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PLANAGRÃO

NATIONAL PLAN TO PROMOTE GRAIN PRODUCTION



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ACRONYMS AND ABBREVIATIONS

BDA	Development Bank of Angola
BNA	National Bank of Angola
ECCAS	Economic Community of Central African States
CPLP	Community of Portuguese Speaking Countries
USA	United States of America
FACRA	Angolan Venture Capital Active Fund
Ha	Hectare
FDI	Foreign Direct Investment
Kz	Kwanza (National Currency)
PALOP	Portuguese-Speaking African Countries
PDN	National Development Plan
GDP	Gross Domestic Product
IPP	Independent Power Producers
PLANAGÃO	National Plan to Promote Grain Production
PRODESI	Program to Support Production, Diversification of Exports and Substitution of Imports
REA	Strategic Food Reserve
SADC	Southern African Development Community ton tons
Ton	Tonnes



I. INTRODUCTION AND FRAMEWORK

1. The National Plan to Promote Grain Production, PLANAGRÃO, is a nationwide plan aimed at promoting the production of grains on a commercial scale, in order to deal with the irregular supply of grains and fertilizers in the international market.

2. This situation is caused by the geopolitical situation, whose impact, according to experts, will be food shortages and generalized price increases. PLANAGRÃO will promote a balanced development of the national territory, in terms of the productive sector, with more competitiveness, innovation and environmental sustainability.



Resumption of economic activity growth: 2021 GDP grows 0.7%.

2nd quarter of 2022: GDP grows 3.6%.

Non-oil sector with robust performance with growth of 6.4%.

3. PLANAGRÃO is in sync with (i) the National Development Plan (PDN) 2018-2022, as it materializes the Policy for Promotion of Production, Diversification of Exports and Substitution of Imports, by implementing the Program for Promotion of Agricultural Production.

4. PLANAGRÃO is part of the set of institutional reforms that the government has carried out in the last 5 years, ranging from the promotion of domestic agricultural production, the improvement of the business environment and competition, the improvement of competitiveness and productivity.

5. IMPACT OF REFORMS – The resuming of growth of the GDP: growth at about 2.6% in Quarter I of 2022, after the economic growth in 2021 (0.7%), boosted by the robust performance of the non-oil sector.



6. PLANAGRÃO promotes knowledge transfer and innovation in the agricultural sectors in rural areas:

(i) to improve the viability of commercial farms and competitiveness in grain production in regions with the best soil and climatic conditions for this type of production and to promote the use of innovative and sustainable technology for agriculture;

(ii) to promote the organization of the food chain, including the processing and sale of animal and plant-based products;

(iii) to restore, preserve and enhance agriculture-related ecosystems;

(iv) to promote natural resource efficiency and encourage the transition to a low-carbon economy, capable of adapting to climate change in the agricultural sector; and

(v) promoting social inclusion, poverty reduction and economic development in rural areas.

All this will result in coordination between the Public sector and the Private sector, thereby creating a framework in which the State provides infrastructure and the private sector invests in production.



II. OBJECTIVES

7. In the short and mid-term, that is, between 2022 and 2027, PLANAGRÃO aims to reduce dependence on imports of wheat, rice, soybeans and corn, and to accelerate local production and supply, with greater predominance in the eastern region of the country, more specifically, in the provinces of Lunda Norte, Lunda Sul, Moxico and Cuando Cubango.

8. The general objective of PLANAGRÃO is to guarantee food security, generate income and promote competitiveness with the intention of, in the mid-term, turning Angola into a major grain producer in the southern and central regions of Africa.

9. For the period between 2022 and 2027, PLANAGRÃO has 9 specific objectives, namely:

- a.** To foster the production of other cereals that are consumed by the population, namely beans, sunflowers, mas-sango, massambala and peanuts;
- b.** To increase the number of entrepreneurs in agriculture (domestic and foreign), and all their externalities, namely: increasing employment, attracting qualified youths to agribusiness, attracting foreign direct investment (FDI) from large companies that bring technology and know-how;
- c.** Improve soil productivity and farm profitability;
- d.** To promote the internal development of the value chains of these products, both upstream and downstream, namely the transformation of grains for human consumption (beverages, cooking oils) and animals (feed), as well as the emergence of the agricultural input industry, agricultural implements, and other derivative products such as cleaning products, among others;
- e.** To promote income stability for producers, through the involvement of the Strategic Food Reserve (REA) in the purchase of part of the domestic production or even through the purchase of local products by State institutions (institutional purchases), thereby creating conditions for the flow of production at fair prices;

f. To increase scientific research and improve quality standards, pest control, soil productivity and improved seeds;

g. Promoting agricultural development (through the development of base infrastructures), with the availability of land that presents favorable soil and climate conditions for the development of these crops, thus contributing to a balanced economic development of those regions;

h. To create, in the mid-term, conditions for the export of these products, either to the southern region of Africa, or even to other regions that are highly demanding in terms of norms and quality standards; and

i. To increase Angola's resilience regarding external shocks, such as recent geopolitical conflicts or pandemics, as well as climate resilience, thus making the country more self-sufficient from a food point of view.

III. DIAGNOSIS OF GRAIN PRODUCTION AND CONSUMPTION IN ANGOLA

10. Overall, there was a 24% increase in grain production from 2017 to 2021, with special emphasis on corn (+25%) and rice (+12%).

FIGURE 1: RICE, CORN, WHEAT AND SOYBEAN PRODUCTION (2017-2021)

		2017	2018	2019	2020	2021		
Type	Selected Crop	Production (Tone)	Production (Tone)	Production (Tone)	Production (Tone)	Production (Tone)	Variation absolute (2017-2021)	Variation absolute (2017-2021)
Cereals	Rice	9 426	9 699	10 102	10 567	10 514	1 088	12%
	Corn	2 380 522	2 762 619	2 818 684	2 972 177	2 970 209	589 686	25%
	Wheat	8 505	4 474	9 172	9 368	8 100	-405	-5%
Legumes	Soy	36 001	35 266	37 350	37 961	37 317	1 315	4%
Total		2 434 454	2 812 058	2 875 308	3 030 073	3 026 140	591 686	24%

Source: Ministry of Agriculture and Fisheries

11. In terms of consumption, Angola has a significant level of dependence on imports of these products, representing USD 791 million in 2021, 60% more than the amount spent in 2017. Of these products, wheat was the most important, with 39% of the total, followed by rice with 33%.

FIGURE 2: RICE, CORN, WHEAT AND SOYBEANS IMPORTS, 2017-2021 (000' USD)

Type	Selected Crop ¹	2017	2018	2019	2020	2021	Growth rate (Annual Average)	Growth rate (2020-2021)
Cereals	Rice	23 438	251 691	286 857	347 980	263 462	83%	-24%
	Corn	161 866	123 793	77 753	71 056	73 259	-18%	3%
	Wheat	270 254	286 052	291 774	287 712	305 197	3%	6%
Legumes	Soy	39 083	118 314	120 673	92 567	149 839	40%	62%
Total		494 640	779 850	777 057	799 316	791 757	12%	-1%

Source: General Tax Administration (AGT)





FIGURE 3: RICE, CORN, WHEAT AND SOYBEANS IMPORTS, 2017-2021 (TONNES)

Type	Selected Crop ¹	2017	2018	2019	2020	2021	Growth rate (Annual Average)	Growth rate (2020-2021)
Cereals	Rice	37 420	350 725	455 352	537 971	488 722	90%	-9%
	Corn	435 506	241 376	209 706	139 762	138 984	-25%	-1%
	Wheat	588 494	634 134	595 245	768 602	599 461	0%	-22%
Legumes	Soy	23 898	144 440	182 055	77 489	98 902	43%	28%
Total		1 085 318	1 370 676	1 442 358	1 523 824	1 326 070	5%	-13%

Source: General Tax Administration (AGT)

12. Due to the implementation of the Support Program for Production, Export Diversification and Import Substitution (PRODESI), there was, in the past year, a reduction in imports of these products, including rice, thereby registering the highest growth rate in the last 5 years of the products in question.

FIGURE 4: CONSUMPTION PROJECTIONS FOR RICE, CORN, WHEAT AND SOYBEANS (TONNES)

Type	Selected Crop	2021 Base Year	2022	2023	2024	2025	2026	2027	Growth rate (Annual Average)
Cereals	Rice	498 294	513 243	528 640	544 499	560 834	577 659	594 989	3%
	Corn	6 040 077	6 402 482	6 786 631	7 193 829	7 625 458	8 082 986	8 567 965	6%
	Wheat	567 881	601 954	620 012	638 613	657 771	677 504	697 829	3%
Legumes	Soy	225 753	246 071	268 217	292 357	318 669	347 349	378 611	9%
Total		7 332 005	7 763 749	8 203 500	8 659 297	9 162 732	9 685 498	10 239 394	6%

Source: Ministry of Agriculture and Fisheries

13. By 2027, an average annual growth in consumption of these products is estimated to be around 6%, as a result of population growth and consumption habits. Therefore, it is expected that with the implementation of the Plan, the demand will be mostly satisfied by domestic production. For this to happen, it is necessary to direct a set of measures and investments towards production.

IV. SWOT ANALYSIS OF GRAIN PRODUCTION

14. The current challenge for the national economy is to invest in large-scale grain production with a view to contributing to the process of diversifying the economy. It is therefore important to analyze the strengths and weaknesses, opportunities and threats of the grain production strategy to be adopted, through the table below.

FIGUR3 5: SWOT ANALYSIS

STRENGTH

- Existence of a young workforce
- Existence of agricultural research and training institutions at a national level
- Existence of water resources
- Existence of financial instruments at the level of commercial banks
- Partial exemption from payment of customs fees for agricultural raw materials
- Existence of favorable soil and climate conditions

WEAKNESS

- Low productivity of grain crops
- Little mechanization in the production, processing and transformation process
- High level of soil acidity
- Low quality or uncertified quality seeds
- Poor pest and disease control
- Poor use of water resources
- Lack of agricultural insurance and specialized credit
- Importation of most agricultural inputs and production factors
- Insufficient installed capacity for the process of land demarcation and granting of deeds
- Inexistence of a denomination code
- Deficit of investment in the agricultural sector
- Imperfect agricultural commodity markets and value chains affect both farm profitability and food security
- The skills gap in the agricultural sector limits productivity and profitability
- The agricultural sector currently fails to maximize the contribution and benefits to women and youths
- Inexistence of reference prices for grains

OPPORTUNITY

- Insertion into the Southern African Development Community (SADC) and the Economic Community of Central African States (ECCAS) with a consumer market of more than 200 million inhabitants and an eminent free trade zone
- Privileged relations with Portuguese-speaking African Countries (PALOP) and the Community of Portuguese-Speaking Countries (CPLP) with more than 250 million inhabitants
- Economic growth in the non-oil sector is creating domestic and regional markets for an increasing range of Angolan crops
- A relatively young population will be encouraged into entrepreneurship
- Agricultural innovation can help improve food security, increase farmers' incomes, and protect natural resources
- Generalized rise in grain prices worldwide
- Availability of arable land
- Financial availability for investment in the non-oil sector due to the increase in oil revenues

THREAT

- Importers dominate distribution chains
- Delays and difficulties in accessing agricultural financing
- Infrastructure network to support production is and distribution is precarious and/or under construction
- Rising prices and scarcity of agricultural inputs in international markets
- Demanding regulatory and certification framework for exports to Europe and the USA
- Climate change

V. GOALS

15. PLANAGRÃO aims to achieve, for commercial farms, a set of goals related to

(i) increasing the quantity and quality of the referenced grains, thus replacing the recourse to imports;

(ii) improving productivity by using available land more efficiently and with better results; and

(iii) the increase in cultivated land, on a larger scale, particularly in the eastern provinces of the country.

16. Goals to achieve by 2027, within the scope of the implementation of PLANAGRÃO.

FIGURE 6: PRODUCTION GOALS

Projected

Type	Selected Crop	Area sown (there is)	Area harvested in (ha)	Production (Tone)	Productivity (ton/ha)	Area sown (there is)	Area harvested in(ha)	Production (Tone)	Productivity (ton/ha)
Cereals	Rice	2 871	2 578	5 204	2,0	600 000	540 000	2 322 000	4,3
	Corn	228 986	216 434	595 713	2,8	326 030	293 427	1 467 136	5,0
	Wheat	311	309	196	0,6	673 970	606 573	1 213 146	2,0
legumes	SoY	12 193	11 730	12 067	1,0	400 000	380 000	1 102 000	2,9
Total		244 361	231 051	613 180	2,7	2 000 000	1 820 000	6 104 282	3,4

Source: Ministry of Agriculture and Fisheries



17. Therefore, it is expected to achieve: a total production of 5,002,282 tonnes of the grains that are referenced in the cereal chain. + 27% of the productivity rate, 1,102,000 tonnes of grain production of the selected crop from the legume range. + 182% of the productivity rate, making a total production of approximately 6,104,282 tonnes.

18. In regard to cultivated areas, around 2 million hectares will be needed to achieve these targets, compared to the 244,361 hectares used in 2021.

19. Taking into account the priorities established for each of the products, 34% of this area should be allocated to wheat production (673,970 hectares), 30% to rice production (600,000 hectares), 20% to soybeans production (400,000 hectares) and the remaining 16% to corn production (326,030 hectares).

20. To reach these estimates, the following hypotheses were considered: i) population growth rate of 3% per year, ii) modernization of the production system and expansion of cultivated area, iii) public investment in the development of infrastructures and financing for companies at competitive interest rates, and iv) tax benefits for private, local and international investment.

VI. GUIDELINES FOR THE IMPLEMENTATION OF PLANAGRÃO

6.1. TERRITORIAL SCOPE

21. PLANAGRÃO will focus on the national territory, with a target of 6,104,282 tonnes of grains (wheat, rice, soybeans, and corn) in the eastern provinces of Angola, specifically Lunda Norte, Lunda Sul, Moxico and Cuando Cubango. These are regions with high availability of land, with rainfall above 1,200 mm/year and suitable soil for the production of the selected crops.

6.2. SUPPORT INFRASTRUCTURE

22. Delimit and subdivide around 2 million hectares for the production of the grains in question. The State will provide and maintain access roads in these subdivisions. The roads inside the farms must be part of the project promoted by the business owners.

23. Ensure the rapid implementation of repair programs for access roads considered a priority to support PLANAGRÃO, to allow connection between production areas and consumer markets.

24. Facilitate the import of equipment for the production of renewable energy (exemption of customs duties and other taxes already defined for this sector) to encourage independent power producers (IPP) to install their own energy production networks, particularly in those areas not reached by the public grid, not only for in-house use, but also for the sale of any possible production surpluses. This measure has a double objective, not only to increase the national electricity grid, but also to promote the use of cleaner energy for the good of the environment.

25. It is also expected that PLANAGRÃO will promote grain value chains, as well as animal breeding and its value chain.

6.3. BUSINESS ENVIRONMENT

26. Accelerate the revision process of the Land Law in a way that allows the State to ensure the effective use of land and to promote the necessary guarantees for entrepreneurs to gain greater access to the financial system.

27. Create a database containing all information related to the areas for the cultivation of the referenced grains and make it available to local or foreign investors.

28. Guarantee competitive tax benefits through the revision of the Tax Benefits Code and rationalization of the customs tariff, in order to include specific benefits for the producers of the referenced grains, equivalent to

the benefits of duty-free zones, according to the criteria previously defined by the government.

29. Intensify and direct actions towards attracting foreign direct investment for the production of the referenced grains, within the scope of economic diplomacy.

4.4. FINANCIAL RESOURCES

30. PLANAGRÃO is a five-year plan that will mobilize public and private investment.

31. Over the next 5 years (2023-2027), a financial provision of Kz 2,852.75 billion is expected from the State, in two fundamental components, namely (fig 8):

i. The first component, with Kz 1.178 billion is linked to public investments, providing infrastructure, fundamental delimitation of farming areas and subsequent subdivision, as well as access routes to them.

ii. The second component with Kz 1.674 billion refers to the financing of the national private sector to produce the referenced grains, reinforcing the capital available with the Development Bank of Angola (BDA) and the Angolan Venture Capital Active Fund (FACRA)

32. Private commercial banks should also be mobilized for the Plan, through the continuity of initiatives such as the current Notice 10/2022 by the National Bank of Angola (BNA), which allows commercial banks to use part of their mandatory reserves with the BNA, to support projects in certain sectors that are considered to be priorities, at more favorable interest rates.

FIGURE 7: SOURCES OF FINANCING (‘000)

	Components	2023	2024	2025	2026	2027	2028
Public Investments	Infrastructure	173 484 342	199 730 539	232 242 038	266 839 072	305 852 721	1 178 148 712
Total		199 730 539	199 730 539	232 242 038	266 839 072	305 852 721	1 178 148 712
Public Credit	BDA	246 358 204	275 299 279	311 157 292	349 346 355	392 442 254	1 574 603 383
	FACRA	20 000 000	20 000 000	20 000 000	20 000 000	20 000 000	100 000 000
Total		296 358 204	325 299 279	361 157 292	399 346 355	442 442 254	1 674 603 383
Total Set	AOA	439 842 546	495 029 818	563 599 329	636 185 426	718 294 975	2 852 752 095
	USD	879 685	990 060	1 126 799	1 272 371	1 436 590	5 775 504

Source: Ministry of Agriculture and Fisheries

Exchange Rate | 1USD = 500 AOA

VII. GOVERNANCE AND INDEPENDENT CONTROL SYSTEM

33. The rapid transformation in agriculture for economic growth and farm-level food security will require strategic investments in production, value chains and supporting infrastructure. PLANAGRÃO defines the following guiding principles for public investment in this sector to attract private investment:

- The public sector acts as a market enabler to leverage private sector investment and harness its full potential;
- Ensuring the provision of targeted and quality public assets that benefit society, but would be insufficient if provided only by the private sector (e.g. infrastructure, research, education, social security, emergency response, etc);
- Making sure to create an enabling environment, through predictable and stable agricultural policies and regulatory and legislative frameworks, with rule-based market interventions; and
- Addressing market failures through appropriate instruments and incentives, better coordination and information management, and skill-building.

34. THE GOVERNMENT MUST ENSURE:

- Guiding participations, recognizing the needs and ambitions of different farmers, with a flexible implementation process in order to maximize impact;
- Subsidiarity, allowing local governments to lead local-level planning and front-line service delivery, complementing and supporting Provincial Development Plans;
- Allotment of land and conditions for access to the lots, through the construction of access roads;

- Investment will be private sector driven: the government recognizes the pivotal role that the private sector will play in the move from subsistence agriculture to commercial agriculture. The change will be driven by investments by private actors, from small farmers and cooperatives to commercial farms and suppliers of produce, inputs and support services, traders/exporters, agri-processors and agri-producers.

35. PLANAGRÃO is supervised by a Multisectoral Commission, coordinated by the Minister of State for Economic Coordination, and made up of the Ministers responsible for the sectors of Economy, Finance, Territorial Administration, Agriculture, Industry, Commerce, Energy, Water, Education, Transport, Higher Education, Public Works and Spatial Planning.

36. The aforementioned Multisectoral Commission has the support of a Technical Monitoring Unit, coordinated by the Ministry of Economy and Planning and made up of representatives of the member Ministries for periodic monitoring and any necessary revision proposals.

VIII. CARACTERIZAÇÃO DAS CULTURAS SELECIONADAS

WHEAT CULTIVATION

Local wheat production is incipient, ranging from 11,552 tonnes in the 2016/2017 farming season to 13,724 tonnes in the 2020/2021 farming season, showing an increase of 18.79%.

National productivity average:

Family farming 618kg/ha

Commercial farming 736 kg/ha.

Product Group: Cereals		
Production	Main product	Subsidiary Products (Examples)
Wheat	Animal Feed	-Wheat Flour, Cereal, Breakfast, etc -Drèches, Wheat distillation solubles, et al.

RICE CULTIVATION

Local rice production increased from 9,426 tonnes in the 2016/2017 farming season to 10,514 tonnes in the 2020/2021 farming season, which corresponds to an increase of 11.5%.

Productivity in family farms (961 – 1050 kg/ha) was relatively lower than the

productivity of commercial farms (1819 – 2049 kg/ha). While the average productivity between family and commercial farms ranged from a minimum of 1,295 tonnes/ha to a maximum of 1,337 tonnes/ha.

Product Group: Legumes		
Production	Producto Principal	Subsidiary Products (Examples)
Corn	Animal Feed	Cornmeal, Flour, Breakfast Cereals, etc - Fuel production (ethanol) -Pharmaceutical Industry - Beer Industry

SOYBEAN CULTIVATION

Soy cultivated areas of family farms show a decreasing tendency from the 2016/2017 to the 2020/2021 seasons (27 852 ha – 24 244 ha), which represents around two thirds of the global area annually, while the cultivated areas on commercial farms show a tendency to increase. On the other hand, soybean production in the period under review showed

an increase from 36,001 tonnes in the 2016/2017 season to 37,317 tonnes in the 2020/2021 season on family and commercial farms. The productivity levels observed in the two types of farming do not show significant differences, which suggests, that best practices and techniques that could make a difference are probably not being used in commercial farms.

Product Group: Legumes		
Production	Main product	Subsidiary Products (Examples)
SoY	Direct Consumption	<ul style="list-style-type: none"> - Soy oil, totu, soy sauce, milk of soy, etc. -Cosmetics, plastics, paints, etc.

CORN CULTIVATION

The supervised area of corn production ranged from 2,638,714 ha in the 2016/2017 farming season to 2,741,091 ha in the 2020/2021 season, increasing during that period between family and commercial farms by 3.8%.

A little over 90% of the total cultivated area belonged to family farms.

Productivity on family farms ranged between 879 kg/ha and 999 kg/ha while on commercial farms it was twice as high, ranging between 2,214 kg/ha and 2,752 kg/ha. This superiority can be explained by the fact that production is carried out with good practices and a better combination of agricultural inputs at commercial farms.

Product Group: Cereals		
Production	Main product	Subsidiary Products (Examples)
Rice	Direct Consumption	<ul style="list-style-type: none"> - Brewing of beer -Animal food -Manufacture of cookies, cereals





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