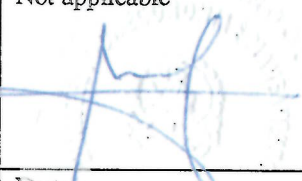


PROJECT DOCUMENT**Project Title:** Enabling Environment and Policy Support for Rural Industrial Parks Development in Angola**Project Agreement #**2022-UTGP-002**Implementing Partner:** United Nations Development Programme (UNDP)**Start Date:** June 2022**End Date:** October 2022**PAC Meeting date:****Brief Description**

The development of rural industries presents Angola with an opportunity to accelerate economic development and achieve its industrial development goals. If addressed correctly, diversified rural industries can help to fulfil the potential of agriculture, mineral and create the basis to advance industrialization in the country. Recognizing this opportunity, the Ministry of Industry and Trade through the Angola Institute of Industrial Development and Technological Innovation (IDIITA) is spearheading the development of Rural Industrial Parks (PIRs) and accompanying rural transformation centers with the intention of better integrating agricultural value chain actors. The existence of a conducive business climate is considered essential to engender economic growth and development. The second axis of the National Development Plan (NDP) 2018-2022, entitled Sustainable, Diversified and Inclusive Economic Development, foresees a broad agenda to that effect, including measures to improve the regulatory environment, productivity, and competitiveness; promote innovation and technology transfer; and support sectors with potential to substitute imports and diversify exports. This is complemented by measures to strengthen the macroeconomic environment and reduce the size of public presence in favor of an increase private sector involvement. New investment and competition laws and the preparation of a privatization law have signaled the commitment of the government to reform. The Project will support the Ministry of Industry and Trade to establish an Investment Monitoring Platform (IMP), accessible to business and public institutions across the country. The IMP will gather comprehensive information not only on how investors respond to the Angolan business environment, but also on how they impact employment, skills development, and technology diffusion. The results of the survey will help strengthen the institutional capacities of relevant stakeholders and promote investment for industrial development. UNIDO and UNDP will discuss potential cooperation in Angola in the area of agro-industrial park development and investment promotion, particularly targeting the private sector.

Contributing Outcome (UNDAF/CPD, RPD or GPD): UNSDCF 2020-2022, outcome 1 UNDP CPD 2020-2022, outcome 1	Total resources required in USD:	1,197,000	
	Total resources allocated in USD:	Ministry of Economy and Planning:	1,197,000
		In-Kind:	–
	Unfunded in USD:		

Agreed by (signatures) ¹ : Government	UNDP	Implementing Partner
Print Name: Mário Augusto Caetano João Minister of Economy and Planning	Print Name: Edo Ferdinand Stork UNDP Resident Representative in Angola 	Not applicable 
Date:	Date: 23/05/23	Date:

¹ Note: Adjust signatures as needed² The Gender Marker measures how much a project invests in gender equality and women's empowerment. Select one for each output: GEN3 (Gender equality as a principle objective); GEN2 (Gender equality as a significant objective); GEN1 (Limited contribution to gender equality); GEN0 (No contribution to gender quality)

I. DEVELOPMENT CHALLENGE

The Government has embarked on expanding industrial base and see it as an opportunity to enable Angola to fulfill its economic goal of economic diversification and attaining middle income economy by 2024. The emphasis is for industrialization that absorbs the rapidly growing labor force, boosting local production, produce products and services that are competitive in the domestic and international markets and improve people's livelihood. The industrial sector will link with other sectors of the economy. Agriculture-based industry is particularly important for developing Angola and is a first step towards the structural transformation of the economy.

Despite the large potential in terms of arable land and climate conditions, food remains the second-largest import of Angola corresponding to 22% of total import in 2020, mostly rice, poultry, flour, and vegetable oil. Due to the large share of food imports, the strong depreciation of the domestic currency and the progressive rise in the international food prices – the FAO Food Price Index (FFPI) peaked at 130.0 points in September 2021 – consumer price inflation in Angola has been rising owing to a strong push from food and beverages prices.² On the other hand, non-oil and non-diamond export accounted for only 1% of total export in 2020, mainly wood, fish, granite, beer, and cement.³

Moreover, the Integrated Food Security Phase Classification (IPC) results indicate that, from October 2021 to March 2022, 1.58 million people in Cunene, Huila and Namibe provinces are projected to be in acute food insecurity (IPC Phase 3 and 4).⁴ Industrial development outside the oil and gas is incipient– accounting for 3% of total employment⁵ and less than 5% of GDP in 2020⁶ – and with low complexity. The Economic Complexity Index (ECI)⁷ of Angola remains low and the country ranks 177th out of 193 economies in UNCTAD's Productive Capacities Index (CPI). Due to the oil slowdown, in 2020 the Industrial Production Index (IPI) contracted for the fifth consecutive year.⁸ Despite these challenges, Angola's non-oil GDP is expected to gradually recover from the pandemic, growing 2.3% in 2021.⁹

To foster economic diversification, employment and manufacturing value-added sectors, the government is in process of approving the Industrial Development Plan of Angola 2025 (PDIA). The PDIA aims to boost domestic manufacturing in alignment with the PRODESI through four major actions: i) the reform of the legal framework; ii) improvement of the human capital; iii) more investments in infrastructure; and iv) the promotion of innovation and competitiveness with a focus on MSMEs.

A key priority of the PDIA is to promote human capital, skills development, and innovation to boost industrial development. The Small Rural Industry Promotion Program (PROFIR) was approved by the Presidential Decree 111/15 and is a priority in Angola's National Development Plan 2018-2022 and is a core component of the current PDIA and PRODESI, considered a vehicle for the structural transformation of the economy through the commercialization of the agricultural sector. PROFIR is expected to help pave the way for the realization and promotion of micro and small rural industry in the country.

1. Currently there are three integrated rural industrial parks operating in the provinces of Benguela (Canjala), Zaire (Tomboco) and Malange (Cacuso). Despite excellent growth potential, a critical constraint to agro-industrial development is the lack of infrastructure to support supply to processors, access to finance, high

² The consumer price inflation at the end of the year was 16.9% in 2019 and 25.1% in 2020. Source: National Institute of Statistics (INE).

³ Source: BNA. Balance of Payments.

⁴ Source: World Food Programme (WFP). Country brief. September 2021. IPC phase 3 refers to acute food and livelihood crisis. IPC phase 4 refers to humanitarian emergency.

⁵ Source: INE. Inquérito ao Emprego em Angola (IEA).

⁶ Source: INE. National Accounts.

⁷ Economic complexity is expressed in the composition of a country's productive output and reflects the structures that emerge to hold and combine knowledge. See: Hausmann, Hidalgo et al. (2014). Atlas of Economic Complexity

⁸ Source: INE, Industrial Production Index (IPI) annual report 2020.

⁹ Source: IMF Country Report 21/140.

Leave No One Behind (LNOB) principle of the Sustainable Development Goals (SDGs): unequivocal commitment of all UN Member States to eradicate poverty in all its forms, end discrimination, and exclusion, and reduce the inequalities and vulnerabilities that leave people behind and undermine the potential of individuals and humanity as a whole. This project aims to contribute to the following SDGs: i) **SDG 1** aims to end poverty in all its forms everywhere; ii) **SDG 5** calls for achieving gender equality and empowering all women and girls; iii) **SDG 8** aims to promote sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all; and iv) **SDG 10** calls for reducing inequality within and among countries.

Agenda 2063 of the African Union is the blueprint and strategic framework which captures the aspiration of Africans for the political, social, and economic transformation of the Continent.

UNDP's 2018-2021 Strategic Plan (SP) outlines UNDP's commitment to supporting countries' efforts to eradicate poverty in all its forms to promote sustainable development and create resilient communities.

Africa's Promise: The UNDP Renewed Strategic Offer in Africa 2020 aims to 'strengthen UNDP's position as Africa's premier enabler and integrator for the 2030 and the 2063 Agendas.'

United Nations Sustainable Development Cooperation Framework (UNSDCF) for Angola 2020-2022 aims to achieve four outcomes: i) Outcome 1. "Economic and social transformation"; ii) Outcome 2. "Adolescents, youth and women's empowerment; iii) Outcome 3. "Environment and resilience of the vulnerable population"; iv) Outcome 4. "Democracy and stability".

UNDP Country Programme Document (CPD) for Angola 2020-2022 establishes three program priorities: i) fostering poverty eradication and inclusive economic growth; ii) increasing resilience to shocks and crises and enhancing management of natural resources for conservation and economic development; iii) strengthening inclusive democracy, human rights, justice and rule of law.

Cross-cutting Approaches

Building on the guiding principles outlined above, there are several cross-cutting approaches that this offer will adopt to realize its overall goal as well as to make inroads into its strategic objectives and impact areas.

- a. **Adopting a human-rights-based approach and gender justice lens** to pay particular attention to how women, in all their diversities, are impacted by laws, policies, and practices in the informal economy, thus addressing the needs, challenges, and agency of women.
- b. **Strategic partnerships** to strengthen and broaden strategic collaboration, cooperation, and partnerships with other UN agencies, multilateral and bilateral partners, including the African Development Bank (AfDB).

relevant stakeholders and promote investment for industrial development and design policy based on empirical evidence. In partnership with UNIDO, UNDP will discuss potential cooperation in Angola in the area of agro-industrial park development and investment promotion, particularly targeting the private sector.

The Project will strengthen synergies among ministries, institutes, and business associations by helping stakeholders identify possible areas of collaboration, mainly through sectoral working groups and engagement in existing PIRs in Canjala, Tomboco and Cacuso pilot projects. The project will also organize training for government officials and other national counterparts to build technical capacity to support industrial policy implementation and monitoring. Gender and women empowerment according to the OECD's Social Institutions and Gender Index, Angola holds a low gender discrimination rating. Nonetheless, women still face higher levels of poverty and unemployment than their male counterparts. Hence, it is essential for value chain and enterprise development initiatives to reflect the specific needs of women entrepreneurs and to include a gender aspect in monitoring and evaluation. The project will produce a gender analysis and will integrate gender into all objectives and outputs by following a three-pronged approach: i) mainstreaming gender into all program components; ii) promoting policy instruments related to gender and green industry; and iii) designing activities specifically aimed at empowering women entrepreneurs. The project will also support the integration of SMEs into larger value chains to increase their access to markets. In this regard, the project will focus on upgrading technical and administrative know-how, fostering an entrepreneurial spirit, and helping businesses to increase the profitability of the 3 PIRs. This, in turn, will enhance SME competitiveness, create more jobs, and promote inclusive growth. The project will seek complimentary and build synergies with other existing governments programmes, promoting production, manufacturing, and commercialization. There will be a strong interdependency between the Rural Industrial Development Program (PROFIR) and Integrated Rural Trade Development Program (PIDCR). PROFIR is conceived to feed the PIDCR, as the PIDCR will promote the distribution and commercialization of processed and manufactured products by PROFIR. Thus, the PIDCR will only be successful with an integrated execution of PROFIR. For example, the PIR of Cacuso will promote production and processing of cassava, to become a production center to feed PIDCR, with products like manioc meal, and its derivatives.

In order to increase sustainable production and industrial resource efficiency within the industrial parks, the project will assist the MINDCOM to establish the social and environmental impact guidance and promote the "greening" of value chains. These interventions will be aligned with SDG 9 on green Industry and will focus on pollution prevention, pollution abatement and resource management. Environmental assessment of the existing 3 PIRs will be conducted, and this will serve as a catalyst for private investment to screen the negative social and environmental impacts from industrial activities. The project will help the Government of Angola to reinforce regulatory mechanisms for sustainable industrial rural park planning and promote the integration of best available techniques and technologies in the construction, operation, and management of industrial parks. This includes low-carbon and clean technologies and practices, as well as energy efficiency and renewable energy. The project will conduct an assessment study to help the Government of Angola determine which manufacturing sectors and which regions should be prioritized for the development of sustainable industrial rural parks, zones and related infrastructure. The results and recommendation of the study will serve as a basis for the formulation of a roadmap for the development of a national strategy on sustainable industrial rural parks and zones. To support the sustainability of existing industrial rural parks, the project will develop tools aimed at transforming the industrial parks of Canjala, Tomboco and Cacuso into sustainable industrial zones.

UNDP's integrated offer is based on the context described above (Section I) and is anchored in the integrated advantage that operationalizing PROFIR is key to tackle multidimensional poverty¹¹ and to promote of a more inclusive sustainable development.

¹¹ The Multidimensional Poverty Index of Angola (IPM-A) is the national measure of multidimensional poverty and considers four dimensions: health, education, employment and quality of life.

III. RESULTS AND PARTNERSHIPS

The project aims to achieve one major outcome: Strengthen the enabling environment conducive to attract responsible investments in the rural industrial development sector.

The following outputs will contribute to the outcome:

Output 1: Appropriate legal framework established for the rural industrial parks (PIRs)

Indicative activities:

- 1.1 Produce the legal framework and documents to support the PIR's implementation and management, including standard contract models for (1) PIR concession, (2) investments fixation on PIRs (sub concession) and (3) local production purchasing as raw materials for industries fixed on PIRs; (4) Guidance on the establishment of a one stop shop for businesses and the gradual digitalization of its offerings (facilitating to the extent possible all key administrative procedures, business licensing, applications for fiscal incentives, etc.. that are relevant to park tenants)

Output 2: Strategy and implementation plan defined to support the creation of the PIR's national network

Indicative activities:

- 2.1 Identify local potential for industrial transformation in selected municipalities
- 2.2 Define the national PIRs network, including a specific strategic vision according to each defined local potential, including as pre-requisites the 3 existing PIRs and the 7 priority location areas already identified
- 2.3 Develop guidelines for the construction of PIR in prioritized areas
- 2.4 "Design PIRs Single Window" – Repository of information related to PIRs

Output 3: Develop a contingency Plan to accelerate the operationalization of the existing 3 PIRs

Indicative activities:

- ~~3.1 Conduct feasibility studies for the upgrading of existing parks~~
- 3.2 Prepare a business plan model to explore and manage the existing 3 PIRs
- 3.3 In collaboration with industry associations and the chamber of commerce, organize investment promotion activities to attract private developers to these parks, and market sounding activities to elicit their potential interest and feedback, Provide legal and technical advisory services for the negotiations with private developers.

The UNDP integrated offer on Rural Industrial Policy Development will be essentially based on:

- Supporting the MINDCOM to conduct feasibility studies for the upgrading of existing parks and these will cover developing which operating models may be more suitable for the parks (PPP or fully private, etc.),
- In collaboration with industrial associations and the chamber of commerce, organize investment promotion activities to attract private developers to these parks, and market sounding activities to elicit their potential interest and feedback
- Provide technical advisory services that will lead to produce the legal framework and documents to support PIR's implementation and management, including standard contract models for (1) PIR concession, (2) investments fixation on PIRs (sub concession) and (3) the negotiations with private developers.

In doing so, UNDP will be:

- Use the Global Facility Mechanism to coordinate actions and the global transfer of knowledge to enable governments to accelerate their path economic transformation and job creation, the Istanbul International Center for Private Sector in Development (IICPSD) supports the private sector and foundations to become transformative partners in development through research, advocacy for inclusive business, facilitation of public-private dialogue and brokering partnerships.

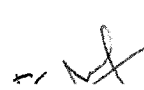
Table 1. Participation of partners into the project

Partners	Contributions	Project outputs
Ministry of Industry and Trade (MINDCOM)	A strategic role on the operationalization and monitoring of an effective implementation of PROFIR. The Ministry is responsible for facilitating industrial development in the country. It carries out its mandate through formulation, implementation and review of policies and programmes aimed at support for local industries and stimulation of local entrepreneurship.	1.1, 1.2, 1.3
Institute for Industrial Development in Angola (IDIIA)	Responsible for formulation and implementation of industrial strategic plans and action plans. Foster capacities for public and private in industrial sector	1.1, 1.2, 1.3
National Institute of Employment and Vocational Training (INEFOP)	Foster skills development in several areas of industrial development and job opportunities for young people.	1.2
Ministry of Culture, Tourism and Environment (MCTA)	The ministry is responsible for planning, promoting, coordinating, and overseeing the implementation of environmental policy and an ally for industrial development	1.1, 1.2
Institute for Agrarian Development (IDA)	IDA is responsible for defining and implementing extension services to support small farmers, cooperativas and MSME in agriculture sector	1.1
Ministry of Agriculture and Fisheries	The Ministry of Agriculture and Fisheries (<i>Ministério da Agricultura e Pescas</i> - MINADER) has the mandate to develop and implement agricultural policy and promote agribusiness sector.	1.2, 1.3
UNDP CO	The UNDP CO has been supporting the Government of Angola with strengthening human and institutional capacity for carrying out evidence-based policy planning for multidimensional poverty	1.1, 1.2
	UNDP will monitor the implementation of the project, review progress in the realization of the project outputs, and ensure the proper use of funds. Working in close cooperation with MINDCOM and IDIIA, the UNDP CO will provide support services to the project - including procurement, contracting of service providers, human resources management, and financial services - per the relevant UNDP Rules and Regulations, Policies and Procedures and Results-Based Management (RBM) guidelines.	
	UNDP CO also provides its services through technical advice, facilitating change processes, support to mechanisms for advocacy, networking, and partnership building including intermediation for information, expertise and funds, and knowledge development and dissemination.	
	UNDP Africa Private and Financial Sector Hub in Pretoria	
	With the Istanbul International Center for Private Sector Development (IICPSD), UNDP will collaborate with UNIDO to support the Ministry of Industry and Trade to establish an Investment Monitoring Platform (IMP), accessible to business and public institutions across the country.	
UNIDO	The United Nations Industrial Development Organization is a specialized agency of the United Nations that assist countries in economic and industrial development. Represented in Angola by the UNDP, UNIDO will technically lead the project by	1.1, 1.2

collaborate on knowledge production, while in some cases, improving and expanding existing research and knowledge being generated.

Communication

The project will follow the UNDP brand and policy guidelines, as well as the Government communication guidelines. Visibility of project activities will be coordinated by the Communication Unit at UNDP CO, with the support of a communication assistant.



V. RESULTS FRAMEWORK¹²

¹² UNDP publishes its project information (indicators, baselines, targets and results) to meet the International Aid Transparency Initiative (IATI) standards. Make sure that indicators are S.M.A.R.T. (Specific, Measurable, Attainable, Relevant and Time-bound), provide accurate baselines and targets underpinned by reliable evidence and data, and avoid acronyms so that external audience clearly understand the results of the project.

Monitoring Activity	Purpose	Frequency	Expected Action	Partners (if joint)	Cost (if any)
Track results progress	Collect and analyze progress data against the results indicators in the results framework to assess the progress of the project in achieving the agreed outputs	Quarterly/Semi-annually	The project management team should monitor the progress of the project implementation	UNDP	N/A
Monitor and Manage Risk	Identify and monitor risk management actions using a risk log frame. This includes monitoring measures and plans that may have been required as per UNDP's social and environmental standards. Audits will be conducted per UNDP's audit policy to manage financial risk	Quarterly	The project management team identifies the risks and actions are taken to manage them Identify specific risks that may threaten the achievement of intended results Maintain The risk log to keep track of identified risks and actions taken	UNDP Project management team	N/A
Learn	Knowledge, good practices, and lessons will be captured regularly, as well as actively sourced from other projects and partners and integrated back into the project	Semi-Annually	Relevant lessons are captured by the project team and used to inform	UNDP Project management team	N/A
Semi-Annual Project Quality Assurance	The quality of the project will be assessed against the UNDP quality standards to identify project strengths and weaknesses and to inform management decision-making to improve the project.	Semi-Annually	Areas of strength and weakness will be reviewed by project management and used to inform decisions to improve project performance.	UNDP Project management team	N/A
Review and Make Course Corrections	Internal review of data and evidence from all monitoring actions to inform decision-making	At least semi-annually	Performance data, risks, lessons, and quality will be discussed by the Project Board and used to make course corrections	UNDP Project management team	N/A
Project Report	A progress report will be presented to the Project Board and key stakeholders, consisting of progress data showing the results achieved against pre-defined targets at the output level, the project quality rating summary, an updated risk long with mitigation measures, and any evaluation or review reports prepared over the period.	Semi-Annually, and at the end of the project (final report)	Performance data, risks, lessons, and quality will be discussed by the Project Board and used to make course corrections.	UNDP Project management team	N/A

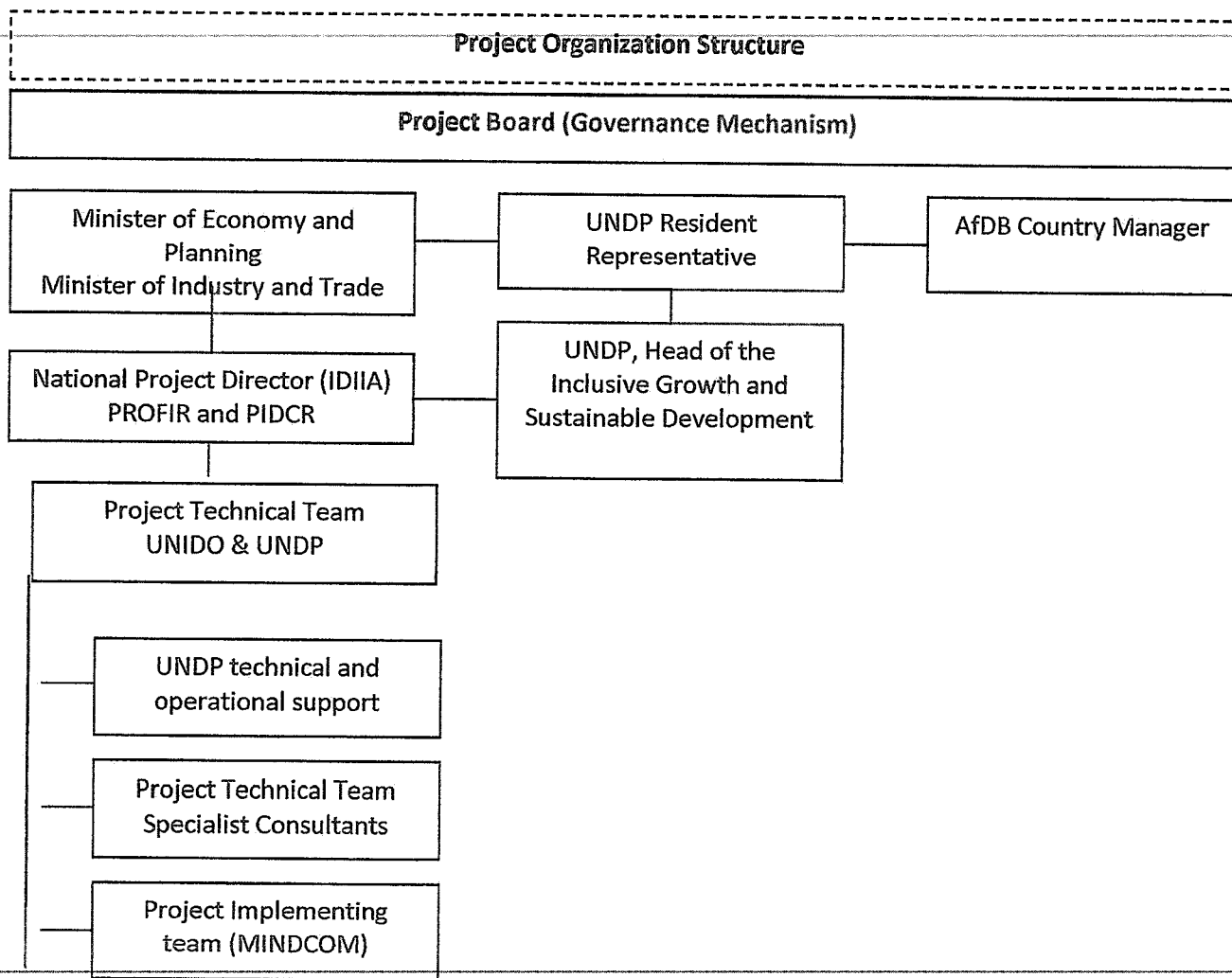
VII. WORK PLAN AND BUDGET

EXPECTED OUTPUTS	PLANNED ACTIVITIES	Planned Budget by Year (USD)				PLANNED BUDGET	
		2022				Budget Description	Total Amount (USD)
		January-March	April-June	July-September	October		
Output 1.1 Appropriate legal framework established for rural industry development Baseline: 0 Target :1	1.1.1 Produce the legal framework and documents to support PIR's implementation and management, including standard contract models for (1) PIR concession, (2) investments fixation on PIRs (sub concession) and (3) local production purchasing as raw materials for industries fixed on PIRs; Actions: 1.UN to UN agreement with UNIDO 2.Elaborate and publish the ToR for this specialized service 3. provision of a specialized by UNIDO to develop the legal framework described services 3. Engage the representatives of business associations					MINDCOM Service provision	250,063.78
	Sub total output 1					Service provision	250,063.78

[illegible]

Budget Account	Unit	Number of Units	Unit Cost	Total (US\$)	Cost Type
transfer and Design PIRs Single Window" – Repository of information related to PIRs					
UNDP to develop the Terms of Reference and a contingency Plan to accelerate the operationalization of the existing 3 PIRs -this include to conduct one feasibility studies, prepare a business plan models and organize investment promotion activities for existing 3 PIRs	Service Contract	1	170,063.78	170,063.78	Direct Operational Cost
Contracts - Procurement Services	Procurement	3	382.4	1,147.2	Direct Project Cost
Contracts - Procurement Services	Vendor profile	3	34.4	103.2	Direct Project Cost
Contracts - Procurement Services	Payment process	3	60	180	Direct Project Cost
Total Contracts				1,430.4	
4. Training and workshops					
Presentation of tools developed in the project to the public and stakeholders	Internal meetings and workshops	3	2,000	6,000	Direct Operational Cost
Training - Procurement Services	Purchase Orders	3	95.60	286.8	Direct Project Cost
Training - Procurement Services	Vendor Profile	3	34.4	103.2	Direct Project Cost
Training - Procurement Services	Payment Process	3	60.2	180.6	Direct Project Cost
Total				6,570.6	
Total Travels					
Field mission	Participants	2	750	1,500	Direct Operational Cost
Travel - Procurement Services	Travel management simple	2	110	220	Direct Project Cost

Budget Account	Unit	Number of Units	Unit Cost	Total (US\$)	Cost Type
				1,140,000	
10. General Management Support (GMS) 5%				57,000	
TOTAL GMS				57,000	
TOTAL FUNDING CEILING				1,197,000	



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X. RISK MANAGEMENT

#	Description	Date Identified	Type	Impact & Probability	Countermeasures / Management response	Owner	Submitted, updated by	Last Update	Status
	Enter a brief description of the risk	When was the risk first identified	Environmental/ Financial/ Operational/ Organizational/ Political/ Regulatory/ Strategic/ Other	Potential effect on the project if this risk were to occur. Probability (P) and Impact (I) on a scale from 1 (low) to 5 (high)	What actions have been taken/will be taken to counter this risk	Who has been appointed to keep an eye on this risk	Who submitted the risk	When was the status of the risk last checked	e.g. reducing, increasing, no change
1	Limited funding	2022	Financial	The program will be delayed and could make it more difficult to get additional funding. P=1/ I=3	The project is depended on funds coming from AfDB to ensure the implementation of planned activities. The project team will continue engaging with AfDB during project implementation for the identification of a subsequent investment project supporting Rural Industrial Parks development and enterprise growth in Angola. To this effect, efforts should be made so that the outputs of this project can be directly used as inputs for the potential AFBD project dedicated to PROFIR-phase 2.	Project Manager			
2	Increased skills not staying in the Government Ministries	2022	Operational	P=2 / I=3	Turnover of Government ministries may lead to the loss of skills and technical capacities developed by the project. UNDP will play an important role to ensure that supports through the project includes wider institutional capacity development.	Project Manager			
3	A Review of Angolan's Current Industrialization Policy	2022	Political	P=1 / I=3	The present policy framework considers industry as the leading sector for addressing the development challenges faced by the country. It therefore proposes to provide "selected" industries, at various stages in the industrialization process, with the support that will enable them to grow and become exporters of their products. Meanwhile, there is several inconsistencies in financing, operationalization and management. The apparent failure in the strategy is the absence of a holistic approach that considers and addresses the constraints, conflicts and trade-offs facing producers in all sectors of the economy. To mitigate this risk, the project will conduct an economic, social and environmental assessment of the existing parks that	Project Manager			