context

6. **Angola has made significant commitments to investing in its social protection (SP) system.** Historically, the SP sector was underfunded and did not effectively reach the poor and vulnerable. Fuel subsidies represented the bulk of SP expenditures, averaging about three percent of GDP. Social safety nets programs that specifically target the poor were fragmented and limited in scale, at 0.4 percent of GDP over the last decade, which is significantly below the Sub-Saharan Africa average of 1.2 percent.¹⁶ The establishment of the Kwenda safety net program in 2020 marked a turning point. Sectoral strategy has also been strengthened, and is now anchored in the Basic Law on Social Protection (2004) and the National Policy on Social Action (2021). More recently, the country launched a new Long-Term Strategy "Angola 2050", and the recently adopted National Development Plan (NDP) 2023-2027, both of which outline priority investments for the SP sector.

7. **Kwenda has helped to establish the foundations a well-functioning SP system to boost human capital investments and resilience of the poor.** Kwenda was initially designed as a subsidy reform compensation mechanism, but evolved into a broader poverty reduction program. It builds on previous World Bank investments in the sector through the Local Development Project (P105101) and is financed through a US\$320 million IBRD loan through the Strengthening the National Social Protection System Project (P169779) combined with US\$100 million from government resources. Kwenda is implemented by the FAS-Local Development Institute (*FAS-Instituto de Desenvolvimento Local* or FAS-IDL), with high-level oversight provided by an intersectoral committee.¹⁷ As of January 2024, Kwenda has registered over 1.5 million vulnerable households and provided cash transfers to almost one million – two thirds of which are headed by women. It has also helped improved access to human capital services, stimulated self-employment through productive inclusion activities, and invested in delivery systems (including for registration, information management, grievance redress, and payment).

8. **Despite this progress, the restructuring of SP spending has been slow, and the institutional landscape for SP remains fragmented with coordination challenges.** In particular, the government committed to financing an extension of the duration and scale of Kwenda, however, these funds are yet to materialize. Moreover, the urban poor continue to be without any safety nets to protect them against shocks. Finally, institutional fragmentation remains a challenge with

¹¹ World Bank, Forthcoming. Angola Adaptive Social Safety Nets Report, 2023.

¹² World Bank. 2020. [Angola Poverty Assessment](#).

¹³ World Bank. 2020. [Angola Poverty Assessment](#).

¹⁴ Monsalve Montiel, Emma Mercedes; Cunningham, Wendy; Ngarachu, Maria Njambi. Good Jobs for Angolan Youth: Opportunities, Challenges, and Policy Directions – Policy Brief (English). Washington, D.C.: World Bank Group.

¹⁵ [DHS program. 2015-16 Angola Multiple Indicator and Health Survey](#)

¹⁶ World Bank. 2023. Angola Public Finance Review. © World Bank.

¹⁷ Chaired by the Minister of State for Social Affairs and comprising Ministers of the Ministry of Social Action, Family and Women's Promotion (*Ministério da Acção Social, Família e Promoção da Mulher* or MASFAMU), the Ministry for Territorial Administration (*Ministério da Administração do Território* or MAT), the Ministry of Finance, and other relevant line Ministries.



overlapping responsibilities and mandates – especially between FAS-IDL that implements Kwenda and MASFAMU with the mandate for SP policy, municipalization of social action, and the social registry (*Cadastro Social Único* or CSU).

9. **Against this backdrop, the Government has requested support from the World Bank to continue to build human capital and resilience of the poor and strengthen the SP system to promptly detect and respond to shocks.** In line with Angola 2050 and the new NDP and building on achievements of the ongoing project and previous investments, the proposed project will focus on improving human capital and resilience among poor and vulnerable households in rural and urban areas. The project will also further develop social protection delivery systems improving adaptiveness to shocks and operationalizing the national social registry. The proposed project will also complement and closely coordinate with IBRD investments in health, education, agriculture, governance, private sector, and digital development, to ensure complementarities.¹⁸

Relationship to CPF

10. **The proposed project is aligned with the Country Partnership Framework (CPF) and contributes to both World Bank corporate priorities and Angola’s long-term strategies.** The proposed operation contributes to human capital objectives under the new World Bank’s CPF currently in preparation. It is aligned with the World Bank’s expanded mission and the evolution roadmap, and contributes to the Global Challenge Programs (GCPs) on food and nutrition security and accelerating digitization. The project will also help Angola deliver on its climate objectives, including its Nationally Determined Contribution, by supporting mitigation and adaptation.

C. Proposed Development Objective(s)

Increase access to opportunities to build human capital and resilience, and to strengthen social protection system.

Key Results (From PCN)

To increase access to opportunities to build human capital:

- (a) Beneficiaries utilizing core early childhood development services (disaggregated by gender, disability, and rural/urban) (percent)

To increase access to opportunities to build resilience:

- (b) Households receiving cash transfers (disaggregated by gender, disability, and rural/urban) (number)
- (c) Beneficiaries utilizing productive inclusion services (disaggregated by gender, disability, and rural/urban) (percent)

To strengthen the social protection system:

- (d) Households living in climate vulnerable areas with updated household data in social registry (disaggregated by gender, disability, and rural/urban) (percent)
- (e) Frontline staff certified in social protection skills (disaggregated by gender, and rural/urban) (number)

D. Concept Description

11. **The proposed project aims to enhance human capital development, resilience, and sustainable livelihood opportunities for the poor and vulnerable, while cushioning them against negative effects of shocks.** It will also strengthen SP institutions, coordination, modernization of delivery systems, and program implementation. The beneficiaries of this project will include poor and vulnerable households in rural and urban areas, women, and

¹⁸ Angola Health System Performance Strengthening Project (P160948); Girls Empowerment and Learning for All Project (P168699); Tertiary Education, Science, and Technology Project (TEST, P179154); Strengthening Governance for Enhanced Service Delivery Project (P178040); Smallholder Agricultural Transformation Project (MOSAP 3, P177305); Accelerating Economic Diversification and Job Creation Project (P178035); [CRESCER Project](#).



populations vulnerable to climate change and economic shocks, including those residing along the Lobito corridor.¹⁹ The following activities are planned.

Component 1: Human Capital and Resilience Building

12. This component aims to boost human capital accumulation, household resilience, and productive opportunities for the poor. Specifically:

- (a) Human capital activities will focus on early childhood development (ECD) and nutrition of pregnant women, lactating mothers, and children under two years of age. This may include interventions such as nutrition training, behavior change communication, and improved parenting practices. Supply side linkages with other human development initiatives will be explored.
- (b) Resilience will be strengthened by providing poor and vulnerable households with regular and predictable income support in the form of cash transfers, and temporary increases in the amount of support in case of shocks. Cash transfers will continue to be provided to current Kwenda beneficiaries (mostly rural) and be expanded to include new beneficiaries among the poor (including in urban areas) with the objective of covering at least two years of support for all. After that period, a set of highly vulnerable households would be identified for extended term support. At the onset, sock-responsive support is expected to target regions of Angola that are experiencing increasingly frequent and intense droughts.
- (c) Productive inclusion activities will seek to improve access to income generating opportunities for a subset of cash transfer recipients, with a particular focus on those in the Lobito corridor. This support may cover the provision of a startup grant; trainings in entrepreneurship, financial literacy, and technical skills; and/or ongoing mentoring and coaching.

Component 2: Modernization of Social Protection Delivery Systems

13. This component will support different activities to improve the efficiency of SP delivery systems and their capacity to respond to shocks. This will include the digitization of some delivery systems (including the management information system (MIS), grievance redress mechanism (GRM), and payment processes); the development of a climate, food security and price monitoring mechanisms; and the operationalization of the national social registry (CSU)²⁰ – as fundamental building blocks of an adaptive SP system.

Component 3: Strengthening SP Skills, Policy, and Coordination

14. This component will support the creation of a national SP curriculum at the National Training School for Social Service Technicians (*Escola Nacional de Formação de Técnicos do Serviço Social* or ENFOTSS) and the training of relevant administrators and staff, including among Community Development and Sanitation Agents (*Agentes de Desenvolvimento Comunitário e Sanitário* or ADECOS) and Integrated Social Action Centers (*Centros de Ação Social Integrada* or CASI). It will also seek to strengthen coordination mechanisms among key stakeholders, based on new incentive, accountability, and reporting structures; and establish a unified sectoral vision with sustainable policies and financing in place.

Component 4: Project Management, Monitoring and Evaluation.

15. This component will ensure effective project management and implementation, including through continuous learning, evaluation, communication, and capacity-building.

Component 5: Contingency Emergency Response Component (CERC).

¹⁹ The Lobito corridor is centered around the Benguela rail line, that runs from the port of Lobito to Luau in the Democratic Republic of Congo (DRC), crossing four provinces of Angola (Benguela, Huambo, Bie, and Moxico). Recent concession agreement (November 2022) for the operation of the Benguela rail line is reinvigorating government efforts to leverage the corridor for regional integration and economic diversification in partnership with the private sector.

²⁰ Presidential Decree 136/19 of May 2019 outlines the scope, objectives, and purposes of the CSU, and places the mandate for operationalizing it under MASFAMU.



16. The project will include a zero-fund component (CERC) to allow for the rapid reallocation of project resources in the event of an eligible crisis or emergency.

Legal Operational Policies

	Triggered?	
	Last approved	Current
Projects on International Waterways OP 7.50	No	
Projects in Disputed Area OP 7.60	No	

Summary of Screening of Environmental and Social Risks and Impacts

17. **Environment and social risks are rated as moderate.** This rating results from a combination of the Borrower’s prior experience implementing WB-financed operations in a manner consistent with the ESF and the availability of reliable social and environmental mitigation measures. Specifically:

- (a) Environmental risks are considered to be moderate. While small-scale rehabilitation activities may be considered to improve specifically identified Integrated Social Action Centers (CASIs), risks and impacts are expected to be site specific, temporary, and limited in space. As such, they are not expected to be significant and can be managed by adopting general mitigation measures applicable to civil works.
- (b) Social risks are considered to be moderate. Social risks could include localized conflicts over cash transfers, productive inclusion, and human capital activities (e.g., between eligible and ineligible persons or within households) as well as gender-based violence (GBV) or sexual exploitation and abuse/sexual harassment (SEA/SH) risks that could be exacerbated by the project. The rating also reflects the context of operating in southern Angola, which is home to Indigenous Persons and Ethnolinguistic minority communities.

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APPROVAL

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