Loan Agreement

(Growth and Inclusion Development Policy Loan)

between

REPUBLIC OF ANGOLA

and

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
LOAN NUMBER 8983-AO

LOAN AGREEMENT

AGREEMENT dated as of the Signature Date between REPUBLIC OF ANGOLA ("Borrower") and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("Bank") for the purpose of providing financing in support of the Program (as defined in the Appendix to this Agreement). The Bank has decided to provide this financing on the basis, *inter alia*, of: (i) the actions which the Borrower has already taken under the Program and which are described in Section I.A of Schedule 1 to this Agreement; and (ii) the Borrower’s maintenance of an adequate macroeconomic policy framework. The Borrower and the Bank therefore hereby agree as follows:

**ARTICLE I — GENERAL CONDITIONS; DEFINITIONS**

1.01. The General Conditions (as defined in the Appendix to this Agreement) apply to and form part of this Agreement.

1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement.

**ARTICLE II — LOAN**

2.01. The Bank agrees to lend to the Borrower the amount of Five Hundred Million Dollars ($500,000,000), as such amount may be converted from time to time through a Currency Conversion ("Loan").

2.02. The Front-end Fee is one quarter of one percent (0.25%) of the Loan amount.

2.03. The Commitment Charge is one quarter of one percent (0.25%) per annum on the Unwithdrawn Loan Balance.

2.04. The interest rate is the Reference Rate plus the Fixed Spread or such rate as may apply following a Conversion; subject to Section 3.02(e) of the General Conditions.

2.05. The Payment Dates are January 15 and July 15 in each year.

2.06. The principal amount of the Loan shall be repaid in accordance with Schedule 2 to this Agreement.

2.07. Without limitation upon the provisions of Section 5.05 of the General Conditions, the Borrower shall promptly furnish to the Bank such information relating to the provisions of this Article II as the Bank may, from time to time, reasonably request.
ARTICLE III — PROGRAM

3.01. The Borrower declares its commitment to the Program and its implementation. To this end, and further to Section 5.05 of the General Conditions:

(a) the Borrower and the Bank shall from time to time, at the request of either party, exchange views on the Borrower’s macroeconomic policy framework and the progress achieved in carrying out the Program; and

(b) without limitation upon paragraph (a) of this Section, the Borrower shall promptly inform the Bank of any situation that would have the effect of materially reversing the objectives of the Program or any action taken under the Program including any action specified in Section 1 of Schedule 1 to this Agreement.

ARTICLE IV — REMEDIES OF THE BANK

4.01. The Additional Event of Suspension consist of the following, namely that a situation has arisen which shall make it improbable that the Program, or a significant part of it, will be carried out.

ARTICLE V — EFFECTIVENESS; TERMINATION

5.01. The Additional Condition of Effectiveness consists of the following:

(a) that the Bank is satisfied with the progress achieved by the Borrower in carrying out the Program and with the adequacy of the Borrower’s macroeconomic policy framework; and

(b) that the Borrower has furnished to the Bank documentary evidence in form and substance satisfactory to the Bank, of the establishment of the necessary arrangements, satisfactory to the Bank, to ensure the Borrower is in compliance with Section 6.02 of the General Conditions.

5.02. The Effectiveness Deadline is the date ninety (90) days after the Signature Date.
ARTICLE VI — REPRESENTATIVE; ADDRESSES

6.01. The Borrower’s Representative is its Minister of Finance.

6.02. For purposes of Section 10.01 of the General Conditions:

(a) the Borrower’s address is:

Ministério das Finanças
Largo da Mutamba
Luanda, Angola

Facsimile:

+244 222 706 002/3

6.03. For purposes of Section 10.01 of the General Conditions:

(a) the Bank’s address is:

International Bank for Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America; and

(b) the Bank’s Electronic Address is:

Telex: Facsimile:

248423(MCI) or 1-202-477-6391
64145(MCI)
AGREED as of the Signature Date.

REPUBLIC OF ANGOLA

By

[Signature]
Authorized Representative

Name: **AUGUSTO ARCHER MANGUEIRA**
Title: **MINISTER OF FINANCE**
Date: **JULY 23, 2019**

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By

[Signature]
Authorized Representative

Name: **OLIVIER LAMBERT**
Title: **COUNTRY MANAGER**
Date: **JULY 23, 2019**
SCHEDULE 1

Program Actions; Availability of Loan Proceeds

Section I. Actions under the Program

A. Actions to be Taken Under the Program. The actions to be taken by the Borrower under the Program include the following:

Pillar 1: Strengthening the Macro-Financial and Institutional Environment

1. The Borrower, through MINFIN, has improved the transparency and efficiency of public debt management and operations, by introducing the first medium-term debt management strategy (MTDS) and an annual borrowing plan, as evidenced by: (i) the publication of the MTDS in MINFIN’s Debt Management Unit on March 26, 2019; and (ii) publication of the annual borrowing plan in MINFIN’s Debt Management Unit website on February 5, 2019.

2. The Borrower has strengthened the resilience of the banking system by establishing a Deposit Guarantee Fund (DGF) and approving implementing regulations for the DGF, as evidenced by Presidential Decree No. 195/18 of August 22, 2018, creating the DGF, published in the Diário da República on August 22, 2018; and by BNA’s Avisos No. 1/19 and 2/19 both of January 11, 2019, regulating the DGF, published in the Diário da República on January 11, 2019.

3. The Borrower has taken the necessary steps to reduce fiscal pressures from SOEs and ensure that SOEs are commercially viable by strengthening the legal and institutional framework for SOE oversight and privatization, as evidenced by: (i) Presidential Decree No. 141/18 of June 7, 2018 approving a new law strengthening the mandate of IGAPE, published in the Diário da República on June 7, 2018; (ii) Law No. 10/19 dated May 14, 2019, enacting the Borrower’s new privatization law, published in the Diário da República on May 14, 2019.

4. The Borrower has initiated a utilities pricing and subsidies reform by carrying out an electricity tariff revision, as evidenced by the issuance and publication of a Ministerial Decree endorsing a new electricity tariff revision.

5. The Borrower has taken measures to level the playing field for private investments by approving: (i) a new private investment law that eliminates local shareholder requirements for foreign investors, as evidenced by Law No. 10/18 of June 26, 2018, published in the Diário da República on June 26, 2018; (ii) a new competition law, as evidenced by Law No. S/18 of April 30, 2018, published in the Diário da República on May 10, 2018; and (iii) the establishment of a Competition Regulatory Authority (ARC), as evidenced by

Pillar 2: Protecting the Poor and Vulnerable

6. The Borrower, through MASFAMU, has taken the necessary steps for the establishment of a nation-wide cash transfer program by creating a unified social registry (Cadastro Social Único) as the building block for a nationwide cash transfer program, as evidenced by Presidential Decree No. 136/2019 of May 10, 2019.

7. The Borrower, through BNA, has taken the necessary measures to strengthen and modernize the national payments system, by restructuring the BNA’s payments systems unit to ensure independent and adequate oversight, as evidenced by BNA’s Despacho No. 28/2019 of March 6, 2019.

Section II. Availability of Loan Proceeds

A. General. The Borrower may withdraw the proceeds of the Loan in accordance with the provisions of this Section and such additional instructions as the Bank may specify by notice to the Borrower.

B. Allocation of Loan Amounts. The Loan (except for amounts required to pay the Front-end Fee) is allocated in a single withdrawal tranche, from which the Borrower may make withdrawals of the Loan proceeds. The allocation of the amounts of the Loan to this end is set out in the table below:

<table>
<thead>
<tr>
<th>Allocations</th>
<th>Amount of the Loan Tranche Allocated (expressed in Dollars)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Single Withdrawal Tranche</td>
<td>498,750,000</td>
</tr>
<tr>
<td>(2) Front-end Fee</td>
<td>1,250,000</td>
</tr>
<tr>
<td>(3) Amount due pursuant to Section 4.05 (c) of the General Conditions</td>
<td>0</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>500,000,000</td>
</tr>
</tbody>
</table>
C. **Withdrawal Tranche Release Conditions**

No withdrawal shall be made of the Single Withdrawal Tranche unless the Bank is satisfied: (a) with the Program being carried out by the Borrower; and (b) with the adequacy of the Borrower’s macroeconomic policy framework.

D. **Deposit of Loan Amounts**

1. Notwithstanding the provisions of Section 2.03 of the General Conditions:

   (a) all withdrawals from the Loan Account shall be deposited by the Bank into an account designated by the Borrower on terms and conditions satisfactory to the Bank; and

   (b) the Borrower shall ensure that, upon each deposit of an amount of the Loan into this account, an equivalent amount is accounted for in the Borrower’s budget management system, in a manner acceptable to the Bank.

E. **Audit.** Upon the Bank’s request, the Borrower shall:

1. have the account and the recoding of the amounts of the of the Loan into the Borrower’s budget management system referred in part D of this section, audited by independent auditors acceptable to the Bank, in accordance with consistently applied auditing standards acceptable to the Bank; and

2. furnish to the Bank as soon as available, but in any case, not later than four (4) months after the end of the Borrower’s fiscal year, a certified copy of the report of such audit, of such scope and in such detail as the Bank shall reasonably request and make such report publicly available in a timely fashion and in a manner acceptable to the Bank.

F. **Closing Date.** The Closing Date is December 1, 2020.
SCHEDULE 2

Commitment-Linked Amortization Repayment Schedule

The following table sets forth the Principal Payment Dates of the Loan and the percentage of the total principal amount of the Loan payable on each Principal Payment Date ("Installment Share").

<table>
<thead>
<tr>
<th>Principal Payment Date</th>
<th>Installment Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>On each January 15 and July 15</td>
<td></td>
</tr>
<tr>
<td>Beginning July 15, 2029,</td>
<td>2.5%</td>
</tr>
<tr>
<td>through January 15, 2049</td>
<td></td>
</tr>
</tbody>
</table>
APPENDIX

Section I. Definitions

1. “BNA” means Banco Nacional de Angola, the Borrower’s Central Bank.


3. “IGAPE” means Instituto de Gestão de Activos e Participações do Estado, the Borrower Institute for the Management of State Assets and Investments.


5. “MASFAMU” means Ministério da Acção Social, Família e Promoção da Mulher, the Borrower’s ministry of social action, family and the promotion of women.

6. “MINFIN” means Ministério das Finanças, the Borrower’s ministry of finance.

7. “Program” means the program of objectives, policies, and actions set forth or referred to in the letter dated May 9, 2019, from the Borrower to the Bank declaring the Borrower’s commitment to the execution of the Program, and requesting assistance from the Bank in support of the Program during its execution and comprising actions taken, including those set forth in Section I of Schedule I to this Agreement, and actions to be taken consistent with the program’s objectives.

8. “Signature Date” means the later of the two dates on which the Borrower and the Bank signed this Agreement and such definition applies to all references to “the date of the Loan Agreement” in the General Conditions.

9. “Single Withdrawal Tranche” means the amount of the Loan allocated to the category entitled “Single Withdrawal Tranche” in the table set forth in Part B of Section II of Schedule I to this Agreement.