May 6, 2016

H. E. Armando Manuel  
Minister of Finance  
Ministry of Finance  
Largo da Mutamba  
Luanda, Angola

REPUBLIC OF ANGOLA:  
Water Sector Institutional Development Project  
(Credit No. 4501-ANG and Credit No. 4970-AO)  
Amendment to the Amended and Restated Financing Agreement

Excellency:

We refer to the Amended and Restated Financing Agreement (the "Agreement") dated October 31, 2012, as amended to date, between the Republic of Angola ("the Recipient") and the International Development Association ("the Association") for the above-mentioned Project (the "Project").

We also refer to your letter, dated November 20, 2015, requesting the Association for specific amendments to the Agreement. Therefore, we propose to amend the Agreement as follows:

1. Schedule I (Project Description) of the Agreement is deleted in its entirety and is replaced with the Annex 1 to this amendment letter.

2. Paragraph 13 in Section I of Schedule 2 to the Agreement is amended to read as follows:

"13. Mid-Term Review

No later than June 30, 2016, or such later date as may be agreed upon by the Recipient and the Association, the Recipient and the Association shall carry out a mid-term review of the Project, covering the progress achieved in the implementation of the Project. The Recipient shall prepare, under terms of reference satisfactory to the Association, and shall furnish to the Association approximately three (3) months prior to the beginning of such mid-term review of the Project, a report integrating the results of the monitoring and evaluation activities performed pursuant to this Agreement, on the progress achieved in the carrying out of the Project during the period preceding the date of such report, and setting out the measures recommended to ensure the efficient carrying out of the Project and the achievement of the objective of the Project during the period following such date.

3. The table in Section IV.A.2 in Schedule 2 to the Agreement is deleted in its entirety and is replaced with the Annex 2 attached to this amendment letter.

4. The term "AMU" is replaced with the term "INAS" in the entire Agreement.
All other provisions of the Agreement, except as amended herein, shall remain in full force and effect.

Please confirm your understanding to the foregoing, on behalf of the Donor, by signing, dating, and returning to us the enclosed copy of this letter of amendment. Upon receipt by the Association of the copy of this letter of amendment countersigned by you, this letter of amendment will become effective as of the date of countersignature.

Sincerely,

INTERNATIONAL DEVELOPMENT ASSOCIATION

AGREED:

REPUBLIC OF ANGOLA

By:

Name
Title:
Date:
SCHEDULE 1

Project Description

The objective of the Project is to strengthen the institutional capacity and efficiency of the Recipient’s agencies in the water sector to improve access to water service delivery.

The Project consists of the following parts:

Part A: Development of Institutions in the Water Supply and Sanitation Sub-Sector

1. Provision of technical assistance to MINEA to develop regulatory frameworks and studies to prepare the Statutes of the INAS (National Institute of Water And Sanitation) as a public agency responsible for supporting both the water and wastewater public services in provinces and in municipal urban centers in the Recipient’s territory.

2. Provision of technical assistance to Participating Provinces to develop regulatory frameworks and studies for purposes of creating and supporting PWSUs.

3. Provision of technical assistance to MINEA to develop regulatory frameworks and studies to enable the creation of a national water regulatory agency, as a public institute responsible for the economic regulation of the PWSUs.

Part B: Water Resources Management

1. Provision of technical assistance to MINEA to develop regulatory frameworks and studies to enable the creation of a water resources institute responsible for the policy reforms and financial sustainability of the water resources management sub-sector in the Recipient’s territory.

2. Provision of technical assistance to MINEA to: (a) formulate a pilot scheme designed to develop an integrated basin management plan for the Cuanza river; and (b) initiate the review of the framework for safety of dams in the Recipient’s territory.

3. Rehabilitation of the Recipient’s: (a) approximately 35 hydrometric stations; (b) hydrometric network; and (c) information management system.

Part C: Rehabilitation of Water Supply Systems

1. (a) Construction of approximately 330 kilometers of water supply networks and about 60,000 domestic connections in urban and peri-urban areas; and (b) provision of technical assistance including for the supervision of construction contracts.

2. Development of a technical cadastre for about 60,000 connections to enable: (a) an information system for measuring water consumption; and (b) a system to process bills to customers and to record customer payments.

3. Rehabilitation of the production and expansion of the distribution system of water supply including: (a) rehabilitation of production and treatment facilities, (b) construction of new water distribution reservoirs, at existing water treatment plants; (c) construction of new facilities such as water quality laboratories and related equipment, at existing water treatment plants; (d) replacement
of electro-mechanical equipment; (e) construction of new wells; (f) construction of about 570 kilometers of water supply networks in addition to those under C.1(a); (g) construction of about 50,000 domestic connections; and (h) provision of technical assistance, including for the supervision of construction contracts.

4. Development of a technical cadastre for about 50,000 connections to enable: (a) an information system for measuring water consumption; and (b) a system to process bills to customers and to record customer payments.

Part D: Capacity Building and Change Management

1. (a) Provision of technical assistance, training, and goods to MINEA’s central and provincial staff to strengthen their: (i) management capacity; and (ii) technical capacity to develop systems for water quality testing and monitoring; and

2. Carrying out of environmental and resettlement assessments and corresponding environmental and resettlement action plans in connection with the carrying out of Parts B.3; C; and D.3(b) of the Project.

3. (a) Provision of technical assistance and training to PWSUs’ management staff to enhance their administrative and technical capacities; and

   (b) Formulation and implementation of pilot schemes designed to build institutional capacities and support activities benefiting the poor in peri-urban areas served by the PWSUs.

4. Provision of technical assistance to MINEA to implement the GAAP and corresponding risk management plans.

5. Strengthening of PWSUs’ management capacities through the provision of Performance Payments.
### Annex 2

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Original Credit Allocated (expressed in SDR)</th>
<th>Percentage of Expenditures to be Financed Under the Original Credit (Inclusive of Taxes)</th>
<th>Amount of the Additional Credit Allocated (expressed in SDR)</th>
<th>Percentage of Expenditures to be Financed Under the Additional Credit (Inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Works</td>
<td>19,800,000</td>
<td>50%</td>
<td>48,930,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Goods and Operating Costs</td>
<td>2,900,000</td>
<td>50%</td>
<td>557,500</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Consultants' services and Training:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) under Parts A.2 and D.3 of Project</td>
<td>1,000,000</td>
<td>50%</td>
<td>7,000,000</td>
<td>100%</td>
</tr>
<tr>
<td>(b) under Parts A.3 and B.1 of the Project</td>
<td>800,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(c) under Parts A.1, B.2, B.3, C, D.1 (a), D.2 and D.4 of the Project</td>
<td>6,700,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(4) Goods, Consultants’ Services and Training under Performance Payments and covered by the Annual Plan</td>
<td>300,000</td>
<td>50%</td>
<td></td>
<td>100%</td>
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<tr>
<td>(5) Refund of Project Preparation Advance</td>
<td>500,000</td>
<td>Amount payable pursuant to Section 2.07 of the General Conditions</td>
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<td></td>
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<tr>
<td>(6) Unallocated</td>
<td>0</td>
<td></td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>(7) Non-Consulting Services</td>
<td>3,000,000</td>
<td></td>
<td>17,612,500</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL AMOUNT</strong></td>
<td><strong>35,000,000</strong></td>
<td></td>
<td><strong>74,100,000</strong></td>
<td></td>
</tr>
</tbody>
</table>