



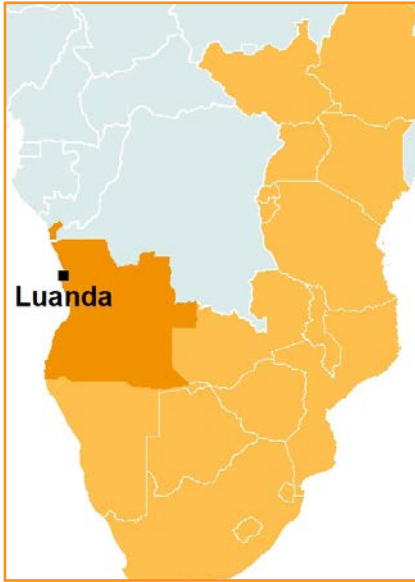
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Investing in rural people in **Angola**

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.

Angola has experienced negative economic growth since 2016 due to lower oil prices and production levels, as well as low investments, with an estimated 1.2 per cent contraction in GDP in 2018. In response to the economic crisis, the Government of Angola prepared the Macroeconomic Stabilization Program (PEM) consisting of a series of macroeconomic reforms to revive the country's economy. These reforms had as their main objective structural transformation from an oil-based economy to a more diversified and resilient economy, with a view to improving macroeconomic stability and promoting an enabling environment for sustainable and inclusive economic growth.

According to the World Bank Annual Report 2022, as oil prices rose, GDP grew from 0.7 per cent in 2021 to 3.1 per cent in 2022 and inflation decreased from 28.8 per cent in 2021 to 22.2 per cent in 2022. The employment rate for young people (aged 15 to 24 years) increased slightly to 36 per cent in 2020 from 35.8 per cent in 2019. And with 65 per cent of the population in this age group in 2021, youth employment requires attention. Women constitute 52 per cent of the population and their rate of employment across all sectors is below that of men.



Eradicating rural poverty in Angola

While the poverty rate in 2019 was around 53.6 per cent, projected estimates for 2020 show a poverty rate in the order of 56.4 per cent mainly due to the COVID-19 pandemic, and down to 54 per cent in 2022. Poverty is concentrated in rural areas (87.8 per cent), against 35 per cent in urban areas. In the 2019 Human Development Index, Angola is placed in the medium human development category and ranked 148 out of 189 countries (UNDP, 2020). Inflation remained high but declined from 18.6 per cent in 2018 to 16.9 per cent in 2019.

The scars of the COVID-19 shock and the lengthy recession – GDP declined by a cumulative 10.2 per cent between 2016 and 2020 – continue to be evident. Food inflation remains high at 24 per cent year-on-year up to July 2022, though it is declining. While Angola is benefiting from the rise in oil prices that has resulted from the crisis in Ukraine, the country's high volume of food imports is pushing up the cost of food commodities, fertilizer and inflation.

Agriculture accounted for 11.5 per cent of Angola's US\$62.7 billion GDP in 2020 (World Bank). An estimated 90 per cent of Angolans live in rural areas, dependent on largely rainfed agriculture as their source of income. Small-scale farmers represent 80 per cent of agriculture production in the country. Most small-scale farmers focus primarily on communal and subsistence farming of staple crops on small plots of less than 2 hectares with low agricultural productivity and limited connection to markets. The agricultural products produced include cassava, beans, rice, coffee, bananas, potatoes, maize, sweet potatoes, citrus and pineapples. However, Angola is a net importer of agricultural products, importing mainly animal and vegetable oils, oil seeds and beverages.

Given the large contribution of the family sector to food production and recognizing the challenges that small-scale farmers face – which make it difficult to reach their full potential for agricultural development – the Ministry of Agriculture drew up the Integrated Plan for Improvement of Family Agriculture and Fisheries (PIAAPF). The PIAAPF aims to increase production and productivity in agriculture, forestry, artisanal and market-oriented fishing and aquaculture, improve food and nutritional security, as well as to create jobs and raise family incomes.

IFAD's strategy in Angola

Population growth in Angola is among the highest in the world, with about 1.3 million Angolans being born every year (UNFPA, 2023). Angola is currently the fastest-growing economy in sub-Saharan Africa. Yet the country faces challenges, including reducing its dependency on oil and diversifying the economy; rebuilding its infrastructure; and improving institutional capacity, governance, public financial management systems, human development indicators, and the living conditions of the population. Angola's agriculture transformation will also require further strengthening of intersectoral coordination between the various ministries.

IFAD loans support government efforts to improve food security and rebuild the livelihoods of poor rural people through rural and agricultural development. In all, IFAD has implemented eight projects, at a total cost of US\$257.91 million, including partner cofinancing. Over 486,000 households have benefited directly. Activities target the poorest areas of the central highlands. IFAD projects address vulnerable groups such as women and households headed by women, young people, demobilized soldiers and displaced persons.

IFAD's strategy in Angola focuses on supporting increased small-scale agriculture, fisheries and aquaculture productivity and production while building on lessons learned from earlier projects; helping farmers and pastoralists in southern Angola to recover from a five-year drought through re-capitalization of agricultural production; and increasing agricultural production and productivity and market access.

Key activities include:

- Increasing adaptation of environmentally sustainable and climate-resilient practices by small-scale farmers.
- Increasing household production and surplus for markets strengthening rural organizations and representatives of vulnerable groups.
- Improving post-harvest handling, value addition and ensuring access to services and basic rural infrastructure for the most disadvantaged groups.
- Promoting pro-poor policies that are based on the needs of poor rural people in specific localities.

Ongoing projects

Smallholder Resilience Enhancement Project (2019-2026)

The US\$150 million Smallholder Resilience Enhancement Project (SREP) is aimed at boosting agricultural productivity, improving food and nutrition security and building the resilience of at least 218,000 rural families in Angola who are vulnerable to climate shocks.

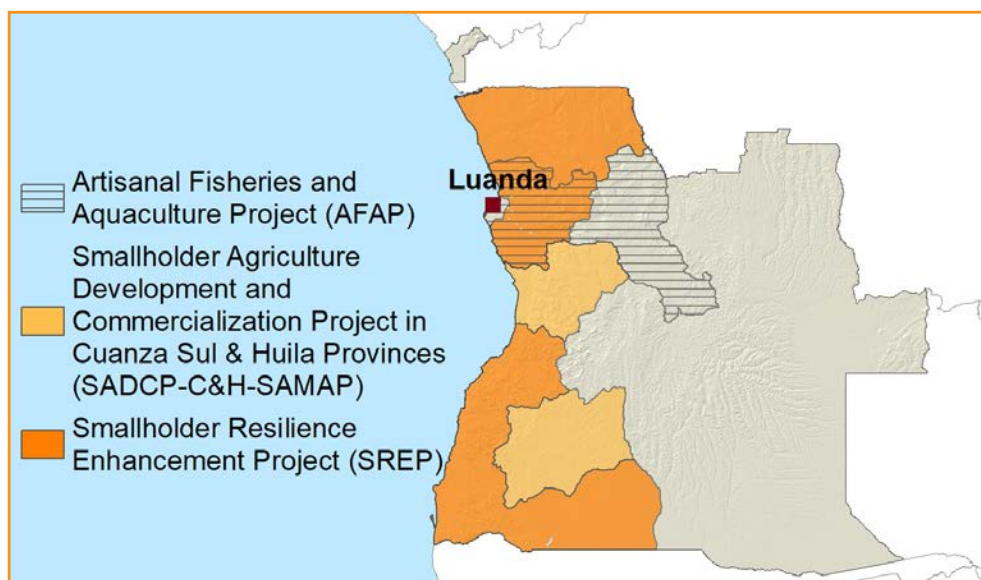
The project promotes sustainable practices, such as the introduction of drought-tolerant crop varieties, adaptation of cropping calendars and rainwater harvesting. It also invests in small-scale irrigation, increased access to water and climate-resilient farming practices.

SREP is being implemented in seven provinces in arid, semi-arid and sub-humid agroecological zones – Bengo, Cuanza Norte, Uige and Zaire in the north and Benguela, Cunene and Namibe in the south. It is expected to strengthen the capacity of the private sector in Angola to deliver advisory and climate information services that are tailored to family farmers' needs.

Funding includes a US\$51.5 million loan from IFAD and cofinancing from the French Development Agency (AFD) US\$42 million. The Government of Angola is providing US\$10 million, with a further US\$6.5 million contributed by beneficiaries themselves. IFAD is mobilizing resources to fill the financing gap of US\$40 million.

Smallholder Agriculture Development and Commercialization Project in Cuanza Sul and Huila Provinces (2017-2024)

This project is expected to cover a total of 60,000 Angolan rural households in Cuanza Sul and Huila provinces, representing about 300,000 people. Of these, 50,000 farmers will benefit through farmer field schools and 10,000 farmers will benefit from a combination of farmer field schools and investment support. The project aims to increase small-scale agriculture productivity, production and marketing for selected crops and places a special focus on women and young people. The total cost of the project is US\$38.2 million,



including a US\$28.8 million loan from IFAD. The project is cofinanced by the Government of Angola (US\$8.2 million) and by the beneficiaries themselves (US\$1.1 million).

With most agriculture in the region dependent on rainfall, the project is designed to improve access to water and increase the efficiency of water use, which will benefit 1,000 farmers. Small-scale irrigation systems are being developed that focus on rehabilitating existing schemes covering about 500 hectares in the project area. Support is provided to farmers' organizations to promote climate-resilient agriculture for key priority food and horticultural crops, while investments aimed at reducing post-harvest losses and strengthening market linkages are also being promoted. In addition, the project is piloting low-cost technologies for the storage and processing of perishable products. This is aimed at helping farmers capitalize on the market, rather than being subject to opportunistic traders who are well aware of product perishability. The expectation is that the increased demand for goods and services in rural areas will spur the creation of non-farm jobs, particularly for young people.

Artisanal Fisheries and Aquaculture Project (2015-2023)

For a total cost of US\$12.10 million, the goal of the Artisanal Fisheries and Aquaculture Project is to reduce poverty in artisanal inland fishing and small-scale fish-farming households in target communities.

So far, the project has improved food security and nutrition among artisanal inland fishing and fish-farming households while addressing climate change issues that affect the fisheries and aquaculture sectors. The project is implemented in Bengo, Cuanza Norte, Luanda and Malange provinces in Angola's central-north region. The inland artisanal fisheries development covers communes north of the Cuanza River, between Dondo (Cuanza Norte) and the mouth of the Cuanza River (Luanda); and communes traversed by the Dande and Bengo rivers in Bengo and Luanda. The fishing communities live along these rivers and around the many lakes in the area that feed into the rivers.

The project targets an estimated 15,000 people, or about 10,000 fishers and 5,000 processors and small traders. It is designed to strengthen institutional capacity and improve community participation in economic and wider local development processes. The project is also increasing the quantity and quality of fish produced and sold on a sustainable basis and improving market-related infrastructure.



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IFAD is an international financial institution and a United Nations specialized agency. Based in Rome – the United Nations food and agriculture hub – IFAD invests in rural people, empowering them to reduce poverty, increase food security, improve nutrition and strengthen resilience. Since 1978, we have provided more than US\$24 billion in grants and low-interest loans to fund projects in developing countries.

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