Food and Agriculture Organization of the United Nations

Angola for Investment Forum

Hand-in-Hand Initiative

Investment Forum | Rome, Italy | 17-20 October 2023

SECTION 1: Angola Economic Overview

USD 106.7B *GDP (2022)*

GDP per capita: USD 2,998.5

HCI: 0.4

Poverty headcount ratio (at $2.15): 31.1 %

34M *Population (2023 projection)*

Men: 48.8% & Women: 51.2%

Youth (15 - 34 age): 33.7%

Median age: 17.3

US$ 2.9B (17%) Food import (2022)

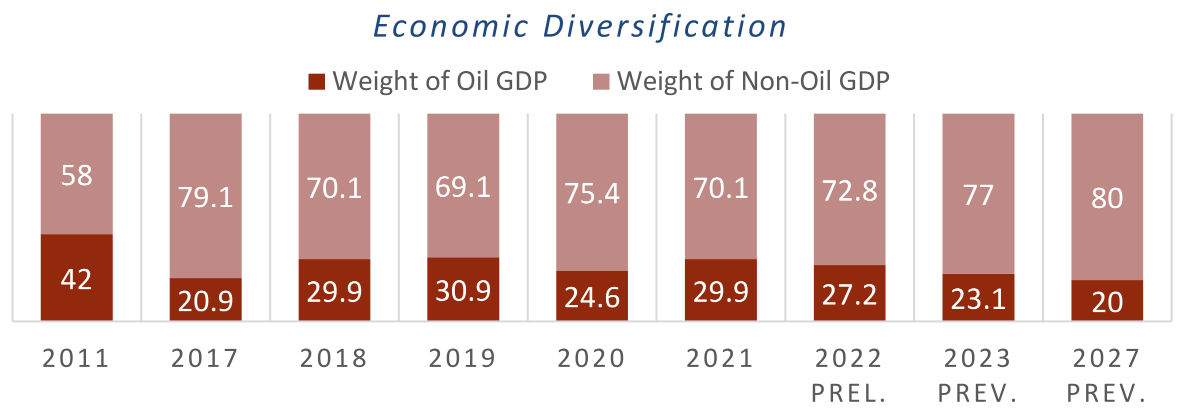
US$ 791M grain imports (2021)

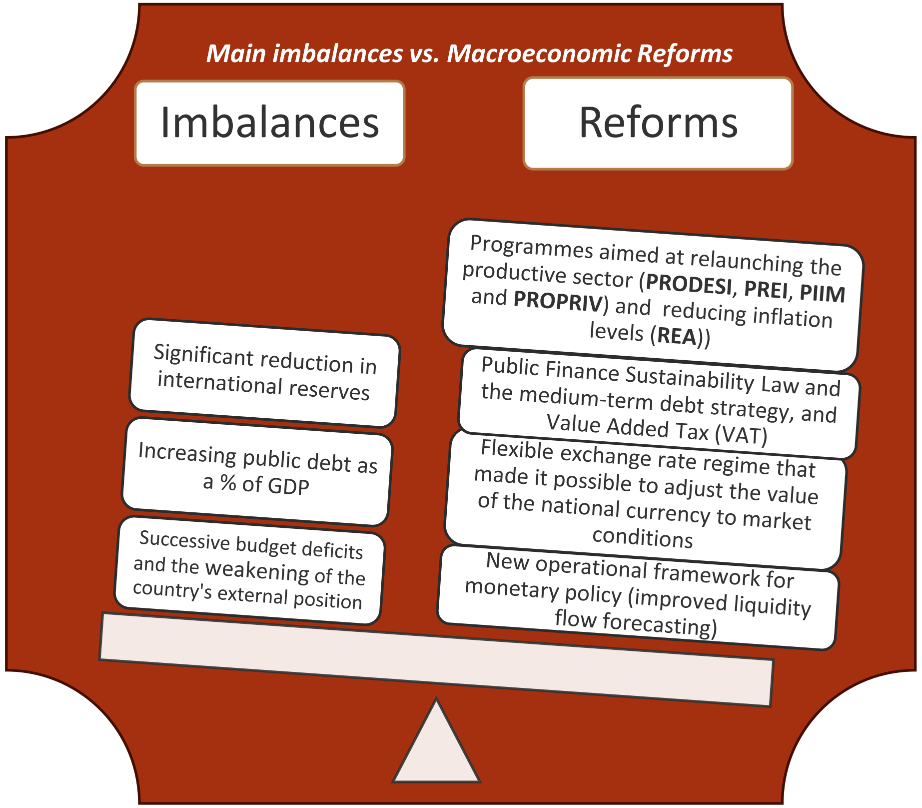
US$ 3.5B poultry imports from 2017 - 2021

Angola's economy is strongly tied to the global oil market, which serves as vital source of revenue and stability.

Youth unemployment, exceeding 50%.

80% of jobs are informal and half are in the primary sector (mostly subsistence work).

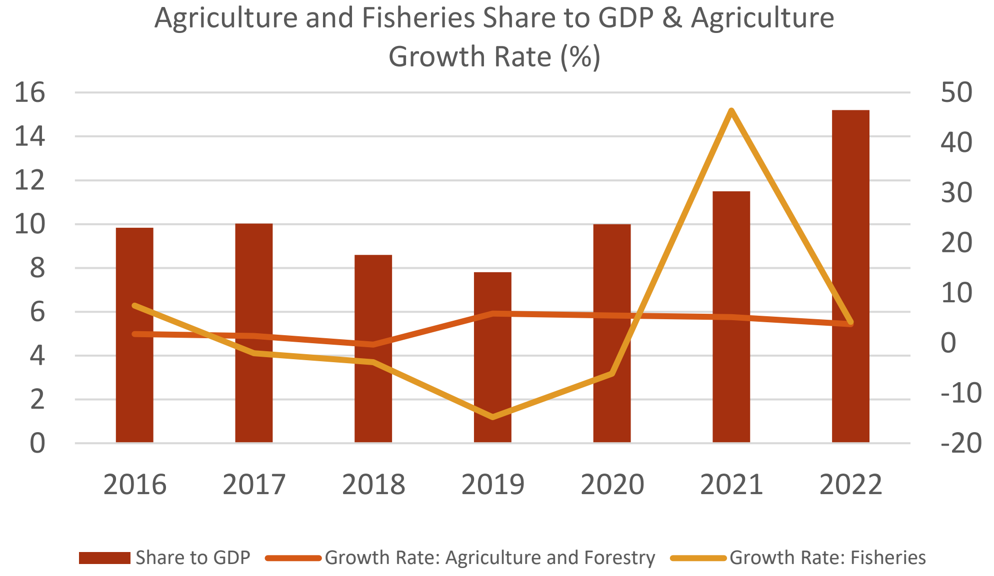




Source: MEP, INE, BNA and WB

Agriculture Sector – current trends

- Agriculture is the largest employer (55% of total jobs) - mostly informal.
- Smallholders account for over 80% of agricultural production and 92% of cultivated land.
- Only 5 % of parcels owned by smallholders have a land concession title.
- Exports of food and agricultural products remain below 1% of total exports.
- **Agriculture output has been rising**: Non-oil output accelerated with agriculture and fisheries growing almost 7%.



~ 15.2% Agriculture and fisheries contribution to GDP (2022)

Family Farming responsible for
~ 80% *of cereals*
~ 92% *of roots and tubers*
~ 90% *of legumes and oilseeds*

~ 70% of national production in **Central** and **Southern** regions of the country

Key Challenges

The ***dependence on food imports*** persists, with a noticeable upward trend in 2022, reaching approximately 46%. As an illustration, the nation imports substantial quantities of essential items, such as 600,000 tonnes of rice, 106,000 tonnes of wheat flour, and 300,000 tonnes of chicken legs annually. It's worth noting that chicken is the most widely consumed meat in the country.

Agricultural productivity is currently below its potential due to limited access to capital, technical skills and agricultural inputs.

Maize: 2.85 ton/ha **Rice**: 2.02 ton/ha
Soya: 1.03 ton/ha **Wheat**: 0.62 ton/ha

Recurrent droughts in the southwestern region have had a considerable impact on crop and livestock production, creating a significant risk of food insecurity (Both value chains are intricately connected, particularly in terms of feed production).

Source: BNA, Census of Agriculture, Livestock and Fisheries (2019-2020), INE, Agricultural Campaign Annual Reports, MINAGRIF

SECTION 2: Why invest in Angola?

Strong Government Support

- Around US$ 3B available financial facility over the next 5 years (Planagrão e Planapecuária).
- Production Support, Export Diversification and Import Substitution Programme (PRODESI).
- Informal Economy Conversion Programme (PREI).
- Lobito Corridor (Angola, Zambia e DRC).

Untapped Productive Capacity: abundance of fresh water and arable land

- 35 million hectares of arable land, and only approximately 10 % is currently cultivated.
- 1 650 km of seacoast and 69 million hectares of forest.
- Suitable climatic conditions for large-scale agriculture developments.

Demographic Dividend

- Angola has one of the youngest demographic structures in the world, with around 60 per cent of the population under the age of 25 and 47 per cent aged between 15 and 35.
- Rapid growing population: 3.1%

Investments in Human Capital through skills development

- Substantial investments in the Rural Extension System is being funded with public resources. There are systematic capacity building programs targeted to small and medium sized farmers that contributes to de-risking private investments.

Agriculture Sector – targeted efforts

The **National Development Plan (NDP 2023-2027)** foresees economic diversification by promoting the agriculture sector.

The government has approved several planning instruments aimed at food self-sufficiency, lower economic vulnerability and higher domestic productive capacity.

Targets (NDP)	2022*	2023	2025	2027
Contribution of agriculture sub-sector to GDP	8.6%	8.8%	9.4%	10.3%
Contribution of livestock sub-sector to GDP	0.6%	0.7%	0.8%	0.9%
Contribution of the fisheries sub-sector to GDP	4.1%	4.1%	4.3%	4.5%

❑The National Grain Plan (**PLANAGRÃO**) 2023-2027 aims to boost national production of maize, wheat, soybeans and rice.

Target: 6.104.282 tons of grain (wheat, rice, soy and maize).

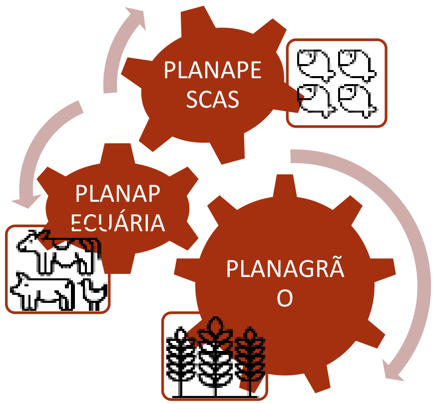
Financial requirement over the next 5 years = US$ 5.7 billion:

➢US$2.4 billion investment from the State to finance **public infrastructure**, essentially delimitation of production areas and subsequent subdivision, as well as access roads.

➢US$3.3 billion from **the Private Sector**, reinforcing the existing capital in the Development Bank of Angola (BDA) and the Angola Venture Capital Active Fund (FACRA).

Food and Agriculture Delivery Compact

Products	Production (Tons)	
	2020	2027
Rice	10 514	2 322 000
Maize	2 970 200	4 437 336
Wheat	8 100	1 213 000
Soybean	37 317	1 102 000
Poultry	36 348	244 316



❑The National Plan for the Promotion and Development of Livestock (**PLANAPECUÁRIA**) aims, among others, to promote the production of eggs and poultry meat.

Over the next 3 years, the State will invest US$ 300 million.

❑The National Plan for fisheries (**PLANAPESCA**) aims promote entrepreneurial fishing activity, to increase the production and processing of fish and salt.

Over the next 5 years, the State will invest US$ 300 million.

Enabling Factors

Fiscal Incentives

Industrial tax rate 25%

Zone A — **Luanda and the municipalities headquarter of Benguela, Huila and the municipality of Lobito.**

- Reduction of the industrial tax rate by 20%, for a period of 2 years.
- 50% reduction in property tax for the acquisition of an office property.
- Reduction of the tax on the distribution of profits and dividends by 25%, for a period of 2 years.

Zone B — **Bié, Bengo, Cuanza Norte, Cuanza Sul, Huambo, Namibe and remaining municipalities of the provinces of Benguela and Huila.**

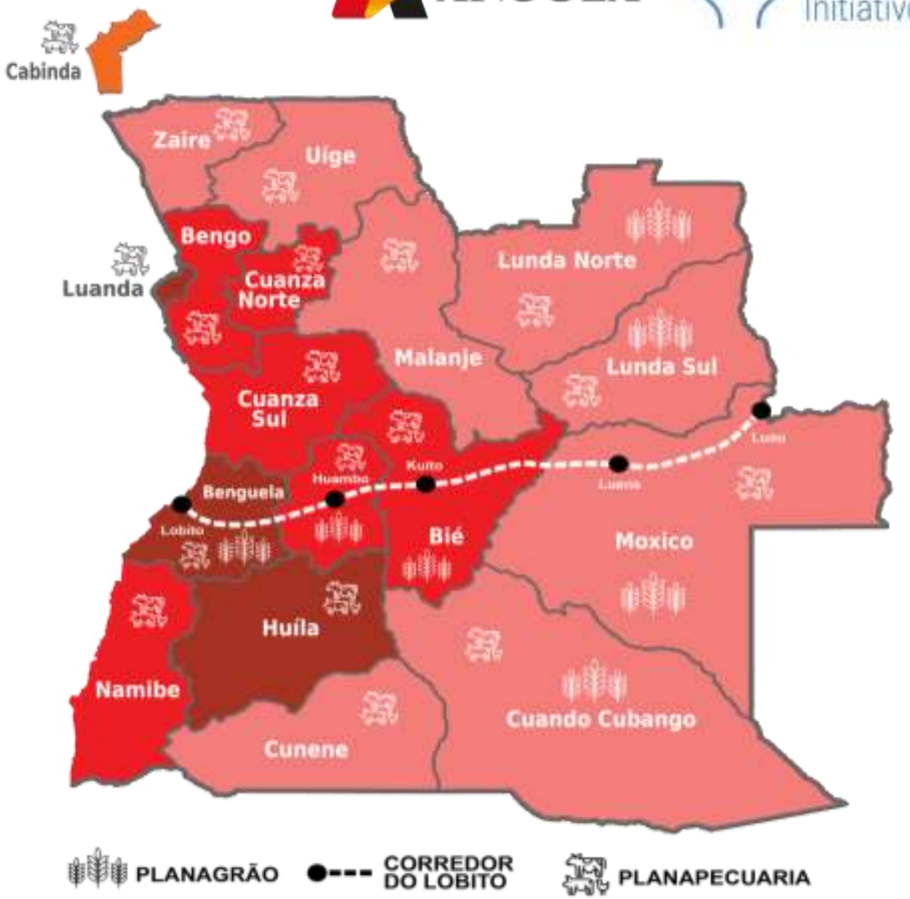
- Reduction of the industrial tax rate by 60%, for a period of 4 years.
- 75% reduction in property tax for the acquisition of an office property.
- Reduction of the tax on the distribution of profits and dividends by 60%, for a period of 4 years.

Zone C — **Cuando Cubango, Cunene, Lunda Norte, Lunda Sul, Malange, Moxico, Uíge and Zaire.**

- Reduction of the industrial tax rate by 80%, for a period of 8 years.
- 85% reduction in property tax for the acquisition of an office property.
- Reduction of the tax on the distribution of profits and dividends by 80%, for a period of 8 years.

Zone D — **Cabinda**

- Reduction in industrial tax rate: half the tax rate applicable in Zone C, for a period of 8 years.
- Reduction in property tax for the acquisition of an office property: half the tax rate applicable in Zone C.
- Reduction of the tax on the distribution of profits and dividends: half the tax rate applicable in Zone C, for a period of 8 years.



Doing Business in Angola

24h — Starting a Business	30 days — Dealing with construction permits	30 days — Getting electricity	72h — Registering property
Credit Bureau — Getting Credit	BODIVA — Protecting minority investor	VAT — Paying tax	CNFC — Trading across border
	Specialised rooms — Enforcing contracts	Law — Resolving insolvency	

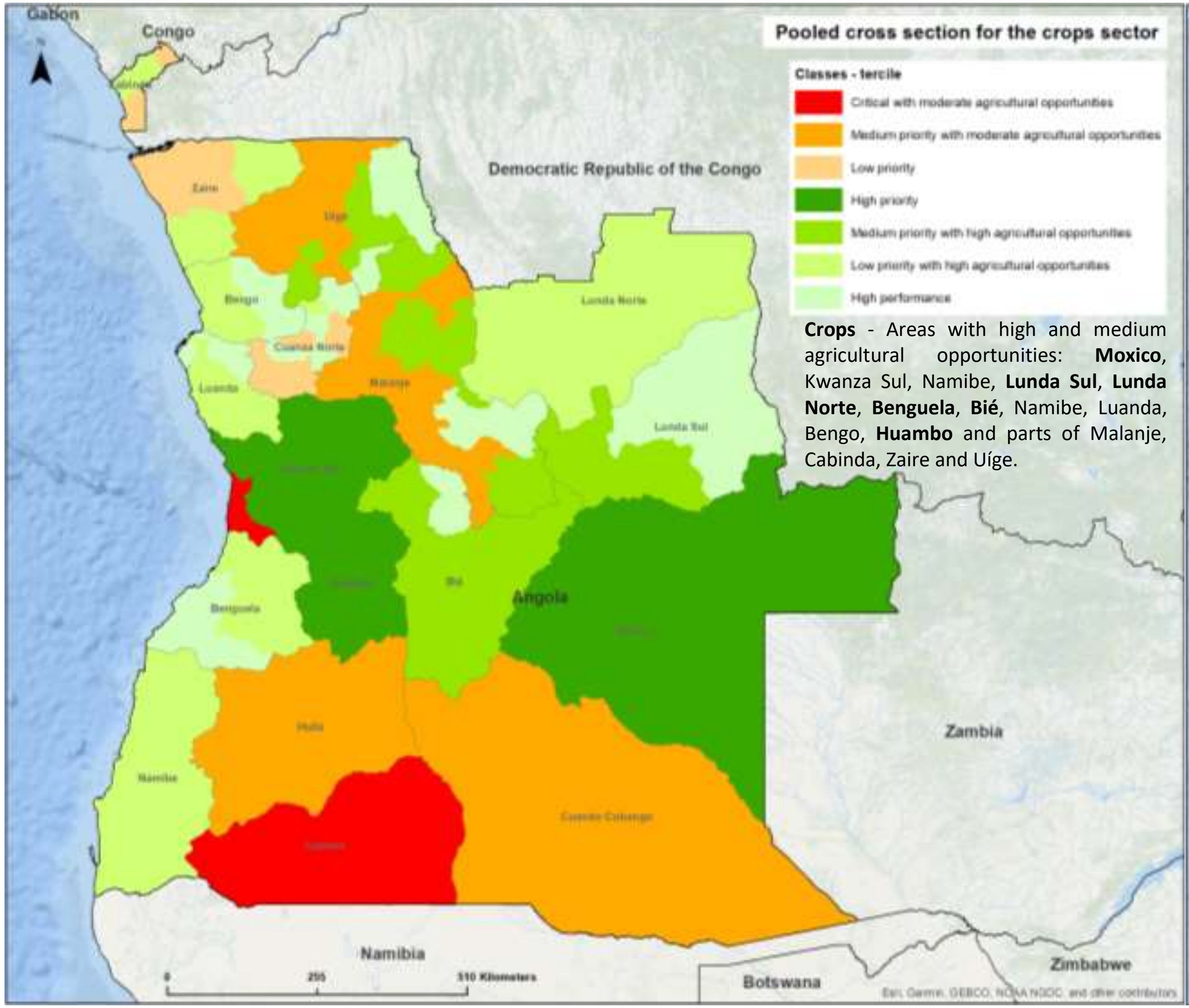
Access to Land

Angola has three types of land uses:

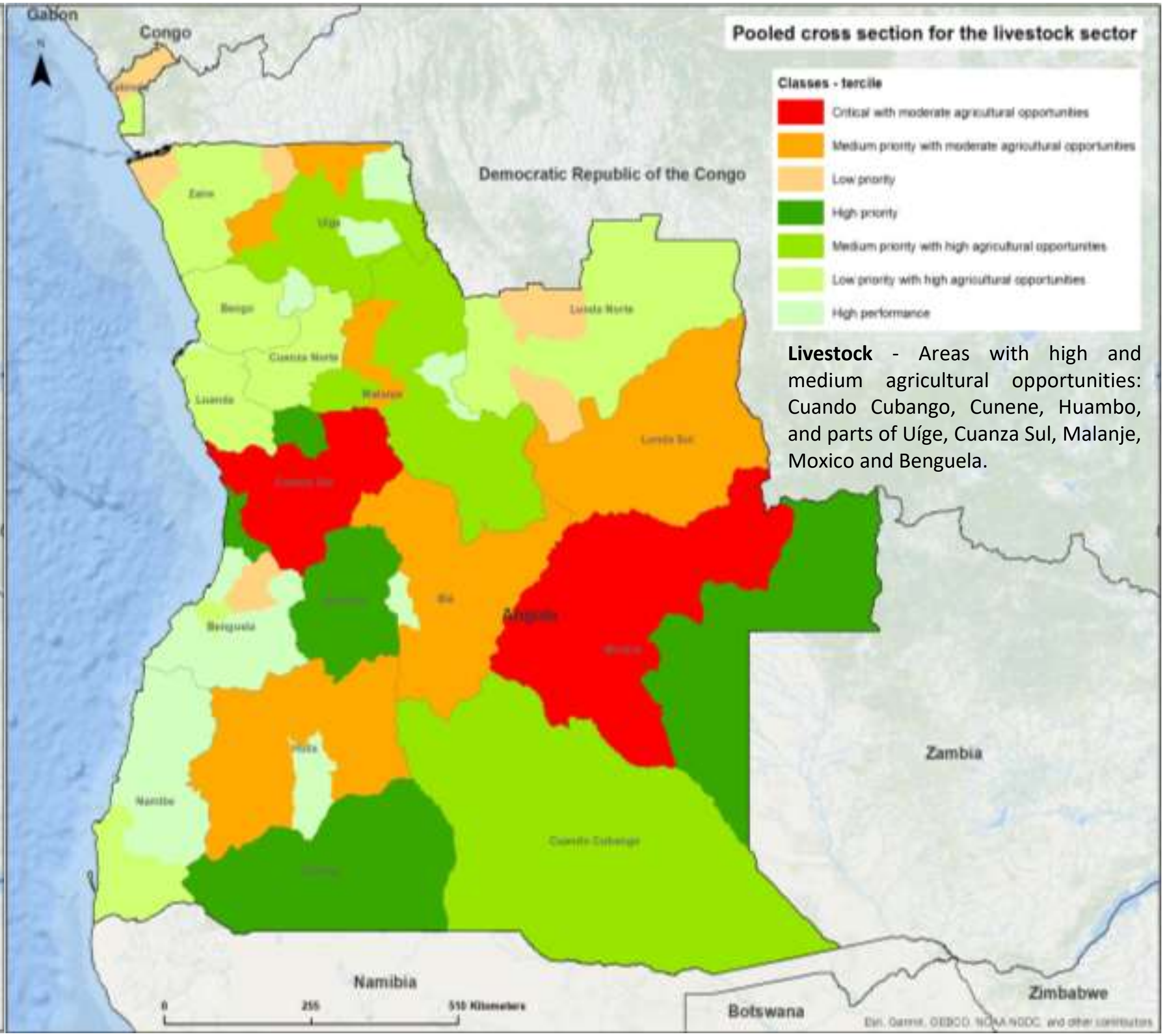
- *land in the private domain of the state*, which the government can grant to individuals for their own use;
- *land in the public domain of the state*, which the government cannot grant to individuals or groups for their own use;
- *rural community land*, which is occupied by families from local rural communities for housing, economic activity, or other purposes recognized by local custom. It is important to note that this land is utilized by rural communities according to their customs.

Source: Law no. 8/22, of 14 April, approving the Code of Tax Benefits

SECTION 3: Investment Opportunities in Angola



Crops - Areas with high and medium agricultural opportunities: **Moxico**, Kwanza Sul, Namibe, **Lunda Sul**, **Lunda Norte**, **Benguela**, **Bié**, Namibe, Luanda, Bengo, **Huambo** and parts of Malanje, Cabinda, Zaire and Uíge.



Livestock - Areas with high and medium agricultural opportunities: Cuando Cubango, Cunene, Huambo, and parts of Uíge, Cuanza Sul, Malanje, Moxico and Benguela.

Investment Case # 1: *Grains*

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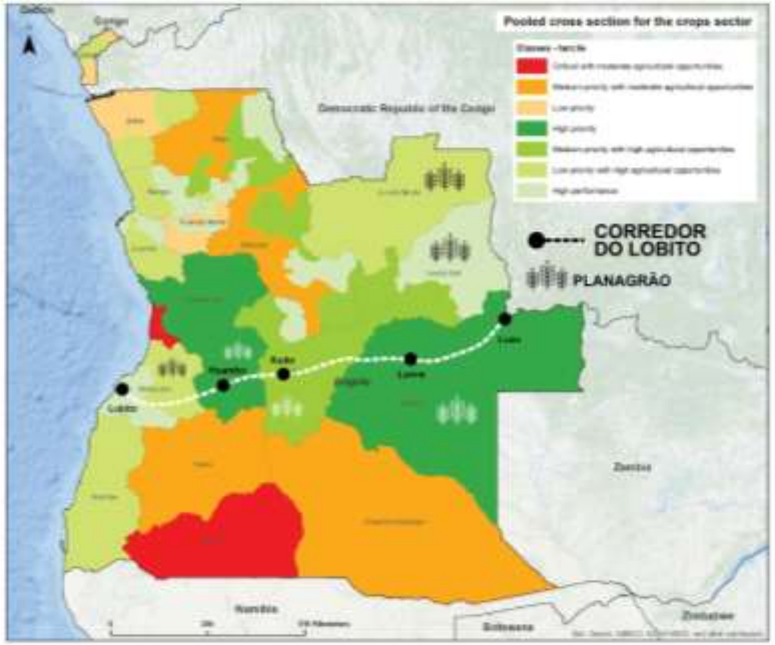
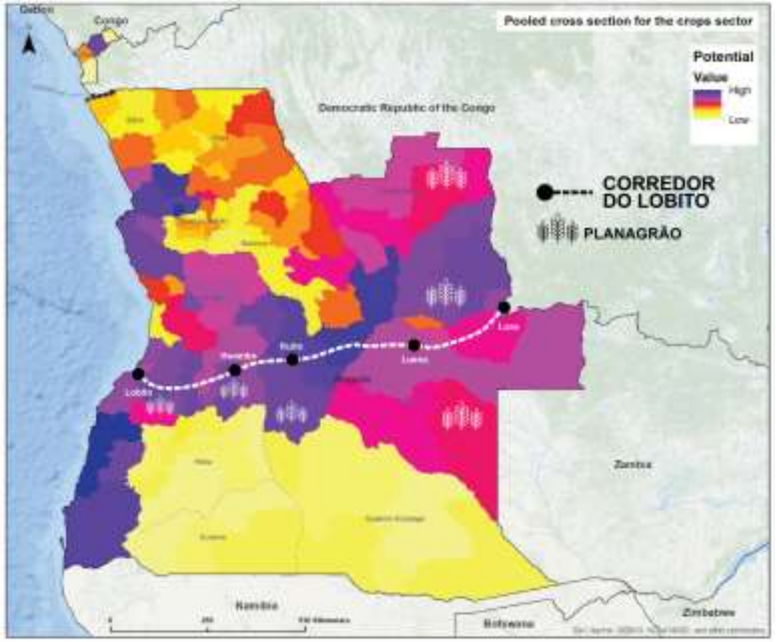
Initiative





Rationale

- Difficulty in procuring grains and notable price escalation in 2022.
- By 2027, an estimated average annual growth in grain consumption of about 6%. This growth is attributed to the rapid expansion of the population and evolving consumption habits.
- The production of animal feed is hindered by a shortage of essential grains.
- Only around 16% of the land owned by the private sector is cultivated and current productivity per ha is limited.

Objective and Areas of Interventions

- **PLANAGRÃO: Over the next 5 years, the Government will invest US$ 2.4 billion** for infrastructure development, improve market access and value chain integration, irrigation, research and extension services.
  - Area: Lobito corridor + Planagrão
  - These are regions with high land availability, with rainfall above 1200 mm/year and soils suitable to produce selected crops.

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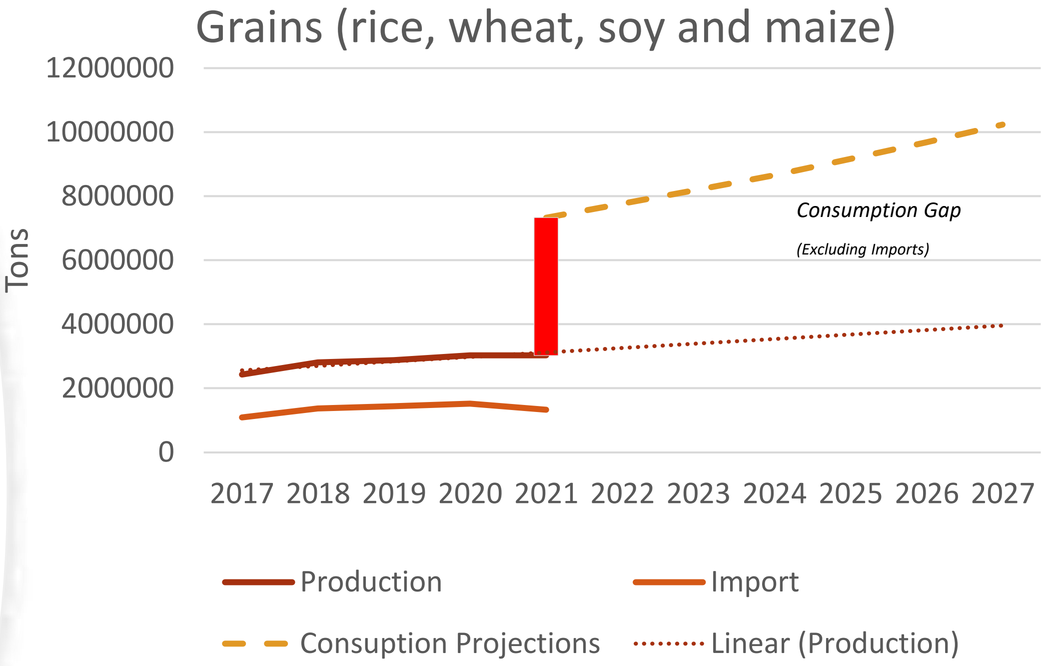
Investment Opportunity

Lobito Corridor

The Lobito Multimodal Corridor is an important transport route for agro-industrial products, which includes not only the Benguela railway, but also a port, roads, airports and logistics platforms linking Angola to the Democratic Republic of Congo and Zambia.

- US$ 300 million - Increase private investment and resilient growth of micro, small and medium enterprises in non-oil sectors, particularly in the Lobito Corridor (WB-financed project).
- US$ 455 million - A joint US-EU partnership through the Partnership for Global Infrastructure and Investment (PGI), that aims, among other things, growing agriculture value chains to enhance local food production for the region's expanding population and to address global food insecurity.

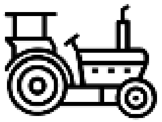


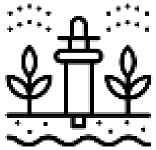
Source: Presidential Decree no. 200/22 of 23 July

- By 2027, the average annual increase in consumption of these products is expected to be around 6%, as a result of population growth and consumer habits.
- In terms of consumption, Angola has a significant degree of dependence on imports of these products, representing US$791 million in 2021.
- Consumption Gap = 6 million tonnes.

Lobito Corridor + Planagrão

- Only 16% of the 391,622 ha of legalized land available to commercial farms is under cultivation.
- Total irrigated area by commercial farms: 42,066 ha.
- Commercial farms per crops out of the country total: Maize (60%), rice (67%), wheat (97%) and Soya (72%).


Mechanization


Irrigation


Modernization

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Grains

Total target production: 1.3 Million MT
Target hectares: 391,622
Total Investment requirement: US$ 550 million (2023-2027)
NPV: US$ 215 million
IRR: 20.9%
Direct beneficiaires: 130,540
Indirect beneficiaries: 783,244

Wheat

- **Target production**: 177,535 MT
- **Target hectares**: 44,384 Ha
- **Target yield**: 4 MT/ha
- **Investment requirement**: US$ 71 million (2023-2027)
- **NPV**: US$ 49 million
- **IRR**: 19%

Rice

- **Target production**:402,664 MT
- **Target hectares**: 117,487 Ha
- **Target yield**: 3.4 MT/ha
- **Investment requirement**: US$ 201 million (2023-2027)
- **NPV**: US$ 143 million
- **IRR**: 24%

Maize

- **Target production**: 313,298 MT
- **Target hectares**: 62,660 Ha
- **Target yield**: 5 MT/ha
- **Investment requirement**: US$ 88 million (2023-2027)
- **NPV**: US$ 7.3 million
- **IRR**: 13%

Soy

- **Target production**: 85,800 MT
- **Target hectares**: 78,324 Ha
- **Target yield**: 1.1 MT/ha
- **Investment requirement**: US$ 49 million (2023-2027)
- **NPV**: US$ 15.8 million
- **IRR**: 21%

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Investment Case # 2:
Poultry Value Chain

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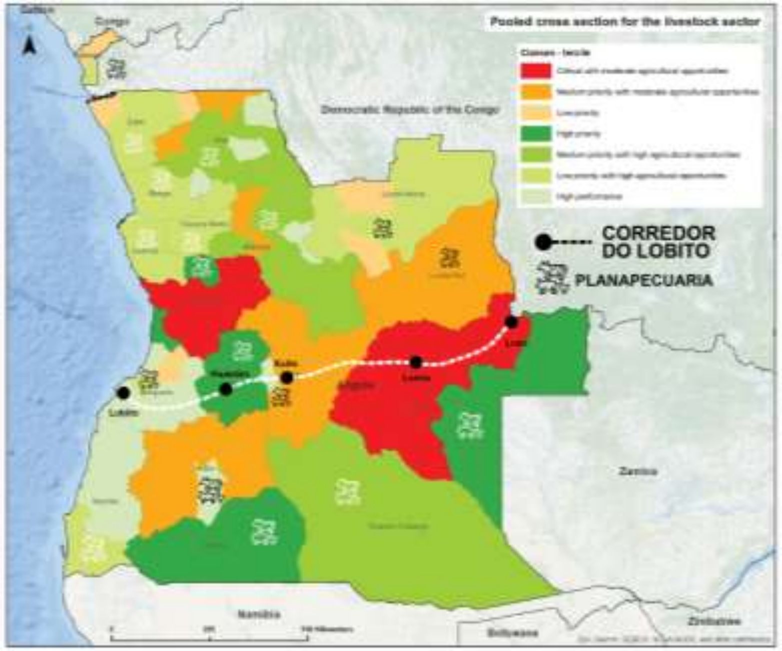
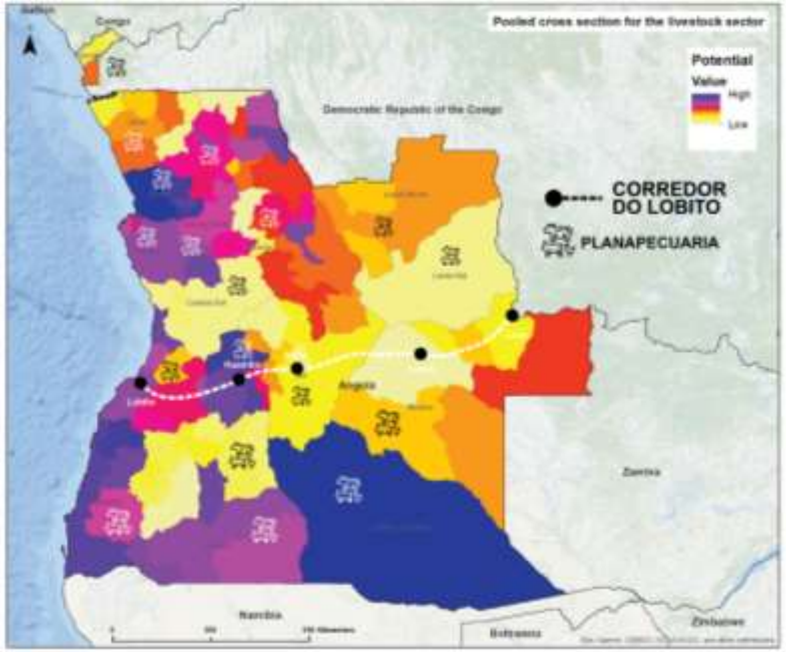




Rationale

▪Much of the food imports are chicken, which is the most consumed meat in the country.

▪Angola imported more than US$1.6 billion worth of poultry meat between 2017-2022.

▪Great volatility of imports of Poultry, but market with potential.

▪Challenge of replacing imports with national production.

Develop poultry value chain will allow Angola to reduce dependency on imports and transforms poultry into an income generator for low-income families.

Intervention

Planapecuária: Over the next 3 years, the Government will commit US$ 300 million:

▪Encourage private investment in the various value chains of meat and other livestock product production.

▪Enhance herd health control and improve the resilience of livestock production systems.

▪Develop a comprehensive system for surveillance, prevention, and control of animal diseases to safeguard the growth and development of national livestock production.

Macro-Trends Impacting Poultry Consumption in Angola

1 Population Growth

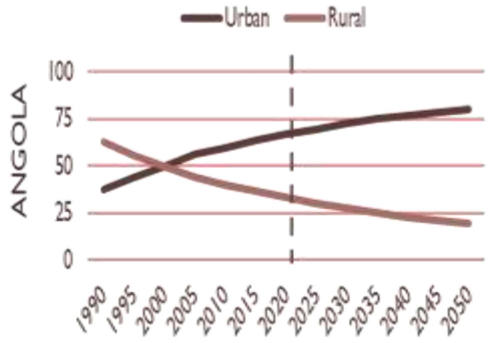
The long-term shift in meat consumption toward poultry in Angola will continue to strengthen, particularly due to population growth currently estimated at 3.1% per annum.

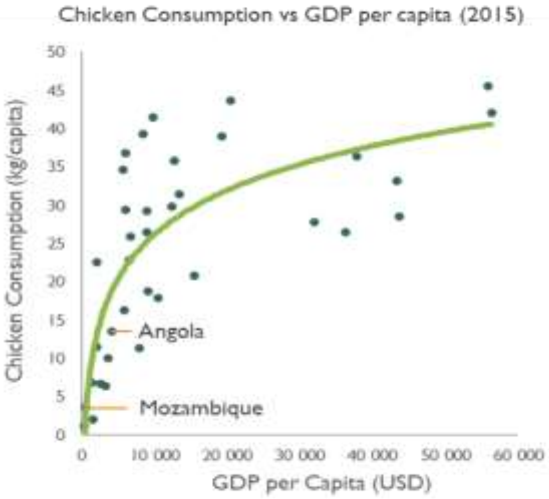
2 Per Capita Income Growth

Higher income, measured by GDP per capita, has been shown to have significant correlation to higher poultry consumption. This is one of the reasons why Angola has a much higher Poultry Consumption per capita than Mozambique, for instance.

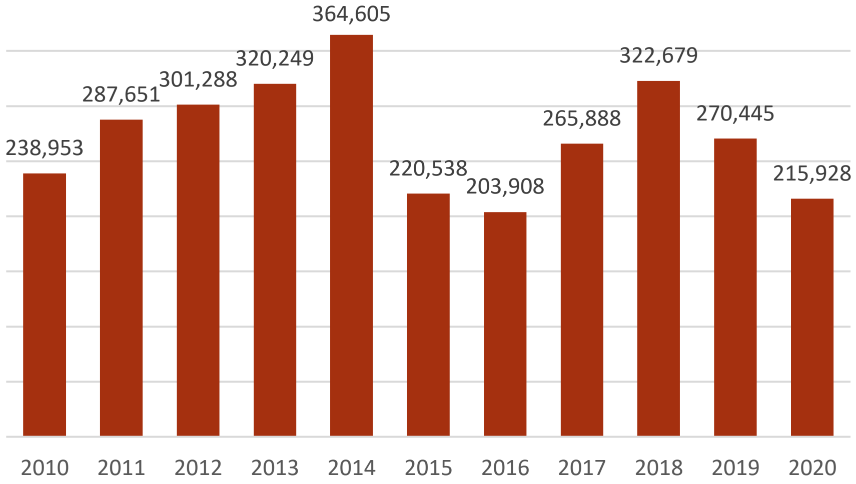
3 Urbanization Rate

Another factor, no less important, is urbanization rate, which fosters poultry processed in slaughterhouses instead of the more traditional "live chicken" market that proliferates in more rural areas.





Poultry Imports in Angola (tons)



Sources: OECD-FAO Agricultural Outlook 2016-2025 and 2021-2030; UN World Urbanization Prospects: The 2018 Revision; FAOSTAT Detailed trade matrix (https://www.fao.org/faostat/en/#data/TM)

Angola poultry market has significant potential, and its challenge is how to replace imports with national production!

Angola to produce 30.000 annual tonnes of poultry

Total Investment Requirement: US$ 527 million

NPV: US$ 493 Million IRR: 18.7%

Direct beneficiaries: 41 496

	Breeding	Hatching	Animal Feed	Poultry Farming (from DOC to grown chicken)		Processing
Main Assumptions	Breeding hens lay, on average, of 179 hatching eggs (HE) during its lifetime; 4 flock placements per year with 25 employees each Rate of Hatching Eggs Dismissed 0,5%.	2 Hatches per Week; 80% Hatchability Rate of Day-Old Chicks (DOC); 7 days per week; 50 employees	Animal feed is 100% locally produced; Works 3 shifts per day, 7 hours per shift, 6 days per week = 126hrs/week; 20 employees per shift Feeds all 78 million DOCs per year	Hybrid Method 1. **Aggregator Companies** (big size; economies of scale) 2. **Outgrowers** (smaller, but professional) Birds reach market weight of 1.7 Kg (47-day cycle); 4% mortality rate 1+2 = Processed Chicken Market 3. **Subsistence Farming "SF"** (local family and goes for live chicken market)		Abattoir: slaughtering, processing and packaging; 71% Yield (from Live Bird to Carcass Weight) 1,2Kg Carcass Weight per Bird; Works 3 shifts per day, 7 hours per shift, 6 days per week = 126hrs/week
Main Outputs	Hens housed per placement: 41 347	DOCs per hatched day: 225 962	Pellet Production per Hour: 9	Birds per Cycle SF: 1 858 151	Birds per Cycle 1+2: 1 666 849	Slaughtered birds per hour: 1 908
	Hens housed per year: 165 389	DOCs per year: 23 500 000	Total Pellet per Year: 60 143	Birds per Year SF: 10 500 000	Birds per Year 1+2: 13 000 000	Slaughtered birds per day: 40 064
	Hatching eggs per year: 29 521 875			>40 883 pax	Employment 1+2: > 272 pax	Slaughtered birds per year: 12 500 000
Cap Exp	**22.6 M USD**	**6.2 M USD**	**8 M USD**	**4.8 M USD (funded separately)**	**20.8 M USD**	**10.8 M USD**

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SECTION 4: Summary Angola Investment Plan

US$1.07B Total Investment	**20%** Overall Average IRR	**956,280** Beneficiaries	**US$ 451** Income Increase Per Capita	**2.145 million MT** Emission Co2e

KEY INVESTMENTS

1

Intervention

Increase the country's capacity to produce grains.

Cost (USD)

US$550M

IRR (%)

20.9%

VPN

US$ 215M

Sustainability Benefits

Direct beneficiaries: 130,540

Indirect beneficiaries: 784,244

Income increase per capita: US$275

Emission Co2e: 2.1 million MT

2

Intervention

Promote the production of poultry to substitute 30% of imports.

Cost (USD)

US$527M

IRR (%)

18.7%

VPN

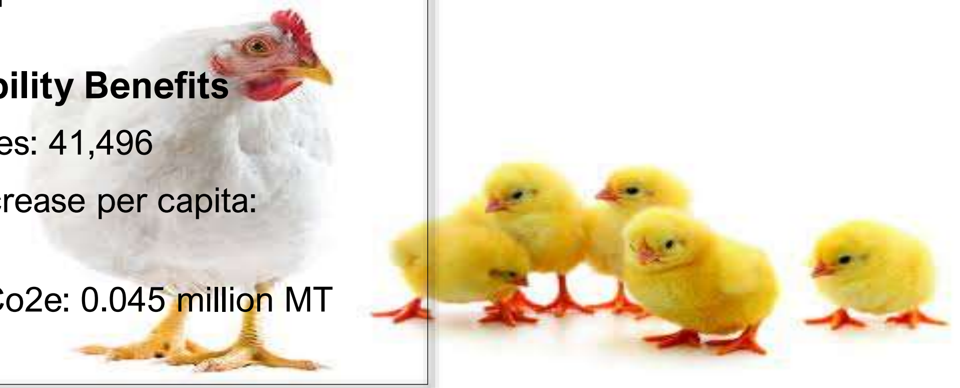
US$ 493M

Sustainability Benefits

Beneficiaries: 41,496

Income increase per capita: US$300

Emission Co2e: 0.045 million MT



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Obrigado!

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