

## Joint SDG Fund – Component 2 – SDG Financing

Template for the Joint Programme Final Progress Report (preparatory funding)

**Purpose:** to provide the UN Joint SDG Fund's donors with evidence that preparatory funding provides good value for money - so that we can continue allocate resources to your programming.

**Instructions:** be succinct and to the point; emphasize only results and issues that you want to bring to the attention of the Fund; do not go over the max number of pages.

**Deadline:** January 31<sup>st</sup>, 2021

### Cover page

**Reporting period:** June 30 – December 30, 2020

**Country:** ANGOLA

**Joint Programme (JP) Title:** Angola Catalytic Finance Initiative

**Short title:** Angola Catalytic Finance

**List of PUNOs:**

- UN Food and Agriculture Agency (FAO)
- United Nations Development Programme (UNDP)
- United Nations Population Fund (UNFPA)

**RC :** Zahira Virani

**Representative of Lead PUNO:** Gherda Barreto Cajina  
FAO Representative in Angola

**Government JP Focal Point** (name and ministry/agency): António Marcolino Pombal, Director of the National Directorate for Integration, Cooperation, and International Business, Ministry of Economy and Planning

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**Lead Agency JP Focal Point:** Gherda Barreto Cajina **E-mail:** [Gherda.Barreto@fao.org](mailto:Gherda.Barreto@fao.org)

**Budget** (Joint SDG Fund contribution): **150,000**

**Budget Expenditures:** **149, 849**

**Delivery Rate: 99%** - *Prep Funding Rate (%)* =  $\frac{\text{Expenditures PUNO}}{\text{Total transferred funds Jan 2020 to December 2020}}$ :

## Short Description of the Joint Programme (1 paragraph for each section)

*This description will be used to update your country page in our online platform (please scan the website before answering) <https://sdginvest.jointsdgfund.org/proposals>*

The Impact Angola Catalytic Finance is a blended finance solution designed to unlock private and public capital to support poultry and feed value chain development in Angola. It combines (1) technical assistance and business incubation, with (2) deal flow and pipeline development, and (3) a debt-based fund with a "first loss" layer to scale inclusive business models.

*Financial leverage (estimated target in US\$): **95,000,000.00***

### Challenge:

*Explain the key challenge(s) the JP aims to tackle with reference to both development and financing challenges and how they interconnect.*

Despite its middle-income nation status, wealth in Angola is highly concentrated. Although poultry is one of the most consumed meats, the little access to technical expertise and capital and the high cost of imported feed leads to low profitability, low competitiveness, and a huge food import bill. The proposed intervention aims to create incentive mechanisms to mobilize resources and enhance competitiveness throughout the value chain and improve livelihoods.

### Innovation (financial instrument/mechanism/approach):

*Summarize the financial mechanism(s) proposed and why the approach is different from conventional and/or alternative approaches, and how it is fit for purpose to address the challenge described above.*

Blended finance solutions, including a first-loss layer, tailored technical assistance, and a deal development and packaging facility to scale inclusive business models leveraging aggregation, alternative feed, digital tools, and gender inclusion advocacy and investment guidelines.

### SDG Impact:

*Please describe the development impact the JP aims to achieve. Do not list the SDGs.*

To achieve the desired overall impact of contributing to Eradicating of Extreme poverty (SDG 1.1, 1.2) and Ending Hunger (SDG 2.1) in the long-term, the ACFI has developed systemic strategies that address crucial bottlenecks hindering the progress on SDGs. The vast majority of Angola's agricultural producers are Family Farmers (FFs) who suffer from limited access to technical training and financing. For this reason, the sector is affected by low productivity, profitability, and competitiveness. However, through gender and youth sensitive capacity building (SDG 4.3), the ACFI will be able to increase the volume of production per labour unit (SDG 2.3) while increasing the proportion of informal employment (SDG 8.3), decreasing the overall unemployment rate in rural areas (SDG 8.5), and promote equal rights to agricultural land ownership (SDG 5a) particularly for women and youth.

### Partners:

*Please list key partners involved in implementation as well as secured investors. Do not mention more than 4-5 partners. Do not mention generic stakeholders (e.g., Government, private sector), but only specific institutions/partners.*

- IFC – International Finance Corporation (Letter of support included in the proposal)
- AFDB – African Development Bank (Letter of support included in the proposal)
- Atlantico-Banco Millenium Atlantico (Letter of support included in the proposal)
- BDA - Banco de Desenvolvimento de Angola (Letter of support included in the proposal)
- FADA- Fund for Agriculture Development (Letter of support included in the proposal)
- Angola-Capital Partners (Letter of support included in the proposal)
- Coopera- Faje Credit Cooperative (Letter of support included in the proposal)
- Angolan Industrial Association

## Final Progress Report (MAX 3 PAGES)

### 1.1. Progress achieved

Provide brief description of the project's developments, results and achievements during the preparatory phase including 1) financial vehicle design; 2) market assessment; 3) feasibility study; 4) pipeline assessment; 5) legal assessment; 6) investor mapping and matching; 7) others. Please list the names of strategic documents developed (if any).

The financial vehicle design was tested with potential investors and with an expert of the local capital market, and the feedback was good. The ACF aims at local funders, being the ADB the anchor investor, which already signed a letter of interest. Conceptually, it's mature and ready to be set up after SDG Fund's approval.

All the main players of the feed and poultry sector in Angola were contacted, approving not only the financial mechanism and loan's conditions, but mainly the proposed intervention to accelerate SDG progress. With that, and bringing assumptions from the FAO expertise, it was possible to verify preliminarily the feasibility of the financial mechanism both for the ACF and for the potential borrowers on the feed and poultry sector. After these dialogues, several companies and associations are already on the pipeline of the Fund, willing to be part of the program that could be a game changer for the agriculture sector in Angola.

Although the financial vehicle was made with support from local experts, a deeper legal assessment needs to be done in order to finalize the structure. Roughly half of the fund is already engaged through letters of intention, and other potential investors/donors have already showed informal interest in participating in it.

### 1.2. Challenges faced

Did the UNCT face any major challenges in the preparatory phase? Briefly explain the challenges, their impacts, and how you overcame those.

**Remote coordination at high-level and technical-level.** Although the full proposal originated from a CN that was prepared jointly, the development of a full proposal demanded in-depth discussions for: alignment of the technical team, value chain, geographic prioritization, local consultations, involving private sector stakeholders, securing investors, and preparing a detail-oriented proposal document. Naturally, remoteness printed a different dynamic to discussions and analysis. To overcome this issue, we ensured a structured methodological path to make the best use of time on periodic sessions. We also integrated senior national consultants to the team who were able to mobilize national stakeholders with PUNOS national offices' support.

**Assuring leverage and partners:** the full proposal preparation (not including the concept note stage) was mostly concentrated between August and November 2020. We had to juggle the full pre-analysis, negotiations, and preparation of the proposal document with investors' accelerated engagement to achieve leverage goals during this period. This provided little time to go into depth negotiations with investors that required forecast estimations, risk assessments, and tailored information in order to secure their participation. To overcome this issue, we capitalized on the previous institutional trusting relations and prestige of IFC and GoA with financing institutions; this strategy facilitated obtaining solid Letters of Support available in the proposal.

### 1.3 Partnerships leveraged

Did you leverage **new** partnerships during the preparatory phase (e.g. government, private investors, IFIs, bilateral/multilateral banks, etc.)?

- Yes  
 No

Provide in bullet points the main highlights on strategic partnerships and with whom.

- IFC – International Finance Corporation: Design and potential capitalization of Angola Expansion Fund.
- AFDB – African Development Bank: Capitalization of the Angola Expansion Fund.
- Atlantico-Banco Millenium Atlantico: Support in the Design and capitalization of the Angola Expansion Fund.
- BDA - Banco de Desenvolvimento de Angola: Capitalization of the Angola Catalytic Fund, focusing on SMEs.
- FADA- Fund for Agriculture Development: Capitalization of the Angola Catalytic Fund, focusing on SMEs.
- Angola-Capital Partners: Potential partnership to deliver the ACFI Deal Flow Facility Component.
- Coopera- Faje Credit Cooperative: as an implementing partner to facilitate financing products to SMEs.

#### 1.4. Co-funding mobilized

Did you secure additional funding or in kind support for the proposal during the preparatory phase?

- Yes  
 No

If yes, please include amounts committed during the prep-phase.

Source of funding	Yes	No	Type? (\$ or in kind support)	Name of organization	Amount (USD)	Comments
Government	<input type="checkbox"/>	<input type="checkbox"/>				
Donors/IFIs	<input type="checkbox"/>	<input type="checkbox"/>	Professional Services	IFC	8,000	International Staff
Private sector	<input type="checkbox"/>	<input type="checkbox"/>				
UN/PUNOs	<input type="checkbox"/>	<input type="checkbox"/>	Professional Services	IFC	22,500	National and International Staff
Other partners	<input type="checkbox"/>	<input type="checkbox"/>				

#### 1.5. Budget changes (if relevant)

If there were changes in the actual budget from the one shared as part of the Fund Transfer Request, please briefly justify these changes.

Please, explain briefly:

Considering the Project document was prepared remotely, the amount of desk work increased. Due to COVID-19 restrictions with inter-provincial sanitary frontiers, national travels were limited. Similarly, in-person workshops were restricted. The above led to an increase of 30% in the consultant's account.

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iFamily Farming is a means of organizing agricultural, forestry, fisheries, pastoral and aquaculture production which is managed and operated by a family and predominantly reliant on family labour, both women's and men's. The family and the farm are linked, coevolve and combine economic, environmental, reproductive, social and cultural functions