



UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION

Project title:	Capacity Building on Investment for Cuban Government
Project ID Number:	180019
Area/Location/Countries:	The Americas, Cuba
RBM code:	HC2 Adv. Econ.Competitiveness
Thematic code:	HC21 Invest. Techn. & SME Dev.
Planned Start - finish date:	01.05.2018 - 30.04.2020
Duration:	2 Years
Government Co-ordinating agency & Executing agency/cooperating agency:	Italian Ministry of Foreign Affairs and International Cooperation - Directorate General for Development Cooperation – MAECI-DGCS; UNIDO ITPO Italy
Counterpart:	Ministry of Foreign Trade and Foreign Investment – MINCEX
Budget:	EUR 500,000 (incl. support costs)

Brief description:

This project derives from the longstanding collaboration established with the Ministry of Foreign Trade and Foreign Investment (MINCEX) of Cuba. Moreover, this project represents a follow-up of the Forum Italia-Cuba held in Rome on 30th June 2014 organized by UNIDO ITPO Italy, in collaboration with the Italian Ministry of Foreign Affairs and with the Embassy of the Republic of Cuba in Italy. The Country Presentation triggered a renewed interest in Cuban opportunities for the Italian Business community.

UNIDO is supporting Cuba's efforts in investment and strategic alliance promotion endeavors for strengthening its industrial capabilities and competitiveness in priority industrial sectors through the formulation of a Country Program Framework, in line with the economic and industrial transformations decided by the Government and with the UNDAF signed for 2014-2018. The Country Program Framework (CPF) focuses on three main outcomes as agreed with Cuban authorities: a) Improvement of business environment and sustainability; b) Improvement of industrial competitiveness; and c) Attraction of foreign investment.

Within this framework, the project will aim to support the Cuban Government in upgrading skills and managerial capabilities of entrepreneurs, managers, administrators and government staff involved in implementing and supporting investment projects in the Country; and transferring suitable technologies on selected sectors, with focus on agroindustry, with the aim of supporting local development and local job creation.

UNIDO ITPO Italy will build the capacity of local entrepreneurs and institutions by providing accurate, up-to-date investor information and technical assistance to help them readjust investment promotion strategies towards the implementation of customized business support services reap benefits of international investment and link local productive sectors to the global economy. At the same time the project will promote innovation and efficient technologies to increase local production and quality in some selected sectors, such as agroindustry with a focus on packaging subsector. One of the main outcomes of the project will be to improve the local capacities of the national packaging center to test different packaging materials and technologies for compliance with national and international standards.

Approved:

Signature:

Date:

Name and title:

On behalf of

On behalf of
UNIDO:

A. CONTEXT

A1. Project Purpose

The objective of the project is to support the Cuban Government in upgrading skills and managerial capabilities of entrepreneurs, managers, administrators and government staff involved in implementing and supporting investment projects in the Country; and transferring suitable technologies on selected sectors, with focus on agroindustry, with the aim of supporting local development and local job creation.

Within an overarching strategy for improving the investment environment, investment promotion and facilitation can help increase both domestic and foreign investment and enhance their contribution to national economic development.

UNIDO ITPO Italy will build the capacity of local institutions in incorporating international best practices into their own investment promotion efforts by providing accurate, up-to-date investor information and technical assistance to help them readjust investment promotion strategies towards the implementation of customized business support services reap benefits of international investment and link local productive sectors to the global economy.

At the same time the project will promote innovation and efficient technologies to increase local production and quality in some selected sectors, such as agroindustry with a focus on packaging subsector. In this respect the project aims to improve the local capacities of the national packaging center to test different packaging materials and technologies for compliance with national and international standards. Furthermore, UNIDO will also act as an honest broker in developing linkages between Cuban entities and foreign development / investment promotion agencies and will provide on the job training, in the field of business negotiation investment and trade promotion, technological upgrading and entrepreneurial development and UNIDO's methodology and tools for project preparation and appraisal necessary to design, analyze and optimize investment project scenarios.

A2. Baseline Scenario

In the last few years the Cuban government has approved a wide programme of modernization of the country's economic model, with the goal to support industry and trade sustainable development. With the approval of the "Guidelines of Social and Economic Policy", Cuban Congress has started a programme of reforms which implies opening to private initiative and foreign investments, massive reductions of social subventions and of the number of public employees, introduction of flexibility in the job market, rise of productivity and increase of export. On November 2013 the act creating the Special Zone of Development of the Mariel Port area (www.zedmariel.com) has been approved. On late March 2014 the National Assembly has approved, in an extraordinary session, the new law on foreign investments. The new law provides 15 to 30% fiscal reductions for companies.

The most recent opening regards the Area of Free Trade in the Mariel Port. From November 1st 2014, the 465 square kilometers port area is operational, with the goal to attract investments and increase maritime trade with Mexico, Brazil and China. Among the benefits of businesses who will operate in the Mariel Port, there is the suspension, for ten years, of the 12% tax on profits and a greater flexibility regarding customs procedures.

The new international scenarios emerging for Cuba lead to expectations of a boost of the country's development, with renewed opportunities for foreign businesses in the following sectors: construction industry, furniture industry, agrifood and food processing, pharmaceutical, production and design of installations, fashion, clothing and tourism.

One of the major constrains for Cuba is that entrepreneurs, managers, and government staff government lack the necessary skills and resources to negotiate and implement the deals, limiting their ability to maximize the investment benefits for the country. Improving business and investment promotion skills could be an effective first step towards improving the investment environment to increase both domestic and foreign investment.

In particular, Cuban industry employs nearly 20% of the country's population and contributes a nearly similar proportion to the country's GDP. The major industrial units in Cuba manufacture sugar, petroleum, tobacco, construction, nickel, steel, cement, agricultural machinery and pharmaceuticals.

The Cuban government is the biggest employer and employs nearly 78% of the country's population, with the remaining 22% being employed by the non-state sector or being self-employed.

Among the sectors that have the biggest impact on the GDP are Trade and Manufacturing Industry (except sugar) that account respectively for 19,3% and 14,4%.

The self-employed impact on the economy is increasing, in 2014 it reached the 10% of the total offer and at the same time it is the one with the highest growth rate, around 10,9% in 2014. In order to reach a new stage in development, the Cuban government has decided to update the country's economic model through the creation of the Ministry of Industry (2012), the approval of new foreign investment laws and the creation of the Special Development Zone in Mariel.

The partial opening of the economy to foreign enterprises with advanced technology represents an important step for the strengthening of the Cuban private sector and the starting point for the re-industrialization of the country. In this framework, agroindustry could represent an interesting driver for strengthening the competitiveness of the local industry. In fact in this sector, the percentage of products made by the private sector is beyond the 80%. In addition agroindustry is the second largest employer in the industrial sector with 18.9% of workers involved in agro-industrial activities.

In particular, transfer suitable technologies on selected sectors, such as agro-industry sector, mainly concerning packaging and food processing technologies, can improve production and ensure food security and food safety, as well as representing a starting point for product export. It is worth mentioning that the almost non-existence of a packaging industry is probably the weakest point of the country's food-processing and represents an obstacle to internal food security but also for export potential, due to the lack of tools to ensure food safety (cold chain, being the first critical element).

Regarding the packaging sector, a Center of Containers and Packaging (Centro de Envases y Embalajes, CNE) was set up in November 1976, as an entity subordinated to the Executive Committee of the Council of Ministers (Comité Ejecutivo de Consejo de Ministros). From 1994 onwards, it joined the Ministry of Internal Trade, preserving its role as adviser and consultant with governing functions in the area of Containers and Packaging (Envases y Embalajes) in the country, including the manufacture and repair of machines and prototypes for this activity.

In 2006, followed the agreement between the Agencies of Internal Trade and of Food Industry, a group of activities of the former "Containers and Packaging Company" was transferred to the Institute of Food Industry Research (Instituto de Investigaciones de la Industria Alimentaria, IIIA) belonging to the MINAL, including the laboratory areas and the research and development activities, as well as the scientific and technical services. This Center provides the certification of all the materials and containers that are produced and imported, backed by analysis techniques based on international competition. The equipment that is available is completely obsolete due to years of exploitation and it is mandatory to replace part of it and all the equipment that no longer yields reliable results.

The approval of the Policy for the Development of Containers and Packaging Industries (Política para el Desarrollo de las Industrias productoras de Envases y Embalajes) by the Council of Ministers (Consejo de Ministros) in 2013 aims to encourage the enhancement of the available technological equipment and the industrialization of this sector, starting with the introduction of new technologies following the international trends. Therefore, the Country has insufficient analytical capacity to evaluate the packaging materials, which are required by the Cuban industry, in accordance with national and international standards.

In the other hand, Cuba's Caribbean climate, rich soil, and abundant water resources provide it with key enablers to stand out in the region as an ideal location for agricultural activity, paving the way for a promising agroindustry sector also for export. Furthermore, fishing industry in Cuba represents a growing sector, considering even the aquaculture, where the most important product is the tench.

UNIDO ITPO Italy has a long cooperation with Cuba, indeed the new legislation on foreign investments has been presented by the deputy Minister of Foreign Trade of Cuba, Mrs. Ileana Nuñez Mordoche, on the occasion of the Forum Italia-Cuba (Roma, 30th June 2014) organized by UNIDO ITPO Italy, in collaboration with the Italian Ministry of Foreign Affairs and with the Embassy of the Republic of Cuba in Italy.

In the framework of the cooperation between UNIDO ITPO Italy and the Government of Cuba, a business mission was organized in collaboration with the Ministry of Economic Development and Confimi Industria in May 2016, where numerous Italian businesses of the agro-industry and construction sectors were present. In October 2017 UNIDO ITPO Italy supported a delegation from Friuli Venezia Giulia Region (FVG) during their institutional and entrepreneurial visit to La Habana. On this occasion, the FVG-Cuba Business Forum was organized and several bilateral meetings were held in the following sectors: maritime-cruise; biomedical and research; wood- furnishing and restoration.

Furthermore, on November of 2014, the Cuban government requested support from the United Nations Industrial Development Organization (UNIDO) for the formulation and implementation of a Country Programming Framework (CP).

In the UNIDO Strategic Technical Cooperation Programme for Cuba 2015-2018, in particular, it was reported the following priorities to be implemented by UNIDO ITPO Italy:

- At the point 7.3 Created a national Centre dedicated to packaging and food processing technologies assessment and transfer
- At the point 7.4 Improved feasibility studies and business promotion strategy for selected priority investment projects

A3. Main Target Groups

The project is expected to provide gains for a wide range of actors.

Firstly, managers, administrators and government staff involved in implementing and supporting business and investment will reap the benefit from best practices and know-how exchange.

Similarly, Cuban SMEs, especially those operating on a small and medium-scale, as well as foreign companies and entrepreneurs, particularly from Italy, involved in industrial cooperation with Cuban partners will enhance their competitiveness and profits thanks to capacity building initiatives and technology transfer.

Furthermore, final consumers will benefit from a higher quality of packaging and food processing technologies assessment and transfer. As a result, both the public and private sector in Cuba will be provided with opportunities to enhance economic competitiveness and social development by fostering capacity building and technological up-gradation.

A4. Stakeholders

The main stakeholder involved in the project is the Ministry of Foreign Trade and Foreign Investment (MINCEX):

Ministry of Foreign Trade and Foreign Investment – MINCEX

Foreign trade of Cuba has a strong and decisive impact on the economy of the country. For that reason among its objectives there is the diversification of its trading partners, working to achieve a reordering of trade policy in pursuit of favorable markets for their exports, the diversity and competitiveness of their exports, as well as the strategic objective of replacing exports.

Other relevant stakeholders that will be linked with the project are:

Ministry of Industry (MINDUS)

The Cuban Ministry of Industry, created in 2012, has the mission of elaborating, with all the actors, a policy to assure the industrial sector development and is responsible mainly for creating the industrial legislative bases and frames, searching and supporting the creation opportunities and the industrial production development to respond to the evolutions of the national needs and the international orientations and assuring Cuba as an industrial country at the national and international level. On November of 2014, the Cuban government requested support from UNIDO for the formulation and implementation of a Country Programming Framework (CP). In this context, the MINDUS is one of the strategic actor for the implementation of the strategy.

Ministry of Food Industry of Cuba (MINAL)

It is the Cuban Ministry in charge of the management, execution and monitoring of governmental policies application concerning the Cuban food industry development. Its objective is to expand the food production to increase export and enable import substitution while promoting innovation and efficiency in the sector. It was created on 3rd March 2009, replacing the Ministry of Nutritional Industry and the Ministry of Fishing, in fact it comprehends the branch of drinks and liquors as well as the research, conservation, extraction, cultivation, processing and commercialization of fish stocks. Its action is supported by the National Office of State Inspection (ONIE), the Research Institute for the Food Industry (IIIA), the Research Centre for Fishing (CIP) and the Maritime and Fishery Institute "Andrés González Lines". The Ministry has designed multiple programs up to the year 2023 in relation to the Special Economic Development Zone of Port Mariel, with the aim of creating additional environmentally sustainable and efficient terminals to enhance the Cuban food industry through the opening to foreign investments and international trade.

Instituto de Investigaciones de la Industria Alimentaria, IIIA

The Research Institute for the Food Industry (IIIA in Spanish) was established on 1st January 1977. The IIIA has maintained relations with institutions and organizations of several countries, is a member of CODEX and others. The institution is focused on cooperative research and the provision of courses to train food specialists in developing countries. Their mission is to implement processes of research, development, technological innovations, technology transfers, technical scientific services, as well as training, training of human resources and the preparation and overcoming of the tables and reserves of the system, in order to contribute to the development of the food and beverage processing industry and the satisfaction of the food and nutritional needs of the population.

Center for Promotion of Foreign Trade and Foreign Investment of Cuba – CEPEC

The Center for Promotion of Foreign Trade and Foreign Investment of Cuba (CEPEC) is an entity under the Ministry of Foreign Trade and Foreign Investment and is one of the major players in the promotion of these activities in accordance with the strategies set out in the country, whose mission is to contribute to the development of foreign trade and foreign investment in Cuba, supported by research from international markets and product trends, efficient management of business information, as well as the dissemination and promotion of Cuban companies and their offer exportable goods and services through strategic alliances and links that enable providing companies authorized for foreign trade activity, tools and knowledge today that will facilitate making trading decisions in accordance with its objectives and priorities of the country.

A5. Synergy

Synergies will be developed with ongoing UNIDO projects in the country, as well as with other UNIDO Departments and Divisions.

The project will be implemented by UNIDO ITPO Italy. Some components of the project foresee however the provision of services by other UNIDO departments. The Department of Trade, Investment and Innovation (TII), and particularly the Investment Promotion Division (PTC/TII/INV), will intervene through the provision of access and training of trainers on COMFAR Lite software and through the Investment Learning Centre – ILC providing support and advice with other investment promotion trainings.

In particular, a synergy will be established with the UNIDO Latin American LAC Division in the framework of the UNIDO Strategic Technical Cooperation Programme for Cuba 2015-2018. Indeed UNIDO and the Government of Cuba agreed the formulation and implementation of a Country Programming Framework (CPF).

Other synergies will be also developed with the UNIDO Coordination Desk in La Havana.

B. UNIDO APPROACH

B1. Rationale

The rationale of the proposed project is to support the Cuban Government in upgrading skills and managerial capabilities of entrepreneurs, managers, administrators and government staff involved in implementing and supporting business and investment projects in the Country; and transferring suitable technologies on selected sectors, with focus on agroindustry, with the aim of supporting local development and local job creation.

The project's intervention strategy will seek 2 main closely interconnected outcomes.

- **Outcome 1:** refers to the enhancement of local entrepreneurs and government staff's capacity to foster business and investment in Cuba;
- **Outcome 2:** is related to the increase of local production and quality in some selected industrial sectors

B2. Comparative Advantage

UNIDO seeks to enable the poor to earn a living through productive activities, thus to find a path out of poverty. The organization provides a comprehensive range of services customized for developing countries and transition economies, ranging from industrial policy advice to entrepreneurship and SME development, and from technology diffusion to sustainable production and the provision of rural energy for productive uses.

UNIDO has been the first international organization to promote foreign investment to developing countries and is the only one with a comprehensive expertise in industrial development, including policy advice, impact assessment of new technologies, technology transfer, quality and environmental concerns, and private sector development. Furthermore, UNIDO is impartial, neutral and non-profit oriented thus representing an "honest broker".

In particular, UNIDO seeks to enhance agro-industry in Developing Countries through:

1. Enhancing productivity;
2. Upgrading value chains;
3. Exploiting International, regional and local demand;
4. Strengthening technology and innovation;
5. Promoting effective financing;
6. Stimulating private participation;

UNIDO provides specialized services in the above domains through its respective divisions amongst which the agro and Trade, Investment, Innovation Departments: PTC/AGR, PTC/TII to promote the adoption and access to technologies suitable for agro-industry.

UNIDO relies also on a network of International offices specialized in the promotion of technology and investments (ITPOs). These offices have, over the years, developed a strong experience in investment promotion and technology transfer in several Developing Countries.

UNIDO ITPO Italy has always been active in the agro-industry field developing strong experience and technical skills in the promotion of investment projects, through the establishment of close working relationships with the private Italian industrial sector.

In particular, UNIDO ITPO Italy strongly supports to private sector is in line with the poverty reduction commitment expressed by the local Government of Cuba and also a milestone to achieve the SDGs and to fully implement the new UNIDO strategy for an Inclusive and Sustainable Industrial Development (ISID).

UNIDO ITPO Italy has an extensive experience and has developed appropriate approaches and methodologies in terms of investment promotion, technology transfer and capacity building in various industrial sectors, such as agroindustry and packaging. Among others services, UNIDO ITPO Italy is well positioned to provide awareness of offers of investors and technology suppliers, match-making with investment partnership needs and upgrade skills of local staff of investment-related institutions by using UNIDO investment promotion methodologies and tools.

In particular, concerning Cuba, UNIDO ITPO Italy carried out several activities since 2014:

- Country presentations and Forums;
- Scouting mission to get contacts with the most relevant stakeholders in the Country;
- Entrepreneurial missions to Cuba;
- Study tours;
- Promoting Investments projects within its business network.

B3. Inception Phase

In order to efficiently and effectively plan project activities,

An Inception meeting will take place in Cuba at the beginning of the project, in which UNIDO ITPO Italy, MINCEX, MINDUS, MINAL and UNIDO Coordination office in La Havana will participate.

Key experts and managers from UNIDO HQ will be invited to provide their inputs and to discuss about possible synergies.

Overall responsibilities and specific aspects of project activities will be defined at the Inception meeting, including, but not limited to the:

- Selection of focal points and delegates;
- Identification of the specific trainings;
- Framework of pilot initiatives to be implemented during the project;
- Definition of a gender baseline analysis;

The project further aims at supporting SMEs industrial ownership by supporting institutional stakeholders, mainly by institutional twinning between UNIDO ITPO Italy and local stakeholders, towards the promotion of technologies for a sustainable agri-business. By doing so, appropriate technologies application can bring to project replication and to its sustainability in time.

To ensure that technology upgrading is fully reflected in the UNIDO Strategic Technical Cooperation Programme for Cuba 2015-2018, the project also foresees the transfer of knowledge and know-how and technical assistance through a strengthened public and private partnership.

This project also aims to strength SMEs competitiveness, in particular those owned and/or managed by women, through capacity building on investment and technology promotion and technology-oriented initiatives to encourage productivity, facilitate job creation, occupational health and safety and the environmental sustainability of industrial production.

B4. Sustainability Strategy

The outputs and activities planned in this project were thought in order to be self-sustainable following the end of

the project. In this respect, the project is deeply inspired by a comprehensive and forward-looking approach aimed at enabling the Cuban government to address the country's economic and social challenges in the long term. By enhancing industrial competitiveness and technological adaptation, the project can substantially contribute to the overall development of the country, thus reducing poverty and inequality through the creation of new productive activities and employment.

More precisely, with regards to the capacity building long-term effects, the spread of new skills and managerial capabilities both at a governmental and entrepreneurial level is able to create a self-fuelling virtuous circle, with spillovers and gains for the overall population. It is, in fact, widely recognized that, not only the accumulation of physical capital, but also the enhancement of human knowledge and capabilities plays an ever-increasing role in ensuring sustainable economic growth and development in today's world.

Similarly, technology transfers are sustainable, since the acquisition of new technologies or the understanding of new techniques allows companies and their workers to improve productivity, replace obsolete technology and therefore expanding the duration of their business. In addition, the linkages created in order to transfer technologies and techniques, in particular with specialized technology providers, are not meant to be standalone activities, but they are part of a process of continuous maintenance and exposition to the newest generations' inventions.

B5. Gender Mainstreaming Strategy

The 2014 female HDI value for Cuba is 0.747 in contrast with 0.783 for males, resulting in a Gender Development Index (GDI) value of 0.954. In comparison, GDI values for Panama and Venezuela (Bolivarian Republic of) are 0.996 and 1.030 respectively. Cuba has a Gender Inequality Index (GII) value of 0.356, ranking it 68 out of 155 countries in the 2014 index. In Cuba, 48.9 percent of parliamentary seats are held by women, and 74.3 percent of adult women have reached at least a secondary level of education compared to 78.8 percent of their male counterparts. For every 100,000 live births, 80 women die from pregnancy related causes; and the adolescent birth rate is 43.1 births per 1,000 women of ages 15-19. Female participation in the labour market is 43.4 percent compared to 70.0 for men. In comparison, Panama and Venezuela (Bolivarian Republic of) are ranked at 96 and 103 respectively on this index.

Women empowerment at the governmental institutions of Cuba, including MINDUS, remains a priority and respective activities are being facilitated, such as capacity building and training to strengthen and enhance their capacities to meaningfully contribute to decision making processes. Such activities include targeted support to facilitate post-graduate degrees and related educational programmes to empower women contributing to taking on leadership roles in those institutions.

The project will promote initiatives that contribute to continuity and enhancement of gender equality, in particular to promote the inclusion of women in productive activities. The project aims to ensure that women and men equally benefit from capacity building and other activities of the project, equal participation of women and men in both project management arrangements and as beneficiaries, partners and key stakeholders of the project, as well as ensuring coordination among key development actors to further enhance gender mainstreaming and promote gender equality and empowerment of women.

B6. Environmental and Social Assessment

The project rationale and activities will not have negative spillovers in regards to the Environment situation of Cuba. In particular, the technology transfers and the training activities rationale are to provide tools to make investment responsible and sustainable, therefore paying attention to the proper use of resources.

Since the adoption of the National Environmental Strategy in 1997, the Cuban government is deeply committed to guaranteeing the environmental sustainability of economic activities, by setting criteria and standards. The regulatory framework currently in force requires all agencies to take environmental issues into account. It encourages grassroots participation through local ventures and seeks to promote environmental awareness. The strategy stresses the importance of fostering research and development and pursuing active environmental policy, both at the national and international level. It seeks to integrate issues of public health, clean production, recycling of urban waste, alternative energy, biodiversity, and education into a comprehensive vision. Particular attention is devoted, for instance, to special anti-desertification programs, specifically developed for some vulnerable regions.

On the Social point of view, project activities are meant to improve the general situation of Cuban SMEs, which means to strengthen their productivity, increase market access and, as a consequence of SMEs profitability, improve the working and the economic conditions of workers.

C. THE PROJECT

C1. Project Logical Framework

Results					Base Line		Target	
Outcome	Output	Activity	Estimated Completion Date	KPI' s / Indicators	Total	Female	Total	Female
Outcome 1: Improved capacity of local entrepreneurs and government staff to foster business and investment projects in Cuba	Output 1.1: Government staff involved in implementing and fostering business and investment projects in Cuba have upgraded skills and managerial capabilities	•Provide training to government staff about Foreign Direct Investment (FDI) in general, sources and types, investors and country needs for investment, investment climate and awareness of the new FDI trends.		# of training courses and initiatives # of participants				
		•Provide on the job training, in the field of business negotiation investment and trade promotion and on UNIDO's methodology and tools for project preparation and appraisal necessary to design, analyze and optimize investment project scenarios.		# of training courses and initiatives # of participants				
		•Develop linkages between Cuban entities and foreign development / investment promotion agencies		# of develop linkages with foreign IPAs				
		•Organize a study tour to benefit from the experiences of industrial development and FDI's best practices.		# of participating representatives				
	Output 1.2: Local entrepreneurs have enhanced business and investment skills to identify and seize investment opportunities	•Carry out a specific capacity building to local SMEs in areas of investment, technological upgrading and entrepreneurial development with a focus on women entrepreneurship.		# of attending entrepreneurs # of participating women entrepreneurs				
		•Provide special assistance to local entrepreneurs to prepare marketing and promotion material about their specific projects. It includes an introduction to financial evaluation of the investment proposals by applying COMFAR for those SMEs requiring it.		# of entrepreneurs assisted (of whom women)				
		•Organize the participation of selected Cuban entrepreneurs in business/investments events and professional tours		# of participating entrepreneurs (of whom women) # of business negotiations initiated				

		Results			Base Line		Target	
Outcome	Output	Activity	Estimated Completion Date	KPI' s / Indicators	Total	Female	Total	Female
Outcome 2: Increase local production and quality in some selected industrial sectors.	Output 2.1: Innovative technologies and best practices in the agro-industry sector are spread among the local business community	<ul style="list-style-type: none"> • Provide capacity building for local SMEs and institutions in areas of technological upgrading and entrepreneurial development. 		# and nature of trainings for selected companies and institutions				
		<ul style="list-style-type: none"> • Hold Innovative technologies workshops and seminars. 		# of workshops/seminars held # of participants				
		<ul style="list-style-type: none"> • Organize participation in business events and professional tours 		# of participants (to be detailed by type of event)				
		<ul style="list-style-type: none"> • Maintain and operate a platform about viable and appropriate technologies for industrial applications in Cuba. 		# of entry in database about technology offers				
	Output 2.2: Local capacities of the national packaging center are upgraded to comply with national and international standards.	<ul style="list-style-type: none"> • Improve the local capacities of the national packaging center to test different packaging materials and technologies for compliance with national and international standards. 		3 testing methodologies validated				
		<ul style="list-style-type: none"> • Provide training of human resources linked to the activity, through courses, seminars and practice in other labs 		# of seminars and visits to other labs organized				
		<ul style="list-style-type: none"> • Provide policy advice to policy makers to identify the most favorable measures and programs that promote the sectors of the packaging industry 		# of experts meetings organized				
		<ul style="list-style-type: none"> • Assess the equipment required to modernize the laboratory for testing 		3 testing methodologies validated				
		<ul style="list-style-type: none"> • Transfer the basic equipment required to test packaging materials and plastic, paper and carton packages. 		# of upgraded equipment transferred				

C2. Risks & Mitigation measures

Result	Assumptions & Risks				
Project element	Risk Description	Risk Type	Risk Level	Assumptions	Mitigation Measures
Improved capacity of local entrepreneurs and government staff to foster business and investment projects in Cuba	The training topics may not be attractive enough for local entrepreneurs and government staff	Operational	Low	The trainees show commitment during capacity building activities	UNIDO ITPO Italy keep constantly close contact with MINCEX and local institutions, inform of opportunities for government staff (training, study tours).
	Local companies and entrepreneurs are not interested to be assisted to prepare marketing and promotion material about their specific projects.	Operational	Medium	Local entrepreneurs are willing to increase their skills and managerial capabilities to foster business and investment	UNIDO ITPO Italy will promote active participation and commitment of the targeted institutional and private partners that will be involved in the training activities
Increase local production and quality in some selected industrial sectors	Diminished capacity and willingness from entrepreneurs and SMEs to upgrade or acquire new and improved technologies	Technical	Medium	SMEs are interested in learning and expanding through technology transfer opportunities.	UNIDO ITPO Italy jointly with MINCEX will carry out trainings to promote technology upgrading opportunities to SMEs
	Inadequate selection of the laboratory technology required in the Project	Operational	Low	A proper diagnosis and assessment is conducted to evaluate the necessary equipment to be acquired to improve the center.	UNIDO ITPO Italy jointly with selected experts to acquire and transfer the most suitable technology and lab equipment.

C3. Institutional Arrangements and Coordination Mechanism

The project will be implemented by UNIDO ITPO Italy. Some components of the project foresee however the provision of services by other UNIDO departments. The Department of Trade, Investment and Innovation (TII), and particularly the Investment Promotion Division (PTC/TII/INV), will intervene through the provision of access and training of trainers on COMFAR Lite software and through the Investment Learning Centre – ILC providing support and advice with other investment promotion trainings.

In particular, a synergy will be established with the UNIDO Latin American Bureau in the framework of the UNIDO Strategic Technical Cooperation Program for Cuba 2015-2018. Indeed UNIDO and the Government of Cuba agreed the formulation and implementation of a Country Programming Framework (CPF).

Other synergies will be also developed with the UNIDO Coordination Desk in La Havana.

D. BUDGET ITEMS

D1. Counterpart inputs

The Government of Cuba, through MINCEX, will contribute to the implementation of the project by making available inputs, such as:

- encompassing office space furnished with desk, chairs, cabinets, telephone lines and e-mail facilities as appropriate, including utilities to establish; as well as by supporting the training activities (in terms of premises).
- counterpart staff to cooperate in the delivery of services will also be provided in-kind by the counterpart institutions: terms of collaboration will be discussed during the Inception meeting

D2. UNIDO Inputs

UNIDO ITPO Italy will make available its expertise, including the use of its own premises and logistics.

UNIDO ITPO Italy will also make available its networking assets with project beneficiary countries and Italian stakeholders as well as with other UNIDO ITPOs.

UNIDO ITPO Italy will ensure a smooth execution of the project and project management.

If considered appropriate and according to UNIDO project regulations, UNIDO ITPO Italy will catalyze further financial resources, if any, coming from synergies with other UNIDO or UN agencies projects in Cuba, as well as with the Italian Regions.

E. MONITORING, REPORTING AND EVALUATION

Monitoring and evaluation of this project will be conducted in accordance with UNIDO guidelines for technical cooperation. The UNIDO ITPO Italy Project Manager will prepare an annual technical and financial progress reports. A final activity report and a self-evaluation will be produced at the end of project's implementation.

The Project Manager monitors project activities on a continuous basis in order to ensure that activities occur as planned and remedial steps are taken as necessary. In that context, feedback from the field is of elemental importance, with the Coordination Office in La Havana reporting back on accomplishments and the need for remedial action, if any. On the basis of those reports from the field, the Project Manager reviews the status of implementation with a view to ensuring the quality and timely delivery of both inputs and outputs, in keeping with the project objectives and within the budget allotted.

Project Manager will submit the report to his/her line Managers, with a copy to OSL/EVA for use in annual statistical and analytical report on the timeliness and quality of the reports, as well as a copy to the RBM focal points.

Self-evaluation will be produced by the Project Manager at the end of the project; it will follow UNIDO TC guidelines criteria and specifically project results will be assessed against project outcomes, outputs and objectives as a mean of improvement for future project performance.

Evaluation activities will be supported by operational work plans, previous monitoring reports and back-to-office-mission reports, according to UNIDO regulations.

Activity reports will be disseminated by UNIDO ITPO Italy to MAECI-DGCS; AICS and Cuban stakeholders at the end of the first and second year as well as the Self-evaluation report. Activity reports will be drafted in English and distributed to the interested beneficiaries.

UNIDO ITPO Italy will identify action guidelines and priority sectors of intervention in consideration of the industrial sectors requirements in Cuba, keeping a look at potential synergies with other projects funded by Italy (MAECI-DGCS and Regional governments) in the country. Once action guidelines are identified and agreed, UNIDO ITPO Italy will:

- Draft a work programme, which will involve the mobilization of at least two technical staff;
- Identification and definition of an action plan with detailed tasks to be carried out by national investment experts;

UNIDO ITPO Italy will verify and report to MAECI-DGCS on progress made and on how the project is supported by involved local counterparts.

F. PRIOR OBLIGATIONS AND PREREQUISITES

The Government of Cuba validates the project proposal.
UNIDO to open a project financial account according to UNIDO procedure (SAP).

When anticipated fulfillment of one or more of the prerequisites fails to materialize, UNIDO may, at its discretion and in agreement with MAECI-DGCS, either suspend or terminate its assistance.

The UNIDO Director General will authorize UNIDO Representative or UNIDO ITPO Head to sign the Project Document on behalf of UNIDO.

G. LEGAL CONTEXT

The Government of the Republic of Cuba agrees to apply to the present project the provisions of the Basic Co-operation Agreement between the United Nations Industrial Development Organization and the Government of the Republic of Cuba, signed and entered into force on 9 May 1990.

ANNEX A - TIMELINE OF THE ACTIVITIES

Outputs	Activities	2018				2019			
		1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Output 1.1: Government staff involved in implementing and fostering business and investment projects in Cuba have upgraded skills and managerial capabilities	Activity 1.1.1. Provide training to government staff about Foreign Direct Investment (FDI) in general, sources and types, investors and country needs for investment, investment climate and awareness of the new FDI trends.	X	X	X					
	Activity 1.1.2 Provide on the job training, in the field of business negotiation investment and trade promotion and on UNIDO's methodology and tools for project preparation and appraisal necessary to design, analyze and optimize investment project scenarios			X	X	X			
	Activity 1.1.3 Develop linkages between Cuban entities and foreign development / investment promotion agencies					X			
	Activity 1.1.4 Organize a study tour to benefit from the experiences of industrial development and FDI's best practices						X		
Output 1.2: Local entrepreneurs have enhanced business and investment skills to identify and seize investment opportunities	Activity 1.2.1 Carry out a specific capacity building to local SMEs in areas of investment, technological upgrading and entrepreneurial development with a focus on women entrepreneurship		X	X					
	Activity 1.2.2 Provide special assistance to local entrepreneurs to prepare marketing and promotion material about their specific projects. It includes an introduction to financial evaluation of the investment proposals by applying COMFAR for those SMEs requiring it.			X	X				

