

Helping to Restore Angola's Agricultural Sector



Photo: CARE, Robert Bulten

The Angolan people and their Government are very quickly recovering from the country's long civil war and working hard to build the national capacity essential to broad-based economic growth and participatory democracy. Recognizing the positive change that is taking place, the United States Agency for International Development has shifted the focus of its programs away from humanitarian assistance and towards a collaborative assistance relationship that seeks to:

- reinforce Angolan efforts to improve people's lives through increased economic opportunity and improved social service delivery
- help Angolans make the systemic reforms that will lock Angola onto a path of stability and wide-spread prosperity

To help improve people's lives through increased economic opportunity, USAID and Chevron designed an Agriculture Development and Finance Program that seeks to catalyze the value chain of selected agricultural crops, from production to processing to marketing, including support for the financial sector along all points of the value chain.

Angola's Agricultural Sector

Four years after the end of a 27 year civil war, Angola is rebounding rapidly. Much of the growth is attributable to the increasing output of oil in a high priced market but other sectors are expanding as well, including the construction sector, the financial sector and the agricultural sector. It is the agricultural sector, supported by improvements in infrastructure and expanded access to finance, that is the key to generating broad-based growth in Angola in the near term.

Because of the country's fertile soils, plentiful water, climatic diversity and hard working farmers, Angola has very quickly gone from being a major recipient of global food assistance to a country in which most donors are closing out their support for food aid programs. However, despite the impressive agricultural recovery, most of Angola's farmers, like most of Africa's farmers, are still producing at a subsistence level of agriculture.

The potential to transform Angola's subsistence farmers into commercial entrepreneurs is enormous. Angola, in fact, has the resources to become one of the richest agricultural countries in Africa. Prior to independence, Angola was the world's fourth largest exporter of coffee; a competitive exporter of sugarcane, bananas, palm oil and sisal; and self-sufficient in all crops but wheat.

The USAID-Chevron Agriculture Development and Finance Program



A USAID-funded program helped this farmer improve his potato crop. Photo: USAID/Angola, C. Hamlin

Building on their previous successful joint experience in helping internally displaced people and returning refugees of the civil war re-establish themselves as farmers, Chevron and the United States Agency for International Development are now embarking on a new partnership to help catalyze the value chain (focusing on production, processing, marketing and finance) for one or more agricultural crops grown in Angola. Those crops will be selected once a decision has been reached in a competitive process that is now under way to select an implementing partner.

The USAID-Chevron program, branded *ProAgro Angola*, has four components:

- Expanding Access to Financial Services for Farmers and other Agribusiness

Enterprises: This component is facilitating sustainable relationships between commercial banks and agricultural enterprises, including farmers organizations. ProAgro Angola is complemented by a USAID guarantee facility, covering 25% of a \$15 million loan portfolio for agribusinesses lending at Banco de Fomento Angola (BFA).

- Enhancing the Production and Productivity of Selected Crops Enhanced: This component will provide technical assistance in agricultural production to increase yields and improve quality. Particular emphasis will be placed on integrated pest management, modern crop husbandry techniques, crop scheduling, soil protection, irrigation, and water management.

- Improving Processing Practices: This component will focus on post harvest handling techniques and technology. It entails technical assistance that will result in improvements in

areas such as sorting and grading, packaging, safe transportation of fruits and vegetables, and storage.

- **Improving Marketing Strategies:** This component will assist participants in the agricultural sector to identify market opportunities, improve marketing strategies, use market information systems, and form business contracts and alliances.

A cross-cutting theme throughout the program is the strengthening of producers and other agricultural enterprises, with the intent that these entrepreneurs will improve the dialogue with Government and private sector counterparts.

The Agriculture Development and Finance Program is expected to begin by September 2006.

The USAID-Chevron Partnership

The USAID-Chevron partnership began in 2002. In addition to cooperating in helping people in the Planalto re-establish lives as farmers after the civil war, USAID and Chevron worked together to help with the start-up of the Novo Banco, strengthen the capacity of the Faculty of Agricultural Sciences at Agostinho Neto University, and support reintegration activities in Cuando Cubango.

Currently, USAID and Chevron are also jointly supporting a three year Municipal Development Program.

Over the long-term, Angola is destined to become an agricultural powerhouse. The Agriculture Development Finance Program is an opportunity for corporations to help accelerate Angola's arrival in the global agricultural markets and, in the process, lift thousands of Angolan families out of their current poverty.

USAID's Global Development Alliance: A New Way of Doing Business

The Global Development Alliance - USAID's new way of doing business - is based on the recognition that significant changes in the environment of economic development assistance are occurring. No longer are traditional donor governments and multilateral development banks the only providers of assistance. Rather, over the past 20 years, there has been a growing number of new actors on the scene: foundations, corporations, and even individuals. Under its Global Development Alliance model, USAID seeks to facilitate linkages between its own programs and the programs of these new and, increasingly important, new actors, in order to strengthen the overall effectiveness of development efforts.

Learn more about the Global Development Alliance model. Browse our website. You can find it at www.usaid.gov/our_work/global_partnerships/gda/.