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Embassy of India, Luanda

REPORT ON AGRICULTURAL SECTOR IN ANGOLA

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FOREWORD

I am delighted to present a compilation of information on the Agricultural sector in Angola. Angola and India share friendly bilateral relations, which sets out potential areas for intensifying bilateral cooperation among others in the business, energy, agriculture, food processing, mineral resources and technology. Angola is the second largest African oil supplier to India and India is Angola's 3rd largest trading partner - sharing about 10% of Angola's external trade mainly on account of bulk crude oil purchase. However, both countries are interested in diversifying the trade and commerce relations. Economies of our two countries complement each other. Angola is rich in hydrocarbon and mineral resources while India is rich in human and financial capital and has low cost technical expertise. The Embassy has been active in organizing various webinars and virtual events to strengthen trade and investment between both countries.

The objective of this report is to give an idea of potential opportunities in the agriculture sector. The report gives the information about the natural resources, land and water availability, government policies, projects, potential areas of cooperation and details of key players. The report seeks to provide a capsule of information that might be useful for the business between India and Angola.

The Embassy always strives to strengthen economic and commercial relations between India and Angola by spreading information and extending support to Indian businesses. You are encouraged to send your economic and commercial queries and inputs to our commercial wing at the following email ids.

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OVERVIEW



Angola is one of Africa's most resource-rich countries. It is sub-Saharan Africa's second-largest oil producer, after Nigeria, and the world's fourth-largest producer (in value) of diamonds.

The country also possesses a wealth of other natural resources, including minerals, water, agriculture, forestry and fisheries. It however exhibits vulnerability and fragility typically associated with lower-income countries.

Despite a relatively high per capita gross national income of US\$3,400, Angola continues to face significant challenges in reducing rural poverty and diversifying economic growth.

Two thirds of the population depends on agriculture for food, income and employment, with women providing most of the labour force. An estimated 80 per cent of farmers are smallholders. Their productivity is low and they generally produce little or no surplus.

The country is now in a unique transition stage in its development from an oil-based economy towards a more diversified economy through agriculture and private-sector development.

The country has several agro-ecological zones that are conducive to the cultivation of diverse tropical and subtropical crops for local consumption and export.

HISTORICAL PERSPECTIVE



Prior to independence in 1975, Angola was self-sufficient in key food crops (except wheat) and was an exporter of cash crops, in particular coffee and sugar. The war for independence and lack of investment severely hindered the agriculture and fisheries sectors, and the country has been dependent on food imports since 1990. A mere 10 per cent of the country's arable land is currently under cultivation, and per-acre productivity is one of the lowest in sub-Saharan Africa.

The country's 27-year civil war led to a massive exodus from many rural areas as people flocked to towns and cities for safety. Around 4 million people were internally displaced at the end of the war in 2002. The Civil war made agricultural land ridden with mines and despite government demining efforts, landmines and unexploded bombs are a danger to people and a constraint on agricultural, economic and social recovery. Social and physical infrastructure is badly damaged. In particular the lack of roads and bridges prevents farmers from getting their products to markets, impeding trade. Farmers also lack access to agricultural inputs and other assets necessary to begin producing again. They need seeds, adequate tools to work the land, animals for traction and fertilizers for areas such as the central highlands, where soil fertility has been depleted.

Since 2002, especially in last 5 years from 2015, much progress has been made. Together with its national and international partners like IFAD, FAO, WB, the Government has developed and implemented programmes to restore order and security, revitalize the economy, restore basic social services, rehabilitate infrastructure and revive agriculture.

NATURAL RESOURCE ADVANTAGE :

LAND:



Angola is well endowed with natural resources including arable land and forests; approximately 46.5% of the territory is under vegetative cover. Approximately 43% of the land area is under permanent meadows and pastures. The surface area used for agriculture is estimated at 26% of the territory, which is mostly government owned. There are very few formalized land rights though some rural community common land holdings have been demarcated and "titled" at the provincial level. Despite only few individual farmers holding formal concessions the Angola Land Programme has focused on the development of the country's land tenure management framework to take into account the historical occupancy and uses of local communities. Participatory land-use mapping and planning and delimitation processes have been piloted and rural communities supported to obtain title to their land in the central and southern regions of the country.

VEGETATION COVER :



The dominant soils in Angola are ferralitic and psamítico. In some areas the ferralitic soils have a sandy to argilo-arenosa texture, are deep and well drained with low organic matter and mineral nutrients. The poor sandy soils found on the coastal plains have poor water retention and tend to become saline.

In areas where soils are acidic, such as in the central highlands, soil assessments every three years are periodically undertaken and dolomite lime is provided for correction particularly to the smallholders. Generally agricultural land faces challenges of declining soil fertility, which demands for expansion into virgin land resulting in the destruction of natural habitats and loss of ecosystem goods and services. In addition, inadequate landscape and water management compounded by lack of knowledge regarding benefits of soil protection and natural resources management leads to unsustainable agriculture.

FORESTS:



In Angola, 46.9% of the total land area is made up of forest extending to about 3 million acres. Angola has about 128,000 ha of planted forest. However, resource degradation resulting from deforestation due to firewood and charcoal production as livelihood strategies is a challenge in some locations.

About 80% of the population, depend on biomass for their everyday energy purposes, i.e. water heating, cooking and lighting, the majority of which are living in rural areas.

WATER RESOURCES:



Due to its geographic location, Angola is very rich in water resources. Most of Angola's rivers rise in the central highlands and drain either into the Atlantic Ocean or the Congo River but those in the southeast drain into the Okavango swamps in Botswana. The annual drainage is calculated as 140 km³ and is among the highest in southern Africa.

There are 77 hydrological basins forming five main drainage areas: the Atlantic with 41% of the surface of the country, Zaire (Congo) with 22%, Zambezi with 18%, Okavango with 12% and Etosha with 4%. The transboundary nature of the basins entails cooperation with other riparian neighbours.

The water quality is mostly good albeit point pollution near urban centres and agricultural areas can be an issue. Overall Angola is not water scarce however the distribution of the water resources varies and therefore poses some challenges in the main uses such as agriculture. Agriculture is the main user of groundwater. An estimated 340,480 ha are under irrigation while 783,340 ha is either under rehabilitation or planned for irrigation. The potential area for irrigation is estimated at 3.7 million ha. Angola has an integrated water resources management policy aimed at optimization of use, management and conservation of water resources for all uses, as well as the regularization of use through concessions. Surface water resources from the numerous rivers is used to generate hydroelectric power with over 1200MW of hydroelectric power generated from Kwanza, Cunene and Keve Rivers.

FISHERIES:



Fish consumption in Angola is estimated at 14.7 Kg/ capita. The sector is especially vital in coastal areas where a large part of the population depend on artisanal fisheries as their main source of income and animal protein. About half of fish catches is from artisanal fisheries.

Aquaculture production is low but with high potential and mainly constrained by lack of fish feed, seed, appropriate technical skills and under-developed infrastructure. Angola is a net fish importer and the Government has prioritised the development of sustainable marine and inland artisanal fisheries and aquaculture in inland water bodies.

CLIMATE:



Angola's climate is tropical to sub-tropical, and is characterized by warm and humid summers and mild and dry winters. Climatic conditions are strongly influenced by the combination of a number of factors, such as latitude (from 4 to 8 degrees), altitude (from 0 to 2,620 metres), the landscape and the maritime currents.

Similar to the rest of southern Africa, two other unique regional ocean features imprint on the climate, the Angola Benguela Frontal Zone and the Seychelles-Chagos thermocline ridge.

The Angolan climate is strongly impacted by El Nino Southern Oscillation and to lesser extent by the Southern Annular Mode and sea-surface temperature dipole events in the Indian and South Atlantic Oceans. Mean temperatures range from 18 – 22 degrees Centigrade in the central and northern regions, while in the south they range from 20 – 22 degrees Centigrade. The climate is characterised by two more or less well-defined seasons: The dry —“Cacimbo” season is cool, starting in June and ending in September, and the warm —“Rainy” season – humid and rainy from October to May.

The mean annual rainfall in Angola is calculated as 1014 mm, but exhibits great differences in spatial distribution. The humid northern regions have bi-modal rainfall systems (September- December; February-April).

The southern region has a uni-modal rainfall system (October-March) of 200mm on average.

PRESENT AGRICULTURAL PRODUCTION SCENARIO:



Despite the fact that the country was previously a major agricultural exporter domestic agricultural production capacity does not meet local demand. Angola imports more than 50% of its food requirements. The top Agricultural import Countries for Angola are Portugal, Brazil, USA, South Africa, Thailand and Malaysia.

Substantially, agriculture provides the main livelihood for most of Angola's population with about 70 per cent of rural inhabitants deriving their livelihoods as subsistence farmers. Angola holds tremendous agriculture potential with natural advantages fertile soils, abundant water, and a favorable climate (as detailed below). Currently, Angola's main agricultural crops include cassava, corn, beans, potatoes, sweet potatoes, soy, bananas, coffee, rice, and other vegetables and fruits.

The most fertile regions are in the highlands and valleys especially in the southern provinces. The rainy season is from October to May, which is considered the prime season for vegetable cultivation. Tomatoes are grown during the dry season (June to September). Greenhouses and irrigation expand the growing seasons, but these technologies are not widely used in Angola.

Poultry production has increased slightly over the last 3 years but was affected by an insufficient supply of feed and chemicals as well as long periods of drought in some Angolan provinces. Most chicken products in the market are currently imported to meet demand. Angola's livestock farming is located primarily in the southern part of the country and is based on natural pasture grazing.

Beef is the second largest agricultural product after cassava. Other livestock, such as goats, pigs and chicken are raised mainly by small-scale farmers as subsistence food sources.

PRESENT GOVERNMENT POLICIES TO DRIVE AGRICULTURAL GROWTH:



The Government is currently pursuing a new growth model for economic diversification through the agriculture sector and private-sector development, which has significant potential for rural agricultural transformation. Both the National Development Plan (NDP) (2018-2022) and the Medium-Term Development Plan for the Agrarian Sector (PDMPSA) (2018-2022) are aligned with this new economic diversification agenda. The conducive government policies are promoting agriculture in Angola.

The government has invested USD 200 million in capital goods and USD 150 million in consumable goods in order to increase agriculture production in the country.

The agriculture sector in Angola mostly relies on imports. Agriculture in the country comprises of several segments, which include fruits, vegetables, cereals, and pulses. Banana, citrus and pineapple are few of the major producing fruits in Angola. One of the major crops of Angolan agriculture is coffee. Angola used to be one of the world's biggest coffee producers before the onset of civil war. The Angola Ministry of Agriculture has made strategic policies to make Angolan coffee competitive again. The Angolan National Coffee Institute (INCA) was established, as a responsible government body for coffee sector development, aiming to attract private investors for public-private partnership (PPP) and the establishment of 'coffee fund' for smallholder farmers. These initiatives help in enhancing the production of coffee thereby increasing the market for coffee in the region.

A featured element of the Angolan Government's National Development Plan for 2018-2022 is agricultural development to diversify the economy and to build domestic food production capacity that will decrease the country's dependence on imported food. To support this development, the Angolan government issued the Presidential Decree PAPE (Action Plan for Employability Promotion). The program is funded by the Angolan government's annual budget and oil fund and designed to increase local production and create jobs.

The National Development Program and the 2019 national budget provided for specific agricultural programs, including: Agricultural Production Development Program (USD 192 million), Animal Production Program (USD 37.3 million), and PRODESI -Production, Export Promotion and Import Substitution Program (USD 89 million).

The Angolan government has engaged with multilateral development banks to provide loans to the private sector for the productive sector that includes agriculture, livestock, fisheries and agro-processing.

Food and Agro-Industry has been included as an important sector under the Government's programme for the Production Support, Export Diversification and Import Replacement Program (PRODESI). The programme approved by Presidential Decree No. 169/18 of 20 July, 2019 is an executive program to accelerate the diversification of national production and wealth generation, in a group of productions with greater potential for generating export value and import substitution.

The government directly supported the establishment of numerous large agricultural projects and companies. Some of these include:

- Gesterra S.A.
- SODECAP
- SODEMAT S.A.
- Aldeia Nova
- Quiminha Project (PIDARQ)

Ongoing multilateral development bank projects include:

- Currently under development with the Angolan Government is a major World Bank "Commercial Agriculture Development Project" estimated at USD 230 million in 2018. The project is expected to continue until May 2024. The proposed project development objectives are to promote commercial agriculture development and specifically to increase production and employment within selected value chains in targeted areas in Angola. The project is divided into 3 components: agribusiness Development (USD 190 million); support to develop an enabling environment for commercial agriculture (USD 25 million); and project management, coordination and public-private dialogue (USD 15 million).

- World Bank “Smallholder Agricultural Development and Commercialization” Project. A second project loan was signed in July 2016 for USD 70 million to help increase smallholder agriculture productivity, production, and marketing for selected crops in the project areas.
- The African Development Bank (AfDB) agricultural-related work in Angola is focused on developing small farmer projects and linkages to agricultural value chains and commercialization. Active AfDB agricultural projects include: 1) a study of private sector agriculture capacity in Cabinda province; 2) technical support to advance infrastructure projects along the “Lobito corridor” in order to connect the markets of the Democratic Republic of the Congo, Zambia, and Angola; and, 3) agricultural development in southern Angola related to the impact of climate change on this naturally dry area.

Further, the government has invested, in order to encourage the private sectors to develop the agriculture sector in the country. Angola Ministry of Agriculture and Rural Development is collaborating with the private sector to achieve objectives, like distribution of seeds and tools, reconstruction of rural infrastructure and others.



These policies have a direct or indirect impact on increasing the private sector's involvement in agriculture which in turn enhances the overall agriculture sector in the country.

Angolan government has established a number of publically announced target areas for agricultural production development including :

- A comprehensive program to stimulate beef production and offset some of the 100,000 tons of beef imported annually into Angola. Areas of focus include improving veterinary health, increasing herd production, strengthening slaughterhouse regulations, and building infrastructure capacity through government projects and credit to private entities.
- A plan to increase corn production capacity to meet domestic demand (human and animal feed) through a range of public and private initiatives. Current demand is for 4,500 tons of corn, but local production is only 1,800 tons. Corn imports primarily come from Brazil, South Africa, and Turkey.
- Wheat milling plants already operating in Angola include the Grandes Moagens de Angola that has the capacity to produce 1,200 tons of wheat flour per day. The owners of the GMA mill in Luanda started building an identical wheat mill in the port of Lobito, on Angola's southern coast. Kikolo wheat mill on the outskirts of Luanda, is operating with a capacity to produce 1000 tons of wheat flour per day. This increased capacity in wheat milling offers new opportunities for Indian exporters of milling equipment and services.

POTENTIAL AREAS OF COOPERATION :



Angola still needs to work hard in order to achieve the production levels required to meet the needs of the internal market and relaunch Angola's exports. Opportunities in the sector are plentiful, and both private and inter-governmental project propositions are welcomed, especially in the following areas:

- ⇒ Support in construction, rehabilitation or expansion of infrastructure, including storing capacity, distribution and refrigeration solutions
- ⇒ Industrial and agricultural machinery and equipment, complemented by technical assistance
- ⇒ Support to the production of seeds, pesticides and soil fertilizers
- ⇒ Manufacturing – juice, mills
- ⇒ Technology in irrigation, agricultural study and research centres
- ⇒ Provision of training in general agri-business skills
- ⇒ Provision of higher education formation
- ⇒ Agricultural micro-credits and insurance against risks of natural disasters that affect agriculture

Opportunities therefore exist for Investments by Indian companies in the agricultural production, cold storage and mechanization, Export of seeds, fertilizers

Agricultural Equipments and latest technologies from India, Trade in Inland Fisheries and Aquaculture, Providing help in development of ecologically sustainable farming techniques, Private investment for building Agricultural infrastructure, Capacity-building and training for Angolan farmers, Exchange of best practices and link ups between Agricultural Associations, Organisations and Cooperatives.

Other opportunities exist in leading Sub-Sectors viz. Retail Sector (consumer-oriented food products), Livestock, Poultry, Wheat Grain and Horticulture, cold chain development and food processing :

Livestock – The Angolan government has established goals for increasing livestock production. Current livestock activity is concentrated in southern Angola and is primarily based on small family farms with some existing larger producers. Angolans are interested in technologies for cattle raising, animal feed, veterinary services, and other solutions related to production and improving quality.

Grain and horticulture – The Angolan government’s targets for meeting domestic corn supply through local production will require substantial investments. A number of private projects also focus on soy production. Several large-scale government sponsored projects, such as the Quiminha Project, also focus on increasing horticulture production. Angolan companies are in need of equipment and input solutions, to include: seeds, fertilizers, pesticides, irrigation equipment and other types of production and processing equipment, such as silos and dryers.

Cold Chain - Strong potential also exists for exports related to cold chain infrastructure as Angola continues efforts to build its domestic food production and distribution capacity. The Angolan government initiated PRESILD (Program for Restructuring of the Logistics and Distribution System of Products Essential to the Population) to support domestic agricultural production and distribution with a plan for infrastructure nationwide, but implementation has been slow due to budget limitations. Ministry of Commerce regulations established in 2015 require companies to separate import from retail activities and to register their cold storage facilities.

Food Processing - With increased production capacity, opportunities should expand for exports related to food processing equipment. Several flour and grain milling projects are underway. There is a high level of agriculture production lost due to the lack of access to markets and improper food handling. Most processed foods are imported, including basic canned vegetables, which may offer opportunities for local value-added manufacturing concurrent with the expansion of agricultural production.



SOME FAST FACTS :

- ⇒ *Pre-1975, Angola was a major exporter of coffee, sisal, sugar cane, bananas and cotton, and self-sufficient in all food crops except wheat. The civil war disrupted agricultural production and displaced millions of people.*
- ⇒ *Angola currently imports more than half of its food, with some estimates putting the figure as high as 90%.*
- ⇒ *Angola has the resources to become one of the leading agricultural countries in Africa as its diverse ecology provides an environment capable of hosting a rich variety of crops and livestock.*
- ⇒ *Currently, Angola cultivates only approximately 10% of its 58 million hectares of agricultural land available.*
- ⇒ *An estimated 90% of farms in Angola are small to medium in size and are used mainly in communal ways for subsistence farming.*
- ⇒ *Major Agricultural import Countries: Portugal, Brazil, USA, Thailand, South Africa, Malaysia.*
- ⇒ *Major Agricultural export Countries: Chile, Spain, Portugal, Malaysia, Holland*

TOP 25 AGRICULTURAL PRODUCTS IMPORTED AND EXPORTED BY ANGOLA

S.No	Import	Export
1	Sugar	Refined sugar
2	Cooking oil/edible oil	Banana
3	Beans	Sweet potatoes
4	Pees	Coffee
5	Maize meal	Cassava meal
6	Flour	Fish
7	Coffee	Timber
8	Potato	Live animal
9	Fresh fruits	Cotton
10	Tomato	Live plants
11	Onion	Citrus
12	Carrot	Cassava
13	Animal feed	Corn
14	Herbal medicine	Pineapple
15	Bovine meat and it products	All green vegetable
17	Pork meat	Horney
18	Meat and edible meat offal	Cotton
19	Tobacco & tobacco products	Mutton
20	Preps. of cereals, flour, starch, etc.	Mutton fat
21	Wheat	Leguminous plant
22	Rice	Grain leguminous
23	Soya bean	Oleoginuous fruits
24	Dairy products and it preparation	Tropial
25	- Sheep and goat meat, fresh, chilled and frozen	

TOP 25 PROCESSED FOOD PRODUCTS IMPORTED BY ANGOLA

S.No	Imported Items
1	Wheat flour and it by-products
2	Meat preparations
3	Cheese
4	Olive oil
5	Preparations of vegetables, fruit or nuts
6	Fruit juices
7	Wine, vermouth, cider and vinegar
8	Roasted coffee and tea
9	Chocolate, confectionery and ice cream
10	Infant food and other cereals, flour, starch or milk
11	Pasta, pastry, biscuits and bread
12	Soups and sauces
13	Coffee and tea extracts
14	Food preparations, not specified
15	Pet food
17	Waters and soft drinks
18	Beer
19	Spirits and liqueurs
20	Horney refined
21	Tobacco
22	Juice
23	Bafalo meat, offal
24	Soya, soybean oil, soy lecithin
25	Barley grass, Barley

Contact details and profile of the key players in the host country-Angola who are engaged in buying importing these commodities

S.No	Buyer/Import profile	Contact details
1	INALCA ANGO-LA All food importer	Rua dom manule nunes Gabriel Luanda, Angola Tel : 244 222 260061 E mail : luanda@inalca.it
2	ANGOALISSAR LDA	Tel: +244 222 440 111 Fax: +244 222 440 479 E: info@angoalissar.com www.angoalissar.com
3	POMOBEL, LDA	General Manager; Mr Raul Mateus Commercial Manager: Ms Reginalda Mateus Tel 00 244 912 554 893 Tlm: 912 064 000/912 554 902 E mail info@pomobel.com comercial@pomobel.com
4	Arena Angola	Tel 00 244 222 393369 Fax 00 244 222 397320 E mail manuel.novais@arenaangola.com Website www.arenaangola.com
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7	GUMASA DISTRIBUIÇÕES LDA	Contact person: Mrs .Sany Rodrigues Tel:+244 936 696 097/ +244 934 761 507 Email: info@gumasa.co.ao Website; www.gumasa.co.ao

8	MEU MERCADO LDA	Contact person: Mr. Jose Demena Tel: +244 925 025 980 Email: josedamena@gmail.com Website: www.meumercado.com
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