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**THIS ACTION IS FUNDED BY THE EUROPEAN UNION**

**ANNEX 1**

of the Commission Decision on the financing of the Annual Action Programme 2019 in favour of the Republic of Angola

**Action Document for "Private Sector Development Programme in Angola"**

<b>1. Title/basic act/ CRIS number</b>	"Private Sector Development Programme in Angola" CRIS number: AO/FED/041-773 financed under the 11 <sup>th</sup> European Development Fund (EDF)	
<b>2. Zone benefiting from the action/location</b>	Republic of Angola The action shall be carried out at the following locations: For component 1 (coffee value chain): <i>Luanda</i> and selected provinces with higher potential for coffee production: <i>Kwanza-Sul, Kwanza-Norte</i> and <i>Uige</i> . For component 2 (access to finance): nationwide	
<b>3. Programming document</b>	National Indicative Programme (NIP) for Angola 2014-2020	
<b>4. Sustainable Development Goals (SDGs)</b>	<b>Main SDGs:</b> SDG 8 "Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all", SDG 9 "Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation". <b>Secondary SDGs:</b> SDG 1 "End poverty in all its forms everywhere", SDG 2 "End hunger, achieve food security and improved nutrition and promote sustainable agriculture", SDG 5 "Achieve gender equality and empower all women and girls", and SDG 12 "Ensure sustainable consumption and production patterns", SDG 13 "Take urgent action to combat climate change and its impacts".	
<b>5. Sector of intervention/ thematic area</b>	Sector 2: Economic governance and private sector	DEV. Assistance: YES <sup>1</sup>

<sup>1</sup> Official Development Assistance is administered with the promotion of the economic development and welfare of developing countries as its main objective.

<b>6. Amounts concerned</b>	Total estimated cost: EUR 12 000 000 Total amount of EDF contribution EUR 12 000 000.			
<b>7. Aid modality and implementation modality</b>	Project Modality  <b>Direct management</b> through: - Grants - Procurement			
<b>8 a) DAC code(s)</b>	16020 Employment creation 24081 Education/training in banking and financial services 25030 Business development services 31162 Industrial crops/export crops 32161 Agro-industries			
<b>b) Main Delivery Channel</b>	Other public entities in recipient country - 12004 European Commission - European Development Fund - 42003			
<b>9. Markers (from CRIS DAC form)</b>	<b>General policy objective</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Principal objective</b>
	Participation development/good governance	<input type="checkbox"/>	x	<input type="checkbox"/>
	Aid to environment	<input type="checkbox"/>	x	<input type="checkbox"/>
	Gender equality and Women's and Girl's Empowerment	<input type="checkbox"/>	x	<input type="checkbox"/>
	Trade Development	<input type="checkbox"/>	<input type="checkbox"/>	x
	Reproductive, Maternal, New born and child health	x	<input type="checkbox"/>	<input type="checkbox"/>
	Disaster Risk Reduction	x	<input type="checkbox"/>	<input type="checkbox"/>
	Inclusion of persons with disabilities	x	<input type="checkbox"/>	<input type="checkbox"/>
	Nutrition	x	<input type="checkbox"/>	<input type="checkbox"/>
	<b>RIO Convention markers</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Principal objective</b>
	Biological diversity	x	<input type="checkbox"/>	<input type="checkbox"/>
	Combat desertification	x	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation	x	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change adaptation	<input type="checkbox"/>	x	<input type="checkbox"/>
<b>10. Global Public Goods and Challenges (GPGC) thematic flagship</b>	N/A.			

## SUMMARY

This Action will support the Government of Angola in its efforts to diversify the economy and promote the role of the private sector. Together with 10<sup>th</sup> and 11<sup>th</sup> EDF ongoing projects and complementary proposals submitted for approval under Regional funds, it will contribute to the implementation of the priorities set under the Jobs and Growth Compact for Angola, and

is along the lines set in the Communication to the European Parliament, the European Council and the Council – Communication on a new Africa-Europe Alliance for Sustainable Investment and Jobs: Taking our partnership to the next level<sup>2</sup>.

The Action has been prepared with the full participation and support of the Angolan Government, led by the Ministry of Economy and Planning, and it is completely aligned with the Government's National Development Plan for 2018-2022, more concretely, Pillar 2: Sustainable, diversified and inclusive economic growth.

The **overall objective** of the Action is to contribute to diversified, sustainable and inclusive economic growth.

It will be implementing the Government's Support Programme for the **Production, Diversification of Exports and Substitution of Imports (PRODESI)** in the areas of access to finance and development of the coffee value chain.

To do so, the Action is divided into 2 interrelated components with the following **Specific Objectives**:

SO1) Enhanced performance and growth of coffee value chain;

SO2) Improved inclusive use of diversified financial services, including innovative financial instruments (for Micro, Small and Medium Enterprises (MSMEs), women, youth and rural populations).

The action will be implemented during the period of 2020-2025 (5 years).

## 1 CONTEXT ANALYSIS

### 1.1 Context Description

In spite of Angola having the third biggest economy in Sub Saharan Africa due to its heavy dependency on oil exports and revenues, its economy has, after an extended period of strong economic growth, been severely affected by the sharp decline in oil prices since mid-2014.

To increase economic resilience and sustainability there is a broad consensus amongst policy makers, politicians, business leaders as well as development partners on the need to diversify the economy by stimulating non-oil growth. The agriculture sector in particular, with its unmet potential for value chains development, is widely recognised as the one the country should focus on in the years to come. The agriculture sector also has significant potential for Angola, particularly in terms of jobs and livelihood creation as the majority of the rural population is involved in agricultural activities. Due to its historical records on coffee production and exports, established experience in the country, potential for jobs creations among small-scale farmers and EU and regional market interest, among others, coffee is seen as one of the major potential crops to be supported to contribute towards economic diversification<sup>3</sup>. Moreover, Angola has expressed interest in joining the Southern African

<sup>2</sup> COM(2018)643 final of 12.9.2018.

<sup>3</sup> Angola's production went from around 240 000 tons/year in 1972/73 to around 2 100 tons in 2017 – see appendix 2 for a summarised analysis of the coffee sector in Angola.

Development Community - Economic Partnership Agreement (SADC-EPA). This could pave the way for enhanced and favourable trading relations. Also, the Action is a unique opportunity for integrating gender in the value chain development and empower women economically, by strengthening their position and status within the value chain<sup>4</sup>.

The Administration that came into power after the September 2017 elections is more responsive to the need of promoting sweeping reforms to improve current low levels of business environment (173/190)<sup>5</sup> and to be able to attract foreign investors and make diversification of economy happen. In recent months, the President and his economic team have consulted business associations on different challenges and seems to be committed to carry out the needed reforms to allow the private sector to be the main driver of economic activity.

## 1.2 Policy Framework (Global, EU)

This Action is aligned with key EU policies, namely:

The Communication to the European Parliament, the European Council and the Council – Communication on a new **Africa-Europe Alliance for Sustainable Investment and Jobs**: Taking our partnership to the next level<sup>6</sup> clearly states as objectives: (i) *Boosting strategic investment and strengthening the role of the private sector to create jobs*; (ii) *Investing in people by investing in education and skills*; (iii) *Strengthening business environment and investment climate*; and, (iv) *Tapping the full potential of economic integration and trade*).

The EU's New **European Consensus on Development** "our world, our dignity, our future"<sup>7</sup> presents a common vision for development policy for the EU and its Member States, in line with the United Nations **2030 Agenda for Sustainable Development and the SDGs**. *"It highlights inclusive and sustainable growth and jobs as an overarching priority. In this context, sustainable agriculture remains a key driver for poverty eradication and sustainable development. The EU is committed to develop agricultural value chains, which benefit the poor by taking advantage of the opportunities offered by local and global markets to create decent jobs and added value. It is also committed to the principles of Development Effectiveness on results, transparency and accountability"*.<sup>8</sup> In terms of gender equality, the New European Consensus on Development "our world, our dignity, our future"<sup>9</sup>, commits the EU to *"promote women's and girls' rights, gender equality, the empowerment of women and girls and their protection as a priority across all areas of action"* and that *"special attention will be paid to education and training opportunities for girls and women"*. The EU is also committed to implementing *"actions to meet the specific needs of youth, particularly young women and girls, by increasing quality employment and entrepreneurship opportunities, supported by effective policies in education, vocational training and skills development"*.

Finally, the European Consensus, commits the EU to *"promote labour standards that ensure decent employment conditions and decent wages for workers, in particular those defined by the International Labour Organisation, both in the formal and informal sector, including by supporting the transition from the informal to the formal economy and by combating child labour"* and will *"promote the UN Guiding Principles on Business and Human Rights"*

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<sup>4</sup> <http://www.fao.org/3/a-am310e.pdf>.

<sup>5</sup> WB, Ease of Doing Business (2019).

<sup>6</sup> COM(2018)643 final of 12.9.2018.

<sup>7</sup> OJ C 210 of 30.6.2017.

<sup>8</sup> Value Chain for Development (VD4D) paper.

<sup>9</sup> OJ C 210 of 30.6.2017.

The Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, "**A Stronger Role of the Private Sector in Achieving Inclusive and Sustainable Growth in Developing Countries**"<sup>10</sup>, also highlights the need for strong engagement with the private sector for a real transformation towards an inclusive green economy.

This action promotes the appeal of Angola in attracting the EU External Investment Plan (EIP), which will be instrumental in encouraging investment in Angola in sustainable agriculture, rural entrepreneurs and agroindustry and/or micro, small and medium enterprises' financing.

### 1.3 Public Policy Analysis of the partner country/region

The new Government came into power in September 2017 with high interest and commitment in putting in place several reforms needed to achieve sustainable development.

Angola has ratified the Convention on the Elimination of All Forms of Discrimination against Women (CEDAW), the International Covenant on Economic, Social and Cultural Rights and the Convention on the Rights of the Child (CRC) and its optional protocols.

The **National Development Plan – PDN (2018-2022)** is the blue print for the current Government and is clearly aligned with the United Nations 2030 Agenda for Sustainable Development, the African Strategic Framework (Agenda 2063) and the SADC Indicative Strategic Plan (2015-2020). Specifically, the PDN-Pillar 2 is focused on "Sustainable, diversified and inclusive economic growth", where public finance, business environment, support of production, diversification of the economy, promotion of exports, environmental sustainability and jobs creation are the key building blocks.

Under this Pillar, the Government has developed a programme to accelerate diversification and improve competitiveness (Programa de Apoio à Produção, Diversificação das Exportações e Substituição das Importações, **PRODESI**). It entails cross-cutting measures (improve business environment, including access to finance and reform of the judiciary, promote investments, consolidate infrastructures, e-governance, economic diplomacy, human capital, strategic partnerships with the private sector), as well as sector-specific measures as well as sector-specific measures for priority products (including coffee).

For its implementation, the Government is making use of diverse sources of funding to complement its own resources, particularly through its development partners. The recently approved Government's **Credit Support Project (PAC)**, one of the financial mechanisms to support the implementation of the PRODESI, aims at facilitating the access to finance for projects that promote the internal production of specific products. The financial volume to apply through the PAC will be determined on an annual basis, around USD 434 000 000 for 2019. Credit lines will be provided through several local commercial banks (Banco de Fomento (BFA), Banco Angolano de Investimentos (BAI), Banco BIC, Standard Bank, Banco Millennium Angola (BMA), etc.).

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<sup>10</sup> COM(2014)263 final of 13.5.2014.

Due to its prominent role in the improvement of the business climate and for the successful implementation of PAC, the Government is also looking to improve its score on enforcing contracts and the quality of judicial processes. According to the **Law 02/15<sup>11</sup>** on the functioning of courts, specific rooms are to be created in county courts to deal solely with commercial, intellectual and industrial property related disputes. Due to budgetary constraints, the Government is following a gradual approach, starting with the creation of commercial rooms in selected judiciary geographic jurisdictions and training judges.

Within the framework of PRODESI's philosophy and the PAC, the Government has also restructured the **National Institute for Support to Small and Medium Enterprises (INAPEM)** in order to strengthen its role in the promotion of the private sector and the development of MSMEs.

For the implementation of the PRODESI's priorities for the coffee sector, the Government has put in place two major programmes: (1) **Programme for the Development of Coffee** (November 2017), which is structured around four pillars: i) institutional capacity building; ii) technical assistance to producers (small scale farmers as well as commercial farmers) and other actors of the value chain (reducing its fragmentation and promoting alliances); iii) increase the production and productivity (including quality of products); and iv) promotion of agro-business (including industrialisation and post-harvest treatments to revitalise the local market as well as the export promotion); and (2) **Programme to promote exports and the internationalisation of private companies in the coffee sector (2018-2022) – PROEXP for coffee**.

#### 1.4 Stakeholder analysis

All national public institutions directly involved in the action are relevant stakeholders in the implementation of the PRODESI programme, that will be supported by this Action.

(1) The **Ministry of Economy and Planning (MEP)**, the leading institution for the implementation of PRODESI and, as such, the coordinator of this Action. The MEP is both the Coordinator of the high-level Inter-ministerial Commission of PRODESI and the Chair of the Technical Unit of PRODESI (the UTPRODESI), responsible for the planning, management and monitoring of the programme. The MEP has shown strong interest and availability in being involved in the Action.

(2) The **National Institute of Support to Micro, Small and Medium Enterprises (INAPEM)**, under the direct supervision of the MEP, has the mandate to provide the following services to MSMEs: certified training, support for access to funding and coordination of the incubators' network;. It is also in charge of managing the PAC. The INAPEM will be the main beneficiary of the Component 2 of this Action.

(3) The **Portuguese Innovation and Competitiveness Agency (IAPMEI)** has the mission and demonstrated capacity to facilitate and assist Portuguese small and medium enterprises (SMEs) in their innovation strategies and international growth, increase productivity and competitiveness, strengthen skills and capacity of management and access to financial markets, alongside the promotion of entrepreneurship. As a peer to the INAPEM, with whom it has a strategic collaboration set up, the IAPMEI will be the implementing partner of the

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<sup>11</sup> 02/2015 de 2 de fevereiro "Lei de Organização do Funcionamento dos Tribunais de Jurisdição Comum".

Component 2, bringing its expertise and technical assistance to facilitate SMEs' access to finance.

(4) The National **Coffee Institute of Angola** (INCA), under the direct supervision of the Ministry of Agriculture and Forestry, has decentralised structures in the main coffee producer provinces and is responsible for the promotion and technical coordination of the coffee sector and for the implementation of policies in the sector. It will be one of the main beneficiaries of the Component 1 of this Action dedicated to strengthening the INCA's performance of its mandate, including in the implementation of the PRODESI's Programme for Development of Coffee and the PROEXP coffee.

(5) The **Private Investment and Exports Promotion** Agency (AIPEX), under the direct supervision of the MEP, is the national institution responsible for the promotion of exports and investment in the country. It will be one of the main beneficiaries of the Component 1 of this Action dedicated to supporting the implementation of the PRODESI's Programme to promote exports and the internationalisation of private companies in the coffee sector (PROEXP coffee).

In addition to these, other direct beneficiaries of the Action are: SMEs (including small-scale producers) and other private (informal or formal) operators involved in the coffee value chain (all are targeted); quality local commercial banks; judiciary staff dealing with commercial disputes.

Other stakeholders engaged in the Action: (i) public institutions: Ministry of Commerce; Ministry of Industry; Ministry of Justice; Ministry of Social Action; Family and Women Promotion; EU member's states as trade counsellors. (ii) private sector: chambers of commerce; representatives/associations of private sector; Angolan and EU private operators involved in the selected value chain, from small producers to exporters and off-takers. (iii) Civil society organisations; (iv) Development partners: African Development Bank (AfDB), Agence Française de Développement (AFD), World Bank (WB), International Finance Corporation (IFC).

### 1.5 Problem analysis/priority areas for support

Overall, the following bottlenecks have constrained the development of value chains in the sector and are also valid for the coffee value chain (for further details on the coffee value chain analysis, see appendix 3):

- i. On the production side: **a)** low productivity levels, poor quality and regularity of production due to lack of access to affordable quality inputs, use of inefficient farming techniques, weak research and extension services for support to farmers and lack of a commercial mindset; **b)** high crop wastage due to poor storage facilities, lack of knowledge on preservation; poor standardisation and sorting of agriculture products; use of traditional storage facilities and lack of processing facilities; **c)** low inclusiveness: women are mostly found at the low end of the value chains, lacking education, self-confidence and technical skills, as well as facing cultural barriers. In addition, very few youth are involved in the rural agriculture sector<sup>12</sup>.

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<sup>12</sup> <https://www.oecd.org/dev/the-future-of-rural-youth-in-developing-countries-9789264298521-en.htm>.

- ii. On the trade side: **a)** the value chains have a weak governance system, lack of information on regulatory requirements and changes, market opportunities, technical and Sanitary and Phytosanitary (SPS) trade barriers and financial products; **b)** It lacks business management, marketing and negotiation skills, with negative impact on the pricing of their products; **c)** rural farmers have to deal with numerous intermediaries before their produce reach the final market. This further results in unbalanced and unfair prices being imposed to rural smallholders; **d)** cooperatives mainly depend on informal markets for their produce due to inconsistent quality and quantities and inability to secure good deals that guarantee timely payment; **e)** inadequate rural agricultural infrastructure (e.g feeder roads, irrigation systems and unreliable electricity supply for operationalisation of cooling storage systems for conservation of the agricultural produce) leading to high transport costs.
- iii. On the access to finance side: **a)** limited access to financial services to improve their production; **b)** clear land title for purposes of loan collateral is reportedly a challenge for some companies and individuals in accessing financing for agricultural activities; **c)** inefficiencies on dispute mechanisms to solve commercial cases and enforcement of contracts; **d)** the major part of the local commercial banks do not have the know-how and/or experience in dealing with MSMEs as they have usually work with large companies.

The main priority areas for support are: (1) Tackling bottlenecks of the coffee value chain that are currently unaddressed (including governance and institutional issues, public-private dialogue, quality standards and certifications, exports promotion); (2) strengthening capacities to increase access to finance of private sector operators (INAPEM, MSMEs, local commercial banks and judiciary staff).

## 2 RISKS AND ASSUMPTIONS

<b>Risks</b>	<b>Risk level (H/M/L)</b>	<b>Mitigating measures</b>
Planning / Timelines of the project vis a vis of agricultural timelines	M	The calendar for the implementation of the different activities of the Action should be completely aligned with the agricultural timing of the target value chain. A detailed planning should be prepared carefully during the inception phase taking into account seasonal requirements of the value chain.
Lengthy procurement processes	M	This risk is closely related to the previous one as delays in procurement processes will have a negative impact on project timings and the achievement of results. The Project Team will ensure that the procurement planning is aligned with operational requirements.
Fragmentation of national institutions' mandates, lack of coordination among national institutions	H	The Project Team and the Delegation of the European Union will ensure regular engagement with key national actors. Also, key national partners will be part of the Technical and Steering



and potential competitiveness amongst them		Committees, as relevant. Policy Dialogue will be promoted to reduce this risk. The issue will be raised at the political dialogue when needed (governance and overall coordination) in order to encourage positive signals and steering at adequate level.
Resistance to change	H	Changing behaviours and processes, mainly in the agriculture sector, can present initial resistance. Transparency and building trust through public-private dialogue among actors will be instrumental for the success of the Action. Political dialogue at the highest possible level will be pursued in order to address this delicate issue.
Lack of coordination among development partners	M	The Project Team will devote the needed time to coordinate among key actors and, as relevant, will be invited to key events, meetings and fora.
Lack of absorption capacity	M	The Action will ensure the needed support to properly manage/implement all the actions in accordance with a realistic planning based on national context capacities.
<b>Assumptions</b>		
<ul style="list-style-type: none"> <li>- Political commitment of the Government of Angola to this Action is high and supportive (in accordance with National priorities and development plans and programmes);</li> <li>- Commitment of national institutions with operational and implementation requirements;</li> <li>- The PAC (Support to Credit Programme) is approved and credit lines from commercial banks to support MSME and other financial instruments and public incentives are available and fully operational;</li> <li>- Willingness of public and private actors to achieve a common benefit and jointly meet the expected results and the desired impact.</li> </ul>		

### 3 LESSONS LEARNT AND COMPLEMENTARITY

#### 3.1 Lessons learnt

The design and formulation of this proposal has taken into account recommendations from other EU-funded projects in terms of ensuring national ownership and consultation processes to fully ensure the involvement and commitment of key actors. At the same time, the current thematic area (Private Sector support) is still an embryonic cooperation area in Angola, not only for the EU but also for other development partners (AFDB, WB, etc.), so no specific recommendations of lessons learnt from the country have been found. Inspiration in other country proposals and EU guidelines has been instrumental for the preparation of this Action document.

During the identification/formulation phase, several contacts took place with key International Financial Institutions (IFIs) (including AfDB, AFD, IFC) to explore blending opportunities to be potentially funded by this programme. Nonetheless, no IFIs were in a position to submit a mature proposal yet. Contacts will be kept along the implementation of the Action to seek further collaborations in this regard.

### 3.2 Complementarity, synergy and donor coordination

The major intervention where synergies and complementarities can be found are the following:

- ***Cabinda Province Agriculture Value Chains Development Project:*** In December 2017, the African Development Bank signed a new loan worth USD 101 000 000 to support selected Agriculture value chains (VC) in Cabinda and coffee is one of them. It includes provision of production inputs, crop protection mechanisms, equipment and training for farmers and value chain actors (including those involved in post-harvest technology support, processing and business management). However, end-market orientation, certification schemes and market analysis have been jointly identified as main areas for complementarities between this project and our proposed intervention.

- ***Commercial Agriculture Development Project (CADP; 2018-24):*** The objective of the project is to increase productivity and market access within six value chains (including coffee) in the two corridors that comprise the following provinces: The corridor (A) Luanda-Kwanza Sul-Huambo-Bié-Huila and the corridor (B) of Luanda-Kwanza Norte-Malanje. The CADP is funded by the World Bank (WB) and the French Development Agency (ADF) with an estimated budget of USD 227 000 000. It has 3 components: (1) Mobilising investments in agribusiness through business plans and support on access to finance; (2) Infrastructure for production and marketing (3) Business environment and institutional strengthening (main focus on agricultural research). The second component (on infrastructure) is clearly complementary to this Action in those areas where both interventions would take place and different synergies can be further developed in components one and three. This Action can bring additionality to the CADP on certification schemes and systems and on market intelligence, market analysis and export orientation/promotion on coffee value chain.

- The regional 11<sup>th</sup> EDF Eastern Africa – Southern Africa – Indian Ocean (EA-SA-IO) project of **"Support to Job Creation and the Investment Climate"**, which comes to support Angola's national quality system, including laboratory testing capacities for SPS compliance.

- The 11<sup>th</sup> EDF **Higher Education and Vocational Training** projects, that will promote Angola's human capital and the specialisation of post graduated institutions that are able to conduct relevant research and produce knowledge and technology to feed strategic VCs, including the coffee VC.

- The thematic **blending programmes:** AGRIFI, Africa Agriculture Trade and Investment Fund (AATIF) and Agri-Business Capital (ABC) Fund and, in the near future, Huruma Fund. Further synergies will be explored during the inception and implementation phases.

- The Value Chains Analysis for Development (VCA4D) project (2016/375-804) is part of the European Union "Inclusive and Sustainable Value Chains and Food Fortification Programme". Its objective is to produce and provide knowledge for enhanced project management, policy dialogue and decision making on value chains operations and accountability. A VCA4D study on coffee will be conducted in Angola during the inception phase of the Action and further guide its activities.

## 4 DESCRIPTION OF THE ACTION

### 4.1 Overall objective, specific objective(s), expected outputs and indicative activities

**Overall objective:** Contribute to diversified, sustainable and inclusive economic growth.

This Action is fully aligned with the National priority "Sustainable, Diversified and Inclusive Economic Development (National Development Plan 2018-2022 – Pillar 2)" and will serve to implement the Government's Support Programme for the **Production, Diversification of Exports and Substitution of Imports (PRODESI)** in the areas of access to finance and development of the coffee value chain.

**Specific Objective 1 (SO1):** Enhanced performance and growth of the coffee value chain.

The SO1 is clearly aligned with the PRODESI's programmes for Development of Coffee and the PROEXP coffee.

**Output 1.1.** Strengthened capacity of the INCA to provide quality services to coffee VC actors as per mandate.

**Indicative activities:**

1. Elaborate the "INCA-Capacity development assessment at individual and organisational levels" and related scorecard;
2. Review national legislation and regulation and fulfil legislative and regulatory gaps applied to coffee VC, for example price-related legislation, promotion and protection of labour rights and standards, in line with International Labour Organisation (ILO) core conventions, and decent work in the sector;
3. Identify and characterise all private operators involved in coffee value chains, including champions;
4. Support dialogue and cooperation among all entities (public, private operators, commercial banks, etc.) involved in the coffee value chain by establishing a platform with a common agenda and ensuring regular meetings to identify market barriers and opportunities and to propose solutions to be supported by the Action, including the promotion of the United Nations (UN) Guiding Principles on Business and Human Rights 13;
5. Train and capacitate INCA's extension services in terms of efficient and sustainable production, commercialisation, innovation, SPS and environmental standards, etc.;
6. Support the identification of financing opportunities for the sector and the elaboration of project proposals (including blending operations).

**Output 1.2.** Enhanced capacity of coffee VC stakeholders on quality assurance and certification.

**Indicative activities:**

1. Conduct a comprehensive mapping study on quality standards for target end markets (Europe and regional SADC);
2. Capacity building actions of main stakeholders on quality standards, certification schemes, social and environmental standards;

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[https://www.ohchr.org/Documents/Issues/Business/Intro\\_Guiding\\_PrinciplesBusinessHR.pdf](https://www.ohchr.org/Documents/Issues/Business/Intro_Guiding_PrinciplesBusinessHR.pdf)

3. Conduct a gender responsive training with Rights Based Approach taking into account labour conditions and participation of women;
4. Support the setting-up of national coffee certification schemes (SPS, organic, fair trade, etc.);
5. Prepare, follow-up and provide technical assistance through grants/call for proposals for the implementation, in the target provinces of the Action, of interventions on quality assurance and certification issues, with specific focus on fair trade and organic certification. These calls for proposals will be oriented to non-governmental organisations (NGOs), cooperatives, business associations, etc. and INCA should be actively involved as it will also represent a space for strengthening its capacity and involvement with key actors of the coffee value chain.

**Output 1.3.** Coffee exports promoted and facilitated.

Indicative activities:

1. Establish/improve market information systems for the coffee value chain, identifying new market niches appropriate for the national conditions;
2. Support the implementation of market information campaigns;
3. Propose simplification of measures and internal procedures to export. Support the operationalisation of the Exports Single Window (*Balcão Único do Exportador*);
4. Support the establishment of strategic partnerships between national private operators and European ones on the promotion of exports to European markets.

**Specific Objective 2 (SO2):** Improved inclusive use of diversified financial services, including innovative financial instruments (for MSMEs, women, youth and rural populations).

**Output 2.1.** Strengthened the capacity of the INAPEM to encourage and expand access to banking and financial services for MSMEs.

Indicative activities:

1. Elaborate the "INAPEM-Capacity development assessment at individual and organisational levels" and related scorecard;
2. Elaborate a capacity building action plan for the INAPEM;
3. Assess the INAPEM's internal procedures, tools and methodologies to provide the requested services to MSMEs, as per its mandate, and implementation of recommendations;
4. Organise knowledge exchanges with peer institutions and participation in national and international events related to access to finance;
5. Conduct a mapping study of financial options for MSMEs at national level;
6. Provide training to the INAPEM's staff and trainers on project preparation and the full cycle for access to finance;
7. Elaborate a regulatory framework related to Business Angels (BA): Identification of potential BA in the country, trainings, etc.;
8. Conduct a study on challenges and barriers for access to finance for MSMEs, women and youth, and implementation of its recommendations (E.g. informal levels, etc.);
9. Promote public-private structured dialogue in relation to access to finance for MSMEs (support its establishment, organisation and operationalisation), including the organisation of a national conference on access to finance for MSMEs.

**Output 2.2.** Increased financial literacy and capacity for development of bankable projects for MSMEs, with a focus on women, youth and rural population

Indicative activities:

1. Elaborate specific training materials for different MSMEs, in particular those led by/including women and youth, needs in relation to financial literacy and elaboration of bankable projects;
2. Conduct trainings for MSMEs using different methodologies in Luanda and in the target provinces of the Action;
3. Raise awareness campaigns.

**Output 2.3.** Improved capacity of local commercial banks<sup>14</sup> for diversifying financial services for MSMEs, including the use of innovative financial instruments.

Indicative activities:

1. Assess local commercial banks' needs related to financial services and products for MSMEs;
2. Elaborate specific training materials for different local commercial banks' needs;
3. Conduct trainings for local commercial banks using different methodologies in Luanda and in the target provinces of the Action;
4. Raise awareness campaigns;
5. Conduct a study on innovative financial solutions, that can also be applied to women farmers/MSMEs and its application to the national context (including focus on the coffee value chain).

**Output 2.4:** Improved capacity of judicial staff on commercial disputes.

Indicative activities:

1. Assess judicial staff's needs related to commercial disputes and the quality of judicial processes for men and women;
2. Elaborate specific training materials for judicial staff ' needs (e.g. contract enforcement and insolvency-related issues, labour rights and standards);
3. Conduct (formal and on-the-job) trainings for judicial staff.

## **4.2 Intervention Logic**

The logic behind this intervention is primarily focused on four building blocks. The main one is capacity building at all levels: individual, organisational and systemic. This approach will be used for both SOs, as indicated below.

- a. At the individual level: focus on personal capacities, behaviours, technical knowledge and skills. It is normally addressed through trainings, learning-by-doing, participation in different fora, etc. (output 1.1, 1.2, 2.1, 2.2, 2.3, 2.4);
- b. At the organisational level: focus on the institutions' performance. It is normally addressed through developing/reviewing mandates, elaboration of tools and guidelines to better implement the mandate, and through improvements in management information systems. (output 1.1, 1.2, 2.1, 2.3);

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<sup>14</sup> Beneficiaries of this output will be commercial banks involved in the PAC (Credit Support Programme), to ensure a clear link between the training provided and the PAC.

- c. At the systemic level: focus on "business environment". It is normally addressed through reviewing national current policies, economic and regulatory frameworks that affect institutional performance. (output 1.1, 1.2, 1.3, 2.1).

The second building block is based on the different levels of intervention required to upgrade the coffee value chain (SO1) (process, product and market)<sup>15</sup>:

- a. Process upgrading: increase in efficiency of production through better organisation or improved technology (output 1.1);
- b. Product upgrading: improving product quality driven by end markets standards – social, environmental, food safety, etc. (output 1.2);
- c. Market upgrading: firms enter one or more new end markets in the same basic product. Mainly, the European and regional-SADC- markets will be explored (output 1.3).

The third building block is the facilitation to access finance (SO2), which is crucial to support and develop the private sector in the country. Access to finance will be facilitated through strengthening skills of key actors such as the INAPEM<sup>16</sup>, private firms, local commercial banks and judges involved in solving commercial disputes, and will be primarily focused on the implementation of the recently approved Government's Credit Support Programme (PAC).

The fourth building block is the support of structured dialogue among private, public sector and public-private actors (output 1.1, 2.1), which is completely aligned with the Sustainable Business for Africa (SB4A). As suggested by the CADP value chain study, the establishment of a self-regulating and industry-driven representative coffee industry association (or similar) is crucial for the revitalisation of the sector. Current fragmentation among actors is one of the key elements contributing to high inefficiencies along the VC.

In order to better define the activities and set the baselines for the indicators of the logical framework, the Delegation will be assisted by the VC4D Facility in the inception phase of the Action to provide more clarity as to where the bottlenecks and the opportunities in this value chain are.

### 4.3 Mainstreaming

Women, young and rural populations are the direct and indirect beneficiaries of the Action. They are target groups for trainings and technical support for both components: access to finance and the coffee value chain.

Under the coffee value chain component, environmental sustainability, greener production, and adaptation to climate change and biodiversity protection will be included in all activities related to: transfer of technology, research, coffee extension services, organic certification, etc. This will be done through the Technical Assistance that will implement this component.

As during the formulation phase, a gap on information related to social, gender and environmental dimension, a Value Chain for Development (VC4D) study will be conducted during the inception phase to properly address these issues.

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<sup>15</sup> Kaplinsky, Raphael. 2016. *Inclusive and Sustainable Growth: The SDG Value Chains Nexus*. Geneva: International Centre for Trade and Sustainable Development (ICTSD).

<sup>16</sup> See INAPEM's mandate under section 1.4 Stakeholder analysis.

#### **4. 4 Contribution to Sustainable Development Goals (SDGs)**

This intervention is relevant for the United Nations 2030 Agenda for Sustainable Development. It contributes primarily to the progressive achievement of **SDG 8** (Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all), with reference to target 8.7 on elimination of child labour and **SDG 9** (Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation), while also contributing to **SDG 1** (End poverty in all its forms everywhere), **SDG 2** (End hunger, achieve food security and improved nutrition and promote sustainable agriculture), **SDG 5** (Achieve gender equality and empower all women and girls), specifically **target 5.5**. (Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision making in political, economic and public life), **SDG 12** (Ensure sustainable consumption and production patterns), specifically **target 12.3** (By 2030, halve per capita global food waste at the retail and consumer levels and reduce food losses along production and supply chains, including post-harvest losses), and **SDG 13** (take urgent action to combat climate change and its impacts), specifically target 13.1 (strengthen resilience and adaptive capacity to climate-related hazards and natural disasters).

### **5 IMPLEMENTATION**

#### **5.1 Financing agreement**

In order to implement this action, it is foreseen to conclude a financing agreement with the partner country.

#### **5.2 Indicative implementation period**

The indicative operational implementation period of this action, during which the activities described in section 4 will be carried out and the corresponding contracts and agreements implemented, is 60 months from the date of entry into force of the financing agreement.

Extensions of the implementation period may be agreed by the Commission's responsible authorising officer by amending this Decision and the relevant contracts and agreements.

#### **5.3 Implementation of the budget support component**

S.O.

#### **5.4 Implementation modalities**

The Commission will ensure that the EU appropriate rules and procedures for providing financing to third parties are respected, including review procedures, where appropriate, and compliance of the action with EU restrictive measures<sup>17</sup>.

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<sup>17</sup> [www.sanctionsmap.eu](http://www.sanctionsmap.eu) Please note that the sanctions map is an IT tool for identifying the sanctions regimes. The source of the sanctions stems from legal acts published in the Official Journal (OJ). In case of discrepancy between the published legal acts and the updates on the website it is the OJ version that prevails.

#### **5.4.1 Grants: (direct management)**

(a) Purpose of the grant(s)

The grant will be used to achieve SO2 (access to finance).

(b) Type of applicants targeted

The main beneficiary of the grant is an Angolan public institute (INAPEM National Institute to support MSMEs – *Instituto Nacional de apoio às micro, pequenas e médias empresas*) and the co-applicant is a Portuguese public institute (IAPMEI - (Innovation and Competitiveness Agency - *Agencia para Competitividade e Inovação*).

These peer institutions have already established and signed a broad Memorandum of Understanding (MoU) to ensure cooperation in the areas of their respective mandates.

(c) Justification of a direct grant

Under the responsibility of the Commission's authorising officer responsible, the grant may be awarded without a call for proposals to the INAPEM. Under the responsibility of the Commission's authorising officer responsible, the recourse to an award of a grant without a call for proposals is justified because the action has specific characteristics requiring a specific type of beneficiary for its technical competence, specialisation or administrative power. In this case, the INAPEM is the public institute in the recipient country with presidential mandate to deal with the specific areas described in this Action and it has exclusive competence in the field of activity in the country. The IAPMEI will be responsible for providing (direct or indirect) technical assistance to strengthen the INAPEM's capacities and to implement different training packages adapted to target beneficiaries.

#### **5.4.2 Procurement (direct management)**

The procurement will contribute to achieve SO1 (upgrading the coffee value chain).

An international tender for service contracts to provide technical assistance (TA) will be launched and the technical assistance will, in turn, prepare and follow-up on specific call for proposals to implement part of the activities of the outputs 1.2 and 1.4.

The TA team coordinator will be based in the UTPRODESI and will provide support to this Unit in the coordination and supervision of the Action's components, as well as providing technical expertise to the implementation of Component 1. In regards to the latter, the Consultant will provide experts that will provide direct assistance to the main direct beneficiaries of that component: INCA for outputs 1.1 and 1.2 and AIPEX for output 1.3. Under the coordination of INCA, the TA team will also assist the beneficiaries of the grants scheme and the call for proposals to ensure high quality of results.

<b>Subject</b>	<b>Indicative type (works, supplies, services)</b>	<b>Indicative trimester of launch of the procedure</b>
Technical assistance	services	Q3 2020



## 5.5 Scope of geographical eligibility for procurement and grants

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply, subject to the following provisions.

The Commission's authorising officer responsible may extend the geographical eligibility on the basis of urgency or of unavailability of products and services in the markets of the countries concerned, or in other duly substantiated cases where the eligibility rules would make the realisation of this action impossible or exceedingly difficult.

## 5.6 Indicative budget

	<b>EU contribution (amount in EUR)</b>
5.4.1 Grants (direct management) – including Communication and Visibility for component 2	2 000 000
5.4.2 Procurement (direct management) – including Communication and Visibility for component 1	9 700 000
5.9 Evaluation, 5.10 Audit	200 000
Contingencies	100 000
<b>TOTAL</b>	<b>12 000 000</b>

## 5.7 Organisational set-up and responsibilities

As this Action will be directly supporting the implementation of the Government's Support Programme for the Production, Diversification of Exports and Substitution of Imports (PRODESI), the Coordinator will be the Minister of Economy and Planning.

A Steering Committee (SC), chaired by Minister of Economy and Planning and the EU Head of Delegation, will be set up to decide the overall direction of the project, to monitor the indicators and to supervise the implementation of the project's activities. Other permanent members of the SC include the National Authorising Office (NAO), INAPEM, AIPEX, INCA and the implementing partners (technical assistance team and IAPMEI). Other stakeholders, including the Ministry of Commerce, Ministry of Industry, Ministry of Justice, Ministry of Social Action, Family and Women Promotion could be also invited to participate, as well as private sector, civil society organisations, including bodies/cooperatives that represent farmers, women and youth organisations. Other donors and development partners may be invited in order to improve the coordination and complementarity of interventions. The SC shall meet once a year. Additional meeting can be arranged ad hoc at the request of any of its permanent members.

The SC's work will be supported by the Technical Committee (TC). The TC will consist of representatives of the main stakeholders of this Action: MEP, EUD, NAO, INAPEM, AIPEX, INCA, IAPMEI and the concerned departments and stakeholders involved in the activities.

The TC will meet every quarter to define, follow-up and monitor the implementation of activities.

Both the SC and the TC will be assisted by the Technical Assistance team.

### **5.8 Performance and Results monitoring and reporting**

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process, and part of the implementing partner's responsibilities. To this aim, the implementing partner shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports (not less than annual) and final reports. Every report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its results (outputs and direct outcomes) as measured by corresponding indicators, using as reference the Logframe matrix.

In order to have specific data for the proposed indicators, a baseline survey will be conducted during the inception phase, and no later than 6 months after the initiation of the Action. This survey will be useful to establish the Monitoring and Evaluation (M&E) system of the project. The Technical Assistance recruited for the implementation of the SO1 will be responsible for the elaboration of the baseline report for this component during the inception phase. The IAPMEI, jointly with the INAPEM, will be responsible for the elaboration of the scorecards mentioned under component SO2 and for conducting the baseline report for this component. A second survey will be conducted before the mid-term review, to have data available related to progress on implementation and a final survey, at least 4 months before the end of the Action, will be also conducted. Funds for these surveys should be allocated under budget for each component.

The report shall be laid out in such a way as to allow monitoring of the means envisaged and employed and of the budget details for the action. The final report, narrative and financial, will cover the entire period of the action implementation.

The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews).

### **5.9 Evaluation**

Having regard to the nature of the action, a mid-term and a final evaluation will be carried out for this action or its components contracted by the Commission.

The mid-term evaluation will be carried out for problem solving and/or learning purposes, in particular with respect to efficiency and efficiency of resources, complementarity with other interventions.

The final evaluation will be carried out for accountability and learning purposes at various levels (including for policy revision), taking into account in particular the fact that the intervention has an innovative approach in supporting the private sector in the country.

The Commission shall inform the implementing partner at least 1 month in advance of the dates foreseen for the evaluation missions. The implementing partner shall collaborate

efficiently and effectively with the evaluation experts, and inter alia provide them with all necessary information and documentation, as well as access to the project premises and activities.

The evaluation reports shall be shared with the partner country and other key stakeholders. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, in agreement with the partner country, jointly decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the project.

Evaluation services may be contracted under a framework contract.

#### **5.10 Audit**

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audits or expenditure verification assignments for one or several contracts or agreements.

It is foreseen that audit services may be contracted under a framework contract.

#### **5.11 Communication and visibility**

Communication and visibility of the EU is a legal obligation for all external actions funded by the EU.

This action shall contain communication and visibility measures which shall be based on a specific Communication and Visibility Plan of the Action, to be elaborated at the start of implementation.

In terms of legal obligations on communication and visibility, the measures shall be implemented by the Commission, the partner country, contractors, grant beneficiaries and/or entrusted entities. Appropriate contractual obligations shall be included in, respectively, the financing agreement, procurement and grant contracts, and delegation agreements.

The Communication and Visibility Requirements for European Union External Action (or any succeeding document) shall be used to establish the Communication and Visibility Plan of the Action and the appropriate contractual obligations.

Due to the different nature of both components of the Action (access to finance and coffee production), it is foreseen that Communication and Visibility for the component 1 of the Action will be provided by Contractor under Component 1 and Communication and Visibility for the component 2 of the Action will be provided by Contractor under Component 2.

## **6 PRE-CONDITIONS**

N/A.

## APPENDIX 1- INDICATIVE LOGFRAME MATRIX

On the basis of this indicative logframe matrix, a more detailed logframe(s) might be developed at contracting stage linked to this Action Document. The indicative logframe matrix will evolve during the lifetime of the intervention. The activities, the expected outputs and related indicators are indicative and may be updated during the implementation of the intervention as agreed by the parties (the European Commission and the implementing partner/s).

The logframe matrix must be used for monitoring and reporting purposes. At the latest in the first progress report, implementing partner/s should include the complete logframe including all baselines and targets for each indicator). Each progress report should provide the most up to date version of the logframe as agreed by the parties (the European Commission and the implementing partner/s) with current values for each indicator. The final report should enclose the logframe with baseline and final values for each indicator.

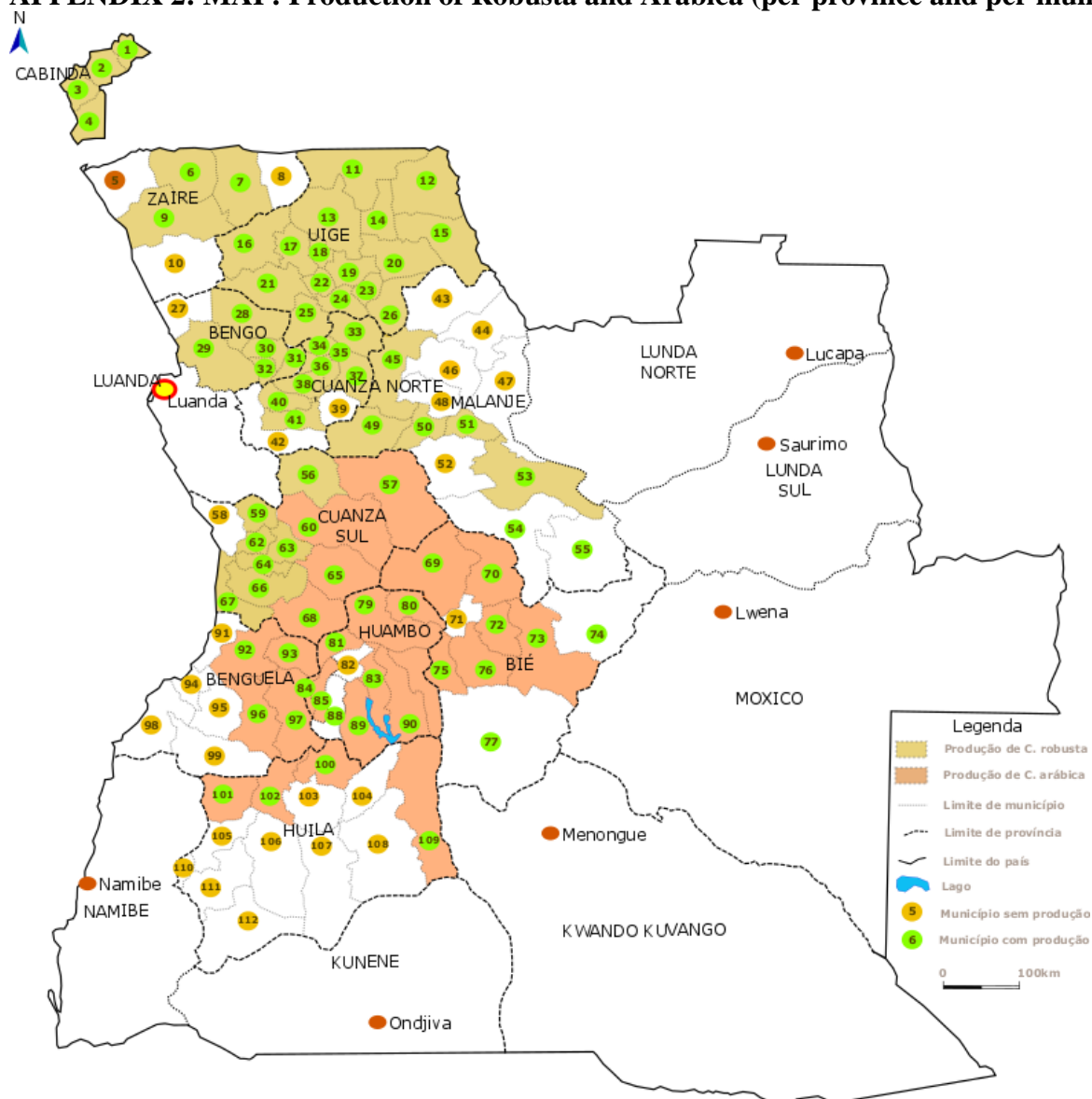
	<b>Results chain: Main expected results (maximum 10)</b>	<b>Indicators (at least one indicator per expected result)</b>	<b>Sources of data</b>	<b>Assumptions</b>
<b>Impact (Overall Objective)</b>	Contribute to diversified, sustainable and inclusive economic growth  Desenvolvimento Económico Sustentável, Diversificado e Inclusivo (PND 2018-2022 – Eixo 2)	1. Non-oil share of Gross Domestic Product (GDP)  2. Annual growth rate of real GDP per employed person (%) (SDG indicator)	1. Instituto Nacional de Estatística (INE) Reports  2. INE Reports	<i>Not applicable</i>
<b>Outcome(s) (Specific Objective(s))</b>	<u><b>Specific Objective 1 (SO1):</b></u> Enhanced performance and growth of coffee value chain	<b>Indicator 1.1 (SO1):</b> Coffee production (Kg/ha average per producer) in targeted areas  <b>Indicator 1.2 (SO1):</b> Volume of coffee exports (Kg and USD)	1.1. INCA annual reports  1.2. APEX reports	* Support from other development partners is still provided  * Economic, political and climatic stability of the country.  * Diversification of economy is a priority for the GoA

	<p><b><u>Specific Objective 2 (SO2):</u></b> Improved inclusive use of diversified financial services, including innovative financial instruments (for MSMEs, women, youth and rural populations) (EU Sector indicator guidance – Investment Climate)</p>	<p><b>Indicator 2.1 (SO2):</b> World Bank Doing Business "getting credit" score (%) (EU Sector indicator guidance – Investment Climate)</p> <p><b>Indicator 2.2 (SO2):</b> Percentage of supported MSMEs that have received lenders' financial backing (EU Sector indicator guidance – Investment Climate)</p>	<p>2.1 World Bank-Doing Business Report</p> <p>2.2 Project M&amp;E system</p>	<p>* PAC and related financial instruments and public incentives to local commercial banks are fully operational</p> <p>* Business environment is conducive to investments.</p>
<b>Outputs</b>	<p><b><u>SO1. Upgrading Coffee Value Chain</u></b></p> <p><b>Output 1.1.</b> Strengthened the capacity of INCA to provide the quality services to coffee VC actors as per mandate.</p>	<p><b>Indicator 1.1.1:</b> Capacity building Scorecard applied to INCA (including disaggregation by sex where relevant)</p>	<p>1.1.1. Project M&amp;E system</p>	<p>* Strong political commitment and involvement of key actors, specifically from INCA and AIPEx</p> <p>* All actors</p>

	<b>Output 1.2.</b> Enhanced capacity of coffee VC stakeholders on quality assurance and certification.	<b>Indicator 1.2.1:</b> Number of new or renewed conformity schemes-related certifications obtained by supported private operators and national institutions for their products, services and systems ( <i>EU Sector indicator guidance – Investment Climate EURF L2114</i> )	<i>1.2.1. Project M&amp;E system</i>	involved in the coffee value chain are opened for collaboration and building trustable relationship (including among public and private actors)
	<b>Output 1.3.</b> Coffee exports promoted and facilitated	<b>Indicator 1.3.1:</b> Number of variety of channels used, diversity of target groups (including disaggregation by sex) and coffee market information material produced	<i>1.3.1. Project M&amp;E systems</i>	
	<b><u>SO2. Access to finance</u></b> <b>Output 2.1.</b> Strengthened the capacity of INAPEM to encourage and expand access to banking and financial services for MSMEs ( <i>SDG Target 8.10</i> )	<b>Indicator 2.1.1:</b> Capacity building Scorecard applied to INAPEM (including disaggregation by sex where relevant)	<i>2.1.1. Project M&amp;E system</i>	* Strong political commitment and involvement of key actors, specifically from INAPEM
	<b>Output 2.2.</b> Increased financial literacy and capacity for development of bankable projects for MSMEs, with a focus on women, youth and rural population ( <i>EU Sector indicator guidance – Investment Climate</i> )	<b>Indicator 2.2.1:</b> Number of MSMEs trained (disaggregated by sex, age and sector))	<i>2.2.1. Project M&amp;E system</i>	* PAC and related financial instruments and public incentives to local commercial

	<b>Output 2.3.</b> Improved capacity of local commercial banks for diversifying financial services for MSMEs, including the use of innovative financial instruments <i>(EU Sector indicator guidance – Investment Climate)</i>	<b>Indicator 2.3.1:</b> Number of new loans provided to MSMEs resulting from programme support disaggregated by age, sex, rural/urban <i>(EU Sector indicator guidance – Investment Climate)</i>	2.3.1. <i>Project M&amp;E system</i>	banks are fully operational (Availability of MSME financing in Angola)
	<b>Output 2.4.</b> Improved capacity of judicial staff on commercial disputes	<b>Indicator 2.4.1:</b> Capacity building Scorecard applied to judicial staff indicated to deal with commercial disputes (including disaggregation by sex where relevant)	2.4.1. <i>PAC monitoring reports</i>	

## APPENDIX 2: MAP: Production of Robusta and Arabica (per province and per municipality)



CABINDA	UIGE	BENGO	MALANJE	CUANZA SUL	BIÉ	HUAMBO	BENGUELA	HUILA
1 Belize	11 Maquela do Zombo	27 Ambriz	43 Massango	56 Libolo	69 Andulo	79 Bailundo	91 Lobito	109 Caconda
2 Buco Zau	12 Quimbele	28 Nambuangongo	44 Marimba	57 Mussende	70 Nharea	80 Mungo	92 Bocoio	101 Quilengues
3 Lândana	13 Damba	29 Dande	45 Calandula	58 Porto Amboim	71 Kunhinga	81 Londuimbale	93 Balombo	102 Caluquembe
4 Cabinda	14 Buengas	30 Dembos Quibaxe	46 Cahombo	59 Quienda	72 Katabola	82 Ekunha	94 Benguela	103 Chicomba
	15 Macocola	31 Bula Atumba	47 Kunda dya Baze	60 Quibala	73 Kamacupa	83 Huambo	95 Caimbambo	104 Chipindo
<b>ZAIRE</b>	16 Bembe	32 Pango Aluquem	48 Kiwaba Nzoji	61 Kiwaba Nzoji	74 Kuemba	84 Chinjenje	96 Cubal	105 Lubango
5 Soyo	17 Songo		49 Cacuso	62 Amboim	75 Chinguar	85 Ukuma	97 Ganda	106 Quipungo
6 Noqui	18 Mucaba	<b>KUANZA NORTE</b>	50 Malanje	63 Ebo	76 Kuito	86 Longonjo	98 Baia Farta	107 Matala
7 Mbanza Congo	19 Bungo	33 Ambaca	51 Mucari	64 Conda	77 Chitembo	87 Chitembo	99 Chongoroi	108 Jamba
8 Cuimba	20 Sanza Pombo	34 Bolongongo	52 Calandula	65 Uaco Cungo		88 Caála		109 Cuvango
9 Tomboco	21 Ambuila	35 Quiculungo	53 Kambundi Katembo	66 Seles		89 Huambo		110 Humpata
10 Nzeto	22 Uige	36 Banga	54 Lukembo	67 Sumbe		90 Cachiungo		111 Chibia
	23 Puri	37 Samba Caju	55 Kirima	68 Cassongue				112 Chiange
	24 Negage	38 Ngonguembo						
	25 Dange	39 Lucala						
	26 Alto Cauali	40 Golungo Alto						
		41 Cazengo						
		42 Cambambe						



### APPENDIX 3: SWOT analysis of the coffee value chain in Angola

The production of coffee<sup>18</sup> in Angola was introduced by the Portuguese colony and it found its peak production during the 70s, becoming Angola the largest coffee producer in Africa. However, after independence and during the civil war, production levels decreased to residual expression. According to the International Coffee Organisation (ICO) statistics<sup>19</sup>, Angola's production went from around 240 000 tons/year in 1972/73 to around 2 100 tons in 2017. This reduction has been influenced by many factors, just to name a few: **i)** the cultivated area was reduced from around 600 000 ha to less than 100 000 ha today due to abandon for security issues during the war; **ii)** the previous production system was based on large scale farms, with financial, technological and commercial capacity, while currently, more than 90% of the production and 80% of the total area cultivated is secured by small-scale farmers, where productivity drastically decreased from around 520 Kg/ha to 200 Kg/ha, due to lack of effective extension services, lack of access to finance, and other constraints indicated below<sup>20</sup>.

This decrease in production has also been reflected on trade figures: exports dropped from around 240 000 tons/year (~USD 269M) to 500 tons in 2017 (~USD 1M)<sup>21</sup> and imports during the last 3 years have been higher than exports, mainly as transformed coffee as there is no instant coffee processing currently in the country<sup>22</sup>. Main countries that export to Angola: Portugal, South Korea, Brazil and main countries which import from Angola are: Portugal, Lebanon, Spain, Belgium, Dubai and RDC.

There are two varieties produced in Angola: Robusta (in the province of Cabinda, Kwanza Norte, Kwanza Sul and Uíge), accounting for almost 95% of national production and Arabica (in the province of Huambo, Benguela and Bié)<sup>23</sup>. Due to favorable edapho-climatic conditions, both varieties have great potential to increase its production in terms of cultivated area as well as in terms of yield per hectare. Both varieties are well placed in the international market: the Robusta cultivated in Angola has been reported as with special flavor and conditions with great market potential even if the global price is lower than the Arabica variety. In addition to that, Angola can explore blending with local material to achieve specific market niches and even to reduce Arabica imports through local production of this variety.

STRENGTHS	WEAKNESS
<ul style="list-style-type: none"><li>- Coffee production/export culture in the country</li><li>- Adaptability of both Arabica and Robusta varieties to national soils, creating potential for diversification of the supply</li><li>- Arable land available and adapted to coffee in the country</li><li>- Current organic production (even though</li></ul>	<ul style="list-style-type: none"><li>- Fragmentation of the coffee value chain</li><li>- Low productivity</li><li>- Low production and irregular (do not meet export market requirements)</li><li>- Low level of technical assistance to producers</li><li>- High cost of production</li><li>- Centralisation of commercial structures for</li></ul>

<sup>18</sup> For further details, a SWOT analysis can be consulted included as appendix 3.

<sup>19</sup> [http://www.ico.org/trade\\_statistics.asp](http://www.ico.org/trade_statistics.asp).

<sup>20</sup> Bellachew, B., 2015, A brief account of coffee production in Angola: a quick assessment report.

<sup>21</sup> Bellachew, B., 2015, A brief account of coffee production in Angola: a quick assessment report.

<sup>22</sup> OABS Development, Nov 2018, "Consulting services to support value chain analysis/development for poultry & eggs, maize, and soy, and coffee value chains: value chain mapping and sector profile report".

<sup>23</sup> See map-appendix 2.

there is no certification system in place) - Political will to revitalise the sector	export ( <i>rebeneficiamento em Luanda</i> ) - No incentives for coffee production
<p style="text-align: center;"><b>OPPORTUNITIES</b></p> <ul style="list-style-type: none"> <li>- International interest from large operators in the Angola coffee for integration into global value chains</li> <li>- Innovation technologies applied to the sector</li> <li>- Increase markets niche for organic coffee (or other certifications)</li> <li>- Increase of market opportunities with new markets (China, Russia, etc.)</li> </ul>	<p style="text-align: center;"><b>THREATS</b></p> <ul style="list-style-type: none"> <li>- Youth not involved in coffee production</li> <li>- Shorter-term and quicker-revenues with other kind of cultures</li> <li>- Access to finance</li> <li>- Coffee imported is cheaper and already established in the country</li> <li>- Global increase in coffee production</li> </ul>

**Source:** AIPEX, 2019, Programme of exports promotion and internationalisation of companies in the coffee sector (2018-2022)