

ANGOLA COUNTRY PROFILE

LAWS, POLICY, AND REGULATIONS AFFECTING
THE WATER-ENERGY-FOOD NEXUS



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1 SUMMARY

- Angola is a country with a population of 32 million people located in the west coast of Southern Africa. It is among sub-Saharan Africa's (SSA) most resource-rich countries.
- After Nigeria, Angola is the second-largest crude oil producer in the region and the world's fourth-largest diamond producer.
- Angola's primary economic sectors such as agriculture, forestry and fisheries remain relatively underdeveloped; yet they hold great potential for development based on the country's favorable geography, diverse ecology, good climate, and high resource availability.
- Two thirds of Angola's population rely on agriculture for food, employment, and income generation.
- Following the discovery of petroleum in 1955, Angola became one of the largest exporters of petroleum in SSA. Angola's large oil reserves are concentrated in the maritime zones of the Cabinda exclave and the Congo River estuary.
- In addition to crude oil and diamond exports, Angola also has a strong endowment of natural resources, such as minerals and water. Iron, copper, manganese, gold, phosphates, uranium, feldspar, and platinum are known to exist in commercial quantities in Angola.
- Angola has the natural resources to become one of Africa's leading agricultural producers, given its diverse and fertile ecology, which is suitable for a wide range of crops and livestock.
- Additionally, the country has significant hydroelectric potential. Most of the country's electricity is generated from dams on the Cuanza, Cunene, Catumbela, and Dande rivers. Nonetheless, a large share of the country's total generating facilities remained out of use into the 2000s, due to interferences by the National Union for the Total Independence of Angola. However, repair, renovation, and new construction of these facilities began after 2002 and gradual progress is being made for improved hydropower generating capacity.

1.1 Current Political and Socio-economic Conditions

- Angola's 27-year civil war between 1975 and 2002 and the public insecurity environment led to rapid migration from rural areas to towns and cities for safety and employment opportunities. Around 4 million people were internally displaced when the civil war ended in 2002.
- Since 2002, the country has made considerable progress with the help of national and international partners. It has restored order and security, revitalized the economy, basic social services, and started to rehabilitate the infrastructure. As security improves in rural areas, people are returning to rural settlements despite the damage rural economies took during the war.¹

- Angola's economy is growing; however, extreme income inequality is rising, . More than 60 percent of the Angolan population is estimated to be living below the poverty line and about 20 percent of households are in extreme poverty.
- The war and the hostile business and investment environment drastically impacted progress in the country's economy, mainly agriculture and fisheries sectors nationwide, causing the country to become increasingly dependent on food imports, particularly after the 1990s.
- As a grim legacy of decades of civil war, the lack of physical infrastructure such as paved roads and bridges as well as the high number of landmines, complicate life in Angola's countryside. This prevents farmers from getting their products to local and regional markets from rural parts.
- In addition, farmers lack access to agricultural inputs and several other agricultural tools and equipment necessary to revive cultivation and agricultural production. These include seeds, machinery and tools to work the land, animals for traction, as well as fertilizers for areas like the central highlands where soil fertility has been substantially depleted and NPK fertilizers are deemed necessary to bolster agriculture.²
- With elections scheduled for August 2022, Angola's incumbent President João Lourenço is eligible for another term and will likely promise further post-war recovery, political stability and economic security and diversification to Angola.³

1.2 Priorities and Resources for Innovators in the Water-Energy-Food (WEF) Nexus

- There are important agroecological and socio-economic variations within Angola, the north and south represent two distinct agroecosystems and farming economies.
- The north is characterized by relatively good climate and soil conditions for agricultural production while the south is more arid and vulnerable to climate risks. Vulnerability, poverty, and malnutrition are therefore concentrated in the southern provinces.⁴
- Southern provinces tend to rely on food from other regions in Angola. Therefore, productive improvements in the north and livelihood diversification in the south will be beneficial for the entire country.⁵
- After coming to power in 2017, the new administration formed under President João Lourenço has started to implement policies aimed at restoring macroeconomic stability and improving governance to reverse the economic decline, attract international investment and diversify the country's oil-driven economy.
- 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.⁶

- Angola's National Development Plan (NDP) (2018-2022) and the Medium-Term Development Plan for the Agrarian Sector (PDMPSA) (2018-2022) are centered on the economic diversification agenda.
- Annex 2 details priority areas in agricultural development and the main obstacles that need to be overcome for success in these areas. It also details information about international donor organizations and their priorities in Angola.

2 MACROECONOMIC ENVIRONMENT

- Angola is a middle-income country that exhibits vulnerability and fragility typically associated with lower-income countries.
- Despite a relatively high per capita gross national income of US\$3,450, Angola continues to face significant challenges in reducing rural poverty and diversifying economic growth.
- Angola has an oil-driven economy. Oil is the main source of revenue, accounting for about 95 percent of the country's exports - has been in recession since 2016, bringing its debt-to-GDP ratio from 57.1 percent in 2015 to an estimated 120.3 percent in 2020.
- Chronic exchange rate depreciation is the main contributor to the surge in Angola's public debt, about 80 percent of which is in foreign currency.
- The International Monetary Fund (IMF) considers Angola's debt sustainable after the reprofiling of interest and principal payments under the G-20 Debt Service Suspension Initiative (DSSI).
- The Angolan government has introduced major liberal reforms, including value-added tax schemes, a fiscal responsibility law, deregulation of the exchange rate regime, and an ad-hoc law for privatization and the reformation continued throughout 2018.
- COVID-19 has been detrimental to the achievements of these reforms. The global recession and the consequential decline in oil exports caused the fiscal deficit to widen significantly (to an estimated 4.5 percent of the country's GDP). Lower oil revenues also hampered the government's capacity to fully protect livelihoods from the effects of the pandemic.
- As a result, the socio-economic situation in Angola worsened. The unemployment rate rose to 35 percent by the end of 2020 from 30 percent a year before, and youth unemployment rose to an all-time high of 56.4 percent.
- On a positive note, the pandemic sped up efforts to implement Angola's first direct cash-transfer program. The World Bank sponsored the Kwenda project, which aims to reach 1.6 million families over the course of three-years with a total budget of 420 million US dollars (320 million dollars of which is from the World Bank and the remaining 100 million dollars is supplied by the National Treasury). The project aims to mitigate the social risk of vulnerable families.

- Overall, the major macroeconomic reforms implemented before the COVID–19 pandemic increased the resilience of the country to exogenous shocks. It is highly likely that these reforms mitigated the degree of humanitarian crises among the urban poor as acute food insecurity and malnutrition intensified across Sub-Saharan Africa following the COVID-19 pandemic.

2.1 Gross domestic product (GDP)

- In 2018, the Angolan economy was ranked the third largest economy in SSA, behind Nigeria and South Africa⁷. This performance is mainly driven by oil production, which represents a third of the country’s gross domestic product (GDP) and 95 percent of its exports.
- Gross national income per capita stood at \$2,230 in 2020, on a continuous downward trend from a high of \$5,010 in 2014.
- Economic growth accelerated after 2002 but this positive trend was interrupted by the prolonged fall in world oil prices in 2014. This generated high budget deficits and a shortage of foreign currency following the sharp depreciation of the domestic currency and upward pressure on the cost of living.
- Consequently, the economy recorded sustained negative real GDP growth from 2014 and 2020. In the years preceding the Covid-19 Pandemic, GDP growth fell from a positive 4.8 percent in 2014 to -4.5 percent in 2020. Eventually the negative trend ended in 2021 with a positive 3.1 percent growth rate figure.

2.2 Labor Force and Unemployment

- Less than half (47 percent) of Angola’s working-age population is employed. This is lower for women (40.3 percent).
- Most employed Angolans were self-employed in 2014 (51.6 percent); 37.7 percent were in paid employment, and only 4.8 percent were employers.
- Wage employment is more likely to be found for male workers than for female workers, with a share of 47.2 percent of males in wage employment compared to 25.9 of females.
- Younger workers are more likely to be working in unpaid jobs and less likely to be working in paid employment than workers ages 25–64. Unemployment has increased even as Angola’s population has become more educated.
- Angola has significantly high urban unemployment rates standing at about 42.6 percent in 2019, in comparison to the rate of rural unemployment which stands at 17 percent.

2.3 Doing Business in Angola

- Angola continues to perform poorly in creating an enabling environment for business: it ranked low on World Bank’s Ease of Doing Business Index (177th out of 190 economies in

2020) and World Economic Forum's Global Competitiveness Index (136th out of 141 economies in 2019).

- The country is especially behind on access to credit and rural infrastructure. The banking sector is reluctant to lend to smallholder farmers and informal traders without strong collaterals or guaranteed revenues or funds from the Government or donor agencies.⁸
- Angola ranked 136th out of 180 countries on the Transparency International's Corruption Perception Index in 2021. Even with important reforms in revenue and budget transparency, the country's anti-corruption framework remains inadequate.⁹
- The institutional context remains challenging for promoting smallholder farming enterprises that are climate and nutrition sensitive, as well as profitable (See Annex 4 for details).
- Angola ranked 95th out of 101 countries on the World Bank's Enabling the Business of Agriculture (EBA) index in 2019, reflecting regulatory gaps and the disabling environment faced by farmers and agribusinesses.¹⁰

3 COVID-19 MITIGATION MEASURES AND RESPONSE

- On March 21, 2020, Angola confirmed the first cases of COVID-19 infection. However, community transmission started on April 27.
- The Angolan Government promptly formed a high level multi-disciplinary task force in response to the global COVID-19 outbreak, co-chaired by the state minister for security and ministers of health and interior.
- A multi-sectoral response plan assigns responsibilities to the 23 key institutions, broadening the actions from the health contingency plan approved in February 2020.
- The National Assembly approved revenue and expenditure measures to fight the COVID-19 outbreak and minimize its negative economic impact.
- Tax exemptions on humanitarian aid and donations and some delays on filing taxes for selected imports were granted.
- On July 28, 2020, the National Assembly adopted a conservative supplementary budget, aimed at securing space for additional health expenditure while balancing the need to keep debt on a sustainable path.¹¹
- The measures that Angola took to fight COVID-19 included flight restrictions, workforce limitations up to 50 percent capacity, school year shortening, and COVID-19 test co-payments for international and domestic business trips.

- COVID-19-related restrictions resulted in widespread income losses and deterioration of households' purchasing power, especially given the high dependency on informal sector work, with around 73 percent of the adult population reliant on it.¹²
- COVID-19 is prolonging Angola's recession, affecting labor incomes and increasing poverty due to food price inflation.
- Agriculture and commerce became the only two sectors that grew despite the pandemic, at 4.4 and 4.7 percent respectively.
- During the pandemic, agricultural output rose by 1 percent, driven by a growing production of food staples from a relatively small base.
- The oil and non-oil sectors are projected to decline due to spill-over effects from lower oil prices and additional COVID-19 impacts.
- The COVID-19 induced economic effects and containment measures are disproportionately affecting the poor and vulnerable, as they often depend on unsustainable, non-profitable and high-risk income sources, and lack social protection.¹³

4 TAXATION STRUCTURE

- Angola has a schedular tax system, with several taxes on income earned by corporations and/or individuals (see Annex 3 for details).
- The taxes on income currently in place are the industrial tax, work-related income tax, investment income tax, and real estate tax (levied on income derived from immovable property).
- The taxes on consumption are consumption tax and customs duties.
- The taxes on property are real estate tax (levied on the holding of immovable property), property transfer tax (tax on the onerous transfer of immovable property) and tax on inheritances and gifts.
- Additionally, stamp duty, which includes a 1 percent turnover tax, is levied on certain acts (namely those related to the financial system).

5 SMES AND ENTREPRENEURSHIP

- The small-medium enterprise (SME) environment in Angola remains challenging with low accessibility to finance, in fact, the lowest SME finance rates in SSA.
- The Angolan government is working on new mechanisms to support SME finance, linked to the "Program to Enhance Production, Diversify Exports and Substitute Imports" (*Produção Nacional, Diversificação das Exportações e Substituição das Importações*).

- Supporting the development of an SME credit and risk framework and providing investments to increase financing for SMEs is a key state objective, since most SMEs lack sufficient collateral and loan request rejection rates are very high (86 percent).
- Complementary financial services that could provide credit information about borrowers, such as insurance, capital markets, accounting, or credit bureaus, are either underdeveloped or non-existent in Angola.¹⁴
- Angola's innovators in the green energy sector only recently started to diversify into renewable energy for agri-operations.

6 POLICIES & TRENDS IN THE WATER-ENERGY-FOOD NEXUS

- Each year Angola allocates around US\$1.3 billion in annual support to the agriculture sector, representing 1.5 percent of GDP. This is equivalent to 28.5 percent of the agriculture gross domestic product (GDP), much higher than in most developing countries (8.3 percent on average) and below OECD member countries (40.2 percent on average).¹⁵
- Agriculture producer support in Angola is overwhelmingly funded by programs that raise domestic agriculture prices. Roughly 98 percent of the support given to agriculture producers is funded by Market Price Support, while budgetary support only represents 2 percent. These transfers occur due to public policies (mainly border measures) making the domestic prices of agriculture and food products higher than international prices (compared at farm gate).
- The current structure of producer support only benefits a small number of large-scale commercial producers and does not enhance sector competitiveness.
- Government programs like the Commercial Agriculture Development Project (PDAC) seek to improve the competitive position of the agriculture sector.
- Developing agribusinesses is high on the country's development agenda, with an important private sector development program and technical assistance provided by the World Bank and IFC.
- The severe droughts of the last few years and the COVID-19 pandemic have also renewed the urgency to focus on supporting the climate resilience and nutrition of the poorest households.
- As part of its Production Support, Export Diversification, and Import Substitution Program (PRODESI), the Government places a strong emphasis on agricultural and light manufacturing products to boost exports and substitute imports to ease current account pressures.

- The government is attempting to shift from large-scale public projects to private investment by improving its competitiveness in non-oil sectors and undertaking structural reforms to change its challenging investment climate.

6.1 Agricultural Context

- Fertile agricultural land in Angola is limited to a few favored locations in the highlands and river valleys. Although the country contains both temperate and tropical climates, the combination of poor soils and insufficient rainfall overall is a severe limitation to conventional agriculture.
- Only about 8-10 percent (~5.0 million hectares) of Angola's total 57 million hectares of agricultural land is cultivated, and, with one of the lowest per-acre productivity rates across SSA.
- About 85 percent of farmers are smallholders generally producing little or no surplus food due to small land size and low productivity.
- The agriculture sector accounted for 11.5 percent of the country's \$62.7 billion GDP in 2020.
- Agriculture provides both formal and informal employment for more than 46 percent of the population.
- Agricultural commodities include cassava, bananas, potatoes, corn, sweet potatoes, citrus, and pineapples while cassava, among these, is Angola's main subsistence crop.
- Commercial food crops such as coffee and sugar, as well as palm oil, sisal, cotton, and tobacco are increasingly grown/produced since the civil war's end.
- Angola's agricultural potential remains underutilized outside the Bié Plateau, the coastal oases, and the Ovambo floodplain on the Namibian border. Although pastoralism is inhibited by infestations of tsetse flies, poor pastures, and the lack of surface water in the Namib zone, the southwestern quarter of the country has favorable climatic and soil conditions.
- Prior to the 1975-2002 civil war, Angola was a major exporter of coffee, sisal, banana, and cotton. It was also self-sufficient in basic food crops. Coffee was of the greatest importance, with production concentrated in the Malanje highlands and along the north-western margins of the Bié Plateau.
- As a result of the civil war, the transport network collapsed, and the land mines buried throughout the countryside became an impediment to agriculture. With the gradual collapse of the manufacturing sector, agricultural production plummeted during the civil war. As a result, Angola, particularly the urban population, came to depend on imported food after the 1990s. Angola currently imports more than half of its food.
- Following impacts on food insecurity from COVID-19, Angola is seeking secure alternative means towards providing food security. It is doing this by converting new, fertile lands into

large, modern, commercial farms that can use and leverage the latest agricultural technology to boost yields while reducing cost of production.¹⁶

6.2 Water and Energy in Agriculture

- 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.
- The water quality is mostly good although pollution near urban centers 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.
- The hydrogeological characteristics of the rocks of Angola are best known in the southwestern provinces of Huila, Namibe, and Cunene, where many wells have been drilled and reported.
- Agriculture is the main user of groundwater. An estimated 340,480 ha are under irrigation while 783,340 ha are either under rehabilitation or planned for irrigation (Rapid Water Resources and Water Use Assessment for Angola).
- The potential area for irrigation is estimated at 3.7 million ha, illustrating the current low capacity being utilized.
- 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 are used to generate hydroelectric power with over 1,200MW of hydroelectric power generated from Kwanza, Cunene, and Keve Rivers.
- Angola's electricity access reaches more than 70 percent in urban areas but is limited to 16 percent in rural areas. Policies aim to expand energy provision, focusing on rural decentralized renewables. Several small-scale off-grid and mini-grid solar arrays have been developed across SSA including Angola.
- Angola's renewable opportunities predominantly consist of solar, wind and hydropower, with potential for further expansion throughout the country. Specifically, the country is estimated to have a capacity of 55GW of solar energy, 3GW of wind, and 18GW of hydro. Efforts in hydropower remain the government's top priority, showcased by the construction of the Caculo Cabaça Hydroelectric Project, the Laúca Hydroelectric Plant, the Balalunga Project, and several others throughout the southern region of the country.

- Climate change presents multiple challenges for smallholder farmers through disruption of seasonal cycles, increased water and heat stress, and reduced growing periods. Climate models predict more extreme weather events, seasonal shifts in rainfall, localized floods, increased droughts and wildfires, a sea level rise, increased rainfall in the north, changes in river flows and changes in sea and surface water temperatures over the coming decades.¹⁷

7 AGRICULTURE INVESTMENT POTENTIAL

- Angola presents favorable agro-climatic conditions for agriculture production. Angola benefits from vast expanses of arable land, covering five major ecological zones offering a potential for diverse productions.
- The soils in the interior plateau, with mild temperatures and abundant rainfall, are generally fertile, although need correction due to high acidity, compared to the sandy soils in coastal and low mountain areas.
- While land is plentiful, access is complicated by the current poor state of land information systems.
- Most rural land belongs to the State, which can grant surface rights to individuals or private entities for a renewable concession for up to 60 years.
- Provincial governments have authority to give concessions up to 1,000 hectares.
- Angola's 2004 Land Law recognizes customary land rights which are administered by the traditional authorities (soba).
- Most rural lands are not formally registered which, among other things, increases the potential for disputes. Beneficiaries of large land concessions typically hold formal titles, while there are many instances of land concessions that are unused or abandoned and could be put to productive use.
- The state-owned company Gesterra has received a mandate to identify and prepare government land for agriculture projects. Demand for food products is rising, particularly in food and non-alcoholic beverages.
- A formal food distribution sector has also developed, primarily to serve the Luanda market, and according to investors, food processing presents opportunities to grow from its nascent size, provided the macro environment improves.
- Informal commercial channels are estimated to represent about 70 percent of food distribution in Angola. However, there is strong interest in the development of national commercial agriculture, in close alignment with the new government's priorities.¹⁸
- The Government is working closely with IFAD, AFD, World Bank and AfDB to reach Angola's agriculture potential (See Annex 2 for project details).

7.1 Agri-businesses and Agro-processing

- The state of rural infrastructure like irrigation, rural roads, warehouses, and cold storage remains poor in Angola. Market links are constrained by poor road connectivity, storage, and commercial infrastructure. The total road network in Angola is about 76,000 km (one of the lowest densities in southern Africa), much of which needs to be rehabilitated. The Government has invested heavily in improving the transport network over the last decade, including roads and railways, but a limited budget has been available for rural roads.
- The limited reach of the electricity grid in rural areas and the high cost of operating gas generators hamper the competitiveness of agro-processing, irrigated agriculture, and livestock-based agribusiness SMEs.
- Private investments in agriculture and agribusiness are being undertaken, with actors securing land tenure rights to ensure land utilization and security to safeguard investments and reduce conflict.

Exemplary projects include The Samba Caju Farm project:

Executed by two innovative companies: Agricultura, an agriculture company and Owini, a water company under the umbrella of Mitrelli. The project runs large modern soybean and corn production farms irrigated by their very own dam. The companies are enabling water to be supplied to the farm even during drought season, without usurping the water supply that is shared by the surrounding villages.

The current Samba Caju farm spans over 2,000 ha of land and is considered one of the most advanced and innovative farms in Angola. It is located in a remote area with an optimal climate for agriculture. The farm focuses on growing corn and soybeans, two crops that are essential for keeping the livestock sector fed. It also produces enough poultry, eggs, and other proteins for human consumption.

One of the challenges faced by Agricultura's project managers was acidic soil, but like the other obstacles, the company managed to cope with the low pH level and eventually cultivated the soil for agriculture.

Using the proper training and developing the rich methods to cultivate the land all have made it possible to achieve a thriving agricultural farm growing rich crops. From GPS-guided tractors to satellite-connected monitoring systems and smart center-pivot irrigation systems, Samba Caju brings advanced and innovative solutions to an aged and traditional field, with marked results: Samba Caju's annual yields have begun to grow.¹⁹

- A few successful private medium and large-scale private sector entities participate in the Angolan food market. They seize opportunities to meet local demand from the urban middle class in modern supermarkets and malls, and from less affluent customers through semi-formal distribution networks.
- The private sector is particularly active in the horticulture and fruit segment, producing fruits (banana, mango), and vegetables (potatoes, onions, and so forth).

- Another important player is Aldeia Nova, a government joint venture that supports successful agribusiness operators with seeing opportunities for expansion and are entering new agribusiness sectors, capitalizing on the underserved market demand and their business experience.
- Several private medium and large farms focus on cereals production, such as Fazenda Pipe and Fazenda Santo Antonio. Expanding cereal, mainly maize, production has been a government priority and several state-sponsored projects exist in this area, including seven state-owned fazendas, public investments in silos and mills, as well as the large Capanda agro-industrial pole.²⁰

8 GENDER AND SOCIAL INCLUSION IN THE WEF NEXUS

- Despite efforts made to integrate gender in government policies and strategies, gender inequalities persist with the socio-economic situation of women remaining weak.
- The country ranked 119 of 156 countries following the gender gap report in 2021 with an imparity score of 0.657.
- In terms of economic participation and opportunity, Angola ranked 102 of 156 countries during the same period.
- The population ratio of Angola is 50.53 females and 49.47 males.
- At the local level, women representation in decision making remains low; in the rural areas of Angola, only 26 percent of women can read and write compared to 65 percent of men. The country's literacy rate for men is 80 percent while that for women stands at 53 percent.
- Distribution of income among men and women is disproportionate, with men owning all major means of production such as land, livestock, and financial capital. Women-headed households have lower incomes compared to those headed by men.
- Women play a significant role in the cultivation of crops, conservation, transformation, storage, and marketing of food crops.
- The National Development Plan (PND) seeks to promote equal opportunities, rights and responsibilities for men and women in all areas of economic, social, cultural, and political life. Its policy measures are aimed at
 - increasing opportunities in employment policies, including
 - reducing occupational segregation and helping reconcile work and family life,
 - counter the persistent underrepresentation of women in all decision-making spheres,
 - promote equal access and full enjoyment of social rights for men and women,
 - eliminate gender disparities in primary and secondary education by 2025.

- Customary law, however, favors men regarding the control and access over production resources (land, labor, credit. etc.).
- The gender gap index score in Angola kept stable at 0.66 in 2021, meaning that **females were 34 percent less likely to have the same opportunities as males in the country**. Stronger gender disparities were measured in the categories of Economic Participation and Opportunity, and Political Empowerment.
- Moreover, Angola ranked among the lowest performers in SSA. The country is positioned 25th among 35 nations in the region.
- In Angola, as of February 2021, 29.6 percent of seats in parliament were held by women. As of December 2020, only 36 percent of indicators needed to monitor the SDGs from a gender perspective were available. There were gaps in key areas, in particular: unpaid care and domestic work, key labor market indicators, such as the gender pay gap, and information and communications technology skills.²¹
- The country has a dedicated ministry - the Ministry of Social Action, Family and Women's Empowerment (MASFAMU) which leads the advancement of gender equality. The following legal framework is in place: i) Law Against Domestic Violence; ii) National Executive Plan to Fight Against GBV; iii) National Policy on Gender Equality and Equity; iv) National Action Plan for the implementation of the Resolution 1325; v) Legislation on Domestic Workers; and vi) Presidential Decree 52/14 on Maternal and Neonatal mortality which activated its National Commission in 2014.

ANNEX 1: FIGURES

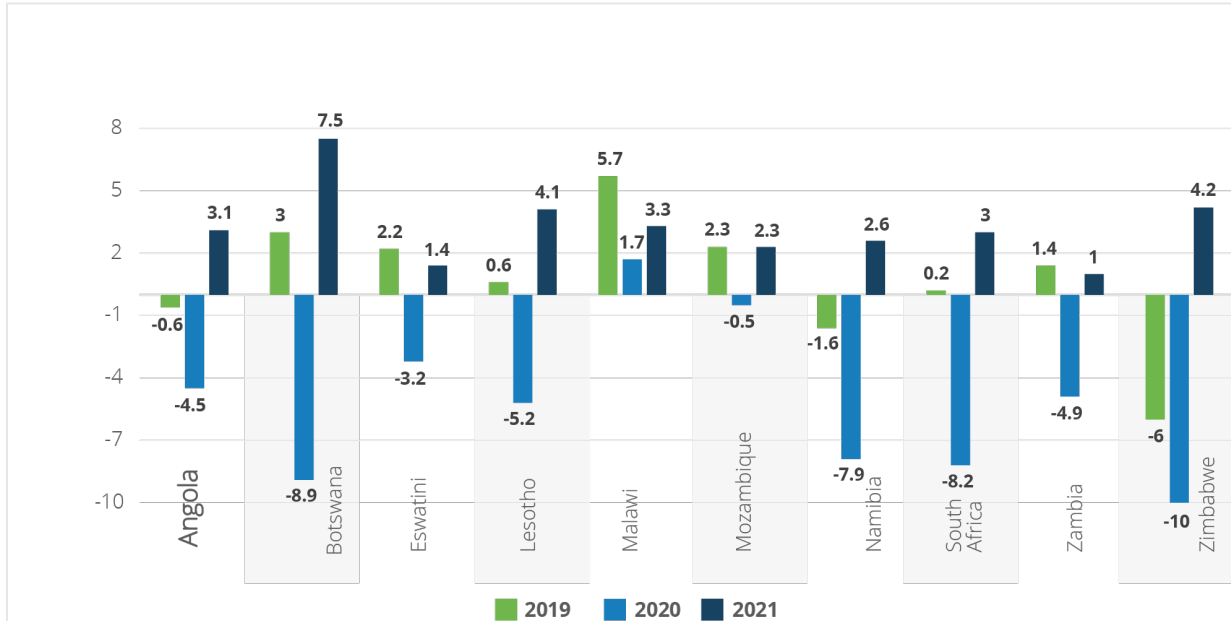


Figure 1. Estimated GDP growth rates in Southern African countries (Source: UN Habitat, 2021, Life Amidst a Pandemic: Urban livelihoods, food security and nutrition in Sub-Saharan Africa)

2019 key economic indicators

	GDP (USD m)	Population (m)	GDP growth (% change)	GDP per capita (USD)	Trade balance (USD bn)
South Africa	359	59	0.2%	6,100	-17.6
Angola	92	32	-1.5%	3,038	20.0
DRC	49	87	4.4%	501	0.6
Zambia	24	18	1.5%	1,307	0.1
Botswana	19	2	3.0%	7,859	-1.5
Mozambique	15	30	2.2%	484	-3.1
Namibia	14	2	-1.4%	5,842	-2.1
Zimbabwe	13	15	-8.3%	860	0.9
Chad	11	16	3.0%	861	0.1
Eswatini	5	1	1.0%	4,177	0.3
Lesotho	3	2	1.2%	1,339	-1.1
Central African Republic	2	5	3.0%	448	-0.3

Figure 2. Key socio-economic Indicators (Source: Water and Energy for Food (WE4F) Grand Challenge for Development: Southern and Central Africa Landscape Mapping, 2020)

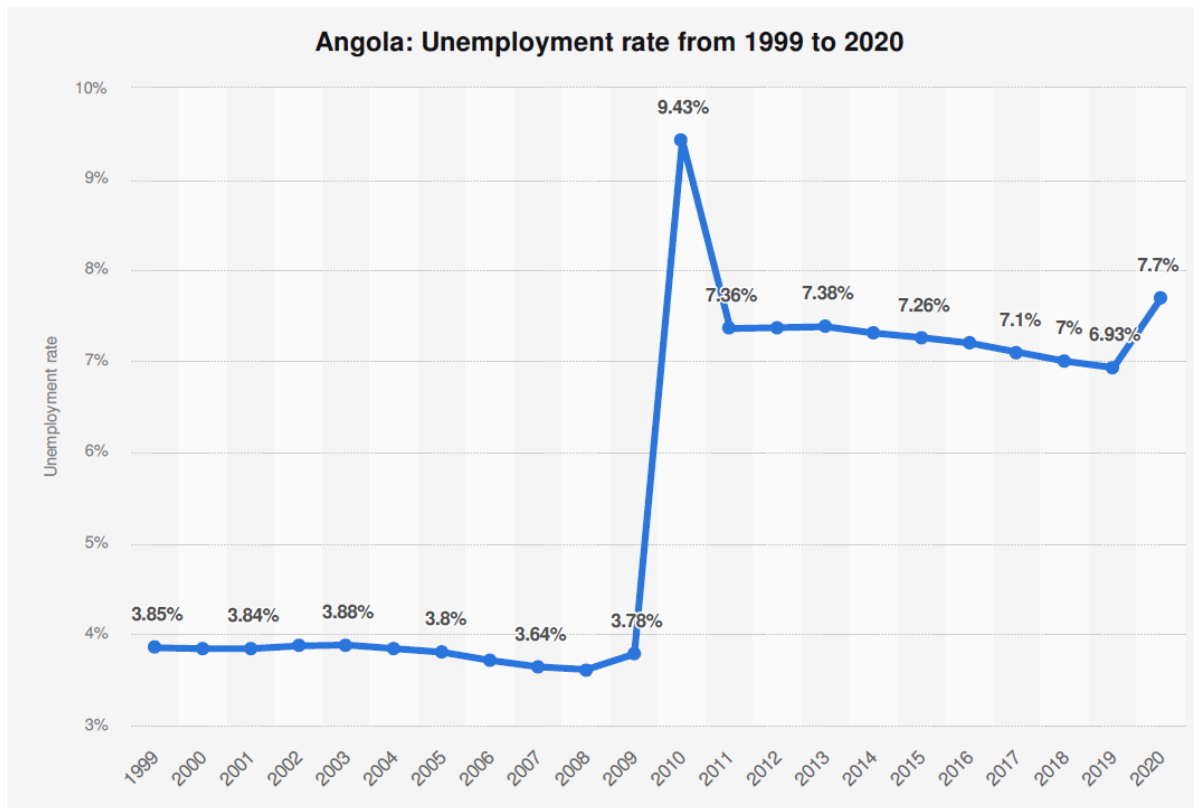


Figure 3. Unemployment in Angola from 1999 - 2020 (Source: World Bank, 2022)

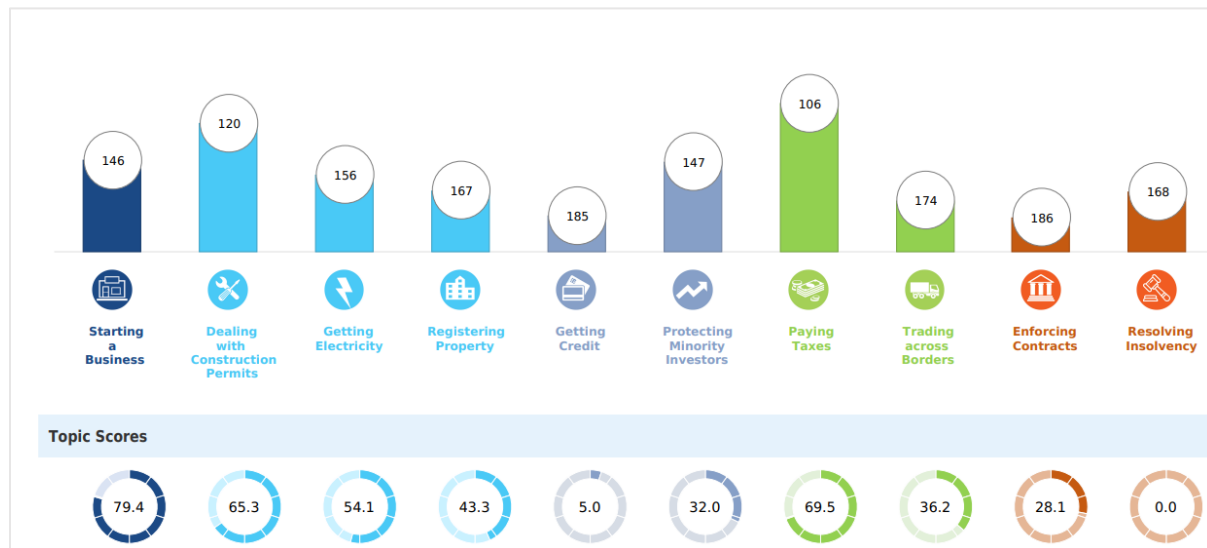
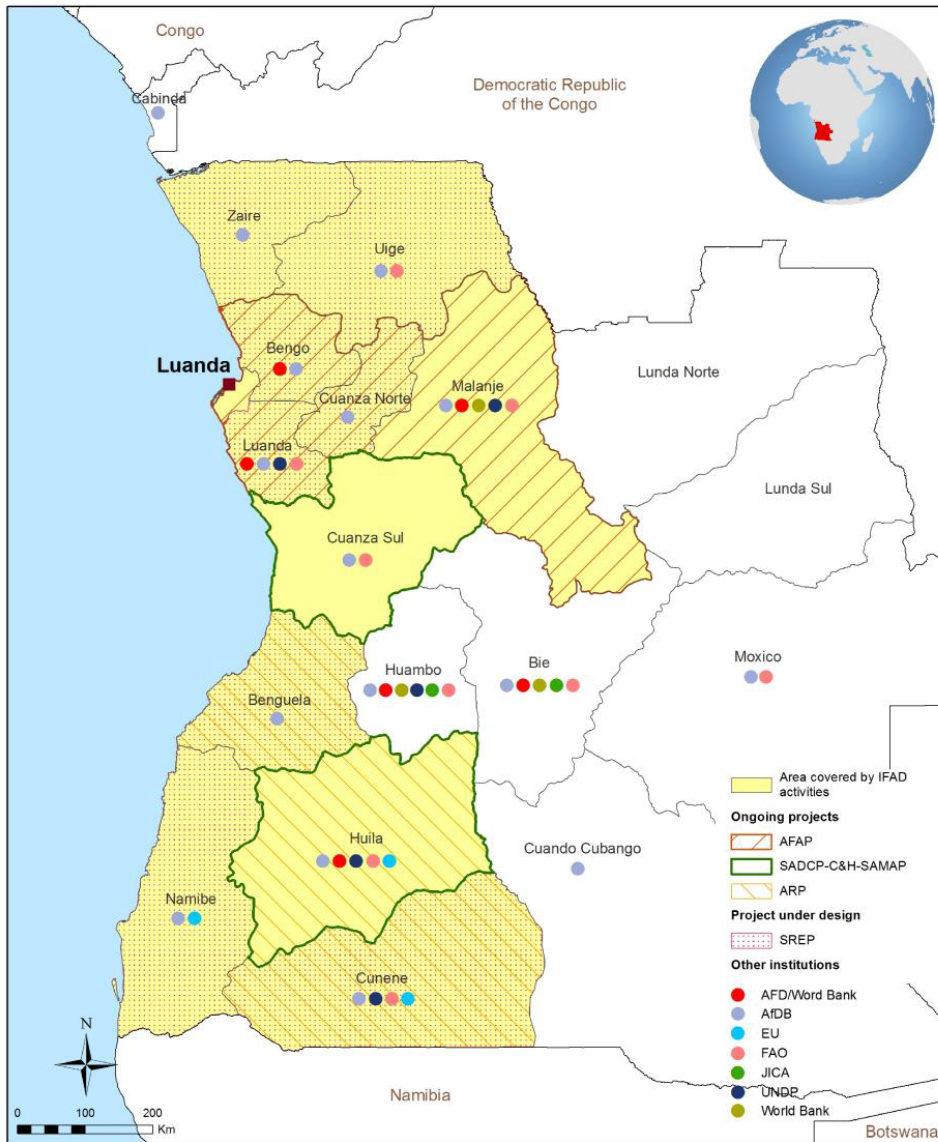


Figure 4. Ease of doing business in Angola (Source: World Bank, 2020)

Angola
Development Projects and Partners in Angola



IFAD The designations employed and the presentation of the material in this map do not imply the expression of any opinion whatsoever on the part of IFAD concerning the delimitation of the frontiers or boundaries, or the authorities thereof.
Map compiled by IFAD | 21-08-2018

Figure 5. Map of IFAD-funded and development partner operations in the country (Source: Source: IFAD, 2018, Republic of Angola Country Strategic Opportunities Program 2019-2024)

ANNEX 2: LOCAL ENABLING ENVIRONMENT ACTORS AND STAKEHOLDERS IN THE NEXUS

Table 1. List of WE4F stakeholders in Angola

Priority Areas	Target Groups	Main Issues
Increasing smallholder productivity and yield to substitute food imports	Smallholders with limited production assets and adopt poor farming techniques	Lack of proper crop rotation and diversification combined with traditional slash and burning methods have contributed to the degradation of soils. Farming families in rural Angola have limited access to improved production technologies, seeds, and fertilizers.
Promoting inland fisheries and aquaculture	Rural producers with fishing experience in areas considered appropriate for the development of inland fisheries and aquaculture	Angola has many rivers, lakes, and humid areas that can be used to develop inland fisheries and aquaculture. Despite the high-water resources, Angola is faced with declining fish stocks capture. Hence, the need for government to prioritize aquaculture development to boost domestic fish supply and address rural poverty. Inland fisheries and aquaculture can become a viable means of providing quality protein for rural household consumption, sale of surplus products, and become an alternative source of employment and income.
Ensuring smallholder access to basic rural infrastructure and services	Rural farming families and transporters and buyers of agricultural products	<p>With recurrent droughts and irregular rainfall, there has been an urgent need for the rehabilitation and construction of village-based irrigation schemes to diversify and increase food production and to improve commercialization of both inputs and outputs.</p> <p>The government invested heavily in the rehabilitation of productive infrastructure with emphasis on primary and secondary roads, dams, and irrigation channels. However, due to the ongoing financial crisis, it is unable to maintain or expand the road networks.</p>
Promoting enabling policies for farming families	Relevant governmental institutions dealing with rural development and the family farming subsector	The percentage of the public budget allocated to agriculture is below the 10% recommendation by the African Union platform for agriculture (CADAAP). Angola's low agricultural productivity and high input costs are impeding private investments in agriculture as Angolan producers fail to compete with imported food prices.
Increase resilience to climate change in flood and drought-affected areas	Rural population living in marginal lands and areas vulnerable to floods and droughts	Without well-conceived and implemented interventions to adapt to and mitigate the negative consequences of climate change, affected areas might lose most of their population, particularly youth, whose entrepreneurship and labor are key to diversification and progress in rural economies.
Promoting improved commercialization of agricultural surplus	Market-oriented smallholders with access to both rainfed and irrigation schemes	More than 80% of agricultural products are marketed through informal traders with unpredictable practices of product pricing and measurement. Production of food products can be better planned by smallholders to avoid untimely scarcity or excess waste of food products.

Source: IFAD, 2018, Republic of Angola Country Strategic Opportunities Programme 2019-2024.

Table 2. International donor organizations and priorities

Agency	Priority sectors and areas of focus
United Nations System	<ul style="list-style-type: none"> • Human, Social and Equal Development • Rule of Law and National Cohesion • Inclusive and Sustainable Economic Development
The UN Agriculture and Food Organization (FAO)	<ul style="list-style-type: none"> • Improve the food and nutritional security with significant support to family farming • Improve the sustainable management of natural resources • Increase resilience of rural livelihoods to climatic shock and climate change
The African Development Bank (AfDB)	<ul style="list-style-type: none"> • Support inclusive growth through agricultural transformation as alternative means of promoting economic diversification job creation and poverty reduction • Sustainable infrastructure development (e.g., energy, transport, and water and sanitation).
The World Bank (WB)	<ul style="list-style-type: none"> • Supporting the integrated national economy and the revitalization of rural economies. • Enhancing the quality of service delivery to improve the quality of life of the population • Building human and institutional capacity to approach the level of middle-income countries
The French Agency for Development (AFD)	<ul style="list-style-type: none"> • Promote added value and balanced value sharing among agro value-chains stakeholders • Support family farmers to increase productivity and landscape sustainable management • Build capacities of rural local authorities to facilitate access to and deliver basic services • Work with the GoA to shape conducive public policies for higher contribution of agriculture to a sustainable and inclusive growth.
The European Union (EU)	<ul style="list-style-type: none"> • Vocational training & higher education • Sustainable agriculture • Water & sanitation.
The United States Agency for International Development (USAID)	<ul style="list-style-type: none"> • Technical assistance to government ministries involved in public administration, financial management, and other pillars of health system strengthening • Expanded effort to engage the private sector and civil society in reaching the country's development objectives
The Arab Bank for Economic Development in Africa (BADEA)	<ul style="list-style-type: none"> • BADEA repeated its \$1.5 billion commitment in 2021 to develop the agriculture sector across Africa. The funding period covers 3 years and aims to develop commodity value chains for both staple food and cash crops.
Green Climate Fund (GCF)	<ul style="list-style-type: none"> • Climate Change Adaptation and Mitigation

<p>Global Environment Facility (GEF) Adaptation Fund (AF)</p>	<ul style="list-style-type: none"> • Biodiversity, land degradation, climate change adaptation and mitigation • Climate change adaptation
<p>Partners</p>	<p>Projects</p>
<p>IFAD</p>	<p>IFAD is a significant player in Angola’s rural and agricultural development given its exclusive focus on building smallholder production systems, promoting the FFS approach for social empowerment and strengthening the technical capacities of smallholder farmers. IFAD’s comparative advantage is based on its capacity to consider local contexts while building partnerships in pursuit of scaling up results.</p> <p>The COSOP will employ a differentiated approach whereby interventions in the southern region will focus on resilience and sustainable recovery of livelihoods, while the emphasis in the north will be on productivity enhancement, commercialization, and access to markets.</p> <p>In Angola, IFAD loans support efforts to improve food security and rebuild the livelihoods of poor rural people through rural and agricultural development. Activities target the poorest areas of the central highlands. Our projects address vulnerable groups such as women and households headed by women, as well as young people, demobilized soldiers, and displaced persons²². Key activities include:</p> <ul style="list-style-type: none"> • increasing smallholder production of basic food crops and inland fisheries and aquaculture • strengthening rural organizations and representatives of vulnerable groups • ensuring access to services and basic rural infrastructure for the most disadvantaged groups • promoting pro-poor policies based on knowledge of the needs of poor rural people in specific localities.
<p>AFD</p>	<p>AFD supports Angola in its economic diversification policy with a project aimed at increasing the production and agricultural productivity in the provinces of Cuanza North, Malanje and Cuanza South (01/03/2018=Project start date - 30/03/2024=Project end date).</p> <p>An oil-rich country hit by a recent economic crisis linked to falling commodity prices, Angola is among the most unequal countries in the world. The model of economic development followed in recent decades has reached its limits. In this context, Angola experienced in August 2017 its first change of government in 30 years. The new government has made economic diversification and agricultural development a priority to rebuild the country’s economy and ensure food security.</p> <p>The project aims to increase productivity and market access for individual and organized agricultural enterprises (cooperatives, associations) and small and medium-sized processing or commercial enterprises (Agri-SME).²³ The project has 4 components:</p> <ul style="list-style-type: none"> • Promotion and support of the development of access to credit in the agricultural and agri-food sector • Financing public infrastructure in support of production and marketing

	<ul style="list-style-type: none"> • Institutional strengthening and improvement of non-financial services for stakeholders in the agricultural sectors • Overall project coordination, monitoring, and evaluation.
AfDB	<p>Angola joined the African Development Bank as a regional member country in 1980. The first lending operations began in 1983. The African Development Bank has since approved a total of 53 loans and grants amounting to \$2.95 billion across various sectors such as agriculture, fisheries, energy, water and sanitation, transport, finance, governance, private sector development, environment, among others.</p> <p>Angola’s classification as a Middle-Income Country (MIC) since 2013 has allowed for an increase in the African Development Bank’s country portfolio, which in October 2021 totaled \$1.2 billion, a significant increase of over 200% compared to 2013. The Bank also supports the Government of Angola in the development of the country’s economy through policy dialogue and economic sector work that mainly focus on strategies of economic diversification, private sector development, the promotion of exports, public finance management and governance and policy analysis on the responses to the COVID-19 pandemic.</p> <p>Furthermore, policy reforms have been supported through technical assistance programs and budget support. The African Development Bank’s operations in Angola are currently based on the Country Strategy Paper (CSP) 2017-2021.²⁴</p>
World Bank	<p>The World Bank provides loans to support the government of Angola in its efforts to develop commercial agriculture. For example, the Commercial Agriculture Development Project (budget: \$130 million) helps increase productivity and market access for eligible beneficiaries along two road corridors connecting the main agriculture area of the central highlands to the main urban markets of Luanda.</p> <p>Small and medium enterprises (SMEs) in the agribusiness sector, rural women and youth, in addition to rural populations in the project areas living close to rehabilitated rural roads, business organizations and academic and research institutions will also benefit from the project. Commercial agriculture is an emerging sector in Angola with high potential, opportunity, and demand. With a growing, largely urban population, spending on food and beverages in Angola is expected to increase in coming years.</p> <p>The proposed project is expected to make a strong contribution to the Government’s economic diversification agenda. In addition to technical assistance and financial support to eligible farmers and agribusiness SMEs in the project areas, the project will support rural infrastructure and an enabling environment for commercial agriculture.²⁵</p>

Source: IFAD, 2018, Republic of Angola Country Strategic Opportunities Program 2019-2024.

ANNEX 3: TAXATION STRUCTURE

Key information	<ul style="list-style-type: none"> • A business will be deemed as a resident in Angola if its domicile, head office or effective management is located in Angola. • Resident businesses will be subject to Basis tax on their profits, whether obtained in Angola or abroad (worldwide taxation). • The taxation is divided in two Groups: <ul style="list-style-type: none"> ○ Group A - public companies, companies with a capital stock equal to or higher than 2.000.000,00 AOA and companies with an annual profit amount equal or higher than 500.000.000,00 AOA; and ○ Group B - companies that are not included in Group A and companies that only practiced an operation or a single act of commercial or industrial nature. • Taxable income of a business is broadly defined as to include all earnings and gains resulting from any activity carried out by a business, be it normal or occasional, principal, or secondary, minus all the costs or losses necessary to obtain the earnings or gains. In case of Taxpayers from Group B, the costs or losses necessary to obtain the earnings or gains will not be considered for purposes of taxable income.
Tax category	
Corporate income tax	<ul style="list-style-type: none"> • The current corporate income tax (known as industrial tax in Angola) rate is 30 % (See Annex 3 for details). • A reduced 15% tax rate shall apply in case of agriculture, aquaculture, aviculture, livestock, fishing, and forestry activities. Taxpayers from Group B that have organized accountancy are subject to a tax rate of 6,5% over its turnover.
Withholding tax	<ul style="list-style-type: none"> • Angola levies withholding tax (WHT) on payments for services provided to resident and non-resident entities at the rate of 6.5%. For Angolan taxpayers, this is regarded as an advance payment of the corporate income tax (CIT) due at the year-end; the deduction of these WHTs against tax CIT payable is now to be limited to a period of five years. For non-resident companies, this is a final tax. Services that are not subject to withholding are now expressly foreseen.
Investment income tax	<ul style="list-style-type: none"> • With the introduction of the Investment income tax (Imposto sobre a Aplicação de Capitais or IAC), Angola now does not have a separate WHT for dividends, interest, and royalties. The IAC rate is 15%, except for certain income, for which the rate is 10% or 5%. The tax rate is 10% for the following income: <ul style="list-style-type: none"> ○ Dividends and repatriation of profits. ○ Capital remuneration of members of 'cooperatives' ○ Bond interest. ○ Interest from shareholders' loans. (Note: Interest on bonds, securities, or other financial instruments issued by any company, Treasury Bills and Treasury Bonds, and Central Bank Securities, as well as accrued interest on these securities, when the securities have been admitted to trade on a regulated

	<p>market and have been issued with a maturity equal to or in excess of three years are taxed at a rate of 5%).</p> <ul style="list-style-type: none"> ○ Royalties.
Stamp duty	<ul style="list-style-type: none"> • Stamp duty is levied on several acts, contracts, transactions, documents, securities, and other operations listed in the Stamp Duty Code. Ranges from 0.001% to 0.4%, depending on the instrument.
Urban Property tax	<ul style="list-style-type: none"> • Urban property tax is levied on rental income earned by individuals or companies owning real estate assets. An effective rate of 15% (25% over 60% of the taxable amount of rent received by the landlord, with the remaining 40% considered as maintenance costs of the property).
Property transfer tax	<ul style="list-style-type: none"> • 2% tax rate on the acquisition amount is levied on the acquisition of properties located in Angola that must be paid by the purchaser.
Business Entities	<ul style="list-style-type: none"> • The main business entities in Angola are limited liability companies (sociedades por quotas) and joint stock companies (sociedades anónimas). It is also possible for a business to incorporate through a “single-person company” (sociedade unipessoal). Additionally, foreign companies typically operate in Angola through subsidiaries, branches, representation offices and consortium agreements (partnerships).
Foreign Exchange Restrictions	<ul style="list-style-type: none"> • Foreign exchange operations in Angola are subject to Angola National Bank’s (BNA) control. Import and export of currency can only be made under certain requirements. Angolan residents can carry up to US\$15,000 (or equivalent in other currency) when travelling, while nonresidents in Angola are limited to carry a maximum of US\$10,000 (or equivalent). <p>Bank transfers to foreign bank accounts up to an amount of US\$300,000 are not subject to any restrictions as long as the payments are made pursuant to contracts not exceeding that amount. Bank transfers to foreign bank accounts exceeding the US\$300,000 threshold are subject to prior approval and licensing by the BNA.</p>
Interest Rate	<ul style="list-style-type: none"> • LUIBOR (Luanda Interbank Offered Rate) 12 months is currently set at 9,67%.
Accounting Principles	<ul style="list-style-type: none"> • The Angolan accounting system is governed by the General Accounting Plan of Angola (PGCA), which is mandatory for commercial companies and public companies. Financial institutions are, however, governed by the Chart of Accounts for Financial Institutions (CONTIF), which follows the IAS and the IFRS.
Tax Incentives	<ul style="list-style-type: none"> • Subject to prior approval by the National Agency for the Private Investment (ANIP), private investors in Angola are entitled to industrial tax, customs duties, property transfer tax and dividend withholding tax exemptions. Tax incentives may vary depending on the amount of the investment, location of the investment and the economic impact of such investment.
Tax Year	<ul style="list-style-type: none"> • The tax year runs from January 31 to December 31.
Double Tax Agreements (DTA)	<ul style="list-style-type: none"> • To date, Angola has not concluded any DTAs.

ANNEX 4: OPPORTUNITIES AND CHALLENGES IN WEF NEXUS

Challenges	Opportunities
Substandard infrastructure: The poor state of road infrastructure is a considerable challenge to the commercialization of agriculture products.	Policy developments: The government is actively developing policies to improve infrastructure and inclusive rural financial services for profitable pro-poor value chains.
Low access to finance: Agriculture's share of overall credit is low—less than 5 %—and a major constraint for most farmers and small and medium enterprises in agrobusiness.	Expansion of Commercial Horticulture and Fruit Producers: A small number of commercial producers, primarily of fruits and vegetables, have capacity to supply the formal distribution sector meeting quality and volume requirements.
Lack of technical skills: Shortage of technical and management skills forces commercial farms to incur high personnel and training costs.	Technical capacity-building: Angola receives international technical assistance; direct investments in national agriculture research and invests in training of staff and interventions to strengthen college curricula.
Low competitiveness: The government continues to play an oversized role in the sector through various agencies (not only in the Ministry of Agriculture, but also BDA, Ministry of Commerce, and so forth) and state-owned enterprises (SOEs) such as Gesterra.	Development of Mid-Size Agribusinesses and Aggregation Models: Angola's commercially oriented small and medium producers represent an emerging segment. Developing this segment of individual farmers and producer organizations to create a stronger ecosystem for Angola's agriculture represents an opportunity with a large potential to increase employment and income opportunities in rural areas.
Low private sector participation: Lack of interest by the private sector in developing appropriate financial instruments and services to support the modernization of smallholder agriculture.	Backward Integration of Distribution and Processing Companies: Angola's distribution sector has started to integrate backwards to engage in agriculture production and processing. Some food and beverage processors are also considering agriculture production to secure inputs. The main rationale is to seek a reliable supply of quality products, capturing higher margins compared to imported products.
Climate Change: Climate variability and climate change adversely affect rural livelihoods, and food and nutrition security.	Increased efforts on resilience: Focus on resilience, including livelihood diversification to enhance productivity. Capacity-building in climate change adaptation and integrated land and water management also reduces vulnerability to climate shocks.
Input shortages: Quality seeds, fertilizers, and agriculture equipment are out of reach of most farmers, a situation that aggravated	

since the onset of the economic crisis and associated forex restrictions.	
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ENDNOTES

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- ²⁴ African Development Bank, 2022
- ²⁵ World Bank, 2018 available at <https://www.worldbank.org/en/news/press-release/2018/05/29/angola-world-bank-supports-commercial-agriculture-with-130-million>