



Combined Project Information Documents / Integrated Safeguards Datasheet (PID/ISDS)

Appraisal Stage | Date Prepared/Updated: 11-Apr-2018 | Report No: PIDISDSA23367



BASIC INFORMATION

A. Basic Project Data

Country Angola	Project ID P159052	Project Name Angola: Commercial Agriculture Development Project	Parent Project ID (if any)
Region AFRICA	Estimated Appraisal Date 05-Apr-2018	Estimated Board Date 29-May-2018	Practice Area (Lead) Agriculture
Financing Instrument Investment Project Financing	Borrower(s) Ministry of Finance	Implementing Agency Ministry of Agriculture	

Proposed Development Objective(s)

24. The proposed Project Development Objective (PDO) is to increase productivity and market access for selected beneficiaries in the project areas.

Components

Promotion and Support for Agribusiness Development
 Infrastructure for Production and Market
 Institutional Strengthening and Improved Business Environment
 Project Management, Monitoring and Evaluation

Financing (in USD Million)

SUMMARY

Total Project Cost	230.00
Total Financing	230.00
Financing Gap	0.00

DETAILS

Total World Bank Group Financing	130.00
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World Bank Lending	130.00
Total Non-World Bank Group and Non-Client Government Financing	100.00
Multilateral and Bilateral Financing (Concessional)	100.00

Environmental Assessment Category

B - Partial Assessment

Have the Safeguards oversight and clearance functions been transferred to the Practice Manager? (Will not be disclosed)

No

Decision

The review did authorize the preparation to continue

Other Decision (as needed)

B. Introduction and Context

Country Context

1. **The Republic of Angola is still recovering from a turbulent past despite its oil and mineral wealth.** With around 25.8 million inhabitants, of which 63 percent are urban,¹ Angola is the seventh most populous country in Africa. The 27-year civil war following independence in 1975 killed one million people, displaced another four million, and devastated the country’s infrastructure, technical knowledge and skills. Angola is one of the largest oil exporters in the region, and is rich in diamonds and other mineral resources. Yet, despite the country’s middle-income status with GDP per capita of over US\$3,500, poverty remains pervasive with 28 percent of the population in 2014 living at or below the international poverty line of US\$ 1.90 per day.² Rural areas house 64 percent of the Angolan poor. Large parts of the population still lack access to basic services, especially in rural areas. Life expectancy is 52.3 years and the country ranks 149th out of 188 on the Human Development Index.

2. **Propelled by the expansion of the oil sector, Angola experienced record growth until the collapse of oil prices after 2014 which drove the country into a deep macroeconomic crisis.** This was inevitable since oil still represents about one-third of GDP, over 95 percent of export earnings, and 75

¹ Population Census, 2014.

² Inquérito sobre o Bem-Estar da População 2009, INE, UNICEF, World Bank. At US\$3.00/day, this increases to 55 percent.



percent of government revenue. Fiscal and external deficits, rising public debt and high inflation have weakened economic activity. Lower government expenditures and a reduced public-sector wage bill, compounded by the elimination of fuel subsidies³ have depressed private consumption. Foreign exchange controls, introduced to contain depreciation of the kwanza, fueled a parallel currency market, and delayed private investments by limiting imports of essential inputs. Private credit was hampered by financial sector fragility, including the rising level of non-performing loans and government debt.

3. **A new growth model grounded in stronger private sector participation and economic diversification is an urgent priority⁴.** Years of economic diversification based on import substitution and large-scale government-sponsored projects made little progress; almost all goods consumed in Angola continue to be imported.⁵ Angola's private sector is small and dual, with a large population of mostly informal microenterprises, and key sectors dominated by uncompetitive state-owned or government-affiliated firms. New and better jobs are needed for Angola's youth: 65 percent of the population is under 24 years old. Job opportunities for Angola's young population⁶ remain scarce. Private investment in non-oil sectors has been hampered by lack of competitiveness and a challenging investment climate. The World Economic Forum's Global Competitiveness Report (GCR) 2014-2015 ranked Angola 140th out of 144 economies while the country ranked 175th of 190 economies in the Doing Business 2018 Report. Angola also lagged other Sub-Saharan Africa countries in the 2015 Worldwide Governance Indicators, including control of corruption, government effectiveness, and rule of law.

4. **A new Government in place since September 2018 is introducing broad reforms to enable a more balanced and inclusive growth.** The new Government's policy documents (*Plano Intercalar, Plano de Estabilização Macroeconómica, and Proposta do Orçamento Geral do Estado 2018, Programa de Apoio à Produção, Diversificação das Exportações e Substituição das Importações*) present a series of measures to restore macroeconomic stability, diversify the economy, and improve social outcomes. Initial measures to address macroeconomic imbalances include fiscal consolidation and re-balancing the foreign exchange market by un-pegging the currency from the U.S. dollar and allowing the kwanza to devalue. Revising the investment law, removing restrictions to foreign investment, opening markets to competition, and taking measures signaling that corruption and nepotism will not be tolerated, are important steps that the Government is taking to increase investor confidence in Angola. Building on recent efforts to improve business start-up and labor laws, the Government is stepping up business environment reforms, including the modernization of tax and customs administration.

Sectoral and Institutional Context

5. **Angola's agriculture sector has underperformed in recent decades but it is the main opportunity and government priority for economic diversification and food security.** The country has an abundance of land and water, and diverse climatic and soil conditions to produce a large variety of crops, but only 8 to 14 percent of its 59 million hectares of agricultural land is

³ IMF World Economic Outlook, October 2016.

⁴ Republic of Angola, Policy Notes 2018 (draft) World Bank.

⁵ See National Development Plan (NDP) 2013-2017 and its predecessor. Angola has the potential to export building materials, coffee, honey, fishery products and byproducts, woods, iron ore, alcoholic and non-alcoholic beverages, vegetables and tubers.

⁶ Over half of Angola's population is under the age of 20 according to the Population Census 2014.



cultivated, mainly by small-scale family farms with limited access to inputs, mechanization and infrastructure, and with low productivity.⁷ The agricultural sector employs 46 percent of the workforce and represents around 10 percent of GDP; it remains the main source of income for 90 percent of the 8.5 million Angolans living in rural areas. Smallholders represent over 80 percent of agricultural production and 92 percent of land under cultivation. An estimated 90 percent of all farms are used mainly communally for subsistence farming, and the sale of surplus production is mostly informal. Of the many cooperatives and producer groups, few are registered and/or active in practice, and market-oriented, collective decision-making is uncommon. However, the foundation for more organized approaches does exist.

6. Protracted conflict eroded the sector's technical capacity, destroyed basic infrastructure and isolated production areas from markets. The sector is still recovering and most food needs are imported. Angola's once thriving production and export of coffee, cotton, tobacco and sugar cane all but ceased by the 1990s.⁸ Today, yields in maize, beans and soybean remain significantly lower than Brazil and South Africa, and compared to other lower middle-income countries in Africa, e.g., Kenya, Ghana and Zambia from 2009 to 2014. Productivity is constrained by the limited use and availability of quality seeds, fertilizers and mechanization, poor agronomic practices, limited areas under irrigation, and poor dissemination of agricultural knowledge. Agriculture statistics are weak but should improve with the agricultural census planned under the World Bank-financed Angola Statistics Project (P157671).

7. Commercial agriculture is an emerging sector in Angola with high potential, opportunity and demand. A small but growing agribusiness sector is developing linked to rising demand in urban centers. A formal food distribution sector has also developed, primarily to serve the Luanda market, and according to investors consulted during project preparation, food processing presents opportunities to grow from its nascent size, provided the macro environment improves. Large supermarket chains have started developing commercial partnerships with small and medium domestic producers to reduce imports and increase freshness and control over quality. Interviews with national off-takers (distributors of fresh products, supermarkets, manufacturing companies and hotels) revealed strong interest in the development of national commercial agriculture, in close alignment with the new Government's expressed priorities. Primary factors constraining commercial agriculture—and where this project intends to intervene—are summarized below (with details in Annex 1 of the PAD).

8. Access to finance is hindering the commercial agriculture sector. Agriculture's share of overall credit provided has remained very low—less than 5 percent. The enabling environment for promoting agricultural finance remains undeveloped.⁹ While government programs such as

⁷ United Nations Food and Agriculture Organization (FAOSTAT, 2017). Some 4.9 million ha are arable land, 0.29 million ha have permanent crops and 54 million ha are permanent prairies and pasture.

⁸ Jose de Assunção Sambo Tomas (2013). Agriculture as a tool for development in Angola. *African Journal of Agriculture*. Vol. 8(50), pp. 6643-6644.

⁹ Including agricultural insurance, warehouse receipts, equipment leasing, and a moveable/mobile collateral registry.



Angola Investe offer subsidized credit, guarantees and a public risk capital fund, most supported projects are in the non-agribusiness sectors and concentrated in Luanda. The Angola Development Bank also offers some lines of credit to the agricultural sector and a new agency, the Agriculture Development Fund (FADA) is being set up to promote agriculture financing. The CADP would catalyze the engagement of commercial banks in agriculture, by supporting business plans with matching grants, partial credit guarantees, and providing technical assistance.

9. **Infrastructure is an essential enabling factor for economic diversification and competitiveness.** Market linkages are constrained by poor road connectivity, storage and commercial infrastructure. The total road network is about 76,000 km, much of which needs rehabilitation.¹⁰ The Government has invested heavily in improving the transport network over the last decade, including roads and railways, but limited budget has been available for rural roads. Further, the limited reach of the electricity grid and the high cost of operating generators hamper the competitiveness of agribusiness and rural areas, including agro-processing, irrigated agriculture, and livestock. So-called “last-mile” infrastructure investments would have a high payoff for SMEs, and will be a focus of the CADP in the selected project areas. Usually, in infrastructure investments in rural areas, the labor force (total or partial) needs to be brought in from outside the project area. In many cases, this influx is compounded by an influx of other people (“followers”), who follow the incoming workforce with the aim of selling them goods and services, or in pursuit of job or business opportunities. The project will include in the contract documents for civil works and supervision explicit codes of conducts, satisfactory to the Bank, setting out requirements on, inter alia, labor, environmental health and safety and gender-based violence for contractual workers and staff. In addition, the Borrower, through the PIU-GEPE, will closely monitor and supervise, in accordance with the environmental and social safeguards documents, which reflect and incorporate guidance from the Labor Influx Guidance Note Framework, in order to endeavor to prevent and, if needed, adequately address possible associated tension with local communities, including violence against women (Gender-Based Violence-GBV) connected with the Project. In addition:

- (a) Citizens and civil society will be engaged in project implementation through their participation in the provincial-level Consultative Councils. The satisfaction of project beneficiaries with advisory services under Component 1 will be tracked by a specific indicator. Beneficiaries will be involved through: (i) stakeholder policy dialogue and consultation associated with activities under Components 1, 2 and 3; (ii) beneficiary and stakeholder feedback on market constraints, technical assistance, extension services, knowledge gaps in innovations, and project trainings.
- (b) A Project-specific Grievance Redress Mechanism (GRM) will cover all aspects of project

¹⁰ Road density is 6 km /100 km², one of the lowest in Southern Africa. The rural access index is 42 percent, which is the fourth lowest in the world after South-Sudan, Chad and Mali (WDI).



implementation and will be available to both direct and indirect project beneficiaries. The GRM will rely on multiple intake channels, which will enable the PIU to receive Project-related complaints, as well as feedback, through its phone, fax lines, by mail and a local toll-free number, to be set up specifically for the project, and disseminated in all communication materials. Citizens' grievances could also be received in person, either in the PIU or in the Provincial Project Implementation Teams offices or in boxes available for that effect. In addition, project information and monitoring system (MIS) will contain a dedicated field to register all grievances and responses related with project implementation. The GRM framework/system registers citizens' grievances and responds through notifications and outcomes to those concerned. Moreover, the project's website will include a link for receiving complaints and feedback, suggestions and requests of information from the public in general.

- (c) The PIU will comprise environment and social specialists, who will be responsible for monitoring grievances and following up on their resolution. Working closely with the Environmental Specialist, the PIU Social Development Specialist will (i) supervise the implementation of the Project's Grievance Redress Mechanism (GRM) – this includes active monitoring of any complaints received, technical assistance for the resolution of any complaints and regular reporting to the PIU and the Bank; (ii) review and provide social development and safeguard inputs for the project's annual work plan – this may include preparing budgets and defining timelines for the preparation of Resettlement Action Plans (RAPs) or other environmental and social instruments, implementation of the communication plans and implementation of the Grievance Redress Mechanism (GRM); (iii) prepare and implement regular capacity building sessions for the other members of the PIU (both central and regional) as well as project beneficiaries – possible topics may include safeguards, social safeguards, worker health and safety, gender, child labor and the GRM and (iv) actively participate in implementation support missions with the World Bank and provide timely and concise reports on the status of safeguards compliance and implementation and GRM.
- (d) The Citizen Engagement activities will be complemented by awareness raising activities and targeted information campaigns directed to farmers and agribusiness SMEs to ensure they know how to benefit from project activities. The project also aims to foster greater participation of women and youth farmers by proactive outreach to these target groups.

10. **Lack of technical knowledge, skills and access to inputs also limit the sector.** Poor agronomic practices including scant use of improved technology (e.g., improved seeds, fertilizers and irrigation technology), undermine productivity, growth and diversification. Most agricultural inputs and technologies are imported at high cost, and remain beyond the reach of most farmers and agribusiness SMEs. These shortcomings are compounded by low technical capacity all along the value chain. This starts with weak, under-funded agriculture research institutions and few



higher education or vocational skills training centers, impacting on opportunities for youth in higher-value agriculture. The Government's Agricultural Development Institute (ADI) of MINAGRIF provides extension services: around 700 agronomists/technicians service about 4 million smallholders—a ratio of one extension worker to 5,722 producers.¹¹ The Smallholder Agriculture Development and Commercialization Project (SADCP, P154447) project is strengthening extension services for smallholders, while the CADP will provide technical support to eligible commercial farmers and agribusiness SMEs.

11. Women constitute over 70 percent of the active agricultural labor force, and dominate food crop production and informal marketing channels.¹² Women are responsible for household food security, and have few economic alternatives outside agriculture. Identified gender gaps in the agricultural sector include access to economic resources—land, cash, machinery and credit—and to market institutions and public infrastructure; lack of agricultural inputs and technical knowledge; and, access to income generating projects.¹³ Effort is required to help women improve their technical capacity and access to capital, enabling their transition to higher-value activities and increasing their participation in commercial agriculture.¹⁴ The CADP will finance training and organization, and ensure women's access to subprojects, credit and technical support. Women's participation in the project, including services and inputs delivery will be encouraged by providing targeted awareness raising, mentoring and training and as farmers through priority focus on women producers under Component 1. Project databases will collect gender-disaggregated data.

12. Climate change has hit the economy hard and requires major advances in the agricultural sector.¹⁵ Angola's estimated total greenhouse gas (GHG) emission stands at 41.6 kt. of CO₂ equivalent (CO₂-eq) in 2012 (World Bank, 2017), of which 95% stems from fossil fuel consumption. Agricultural activity would significantly reduce total GHG emissions and potentially increase climatic resilience by integrating crops and agroforestry efficiently, preventing runoff and limiting soil loss, and increasing water use efficiency. This project will implement adaptation¹⁶ and resilience-building measures supporting government's Long-Term Strategy for the Development of Angola (2025). Agriculture sector remains a major contributor to total GHG emissions. Therefore, increasing activities in the agriculture sector would make it a significant contributor to reduce total GHG emissions by adoption of approaches to agriculture that enhance

¹¹ World Bank: Agriculture Policy Note, Angola, 2017. Analyses showed that the yields of cereals, potato and beans were generally higher for farmers who received such services.

¹² An Overview of Women's Work and Employment in Angola – Decisions for Life MDG3 Project, Country Report #2: University of Amsterdam/Amsterdam Institute for Advanced Labor Studies, and van Klaveren, Tijdens, Hughie-Williams and Martin, 2009.

¹³ Angola: Country Gender Profile, African Development Bank/African Development Fund, August 2008.

¹⁴ FAO's 2018 Rapid Assessment of potential beneficiaries in selected research areas found that despite major constraints, women producers in micro, small and medium enterprises demonstrated greater agri-business capacity and potential than their male counterparts.

¹⁵ Climate change is expressed in protracted drought, flash floods, forest fires, reduced crop production and water resources and impacts on fishing resources, all of which are impacting heavily on the Angolan economy.

¹⁶ Angola (i) NDC Content Brief, Climate Policy Team, World Bank, 2016. See Annex 1.



productivity sustainably by integrating crop and agroforestry in an efficient manner, prevent runoff and limit soil loss, increase water use efficiency, and have the potential to increase the resilience of farming systems to changes and variability in climate are critical. This is aligned with the mitigation target of 50% relative emission reduction compared to BAU in 2030 (Angola NDC WBG 2016).

13. Information on available land is underdeveloped. The current state of land information in Angola hinders the identification of potentially promising land for investment. Most rural lands are not formally registered or part of a database which, inter alia, increases the potential for disputes. Further, the incoherence of the legal framework with the socially accepted norms of land governance (i.e. customary rights) in Angola creates tenure insecurity that hinders the sector's development. Even so, investments in agriculture and agribusiness activities are being undertaken, with actors securing land tenure rights to ensure land utilization and security to safeguard investments and reduce/eliminate conflict. An assessment of land tenure in the project areas is being prepared with Project Preparation Advance (PPA) support and will inform the Operational Manual. The CADP would support, as an initial step, the development of land use planning and governance mechanisms in the project area, based on this study.

14. Sector institutions are generally weak, hindered by limited technical capacity, unclear mandates, and centralized decision-making. Responsibility for agricultural policy and program development falls under the Ministry of Agriculture and Forestry (MINAGRIF), the Provincial Directorates of Agriculture (DPA) at the Provincial Governments, and the municipal *Estação de Desenvolvimento Agrário* (EDA). The project will build on and complement the work of the Bank-financed SADCP project to strengthen MINAGRIF at all levels, and to the extent possible within the project period.¹⁷ The project will also work with, and reinforce the capacities of, other public institutions which influence agricultural investment and intersect with the project.¹⁸

15. Low and declining public spending in agriculture highlights the need for mobilizing private investment. The share of agriculture in the national budget declined from 1.10 percent in 2013 (US\$702 million) to 0.41 percent (US\$544.0 million) in 2015. In the current fiscal environment, and to support agricultural producers and agri-business, there is a need to improve the effectiveness and efficiency of public expenditures on strategic infrastructure, strengthen institutional capacity, improve research and extension services, and enable/attract private investment. The CADP is expected to contribute to advancing these goals.

¹⁷ World Bank Market Oriented Smallholder Agriculture Project (MOSAP I, closed March 2016, and Smallholder Agriculture Development and Commercialization Project (SADCP – effective December 2017).

¹⁸ Ministry of Economy and Planning (manages the *Angola Investe* program providing subsidized credit to productive investments); Angola Development Bank; Ministry of Commerce and Industry (manages investment promotion through APIEX and the agricultural commercialization program, PAPAGRO); Ministry of Construction (Roads); Ministry of Transport; and, Ministry of Energy and Water.



C. Proposed Development Objective(s)

Development Objective(s) (From PAD)

16. The proposed Project Development Objective (PDO) is to increase productivity and market access for selected beneficiaries in the project areas.

Key Results

The proposed PDO level Indicators include:

- (a) Aggregate increase in yields per standard unit of selected crop and non-crops by participating farmers (percent).
- (b) Increase in average gross sales by crop/non-crop activities of beneficiary farmers and SMEs (percent).
- (c) Farmers reached with agricultural assets or services (number), of which women (percent).

17. **The proposed project is expected to make a strong contribution to the Government's economic diversification agenda** by supporting the transition from subsistence to a more market-oriented, competitive commercial agriculture, while improving food security and reducing food imports. This approach is outlined in the Government's program, which will form the basis of the National Development Plan (NDP) 2018-2022 under development. A more diversified economy is critical to reducing the country's vulnerability to oil sector shocks, and to creating job opportunities and income generation in agri-food systems that help to reduce extreme poverty and malnutrition. The Government's program highlights agricultural development as essential to its objective of promoting sustainable growth and diversification with social and economic inclusion. It emphasizes the role of the private sector in developing productive value chains, an objective to which this project will contribute.

18. **The project is closely aligned with national and regional priorities for agricultural development.** By supporting the development of commercial agriculture, the project aligns with Angola's updated Medium-Term Agriculture Sector Development Plan (PDMPSA - 2018-2022) which seeks to reach food security, reduce the trade deficit in agro-livestock products, and contribute to economic and social development. The project accordingly provides technical support and access to capital to private actors along key agriculture value chains, investments in critical infrastructure, and a better enabling environment. The project will also help strengthening of MINAGRIF's capacity to boost private investment in food systems, contributing to PDMPSA's pillar to make MINAGRIF a more relevant and competent institution.

D. Project Description

19. **Geographic coverage:** The project follows a spatial approach to remove existing bottlenecks to the development of commercial agriculture (including technical knowledge, finance, and critical



infrastructure) along two “roads corridors.” These corridors link - through the road network - the central highlands, traditional agricultural areas and those most affected by the conflict, with the large urban market of Luanda. The two corridors comprise the following provinces: (A) Luanda-Bengo-Cuanza Sul-Huambo-Bié-Norte de Huila; and, (B) Luanda-Bengo-Cuanza Norte-Malanje. These corridors represent highly-productive areas with strong agro-ecological potential. They offer favorable agro-climatic conditions to produce maize, soybeans, beans, and coffee (in addition to other crops such as vegetables, groundnuts and fruits), and Annex 7 presents maps.

20. **Gradual implementation:** within the two corridors, and to start implementation, 12 municipalities in three provinces were prioritized: Cuanza Norte-Malanje Provinces (Corridor A), comprising the municipalities of Cazengo, Lucala, Camambe, Gulungo Alto, Cacuso, and Malanje; and, Cuanza Sul Province (Corridor B) comprising the municipalities of Quibala, Libolo, Cela, Mussende, Quilenda and Amboim. The initial focus on 12 municipalities seeks to concentrate project investments and test implementation arrangements and is consistent with agreed criteria for the selection of the project’s geographic coverage, namely: (i) concentration of organized producers as well as micro, small and medium agribusiness firms, relative to other areas. This has promoted collaboration, knowledge spillovers among producers, development of specialized labor and in some cases, centralized input purchasing.¹⁹; (ii) aggregation/proximity of these municipalities; (iii) existence of infrastructure in production and surrounding areas (within 50 km) based on the PPA-financed infrastructure mapping exercise²⁰; and, (iv) access to consumer centers and transport hubs. The Appendix to Annex 1 summarizes key characteristics of these three provinces.

21. **The scope of the CADP is based on previous and current experiences of Bank-supported operations in Africa and other regions, and it will introduce the model known as “productive alliances” (PA)²¹, considering the context of Angola.²²** A PA would identify market opportunities mutually beneficial to its constituents in priority value chains, detailed in the form of a Business Plan, which will also include a financial feasibility assessment. PAs would also foster value-added processing, compliance with sanitary standards and certification, and enable a scale response to verified market demand. Figure 1 shows the basic “chain”, and types of support to be provided by the project directly to priority chains and, to strengthen the enabling environment for agricultural investment. As the first of its type in Angola, the CADP seeks to establish: (i) improved access to the capital needed to boost farm and SME asset accumulation—physical, financial, human and/or social (through technical assistance, Matching Grants and Partial Credit Guarantees); (ii) improved productive infrastructure—rural roads, irrigation, last-mile electricity connections, post-harvest management, and input/output markets; (iii) technological innovation—product, process and organization—reducing down-side risks affecting productivity, including production losses; and (iv) strengthened sector institutions, primarily MINAGRIF, market

²⁰ Diagnostic of Supporting Infrastructure - Current Status in the Project Area, Incatema, Third Report, December 2017.

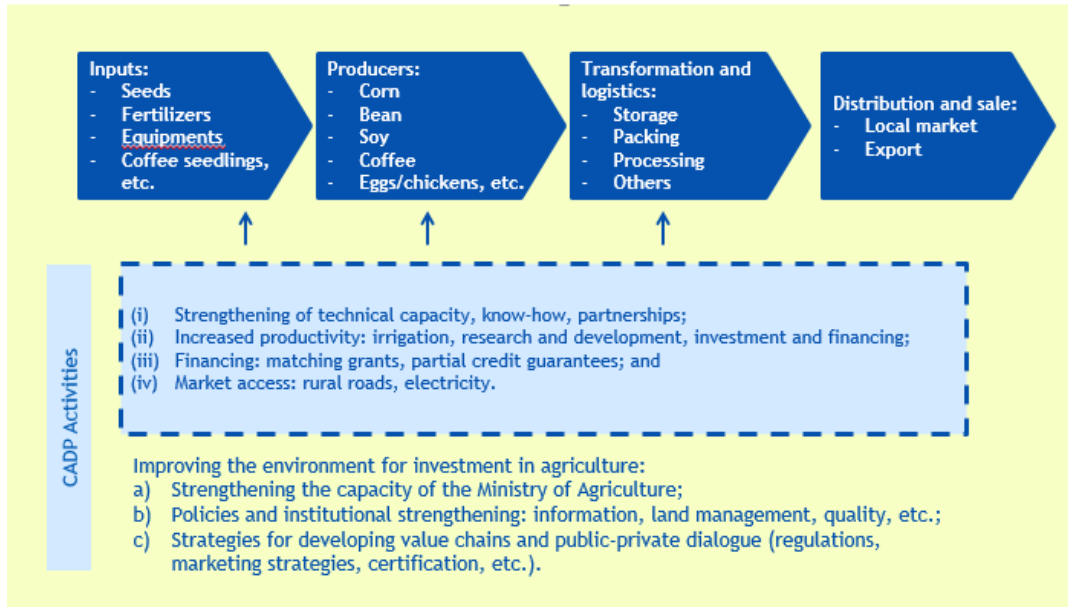
²¹ Productive Alliances (PAs) are competitiveness clusters consisting of: (i) farmers and small and medium enterprises; (ii) off-takers (iii) technical service providers, both public and private; (iv) financial and academic institutions; and (v) NGOs, all located in the Borrower’s territory in “win-win” arrangements. In the context of the project strategies for value chains.

²² Linking Farmers to Markets through Productive Alliances: An Assessment of the World Bank Experience in Latin America, World Bank Group, November 2016. Project design acknowledges the operational challenges associated with weak farmer organizations, lack of local technical assistance and other constraints. The project approach would be to adapt and adjust the PA model to the unique circumstances of Angola.



intelligence services and an improved business environment with enhanced public-private dialogue to enable agribusiness development.

Figure 1: Project Diagram



E. Implementation

Institutional and Implementation Arrangements

22. **The Ministry of Agriculture and Forestry (MINAGRIF) will represent the Government of the Republic of Angola** through a dedicated national Project Implementation Unit (PIU) within its Office of Studies, Planning and Statistics (GEPE) and include the following supervisory and support to implementation bodies: (i) a Project Steering Committee (PSC), including other relevant Ministries, which will be involved in project implementation and by the designation of focal points.; (ii) a PIU representative at the provincial level, will be hosted by the Provincial Government’s Directory of Agriculture to ensure coordination of project activities in the selected provinces; (iii) a Technical Investment Committees (TICs), for Components 1 and 2; (iv) the credit guarantee fund FGC, responsible for issuing PCGs to loans granted by commercial banks to eligible beneficiaries and business plans (v) technical service providers (private); and (e) financial institutions, which will transfer and disburse the funds to selected project beneficiaries SMEs under Component 1, after the business plans approval.

23. **Supervisory and implementing entities.** The institutional framework for execution is as follows:

- (a) **MINAGRIF:** Will represent the Government of the Republic of Angola through a dedicated national Project Implementation Unit (PIU) within its Office of Studies, Planning and Statistics (GEPE) and include the following supervisory and support to implementation bodies: (i) a



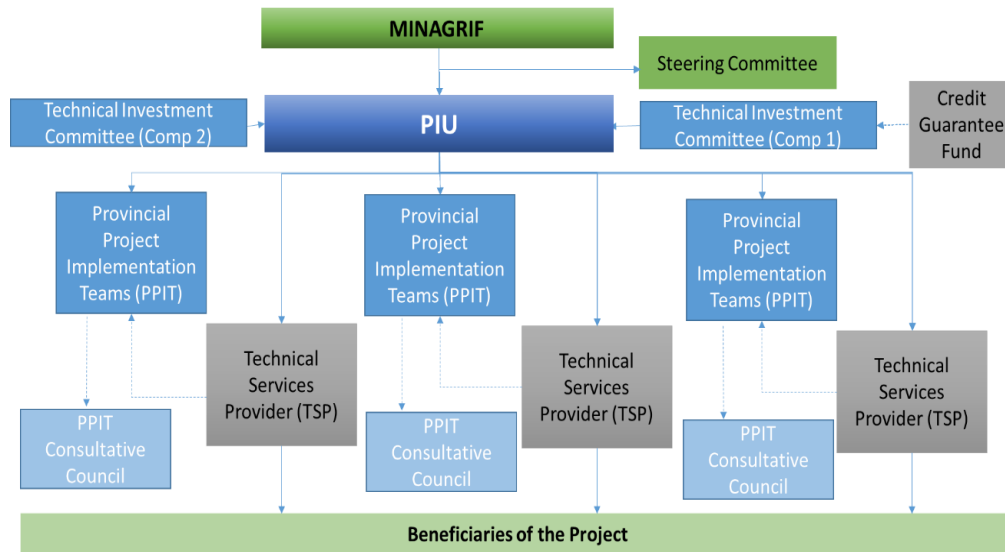
- Project Steering Committee (PSC), including other relevant Ministries and private sector, which will be involved in project implementation and by the designation of focal points; (ii) a PIU representative at the provincial level, will be hosted by the Provincial Government's Directory of Agriculture to ensure coordination of project activities in the selected provinces; (iii) Technical Investment Committees (TICs), for Components 1 and 2; (iv) the Credit Guarantee Fund (FGC), responsible for issuing PCGs to loans granted by commercial banks to eligible beneficiaries and business plans; (v) technical service providers (private); and (e) financial institutions, which will transfer and disburse the funds to selected project beneficiaries under Component 1, after the business plan approval.
- (b) **Steering Committee:** A high-level project Steering Committee will be officially established within two months of effectiveness. It will be chaired by MINAGRIF and composed of representatives of key project stakeholders (relevant ministries, private sector, and civil society) in the project. The Steering Committee will be responsible for the strategic direction, operational oversight of project activities and implementation progress, communication, and overall good governance of the project. It will: (i) provide political and strategic guidance and facilitate inter-sector coordination for activities not directly under MINAGRIF; (ii) propose the project Action Plan and budget for the PIU; and, (iii) review annual project reports and support problem resolution. Final decision-making authority will rest with MINAGRIF.
- (c) **Project Implementation Unit (PIU):** MINAGRIF will establish a Project Implementation Unit (PIU) led by a Project Coordinator with a full complement of sector fiduciary and safeguards specialists to: (i) coordinate project management, implementation and supervision, fiduciary and safeguards environmental and social aspects and M&E, as per World Bank norms and requirements; and, (ii) manage the project based on the legal documents, the PAD, and Project Operations Manuals (POM, MG-OM, PGC-OM). The PIU will rely on specific expertise, including the hiring of independent specialists contracted for the management of the selection process of the Matching Grant and Partial Guarantee of Credit of Component 1, as well as for investments under Component 2, as part of the Technical Investment Committees.
- (d) **Fundo de Garantia de Crédito (FGC):** The FGC will issue credit guarantees under Subcomponent 1.2. A separate subsidiary agreement (SA) with the Government of Angola, represented by the Ministry of Finance, setting out the terms and conditions of the project funds assigned to the FGC will be required. A project agreement between the Bank and the FGC will also be required since the FGC is a Financial Institution with separate legal personality. Figure 2 shows the project implementation framework.
- (e) **Technical Investment Committees (TICs):** The PIU will establish Technical Investment Committees for Components 1 and 2 respectively, which will review/approve Matching Grants and the Partial Credit Guarantees under Component 1; and, under Component 2, review/approve proposed infrastructure investments linked to the demand articulated in the Business Plans under Component 1. Business Plans will be reviewed and approved by the TIC team composed of: (i) a value/chains/agribusiness specialist; (ii) environmental and social specialists; (iii) financial sector representatives; and (iv) three to four outside experts, selected on an ad hoc basis, depending on value chains represented. Infrastructure investments will be reviewed by the TIC team composed of: (i) roads, water/irrigation and energy specialists related to each sector and (ii) environmental and social specialists.
- (f) **Focal Points:** Project Focal Points designated by public sector entities (outside MINAGRIF) and with proven technical capacity in their sector (e.g. roads, rural electrification), will facilitate



- inter-sector coordination and provide specialized knowledge and input to the PIU on project annual reports, terms of reference, and other aspects.
- (g) **Provincial Project Implementation Teams (PPIT):** PPITs – representing the PIU in the target Provinces and reporting to the PIU - would supervise project implementation and ensure coordination with the Provincial Government and local stakeholders. PPITs will be hosted by the respective Provincial Directory of Agriculture (PDA) and will include a PIU representative and additional consultants hired as required during implementation. The PPITs will be responsible for: (i) keeping the PDA engaged on project implementation in the provinces, ensuring overall alignment with Provincial Government programs, (ii) overseeing the implementation of project activities in the provinces, providing information to the PIU, and (iii) helping convene the Provincial Consultative Council to engage local stakeholders during implementation. Provincial Implementation Agreements between MINAGRIF and the Provincial Governments will define the role and functions of the PPITs.
 - (h) **Technical Service Providers (TSPs):** The project would finance, at least two internationally-recruited and specialized TSPs firms, resident in Angola, with distinct terms of reference (TORs) and specific experiences in productive alliances and SME large firm linkages, with experience in value chain analysis and development, and with capacity to identify, train and certify local service providers. The TSPs will help to identify viable subprojects, prepare business plans, and provide technical oversight of their implementation, support applicants for bank loans and, provide technical assistance and business management mentoring. Terms of Reference will be prepared two months after the project effectiveness. A TSP would also provide technical support to the commercial banks to evaluate agribusiness subprojects, and to the FGC to manage the guarantees. The PIU would receive capacity-building assistance, including from the TSP, to support project implementation technically, operationally and administratively, and especially to strengthen the PIU's M&E capacity.
 - (i) **Provincial Consultative Council:** These Councils (in each province), to be convened by the PPIT, would comprise farmer organizations, local business representatives, and members of local governments to advise/assist on the identification of potential project beneficiaries and investments in infrastructure.
 - (j) **Beneficiary Farmers and Agribusiness Small and Medium Enterprises (SME):** Are primarily responsible for the implementation of subprojects, financed with Matching Grants and bank loans backed by Partial Credit Guarantees, in the context of the Business Plans (Component 1). They will contribute to the identification of complementary rural infrastructure (Component 2) through the PPIT Consultative Committee.



Figure 2. Project Implementation Arrangements



24. **Other Stakeholders:** These would include donors (FAO and potentially others), Non-Governmental Organizations (NGOs), and financial institutions, research institutions, academia and the private sector. They would participate in central and provincial level strategic discussions, support activities under Component 1 and Component 2, participate in public-private dialogue platforms and in research and development activities under Component 3.

F. Project location and Salient physical characteristics relevant to the safeguard analysis (if known)

Angola can be broadly divided into three geographic areas – the low coastal strip, the highlands and plateau land. The proposed project activities will take place at national scale and the geographic scope encompasses two “roads corridors” comprising the following provinces: (A) Luanda-Bengo-Cuanza Sul-Huambo-Bié-Norte de Huila; and, (B) Luanda-Bengo-Cuanza Norte-Malanje. These corridors link the central highlands in which slopes are mostly covered with grassland and savanna. The area has a wet summer and some moist and rainfall year-round so water is fairly abundant. Component 2 of the proposed project will finance activities such as rehabilitation of rural roads, small-scale irrigation infrastructure; and connection to the electricity grid. The exact location of these activities is not known prior to appraisal, hence the framework approach was adopted. The environmental and social safeguards issues will be managed through implementation of the following instruments: Environmental and Social Management Framework (ESMF), a Pest Management Plan (PMP), and a Resettlement Policy Framework (RPF). The project investments specific location and details of the exact project footprint and its impacts will be determined during project implementation.



Notwithstanding, the measures and actions to be adopted are reflected in the safeguards documents (ESMF, ESIA, MP, RPF,RAP, PMP, etc.).

G. Environmental and Social Safeguards Specialists on the Team

Paulo Jorge Temba Sithoe, Environmental Safeguards Specialist

Mario Rizzolio, Social Safeguards Specialist

Nadia Henriqueta Gabriel Tembe Bilale, Environmental Safeguards Specialist

SAFEGUARD POLICIES THAT MIGHT APPLY

Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	Yes	The rehabilitation of rural roads, connection to electricity grid and small scale irrigation schemes, under component 2, may lead to some adverse impacts on soil, water, air quality, flora and fauna. Such impacts may include land right conflicts, soil erosion and water logging, alteration of water flows due to irrigation scheme construction, vegetation loss and fauna disturbance due to land clearance for access road and power transmission construction including risks to the human health and safety to communities, workers and those handling pesticides. Consequently the OP 4.01 is triggered to set forth guidance and procedures to comply with this policy. Specific subproject details as well as the exact project footprint are not yet known, but they will be determined during project preparation. Hence, the borrower has prepared an Environmental and Social Management Framework (ESMF) to help mitigate the potential environmental and social impacts by the direct and indirect investments in the project selected areas and to guide the preparation of site-specific ESIA and ESMP. The ESMF has been consulted upon and disclosed both in-country and at the InfoShop.
Natural Habitats OP/BP 4.04	Yes	The project is not expected to invest in activities that may have direct impacts on natural habitats. However, rural roads improvements and water



		infrastructure may happen in proximity to national parks or protected areas and therefore lead to downstream impacts that may affect ecosystem services and functions provided by natural habitats. Hence, OP/BP 4.04 is triggered and the ESMF includes the specific provisions to prevent or mitigate impacts on natural habitats.
Forests OP/BP 4.36	Yes	The Project will not have any direct or indirect negative impacts on the health and quality of forests, or the health and safety of people who depend on forests. However, clearance of vegetation for rural roads improvements and water infrastructures may require compensatory reforestation and tree maintenance along the rehabilitated roads. Hence, OP/BP 4.36 is triggered and the ESMF includes specific provisions to address this policy requirements.
Pest Management OP 4.09	Yes	The project seeks to promote agriculture activities which may lead to the use of pesticides, though expected only at a small-scale, to treat orchards and crops against pest and infestations to enhance agriculture productivity of project beneficiaries. Hence, OP/BP4.09 is triggered and the borrower has prepared a Pest Management Plan to help mitigate potential risks to human health and to the environment, while also stressing the need to use integrated pest management approaches throughout project implementation.
Physical Cultural Resources OP/BP 4.11	Yes	The policy is triggered as project investments involve infrastructure (roads, irrigation, electricity) that may involve excavations and soil movements in areas likely to contain sites deemed culturally important by communities living there (e.g. holy sites sacred graves, sacred forests, etc.). To ensure due diligence, the ESMF will include “Chance Finds” procedures that will be detailed in the ESIA/ESMP then reflected in the construction contracts.
Indigenous Peoples OP/BP 4.10	No	Since there are no indigenous or minority groups - as defined by the Bank’s policy OP/BP 4.10 Indigenous Peoples – in the areas where the proposed CADP is to be implemented, this policy is not triggered.
Involuntary Resettlement OP/BP 4.12	Yes	Some project investments will finance activities (rehabilitation of rural roads, small-scale irrigation infrastructure; and connection to the electricity grid) that may involve land acquisition or loss of economic



assets that could lead to temporary or permanent resettlement of project affected persons. However, since the exact nature and location of all project interventions cannot be determined at this stage, the Borrower will prepare a Resettlement Policy Framework (RPF) to identify the procedures required to avoid any involuntary resettlement and/or loss of assets. The RPF is a statement of the policy, principles, institutional arrangements and procedures that will guide the Borrower for the preparation of site specific Resettlement Action Plans (RAPs) prior or during project implementation.

The project may finance activities aiming at developing new or rehabilitate small scale irrigation schemes under Component 2, which may depend on existing dams or rely on water provided from a reservoir. If that is the case, the Bank will review previous assessments of dam safety or recommendations and safety program already in operation for the particular dam prior to commencement of activities. Generally, it is envisaged that no significant environmental and social risks may arise.

The policy shall not be triggered, since project activities shall use a national river, Kwanza, which originates in Bié Province and empties into the Atlantic Ocean just south of the capital, Luanda. It is critical to clarify that although various trans boundary rivers cross Bié, one of the selected provinces where project activities shall be implemented, the project does not envision any investments on small irrigation schemes, as the Province benefits from high precipitation throughout the year.

This policy is not triggered. The rural areas in which the Project will be implemented is not known to include any disputed areas, at this stage.

Safety of Dams OP/BP 4.37

Yes

Projects on International Waterways
OP/BP 7.50

No

Projects in Disputed Areas OP/BP 7.60

No



KEY SAFEGUARD POLICY ISSUES AND THEIR MANAGEMENT

A. Summary of Key Safeguard Issues

1. Describe any safeguard issues and impacts associated with the proposed project. Identify and describe any potential large scale, significant and/or irreversible impacts:

The proposed project is a Category B- partial assessment. Potential environmental and social impacts are related to improvement of existing facilities such as rural roads and small scale irrigation schemes or water retention structures. These impacts will be assessed through a screening process and appropriate mitigation measures have been proposed in the ESMF and will be subsequently be elaborated in the site-specific ESIA/ESMP. As such there will be no potential large scale, significant and/or irreversible impacts under the proposed project.

Any potential resettlement impact will be avoided through the screening process. Should it not be possible to avoid these impacts, the RPF will guide the borrower in the elaboration and implementation of RAPs and ARAPs.

2. Describe any potential indirect and/or long term impacts due to anticipated future activities in the project area:

Potential adverse social impacts of project components are expected to be small scale and site specific. Hence, most of the potential adverse environmental and social impacts associated with the project investments will be avoided and/or mitigated through provisions that will be adopted during project preparation and/ the design stage. The civil works and other construction and rehabilitation activities proposed under this project are relatively small in scale and temporary. However, such activities may adversely affect community and workers health and safety, quality and quantity of natural resources (soil, water, air and forests). Such impacts will be further screened and assessed during the preparation of site-specific ESIA/ESMP (Environmental and Social Impact Assessment/Environmental and Social Management Plans). Detailed guidance and procedures for screening, monitoring and managing adverse impacts were included in the ESMF.

It's not anticipated that the project will lead to significant land acquisition or significant restrictions on access to sources of livelihood. However, given that the project is expected to include investments in critical market and common use infrastructure, the World Bank policy OP/BP 4.12 on Involuntary Resettlement was triggered. The project will also finance activities associated with the construction and rehabilitation of small scale irrigation infrastructure, rural roads, electricity transmission lines that could require involuntary land acquisition resulting in physical impacts on people and/or loss of assets, means of livelihoods or resources. The PIU prepared a Resettlement Policy Framework (RPF) to deal with issues of land acquisition resulting in compensation and/or the physical displacement of peoples. The RPF was disclosed/consulted in-country and will be by the Bank prior to appraisal. It includes detailed guidance for the preparation of site-specific Resettlement Action Plans (RAP) prior to or during project preparation.

3. Describe any project alternatives (if relevant) considered to help avoid or minimize adverse impacts.

As appropriate, individual investment-specific alternatives will be considered during implementation in line with the project's ESMF.

4. Describe measures taken by the borrower to address safeguard policy issues. Provide an assessment of borrower capacity to plan and implement the measures described.

Overall, Borrower's capacity to implement safeguard policies is weak, but improving. MINAGRIF has since



implemented three WB funded project's and their overall capacity has been gradually strengthened to address the increasing safeguards risks in the sector projects. CADP will establish a new PIU, which will be built up from experiences learnt from MOSAP I and II implementations within MINAGRIF, which intends to further strengthen its capacity for safeguards management under CADP, specifically by recruiting new environmental and social specialists, technical assistance, and training (in situ and abroad) paid by the project. These specialists will be assisted at the provincial level by a social and environmental counterpart in each province who will closely oversee implementation and ensure compliance with safeguards policies. In addition, detailed team roles, responsibilities, as well as capacity building requirements and procedures to manage environmental and social impacts from project's operations were adequately included and budgeted for in the ESMF. This instruments also provides provision for each project component to be screened for potential environmental and social impacts and, where necessary, detailed, site-specific ESAs and subsequent management plans will be prepared to identify and address the potential impacts of the proposed project activities once specific site locations are identified.

Guidance for addressing gender impacts, preparing and implementing community consultations, communication plans, and gender action plans are also provided under the ESMF to complement the design of the main strategies under this project component. Guidance has also been provided for grievance redress mechanisms and systems and institutional arrangements.

Borrower will hire social and environment specialists in the PIU to monitor and report safeguard issues.

A series of regional training seminars/workshops will be organized for all actors involved in the implementation of social and environmental safeguards policies, upon project effectiveness.

5. Identify the key stakeholders and describe the mechanisms for consultation and disclosure on safeguard policies, with an emphasis on potentially affected people.

The primary key stakeholders are small and medium scale producers, processors and service providers in the selected value chains and project areas. The mechanisms for consultation was through policy dialogue, consultations among different stakeholders engaged and interested in the project investments, feedback from project beneficiaries and stakeholders and also through awareness raising activities, targeted information campaigns and also by proactive outreach. The team of safeguards specialists both at central and local levels will play a strong role in ensuring effective and systematic and continued stakeholder engagement throughout the project cycle through the provisions and guidance provided in the safeguards documents prepared for the project.

B. Disclosure Requirements (N.B. The sections below appear only if corresponding safeguard policy is triggered)

Environmental Assessment/Audit/Management Plan/Other

Date of receipt by the Bank 16-Mar-2018	Date of submission for disclosure 09-Apr-2018	For category A projects, date of distributing the Executive Summary of the EA to the Executive Directors
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"In country" Disclosure

Angola
09-Apr-2018

Comments



Consultations were done in September 2017 and March 9, 2018. The reviewed/cleared Safeguards documents were disclosed "in country".

Resettlement Action Plan/Framework/Policy Process

Date of receipt by the Bank

16-Mar-2018

Date of submission for disclosure

09-Apr-2018

"In country" Disclosure

Angola

09-Apr-2018

Comments

The reviewed/cleared Safeguards documents were disclosed "in country".

Pest Management Plan

Was the document disclosed prior to appraisal?

Yes

Date of receipt by the Bank

16-Mar-2018

Date of submission for disclosure

09-Apr-2018

"In country" Disclosure

Angola

09-Apr-2018

Comments

The reviewed/cleared Safeguards documents were disclosed "in country".

If the project triggers the Pest Management and/or Physical Cultural Resources policies, the respective issues are to be addressed and disclosed as part of the Environmental Assessment/Audit/or EMP.

If in-country disclosure of any of the above documents is not expected, please explain why:

C. Compliance Monitoring Indicators at the Corporate Level (to be filled in when the ISDS is finalized by the project decision meeting) (N.B. The sections below appear only if corresponding safeguard policy is triggered)

OP/BP/GP 4.01 - Environment Assessment

Does the project require a stand-alone EA (including EMP) report?



No

OP/BP 4.04 - Natural Habitats

Would the project result in any significant conversion or degradation of critical natural habitats?

No

If the project would result in significant conversion or degradation of other (non-critical) natural habitats, does the project include mitigation measures acceptable to the Bank?

Yes

OP 4.09 - Pest Management

Does the EA adequately address the pest management issues?

Yes

Is a separate PMP required?

Yes

If yes, has the PMP been reviewed and approved by a safeguards specialist or PM? Are PMP requirements included in project design? If yes, does the project team include a Pest Management Specialist?

Yes

OP/BP 4.11 - Physical Cultural Resources

Does the EA include adequate measures related to cultural property?

No

Does the credit/loan incorporate mechanisms to mitigate the potential adverse impacts on cultural property?

Yes

OP/BP 4.12 - Involuntary Resettlement

Has a resettlement plan/abbreviated plan/policy framework/process framework (as appropriate) been prepared?

Yes

If yes, then did the Regional unit responsible for safeguards or Practice Manager review the plan?

Yes

Is physical displacement/relocation expected?

TBD

Is economic displacement expected? (loss of assets or access to assets that leads to loss of income sources or other means of livelihoods)

TBD

OP/BP 4.36 - Forests

Has the sector-wide analysis of policy and institutional issues and constraints been carried out?

Yes



Does the project design include satisfactory measures to overcome these constraints?

Yes

Does the project finance commercial harvesting, and if so, does it include provisions for certification system?

No

OP/BP 4.37 - Safety of Dams

Have dam safety plans been prepared?

NA

Have the TORs as well as composition for the independent Panel of Experts (POE) been reviewed and approved by the Bank?

NA

Has an Emergency Preparedness Plan (EPP) been prepared and arrangements been made for public awareness and training?

NA

The World Bank Policy on Disclosure of Information

Have relevant safeguard policies documents been sent to the World Bank for disclosure?

Yes

Have relevant documents been disclosed in-country in a public place in a form and language that are understandable and accessible to project-affected groups and local NGOs?

Yes

All Safeguard Policies

Have satisfactory calendar, budget and clear institutional responsibilities been prepared for the implementation of measures related to safeguard policies?

Yes

Have costs related to safeguard policy measures been included in the project cost?

Yes

Does the Monitoring and Evaluation system of the project include the monitoring of safeguard impacts and measures related to safeguard policies?

Yes

Have satisfactory implementation arrangements been agreed with the borrower and the same been adequately reflected in the project legal documents?

Yes

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