



## **Report on the Agroangola fair and a field trip to the Malanje region**

**Developing Angolan-Dutch private sector cooperation in agrifood**

**Thursday October 15<sup>st</sup> to Friday October 23<sup>rd</sup> 2015**



GENERAL DISTRIBUTION



## 1 Executive summary and acknowledgments

EKN Luanda and the Agricultural Council in Pretoria requested Agrix in September 2015 to visit the Agroangola fair and perform an Exploratory Fact-finding mission to the Malanje region. The visit to the fair and the field trip took place from October 15<sup>th</sup> to 23<sup>rd</sup>, 2015.

The Agroangola fair was visited on Saturday October 17<sup>th</sup> and on Sunday 18<sup>th</sup>. The fair hosted 54 exhibitors and left a well-organized impression. Most Angolan F&A companies as identified during earlier visits of Agrix were presented at the fair. All of the exhibitors are described in this report.

On Monday 19<sup>th</sup> the Netherlands Embassy was briefed on the results of the visit to Agroangola and on the intended Malanje trip. At that same day meetings were organized in Luanda with potential investors. From Tuesday 20<sup>th</sup> to Thursday 22<sup>nd</sup> several farms and institutions were visited in the Malanje region, as covered by the Pólo Agro-Industrial de Capanda (PAC). The re-development of the Malanje region, once the bread basket of Angola, is coordinated by the Sociedade de Desenvolvimento do PAC (Sodepac). The total agricultural area of PAC is 293,000 ha. Some 100,000 ha has been allocated to 6 corporate farming projects of which Biocom with 70,000 ha is by far the largest. This report presents detailed records on the visits and meetings with company management.

PAC is from an F&A point of view quite different from the Quibala region that was visited in June. The Quibala farms were all “privately” owned while in the Malanje region many farms are state owned through Gesterra. The Quibala farms were managed by expat professionals while the Gesterra farms are under Angolan management. The Quibala farms are very intensive under irrigation, producing crops continuously while in Malanje it is semi-intensive rain fed farming producing 2 grain crops per year.

As the Gesterra farms need to integrate and get more intensive, it presents opportunities for Dutch F&A companies because it is at this stage that Dutch technology becomes of interest most. Therefore it is important to maintain intensive contacts with Gesterra management. Gesterra is the main state owned investor in agricultural equipment and technology in Angola. The visit to Agroangola and the fieldtrip generated a range of direct commercial leads.

As corporate farming gets the short term attention by Dutch F&A companies, on the medium and long term it will be the midsize, family owned, commercial farm segment. This is the segment in which The Netherlands can play an important role, both private and public, as this is how the Dutch agrifood sector is structured. The Dutch primary production related technology has been adapted to intensive farming and the F&A technology in general is geared to production and processing of products derived from intensive farming. The mid-size commercial farm segment hardly exists in Angola although no doubt it will in the near future become the main segment.

One of the reasons that corporate farming has taken the lead in Angolan F&A development is the fact that value chains don't exist in Angola. It forces a farm, with focus on primary production, to get fully integrated and process its products up to consumer ready status. This requires substantial capital expenditures which makes the hurdle too high for mid-size farms to enter. Mid-size commercial farming can only really take off when the preceding and succeeding links in the value chain are present and when an institutional supportive and legislative frame work is in place. These are Dutch fields of specific expertise and Agrix suggest this is the message that should be communicated at all fronts. Several tools can be used to reach the required objective. This report elaborates on a collective policy to strengthen the Dutch F&A position in Angola and describes several initiatives to reach the objective.

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## 2 Introduction

As a result of previous EKN Luanda, Agricultural Council Pretoria and Agrix interventions in Angola a momentum has been created amongst both Dutch and Angolan private sector and Angolan authorities to intensify commercial and institutional F&A (Food and Agri) relations.

A general report on business opportunities for Dutch F&A companies in Angola was published in February 2015<sup>1</sup> and a successful private sector F&A mission to Angola, match making event and visit to the Angolan Minister of Agriculture took place in June 2015<sup>2</sup>. The focus of intervention was mainly on export of equipment, seed, animal genetics and technical support services from The Netherlands to Angola. The aforementioned F&A mission focused on the Quibala region and generated substantial business between Angolan corporate farms and Dutch private entities.

To retain the momentum as created and to satisfy requests from Dutch and Angolan private sector and Angolan public sector alike, considering the sense of urgency given the current flow of intended investments in F&A Angola by a number of local investors, EKN Luanda and the Agricultural Council in Pretoria requested Agrix in September 2015 to perform an “Exploratory Fact-finding mission to the Malanje region in Angola”.

This low profile mission should focus on the second largest concentration of F&A related investments in Angola in the Malanje region. This region hosts a number of important agrifood companies, most of which seemed to be in the process of expansion and diversification and can be considered potential clients for Dutch F&A companies. EKN Luanda and Agrix learned from several sources that the investment level in Angolan F&A is sharply on the rise due to policy changes, granting agriculture a priority status, and subsequently private interest is strong. Many large scale F&A related initiatives are currently being elaborated and the Netherlands private sector should play a substantial role in this.

It was agreed that Agrix would perform a mission to Kwanza Norte and Malanje provinces and visit the large corporate farms located in this region. Agrix would assess the current and prospective activities of these companies. The intervention was not intended to be limited to the private sector involvement but could also involve institutional cooperation. The mission would be low profile in the sense that an Agrix representative would perform this mission individually, so without a large delegation of private companies as was the case during the previous mission. However, Dutch companies would be informed on the initiative and were free to join as they wished. It was not expected that many Dutch companies would join as the time frame was short and many of the most relevant companies recently visited Angola<sup>3</sup>.

Initially the mission was planned from September 20<sup>th</sup> to 27<sup>th</sup>, but just before departure EKN Luanda and Agrix became aware of an event called “Agroangola”, an agricultural fair that would take place from October 15<sup>th</sup> to 18<sup>th</sup> in Luanda at the FIL (Feria Internacional de Luanda). Visiting the fair was of great interest to Agrix. It would allow for establishing contacts, obtain additional information and set up meetings in detail for the upcoming field trip to Malanje. Furthermore, the fair might qualify for participation of Dutch F&A companies, as part of a broader initiative to introduce Dutch F&A in

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<sup>1</sup> Dutch agrifood private sector involvement in Angola 2014, published in January 2015

<sup>2</sup> Detailed report on a field trip in the Quibala region in Angola 2015, published in July 2015

<sup>3</sup> Indeed, 41 relevant F&A companies were informed, most of them responded to be interested but could not join, some companies requested specific support by Agrix on current business deals

Angola. After consultation with EKN Luanda it was decided to postpone the mission and set it at October 15<sup>th</sup> to 23<sup>rd</sup>, 2015 which would allow Agrix to visit the fair and analyze it.

### 3 Friday Oct 16<sup>th</sup>

Departure from The Netherlands on Thursday October 15<sup>th</sup>

Arrival in Luanda

#### 3.1 Local outlook

The situation in Angola is getting more complicated due to severe shortages in the government budget as a consequence of the low oil price<sup>4</sup>. Civil servants have not been paid for quite some time, militaries get insufficient food and there is little money circulating in society which might lead to social unrest. Cuban doctors and nurses have not been paid for and are being withdrawn, despite talks with Cuban officials, which devastates the health system that was completely run by Cubans. New deals with China resulted in a USD 7 bln loan although USD 20 bln was requested by the Angolan government. Above that, the Chinese don't bring in cash anymore but finance only in kind: they bring many Chinese laborers, equipment and construction materials. Supermarkets show full shelves with of a very limited assortment.

Agriculture has again been declared again a top priority and the government recently stated to invest USD 10 bln in the F&A sector, the time schedule however has not been disclosed. Even Biocom, the most prestigious F&A project, with Brazilian Odebrecht as leading partner, seems to underperform (see details in chapter 8). However, investments in F&A by wealthy Angolans continue. Only "serious" projects stand a chance these days: projects that deliver a serious return against an acceptable risk qualify for support by the BDA (Banco de Desenvolvimento de Angola, the Angolan Development Bank). An example of continuing investment in Angolan F&A is Silvestre Tulumbe that invests hundreds of millions of USD in his corporate farming project Vales Silvestre. As a result of the June fieldtrip to Angola, also Dutch companies have signed large contracts with Silvestre. Commerzbank, that has a local office in Luanda, seems to play an increasingly important role in setting up finance schemes. Many Angolans try to obtain a Portuguese passport, but only those born before 1975 are eligible. The influx of Portuguese laborers has turned, they return to Portugal as prospects are improving in their home country and it gets more complicated to get strong currency out of Angola. The government states that foreign powers are fueling unrest; IMF talks are going on.

### 4 Saturday Oct 17<sup>th</sup>: Agroangola

On Saturday and Sunday the AgroAngola fair in Luanda was visited<sup>5</sup>, it was the second edition of this specific F&A fair. The purpose of the visit to the fair by Agrix was threefold: 1) establish new contacts, 2) collect additional information on companies and 3) assess the fair for possible Dutch participation next year.

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<sup>4</sup>Crude Oil Brent is currently, October 2015, at USD 47.33

<sup>5</sup> Estrada de Catete, km 22, Luanda; contact: Erika Neto. Gestor de Ferias of FIL Ferias Internacional de Luanda, phone: 00 244 924 938574, Erika.neto@fil-angola.co.ao, www.fil-angola.co.ao



*Agroangola “Salão Internacional de Agricultura, Pecuária, Alimentação e Florestas de Angola”*

Most of the exhibitors at Agroangola have been described in previous Agrix reports; almost all of the large F&A companies were present. In total 54 exhibitors participated. The number and profile of visitors is yet unknown but will be provided by the fair management shortly. Only pavilion 6 was used by the Agroangola. The fair is quite prestigious, so all companies that are closely related to the government seem to be more or less obliged to participate in it. The international general fair FILDA (Feira Internacional de Luanda) is much larger and uses all 6 pavilions, this fair attracts more visitors and many countries, especially Germany, have presentations and exhibit goods and equipment. The next version of FILDA will be from July 19<sup>th</sup> to 24<sup>th</sup> in 2016.

The exhibiting companies at AgroAngola are listed below, any comments as provided by their representatives have been added.

**Aldeia Nova, SA** (represented by Ermene Gildo Francisco, [ermenegildofernando13@gmail.com](mailto:ermenegildofernando13@gmail.com), Rua Direita Kissanga, Luanda, +244 932 102339), see previous reports.

**Acquasolo, Lda** (represented by Manuel Brunhoso, [manuelbrunhoso@yahoo.com.br](mailto:manuelbrunhoso@yahoo.com.br), +244 923 461), Angolan company dedicated to international trade, fishery and real estate.

**Africarte** runs a 2,000 ha organic farm. The project is funded by a Japanese NGO and reaches a yield 15.5 t of tomato /ha using some kind of liquid fertilizer called Micro Organismos Africanos that they produce themselves. The product costs AOA 1,200 /l and about 2 l/ha needs to be applied (?). Total production is still very limited at 2.5 t of eggplant, 7,500 t of corn and some 70,000 eggs per year. Nevertheless the Angolan elite seems to be interested in organic produce as conventional production is not always trusted due to an over-application of agrochemicals. Africarte also runs the organic training center Centro de Formação Profissional Mokiti Okada (CFMO) in Cacuaco (contact 926 587370).



*Agricultiva and Aldeia Nova stands*

**Agricultiva Lda** belongs to the Israeli Mitrelli Group (see previous reports) that has been present in Angola for over 20 years. Mr. Dani Kait (Harvard MBA, dani@mitrelli.org, +00 972 549 393200) travels up and down from Israel to Angola to support the company. Agricultiva is a multidisciplinary service provider in F&A. The company does not invest but sets up projects for the Angolan government. Also involved is Norberto Santos that mentioned Mitrelli's intention to set up Tilapia production and would like to cooperate with Dutch entities. At project expenditures of USD 2 mln the yield would be 500 t of Tilapia that can be sold at USD 7 /kg at a cost price of USD 3.5 /kg. Apparently also OININI group is involved, but this entity could not be identified.

Dudu Omri (dudo.omri@gmail.com), chief agronomist of Agricultiva seeks contact with a Dutch seed company as he knows them from Spain and expects their vegetable seeds to perform well in Angola.

Agricultiva is also involved in training, schooling and extension services. The company generates total annual revenues of USD 10 mln, cultivation intensively 1,000 ha (greenhouse, open field vegetables), hosting 2,000 dairy cows, 4,000 goats (for meat) and 250,000 broilers. Total production of vegetables is 3,000 t/yr and of grains also 3,000 t/yr. Cooperation with Dutch educational entities would be appreciated.

Agricultiva initially set up the Aldeia Nova concept, based on the "kibutz" concept to provide employment to Unita fighters. The Aldeia Nova in Kwanza Sul went bankrupt because the concept didn't work. Agricultural recently took it over again from the Aldeia Nova foundation to run it as a commercial company. Actually Agricultiva intends to enter into more commercial ventures.

**Agrishow Angola** (Grupo Talizan, represented by Aldo Valdés, gerencia@agrishowangola.com, +244 924 759269, Rua Projectada s/n, Kifangondo Cacucaco). The company imports Brazilian Agrale tractors but also represents the Netherlands / German company Solar Total that produces solar cells for solar energy.

**Agro Angola / Rega Angola, S.A. 2015** (represented by Marcos Barros, geral@regaangola.com, Parke No 6, Kikuxi, Viana, +244 94 1407676, +244 931 946151). The company sells pivots and all other types of irrigations systems.

**Agro Angola / Soyadubo Lda 2015** (represented by Suosa Jerónimo, soyadubos@yahoo.com, soyadubosdg@icloud.com, 922 288888, Longonfo, Huambo), importer of fertilizers and producer of organic fertilizer based on chicken manure.

**Agrozootec** belongs to the Fernando Teles group (as is Fazenda San Antonio and BIC Seguros) and is exclusive importer of Valtra (Finland) tractors. The company is managed by Antonio Barros (antonio.barros@agrozootec-lda.com, +244 930 550855). Actually they sold 6 tractors > 300 hp during the last years and a range of smaller tractors.



*Fazenda San Antonio and Agrozootec*



[Agrojornal.net](#) (represented by Manuel Dias, geral@agrojornal.net, +244 222 717913, Rua Liga Africana No 90, Luanda, www. Agrojornal.net). AgroJornal is the leading Angolan periodical on agriculture boosting a very informative website. Might be a suggestion to use for publication on Dutch agriculture. Mr. Dias mentions the project “Alegria do Ambriz” in Bengo province that is set up to help family farms near the village of Ambriz to produce corn. The project is being sponsored by Chevron, Sonangol and Saipem to supply seeds and equipment. He also mentioned the project MOSAP that is financed through FAO (local FAO representative is mr. Mamdudou Diallo), Worldbank and FIDA (Fundo Internacional do Desenvolvimento Agrícola, director Angola is mr. Robson Mutandi)), it focusses on family farms and connects these to the market place. The project also boosts an agricultural vocational school in Lombe called “Kudilonga”. FAO runs some 22 projects in Angola, part of the national Plano Nacional para o Desenvolvimento para o Período 2013/2017), most of these projects located in the provinces Bengo, Kwanza Norte, Luanda and Malange. Since 1991 FIDA invested over USD 100 mln in projects in Angola.

[Angolaves](#) (represented by Adão Costa, dio9costaangolaves@hotmail.com, Estrada direita de Cacucaco, Panguila, +244 928 318769). Angolaves is one of the main egg producing companies in Angola, boosting 250,000 layers. Company will expand and therefore is interested in relevant contacts with Dutch companies (AG, see previous reports).

[Adminstracao Municipa de Nambuagongo](#), a small village in the province of Bengo that promotes agricultural production.

[BIC Seguros SA](#) is the insurance company that belongs to the Banco BIC Group of which Fernando Teles is an important share holder (see also Fazenda San Antonio and Agrozootec; represented by Fátima Monteiro, +244 226 443670, Rua Ngola M’Bandi R/C, Maianga, geral@bicseguros.ao).

[Biocom – Companhia de Bioenergia Angola](#), Biocom was visited on Wednesday, see this report.

[Cafangol](#) (213 Ave Mozambique Lobito, Cabinda, foemmisdomingos@yahoo.com.br, +244 929 265737), was the main supplier of coffee in Angola, serving both the Forças Armadas Angolanas (FAA) and the Policia Nacional (PN), but these seem to buy at Angonabeiro as well now.

[Calcario de Huila, Lda](#) (represented by mr. João Teixeira, calchvingueiro@hotmail.com, Tchivinguiro, Huila, near Lubango, +244 916 107894). The main producer of chalk in Angola with capacity of 100 t/day. Chalk is sold at AOA 5,500 /t. Intends to build a calcium oxide plant that would require a USD 3.5 mln investment to be financed through the African Investment Bank

[Campotec Limitada](#) (represented by Rubens Raval, campotecmarketing@live.com, +244 912 064999, Viana, Luanda) sells agricultural equipment made in India.

[Centro de Recursos Fitogeneticos](#) (represented by mrs. Elizabeth Matos, Avenida Revolução de Outubro, Luanda) is part of Universidade Agostinho Neto and has 4 employees.

[Comauto](#) (represented by Nuno Guerreiro, nuno.geurreiro@comauto.co.ao, Avenida Deolinda Rodriguez, Luanda, +244 222 263212). Importer of Mercedes Benz and Mitsubishi cars and equipment.

[Comfabril – Maquinas e Equipamentos](#) (represented by Paula Pinto Bastos, Estrada Nacional No 14, Catete, obsly@cartebulmaquinas.com, +244 934 060088) is the importer on distributor of New Holland tractors and equipment.



*Biocom stand*



*Fazenda Pedras Negras stand*

**Cooplaca** (Cooperativa Dos Criadores Do Planalto de Camabatela, represented by António Anapaz, [cooplaca@snet.co.ao](mailto:cooplaca@snet.co.ao), +244 943 710229, Urbanicção Nova Vida, President: Rui Cruz). Land development project on the Planalto de Camabatela that covers part of Kwanza Norte, Uige and Malanje (main part is in Malanje province), USD 200 mln will be invested. Banco de Desenvolvimento de Angola (BDA) will finance. The plain is at an altitude of 1,200 m with an area of around 1 mln ha and very suitable for beef production. Some of the members of Cooplaca already have quite sizeable herds with 1,000, 500 or 200 beef cows, other only have 10. Around 250 to 300 farms have been rehabilitated so far, the medium size is 600 to 800 ha, rehabilitations costs are estimated at USD 1,000 /ha. Only 25% of the total area will be used for cattle rearing. Cows, some 300, have been imported from Namibia, but some 30,000 beef should be bought (?). The initiators have visited Brazil, Argentina and Uruguay. Blood diseases are a serious threat, last two years some 2,000 animals died. The project will need a slaughterhouse.

**Dispec, Lda** (represented by António Pires, [dispec@dipecangola.com](mailto:dispec@dipecangola.com), Av. Comandante Cassanje 8E, +244 949 390121 is a Brazilian distributor of veterinarian products but also of other inputs like feed concentrates, seeds, fertilizers and such, mostly related to animal production.

**Executive** (represented by Isabel Fernandes, +244 925 11783, Smart Village Talatona, Zona CS1 19, Talatona) is an executive search agency (works for Kero, Ford, TAAG and such).

**Fazenda Santo Antonio (FSA)/ FTMG** (stands for Fernando Teles Producao y Gestao Agropecuaria). Represented by Jose Alexandre Silva ([jas@ftgm-angola.com](mailto:jas@ftgm-angola.com), +244 928 954831), a veterinarian that is a cousin to Teles and used to work for Cargill in Portugal and Spain. He states to be responsible for the pork project. The farm was visited during the June field trip. Currently there is 2,000 ha under cultivation using 21 pivots (will be 50 pivots). They will start with 850 sow, bought a feed plant in Portugal but did not yet procure a slaughter house. FSA has a cooperation with pork genetic company PIC, but Topigs should still try to get in as the cooperation did not sound very solid yet. FSA also intends to set up a feedlot for 2,000 cattle. The breed used will be a mixture of Simentaler and Bosmara, cows will be brought in from South Africa and additional calves from Namibia, calves will be separated at 7 months and finished for 14 to 15 months in the feedlot. Also for this a slaughterhouse will be needed. Corn production seems to be very profitable in Angola, with world prices around USD 180 /t, FSA currently sells at USD 490 /t and expect price to rise to USD 600 /t. Silva expects foreign companies to co-invest in Angola, although very few foreign companies really do, and refers to the Japanese that invest in cotton production and ginning.

FTGM also serves as a consulting firm, due to his strong ties with Portugal Silva only cooperates with Portuguese entities... AG invited Silva to visit The Netherlands.

Ferpinta Angola (represente by Pedro Martins, pedro.martins.ang@ferpinta.pt, Estrada de Catete km 20, Polo Industrial Vianan, +244 935 114418), portuguese steel company.

Flotek Radical Investments Pty Lda (represented by Sridhar Ramarão, salesflotek@gmail.com, +244 946 387959, Km 22, Estrada Catete, Vianan) is a producer of tubes and tanks.

Fundo de Garantia de Credito (represented by Silian, mini.cristovao@fac.gov.ao, Rua de Timor, No 4 y 6, R/C Edificio Manhattan, +244 222 023277) is part of the Angolan Ministry of Economic Affairs program BAI Angola Investe. Its prime objective is provide guarantees on loans to Angolan SME's: duration 5 years, in AOA, grace period of 3 months, interest rate at around Libor +3% to +6%. Agriculture is a priority sector.

## 5 Sunday Oct 18<sup>th</sup>: Agroangola



*Gesterra stand*

Gesterra is the state land development company and project partner in international projects. See paragraph 7.1.2 for detailed information on Gesterra.

Hispattec Angola (represented by Javier Mario, javiermario@ecobalteiniema.com, +923 725040, Rua Aires de Menezes No. 113). Hispattec is a Spanish company that supplies farm and process management software and automation to F&A companies, both primary production and processing.

INCA – Instituto Nacional do Café (Rua Robert Shields, +244 923 490011) is part of Minader (Angolan Ministry of Agriculture) and is the national coffee institute. An objective is increasing the incomes of coffee farmers by developing and marketing high value coffee. INCA focusses on the provinces that were most important for coffee production in the colonial times: Cabinda, Uige, Kwanza Norte, Kwanza Sul and Bengo.

Incatema Angola (represented by Piergiorgio Scotti, piscotti@incatemaconslling.es, Paseo de La Castellana 141, 15B, +244 929 419504) is an engineering company that is very active in both the development of agricultural infrastructure and storage and processing facilities. The company is of Spanish origin. Incatema also served as a partner in Spain/Argentine financed Gesterra project (see above and below). Incatema delivers and manages turn-key agricultural projects in difficult, often post-war, regions.

Instituto de Desenvolvimento Agrario (IDA, represented by Marcos Nhunga, Rua Comandante Gika, Luanda, +244 222 326414, minader.ida@hotmail.com) is part of MINAGRI and supplies services to small holder farmers: getting them organized, technical assistance, grant access to financial institutions, access to markets and generate exposure to the public and the small holder farmers.

Instituto de Desenvolvimento Florestal (represented by Rodriguis Nanga, +244 924 367625, Av. Comandante Gika, Largo António Jacinto) is the MINAGRI department for the development of floristry in Angola

Instituto dos Servicos de Veterinaria, see above, veterinarian services.

Instituto Nacional dos Cereais, see above MINAGRI institute for grains (represented by Florentina Bernado, florentinobernado@yahoo.com.br, 222 331116).

Laboratorio Central (Angola Qualidade) is the only certified (and functioning) lab to run tests on soil and plants in Angola (contact: Angela Oliveira Prazeres, aprazer@angolaqualidade.com; Ivan Analisis, 937 559996). Their laboratory is located in Viana.

Kikovo (represented by Nuno Paulo, nuno.paulo@kikovo.co.ao , +244 943 996670, Polo- A Fazenda Perola do Kikuxi, Rua Canal do Kikuxi, Viana) with their brand Kikuxi is the largest egg producer in Angola with 100,000 broilers that produce 16 mln eggs per year. Represented by Nuno Paulo (nuno.paulo@kikovo.co.ao, +244 943 996670). One day chicks are imported from Pluriton (NL), losses are very limited as only 10 to 15 birds die during transport. They also procured a Moba egg sorter and grader with capacity of 10,000 eggs per hour. Big Dutchman from Germany supplied the farm equipment. Kikovo is very enthusiastic on the Dutch supplies. Kikovo produces its own feed in feed plant acquired in Portugal, they also sell feed under the brand name Nutrimix.



*Pecac stand*



*Kikovo stand*

Instituto de Investigacao Agronomica performs agricultural research on varieties and crop rotations. To the interest of The Netherlands are their potato variety tests. They tested 8 varieties in Huila: Maranca, Arnova, Romana, Armada, Aladin, Matador, Amoroso and Murato. Apparently the best yielding varieties were Arnova and Maranca with respective yields of 30 and 29 t/ha (commercial yields: 20 and 19 t/ha).

Lonagro (presented by Carlos Ferreira, carlos.ferreira@lonagro.com, Estrada de Catete Km 48, +244 937 282571) is a subsidiary of infamous Lonrho Group (founded by Tiny Lonrho during the colonial time and at that time a real power house). Lonrho is heavily involved in integrated agricultural projects in sub Saharan Africa. Lonagro is the distributor of John Deere tractor and equipment in Angola.

Madeiras do Norte, Lda (Comandante Valódia, +244 925 000100, www.madeirasdonorte.co.ao) is a wood company based in Dange-Quitexe in Uige province



*Nova Agrolider stand*

Nova Agrolider, Lda is the handling and processing company that belongs to the Agrolider group, see previous reports. Agrolider was visited during the Quibala field trip in June 2015.

PECAC, Lda, Sociedade Agro Pecuaria o Cacuaco (represented by Rui Santos, rsantospeca@email.com, rsantospeca@gmail.com, Rua de Ceramica, Km 1.5, +244 923 302036) is a poultry company that expands rapidly, see previous reports.

Procafe (represented by Romualdo Abel Traca Dias dos Santos, procafe@yahoo.com, +244 924 230086, RUa do Alentejo No 184/86, Terra Nova) is a state owned coffee trading company, active in the provinces Bengo, Kwanza Nort, Kwanza Sul and Uige. The company trades 150 t coffee annually.

Prosyst Angola (represented by Victor Costa, victor.costa@prosystangola.com, +244 933 463644, Clt. Gleba Zona ccb Site F07, Talatona). Supplier of office equipment and Xerox agent.

Servicos Nacional de Sementes (sense@netangola.com, +222 370262, km 5 Rua do Hospital Sanatorio de Luanda, junto a Escola da Polica Nacional, Kapolo1, Luand). Part of Minagri, national seed institute.



*Sodepac stand*

Sodepac (Sociedade de Desenvolvimento de Polo Agro-Industrial de Capanda, contact: Adriano Gustavo Araujo Freire, adrianofreire@odebrecht.com, +00 942 433448) is the entity that develops PAC (the Polo Agro-Industrial de Capanda) that is located in the South West of Malanje province. The Sodepac / Gesterra model is further discussed in par 7.1.1

Sonagro (represented by Joao Sunda, joaosunda@hotmail.com, Rua Marien Nguabi No 134, floor 4, +244 933 463644) is located in Kwanza Sul in Waku Kongu, apparently involved in agribusiness.

Sopir, S.A. (Sebastião Desta Vez No 111/113, Comandante Valodia, Luanda, sopir2009@hotmail.com, +222 441772) is a state owned company (75% IAPE – Institute of State Participation - and 25% IDA –

Institute of Agrarian Development) with focus on development of irrigated projects. Projects have been initiated in Matala (Sodemat S.A.), Caxito (Caxitorea S.A) and Ganjelas (Songanjelas S.A.).

Surangol, Lda (represented by Manuel Jacinto, jacintozito@email.com, jacintozito@gmail.com, +244 917 985068, Maculusso) is the importer and distributor in Angola of Czech made Vari tractors. These are small two-wheel tractors that can be used in horticulture.

TAHAL (represented by Yakov Orenstein, pontanoyd@tahal.co.il, +244 933 206353, Km 44 Estrada de Catete Bengo). Tahal Group International is an Israeli global engineering and construction firm, owned by the Kardan Group. Tahal executes projects financed by Worldbank, IDB and EBRD. In Angola Tahal is involved in the 5,000 ha Quiminha Aldeia Nova project that was financed through intervention of Dutch ING bank. The project will be divided into plots with each a house and agri buildings (for poultry, dairy, pork) and central processing. Dutch company Kok Staalbouw delivers the prefab houses. Tahal Group has its headquarters in Amsterdam.

Terra Verde (Empreendimentos Agricola SARI, represented by Uri Ben Basat, managed by Merav Zacharin) is a 45 ha project set in 2002 ago by the Israelis in village of Cacuaco close to Luanda and produces vegetables, corn and broilers. The project still is an Angolan / Israeli joint venture.

Uri Basat stated that the European Union will fund a project focused on family agriculture with USD 22.8 mln. The project will run until 2020 and is financed by the European Development Fund and will be established in the provinces of Huila, Cunene, Huambo and Namibe. The EU representative in Angola is Gordon Kricke.

Turiagro, Lda (represented by Paulo André, Comuna da Munonga, Municipio do Libolo, geral@turiagro.com) is a company that belongs to Grupo WM from Angolan Rogério Martins Leonardo and was founded 3 years ago. It is now one of the three large banana producers in Angola, production takes place on several farms in the provinces of Luanda, Bengo, Kwanza Norte and Kwanza Sul. Grupo WM is now creating Ovos Munenga, that will produce eggs in Kwanza Norte.

## 6 Monday Oct 19<sup>th</sup>

### Commerzbank

Commerzbank (Martin Hercules) is very active in ECA (Export Credit Agencies) backed financing schemes in Angola (as is ING). Investments in agriculture are considered 'tricky' because of unclear ownership and land titles. Especially for foreigners, political backing and a strong local partner are an absolute necessity. The economic situation and currency crisis has deteriorated in the recent weeks. At the moment it is difficult to determine where the country is going. If oil prices remain low, Angola will probably face a prolonged crisis which could also politically destabilize the country.

The BNA further devalued the Kwanza (AOA) last week (first week of October) to around 135 to the USD from the previous 130. The black market rate for the AOA is much lower at around 240 to 250 to the dollar for the purchase of USD currency notes, reflecting the aggravation of the currency crisis. Since the beginning of this year the official exchange rate was devalued by 32% while the black market rate experienced a devaluation of around 130%. In the last two months the black market rate skyrocketed, triggered by the decrease of direct USD sales by the BNA to the banking sector.

After its mission to Angola in July, the IMF estimates that Angolan GDP growth is likely to slow to an average of 3.5% a year between 2015 and 2016 from about 4% last year. Oil output presently represents 40% of GDP and over 95% of export revenues. The 2015 budget deficit is likely to decline

to 3.5% of GDP from 6.5% last year after the government's timely reaction to a fall in the price of crude oil. Angola cut its 2015 budget spending by AOA 1.8 trillion (USD 14.35 bln) to AOA 5.4 trillion after slashing expected oil revenues. The IMF expects Angola's public debt to surge to 57% of GDP by the end 2015; rating agency Fitch said public borrowings were about 33% of GDP in 2014. The IMF also said there was still an "imbalance" between the primary market and grey market that needed to be addressed to maintain the official exchange rate.

As of September 25<sup>th</sup> the ratings agency cut Angola's credit rating to B+ from BB- with a stable outlook, saying the nation's heavy reliance on revenues from oil exports left it exposed to sharp price decreases. S&P had already downgraded Angola's credit rating to B+, negative outlook earlier this year.

The table below depicts Angola's gross reserves that declined by 12% from Dec 2014 to July 2015:

	Jan	Feb	Mar	Apr	May	Jun	Jul
USD bln	27.345	26.638	26.024	25.924	25.948	25.245	24.445

### 6.1 Roberto Leal Ramos Monteiro "Ngongo"

During a brief meeting with Roberto Leal Ramos Monteiro "Ngongo", former minister of Internal Affairs (4 years ago), chairman of the Internal Safety Commission and member of the Assembleia Nacional the development of F&A projects in Angola was discussed. He is personally interested in agricultural projects, AG promises to pursue follow up.

### 6.2 Embassy briefing

The Netherlands Embassy was briefed on the results of the visit to Agroangola and on the intended Malanje trip. Present at the briefing were: Lydia Brons, Cynthia Soares da Silva, Jan Alderliesten, Erik van den Akker, Armindo Teuns and Anton Graumans(AG).

AG elaborates on the upcoming trip to Malange and presents a brief overview of earlier trips to Angola and reports for those newly appointed at the embassy. Some follow-up options are being discussed: a fieldtrip for Dutch F&A companies to Malanje, a seminar in Luanda to boost the general knowledge in Angola on the status of Dutch F&A in the world and the relevance to Angola (appealing key-note speakers are essential), an outgoing mission of Angolan decision makers on F&A to the Netherlands, editorials in national business papers. With reference to the latter, AG handed over a ppp presentation and detailed analyses on Dutch F&A that an Angolan journalist could use as input for an editorial. It was also suggested that AG should be interviewed by an Angolan journalist, he agrees on that. Also handed over by Ag was a list of over 40 Dutch companies that have demonstrated explicitly an interest in doing business in Angola. All present agreed that is would be more effective to participate in the FILDA general fair as it generates much more exposure compared to the Agroangola. AG will get detailed info on visitor numbers of both fairs through FIL management. The PIB program offers possibilities to support participation for Dutch companies in fairs abroad, and much more. AG will contact RVO to get more details. Obviously agricultural council Niek Schelling must also be involved and will be duly informed and consulted.

### 6.3 Deka and OK Investimentos

At a meeting with Ludgero Mbakassy of Delka Corporation and Victor Kavinokeko Paulo of OK Investimentos, with office in Luanda but both from Huambo, F&A related investments in Huambo were discussed. Their companies are like incubators for new business initiatives and project

development, in which they might participate. Their family is investing in Huambo: in residential projects and schools (English teaching). The family is involved in trade and invests in retail and a covered market place project. Some F&A projects are in the pipeline, like broiler and layer production. Both are closely involved in the local agricultural agri cooperative of potato growers. Huambo is the main potato producing province of Angola. They intend to invest in a chips (crisps) processing plant and buy potatoes in the area. The concept is being discussed and AG emphasizes that the challenge of any agri-processing project is in the sourcing of inputs: the quality, volume and price of raw materials. The processing plant is not the issue, if bought from a prime supplier, it's proven technology. The group is also interested in flower production and satellite imaging technology to eliminate landmines.

The possibilities of financial participation of Dutch agrifood companies was discussed, AG states that there is a difference between strategic investors, that are in the business, and investment funds, that pursue a return on any investment against acceptable risk. The latter are more likely to invest in Angolan F&A.

## 6.4 Engfisco

Meeting with Hans Hermann Wolf of Engfisco, an engineering company and affiliate of German HW group ([www.ib-wolf.de](http://www.ib-wolf.de)), employing 40 civil engineers in Germany. Wolf got involved in agricultural project because of financial engineering skills.

Central government and provincial projects can be financed using Hermes ECA backed finance by Commerzbank. The problem often is Angolan banks that cannot provide a guarantee on private businesses that cannot pay the required 15% down payment. German Hermes can be used if 30% of the merchandise originates from Germany. Projects between USD 5 and 10 mln don't pose a problem (one minister decides), larger projects need permission by the government as a whole. Land cannot be used as a collateral because of unclear land titles.

## 6.5 Soyadubos

Sousa Jeronimo of Soyadubos, a company visited at Agroangola, wants to cooperate on nut production, especially pistachio, does not know macadamia but might be interested in that as well. AG informs him on Intersnack, a Dutch company that is very much interested in nut production in Angola. Nuts experience sharply increasing prices due to surging demand and difficulties in the main production areas. AG will initiate a contact between Soyadubos and Intersnack.

## 7 Tuesday Oct 20<sup>th</sup>

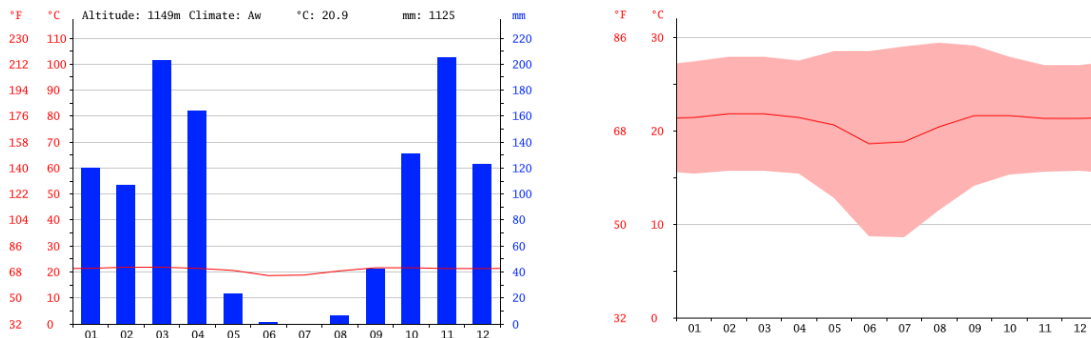
Journey to Malanje.

### 7.1 Land development in Kwanza Norte and Malanje

The region surrounding Cacuso, Pungo Adongo and Malanje is traditionally the most important agricultural area of Angola and this is where to the Pólo Agro-Industrial de Capanda is located. Malanje, the capital of Malanje province, is located soom 400 km East of Luanda. Near it are the spectacular Calandula waterfalls, the rock formations of Pungo Andongo (Pedras Negras) and the Capanda Dam (in the Kwanza river, south of the region). The climate is moderate, with an average temperature between 20°C and 24°C, rainfall is around 900 mm and the rainy season runs broadly from October to April; altitude is at 1,100 m. Portuguese settlers founded Malanje in the 19<sup>th</sup> century



and the railway connecting it to Luanda was constructed in 1885. The region was an important producer and processor of cotton, other important crops were coffee, corn and fruits.

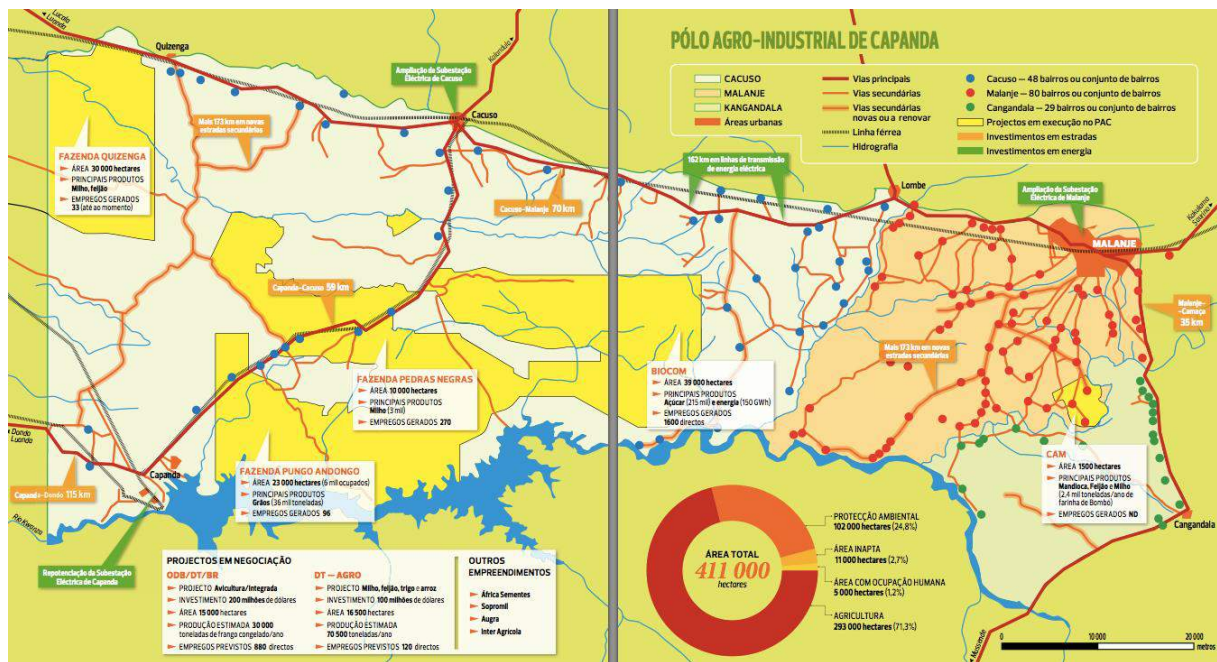


Climate in the Malanje region

After independence and during the civil war most of Malanje was destroyed and so was the infrastructure, including farms and processing plants. Sodepac<sup>6</sup> (Sociedade de Desenvolvimento do Pólo Agro-Industrial de Capanda) has been given the task to develop the region again and to attract investors, be it local or foreign, that intend to set up F&A related business.

### 7.1.1 Sodepac

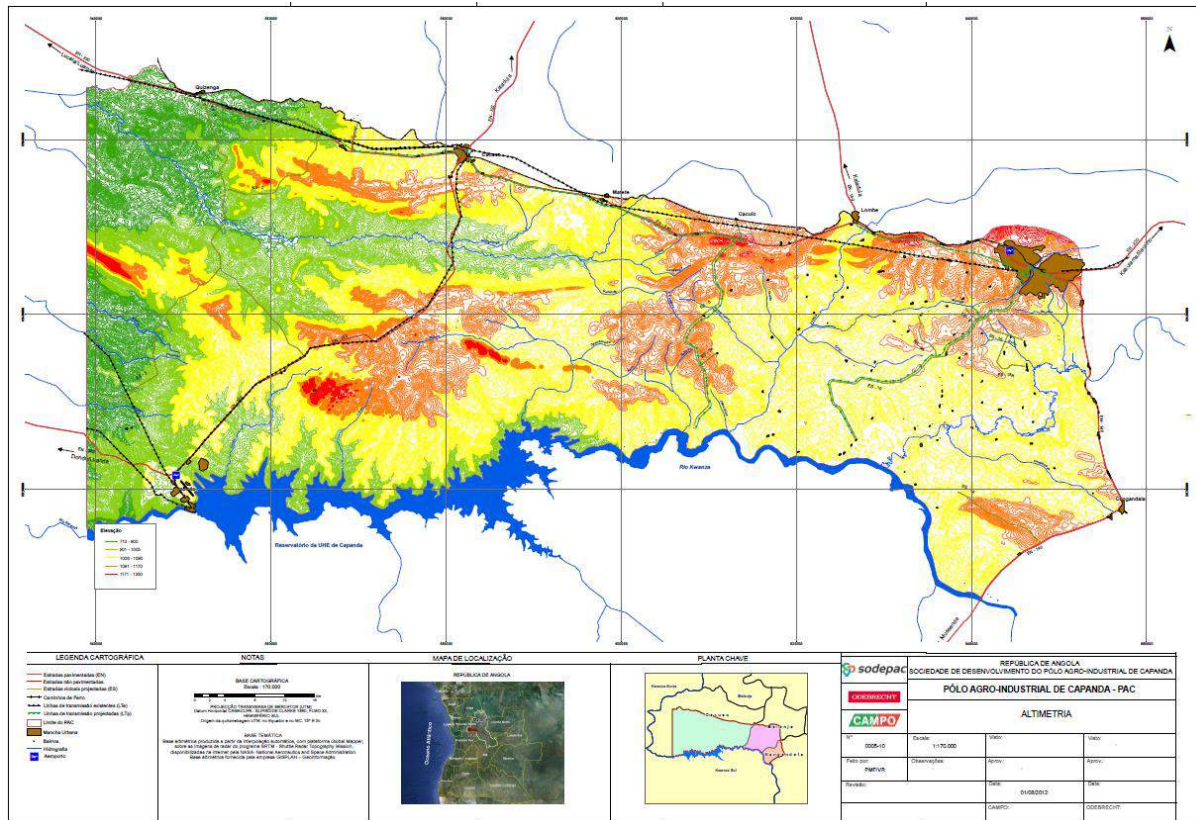
Sodepac regional office is in Malanje. The total area of the Sodepac project is 410,000 ha of which 293,000 ha will be developed for agriculture and 117,000 ha will remain in its original natural state. Five large farms are currently located in the PAC area: Biocom, Fazenda CAM (Companhi de Alimentos de Malanje), Fazenda Pungo Adongo, Fazenda Quizenga and Fazenda Pedra Negras. Fazenda Maxi (owned by retailer Maxi) is a concept that works with local farmers some of whom are is located nearby within the PAC frame.



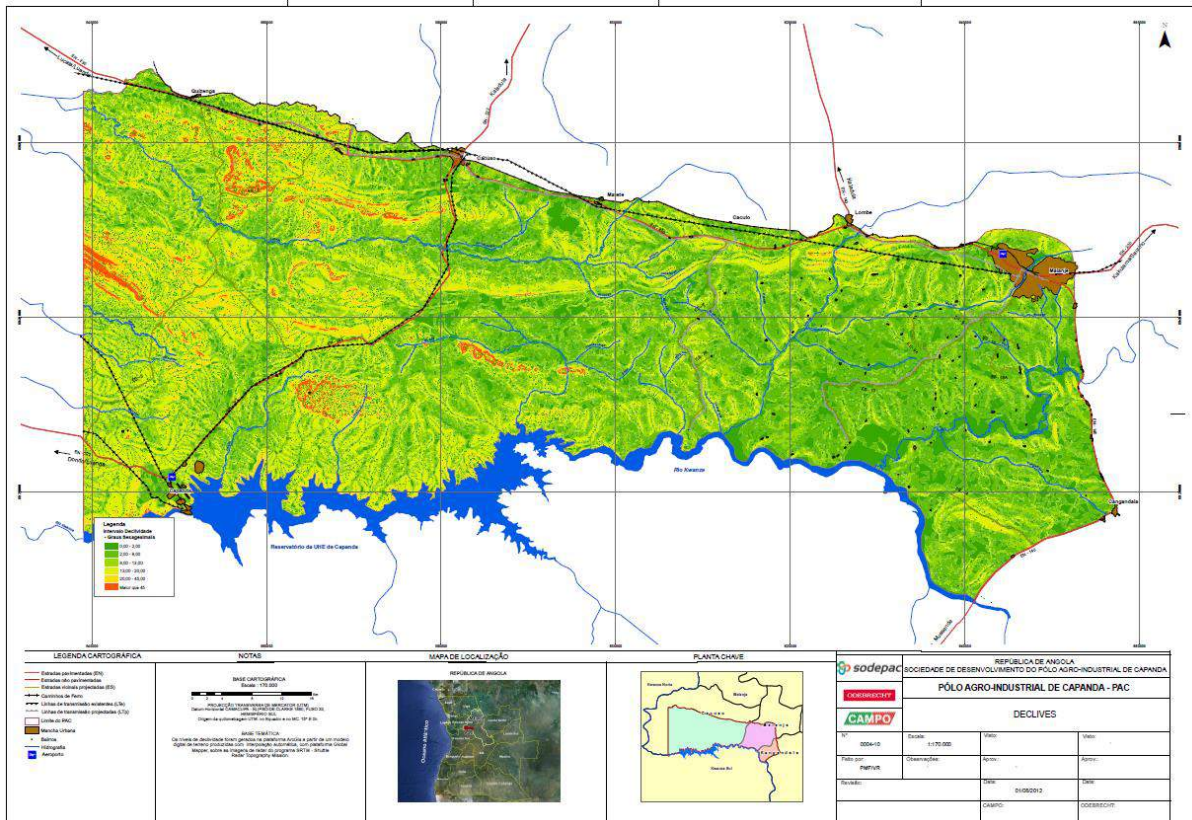
<sup>6</sup> <http://www.sodepacangola.com/>

All of these farms were visited. Most of the farms were set up as projects based on a bilateral cooperation between Angola and China, Spain, Brazil and Argentine. Gesterra, the state owned land developer, would act as the local counterpart in these projects.

In a typical Sodepac / Gesterra project, see paragraph 7.1.2, Gesterra brings in the land (and nothing more), the cooperating country opens a credit facility to finance farm and processing equipment. A typical credit line would be between USD 30 and 50 mln. Companies from the cooperating country supply all of the equipment and building materials and also manage the farm for around 3 years. After that the project is turned into a legal entity and handed over to Gesterra. Gesterra then runs the farm and tries to find new partners.



*Pólo Agro-Industrial de Capanda: altitude of land*



Pólo Agro-Industrial de Capanda: inclination of land

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Gesterra CEO

### 7.1.2 Gesterra

Gesterra<sup>7</sup> (Gestao de Terras Aráveis) is the national land developer. It's main task is to clean land, develop infrastructure and find a party that will set up a farming operation. But Gesterra also operates large farms and serves as a counterpart in bilateral F&A projects. Not only within the Capanda project, but all over Angola.

These projects are:

1. Fazenda Pungo Andongo (near Pungo Adungo, Cacusó) 33,000 ha; 5,000 ha in use, grains, corn flour and concentrated feed (former partner Brazil Odebrecht);
2. Fazenda Pedras Negras (near Cacusó) 10,000 ha; 22,000 t of corn, 6,400 t soybean, 4,800 t of beans and 15,600 t corn flour (partner Chinese CITIC Construction);

<sup>7</sup> <http://www.gesterra-angola.com/>

3. **Fazenda Agro-Industrial do Sanza Pombo** (near Rio Lucelua, Sanza Pombo, Uige province; 5,000 ha; 22,700 t rice, 13,800 t commercial rice (?) and 5,500 t of corn (partner Chinese CITIC Construction));
4. **Fazenda Agro-Industrial do Longa** (near Rio Longa, Longa, Uige Province); 1,500 ha; 15,000 t of rice, 15,000 of commercial rice (partner: China CAMC Engineering Co);
5. **Fazenda Agro-industrial de Kamacupa** (near Rio Kuquema, Kamacupa, Bié province); 3,000 ha; 15,000 t of corn, 5,000 t of Soybean, 21,500 t of corn flour; 450 t Tilapia (partner: Cina CAMC Engineering Co);
6. **Fazenda Agro-industrial de Cuimba** (near Cuimba, Zaire province); 1,500 ha; 15,000 t of corn, 15,000 t corn flour, 5 mln eggs, 250,000 Frangos de corte; 2,000 t of feed and 660,000 eggs in incubators (partner: China CAMC Engineering Co);
7. **Fazenda Agro-Industrial do Maquete** (near Manquete, Ombandja, province of Cunene) 5,000 ha; 27,000 t of corn, 4,000 t of rice, 2,800 t of rice commercial, 1,100 t of soy bean (partner: CEIEC China International Electronics);
8. **Fazenda Agro-Industrial de Camaiangala** (near Camaiengala, Camanongue, Moxico province) 5,000 ha; 4,500 t of wheat, 14,000 t of rice, 9,400 t of commercial rice, 2,900 t of wheat flour (partner: CEIEC China National Electronics);
9. **Polo de Desenvolvimento Agro-industrial da Quizenga** (near Quizenga, Cacuso, Malanje province) 5,200 ha; 100,000 t storage capacity; corn, beans, corn flour, concentrated feed, beef cattle (partner: Spanish.Argentine Globaltec Desarros E Ingenieria, SA; ongoing);
10. **Projecto de Desenvolvimento Agro-industrial do Cubal** (near Cubal, Benguela province); 2,600 ha; 100,000 storage capacity; corn, beans, corn flour, beef cattle (partner: INCATEMA Consulting SI, ongoing);
11. **Projecto de Desenvolvimento Agro-industrial do N'Zeto** (near N'Zeto, Zaire province); 2,600 ha; grains, concentrated feed, training center, 2.5 mln eggs/yr, cassava processing plant, moradias; land divided into 50 plots for private farmers (partner: Agricultiva, Mitrelli, ongoing);
12. **Projecto de Desenvolvimento Agro-industrial do Negaje** (near Negaje, Zaire province); 2,200 ha; 10,000 t cassava, 3,200 t cassava flour, 2.5 mln eggs/yr (partner Agricultiva, Mitrelli, ongoing);
13. **Projecto de Desenvolvimento Agro-industrial do Luena** (near Luena, Moxico province); 2,200 ha; 380 t corn, 15,000 galinhas, 16,000 frangos, 3.2 mln eggs/yr, 40 t goat meat.

Fazendas 1, 2 and 9 where visited during this Malanje trip and are described below.

## 7.2 Quizenga Farm



*Quizenga farm*

At a short stop near Cacuso the Polo de Desenvolvimento Agro-industrial da Quizenga was visited. It consists of one farm of 15,000 ha that was established as an Argentine/Spain financed Gesterra project. Project partner is Globaltec Desarros e Ingenieria, SA. It is the largest of all Gesterra farms and 5,000 ha is currently being used. The total storage capacity installed is 100,000 t. The farm produces corn, beans, corn flour, concentrated feed and beef cattle.

### 7.3 Fazenda CAM



*Fazenda CAM 1,000 ha of cassava*

Fazenda CAM is managed by Francisco Jose Melo Marques (melomarques3112@gmail.com, cam.agroindustria@gmail.com) 925 662233, 912 495596).

Fazenda CAM is a 5,300 ha farm of which some 1,100 ha is cultivated: 1,000 ha with cassava and the remainder with beans and corn. The rotation is cassava, that is harvested after 14 to 16 months, and after that either corn or beans are planted (soybeans in the future) that span a 4 months growth cycle. On the premises is a Brazilian made flour mill. This cassava flour mill has a max capacity of 6 t flour /day, the capacity is limited by 4 drying bins that can contain each 6 t of pre-flour. The cassava is washed and rasped, checked and cleaned by hand, enters a water bath in which it ferments for a few days to remove the cyanide content. After that it is cut into pieces and enters the drying bin, the product is then milled and sacked. Some of the flour is roasted at temperature between 180 and 200°C, a special product only used in Portuguese speaking countries is produced (“roasted flour”). The company has been operational for almost 4 years, the flour mill for about 1.5 years. The plant currently produces 4 t of flour /day.



*Cassava for processing*



*Cassava flour mill*

The land of Fazenda CAM is part of the Sodepac project, but Sodepac contributes very little. After four years there is still no connection to the grid so the company depends on a generator that requires USD 12,000 of fuel each month. Access roads are very bad including a dirt road leading through a village for at least 30 km, the project is located some 40 km East of Malanje.

A total of 13 local cassava varieties is used of which 7 are sweet and 6 are bitter ones. The sweet ones are preferred because these can be sold for consumption on the market for a high price. Apparently it is more profitable to sell cassava fresh compared to processed into flour (?). Yield is 20 t /ha, the manager has no idea on dry matter content. A laboratory to test cassava input or flour output (on bacteria count) is not present.

Clearing the farm land by a large shovel costs around USD 800 /ha. The cassava is planted by two, two row planters / cutters imported from Brazil; the planter cuts the stems at 25 cm. Harvest is by manual cutting of the foliage and a tractor pulled lifting knife with capacity of 3.5 ha /day. The lifter needs to pass the field twice. Weed control is by applying a herbicide before planting and after emerging. Lime (relatively expensive at USD 100 /t) is applied at least twice (before planting the cassava crop) at 2.6 t /ha, soil pH is very low at 4.6 and increases by 1.5 after each lime application. The farm manager fertilizes by a self-produced mixture of processing waste and urea (two sacks per ha ?), but has no idea on composition of this fertilizing mixture. Farm manager introduced a “rapid multiplication” for the cassava stems to be planted.

The farm and plant are privately owned by a wealthy Angolan living outside Angola. The other farms in Sodepac were all “owned” by Gesterra. The total investment was USD 10 mln, of which USD 2 mln capital expenditures for the plant. The project is for sale now at US 12 mln.

The farm looked quite well but the processing plant, although only 1.5 years running, was in a bad shape. Sold by Brazilians, this plant is absolutely incapable of producing “food grade” flour. In the US and Western Europe this plant could not even produce a “feed grade” product (for animals) and would be closed down immediately by the responsible authorities. The farm manager is extremely disappointed in the Brazilian suppliers of the processing equipment that also deliver technical assistance on growing cassava, they failed on both. He states that the project net profit is around USD 1 mln, but this is impossible as total production is around 1,200 t of flour/yr max, at a sales price of AOA 125 /kg, so total turnover could not be more than USD 1 mln /yr. There is only 1 competitor on the market and that is Mitrelli (Agricultiva, see Agroangola fair report); they sell at a higher price of AOA 235 /kg (?).

According Melo Marques CAM intends to invest USD 200 mln in a pork integration based on 2,500 sows that would produce some 70,000 pigs for slaughter (?). Feed will be produced on 15,000 ha of land. Melo Marques stated that the San Antonio pork project by Teles has not been decided upon yet, this offers new opportunities for Ottevanger and Topigs (will be informed by AG). Pork consumption in Angola is apparently high, most of it is imported. Marques also comments on the IIA (Instituto de Investigacao Agronomica) in Malanje that has insufficient resources to do research on Cassava although several publications make believe otherwise.

## 8 Wednesday Oct 21<sup>st</sup>

### 8.1 BioCom

BioCom farm (Marco Brandao, general manager; Edson Santos, agronomist) is the largest F&A project in Angola and hosts a sugar and ethanol plant. The total investment in the Brazilian made sugar/ethanol plant was around USD 250 mln. The total of capital expenditures on the project were an estimated USD 350 mln. Main shareholders are Odebrecht (Brazil), Sonangol and Cocham. Cocham is an investment vehicle owned by General Dino, VP Vicente and General Kopelepa. The total area of the sugar cane farm is 70,000 ha of which 11,000 ha is currently being used. The company employs some 2,500 people of which 60 Brazilian expats, they occupy crucial positions, most of them worked for Odebrecht sugar in Brazil; operators of equipment are most Angolan. The company has been operational for 2 years now, but suffers a set back because land clearing is much slower than anticipated at 20 ha per day. As a consequence the sugar plant is currently only operational for 3 months a year. The objective is to have the plant operational for most of the year, harvest would certainly not be possible in November, which is the wettest month, but operating from April to October should be possible.



*Biocom sugarcane (and Pedras Negras)*



*Biocom Sugar / Ethanol plant*

Around 20% of the sugar plant output is vinasse, which is the cane equivalent of sugar beet molasses, that is transformed into ethanol. All of the bagasse is burned to heat the process. Water residual contains a lot of potassium and is used to fertigation of around 1,400 ha using sub surface tubes. The sugar cane varieties are most of Angolan origin, introduction of Brazilian varieties would result in paying royalties. A ton of sugarcane yields 144 kg of sugar, average yield is 54 t of sugarcane /ha. The soil is rich of Aluminum which makes it difficult to increase pH that was initially at 4.5. After each harvest lime is applied at 3 to 4 t/ha, at least two applications will be needed. BioCom owns its own plant to produce lime. The sugar cane needs to be replanted after 4 to 5 years, this short lifespan is because of mechanized harvesting. If harvested by hand, the cane would need replanting after 6 to 8 years. Mechanization causes compaction of the soil. The cane stalks are planted at 0.5 m within the row and 1.5 m between the rows. Planting material is pre-sprouted. Fertilizers NPK are currently imported from Brazil and RSA. When operational the plant produces 12,000 t sugar per day.

BioCom is interested to set up an experiment on satellite imaging for irrigation in sugarcane. AG will establish contact with e-Leaf.

## 8.2 Pedras Negras farm

Gesterra's Pedras Negras farm is managed by Jose Carlos Bettencourt ([jcbetta@hotmail.com](mailto:jcbetta@hotmail.com), [jcbetta02@gmail.com](mailto:jcbetta02@gmail.com), 928 317567) and agronomist Norberto dos Santos ([dossantosnorberto38@gmail.com](mailto:dossantosnorberto38@gmail.com)) that intends to get his M.Sc. in Wageningen. The farm area is 10,000 ha of which 5,700 ha will be used for agriculture. Currently 4,400 ha has been planted with mainly corn but also soybean, beans and sunflower.



*China funded Pedras Negras farm*



Pedras Negras was set up with the Chinese and will be finished next year after which Gesterra will continue operating the farm. Farm management is not too happy with the Chinese drying and storage equipment; the Chinese dryer for instance only operates on expensive Diesel fuel while

Brazilian dryers also operate on wood. The farm has a 26,000 silo capacity. This year will be a good corn year, but because nothing has been done yet on soil improvement (increasing pH), corn yield will only be 3.5 t/ha (compared to 8 t/ha in the US). Lime application is expensive and would cost USD 48 /t plus USD 50/t transport (total USD 98 /t). Apparently the Chinese brought in cash as well (it is said that currently the Chinese bring in only tools, equipment and people, so all in kind) that was spent on a range of John Deere tractors and combine harvesters.

### 8.3 Pungo Adongo farm

Pungo Adongo is managed by Abel Martins de Sousa (abel.mango@hotmailcom , 923 710440). Pungo Adongo was a cooperation with Brazilian Odebrecht and was turned into a legal entity and transferred to Gesterra in 2010. The total area of the farm is 33,000 ha of which 5,000 is currently being used for agriculture. Although not irrigated the farm produces two 4 month crops per year: one from September to December and one from January to May. 2,000 Ha could be irrigated and 500 ha is 8 km from the Kwanza river and could easily be irrigated. The farm was initiated in 2006 and until 2009 Brazilian Odebrecht was managing partner and supplied USD 80 mln of equipment and management. The Brazilian equipment (like silo's, dryers, general farm layout) looked much better compared to what the Chinese had delivered at Pedras Negras. The farm hosts a corn flour mill (Brazilian made) with capacity of 3.5 t flour /hr (Fuba, as Angolans call it) and a feed plant with capacity of 6.5 t/hr. Also present are two extruders and two oil presses for corn and soybean oil. Total storage capacity is at 36,000 t (4 x 6,000 t and 4 x 4,000 t). The Mitrelli Group (through Agricultura) will probably take over operation of the flour mill. A second, similar, flour line will be installed soon.



*Pungo Adongo farm*



*Pungo Adongo flour mill*

All of the feed is currently being used in an “Agricoltura Familiar” project by the Ministry of Agriculture. The project is called PIOFON, farmers receive 250 to 2,000 broiler chicks each and get feed for free for the first production round, after that they should have money to pay for the feed.



*Pungo Adongo combine harvester*



*Pungo Adongo feed mill*



## 9 Thursday Oct 22<sup>th</sup>

### 9.1 Fazenda Maxi



Fazenda Maxi is an integration concept set up by Maxi supermarkets in 2013 that works with family owned, mid-size farms. Most farms are in Malange province, in the North and South of Kwanza Sul and around Luanda (see map to the left). Fazenda Maxi employs agronomists that assist the private farmers on growing vegetables (including potatoes and onions) and fruits and supplies seeds and other inputs. Contact with Dutch seed producing companies would be appreciated (Fazenda Maxi: Avenida Pedro de Castro Van-Dúnem “Loy”- Morro Bento, Luanda Sul, 949 523978, [geral@fazendamaxi.co.ao](mailto:geral@fazendamaxi.co.ao)). At the moment 20 farmers are associated to Fazenda Maxi, the total area contracted is around 5,000 ha; 44 different (vegetable) products are currently produced at a total volume of 130 t per month

which would represent 1/3 of all commercial vegetable production in Angola.

Return trip to Luanda

Departure from Luanda to The Netherlands, arrival in Amsterdam on Friday October 23<sup>rd</sup>.

## 10 Concluding remarks on the field trip

The Pólo Agro-Industrial de Capanda (PAC) in the Malanje region is from an F&A point of view quite different from the Quibala region that was visited in June. The Quibala farms were all “privately” owned while in the Malanje region many farms are state owned through Gesterra. The Quibala farms were managed by expat professionals while the Gesterra farms are under Angolan management. The Quibala farms are very intensive under irrigation, producing crops continuously while in Malanje it is extensive dryland farming producing 2 grain crops per year.

The agricultural potential of the CAP region is obviously tremendous and the region is underdeveloped. Except for Fazenda Maxi, Biocom and Fazenda CAM the farms visited are Gesterra managed. Farm management is not responsible for general management like investments or partnership. This is all centralized at Gesterra headquarters. Farm managers don’t even know if they make a profit or not. The farms were set up as bilateral projects that are turned into legal entities and handed over to Gesterra after three years. It was clear that after the transfer most farms remain under-financed. Equipment is being cannibalized and farms swap equipment to be able to harvest in time. There is no money made available to improve the soil like for liming. These farms should now make a second step into integration. As they are producing dry land grain now, the next step would be either into irrigated intensive crops or into animal production (dairy, poultry or pork). Apparently Gesterra is looking for partners to be able to realize this next step. Gesterra CEO Carlos Paior would like to see foreign companies enter with capital.

As the Gesterra farms need to integrate and get more intensive, it presents opportunities for Dutch F&A companies because it is at this stage that Dutch technology becomes of interest most. Therefore it is important to maintain intensive contacts with Gesterra management. Gesterra is the main state

owned investor in agricultural equipment in Angola. Agrix will in close collaboration with Gesterra prepare packages of equipment that fit with the required expansion track. These packages will be offered combined with a financing proposal that might include Atradius or Euler Hermes as ECA and Commertzbank or ING as confirming bank.

## 11 A collective policy to strengthen the Dutch F&A position in Angola

As discussed in this and previously published Agrix reports, Angolan F&A continues to develop, boosted by investments through Angolan nationals in spite of the difficult situation the state budget is in due to the low oil price. The potential of Angola to become a regional F&A super power is clear to anyone. This explains the enthusiasm of the Dutch F&A private sector to get increasingly involved in developments in Angola.

Angola is a rather difficult country for Dutch private companies to develop business relations. This is due to a number of factors like: language, traditional Portugal/Brazil/Israel orientation, inadequate infrastructure, intermediates with mixed agenda's, complicated business environment, obsolete visa procedures, extremely expensive to stay and travel, sometimes complicated finance constructions and much more.

All of this justifies public intervention by EKN Luanda and the Agricultural Council Pretoria. Intervention should be focused on increased private and public cooperation on F&A between Angola and The Netherlands. Angolan F&A officials, both private and public, are insufficiently aware of the benefits such a cooperation could bring Angola. The traditional focus on Portugal, Brazil and Israel has limited the influx of technology to these countries while The Netherlands industry outperforms these countries on certain F&A sub-sectors.

As investment by Dutch parties in Angolan F&A remains, for several reasons, a complicated issue for the time being, business initiatives should therefore be focused on export of technology and knowledge from The Netherlands to Angola. The focus is on corporate farms, as this is currently the only segment in which investment takes place. These integrated farms are in a position to directly do business with Dutch companies, as practice proves.

There is an increased interest for self-subsistence and small-holder farms pushed by international institutions. Examples are the FAO funded MOSAP project, the projects funded by the European Development Fund and Worldbank, the PIOFON small-holder project and the projects initiated by IDA (Instituto de Desenvolvimento Agrario). This F&A segment is not a direct target for Dutch private sector, although the common procurement of inputs like seeds could be of interest. However, for Dutch knowledge institutions like WUR and KIT it would certainly make sense to further investigate the nature of small-holder focused projects and to get involved.

As corporate farming gets the short term attention of Dutch F&A companies, on the medium and long term it will be the midsize, family owned, commercial farm segment. This is the segment in which The Netherlands can play an important role, both private and public, as this is how the Dutch agrifood sector is structured. The Dutch primary production related technology has been adapted to intensive farming and the F&A technology in general is geared to production and processing of products derived from intensive farming. The mid-size commercial farm segment hardly exists in Angola although no doubt it will in the future become the main segment. Some initiatives that include mid-size commercial farms are the Fazenda Maxi concept and the Chevron funded "Alegria do Ambriz" project. Also in the Benguela region there is supposed to be a group of mid-size vegetable growers. The Netherlands should focus on developing the commercial mid-size farm segment. CSR

funding by large Dutch corporations active in the Angolan off shore sector might be available, like in the Chevron case.

One of the reasons corporate farming has taken the lead in Angolan F&A development is the fact that value chains, outside integrations, don't exist in Angola. It forces a farm, with initial focus on primary production, to get fully integrated and process its products up to consumer ready status. This requires substantial capital expenditures which makes the hurdle too high for mid-size farms to enter. Mid-size commercial farming can only really take off when the preceding and succeeding links in the value chain are present and when an institutional supportive and legislative frame work is in place. On the private side this would include suppliers of inputs, finance, processors and traders. These could be private companies or cooperative entities. On the public side this includes: vocational schooling, applied research, extension service, veterinarian & phytosanitary service, crop inspection & certification service and much more. All of these represent Dutch fields of specific expertise and Agrix suggest this is the message that should be communicated at all fronts. Several tools can be used to reach the required objective, some of which have been discussed at the Embassy briefing. The tools should be applied in a coordinated manner, communicating a similar and clear message.

- Contact local business newspapers, Financieel Dagblad equivalents, to invite journalists to publish F&A editorials based on information as submitted by the Embassy and Agrix;
- After the successful June F&A mission to the Quibala region, a new outgoing mission to the Malanje and Huambo region can be organized. The idea is supported by the Netherlands Space Office and RVI that see an appealing market for satellite imaging technology in Angola<sup>8</sup>;
- Consider a collective F&A participation in either the Agroangola or FILDA fair. The latter will be organized from July 19<sup>th</sup> to 24<sup>th</sup> in 2016 and is preferred over the Agroangola as it attracts more public and generates more exposure in spite of the fact that it is a general fair;
- Organize a F&A seminar in Luanda, hosting appealing key-note speakers and invite all of the private and public decision F&A decision makers thus generating free publicity and promote the central message on The Netherland's position within the world's F&A domain;
- An incoming mission of Angolan private and public F&A executives to The Netherlands. Present a program in The Netherlands of combined presentations of Holland as a F&A power house and visits to relevant companies and institutions;
- Use the Partners for International Business (PIB) program for collective market development;
- Use other RVO tools to set up public and private cooperation with Angola;
- Commission an expert mission on identifying groups of mid-size commercial farms (Agrix);
- Publish a quarterly newsletter on Agrifood developments in Angola or use the Agroberichten Buitenland site (<http://www.agroberichtenbuitenland.nl/>) more intensively for this purpose. Although a pushed newsletter might be more effective in bringing the news across;
- Get closely involved in FAO and EU programs currently effectuated by establishing contact with respective representatives. This would certainly boost Dutch institutional involvement in developing the Angolan F&A sector.

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<sup>8</sup> Fact-finding Mission Opportunities GEOdata and Agricultural Development Angola, Peter Hoofsloot, Hoefsloot Spatial Solutions, June 30<sup>th</sup> 2015



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