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**President's report**  
**Proposed loan**  
**Republic of Angola**  
**Artisanal Fisheries and Aquaculture Project, Phase 2**  
Project ID: 2000003952

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**Action:** The Executive Board is invited to approve the recommendation contained in paragraph 70.

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### Project delivery team

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## Map of the project area



The designations employed and the presentation of the material in this map do not imply the expression of any opinion whatsoever on the part of IFAD concerning the delimitation of the frontiers or boundaries, or the authorities thereof.  
Map compiled by IFAD | 02-08-2023

## Financing summary

<b>Initiating institution:</b>	IFAD
<b>Borrower/recipient:</b>	Republic of Angola
<b>Executing agency:</b>	Ministry of Fisheries and Marine Resources
<b>Total project cost:</b>	US\$90 million
<b>Amount of IFAD loan 1 under the performance-based allocation system (PBAS):</b>	US\$42.78 million
<b>Terms of IFAD loan 1:</b>	Ordinary terms: Up to 30 years, including a grace period of up to 8 years, with an average repayment maturity of 18 years, subject to interest at a rate equal to the IFAD reference interest rate, including a variable spread
<b>Amount of IFAD loan 2 under the Borrowed Resource Access Mechanism (BRAM):</b>	US\$15.0 million
<b>Terms of IFAD loan 2:</b>	Ordinary terms: Up to 30 years, including a grace period of up to 8 years, with an average repayment maturity of 18 years, subject to interest at a rate equal to the IFAD reference interest rate, including a variable spread
<b>Cofinancier:</b>	European Union
<b>Amount of cofinancing:</b>	US\$10 million
<b>Terms of cofinancing:</b>	Grant
<b>Contribution of borrower:</b>	US\$9.22 million
<b>Contribution of beneficiaries:</b>	US\$4.96 million
<b>Contribution of private sector:</b>	US\$8.04 million
<b>Amount of IFAD climate finance:</b>	US\$35.853 million
<b>Cooperating institution:</b>	IFAD

## I. Context

### A. National context and rationale for IFAD involvement

#### National context

1. **Political, economic and social context.** Angola's economy is classified as a lower-middle-income economy, with an estimated nominal GDP of US\$135.6 billion in 2023. The country's economy is largely dependent on the petroleum industry, which accounts for over 50 per cent of GDP and about 90 per cent of export earnings. Unemployment remains high, at 30 per cent, and the Angolan kwanza faced depreciation pressures in mid-2023. A slight improvement in non-oil sector performance was offset by a decline in oil production.
2. **Poverty.** The Human Development Report published by the United Nations Development Programme in 2023 indicates that, in 2021, 51 per cent of the population (17.63 million people) were living in multidimensional poverty and 32.5 per cent in extreme poverty, and an additional 15.5 per cent (5.4 million people) were at risk of multidimensional poverty. The Gini index, which stood at 51.34 in 2018,<sup>1</sup> testifies to the depth of inequality. While some encouraging developments have been observed since 2021, the persistence of poverty and inequality contribute to the country's poor ranking on the Human Development Index.
3. **Food security and nutrition.** Many families continue to experience severe food insecurity as a result of cyclical droughts in the south-western part of the country. In 2021, Angola ranked 97 out of 116 on the Global Hunger Index. High levels of acute food insecurity, coupled with inadequate care and feeding practices, limited access to safe drinking water and low infectious disease vaccination coverage, contribute to high levels of acute malnutrition in drought-affected areas.
4. **National strategies, policies and programmes.** The medium-term National Development Plan 2023–2027 and the long-term development strategy, Angola 2050, comprise the development framework for Angola. The goal and development objective of the Artisanal Fisheries and Aquaculture Project, Phase 2 (AFAP-2), are consistent with the various national policy instruments and will directly contribute to the achievement of the objectives of these national policies, plans and strategies.
5. **Key actors and institutional arrangements and multisectoral platforms.** Key institutions and government bodies include: (i) the Ministry of Social Affairs, which is leading the implementation of the integrated plan for poverty reduction; (ii) the Ministry of Agriculture and Forestry, which is responsible for the national agricultural policy; (iii) the Ministry of Fisheries and Marine Resources (MINPERMAR), under which the lead implementing agency for AFAP-2 will be based; (iv) the Ministry of Environment; and (v) the Ministry of Industry and Commerce.

#### Special aspects relating to IFAD's corporate mainstreaming priorities

6. In line with IFAD's mainstreaming commitments, the project has been validated as:
  - Including climate finance
  - Nutrition-sensitive
  - Youth-sensitive
  - Including adaptive capacity
7. **Climate vulnerability.** The climate risk classification of AFAP-2 is moderate. This classification recognizes that climatic events such as floods and droughts may have adverse impacts on productivity under AFAP-2. Specific measures to increase climate change resilience are set out in the climate risk management plan, which

<sup>1</sup> World Bank. Gini index – Angola, 2018. <https://data.worldbank.org/indicator/SI.POV.GINI?locations=AO>.

provides options for enhancing the climate resilience of communities and their livelihoods.

8. **Nutrition.** Angola's rank of 97 out of the 116 countries on the 2021 Global Hunger Index and its score of 26 mean that the country suffers from a serious level of hunger.
9. **Gender.** There is widening gender inequality in Angola. The country's overall Global Gender Gap score is 0.657, which is one of the highest in the world and positions Angola at 119 out of 153 countries. The project aims to: (i) expand women's economic empowerment through access to and control over productive and household assets; (ii) strengthen women's decision-making role in the household, community and community-based organizations; and (iii) achieve an equitable workload balance between women/girls and men/boys in the household.
10. **Youth.** Angola has a youthful population. About 19 per cent of the country's people are between 15 and 24 years of age and 66 per cent of are under 25. In the northern and central provinces of Bié, Bengo, Uíge, Malanje and Cuanza Norte, young people make up 35 per cent of the population.<sup>2</sup> The youth face many challenges in the areas of education, employment, access to productive resources, lack of entrepreneurial skills and basic nutrition.

#### **Rationale for IFAD involvement**

11. The first Artisanal Fisheries and Aquaculture Project (AFAP),<sup>3</sup> implemented over the period 2015–2023, successfully demonstrated that small-scale inland fisheries can significantly contribute to better rural livelihoods, increased incomes and improved food and nutrition security. Phase 2 of the project will extend AFAP's tested and proven technologies to other parts of the country with a view to raising incomes, reducing poverty, improving food and nutrition security and decreasing fish imports. AFAP-2 will also address challenges faced by inland fisheries, as identified under AFAP.

## **B. Lessons learned**

12. Several experiences from interventions supported by IFAD, the Government and other development partners in Angola have informed the AFAP-2 design. Key lessons from these interventions include the following: (i) project design and assumptions should match the country and local contexts and be in line with existing capacities; (ii) the design process should include consultations with local government authorities and with beneficiaries; (iii) a comprehensive approach should be taken to aquaculture; (iv) project activities should be integrated within government systems and services for sustainability; (v) it is vital to incorporate key value chain infrastructure in rural development programmes to achieve impacts; (vi) project targeting should be inclusive; and (vii) the project design should incorporate climate change considerations.

## **II. Project description**

### **A. Objectives, geographical area of intervention and target groups**

13. The goal of AFAP-2 is to contribute to improved household incomes and food and nutrition security through sustainable, climate-resilient fisheries and aquaculture. The project development objective is to contribute to the reduction of rural poverty and food insecurity among smallholders in the target provinces by developing their economic potential while improving natural resource management capacity and

<sup>2</sup> City Population. Angola: Administrative Division, 2014. <https://www.citypopulation.de/en/angola/cities/>.

<sup>3</sup>The original IFAD-funded AFAP, implemented in 2015–2023, was restructured following the midterm review in 2018 to make it more effective; its focus shifted from investment in fisheries and aquaculture to piloting selected technologies. AFAP successfully tested the social, economic and technical viability of two technologies: small-scale aquaculture and fisheries co-management.

resilience to climate change. The project will be implemented over an eight-year period.

14. **Target group.** The target group falls into three categories: (i) category 1 includes about 10,000 very vulnerable and poor households; (ii) category 2 comprises about 20,000 vulnerable households (small-scale artisanal fishers, aquaculture farmers, participants in local economic initiatives); and (iii) category 3 brings together 1,000 local actors in micro, small and medium-sized enterprises.
15. **Geographical targeting and criteria.** The project will build on the activities undertaken in the provinces piloted under AFAP and extend them to selected new provinces. The following five provinces will be targeted under AFAP-2: Bengo, Bié, Cuanza Norte, Malanje and Uíge.
16. **Project participants and outreach.** AFAP-2 will directly target a total of 31,000 vulnerable, poor and disadvantaged rural households engaged or willing to engage in artisanal fisheries and aquaculture. This represents about 148,000 household members.<sup>4</sup> Women will constitute at least 40 per cent of the project beneficiaries (50 per cent of them young women).

## **B. Components, outcomes and activities**

17. The project comprises the following components:
18. **Component 1. Sustainable inland fisheries and small-scale aquaculture production systems.** This component will focus on expanding AFAP's successful interventions and lessons with regard to climate-resilient and nutrition-sensitive fisheries and aquaculture production strategies. Significant strides were made under AFAP in inland fisheries co-management and community-based aquaculture production models.<sup>5</sup> However, there is a need to refine the approach taken under AFAP, emphasizing a shift towards business-oriented production to ensure long-term sustainability. The intended outcome of this component (outcome 1) is improved and resilient inland fisheries and small-scale aquaculture production, contributing to increased rural incomes.
19. **Component 2. Development of business enterprises, market linkages and climate-resilient infrastructure.** The activities under this component will support those under component 1 by developing the necessary infrastructure, market linkages and entrepreneurial capacities to deliver quality fisheries and aquaculture inputs and products and linking sources, producers, intermediaries and consumers. The component will play a key facilitative and intermediary role in both input and output markets. It will focus on strengthening of linkages and networks among value chain actors. The intended outcome of this component (outcome 2) is strengthened fisheries and aquaculture market linkages, entrepreneurship and infrastructure-providing services.
20. **Component 3. Institutional strengthening, policy support and project management.** The objective of this component is to enhance the institutional capacity of community-based and farmers' organizations and public entities providing services to target beneficiaries in the project areas. It also seeks to facilitate pathways for the project's effective implementation and the inclusive functioning of the inland fisheries sector, from production/capture to consumption.

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<sup>4</sup> Average household size is 4.8.

<sup>5</sup> AFAP project concept note and AFAP project completion report.

## C. Theory of change

21. **AFAP-2 seeks to address several key challenges within Angola's inland fisheries subsector to meet the increasing demand for fish and reduce imports.** These include: (i) limited literacy and awareness of nutrition and climate change-related issues among fishing communities; (ii) weak or lack of sustainable lagoon management systems; (iii) limited community access to inland fisheries for both nutrition and income generation; (iv) lack of technical skills in aquaculture production among the target communities; (v) limited access to technology, inputs, advisory services and support; (vi) lack of technical information regarding aquaculture suitability in the target areas; (vii) weak or lack of input and output market linkages; (viii) scarcity of aquaculture-linked enterprises and limited access to finance; (ix) market asymmetries; (x) seasonal variations; (xi) general system inefficiency; (xii) poor access to financial services and a weak private sector; and (xiii) lack of widespread business vision among all involved actors. The absence of fish production infrastructure, including fishponds and fish feed, together with a lack of fish landing sites, cold storage and processing facilities, further impedes the growth and efficiency of the inland fisheries subsector.
22. In addition, support institutions and service providers face limitations in knowledge and technical capacity and policy constraints that hamper effective intervention and support efforts.
23. The project will contribute to sustainable improvement in incomes, nutrition and food security by addressing the main barriers to the sustainable production and marketing of fishery products.

## D. Alignment, ownership and partnerships

24. **Alignment with Sustainable Development Goals (SDGs).** AFAP-2 contribute to the achievement of SDGs 1, 2, 5, 8, 13 and 14.
25. **Alignment with national priorities.** AFAP-2 is fully aligned with the United Nations Sustainable Development Cooperation Framework 2024–2028 for Angola, especially the prosperity pillar to which IFAD is to contribute. The Framework is based on the national development priorities established in the National Development Plan 2023–2027, the 2030 Agenda for Sustainable Development and the principles of the Charter of the United Nations.
26. **Alignment with IFAD policies and corporate priorities.** The project is consistent with the country strategic opportunities programme 2019–2024 for Angola and will contribute to strategic objectives 1 and 3 of IFAD's Strategic Framework 2016–2025 and to its corporate priorities.
27. **Country ownership.** The design of AFAP-2 was participatory. The Government, represented by MINPERMAR and multidisciplinary teams, was actively involved in the preparation of the project concept note and in the project design process.
28. **Harmonization and partnerships.** The project will coordinate with other projects and programmes financed by IFAD, the Government and various development partners that support project-related thematic areas. It will also contribute to United Nations and other partner interventions in the country.

## E. Costs, benefits, financing and cofinancing strategy and plan

29. Total AFAP-2 costs are estimated at US\$90 million over the eight-year project implementation period. The project will be financed through contributions from the following financiers: (i) IFAD PBAS, with a loan of US\$42.78 million; (ii) IFAD BRAM, with a loan of US\$15.0 million; and (iii) the European Union, with a grant of US\$10.0 million. Domestic cofinancing will include: (i) the Government, which will contribute both in cash (about US\$6.44 million through waived duties and taxes deposited into the government counterpart account at project level) and in-kind (about US\$2.78 million through office space for the project management unit at



central and provincial level and a contribution to the salaries of extension workers); (ii) the private sector (enterprises and other private entities), with an expected contribution of about US\$8.04 million (in cash, for example through public-private-producer partnership agreements); and (iii) beneficiaries, who are expected to provide about US\$4.96 million (through in-kind contributions).

30. All three project components are partially counted as climate finance. As per the multilateral development banks' methodologies for tracking climate change adaptation and mitigation finance, the total amount of IFAD climate finance for this project is estimated at US\$35,853,000.

**Project costs**

31. The summary of the overall project costs by component, year and expenditure category is presented in the tables below.

Table 1

**Project costs by component and financier**

(Thousands of United States dollars)

Component/subcomponent	IFAD (PBAS)		IFAD (BRAM)		European Union		Beneficiaries		Government			Private sector		Total	
	Amount	%	Amount	%	Amount	%	In-kind	%	Cash	In-kind	%	In-kind	%	Amount	%
<b>1. Sustainable inland fisheries and small-scale aquaculture production systems</b>															
1.1. Promoting sustainable utilization of inland fisheries and conservation of lagoon ecosystems	3 827	35.2	860	7.9	4 839	44.5	-	-	746	604	12.5	-	-	10 876	12.1
1.2. Enhancing resilient business-oriented small-scale aquaculture production	8 038	46.0	99	0.6	2 070	11.8	4 956	28.4	2 316	-	13.2	-	-	17 478	19.4
Subtotal	11 865	41.8	959	3.4	6 908	24.4	4 956	17.5	3 062	604	12.9	-	-	28 354	31.5
<b>2. Development of business enterprises, market linkages and climate-resilient infrastructure</b>															
2.1. Developing enterprises linked to aquaculture and inland fisheries	9 811	43.2	7 653	33.7	870	3.8	-	-	4	-	-	4 380	19.3	22 719	25.2
2.2. Enhancing market access and establishing infrastructure	9 119	53.0	2 143	12.4	-	-	-	-	2 288	-	13.3	3 663	21.3	17 213	19.1
Subtotal	18 930	47.4	9 796	24.5	870	2.2	-	-	2 292	-	5.7	8 043	20.1	39 931	44.4
<b>3. Institutional strengthening, policy support and project management</b>															
3.1. Institutional strengthening and policy support	1 480	42.9	357	10.3	1 325	38.4	-	-	289	-	8.4	-	-	3 450	3.8
3.2. Project management	10 505	57.5	3 888	21.3	896	4.9	-	-	798	2 176	16.3	-	-	18 264	20.3
Subtotal	11 985	55.2	4 245	19.5	2 221	10.2	-	-	1 087	2 176	15.0	-	-	21 714	24.1
<b>Total</b>	<b>42 780</b>	<b>47.5</b>	<b>15 000</b>	<b>16.7</b>	<b>10 000</b>	<b>11.1</b>	<b>4 956</b>	<b>5.5</b>	<b>6 441</b>	<b>2 780</b>	<b>10.3</b>	<b>8 043</b>	<b>8.9</b>	<b>90 000</b>	<b>100.0</b>

Table 2

**Project costs by expenditure category and financier**

(Thousands of United States dollars)

<i>Expenditure category</i>	<i>IFAD (PBAS)</i>		<i>IFAD (BRAM)</i>		<i>European Union</i>		<i>Beneficiaries</i>		<i>Government</i>			<i>Private sector</i>		<i>Total</i>	
	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>	<i>In-kind</i>	<i>%</i>	<i>Cash</i>	<i>In-kind</i>	<i>%</i>	<i>In-kind</i>	<i>%</i>	<i>Amount</i>	<i>%</i>
Works	6 964	52.8	1 561	11.8	-	-	-	-	1 848	-	14.0	2 827	21.4	13 201	14.7
Unallocated	389	100.0	-	-	-	-	-	-	-	-	-	-	-	389	0.4
Vehicles	124	25.2	73	14.8	-	-	-	-	296	-	60.0	-	-	493	0.5
Equipment, material, goods and services	10 196	52.1	848	4.3	-	-	4 956	25.3	2 741	-	14.0	836	4.3	19 576	21.8
Consultancies	9 050	61.2	3 124	21.1	2 624	17.7	-	-	-	-	-	-	-	14 798	16.4
Training and workshops	122	105	45	0.6	6 601	83.9	-	-	1 102	-	14.0	-	-	7 870	8.7
Grant and subsidies	6 981	52.0	6 444	48.0	-	-	-	-	-	-	-	-	-	13 425	14.9
Credit and guarantee funds	-	-	-	-	-	-	-	-	-	-	-	4 380	100.0	4 380	4.9
Salaries and allowances	6 809	65.2	2 257	21.6	775	7.4	-	-	-	604	5.8	-	-	10 445	11.6
Operating costs	2 145	39.6	647	11.9	-	-	-	-	455	2 176	48.5	-	-	5 423	6.0
<b>Total</b>	<b>42 780</b>	<b>47.5</b>	<b>15 000</b>	<b>16.7</b>	<b>10 000</b>	<b>11.1</b>	<b>4 956</b>	<b>5.5</b>	<b>6 441</b>	<b>2 780</b>	<b>10.3</b>	<b>8 043</b>	<b>8.9</b>	<b>90 000</b>	<b>100.0</b>

Table 3

**Project costs by component and project year (PY)**

(Thousands of United States dollars)

<i>Component/ subcomponent</i>	<i>PY1</i>	<i>PY2</i>	<i>PY3</i>	<i>PY4</i>	<i>PY5</i>	<i>PY6</i>	<i>PY7</i>	<i>PY8</i>	<i>Total</i>
	<i>Amount</i>	<i>Amount</i>	<i>Amount</i>	<i>Amount</i>	<i>Amount</i>	<i>Amount</i>	<i>Amount</i>	<i>Amount</i>	<i>Amount</i>
<b>1. Sustainable inland fisheries and small-scale aquaculture production systems</b>									
1.1. Promoting sustainable utilization of inland fisheries and conservation of lagoon ecosystems	887	2 054	1 903	2 234	1 462	1 258	584	494	10 876
1.2. Enhancing resilient business-oriented small-scale aquaculture production	132	7 541	8 098	665	397	409	117	120	17 478
Subtotal	1 019	9 595	10 000	2 899	1 859	1 667	701	615	28 354
<b>2. Development of business enterprises, market linkages and climate-resilient infrastructure</b>									
2.1. Developing enterprises linked to aquaculture and inland fisheries	179	8 080	6 762	4 627	1 233	799	517	520	22 719
2.2. Enhancing market access and establishing infrastructure	98	6 681	6 052	2 459	1 014	672	117	120	17 213
Subtotal	277	14 761	12 814	7 086	2 248	1 471	634	641	39 931
<b>3. Institutional strengthening, policy support and project management</b>									
3.1. Institutional strengthening and policy support	266	597	655	767	629	461	37	38	3 450
3.2. Project management	2 537	2 313	1 933	2 186	2 349	2 278	2 310	2 359	18 264
Subtotal	2 803	2 910	2 588	2 953	2 979	2 739	2 346	2 396	21 714
<b>Total</b>	<b>4 099</b>	<b>27 265</b>	<b>25 402</b>	<b>12 938</b>	<b>7 085</b>	<b>5 877</b>	<b>3 681</b>	<b>3 652</b>	<b>90 000</b>

### **Disbursement**

32. **Disbursement arrangements and flow of funds.** The IFAD and European Union funds will be disbursed through separate designated accounts opened in the denominated currency of each financing instrument in a commercial bank acceptable to IFAD. The project will open segregated operating accounts for each financing instrument in Angolan kwanzas in order to make payments for eligible expenditures through these accounts.
33. Resources will be transferred to the provinces from the operational accounts to provincial suboperational accounts.
34. The disbursement of funds will be based on quarterly interim financial reports for both the IFAD and the European Union financing, with cash projections covering the two upcoming quarters.
35. The project will maintain an operating account in Angolan kwanzas to receive counterpart funds from the Government for payment of taxes and duties.
36. Neither the IFAD nor the European Union financing will be used for payment of taxes and duties.

### **Summary of benefits and economic analysis**

37. **Financial analysis.** The financial analysis shows that household beneficiaries would increase their financial annual net incomes as a result of the implementation of project activities. Indeed, for all the financial models developed, the net present values (NPVs) are positive and the financial internal rates of return (FIRRs) are above the opportunity financial cost of capital in the country (10.8 per cent), thereby demonstrating the financial effectiveness of the planned activities and providing strong justification for the financing request. The NPV and FIRRs are expected to increase (e.g. by 20 per cent in the case of incremental benefits), confirming the soundness of the proposed investments even with a higher opportunity cost of capital.
38. **Economic analysis.** The economic analysis has confirmed the viability of the investment from a societal standpoint. The overall economic internal rate of return is 21 per cent. The economic NPV is estimated at about US\$219.9 million over the 20-year period of the analysis, with the benefit stream based on the quantified benefits as specified above. The discount rate applied in the economic analysis is 5 per cent.

### **Exit strategy and sustainability**

39. The project will focus on three key areas of sustainability: (i) strengthening national and provincial institutions; (ii) market-level sustainability; and (iii) community-led exit. It will provide a wide variety of activities to strengthen institutional capacity to plan, implement and operate subprojects and enhance continued support at all levels.

## **III. Risk management**

### **A. Risks and mitigation measures**

40. The main risks of AFAP-2 are related to the following: public procurement, financial management, country context, climate change impacts, institutional capacity for implementation and sustainability.

Table 4  
Overall risk summary

<i>Risk areas</i>	<i>Inherent risk rating</i>	<i>Residual risk rating</i>
Country context	Moderate	Moderate
Sector strategies and policies	Moderate	Moderate
Environment and climate context	Moderate	Moderate
Project scope	Moderate	Moderate
Institutional capacity for implementation and sustainability	Substantial	Substantial
Financial management	Substantial	Substantial
Project procurement	Moderate	Substantial
Environment, social and climate impact	Moderate	Low
Stakeholders	Substantial	Moderate
<b>Overall</b>	Moderate	Moderate

## B. Environment and social category

41. The main environmental and social risks identified for the fisheries and aquaculture development activities include: (i) contamination of water bodies as ponds are being drained or cage culture is introduced in lagoons; (ii) land degradation as a result of land use change and the removal of vegetation to construct ponds and markets and to construct/rehabilitate roads; (iii) increased waste volumes at fish landing points and markets; and (iv) conflicts over water use between fish farmers and nearby communities. These risks will be avoided or minimized through measures such as: (i) improved water recirculation systems and use of vegetable crops to filter water before discharging it into natural water bodies; (ii) promoting the use of good quality local raw materials for the manufacture of fish feed and capacity-building to improve fish feeding practices; (iii) erosion control measures around ponds and lagoons (vegetated dykes and bunds, trees, etc.) and rural roads; (iv) improved waste management by encouraging the use of fish waste and promoting a local circular economy; and (v) educating fish farmers on the importance of appropriate feeding, cage netting quality management and strict adherence to maximum cage densities per unit area, and monitoring of these activities.

## C. Climate risk classification

42. The climate risk classification of AFAP-2 is moderate. This classification recognizes that climatic events such as floods and droughts may have adverse impacts on the productivity of AFAP-2 ponds and may also affect roads, if not well sited and constructed, and water availability for the aquaculture activities.

## D. Debt sustainability

43. According to the July 2023 International Monetary Fund country report, Angola's debt sustainability assessment puts it at high risk of debt distress. The Government is instituting sound prudential measures to improve the country's debt sustainability status.
44. The International Monetary Fund released a report on Angola on 27 March 2024,<sup>6</sup> which indicated that Angola's public debt remains sustainable; however, risks are high. This situation reflects exposure to currency risk (given the high share of foreign currency debt – about 80 per cent) and exposure to fluctuating oil prices and production (impacting oil revenues) and a narrow creditor base (especially in domestic markets). Following its 2020 peak, the debt-to-GDP ratio has fallen to a level moderately above the authorities' medium-term target in 2022 and is

<sup>6</sup> International Monetary Fund. Angola: 2023 Article IV Consultation Consultation-Press Release; Staff Report; and Statement by the Executive Director for Angola.  
<https://www.eiblibrary.imf.org/downloadpdf/journals/002/2024/080/002.2024.issue-080-en.pdf>.

expected to have increased again in 2023, following a significant exchange rate depreciation. A positive declining primary fiscal balance is projected to keep the debt ratio and gross financing needs contained in the medium term. This is contingent on the authorities' fiscal consolidation efforts planned for the near term, including the continuation of fuel subsidy reforms. Compared to the 2022 debt sustainability analysis, the debt-to-GDP ratio is higher in the near term, reflecting the currency depreciation, and converges in the medium term.

## **IV. Implementation**

### **A. Organizational framework**

#### **Project management and coordination**

45. Successful implementation of AFAP-2 will require the active participation of both government institutions and carefully selected private sector institutions. Service providers will be engaged through a competitive process.
46. The National Directorate of Studies, Planning and Statistics of MINPERMAR will be the project's lead implementing agency. It will be responsible for the day-to-day management of the project, with support from a project management unit (PMU), to be recruited by MINPERMAR and the Institute for the Development of Artisanal Fisheries and Aquaculture (IPA). Financial management arrangements will be integrated within government systems that provide adequate controls. These arrangements will be similar to those of AFAP.

#### **Financial management, procurement and governance**

47. **Financial management.** Financial management (FM) functions will be performed by an experienced FM officer and an accountant. There will also be an internal auditor who will report to the project steering committee. Recruitments will be done on a competitive basis, and there will be annual performance reviews to ensure that staff are performing at a satisfactory level.
48. The Government's internal control policies and procedures will be applied to the project. In addition, the project implementation manual (PIM) will include a detailed FM section, and the borrower will comply with the FM rules and procedures of IFAD and the European Union.
49. The project accounting will be done on a cash basis in accordance with the International Public Sector Accounting Standards cash basis method. Automated accounting software will be purchased to maintain accounts and generate reliable financial information and reports for the project. Interim financial reports will be prepared using IFAD's standard templates and will be submitted to IFAD within 30 days of the end of each quarter.
50. The PMU will also ensure compliance with European Union financial management requirements, including accounting and financial reporting, which will be detailed in the PIM.
51. A detailed grants manual to be developed at start-up will outline how grants will be implemented, and the FM section of the PIM will also lay out the specific arrangements for this category of financing.
52. The project's annual financial statements will be audited in accordance with international auditing standards and IFAD's requirements by a private external audit firm acceptable to IFAD. The audit reports will be submitted to IFAD within six months after the end of each financial year.
53. In case of collaboration with United Nations agencies, IFAD financial management requirements will also apply to the United Nations agencies. However, if the internal rules and regulations of the United Nations agencies in question do not allow project level annual external audits, alternative assurance mechanisms may be adopted, such as a management assertion letter signed by the director of

finance/treasurer of the United Nations agency and certified statements of expenditure.

54. IFAD-financed and managed operations will be conducted in accordance with the Revised IFAD Policy on Preventing Fraud and Corruption in its Activities and Operations, available on IFAD's website.
55. **Procurement.** The legal and regulatory framework that will govern procurement during AFAP-2 implementation is established in Angolan Law No. 41/20 of 23 December 2020, which sets out the institutional framework for the procurement of goods, works and services. An assessment of the legal and regulatory framework for public procurement found that the procurement law gives due attention to the principles of economy, efficiency, effectiveness, transparency and accountability.
56. Procurement of goods works and services will be carried out in accordance with the national procurement law, provided that it complies with the IFAD requirements specified in the financing agreement and with the procurement arrangements. In the event of discrepancies between IFAD procurement guidelines and the national procurement law, the IFAD procurement guidelines will take precedence.
57. Owing to weaknesses noted in the national legal framework, IFAD procedures and IFAD standard bidding documents will be used for procurement under international competitive bidding and for procurement of consultancy services.

#### **Target group engagement and feedback and grievance redress**

58. The project will emphasize community consultation and stakeholder engagement, integrating the perspectives of all stakeholders into self-driven development activities. Mobilization activities will involve informing and engaging community members, including women, youth, marginalized groups and persons with disabilities. Special attention will be paid to social inclusion and proactive participation, ensuring broad representation of stakeholders in decision-making.

#### **Grievance redress**

59. A comprehensive grievance redress mechanism will be set up to address participants' concerns effectively.

### **B. Planning, monitoring and evaluation, learning, knowledge management and communications.**

60. The AFAP-2 logical framework and monitoring and evaluation (M&E) system will guide the annual workplan and budget (AWPB) and monitoring processes. The M&E system will be integrated with government systems. AFAP-2 will collect quality, up-to-date data and analyse it to produce project performance monitoring and evaluation reports and as a basis for evidence-based planning. A project M&E manual will be developed and will serve as a guiding tool for implementing M&E activities, from planning to monitoring and evaluation of the project.
61. The AFAP-2 knowledge management strategy aims to ensure effective learning and communication tailored to the needs of the project. Knowledge management will play an integral role in the implementation of AFAP-2, ensuring that the project promotes continuous learning. The project will develop a dashboard or database accessible to all project stakeholders, which will facilitate widespread sharing of lessons learned.

#### **Innovation and scaling up**

62. AFAP-2 will utilize innovative methods to generate benefits in inland fisheries and aquaculture production. The innovations will address challenges such as habitat degradation in inland fisheries and low production and productivity in aquaculture. The primary successful scalable interventions under AFAP in Bengo, Cuanza Norte and Malanje were the establishment of community councils of fisheries, as a key



component of the co-management approach, and community-based aquaculture production approaches.

## **C. Implementation plans**

### **Implementation readiness and start-up plans**

63. A draft AWPB, procurement plan and PIM have been prepared as part of the design. In addition, an implementation readiness action plan has been drawn up as part of the mitigation plan for financial management. Upon entry into force, the project will receive a start-up advance to support the fulfilment of conditions precedent to withdrawal. Start-up activities will be closely monitored by IFAD to avoid delays in AFAP-2 implementation.
64. To facilitate prompt start-up, a withdrawal of up to US\$500,000 may be made from the IFAD loan to pay for expenditures related to project start-up prior to fulfilment of the conditions precedent to withdrawal.

### **Supervision, midterm review and completion plans**

65. AFAP-2 will be directly supervised by IFAD and the Government through annual supervision and implementation support missions. Follow-up missions will be conducted as needed.
66. A joint midterm review will be conducted in project year 4, and a completion report will be prepared at the end of the project. The midline and endline surveys will be conducted in accordance with IFAD's mandatory Core Outcome Indicators Measurement Guidelines.

## **V. Legal instruments and authority**

67. A financing agreement between the Republic of Angola and IFAD will constitute the legal instrument for extending the proposed financing to the borrower/recipient. A copy of the negotiated financing agreement is attached as appendix I.
68. The Republic of Angola is empowered under its laws to receive financing from IFAD.
69. I am satisfied that the proposed financing will comply with the Agreement Establishing IFAD and the Policies and Criteria for IFAD Financing.

## **VI. Recommendation**

70. I recommend that the Executive Board approve the proposed financing in terms of the following resolution:

RESOLVED: that the Fund shall provide a loan on ordinary terms to the Republic of Angola in an amount of forty-two million seven hundred eighty thousand United States dollars (US\$42,780,000) and upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented herein.

RESOLVED FURTHER: that the Fund shall provide a loan on ordinary terms to the Republic of Angola in an amount of fifteen million United States dollars (US\$15,000,000) and upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented herein.

Alvaro Lario  
President

## **Negotiated financing agreement**

### **Artisanal Fisheries and Aquaculture Project Phase 2 (AFAP-2)**

(Negotiations concluded on 27 August 2024)

Loan No.: [number]

Loan No.: [number]

Project name: Artisanal Fisheries and Aquaculture Project Phase 2 (AFAP-2) ("the Project")

The Republic of Angola (the "Borrower")

and

The International Fund for Agricultural Development (the "Fund" or "IFAD")

(each a "Party" and both of them collectively the "Parties")

**WHEREAS** the Borrower has requested loans from the Fund for the purpose of financing the Project described in Schedule 1 to this Agreement;

**WHEREAS**, the Project shall be co-financed by a grant from the European Union (EU). The Borrower and the EU shall enter into a Financing Agreement (the "EU Agreement") to provide financing for the Project.

**WHEREAS**, the Borrower has undertaken to provide additional support, financially or in kind that may be needed to the Project; and

**WHEREAS**, the Fund has agreed to provide financing for the Project;

**NOW THEREFORE**, the Parties hereby agree as follows:

#### **Section A**

1. The following documents collectively form this Agreement: this document, the Project Description and Implementation Arrangements (Schedule 1), the Allocation Table (Schedule 2) and the Special Covenants (Schedule 3).
2. The Fund's General Conditions for Agricultural Development Financing dated 29 April 2009, amended as of December 2022, and as may be amended hereafter from time to time (the "General Conditions") are annexed to this Agreement, and all provisions thereof shall apply to this Agreement. For the purposes of this Agreement the terms defined in the General Conditions shall have the meanings set forth therein, unless the Parties shall otherwise agree in this Agreement.
3. The Fund shall provide loans (the "Financing") to the Borrower, which the Borrower shall use to implement the Project in accordance with the terms and conditions of this Agreement.

**Section B**

1. A. The amount of Loan A is forty-two million seven hundred eighty thousand United States Dollars (USD 42,780,000 million) ("Loan A").  
B. The amount of Loan B is fifteen million United States Dollars (USD 15,000,000) ("Loan B").
2. Loan A is granted on ordinary terms and shall be subject to interest on the principal amount outstanding of Loan A at a rate equal to the IFAD Reference Interest Rate including a variable spread, payable semi-annually in the Loan Service Payment Currency, and have a maturity period of thirty years, including a grace period of five years, starting from the date as of which the Fund has determined that all general conditions precedent to withdrawal have been fulfilled.
3. Loan B is granted on ordinary terms and shall be subject to interest on the principal amount outstanding of Loan B at a rate equal to the IFAD Reference Interest Rate including a variable spread, payable semi-annually in the Loan Service Payment Currency, and have a maturity period of thirty years, including a grace period of five years, starting from the date as of which the Fund has determined that all general conditions precedent to withdrawal have been fulfilled.
4. The financing Service Payment Currency shall be in United States Dollars.
5. The first day of the applicable Fiscal Year shall be 1<sup>st</sup> January.
6. Payments of principal and interest shall be payable on each 15 February and 15 August.
7. There shall be two Designated Accounts in United States Dollars (USD), for the exclusive use of the Project opened in a commercial bank acceptable to IFAD. The Borrower shall inform the Fund of the officials authorized to operate the Designated Account.
8. The Borrower shall open two operating accounts in Angolan Kwanza (AOA) to receive funds from the Designated Accounts set out in paragraph 7 above to manage the expenditures at a local level.
9. The Borrower shall provide counterpart financing for the Project in the amount of nine million two hundred twenty thousand United States Dollars (USD 9,220,000) in the form of taxes and duties. A bank account in Angolan Kwanza (AOA) shall be opened to receive the Government counterpart funds.

**Section C**

1. The Lead Project Agency shall be the National Directorate of Studies, Planning and Statistics by delegation of the Ministry of Fisheries and Marine Resources (MINPERMAR).
2. The following is designated as an additional Project Party: the Institute for the Development of Artisanal Fisheries and Aquaculture (IPA). Additional Project Parties are described in Schedule 1, Part II.
3. A Mid-Term Review will be conducted as specified in Section 8.03 (b) and (c) of the General Conditions; however, the Parties may agree on a different date for the Mid-Term Review of the implementation of the Project.

4. The Project Completion Date shall be the eighth anniversary of the date of entry into force of this Agreement and the Financing Closing Date shall be 6 months later, or such other date as the Fund may designate by notice to the Borrower.

5. Procurement of goods, works and services financed by the Financing shall be carried out in accordance with the provisions of the Borrower's procurement regulations, to the extent such are consistent with the IFAD Procurement Guidelines.

#### **Section D**

The Fund will administer the Financing. The Fund and the Borrower shall jointly supervise the Project.

#### **Section E**

1. The following are designated as additional grounds for suspension of this Agreement:

- (a) The Project Implementation Manual (PIM) and/or any provision thereof, has been waived, suspended, terminated, amended or modified without the prior agreement of the Fund and the Fund, after consultation with the Borrower, has determined that it has had, or is likely to have, a material adverse effect on the Project.
- (b) In the event that the Borrower did not request a disbursement of the Financing for a period of at least 12 months without justification.
- (c) In the event that the Borrower removes, suspends or changes the Project manager or any other key project staff without prior consultation between the Parties.

2. The following are designated as additional conditions precedent to withdrawal:

- (a) The Fund's no objection to the PIM shall have been obtained.
- (b) Key Project staff has been appointed as per Section 10, Schedule 3 of this Agreement.
- (c) Procurement of an Enterprise Resource Planning (ERP) accounting software to maintain the Project accounts and generate reliable financial reports as per IFAD requirements.

3. This Agreement is subject to ratification by the Borrower.

4. The following are the designated representatives and addresses to be used for any communication related to this Agreement:

For the Borrower:

Minister of Planning  
Avenida 1º Congresso do MPLA,  
Edifício CIF Luanda One,  
Luanda  
Republic of Angola

Copy to:

Minister of Finance  
Largo da Mutamba  
CP 1235  
Luanda  
Republic of Angola

For the Fund:

President  
Via Paolo di Dono 44  
00142 Rome, Italy

This Agreement, has been prepared in the English language in two (2) original copies, one (1) for the Fund and one (1) for the Borrower.

THE REPUBLIC OF ANGOLA

\_\_\_\_\_  
"[Authorised Representative Name]"  
"[Authorised Representative title]"

Date: \_\_\_\_\_

INTERNATIONAL FUND FOR  
AGRICULTURAL DEVELOPMENT

\_\_\_\_\_  
Alvaro Lario  
The President

Date: \_\_\_\_\_

## Schedule 1

### *Project Description and Implementation Arrangements*

#### I. Project Description

1. *Target Population.* The Project target group includes individual fish farmers (or aquaculture promoters), cooperatives or groups, small family farms, rural households, including those headed by women, active rural women and youth or with diversified potential for economic and professional integration in aquaculture linkages. The Project will focus, particularly, on rural communities that are economically and socially vulnerable, such as: a) artisanal fishers who are food and nutrition insecure; b) people with disabilities; c) ex-combatants and other disadvantaged groups; d) people affected by climate change and/or people living with HIV/AIDS, etc.

The Project shall benefit three categories: a) Category 1 (C.1) – represents about 10,000 very vulnerable and poor households; b) Category 2 (C.2) – represents about 20,000 vulnerable households (small-scale artisanal fishers, aquaculture farmers, local economic initiatives); and c) Category 3 (C.3) – brings together 1,000 local actors in the form of micro, small and medium-sized enterprises. The Project will directly target a total of 31,000 vulnerable, poor and disadvantaged rural households engaged or willing to engage in artisanal fisheries and aquaculture. This corresponds to about 148,000 household members. Women will constitute at least 40 per cent of the project beneficiaries (50 per cent of them young girls).

*Targeting Strategy.* The project will implement a participatory, inclusive and flexible targeting strategy based on a multi-dimensional targeting approach: a) geographical targeting of production basins and socio-economic targeting; b) direct targeting; and c) self-targeting. All these approaches will be backed up by facilitation and empowerment measures to promote fisheries and aquaculture entrepreneurship and increase opportunities for the vulnerable to be included in economic activities likely to improve their well-being.

2. *Project area.* The Project's geographic areas of intervention will include the following five provinces: Bengo, Bie, Cuanza Norte, Malanje, and Uige.

3. *Goal.* The goal of the Project is to contribute to improved household income, food and nutrition security through sustainable and climate resilient fisheries and aquaculture.

4. *Objectives.* The objective of the Project is to contribute to the reduction of rural poverty and food insecurity of smallholders in the target provinces by developing their economic potential while improving natural resources management capacity and resilience to climate change.

5. *Components.* The Project shall consist of the following components:

#### **Component 1. Sustainable Inland Fisheries and Small-Scale Aquaculture Production Systems:**

This component will focus on expanding successful interventions and lessons in climate-resilient and nutrition-sensitive fisheries and aquaculture production strategies from IFAD's past engagement in Angola under AFAP I. AFAP I achieved significant strides in inland fisheries co-management and community-based aquaculture production models. However, there is a need to refine the approach, emphasizing a shift towards business-oriented production to ensure long-term sustainability. This component will respond to Outcome 1 - *Improved and resilient inland fisheries and small-scale aquaculture production, contributing to increased rural incomes.*

**Component 2. Business Enterprise, Market Linkages and Climate-Resilient Infrastructure Development:** This Component will contribute to the achievement of *Outcome 2: Strengthened fisheries and aquaculture market linkages, entrepreneurships and infrastructure providing services*. It aims at supporting Component 1 with the necessary infrastructure, market linkages and entrepreneurial capacities to deliver quality fisheries and aquaculture inputs and products linking the source, producer, intermediaries and the consumer. This component will play a key facilitative and intermediary role both on the inputs and output markets. It is built around strengthening of linkages and networks among value chain actors.

**Component 3: Institutional Strengthening, Policy Support and Project Management:** The objective of this component is to enhance the institutional capacity of community-based/farmer organisations and public entities providing services to target beneficiaries in the Project areas. It also seeks to facilitate the pathways for the Project's effective implementation and inclusive functioning of the inland fisheries sector, from production/capture to consumption.

## II. Implementation Arrangements

6. *Lead Project Agency.* National Directorate of Studies, Planning and Statistics (GEPE) MINPERMAR will be the Project's lead agency and implement the Project with support of a PMU and the Institute for the Development of Artisanal Fisheries and Aquaculture (IPA).

7. *Project Oversight Committee.* A Project Steering Committee (PSC) will be established at the national level and chaired by the MINPERMAR Minister. It will be composed by the Project Coordinator nominated by the MINPERMAR Minister, the PMU Project Manager (who will be the Secretary) and of members from institutions with direct relevance to the achievement of AFAP -2's development objective (such as the Ministry of Public Works, Urbanism and Housing (MINOPUH), Ministry of Energy and Water (MINEA), Ministry of Tourism (MTA), and the Ministry of Environment (MINAMB) and the public entities dealing with gender, youth and people with disabilities). Also recommended to include Ministry of Agriculture and Forestry (MINAGRIF), the National Institute for Support of SMEs (INAPEM); the Directorate of Rural Commerce and Development (DRCD); and Banco de Desenvolvimento de Angola (BDA).

8. *Project Management Unit.* The Minister of Fisheries and Marine Resources will recruit a PMU for the day-to-day management of the Project. Financial management arrangements will be mainstreamed within government systems that provide adequate controls. The PMU will recruit a core team of experienced staff to manage and oversee AFAP-2 implementation. It will also have access to TA for some of the expertise that will be needed for effective Project implementation. The following is the foreseen PMU composition: a) Project Manager; b) Finance Management Officer; c) Monitoring and Evaluation Officer; d) Procurement and Contracts Manager; e) Aquaculture Specialist; f) Fisheries Specialist; g) Business Development Specialist; h) Infrastructure Specialist (TA); i) Community Development and Social Inclusion Specialist; j) Internal Auditor (TA); k) Accountant; l) Procurement Assistant; m) Monitoring and Evaluation Assistant; n) Project Assistant; and o) Driver (3). The Terms of Reference (ToRs)/Job Descriptions (JoDs) of all the PMU staff and TAs are presented in the Project Implementation Manual (PIM) and may be revised as necessary.

9. *Implementing partners.* Successful implementation of AFAP-2 will require the active participation of both government institutions and carefully selected private sector institutions. Service providers will be engaged through a competitive process. National Directorate of Studies, Planning and Statistics will be the Project's coordination agency and will implement the Project with the support of PMU and to the Institute for the Development of Artisanal Fisheries and Aquaculture (IPA). Government implementing partners include,

the Ministry of Public Works, Urbanism and Housing (MINOPUH), Ministry of Energy and Water (MINEA), Ministry of Tourism (MTA), and the Ministry of Environment (MINAMB) and the public entities dealing with gender, youth and people with disabilities). The Ministry of Agriculture and Forestry (MINAGRIF), the National Institute for Support of SMEs (INAPEM); the Directorate of Rural Commerce and Development (DRCD) of the Ministry of Industry and Commerce and Banco de Desenvolvimento de Angola (BDA).

10. *Monitoring and Evaluation.* The M&E system will be anchored in the Project's Logical Framework, which incorporates IFAD Core Indicators and Project-specific indicators for comprehensive monitoring. The Project will develop a Management Information System (MIS) which will facilitate real-time data management, ensuring the collection of disaggregated data on key project activities. The M&E system will incorporate elements on environment, social inclusion, and nutrition activities. AFAP-2's evaluation strategy will use quantitative and qualitative methods to determine how it contributed to improved livelihoods and nutrition among beneficiaries. A Project completion report/final evaluation will consolidate data and provide recommendations for future efforts.

11. *Knowledge Management.* Knowledge Management will play an integral role in the implementation of AFAP-2, ensuring that the Project promotes continuous learning. The AFAP-2 M&E system will serve as the cornerstone of the KM&L process, making sure to capture and store information based on detailed indicators from the results framework. AFAP-2 will carry out diverse KM activities including case studies, research, stakeholder interviews, and surveys, which will be employed to deepen understanding and document factors contributing to successes and bottlenecks of the Project.

12. *Project Implementation Manual (PIM).* It is an annex to the Project Design Report (PDR). It provides practical guidance to Project implementers on key implementation aspects. It describes in detail how the Project components and activities outlined in the PDR are intended to be implemented. The PIM outlines the detailed mechanisms, processes and procedures, formats, eligibility criteria, etc. which will ensure efficient Project implementation and achievement of the envisaged results. The PIM is a living document and may be updated at any time, as needs arise, during implementation.

13. *Supervision Arrangements.* The Fund and the Borrower shall jointly supervise the Project. Supervision missions and implementation missions will each be undertaken at least once a year (led by the Fund's Country Director) and will complement the continuous dialogue with the government (led by the Fund's Country Director).



## Schedule 2

### Allocation Table

1. *Allocation of Loan Proceeds.* (a) The Table below sets forth the Categories of Eligible Expenditures to be financed by the Loan and the allocation of the amounts to each category of the Financing and the percentages of expenditures for items to be financed in each Category:

Category	IFAD Loan A Amount (Expressed in USD)	IFAD Loan B Amount (Expressed in USD)	Percentage (Net of Taxes, Government and Beneficiary contributions)
1. Works	6 270 000	1 410 000	100%
2. Equipment, material, goods and services	9 290 000	830 000	100%
3. Consultancies	8 260 000	2 850 000	100%
4. Grants and Subsidies	6 280 000	5 800 000	100%
5. Salaries and allowances	7 360 000	2 610 000	100%
6. Unallocated	5 320 000	1 500 000	100%
<b>TOTAL</b>	<b>42 780 000</b>	<b>15 000 000</b>	

(b) The terms used in the Table above are defined as follows:

- (i) The category 'Equipment, material, goods and services' also includes the vehicles.
- (ii) The category 'Consultancies' includes cost relating to Training and Workshop.
- (iii) The category 'Salaries and Allowances' also includes operating costs.

2. *Disbursement arrangements*

(a) *Start-up Costs.* Withdrawals in respect of expenditures for start-up costs in goods and services, consultancies, salaries and allowances categories incurred before the satisfaction of the general conditions precedent to withdrawal shall not exceed an aggregate amount of USD 500 000. Activities to be financed by Start-up Costs will require the no objection from IFAD to be considered eligible.

### Schedule 3

#### *Special Covenants*

#### **I. General Provisions**

In accordance with Section 12.01(a)(xxiii) of the General Conditions, the Fund may suspend, in whole or in part, the right of the Borrower to request withdrawals from the Loan Account if the Borrower has defaulted in the performance of any covenant set forth below, and the Fund has determined that such default has had, or is likely to have, a material adverse effect on the Project:

1. Within 6 months of entry into force of the Financing Agreement, the Project will procure and install a customize accounting software as it is the practice in IFAD on-going supported projects, to satisfy International Accounting Standards and IFAD's requirements.
2. Within 6 months of entry into force of the Financing Agreement, the Project will recruit a private external firm to audit project's financial statements.
3. Within six (6) months of entry into force of the Financing Agreement, the Project will enter into Memorandum of Understandings (MoU) with implementing partners that will structure the collaboration, define roles, responsibilities and duties with regards to implementation, financial management, accounting and reporting.
4. *Planning, Monitoring and Evaluation.* The Borrower shall ensure that a Planning, Monitoring and Evaluation (PM&E) system shall be established within twelve (12) months from the date of entry into force of this Agreement.
5. *Vulnerable People Concerns.* The Borrower shall ensure that the concerns of Vulnerable are given due consideration in implementing the Project and, to this end, shall ensure that:
  - (a) the Project is carried out in accordance with the applicable provisions of the relevant vulnerable national legislation;
  - (b) vulnerable people are adequately and fairly represented in all local planning for Project activities;
  - (c) vulnerable rights are duly respected;
  - (d) vulnerable communities, participate in policy dialogue and local governance;
  - (e) The terms of Declarations, Covenants and/or Conventions ratified by the Borrower on the subject are respected;
  - (f) The Project will not involve encroachment on traditional territories used or occupied by vulnerable communities.
6. *Anticorruption Measures.* The Borrower shall comply with IFAD Policy on Preventing Fraud and Corruption in its Activities and Operations.
7. *Sexual Harassment, Sexual Exploitation and Abuse.* The Borrower and the Project Parties shall ensure that the Project is carried out in accordance with the provisions of the IFAD Policy on Preventing and Responding to Sexual Harassment, Sexual Exploitation and Abuse, as may be amended from time to time.

8. *Use of Project Vehicles and Other Equipment.* The Borrower shall ensure that:
- (a) all vehicles and other equipment procured under the Component 3 are allocated to the PMU and other Implementing Agencies for Project implementation;
  - (b) The types of vehicles and other equipment procured under the Project are appropriate to the needs of the Project; and
  - (c) All vehicles and other equipment transferred to or procured under the Project are dedicated solely to Project use.

9. Ifad Client Portal (ICP) Contract Monitoring Tool. The Borrower shall ensure that a request is sent to IFAD to access the project procurement Contract Monitoring Tool in the IFAD Client Portal (ICP). The Borrower shall ensure that all contracts, memoranda of understanding, purchase orders and related payments are registered in the Project Procurement Contract Monitoring Tool in the IFAD Client Portal (ICP) in relation to the procurement of goods, works, services, consultancy, non-consulting services, community contracts, grants and financing contracts. The Borrower shall ensure that the contract data is updated on a quarterly basis during the implementation of the Project.

10. The Key Project Personnel are: Project Manager, Financial Management Officer, Accountant Officer for Monitoring and Evaluation, Knowledge Management Officer, Procurement Officer, Community Development and Social Inclusion Specialist, and Environment and Climate Assessment Specialist. In order to assist in the implementation of the Project, the PMU, unless otherwise agreed with IFAD, shall employ or cause to be employed, as required, key staff whose qualifications, experience and terms of reference are satisfactory to IFAD. Key Project Personnel shall be seconded to the PMU in the case of government officials or recruited under a consulting contract such as Aquaculture Specialist; Fisheries Specialist; Business Development Specialist; Infrastructure Specialist (TA); Internal Auditor (TA), following the individual consultant selection method in the IFAD Procurement Handbook, or any equivalent selection method in the national procurement system that is acceptable to IFAD. The recruitment of Key Project Personnel is subject to IFAD's prior review as is the dismissal of Key Project Personnel. Key Project Personnel are subject to annual evaluation and the continuation of their contract is subject to satisfactory performance. Any contract signed for Key Project Personnel shall be compliant with the national labour regulations or the ILO International Labour Standards (whichever is more stringent) in order to satisfy the conditions of IFAD's updated SECAP. Repeated short-term contracts must be avoided, unless appropriately justified under the Project's circumstances.

## **II. SECAP Provisions**

1. The Borrower shall carry out the preparation, design, construction, implementation, and operation of the Project in accordance with the nine standards and other measures and requirements set forth in the Updated Social, Environmental Climate Assessment Procedures of IFAD ("SECAP 2021 Edition"), as well as with all applicable laws and regulations to the Borrower and/or the sub-national entities relating to social, environmental and climate change issues in a manner and substance satisfactory to IFAD. The Borrower shall not amend, vary or waive any provision of the SECAP 2021 Edition, unless agreed in writing by the Fund in the Financing Agreement and/or in the Management Plan(s), if any.

2. For projects presenting high or substantial social, environmental and climate risks, the Borrower shall carry out the implementation of the Project in accordance with the measures and requirements set forth in the Environmental and Social Impact Assessments

(ESIAs)/Environmental, Social and Climate Management Frameworks (ESCMFs) and/or Resettlement Action Plans/Frameworks (RAPs/Fs) and Environmental, Social and Climate Management Plans (ESCMPs) for high risk projects and Abbreviated ESIAs and/or Abbreviated RAP/F and ESCMPs for substantial risk projects and Free, Prior and Informed Consent (FPIC) Plans, FPIC Implementation Plans, Indigenous Peoples Plans (IPPs), Pesticide Management Plans, Cultural Resources Management Plans and Chance Finds Plans (the "Management Plan(s)"), as applicable, taken in accordance with SECAP requirements and updated from time to time by the Fund.

The Borrower shall not amend, vary or waive any provision of the Management Plan(s), unless: (i) agreed in writing by the Fund and (ii) Borrower has complied with the requirements applicable to the original adoption of the Management Plan(s).

3. The Borrower shall not, and shall cause the Executing Agency, all its contractors, its sub-contractors, and suppliers not to commence implementation of any works, unless all Project affected persons have been compensated and/or resettled in accordance with the specific RAP/Abbreviated RAP, FPIC and/ or the agreed works and compensation schedule.

4. The Borrower shall disclose the draft and final ESIA reports and all other relevant Management Plan(s) with Project stakeholders and interested parties in an accessible place in the Project -affected area, in a form and language understandable to Project -affected persons and other stakeholders. The disclosure will take into account any specific information needs of the community (e.g. culture, disability, literacy, mobility or gender).

5. The Borrower shall ensure or cause the Executing Agency and Implementing Agency to ensure that all bidding documents and contracts for goods, works and services contain provisions that require contractors, sub-contractors and suppliers to comply at all times in carrying out the Project with the standards, measures and requirements set forth in the SECAP 2021 Edition and the Management Plan(s), if any.

6. This section applies to any event which occurs in relation to serious environmental, social, health & safety (ESHS) incidents (as this term is defined below); labor issues or to adjacent populations during Project implementation that, with respect to the relevant IFAD Project:

- (i) has direct or potential material adverse effect;
- (ii) has substantially attracted material adverse attention of outside parties or create material adverse national press/media reports; or
- (iii) gives rise to material potential liabilities.

In the occurrence of such event, the Borrower shall:

- Notify IFAD promptly;
- Provide information on such risks, impacts and accidents;
- Consult with Project-affected parties on how to mitigate the risks and impacts;
- Carry out, as appropriate, additional assessments and stakeholders' engagements in accordance with the SECAP requirements; and
- Adjust, as appropriate, the Project-level grievance mechanism according to the SECAP requirements; and
- Propose changes, including corrective measures to the Management Plan(s) (if any), in accordance with the findings of such assessment and consultations, for approval by IFAD.

**Serious ESHS incident** means serious incident, accident, complaint with respect to environmental, social (including labor and community), health and safety (ESHS) issues that occur in the context of the loan or within the Borrower's activities. Serious ESHS incidents can comprise incidents of (i) environmental; (ii) occupational; or (iii) public health and safety; or (iv) social nature as well as material complaints and grievances addressed to the Borrower (e.g. any explosion, spill or workplace accident which results in death, serious or multiple injuries or material environmental contamination, accidents of members of the public/local communities, resulting in death or serious or multiple injuries, sexual harassment and violence involving Project workforce or in relation to severe threats to public health and safety, inadequate resettlement compensation, disturbances of natural ecosystems, discriminatory practices in stakeholder consultation and engagement (including the right of indigenous peoples to free, prior and informed consent), any allegations that require intervention by the police/other law enforcement authorities such as loss of life, sexual violence or child abuse, which (i) have, or are likely to have a material adverse effect; or (ii) have attracted or are likely to arouse substantial adverse attention of outside parties or (iii) to create substantial adverse media/press reports; or (iv) give, or are likely to give rise to material potential liabilities).

7. The Borrower shall ensure or cause the Executing Agency, Implementing Agency, contractors, sub-contractors and suppliers to ensure that the relevant processes set out in the SECAP 2021 Edition as well as in the Management Plan(s) (if any) are respected.

8. Without limitation on its other reporting obligations under this Agreement, the Borrower shall provide the Fund with:

- Reports on the status of compliance with the standards, measures and requirements set forth in the SECAP 2021 Edition, ESCMPs and the management plan (if any) on a semi-annual basis - or such other frequency as may be agreed with the Fund;
- Reports of any social, environmental, health and safety incidents and/accidents occurring during the design stage, the implementation of the Project and propose remedial measures. The Borrower will disclose relevant information from such reports to affected persons promptly upon submission of the said reports; and
- Reports of any breach of compliance with the standards, measures and requirements set forth in the SECAP 2021 Edition and the Management Plan(s) (if any) promptly after becoming aware of such a breach.

9. In the event of a contradiction/conflict between the Management Plan(s), if any, and the Financing Agreement, the Financing Agreement shall prevail.

## Logical framework

Results Hierarchy	Indicators				Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Source	Frequency	Responsibility	
<b>Outreach</b> Persons receiving services promoted or supported by the project	<b>1 Persons receiving services promoted or supported by the project</b>				Primary data collected through the project M&E system and Progress reports	Annual	PMU	The project's planned activities are executed as intended. Notably, the youth and women, who constitute the primary target group, demonstrate significant interest and capability to actively participate and contribute to the fish value chain.
	Males - Males	0	9300	18600				
	Females - Females	0	6200	12400				
	Young - Young people	0	4650	9300				
	Total number of persons receiving services - Number of people	0	15500	31000				
	Persons with disabilities - Number	0	775	1550				
	<b>1.b Estimated corresponding total number of households members</b>				Primary data collected through the project M&E system and Progress reports	Annual	PMU	
	Household members - Number of people	0	74000	148000				
<b>1.a Corresponding number of households reached</b>				Primary data collected through the project M&E system and Progress reports	Annual	PMU		
Households - Households	0	15500	31000					
<b>Project Goal</b> Contribute to improved household income, food, and nutrition security through sustainable and climate resilient fisheries and aquaculture	<b>Average income per household in the targeted areas</b>				Baseline, MTR, Endline survey, progress reports	Y1, Y3, Y6	PMU	A conducive environment for climate resilient and fish value chain sector
	Percentage of HHs reporting increased incomes - Percentage (%)	0	35	70				
	<b>Prevalence of food insecurity reduced - Percentage (%)</b>				Baseline, MTR, Endline survey, progress reports	Y1, Y3, Y6	PMU	
Percentage (%)	31	35	40					
<b>Development Objective</b> Contribute to the reduction of rural	<b>IE.2.1 Individuals demonstrating an improvement in empowerment</b>				COI Surveys	Baseline, Midline and endline survey	PMU	There is capacity in the implementing agency and partners to deliver
	Total persons - Percentage (%)	0	30	60				

poverty and food insecurity of smallholders in the target provinces by developing their economic potential while improving natural resources management capacity and resilience to climate change	Total persons - Number of people	0	9362	18724				the proposed outputs.  There is interest and capability of women and youth, and institutions to actively participate, adopt and contribute to activities
	Females - Percentage (%)	0	22	44				
	Females - Females	0	4154	8308				
	Males - Percentage (%)	0	28	56				
	Males - Males	0	5208	10416				
	<b>1.2.9 Households with improved nutrition Knowledge Attitudes and Practices (KAP)</b>				COI Surveys	Baseline, Midline and endline survey	PMU	
	Households (number) - Households	0	3685	7370				
	Households (%) - Percentage (%)	0	33.5	67				
	Household members - Number of people	0	17688	35376				
	<b>3.2.2 Households reporting adoption of environmentally sustainable and climate-resilient technologies and practices</b>				COI Surveys	Baseline, Midline and endline survey	PMU	
	Total number of household members - Number of people	0	3075	6150				
	Households - Percentage (%)	0	30	60				
	Households - Households	0	14668	29336				
	<b>SF.2.1 Households satisfied with project-supported services</b>				COI survey	Baseline, Midline and endline survey	PMU	
	Household members - Number of people	0	44640	89280				
	Households (%) - Percentage (%)	0	30	60				
	Households (number) - Households	0	9300	18600				

<b>Outcome</b> Outcome 1 Improved and resilient inland fisheries and small-scale aquaculture production contributing to increased rural incomes	<b>Households reporting Increased fish catches per annum per commodity for VC developed</b>				Progress Reports	Annual	PMU	Inland fisheries and aquaculture production practices are climate and environmentally friendly, with incentive enabling fishermen and fish farmers adopt sustainable practices.  There is market demand for fish inland fish. i.e., lagoons and farmed fish.
	Percentage (%) - Artisanal fisheries (HH) - Percentage (%)	0	10	20				
	Percentage (%) - Business Enterprises (HH) - Percentage (%)	0	5	10				
	Percentage (%) - Aquaculture (HH) - Percentage (%)	0	5	10				
	Percentage (%) - Value chain (HH) - Percentage (%)	0	25	50				
	<b>Percentage increase in overall production of small-scale aquaculture operations due to improved management practices, better technologies, and access to resources</b>				Baseline, MTR, Endline survey, progress reports	Annual	PMU	
	Tons/year/pond - Tons	0.9	1.35	1.8				
	Percentage (%) - Percentage (%)	6.7	10	20				
	Pond productivity (kg/sq m) - Km	1.7	2.5	5				
	<b>1.2.4 Households reporting an increase in production</b>				COI survey	COI survey at Baseline, Midterm and Completion	PMU	
	Total number of household members - Number of people	0	20451	40903				
	Households - Percentage (%)	0	35	70				
	Households - Households	0	4288	8575				
	<b>1.2.2 Households reporting adoption of new/improved inputs, technologies, or practices</b>				COI survey	COI survey at Baseline,	PMU	



	Total number of household members - Number of people	0	16695	33390		Midterm and Completion	
	Households - Percentage (%)	0	35	70			
	Households - Households	0	3500	7000			
	<b>Percentage increase in the overall fish and fish species produced and harvested from artisanal fisheries activities (lagoons).</b>				Progress Report	Annual	PMU
	Catch Per Unit Effort (kg/day/boat) - Tons	30	45	60			
	Percentage of Catch Per Unit Effort (kg/day/boat) (%) - Percentage (%)	50	75	100			
	Species – Number - Number	3	5	6			
	Species – Percentage (%) - Percentage (%)	50	83	100			
	<b>Percentage of households reporting Increase fish Processed per annum</b>				Progress Reports	Annual	PMU
	Households - Number - Number	7750	11625	15500			
	Households - Percent (%) - Percentage (%)	25	38	50			
<b>Output</b> Output 1.1 Establishment of effective inland fisheries management systems	<b>3.1.1 Groups supported to sustainably manage natural resources and climate-related risks</b>				Progress Reports, Survey; M&E system	Annual	PMU
	Total size of groups - Number of people	0	10125	20250			The legal framework for inland fisheries management system exists and updated
	Groups supported - Groups	0	118	235			
	Males - Males	0	6075	12150			
	Females - Females	0	4050	8100			
	Young - Young people	0	3038	6075			

	Persons with disabilities - Number	0	506	1013				
	<b>Number of Indigenous fishing practices supported</b>				Progress Reports, Survey; M&E system	Annual	PMU	
	... - Number	0	5	10				
<b>Output</b> Output 1.2 Enhanced resilient business-oriented small-scale aquaculture production & distribution capacities, and extension services	<b>1.1.3 Rural producers accessing production inputs and/or technological packages</b>				Progress Reports, Survey; M&E system	Annual	PMU	Target communities including women and youth are willing to cooperate and actively participate project interventions
	Males - Males	0	3000	6000				
	Females - Females	0	2000	4000				
	Young - Young people	0	1500	3000				
	Total rural producers - Number of people	0	5000	10000				
	Persons with disabilities - Number	0	250	500				
	<b>1.1.4 Persons trained in production practices and/or technologies</b>				Progress Reports, Survey; M&E system	Annual	PMU	
	Men trained in fishery - Males	0	3675	7350				
	Women trained in fishery - Females	0	2450	4900				
	Young people trained in fishery - young people	0	1838	3675				
	Total persons trained in fishery - Number of people	0	6125	12250				
	Persons with disabilities trained in fishery - Number	0	100	200				
	<b>2.1.3 Rural producers' organizations supported</b>							
	Total size of POs - Organizations	0	1000	2000				
	Rural POs supported - Organizations	0	200	400				
Males - Males	0	600	1200					
Females - Females	0	400	800					

	Young - Young people	0	0	300				
	Rural POs supported that are headed by women - Organizations	0	80	160				
	Persons with disabilities - Number	0	50	100				
	<b>1.1.8 Households provided with targeted support to improve their nutrition</b>							
	Total persons participating - Number of people	0	7750	11000				
	Males - Males	0	4650	6600				
	Females - Females	0	3100	4400				
	Households - Households	0	7750	11000				
	Household members benefitted - Number of people	0	37200	52800				
	Young - Young people	0	2325	3300				
	Number of persons with disabilities - Number	0	385	550				
<b>Output</b> Output 1.3 Establishment of inland fisheries and aquaculture extension system	<b>Number of government staff trained by the project in aquaculture and fisheries extension services</b>				Progress Reports, Survey; M&E	Annual	PMU	MINPERMAR is committed to enhancing extension service for inland fisheries and aquaculture
	Number	0	12	25				
<b>Outcome</b> Outcome 2 Strengthened fisheries and aquaculture market linkages, entrepreneurships and infrastructure providing services	<b>2.2.2 Supported rural enterprises reporting an increase in profit</b>				COI Surveys	Baseline, Midline and endline survey	PMU	The Government, private sector, and smallholders have capacity to promote inland fish value chain and entrepreneurship
		Number of enterprises - Enterprises	0	55				
		Percentage of enterprises - Percentage (%)	0	10	20			
	<b>2.2.1 Persons with new jobs/employment opportunities</b>				COI survey	Baseline, Midline and endline survey	PMU	
	Males - Males	0	750	1500				
	Females - Females	0	750	1500				

	Young - Young people	0	450	900				
	Total number of persons with new jobs/employment opportunities - Number of people	0	1500	3000				
	Persons with disabilities - Number	0	75	150				
<b>Output</b> Output 2.1 Development of aquaculture and inland fisheries market-linked enterprises.	<b>2.1.2 Persons trained in income-generating activities or business management</b>				Progress reports, Survey; M&E system	Annual	PMU	Target community including women and youth are interested in fish enterprise
	Males - Males	0	5175	10350				
	Females - Females	0	3450	6900				
	Young - Young people	0	2588	5175				
	Persons trained in IGAs or BM (total) - Number of people	0	8625	17250				
	Persons with disabilities - Number	0	4313	8625				
<b>Output</b> Output 2.2 Established market & value addition infrastructure & improved market access	<b>2.1.6 Market, processing or storage facilities constructed or rehabilitated</b>				Progress reports, Survey; M&E system	Annual	PMU	Participation of women and youth in the value chain.
	Total number of facilities - Facilities	0	41	87				
	Market facilities constructed/rehabilitated - Facilities	0	1	2				
	Storage facilities constructed/rehabilitated - Facilities	0	40	85				
	<b>2.1.5 Roads constructed, rehabilitated, or upgraded</b>							
	Length of roads - Km	0	250	500				
<b>Outcome</b> Outcome 3 Strengthened institutions and policies for a sustainable and inclusive inland fisheries sector	<b>Policy 3 Existing/new laws, regulations, policies or strategies proposed to policy makers for approval, ratification or amendment</b>				Relevant legal in-country institutions or through qualitative surveys	Baseline, Midline and endline survey	PMU	The Government of Angola's commitment to establishing a favourable regulatory framework for the fisheries sector
	Number - Number		1	2				
	<b>SF.2.2 Households reporting they can influence decision-making of local authorities and project-supported service providers</b>							
					COI Surveys	Baseline, Midline and endline survey	PMU	

	Household members - Number of people	0	44640	89280				
	Households (%) - Percentage (%)	0	30	60				
	Households (number) - Households	0	9300	18600				
<b>Output</b> Output 3.1 Capacity building material, training and policy engagement enhanced	<b>Policy 1 Policy-relevant knowledge products completed</b>				Relevant legal in-country institutions or through qualitative surveys	Annual	PMU	Public interest exists in promoting evidence-based policy
	Number - Knowledge Products	0	1	2				

## Integrated project risk matrix

Risk Categories and Subcategories	Inherent	Residual
<b>Country Context</b>		
Political Commitment	Low	Low
<b>Risk:</b> Angola has been politically stable since the end of the civil war in 2002. On 24 <sup>th</sup> August 2022, Angola held its fifth general elections; the incumbent political party was retained in power. Thus, there is less risk about a drastic change of the key policy direction.		
<b>Mitigations:</b> Implement the project through existing government institutions at the national and provincial levels and provide capacity building support, where needed, with regard to institutions and the policy environment.		
Governance	Substantial	Substantial
<b>Risk:</b> Angola scored 33 points out of 100 on the 2022 Corruption Perceptions Index reported by Transparency International. Thus, the country still has a long way to go to create an environment of comfort with regard to governance and accountability of government/project resources.		
<b>Mitigations:</b> The following steps will be undertaken: a) establishment of Provincial Governance Committees (PGCs) and these will include representatives from traditional and community leaders as well as civil society; b) ensure that the project puts in place an operational and effective Internal Audit function; c) through the implementation of IFAD's Framework for Operational Feedback from Stakeholders, more inclusive governance, transparency and accountability in development processes, including in associated grievance redress mechanisms, will be fostered. Information about the existence and functioning of such mechanisms will be made readily available to all stakeholders. Further, information regarding whistle-blower protection measures, and confidential reporting channels will be widely accessible in order to receive and address grievances appropriately, including allegations of fraud and corruption, and sexual exploitation and abuse.		
Macroeconomic	Substantial	Substantial
<b>Risk:</b> Angola's economy has undergone a modest recovery since the height of the coronavirus pandemic, and the economic outlook is positive. The EIU is projecting a real GDP growth of 3.5% in 2023, up from 3% in 2022. The removal of COVID-19 related restrictions, the lagged impact of macroeconomic reforms, and the government's efforts to diversify the economy boosted non-oil growth, especially in agriculture and services. The country has vast mineral and petroleum reserves, and its economy is among the fastest-growing in the world. The projected growth will be supported by the still high international oil prices. But a combination of a weakening kwanza and subsidy cuts is reviving expectations of persistently high inflation.		
<b>Mitigations:</b> The continuing high world oil prices will result in low external financing needs during the projected period (2023-26), making the country comfortable to make debt repayments while the positive economic outlook makes debt rollovers seamless. The fact that project funds will be designated in foreign currency will serve as a hedge against the expected inflationary pressures.		
Fragility and security	Low	Low
<b>Risk:</b> Country is not currently classified as a fragile state and no insecurity has been reported.		
<b>Mitigations:</b> Keep liaison with the resident UN agencies to keep updated of security conditions on the ground and react as and when warranted.		
<b>Sector Strategies and Policies</b>		

Policy alignment	Moderate	Moderate
<b>Risk:</b> The country has developed a new National Development Plan (NDP 2023-2027); some of the other sector specific policies and strategies are in place.		
<b>Mitigations:</b> Ensure design alignment with existing policies, strategies and acts. If other policy aspects develop after the design, realign during the MTR.		
Policy development & implementation	Moderate	Moderate
<b>Risk:</b> While there are some fisheries-specific policies in place, the food and nutrition security strategy has been developed but not yet approved; hence, this is an area that remains of concern.		
<b>Mitigations:</b> This is one of the areas the project will allocate funds to support the approval of the strategy by the parliament and, eventually, develop Food and Nutrition security policy.		
<b>Environment and Climate Context</b>		
Project vulnerability to environmental conditions	Moderate	Moderate
<b>Risk:</b> a) Land clearing for aquaculture ponds can result in habitat destruction, particularly in mangrove and wetland areas. This can lead to the loss of critical ecosystems and negatively impact biodiversity; b) Poor water quality can negatively impact the health and growth of farmed fish. Pollution from agricultural runoff, industrial discharges, and improper waste management can lead to eutrophication, low dissolved oxygen levels, and waterborne diseases, affecting the productivity of aquaculture operations; c) Angola experiences seasonal variations in rainfall and temperature, which can impact water availability and quality in aquaculture ponds. Droughts or heavy rains can disrupt water supply and lead to stress on the farmed species; d) Environmental conditions can influence the prevalence and spread of diseases in aquaculture systems. Poor water quality and stress on farmed species can increase their vulnerability to diseases, leading to potential losses in production.		
<b>Mitigations:</b> a) Implementing sustainable water management practices to maintain water quality and availability; b) Establishing disease monitoring and biosecurity measures to prevent and control disease outbreaks; c) Engaging in climate-smart aquaculture practices that consider changing environmental conditions and promote resource efficiency; d) Conducting environmental impact assessments and development of ESCMPs adhering to best management practices to minimize the ecological footprint; and e) Afforestation and reforestation in areas around ponds.		
Project vulnerability to climate change impacts	Moderate	Moderate
<b>Risk:</b> a) Rising temperatures can directly impact the health and growth of farmed fish. Aquaculture species may become stressed or even experience mortality if the water temperatures exceed their optimal range; b) Changes in rainfall patterns can lead to fluctuations in water levels and salinity, affecting the water quality in aquaculture ponds and impacting the growth and reproduction of farmed species; c) Angola is prone to extreme weather events, like storms and floods. These events can damage aquaculture infrastructure, lead to fish escapes, and disrupt operations, resulting in economic losses; d) Climate change can alter the prevalence and distribution of pathogens in aquatic environments, increasing the risk of disease outbreaks in aquaculture facilities; e) Changes in precipitation patterns and increased evaporation can lead to water scarcity, affecting the availability of water for aquaculture operations; and f) Climate change impacts can lead to changes in the abundance and distribution of fish populations, potentially disrupting ecosystem dynamics and affecting the availability of fish species for aquaculture		
<b>Mitigations:</b> a) Adopting climate-smart aquaculture practices that consider changing environmental conditions and promote sustainable water use; b)		

Using species that are more resilient to temperature fluctuations and other climate stressors; c) Improving water management strategies to cope with changing rainfall patterns and potential water scarcity; d) Enhancing infrastructure design to withstand extreme weather events and minimize the risk of fish escapes; e) Monitoring and early warning systems to detect changes in water quality and disease outbreaks; and f) Strengthening capacity building and knowledge sharing among aquaculture stakeholders to adapt to climate change impacts.		
<b>Project Scope</b>		
Project relevance	Low	Low
<b>Risk:</b> There the risk that AFAP-2's objectives and interventions are not well aligned with national development or IFAD priorities, and/or are not sufficiently relevant or responsive to the needs and priorities of the intended target group throughout the project's lifespan.		
<b>Mitigations:</b> Ensure a consultative process (including all key stakeholders – target beneficiaries, GoA (national and provincial), GoA's other development partners, private sector service providers, non-government organisations, etc.) during the conception and design stages. Design and implementation will be in alignment with the relevant GoA's and IFAD's policies, strategies, acts, etc.		
Technical soundness	Moderate	Moderate
<b>Risk:</b> The risk that AFAP-2 is too complex, overambitious/lack of ambition, not innovative enough, inadequate incorporation of lessons learned and best practices, etc.		
<b>Mitigations:</b> The AFAP-2 is simple; two technical components with a total of subcomponents that are clearly linked with each other and to the associated outputs and outcomes. The design was based on lessons learnt from AFAP and other projects in the country and/or the region. AFAP-2 is promoting innovations that were tested and proven by AFAP and other relevant projects elsewhere.		
<b>Institutional Capacity for Implementation &amp; Sustainability</b>		
Implementation arrangements	Substantial	Substantial
<b>Risk:</b> Capacity of some of the implementing agencies is low. The ability to recruit and retain staff is weak and, as such, the rate of staff turnover tends to be high.		
<b>Mitigations:</b> <ul style="list-style-type: none"> <li>➢ One of the limiting factors to effective implementation was the availability of extension staff. Under AFAP-2, IPA has agreed to identify its own staff who will be trained by the Project and this intervention will overcome the issue of limited availability of extension agents;</li> <li>➢ AFAP-2 has provisions for capacitating the different implementing agencies at the national and provincial levels;</li> <li>➢ For a more structured addressing of existing capacity institutional gaps, a capacity needs assessment will be undertaken, and a corresponding capacity development plan prepared in order to appropriately address the underlying capacity gaps.</li> <li>➢ To address the issue of high staff turnover, AFAP is set to initiate a robust recruitment strategy aimed at attracting effective leaders. These leaders will be instrumental in cultivating a positive work environment, refining the employee onboarding process, and bolstering employee engagement. Our goal is to establish a fulfilling and supportive atmosphere for all staff members. This initiative marks a significant shift from previous practices, where project coordinators were selected without a competitive recruitment process, resulting in a gap in leadership capabilities.</li> </ul>		
M&E arrangements	Substantial	Substantial



<p><b>Risk:</b> The project is likely to be confronted with weak implementation capacity both at national and at provincial level, like other projects in Angola. The M&amp;E system in AFAP and generally for other projects in Angola also did show weaknesses in terms of data gathering, update, completeness and analysis. As we have seen in present and past projects, this is likely to affect the quality of project implementation and the pace of reporting the milestones achieved.</p>		
<p><b>Mitigations:</b> Mitigations: The project will actively invest in capacity-building efforts at the provincial and national levels to foster M&amp;E skills within the country, thereby ensuring the project's longevity and sustainability. To facilitate this, the project will enlist the expertise of an M&amp;E officer with a range of responsibilities. This officer will play a pivotal role in supporting the development of annual work plans and budgets, preparing a comprehensive M&amp;E framework aligned with IFAD guidelines that encompass both qualitative and quantitative measures. Additionally, the officer will oversee and execute M&amp;E activities outlined in the AWPB, with a particular focus on tracking results, making sure the indicators being used are aligned to the IFAD's Core Indicator guidelines and also to the ORMS system. They will also ensure capturing of valuable lessons learned and identifying best practices. These strategic measures are poised to fortify the project's resilience against the risks associated with an ineffective M&amp;E system, guaranteeing ongoing monitoring and evaluation of the project's performance.</p>		
<p><b>Procurement</b></p>		
<p>Legal and regulatory framework</p>	<p>Substantial</p>	<p>Substantial</p>
<p><b>Risk:</b> There is no Standard Bidding Document (SBD) for international competitive bidding. The current practice involves the use of the NCB bidding document, and this does not address the complexity of ICB contracts and the circumstances surrounding their procurement.</p> <p>The law does not distinguish consulting services from other services, and it does not provide selection methods for consulting services. Evaluation of consulting services is therefore subjected to the same procedure as goods and other services. The assessment of quality as the most critical factor for selection of consulting services may not be accorded due regard in the evaluation process.</p> <p>Confidentiality is not ensured by Contracting Entities. Although the law emphasises confidentiality in Art. 351, there is a contradiction in Art. 74(a) which grants bidders the right to examine all the documents/bids presented during the tender opening session.</p> <p>The legal framework does not prescribe approval thresholds to be applied across Contracting Entities. Application of approval procedures in a discretionary manner without taking into account the level of procurement risk is likely to erode the gains of transparency and subject the system to the inherent risk of compromise.</p>		
<p><b>Mitigations:</b> Amend the Public Contracting Law to address the identified gaps and/or to provide clarity where it is lacking.</p> <p>A full set of SBDs should be developed. In the meantime, the Project shall use the IFAD SBDs.</p>		
<p>Accountability and transparency</p>	<p>Moderate</p>	<p>Moderate</p>
<p><b>Risk:</b> There is a requirement by law to publish bidding opportunities in the National Gazette (Diario da Republica), in the public procurement portal and in a newspaper of wide circulation. Contract awards are required to be published in the public procurement portal. However, the portal is not yet active and contract award data is not made available to the public. Due to an unreliable manual system of data collection and publication of procurement data by selection method, award of procurement contracts, levels of</p>		

<p>participation, etc., there is a lack of open access to public procurement information.</p> <p>There is a risk that despite the improvements in procurement governance, the country faces medium risk of corruption based on the 33/100 score and ranking 116/180 in 2022 reported by Transparency International.</p> <p>There is low participation of Civil Society Organizations in monitoring procurement processes due to lack of an enabling environment based on existing laws and regulations. This may threaten the integrity of the public procurement system and pose a risk to achieving value for money.</p>		
<p><b>Mitigations:</b> Fully automate all procurement processes to increase transparency. Publish all procurement opportunities and contract awards in the Public Procurement Portal in order to centralise and allow free access to public procurement information by all stakeholders.</p> <p>The Project shall include the Revised IFAD Policy on Preventing Fraud and Corruption in its Activities and Operations in procurement dossiers and shall additionally require all contractors, service providers, and suppliers to sign the Self Certification Form as part of bids/ proposals and contract documentation.</p> <p>Establish an Anti-corruption Authority and put in place enhanced measures to address the actual and perceived risk of corruption including enhanced awareness programs to foster a culture of integrity to prevent corruption.</p>		
<p>Capability in public procurement</p>	<p>Substantial</p>	<p>Substantial</p>
<p><b>Risk:</b> There is a risk of procurement processes being carried out by unqualified procurement practitioners. This is because procurement is not considered a career in the civil service in Angola and the procurement cadre do not have an appropriate level of knowledge to process and manage procurement. This is likely to lead to incidences of non-compliance with the procurement law and IFAD project procurement guidelines and procedures. There is a lack of substantive permanent training programmes on procurement and strategy to develop capacity of key stakeholders in public procurement. There is a risk that this will affect the operational effectiveness AFAP-2 implementation including mastery of the rules and procedures in public procurement. This in turn may impact accountability functions in all stages of Project implementation.</p>		
<p><b>Mitigations:</b> The government should undertake a training needs assessment, and based on the results of the assessment, mount a comprehensive training programme to provide the procurement cadre with skills and tools to conduct procurement.</p> <p>Project Procurement specialists to attend IFAD ILO based Procurement training BUILDPROC. Institute periodic stakeholder/supplier conferences.</p>		
<p>Public procurement processes</p>	<p>Substantial</p>	<p>Substantial</p>
<p><b>Risk:</b> There is no evidence that the Government takes into account the input, comments and feedback received from civil society and the procurement framework does not allow the public to participate in public procurement phases other than opening. There is risk of lack of scrutiny of public procurement processes due to low participation of Civil Society and the public. This may adversely affect the transparency and accountability of the public procurement process and in turn impact the level of competition and value for money.</p> <p>There is risk of poor contract management. There are no standardized contract administration procedures to ensure quality, time and cost control,</p>		

and compliance reporting. The implementation and monitoring of contracts is generally weak, and this may result in poor contract performance.		
There is risk that the private sector may not be adequately sensitised to effectively participate in public procurement opportunities hence impacting competition and value for money. This is mainly due to: a) absence of formal mechanisms for open dialogue or capacity building of private companies; and b) absence of specific risk assessment associated with different sectors and engagement in support of procurement objectives.		
<b>Mitigations:</b> Use of the Project website to publish procurement opportunities and contract awards to make information available for performance monitoring. Establish contract management plans and systems to implement contracts in line with good procurement practice. Arrange periodic stakeholder/supplier conferences. Periodically update Project procurement strategies to identify emerging trends and risk mitigation measures.		
<b>Financial Management</b>		
Overall	Substantial	Substantial
<b>Organization and Staffing</b>	Substantial	Moderate
<b>Risk:</b> Delays in the recruitment of key project staff due to difficulties to find experienced and qualified financial management staff and retaining qualified staff during the implementation period.		
<b>Mitigation:</b> (i) Experienced and qualified FM staff will be hired from open market on a competitive basis and each staff member will complete the IFAD e-learning course within 3 months of date of appointment. This will be condition for first disbursement. Recruitment of the staff will be done based on Financial Management Staff ToRs included in the PIM and will be subject to IFAD's no objection. There will be annual performance evaluations to ensure that personnel capacity is kept at an acceptable level and extension of contracts will be based on successful performance rating. (ii) IFAD will provide an FM training at start-up and there will be continuous capacity building during the implementation period.		
<b>Budgeting</b>	Substantial	Substantial
<b>Risk:</b> (i) Insufficient budget monitoring processes and weak control over financing sources during budget preparation may result in failure to absorb allocated funds and achieve targets or overspending on approved categories. (ii) Existence of a parallel currency market with exchange rates above the official exchange rate, which presents a risk of local currency depreciation and budget overruns.		
<b>Mitigation:</b> (i) Timely preparation of AWPBs in line with schedule 2 of the FA and the COSTAB, and submission of the draft Project AWPB to IFAD for comments no later than sixty (60) days before the start of the relevant year and effective budget monitoring. The budget monitoring will be done in the accounting software and actual vs budget reports will be submitted to the management at least on a quarterly basis to ensure that all bottlenecks that are causing implementation delays are addressed. (ii) Prepare the budget taking into account the historical trend of exchange rate fluctuation and inflation level in the country.		
<b>Funds flow and Disbursement</b>	Substantial	Substantial
<b>Risk:</b> (i) Lack of sufficient counterpart contributions to pay tax liabilities may lead to liquidity issues and implementation delays. The MoF transfers counterpart funds to MINPERMAR without indicating project level details (e.g. project name, amount), and it is challenging for the project and MINPERMAR to trace		

<p>how much is distributed for the project. This may lead to delays in MINPERMAR to transfer counterpart contributions to the project account and result liquidity issues.</p> <p>(ii)Continued restrictions and high bureaucracy imposed by national legislation on foreign currency payments may lead to delays in implementation and a high number of requests for direct payments from IFAD; This increase the disbursement risk as direct payments to third parties are considered riskier in terms of recovering funds if something goes wrong.</p>		
<p><b>Mitigation:</b></p> <p>(i)Timely preparation of the annual budget for counterpart funds and follow up on the release of counterpart funds with the Ministry of Finance (MoF) to ensure that there are sufficient funds to pay project liabilities;</p> <p>(ii)The MoF to transfer Government contributions to the MINPERMAR according to the approved AWPB and demand from the project for payment of taxes and duties and clearly state in the official communications how much of the transferred funds are for AFAP-II, and MINPERMAR to transfer funds to the project’s account within 15 days of receiving the funds to avoid delays in implementation.</p> <p>(iii) As agreed with the MoF, the MoF will take necessary actions to resolve the issues relating to imposed restrictions and the project will use the designated account for payments. Direct payments will be requested only on exceptional cases for high value contracts, which will be subject to IFAD’s no objection. Consultancies and services provided by a third party based in the country will not be eligible for direct payments.</p>		
<p><b>Internal Controls</b></p>	Substantial	Substantial
<p><b>Risk:</b></p> <p>(i)Lack of an internal audit function to determine compliance with internal control provisions, rules and regulations.</p> <p>(ii)Risk of funds not being used for intended purposes, including municipality and province level.</p> <p>(iii)Grants allocated under sub-component 2.1 will be implemented in collaboration with INAPEM and DCRD. Smart Fish Kiosks will be used as agro-dealers to channel inputs to farmers by using paper vouchers. In the absence of a detailed grant implementation manual and appropriate internal control arrangements, there may be a high risk of misuse of funds.</p>		
<p><b>Mitigation:</b></p> <p>(i)An internal auditor will be hired and trained on IFAD’s requirements, financial rules and regulations to review internal control processes.</p> <p>(ii) The internal audits will be performed on a semi-annual basis and reports will be submitted to IFAD. The project management will take all necessary actions to address the findings and the status of audit recommendations will be disclosed in the quarterly interim financial reports.</p> <p>(iii)Development of a comprehensive Project Implementation Manual (PIM), which is including FM Section and a Grant Implementation Manual/Guidelines. The Grant Implementation Guidelines should include a detailed section about the eligibility criteria and a list of required supporting documentation. In addition, DCRD should verify the deliveries and submit a report to the PMU.</p>		
<p><b>Accounting and Financial Reporting</b></p>	Substantial	Moderate
<p><b>Risk:</b></p> <p>(i)SIGFE, the government accounting software is not able to generate financial reports as per the project activities and IFAD requirements.</p> <p>(ii)The PRIMAVERA Accounting Software used in AFAP-I was very basic, with no budget, procurement, or fixed asset modules and part of the accounting and reporting was done manually by exporting data to Microsoft Excel, which was prone to errors.</p> <p>(iii)Risk of delays in submission of quarterly IFRs and unaudited financial statements.</p>		

(iv) Possible collaboration with FAO and WFP is foreseen at design. In case of collaboration, there is a risk that financial management requirements including financial reporting may not be in compliance with IFAD requirements.		
<b>Mitigation:</b> (i) Procurement of a new accounting software that will be able to record and report information as per IFAD's requirements. Preferably, ERP system (PHC), which is also used by on-going IFAD projects. The accounting software will include a budget, procurement, and enhanced financial reporting module, which is capable of generating IFRs as per IFAD requirements. IFRs format will be agreed with IFAD. The procurement of the software will be condition for first disbursement. (ii) Project's annual financial statements will be submitted to IFAD within four months after the financial year-end and the quarterly IFRs will be submitted to IFAD within 30 days after the quarter end. (iii) In case of collaboration with UN agencies, all FM rules that applies to the Borrower shall also be included in the project agreement signed between the Government and the UN Agency.		
External Audit	Substantial	Substantial
<b>Risk:</b> (i) Lack of risk-based approach in PFM systems. Lack of information to verify the scope and methodology of audits carried out by the Court of Accounts (SAI) or the capacity of the Court of Accounts. (ii) Risk of late submission of external audit submissions and delays in implementation of audit recommendations. In addition, scope of the audit may not effectively cover higher risk activities and UN Agencies.		
<b>Mitigation:</b> (i) The project's financial statements will be audited by an independent audit firm acceptable to IFAD in accordance with international auditing standards. (ii) Early engagement of the external audit firm to avoid late audit submissions and audit TORs to be cleared by IFAD. A well-defined audit scope that targets the specific areas where risks are most likely to be present. It also ensures the audit is efficient and pinpointing where attention is needed most. (iii) If UN Agency's internal rules and regulations do not allow project level annual audits, alternative assurance mechanism may be adopted, such as a management assertion letter, which will be signed by the Director of Finance/Treasurer of the UN Agency. (iv) Submission of audit reports and the management letter within 6 months after the end of each financial year.		
<b>Environment, Social and Climate Impact</b>		
Biodiversity conservation	Moderate	Moderate
<b>Risk:</b> a) Introducing non-native species or strains into local environments can lead to genetic interactions with native populations. Hybridization and genetic introgression can dilute the genetic integrity of wild populations, potentially reducing their fitness and adaptive capabilities; b) High stocking densities and the concentration of farmed fish in aquaculture facilities can increase the risk of disease outbreaks. If pathogens from aquaculture operations spread to wild fish populations, it can lead to the decline of native species and disrupt local biodiversity; c) Converting natural habitats, such as wetlands, into aquaculture farms can result in the loss of critical ecosystems that support a wide range of species. Habitat conversion reduces biodiversity and can lead to the displacement or loss of local fauna and flora; d) The use of chemicals, such as antibiotics, pesticides, and disinfectants in aquaculture can have unintended effects on non-target species in the surrounding environment, impacting biodiversity; e) Aquaculture operations can generate excess nutrients and organic matter, leading to eutrophication and changes in water quality.		
<b>Mitigations:</b> a) Adopting proper containment and escape prevention measures to reduce the risk of farmed species escaping into the wild; b)		

<p>Implementing disease prevention and biosecurity measures to minimize the risk of disease transmission between aquaculture facilities and wild populations. c) Practicing responsible site selection to avoid the conversion of critical habitats and to protect local biodiversity; d) Reducing the use of chemicals in aquaculture through disease prevention, integrated pest management, and sustainable practices; e) Ensuring responsible sourcing of feed ingredients to minimize the impact on wild fisheries and habitats; f) Monitoring water quality and implementing proper waste management to mitigate eutrophication and its impacts on biodiversity.</p>		
<p>Resource efficiency and pollution prevention</p>	<p>Moderate</p>	<p>Moderate</p>
<p><b>Risk:</b> a) Excessive use of feed and fertilizers in aquaculture ponds can lead to nutrient enrichment in the water. This can cause eutrophication, where algal blooms deplete oxygen levels, leading to fish kills and other adverse impacts on aquatic ecosystems; b) Aquaculture facilities may release effluents containing uneaten feed, feces, and other organic matter into surrounding water bodies. These discharges can degrade water quality, affecting the health of wild fish and other aquatic organisms; c) The use of antibiotics, pesticides, and other chemicals in aquaculture can lead to water contamination. These substances can harm non-target species, contribute to the development of antibiotic resistance, and pose risks to human health when consumed; d) Conversion of natural habitats, such as wetlands, into aquaculture farms can lead to habitat destruction and loss of critical ecosystem services; e) High stocking densities and poor water quality in aquaculture facilities can promote the spread of diseases among farmed fish. If not properly managed, these diseases can spread to wild fish populations; f) GHG emissions from aquaculture activities contribute to climate change, which in turn affects marine and freshwater ecosystems, exacerbating the risks of pollution and other impacts; and g) a situation where some deserving community members may not be able to participate in the project because they may not have the land due to competing use for land .</p>		
<p><b>Mitigations:</b> a) Implementing proper waste management and effluent treatment systems to minimize nutrient pollution and water quality degradation; b) Promoting responsible and reduced use of chemicals, such as antibiotics and pesticides, through disease prevention and integrated pest management practices. c) Ensuring proper site selection to avoid habitat destruction and minimize the risk of disease transmission to wild fish. Monitoring and regulating the introduction of exotic species to prevent genetic pollution and biodiversity loss. d) Encouraging the use of eco-friendly and low-impact feed ingredients to reduce nutrient pollution and reliance on wild-caught fishmeal; e) emphasizing proper farm management practices to reduce environmental impacts and improve the sustainability of aquaculture operations; and f) project will facilitate the process of identification and leasing of communal land for use by those deserving community members that may not be able to participate in the project because they may not have the land due to competing use.</p>		
<p>Cultural heritage</p>	<p>Low</p>	<p>Low</p>
<p><b>Risk:</b> There is a very low risk that AFAP-2 will be implemented in areas of cultural heritage sites where it could cause loss of resources of historical, religious or cultural significance and where it could lead to flooding when fishponds are constructed. The risk that women may be prevented from participating due to patriarchal norms is also low, as the project will sensitise communities on the benefits of women participation.</p>		
<p><b>Mitigations:</b> The targeting strategy will ensure that AFAP-2 will not target cultural heritage sites for its interventions and will avoid areas vulnerable to flooding during pond site construction. The strategy will also ensure that women are directly involved in project activities and to benefit from</p>		

participation. The M&E system will collect gender and age disaggregated data to monitor the performance of the targeting strategy.		
Indigenous Peoples	Low	Low
<b>Risk:</b> There is low risk that AFAP-2 will be sited in areas where indigenous peoples are present or on lands and territories claimed by indigenous people. The risk that the project will lead to impacts on the cultural heritage of indigenous peoples is low. There is low risk that AFAP-2 may cause physical, social, or economic impacts on indigenous peoples, or in threats to or the loss of resources of historical or cultural significance to them.		
<b>Mitigations:</b> Based on AFAP-2's geographical focus, it is not likely that indigenous people or their areas will be affected. In any case, the targeting strategy will ensure to do no harm to any peoples and their properties.		
Community health and safety	Low	Low
<b>Risk:</b> Angola is vulnerable to outbreaks of malaria, cholera, zika. Communicable diseases account for 50% of recorded mortality. Malaria is a public health concern, and a major cause for morbidity, mortality and loss of production. More than half the population has inappropriate latrines; almost a third of the population practice open defecation. Three quarters of the population in rural areas lack safe drinking water sources. The high level of malnutrition is a concern.		
<b>Mitigations:</b> AFAP-2 will promote nutrition sensitive aquaculture accompanied by targeted social behaviour change communication, support supply of safe drinking water and sanitation facilities in collaboration with sector relevant partners.		
Labour and working conditions	Low	Low
<b>Risk:</b> Young men and women have been forced to migrate to urban areas in search of better opportunities, due to climate shocks. The elderly, child-headed households and people living with HIV/AIDS that are dependent on such labour have become more vulnerable to climate change and drought impacts.		
<b>Mitigations:</b> AFAP-2 will act as an incentive for the young men and women to return to the villages and engage in project activities to increase their incomes, food and nutrition security. There will be creation of employment through the construction of infrastructure and employment in the fish value chain.		
Physical and economic resettlement	Low	Low
<b>Risk:</b> No physical and economic resettlement foreseen.		
<b>Mitigations:</b> Not Applicable.		
Greenhouse gas emissions	Moderate	Moderate
<b>Risk:</b> a) The production of feed for farmed fish often relies on agriculture, including the cultivation of crops like soybean, maize, and fishmeal. The manufacturing and transportation of feed ingredients contribute to GHG emissions, particularly if unsustainable practices are used; b) Aquaculture facilities require energy for various purposes, such as maintaining water quality, providing aeration, and running pumps. Energy sources like fossil fuels can lead to direct emissions of carbon dioxide (CO <sub>2</sub> ) and other GHGs; c) Anaerobic decomposition of organic matter in aquaculture ponds can result in the release of methane (CH <sub>4</sub> ), a potent GHG. This can occur when organic material, such as uneaten feed and feces, accumulates at the bottom of ponds. d) Converting natural habitats, such as wetlands, into aquaculture farms can release significant amounts of stored carbon and other GHGs. It also leads to the loss of valuable carbon sinks; e) Improper handling and disposal of aquaculture waste can lead to GHG emissions, especially if organic matter breaks down in anoxic conditions, producing methane; f)		

Excessive nutrient runoff from aquaculture operations can cause eutrophication, leading to increased GHG emissions, particularly nitrous oxide (N <sub>2</sub> O), a potent GHG; g) The application of chemicals such as antibiotics and pesticides in aquaculture can lead to indirect GHG emissions, such as through the production and transportation of these substances.		
<b>Mitigations:</b> a) Adopting sustainable feed options and feed management practices to reduce reliance on wild-caught fishmeal and unsustainable feed ingredients; b) Improving energy efficiency in aquaculture operations, such as using renewable energy sources and optimizing equipment; c) Implementing waste management strategies to minimize organic matter accumulation and methane production in ponds; d) Promoting responsible land use and avoiding conversion of carbon-rich ecosystems for aquaculture expansion; and e) Enhancing water quality management to reduce nutrient runoff and subsequent GHG emissions		
Vulnerability of target populations and ecosystems to climate variability and hazards	Moderate	Moderate
<b>Risk:</b> Aquaculture ponds or construction may damage soil, flora, fauna, and ecosystem services, which could upset the ecological balance, especially in aquaparks. Deforestation, overgrazing, bush fires, and soil erosion will increase target populations' livelihoods, ecosystems, economic assets, and infrastructure's exposure to climate variability and hazards, defeating the Project's purpose and DO.		
<b>Mitigations:</b> The Project will analyse and minimise negative impacts through: a) an Environmental and Social Management Plan (ESCMP); and b) a Monitoring Plan covering both public health and environmental management. The impacts of climatic shocks will be reduced by integrating the effects of climate change into the planning and design of ponds and infrastructure. In addition, several measures will be implemented to reduce the vulnerability of target populations. These include revegetation and reforestation.		
<b>Stakeholders</b>		
Stakeholder engagement/coordination	Moderate	Moderate
Risk 1: Due to relatively weak coordination and harmonisation mechanisms among Government departments and development partners in the country, there is a risk of some duplication and/or inconsistency of approaches, resulting in less buy-in from stakeholders (e.g., government, project target groups, civil society). Risk 2. AFAP-2 may not identify relevant stakeholders or provide adequate information disclosure, consultation/coordination with, and stakeholder buy-in on project objectives, resulting in stakeholder misunderstandings or opposition that may undermine project implementation and development objectives.		
Mitigation 1: IFAD should actively collaborate with development partners in the country on possible areas of interest.  Mitigation 2: Building on its successful relationship with diverse development partners in the agriculture sector in Angola and utilising its national office will guarantee coordination and harmonisation to promote complementarities and synergies with other investments. IFAD's new Framework for Operational Feedback from Stakeholders will encourage proactive stakeholder involvement and feedback, improving project relevance, ownership, impact, and sustainability.		
Stakeholder grievances	Substantial	Substantial
<b>Risk:</b> <b>Risk 1:</b> Due to limited knowledge and experience among consultants, project staff, and senior government representatives from lead project executing agencies on how to set up and operate grievance redress mechanisms,		



<p>grievance/complaint redress processes (including those related to allegations of non-compliance with IFAD's E,S,C standards, fraud, corruption, or SEA) may be inefficient, leading to unaddressed stakeholder complaints.</p> <p><b>Risk 2:</b> Due to limited awareness and accessibility of targeted groups to project, government, and IFAD whistle-blower protection measures and confidential reporting channels (especially in contexts where societal norms may discourage reporting of complaints for fear of retribution or retaliation), allegations of fraud and corruption, sexual exploitation, and abuse may not be received.</p>		
<p><b>Mitigations:</b></p> <p><b>Mitigation 1:</b> The high-level implementation plan of IFAD's Framework for Operational Feedback from Stakeholders will train, Project staff, and senior government representatives from lead project executing agency to implement improved practices to improve stakeholder engagement and feedback in IFAD-supported operations. Special attention will be given to how to set up functional grievance redress processes that are socially inclusive and allow Project target groups to voice complaints or report wrongdoing and facilitate timely resolution of potential or realised negative impacts arising from Project design and implementation.</p> <p><b>Mitigation 2:</b> Capacity building on inclusive and accessible grievance redress systems will focus on the following two elements: a) information about such mechanisms should be readily available to all stakeholders, with special attention to raising the level of understanding of more vulnerable segments of communities served, e.g. by providing clear and understandable information on how to channel grievances, and processes and timelines for handling and responding to grievances submitted; and b) information regarding whistle-blower protection measures, and confidentiality.</p>		