



Leadership in a Global Future

Agribusiness in Angola

9 Billion people until 2050

With the constant increase in global population, the reality is that food has become a scarce resource. Since it is evermore likely that the world population will surpass the 9 billion people mark by 2050, as a consequence of this growth, the demand for food goods is expected to increase above 70%.

Africa has the opportunity to become the main supplier of food to the world due to the natural conditions and abundant agricultural potential that exists in the continent.

According to the United Nations Industrial Development Organisation (UNIDO), agribusiness in Africa is responsible for 65% of jobs and 75% of domestic trade. The continent boasts a growth rate of 5% per year, which may result in the tripling of its Gross Domestic Product (GDP) until 2030.

At this rate, the GDP in Africa may surpass Asia's in 2050. With direct ties to the rest of the economy, agribusiness and the agro-processing industry may prove to be the necessary catalyst to boost this level of growth in Africa.

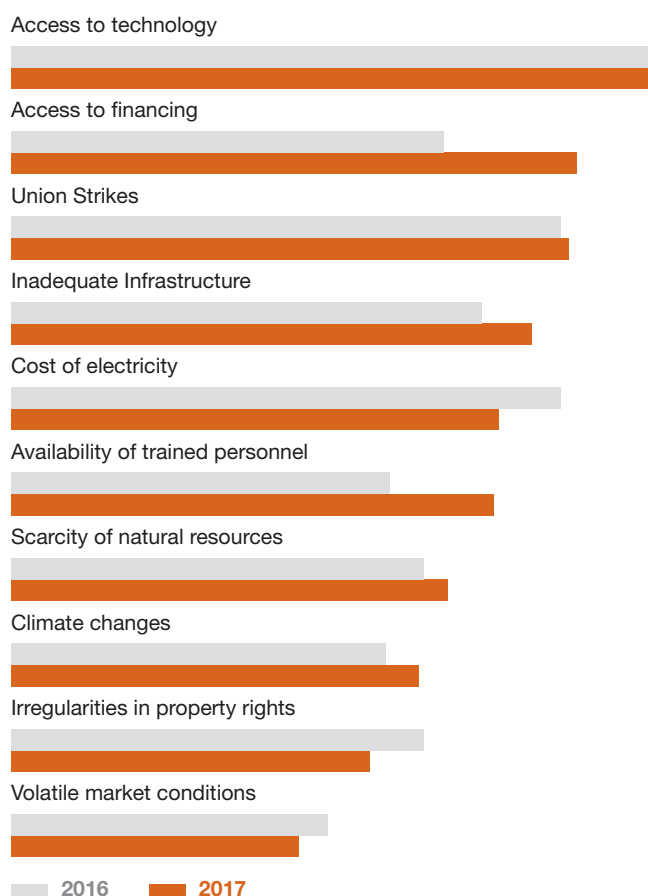
Agriculture and agribusiness are becoming increasingly and evermore relevant, as food security becomes an increasingly relevant topic. Companies in the agribusiness sector in Africa have to be prepared for the contours of the industry in which they operate, more specifically the external factors that have a decisive impact and the dynamic rules "of the game", in order to become leaders and key players of the industry.

Angola has the potential to become one of the leading countries in the agribusiness market in Africa thanks to its fertile and rich soils and favourable natural conditions, which are essential for the farming of animals and crops. However, only 10% of the 58 million hectares of land available for agricultural production is currently being used.

Aproximately 90% of farms in Angola are small and medium sized, being used predominantly for subsistence agriculture. **The most commonly produced crops include cassava, banana, potatoes, sweet potatoes, corn, tomatoes, onions and pineapples.**

In Angola, there is an urgent need to set the stage for diversification of the economy and sustainable growth, with agribusiness par excellence being the sector that presents the most opportunities and the greatest potential for growth. The Angolan government has developed several initiatives for the development and increase of investment in the agribusiness sector, with the objective of promoting national production and reducing the dependence on food imports. International organizations such as FAO have also complemented agribusiness development efforts in Angola through funding and the implementation of programs.

Major challenges in the development of the agribusiness market



Source: "PwC Africa Agribusiness Insight Survey 2018 - with responses from more than 32 countries providing a valuable insight on Agribusiness in Africa as a whole.

Agribusiness Value Chain



Inputs

- Difficult access to more modern and efficient seed varieties
- High cost of agricultural chemicals
- Climate change – high temperatures and irregular rain



Production

- Low protection against plagues and diseases
- Poor irrigation systems
- Low level of mechanisation
- Few initiatives on agroindustrial research



Transformation and Storage

- Fuel and electricity costs
- Industrial materials cost for transformation
- Proper storage infrastructures
- Low level of training of workers



Distribution and Commercialisation

- Low quality of roads and lack of integration of the transportation networks
- Low cost of imported products
- High incidence of the informal market



Consumers

- Change in the consumption habits
- Consumers increasingly demanding with the products



Regulators

MINAGRIF

Ministério da Agricultura e Florestas

MIND

Ministério da Indústria

MINPESMAR

Ministério das Pescas e do Mar

MEP

Ministério da Economia e Planeamento

Poor infrastructures | Limited transformation industry | Workers with limited training | Poor scientific research
Difficulty in access to fundings | Limited storage infrastructures



Financial Institutions

- **BNA** – Banco Nacional de Angola
- **BDA** – Banco de Desenvolvimento de Angola
- **Bancos Comerciais**
- **FIDA** – Fundo Internacional de Desenvolvimento
- **BAD** – Banco Africano de Desenvolvimento



Research Institutes

- **IIA** – Instituto de Investigação Agronómica
- **IIV** – Instituto de Investigação Veterinária
- **IDA** – Instituto de Desenvolvimento Agrário
- **CESSAF** – Centro de Excelência em Ciências para a Sustentabilidade em África

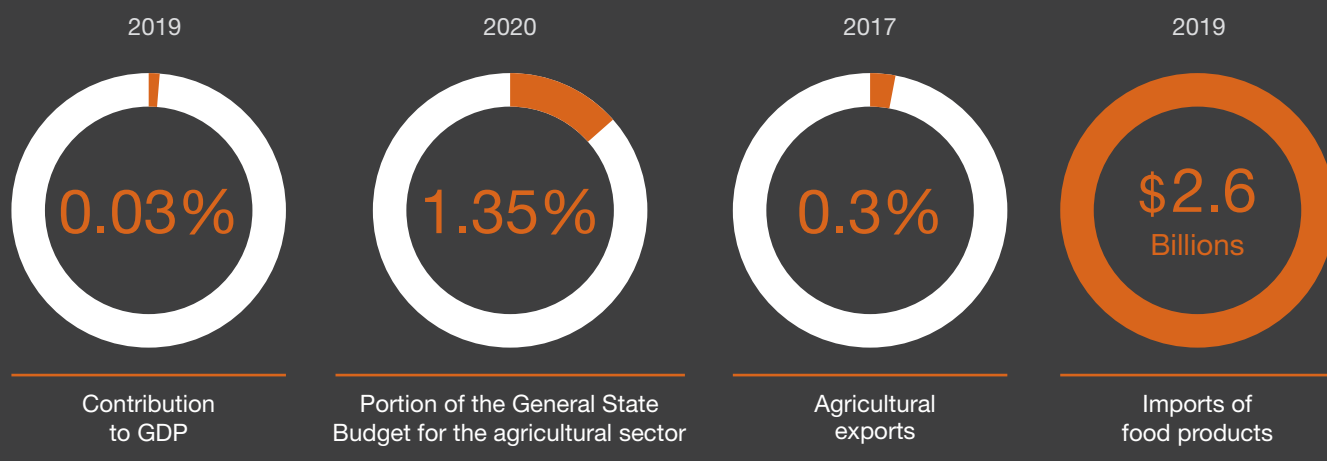


Institutional Programmes

- **PAC** – Projecto de Apoio ao Crédito
- **PRODESI** – Programa de Apoio à Produção, Diversificação das Exportações e Substituição das Importações
- **MOSAP II** – Projecto de Desenvolvimento da Agricultura Familiar e Comercialização

Agribusiness in numbers

58 Million hectares of arable land



Production – Tonnes (2018 – 2019 campaign)



4.02M

Banana

2.8M

Corn

325.649

Beans

137.200

Meat

16.000

Coffee

Exports* – Millions of US\$ (2019)



53.6

Fish

37.4

Wood

5.7

Açúcar
e confeitaria

2.1

Café

0.6

Sal

Importações** – Milhões de US\$ (2018)



744.12

Carnes
e miudezas
comestíveis

383.01

Cereais

190

Sugar and
confectionery

161

Drinks, spirits
and vinegars

149

Fish

The future of Agribusiness in Angola

Precision Agriculture

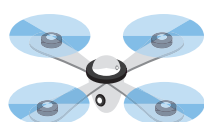
Traditional agricultural activities depend on predetermined cycles, however, by monitoring and collecting real-time data such as soil quality, climate variability and plantation maturity, predictive analysis can assist in decision making, thus allowing for precision farming.



Opportunities for technological innovations

- Real-time data availability
- System integrations
- Forecasts of demand levels and supply management
- Better budget management in the face of fluctuations in production costs
- Precision agriculture including the use of mobile devices, analytics and sensors
- Better traceability of produced foods, increased food security
- Cloud data storage for quick access
- Use of applications for plantation management and identification, climate monitoring and animal health
- Cross-border communication channels

Some of the technological innovations that have been applied in the sector



Precision Drones

- Soil analysis
- Accurate aerial photography
- Monitoring of animals
- Aid in spraying and watering

Automation and agricultural management systems

- Interconnected machinery
- Monitoring of harvests in real time
- Application of fertilizers at controlled depths
- Systems that release approved pheromones, which interfere with the reproductive cycle of pests.

Chemical-free pest control

- Systems that release controlled pheromones that interfere with the reproductive cycle of pests
- Pest capture, counting and monitoring systems
- Field monitoring and pest response

Irrigation Sensors

- Interconnected sensor networks
- Intelligent water management systems



Why PwC

PwC is a world leader in providing professional services to the agricultural sector and the food value chain.

Our experience in the sector allows for a privileged position in working with public and private organizations, as well as groups interested in investing in a sector with great potential.

We work closely with our customers in order to have an accurate understanding of their needs as well as to add value by applying the knowledge and skills of our teams of industry experts.

Our solutions

PwC has a multidisciplinary team that allows it to support the most varied companies in different stages of the life cycle, presenting solutions adapted to the challenges and the specific needs of each company.



Idea

- Market research
- Feasibility studies (legal, fiscal, technical and economic)
- Value chain analysis for specific products
- Fundraising and investment



Growth and Maturity

- Development of growth strategy
- Agrarian consulting
- Definition and implementation of a strategy of sustainability, communication and reporting
- Professionalization of management
- Support in performance management and control management information
- Optimization of the supply chain
- Crisis Management
- Identification of opportunities for expansion
- Digital transformation and precision agriculture
- Implementation of services supported by Drones
- Organizational restructuring for value creation
- Succession and continuity plans
- Training and qualification of personnel



Set up/Purchase

- Constitution of the company
- People, Processes and Technology
- Audit and accounting services
- Implementation of best practices
- Support in personnel recruitment
- Selection and Integration of computer systems
- Implementation of technological solutions
- Due Diligence (Financial, Operational Tax, Environmental)
- Fiscal and regulatory structuring (foreign exchange and private investment) investment
- Tax benefits



Exit/Sale

- Development of an exit strategy
- Mergers and acquisitions
- Evaluation of the company
- Identification of buyers
- Sale of assets
- Due Diligence (Financial, Operational Tax, Environmental)
- Tax and exchange structuring of the sale/disinvestment



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Generate and disseminate knowledge about agribusiness, to create value in the approaches with our stakeholders.

Center of Excellence's Mission

Centers of Excellence in Agribusiness (CoE)

In addition to professionals specialized in Auditing, Consulting and Taxation, PwC has Centers of Excellence in Agribusiness, with teams that include agronomists and environmental managers, among others professionals specialized in development solutions for the sector.

PwC also has an Intelligence Center Research & Knowledge Center (Agribusiness Research & Knowledge Centre R&KC) that performs market research, trend analysis, identifying opportunities and providing support to projects whenever necessary.



- Agricultural, environmental and HR Indicator management
- Process mapping and activity diagnosis
- Agricultural ERP selection and implementation
- Supply process optimization
- Biological assets
- Value chain risk management
- Sustainability services
- Market entry analysis
- Mergers and acquisitions
- Risk assessment , health safety and environment (HSE)
- Internal auditing for sugar cane and soy industries
- Tax structuring

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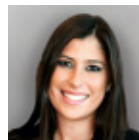
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