

IMPACT REPORT

SUSTAINABLE COMPANIES CREATE DEVELOPMENT



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Tombwa, Namibe Province

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ABOUT THIS REPORT

We are pleased to present our first Impact Report. The focus of this Report is our overall approach to sustainable development and the strategic inputs and technical assistance we provide to our active investments in the FIPA I and FIPA II Funds to enhance their sustainability, resilience, agility and, ultimately, impact. Additionally, we aim to demonstrate how the identified performance aspects are inter-related and help create shared value for all our stakeholders. Lastly, we provide our thoughts on how we will improve the quality of information available to our stakeholders, by communicating the factors that affect both our ability and that of our investments to create value. This is our first step in our impact reporting journey and will reflect our position as a market leader in contributing to sustainable development in the Angolan investment sector.

A combined approach was used to gather information required for this Report. Firstly, quantitative performance metrics were collated as they were supplied by our investee companies. We require each investment to report compliance with the IFC Performance Standards, our own Environmental and Social Management System (ESMS) and other recognized international best practice standards applicable to the individual investment type. It is these standards which form the baseline for this reporting. Additional information relating to our investments was obtained from site visits and interviews, with both investee companies and stakeholders of investee companies, undertaken by an independent Environmental, Social, and Governance (ESG) consultancy, using international best practices to ensure the credibility of the findings. Finally, a review of key documentation (such as ESG policies and management systems) was also conducted.

This report is directed primarily at shareholders and providers of capital, however, it should prove of interest to all our other stakeholders, including our strategic partners, government departments and regulators, and the communities in which we operate.

This report is not externally assured. However, the ACP Board is responsible for ensuring corporate accountability and the management of associated risks, combined assurance and corporate reporting, and has reviewed and approved this report.

We welcome written comments and feedback from our stakeholders that relate to both this report and other general matters. Enquiries regarding the report should be directed to: contactos@angolacapitalpartners.com

In memory of Francisco Lobo de Vasconcelos (1973-2014), a pioneer of private equity in Angola.



Fazenda Girassol, Zaire Province

MESSAGE FROM THE BOARD OF DIRECTORS

Dear Stakeholders,

We are delighted at the opportunity to celebrate and showcase our impact in Angola in this, our first Impact Report. As first movers, Angola Capital Partners (ACP) launched Fundo de Investimento Privado – Angola (FIPA) more than eight years ago. As we near the term of our FIPA I Fund and have entered the investment period of our FIPA II Fund, it is an ideal opportunity to share the successes and challenges we experienced on this remarkable journey of growth and development.

The past decade has seen significant changes in the macro-environment, with economic, political, social, technological, environmental and ethical factors influencing the way we do business at an operational level. With the support of advisors and partners, and mostly with the hard work of the promoters and staff of our investee companies, our leadership team carefully guided the organization through the economic downturn. Our team demonstrated resilience and dedication as we researched, implemented and adapted to new technologies, systems, processes and procedures in pursuit of performance enhancement.

In response to the demographic and environmental challenges and needs faced by Angola, the region and the world at large, our investment themes contribute to the Angola 2025 Strategy and National Development Plan (NDP) objectives, which strive to improve the wellbeing and quality of life of all Angolan citizens. These themes also contribute to the African Union (AU) Agenda 2063, SADC Member State Community's Regional Indicative Strategic Development Plan (RISDP), the United Nations Development Agenda (UNDA) 2030 and the Sustainable Development Goals (SDGs), to which Angola subscribes. In response to these challenges, our investment themes unpacked in this report include the following:

- Food security and import substitution through investment in agriculture and the fishing industry;
- Environmental protection and sustainability through investment in waste management for the oil and gas sector;
- National reconstruction through investment in building industry and materials;
- Economic diversification away from a monoline economy highly dependent on the oil and gas sector;
- Dignity in the workplace through increased employment and remuneration by all our investee companies; and
- Growing the economy through tax contributions, local procurement and creating indirect jobs.

This year we refined and tested our bespoke Impact Model using the Global Impact Investing Network (GIIN) guidelines and the Impact Reporting and Investment Standards (IRIS) as springboards. It gives us great pleasure to announce that the baseline survey and impact assessment has confirmed our significant contribution to transforming the quality of Angolan companies in which we invest, as well as that of the lives of their employees, customers, families and communities over the past eight years. We will also illustrate how this contributes to the targets defined by Angola in reaching the SDG objectives. The lessons learnt from reviewing our impact will be embedded in our impact framework and management systems going forward and provides a clearer roadmap to tracking and measuring our impact in the communities in which we operate.

The role of private equity as a catalyst for development is clear when looking at the way private equity stimulates social outcomes through innovations and investment in agriculture, healthcare, education and resource efficiency. Also, private equity investments in infrastructure and enterprises, stimulates job creation and economic activity, which positively influences levels of poverty, and income inequality. Going forward, our leadership is committed to exploring ways to partner with all stakeholders in implementing the strategy to graduate Angola from a Least Developed Country (LDC) by February 2021 through the promotion of a diversified and inclusive economy.

We would like to take this opportunity to thank all our valued stakeholders, partners, employees, customers and communities who helped us reach this significant achievement through your dedication and commitment to Angola.

More importantly, with this report, we would like to invite all interested stakeholders to partner with us on this journey to prosperity. Let's work together with both holders and seekers of capital, to the betterment of Angola, and the African continent. When you read about what has been achieved thus far with the available resources, imagine what can still be done in the future if we are made stronger together.

Warm regards

The Board of Directors of Angola Capital Partners

Fazenda Girassol, Luanda Province

OUR APPROACH

Sustainable businesses create development



INVESTING FOR DEVELOPMENT

Redacted from Investing for Development, Norfund (2016), p. 7-9

Key Messages:

- The number of people worldwide living in extreme poverty has decline by more than 50 percent since 1990. Sustained economic growth that involves a large part of the labour force has been the main driver of poverty reduction.
- Nine out of ten jobs in low- and middle-income countries are provided by the private sector.
- Removing obstacles to the growth of the private sector is necessary to create jobs and reduce poverty.
- The UN's SDG agenda for the next 15 years places increased emphasis on the role of the private sector in supporting sustainable growth.

Economic Growth Reduces Poverty

The importance of economic growth to poverty reduction is illustrated by many cross-country analyses. In 2004, for example, Kraay published a study of a large sample of low- and middle-income countries showing that between 66 and 90 percent of the reduction in absolute poverty could be explained by growth in average incomes. Similarly, the UK Department for International Development (DFID) found overwhelming evidence in a review of cross-country research and country case studies, that rapid and sustained growth is critical for poverty reduction. DFID estimates that a 10 percent increase in a country's average income will typically reduce a country's poverty rate by between 20 and 30 percent.

Rapid economic growth is possible and is influenced by the ability of a state to enact policies enhancing growth and promoting increases in productivity. Evidence from countries such as South Korea and Singapore has shown that even countries lacking significant natural resources can graduate from being among the poorest to the richest in fewer than 50 years if the political context is supportive and investment levels are high.

Providing Jobs is the Key to Poverty Reduction

Even if countries experience similar rates of growth, the impacts of this growth on poverty may vary depending on the extent to which poor people are able to participate in the growth process.

A review of the Millennium Development Goals conducted by the UNDP shows that broad-based growth across sectors has the largest impact on poverty reduction. This is because it involves a large part of the labour force and provides opportunities for both self-employment and contractual employment.

The most important way to reduce poverty is to provide jobs. "Whether they are subsistence farmers, salaried workers, or self-employed entrepreneurs, poor people derive most of their income from work. This basic fact means that the level of employment, the quality of jobs, and the access which the poor have to decent earnings opportunities will be crucial determinants of poverty reduction," argues the Organization for Economic Co-operation and Development. The design and implementation of policies promoting inclusive growth should therefore be a key priority for governments seeking to reduce poverty.

The importance of employment is recognized by the poor themselves. More than 70 percent of the respondents in the World Bank's survey 'Voices of the Poor', said that getting a

job is the best way to escape poverty. But unemployment is still seen as the most important problem that governments need to address, according to a 2015 Afrobarometer survey of 36 African countries.

Reducing Obstacles to Job Creation

The private sector plays a critical role in job creation. More than nine out of ten jobs in low- and middle-income countries are provided by the private sector, and small- and medium-sized enterprises play a key role by providing more than 80 percent of formal jobs. In Sub-Saharan Africa, the private sector accounts for 93 percent of paid employment, compared to 77 percent in Europe. To reduce poverty, it is therefore crucial to understand and mitigate the constraints that private enterprises face in creating jobs.



Fazenda Girassol, Zaire Province

ACP OVERVIEW

Our History

Angola Capital Partners (ACP) is a joint venture between Banco Angolano de Investimentos (BAI) and Norfund, with the mission to create a private equity market in Angola and become the leading independent manager and the preferred source of financing for mid-sized corporates in Angola. BAI is the largest privately-owned bank in Angola with more than 20 years of experience financing the private sector in Angola and Norfund is the Norwegian state-owned development finance institution providing capital to private sector companies in developing countries.

The FIPA I Fund was launched in 2010 and the FIPA II Fund in 2017, however, the journey began in early 2008 when ACP and its sponsors met with representatives of various development finance institutions, including the European Investment Bank (EIB), the Danish Investment Fund for Developing Countries (IFU) and the Spanish Development Agency (FONPRODE), to seek participation of additional investors for a private equity fund being launched with a focus on attracting foreign investment into Angola and stimulating the overall investment climate, creating a local private equity market and making the case for Angola as an international investment destination.

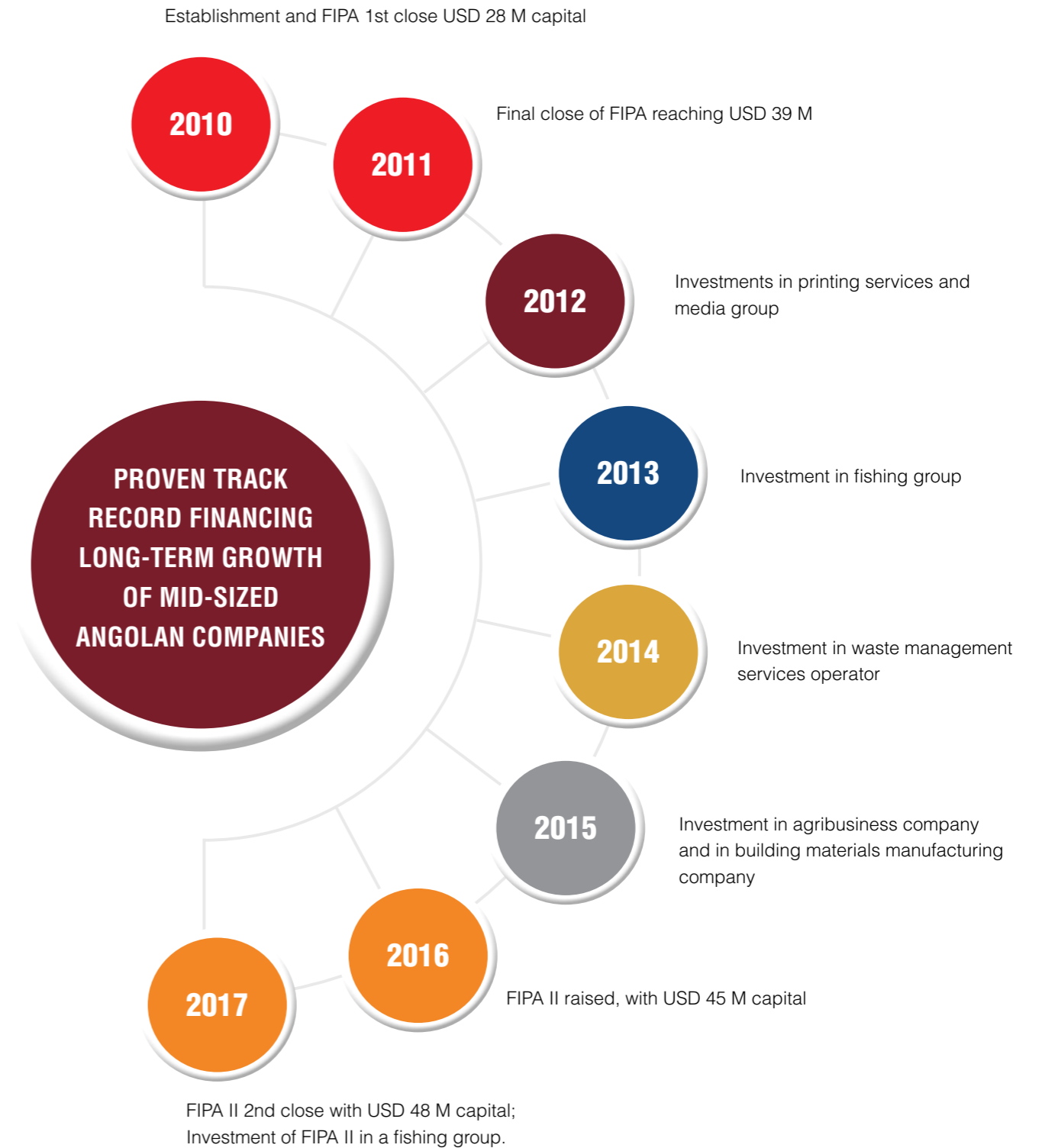
Since then, a total of USD87 million was raised for long-term financing to Angolan companies. FIPA I raised USD39 million of committed capital, now fully deployed, whilst FIPA II closed in 2017 and has USD47.5 million of committed capital with the same 10-year maturity period.

The funds' activities have resulted in several positive outcomes that contributed to some of the SDGs, as shown in our Impact Model on page 28 of this report, and Angola's 2013-2017 national priorities, including the following:

- Ensuring unity and national cohesion;
- Promoting human development and wellbeing;
- Promoting sustainable competitive and equitable development;
- Supporting the development of entrepreneurship and the private sector;
- Harmoniously developing the national territory; and
- Promoting the competitive integration of the Angolan economy in the world and regional context.



Tombwa, Namibe Province





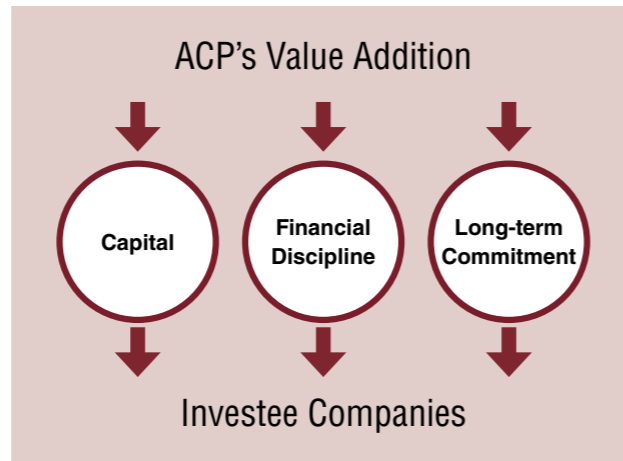
Fazenda Girassol, Zaire Province

Our Value Addition to Angolan Companies

ACP's value addition to our investee companies goes beyond the capital of our investment funds and is threefold: providing capital, exercising financial discipline and providing long-term commitment and institutional capacity building. ACP's team, with its extensive experience, capability and capacity, work closely with management to provide support on key strategic decisions.

These key areas of involvement and experience include:

- Corporate finance;
- Management reporting and financial control;
- Corporate strategy;
- Marketing;
- Human capital management and development;
- Corporate governance, reporting and transparency; and
- Long-term equity partnerships.



Financing instruments offered to companies include equity capital, shareholder loans, convertible loans and other mezzanine instruments. Due to its strong national and international network, ACP is also able to identify other financial institutions to co-finance sound projects.



We Facilitate Investment from International Partners into Angola.

Our Investee Companies



* SPECIAL EDITION HOLDING



Our Funders



Banco Angolano de Investimentos (BAI) was founded in 1996 as the first private bank in Angola. Among the largest Angolan banks, BAI offers a complete portfolio of products and services to individual and corporate customers, including a range of innovative financing solutions to SMEs by a team of dedicated and expert professionals. BAI is present nationwide through a vast network of branches with a local presence across all Angolan regions, as well as internationally through BAI Europa (Portugal), BAI Cape Verde, and through local partnerships in São Tomé and Príncipe, South Africa and Brazil.



Norfund, the Norwegian Investment Fund for Developing Countries, was created in 1997 and is owned by the Ministry of Foreign Affairs of Norway. Norfund serves as an instrument in Norwegian development assistance policy. The Fund contributes to poverty reduction and economic development through investments in profitable businesses and the transfer of knowledge and technology. Its activities are conducted in accordance with the fundamental principles for Norwegian development co-operation.



The European Investment Bank (EIB) is the long-term lending institution of the European Union, whose shareholders are the 28 European Union (EU) member states and has been active across Africa for over 40 years. EIB activities follow policies and objectives set down by the EU member states and whose Finance Ministers are the EIB's Governors. EIB loans in Africa concentrate on fostering private sector-led initiatives, including SME and microfinance investments that promote sustainable economic growth and help to reduce poverty. The EIB also supports public sector projects that are critical for private sector development and the creation of a competitive business environment.



The Spanish Cooperation Agency for International Development through the Office of the Secretary of State for International Co-operation and for Ibero-America of the Spanish Ministry of Foreign Affairs and Cooperation (MAEC) is responsible for the drafting, management, implementation, monitoring and evaluation of foreign policy for Ibero-America, international development co-operation and the co-ordination of cultural activities abroad including in Africa.



The Danish Investment Fund for Developing Countries (IFU) was founded by law in 1967. The objective of IFU is to promote economic activity in developing countries in collaboration with Danish trade and industry. IFU works to achieve its objectives by investing in companies in developing countries in collaboration with Danish strategic partners.



Banco Millennium Atlantico (ATLANTICO) is a banking institution established in 2016 through the first major merger in the Angolan financial system between Banco Privado Atlantico and Banco Millennium Angola, both created in 2006. With more than 10 years of financial expertise, ATLANTICO is one of the largest banks operating in Angola and a benchmark for its financial strength and banking services to individual customers and corporate clients. ATLANTICO is present in all 18 Angolan provinces with more than 130 branches, and has successfully launched the first digital branch in Angola.

Our Funders



Norsad Finance Limited is an impact investor established to contribute to the private sector development of Southern African economies, by providing funding to enterprises that are financially, socially and environmentally sustainable. Norsad prioritizes investment in businesses that create sustainable employment, diversify local economies and are keen to adopt or maintain decent working conditions and good governance practices.

Though Norsad was incorporated in Botswana in November 2011, the Company has a history spanning over 25 years. It first started operating in 1990 as a multilateral agency based in Lusaka. The establishment of Norsad Agency followed an agreement between four Nordic countries (Denmark, Finland, Norway and Sweden) and 11 Southern African countries (Angola, Botswana, Lesotho, Malawi, Mauritius, Mozambique, Namibia, Swaziland, Tanzania, Zambia and Zimbabwe) to establish an organization that can contribute to the economic development and self-reliance of the participating SADC countries by extending foreign currency facilities for the operations of private sector enterprises in the region. The institution had evolved into a limited liability company by 2012.

Our Stakeholders

Stakeholder engagement forms part of our ethos and the way we do business. Effective stakeholder engagement enhances transparency and accountability to you, our stakeholders. We continue to leverage our relationships to attract and retain support for our objective to increase food security, substitute imports, enhance environmental sustainability, enable nation building, increase cohesion and business growth, and ultimately improve the quality of life in Angola.

As is evident in our impact assessment, we seek alternative ways to ensure participatory appraisal of our impact and to obtain the opinions and perceptions of those we wish to serve.

Going forward, we will enhance and formalize our communication strategy to clearly map our respective stakeholders by type as well as the level of information required and the frequency of engagement. This will ensure

messages are tailor-made to the intended audience. We engage with Limited Partners, investee companies, government departments, advisors, academics, community leaders, employees and the community in regular intervals.

To further our strategic objectives, we will continue to engage with stakeholder at all tiers and monitor the development and implementation of robust stakeholder engagement strategies at portfolio level.

OUR INVESTMENT APPROACH

Developing Sustainable Businesses – the Triple Bottom Line

Our commitment to developing sustainable enterprises is based on achieving positive results in three core metrics:

- 1. Financial viability:** Sustainable companies must be financially viable and, over time, must generate a profit. This is important because as companies grow and become more profitable, their development effects tend to increase. They hire more staff, for example, increase their engagement with suppliers and distributors, and produce more goods and services.
- 2. Governance and integrity:** Sustainable companies are characterized by a high degree of business integrity and good corporate governance. They have clear processes and clear organizational structures, such as a board of directors. Sound governance helps companies to be stronger, more efficient and more accountable, to mitigate risks, and to safeguard against mis-management. Robust anti-corruption measures and practices are needed because corruption is costly and risky. Good governance and integrity help companies to attract the investment and capital they need to facilitate further growth.

3. Sound environmental and social performance:

The companies in which we invest are required to have sound environmental and social practices. They must also comply with recognized international environmental and social standards, as well as national legislation and regulations. In many countries, rules and regulations protecting employees, the environment and the rights of vulnerable groups are poorly enforced.

Our approach to investment is therefore based upon sound investment practices with the goal of growing our investments, to contribute more significantly to Angola's sustainable development.

Our Investment Strategy and Criteria

By carefully selecting investments of the appropriate size, that will offer growth over the short to medium-term, our investment strategy allows us to create value for our stakeholders. Also, by being active shareholders in our investments, we can provide strategic advice and work in a collaborative manner to achieve stakeholder goals.

FIPA's Investment Strategy	
Investment Type	<ul style="list-style-type: none"> Expansion Management Buy-Outs & Buy-Ins Privatization
Industry Target	Diversified
Investment Size	Up to USD8 million per deal Additional scope for co-investors when applicable (priority to LPs)
Financial Instruments	<ul style="list-style-type: none"> Equity Mezzanine Debt
Shareholder Involvement	<ul style="list-style-type: none"> Between 10% and 49%, including minority rights Board of Directors role
Exit	Maturity between 3 and 5 years

Our investment criteria are based on key principles that we believe form the basis for successful companies. These

principles assist in mitigating risks associated with private equity investment and are reflected below:



Our Investment Processes

We follow a strict investment process that mitigates risks that are associated with our investment opportunities. Our obligations and commitments with regard to ESG integration in our investment process are set out in our Social and Environmental Management System (SEMS) manual. We evaluate ESG risks of potential investee companies through an assessment of sector and company specific impacts. ESG considerations are also used to gain an understanding of how ESG risks and opportunities could influence the financial and strategic value of an investment.

We consider the specific risks of each sector, such as regulatory/ legal requirements and material issues, and identify areas for value addition. We develop and implement a documented corrective action plan for closing ESG gaps in instances of non-conformity, and implement structured systems for proactively managing the ESG aspects of operations. We require that all our investee companies and business partner companies comply with all applicable local and national laws and international best practice governing ESG performance. It is also important

to note that there are certain types of investments that we will not finance, as per the IFC Exclusion List. We are committed to investing responsibly and seeking opportunities for sector-specific, ESG-focused value creation. Accordingly, we embrace the concept of materiality. In our view, the principle of materiality – defining the social and environmental aspects that matter most to our business and stakeholders – is a strategic business tool, with implications beyond corporate responsibility or sustainability reporting.

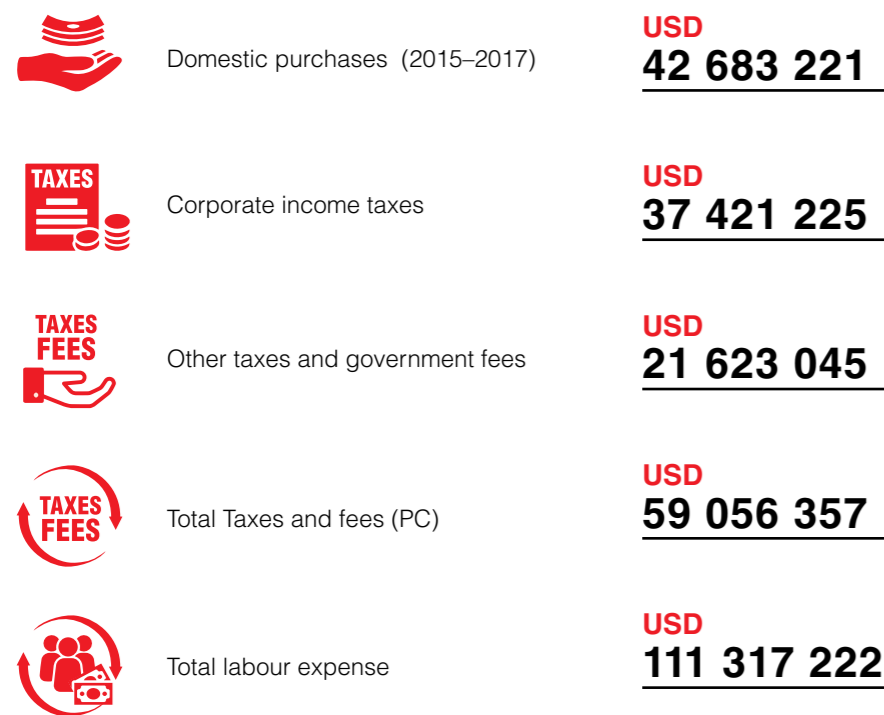


Tombwa, Namibe Province

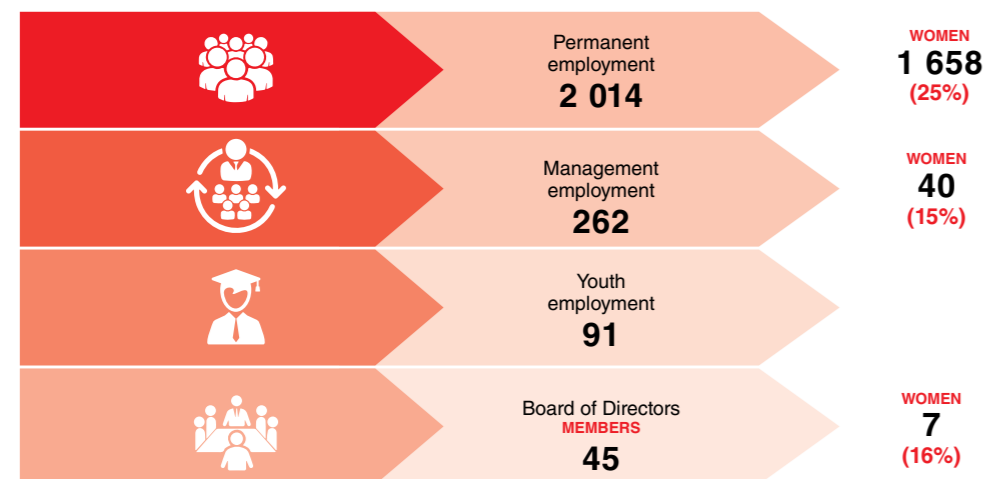
FUND HIGHLIGHTS

FIPA I

FINANCIAL INDICATORS



SOCIAL INDICATORS*

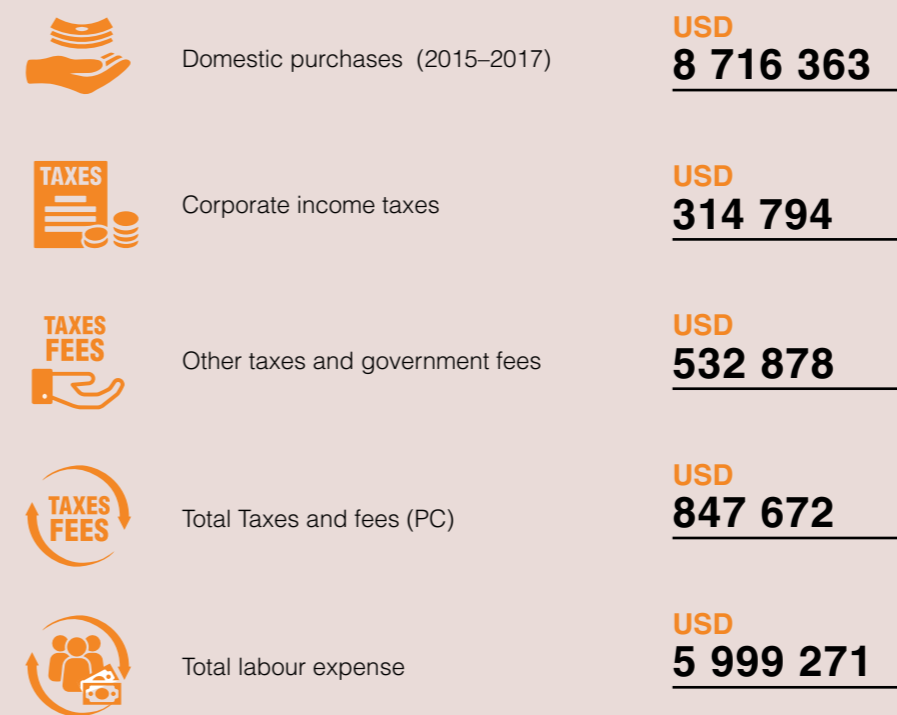


* same positions per annum

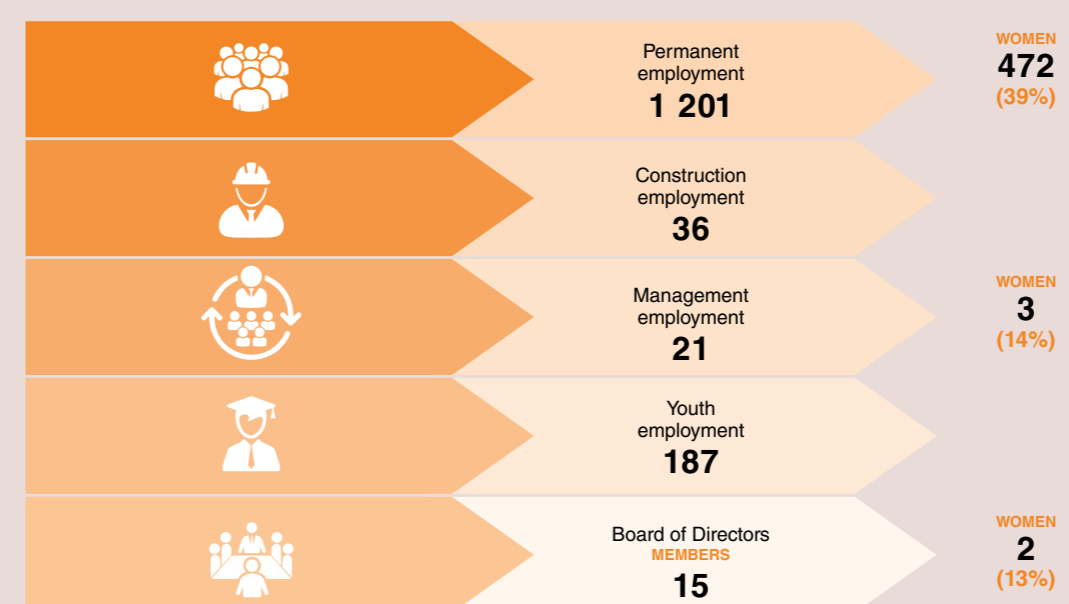
FUND HIGHLIGHTS

FIPA II

FINANCIAL INDICATORS








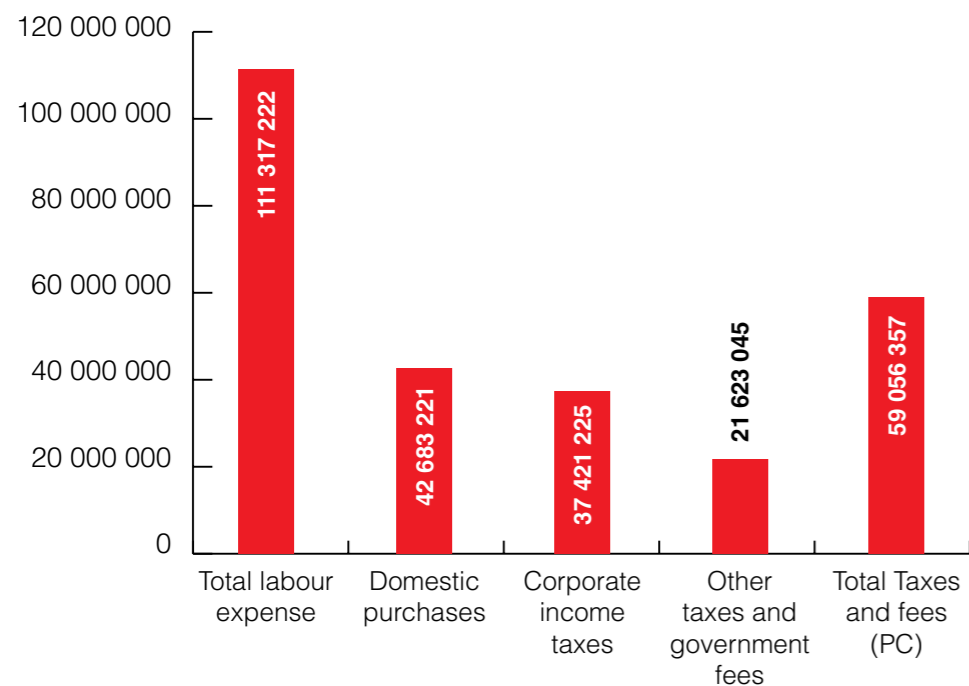
SOCIAL INDICATORS



FUND HIGHLIGHTS






FIPA I

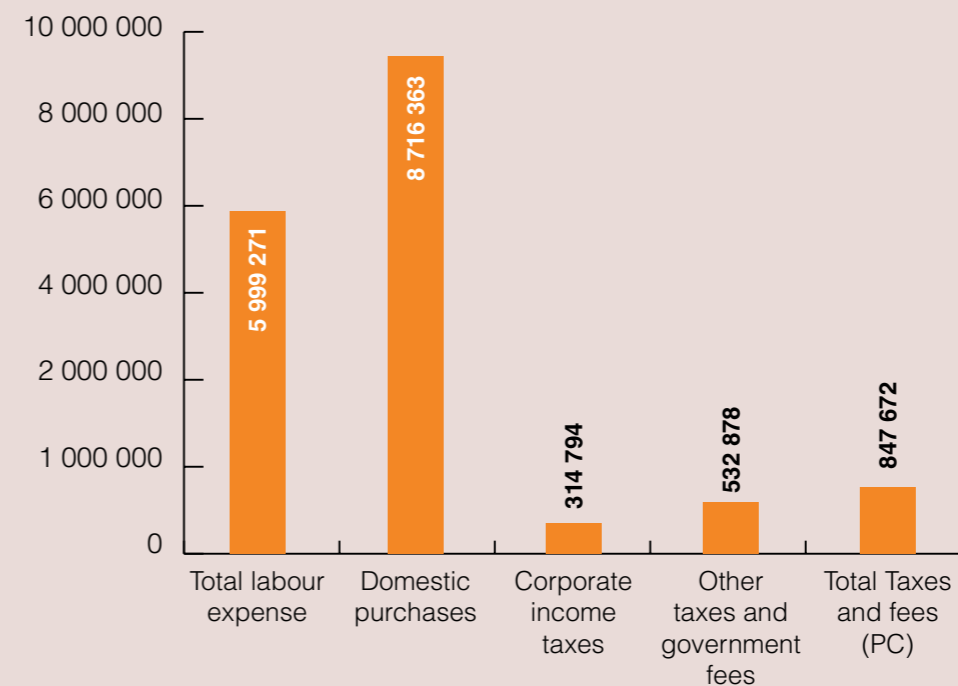
(PORTFOLIO COMPANIES)	2012	2013	2014	2015	2016	2017	Total USD
 Total labour expense	2 643 390	14 133 536	25 586 703	26 226 072	26 814 305	15 913 216	111 317 222
 Domestic purchases				21 822 022	9 133 304	11 727 895	42 683 221
 Corporate income taxes	606 739	868 003	15 172 271	10 587 237	9 278 786	908 189	37 421 225
 Other taxes and government fees	151 482	448 276	6 708 879	3 291 814	7 865 677	3 156 917	21 623 045
 Total Taxes and fees (PC)	760 232	1 318 292	21 883 164	13 881 066	17 146 479	4 067 123	59 056 357



FUND HIGHLIGHTS

FIPA II

(PORTFOLIO COMPANIES)	2017	Total USD
 Total labour expense	5 999 271	5 999 271
 Domestic purchases	8 716 363	8 716 363
 Corporate income taxes	314 794	314 794
 Other taxes and government fees	532 878	532 878
 Total Taxes and fees (PC)	847 672	847 672





Kifangondo, Luanda Province

OUR IMPACT FRAMEWORK

When we speak of measuring our impact at ACP, we are referring to providing evidence that our activities are generating real and tangible benefits. Our impact measurement activities feed into our learnings and organizational practices, enhancing our ability to identify the opportunities, constraints, impacts and social risks associated with our policies, project design, implementation and management. In addition, it assists in framing our discussions on how we contribute to Angola meeting its sustainable development goals, which can then be shared with our stakeholders in a concise and focused manner.

ACP's impact framework seeks to achieve three objectives:

- Provide an understanding of the challenges facing the community and the situational context or baseline conditions before our interventions;
- Inform our investment responses and define the targets, objectives and indicators that we track, monitor and measure; and, finally,
- Provide a guideline for the evaluation of changes that have occurred in the baseline conditions as a result of our investments and how these results are addressing the challenges previously identified.







Unpacking our Impact Model

The Impact Model presented here is to be read from left to right:

- From the left, columns one and two in the table summarize the various forms of capital we contribute to developing our investments. These forms of capital are focused on specific investment themes which aim to support national developmental objectives;
- Column three summarizes the standards and guidelines used to inform how we undertake these activities;
- Column four summarizes the desired outputs at fund level and outcomes on portfolio level, these clearly unpack what must be measured. It is envisaged that through measuring these outputs and outcomes, clear linkages with the SDGs being targeted will be established; and
- The specific SDGs targeted by ACP are summarized in Column five.

The key objective of the Government of Angola's (GoA's) NDP is to improve the well-being and quality of life of Angolan families. This mirrors our sentiment and our Impact Model shows that this is only possible if there is a synergy and alignment of objectives within both the macro- and micro-environments.

Our Impact Model

OUR INPUTS	INVESTMENT THEMES	HOW WE MEASURE OUR IMPACT		
		Guidelines and Standards	Outputs and Outcome Indicators	Impacts - Contributing to SDGs
Financial Capital	Food security through investment in the fishing industry	The World Bank	Increase in access to products <ul style="list-style-type: none"> • Increase in number of customers supplied • Increase in number of female customers supplied • Increase in number of repeat customers 	 
	Human Capital	Import substitution through investment in agricultural crop production		
Intellectual Capital	Waste management through investment in waste management services	Food and Agriculture Organization of the United Nations	Increase in skills <ul style="list-style-type: none"> • Increase in number of people trained 	 
	Social Capital			
Social Capital	Economic diversification through investment beyond the Oil & Gas sector	Global Impact Investing Network	Reduction in inequality <ul style="list-style-type: none"> • Increase in employee numbers • Increase in employee wages • Increase in female employee wages 	 

ANGOLA AT A GLANCE

Macro-Economic Drivers

Angola, with its abundant natural resources and geographic location, is ideally suited to spearhead economic reform and regional integration and trade. It poses many opportunities for economic development, and the resultant employment creation and enhanced human resource development will alleviate poverty. Macro-economic drivers that impact business performance are reflected below.

Capital	Luanda
Language	Portuguese
Currency	Angolan Kwanza
Population	28.3 million ¹
Population distribution	40% live in urban areas and along coast
Land	1.2 million square kilometres (km ²)
Arable land	4.9 million hectares (internal highlands)
Nominal GDP	Est. USD111.1 billion ²
GDP per capita	USD3.917 ³
Real GDP Growth	Est. 1.4%
Sovereign credit ratings	B2_Moody's/B outlook negative _Fitch
Proven Oil	6 billion barrels ⁴

(2017 data)

Economic	Social	Governance, transformation and legislative reform	Environmental
<p>The economy has been dependent on the oil sector (60% contributor to GDP in 2010, and 90% of tax revenue) and was significantly impacted by drop in oil prices in 2014. The Angolan banking system is struggling, with the NPL ratio reaching 38.9% in 2017⁵.</p> <p>There is a need for accelerated economic diversification and agricultural and fisheries transformation, to enhance production. There is a need for improved infrastructure, for inclusion and equality in business and the removal of barriers to 'ease of doing business' (ranked 182/189 economies⁶). Enhanced trade facilitation and export support systems are also required. There is a need to formalize the economy, and to improve on the Public Financial Management system</p>	<p>Poverty was reduced from 53% in 2000⁷ to 36.6 % in 2017⁸ and life expectancy increased from 45 in 2000 to 60 in 2017⁹. There is a need for poverty alleviation and food security, as well as employment creation (currently 26% of the economically active population and those seeking employment). There is a further need for improved inclusion and equality, enhanced education and skills transfer, enhanced health systems and social protection programs.</p>	<p>There is a need for enhanced integrity management and zero tolerance for corruption and bribery. Additional focus is required on the improvement of rule of law and social protection.</p>	<p>There is a need for improved and equitable distribution of infrastructure and services (especially energy, transport, water, sanitation). The dependence on natural resources, specifically oil needs to shift. Focus is required on the improvement of environmental management practices, with an additional need for programmes to address climate adaptation and responsible use of resources.</p>

¹ UN and Angolan Population Projection ² Ministry of Economy and Planning ³ Ministry of Finance, Ministry of Economy and Planning and National Bank of Angola (BNA). ⁴ Estimate by The Ministry of Mineral Resources and Petroleum ⁵ www.eaglestone.eu/en/research/Angolan-Banks-Results-2017/493/ ⁶ World Bank Doing Business Report, 2017 ⁷ http://formpro-angola.org/en/article/81.economic-and-social-reports-of-angola-2010-summary.html ⁸ Household Wellbeing Survey IBEP, 2009 ⁹ www.worldlifeexpectancy.com/country-health-profile/angola

Angola's Transformation Strategy

The Angola 2025 Strategy provides the vision and roadmap for the Angola of the future. It is based on 12 objectives grouped along the following pillars:

Economic	Social	Governance, transformation and legislative reform	Environmental
Building a strong and diversified economy and developing the private sector.	<p>Promoting employment and job security. Eliminating poverty and encouraging fair distribution of wealth. Fostering social stability, unity and cohesion of the nation.</p> <p>Consolidating peace and security.</p>	Ensuring efficient and transparent governance. Building a just and equitable society, ensuring social justice and rule of law. Creating a democratic and participatory society.	Sustainable use of natural resources and adaptation of technologies to enhance production and yield.

The 2013–2017 and subsequent 2018–2022 National Development Plans are aligned to these strategies and provide the blueprint for the medium-term actions to develop and diversify the economy. The key economic priorities of the GoA are as follows:

- Investing in agriculture, crop and livestock production, as well as fisheries;
- Enhancing employment creation to alleviate poverty;
- Diversifying the Angolan economy;
- Reducing Angola's dependence on crude oil by investing in non-oil sectors. This includes import substitution through increased local production and enhanced export of non-oil commodities;
- Attracting further foreign investment;
- Creating an environment conducive to economic stability and reform through free enterprise; and
- Introducing more Public-Private Partnerships (PPP) and enhancing infrastructure development.

The six axes of the NDP 2018–2022 are as follows:

- The macro-economic stability program uses public expenditure management (PEM) to provide the foundation and springboard to achieve the NDP 2018–2022. This forms the GoA's Economic Policy on the unification of the foreign exchange market, reduction of inflation, promotion of private investment to stimulate Angola's economy, and improvement of social indicators. The International Monetary Fund (IMF) also aids the macro-economic stability program through its policy co-ordination instrument program.
- The capacity and capability of institutions are strengthened to optimize the administrative sector and provide corrective and punitive measures to combat unethical practices such as bribery, corruption and collusion.
- PRODESI is a program with seven key initiatives to reduce imports, increase self-sufficiency, and enhance and diversify exports of local produce and commodities.
- Services in the education and health sectors are improved to address primary health and education needs.
- Infrastructure rehabilitation and construction are improved to promote a diversified economy.
- Local development is enhanced to alleviate poverty.

A photograph of a greenhouse interior. In the foreground, there are rows of lush green plants growing in dark brown soil. A blue irrigation pipe runs across the top of the frame, with several red and black nozzles hanging from it. In the background, a person is visible working in the greenhouse. The overall scene is well-lit and organized.

**OUR CONTRIBUTION
TO IMPROVING
FOOD SECURITY
AND IMPORT
SUBSTITUTION**

FOOD SECURITY IN ANGOLA

Angola has the natural resources to become one of the leading agricultural countries in Africa, as its diverse and fertile ecology is suited to a variety of crops and livestock. However, the country currently only cultivates approximately 10 percent of its 35 million hectares of arable land¹⁰.

The GoA and international entities are also heavily focused on fisheries development to advance the country's economic diversification, generate employment opportunities and expand food production capacity, both for national consumption and for export¹¹.

Population projections from the GoA and the UN indicate that the 2017 Angolan population of more than 26 million will increase to more than 65 million by 2050, and to 137 million by 2100. Local demand for food will increase in line with population growth, impacting both pricing and purchasing trends. With Angola's abundant natural resources, arable land could be utilized to produce enough crops to address the needs of the increasing local population. This in turn will decrease import dependency and expenditure and will secure the basic need for food security. Further exports of agricultural products will also generate foreign exchange and increase the sector's contribution to the GDP.

Angola currently imports more than half of its food, with some estimates putting the figure as high as 90 percent. An estimated 90 percent of farms in Angola are small to medium in size and are used mainly for communal, subsistence farming. The agricultural commodities produced include cassava, bananas, potatoes, maize,

sweet potatoes, citrus and pineapples¹⁰. Fisheries represented 1.7% of Angola's GDP in 2012, with production of approximately 277,000 tons¹². The Total Allowable Catch (TAC) for marine fisheries amounted to 350,000 tons in 2015 and 2016, but this was reduced and set at approximately 320,000 tons in 2017 and 2018¹³.

Food imports are deemed a high priority for the GoA, with some associated increases in foreign exchange allocations by the Central Bank. A limited number of food importers preselected by the Ministry of Commerce benefit from these allocations¹⁰. A World Bank Study in collaboration with the Angolan Ministry of Agriculture strives to promote and support agricultural business development and infrastructure for production and marketing, as well as the strengthening of governing institutions and improvement of the business environment. This project was launched early 2018 and is expected to run for six years. Through this initiative the GoA aims to stimulate SME development, improve access to funding, improve ease of doing business, promote gender equality, strengthen rural infrastructure and development of commercial projects, and improve on the sector's level of resilience to flood, drought and climate change risks.

ACP'S RESPONSE TO FOOD SECURITY AND IMPORT SUBSTITUTION

Two investment opportunities have presented themselves during the FIPA I Fund Cycle, namely Fazenda Girassol, which produces and distributes fresh vegetables, fruit, herbs and other agricultural products, and African Selection Trust (AST), which is an integrated fishing operation harvesting and processing small, pelagic fish (through freezing, canning and fishmeal factories).

The main interest from ACP when assessing Fazenda Girassol was the quality of the operation and the potential to scale up successfully. The company aims to be the benchmark of quality and innovation in Angola's agri-food industry as it relates to food safety, production, packaging, distribution and commercialization. Today, it is a leading agricultural player in the production and distribution of differentiated quality horticultural products, mainly via formal distribution channels in Angola.

Fazenda Girassol is actively contributing to reducing the need for imports of agricultural products and guaranteeing food security, both locally and more recently in the global market. Operations commenced in 2003 with a mere three hectares of cultivated crop production in Kukuxi, Luanda. In 2007 the farm increased to 15 hectares, and in 2015 to 35 hectares. An additional 500+ hectares of land was acquired in N'zeto, Zaire province through a 60-year concession from the GoA and the development of that plot commenced in 2016.

Going forward, the company has the potential to significantly scale up agricultural crop production and increase product diversification due to its secured access to prime land and irrigation through water extraction from the river in the N'zeto Municipality.

At the time of the ACP investment, Fazenda Girassol:

- Demonstrated effectively the investment case for intensive peri-urban agriculture which serves as an example for other potential suppliers;
- Had the potential for significant import substitution;
- Was developing a new skills base in peri-urban, small-scale agriculture;
- Was very well managed and resource-efficient, particularly in the innovative use of technology to control growing conditions and chemical and water use; and
- Promoted equal employment opportunities for women in urban Luanda, who are significantly marginalized and vulnerable to economic exploitation.
- During the last four and a half years after investment, ACP provided strategic support and guidance in numerous areas, including:

- Assisting the company with international procurement of agricultural inputs, raw material and equipment, to allow production to continue even in the years when no foreign exchange was made available for its input imports;
- Giving guidance and direction with regard to a strategy to segregate the agribusiness and another business of that company into two separate entities;
- Supporting Fazenda Girassol to enhance its liquidity, improve good governance and performance, and become an audited company;
- Assisting with the identification of additional agricultural land, which resulted in the acquisition of additional 800+ hectares for expansion; and
- Facilitating the granting of a technical assistance facility from Norfund for Fazenda Girassol to implement an enterprise resource planning system and develop an online shop.

As a result of ACP's investment in Fazenda Girassol, it has been able to achieve several outcomes that contribute to food security and reduced need for food imports in Angola. Also, there have been noteworthy improvements in other key areas, including job creation, skills development, gender and income equality, as well as improvement in environmental management.

¹⁰ www.export.gov/article?id=Angola-Agricultural-Products ¹¹ www.export.gov/article?id=Angola-Marine-Technology ¹² <http://www.fao.org/fishery/facp/AGO/en> ¹³ <https://opais.co.ao/index.php/2018/01/30/captura-de-pescado-tem-quota-de-320-mil-toneladas-este-ano/>



Fazenda Girassol, Zaire Province

TRANSFORMING MY LIFE

I was unemployed, but then I found a position with Fazenda Girassol. I started assisting with packaging the fresh produce but then I was given an opportunity to learn to drive some of the tractors and machines and to become a machinist. It was a lot to learn but now I can run this process and the team by myself.

In five years' time, the farm would have grown even more because the farm is very big, and we have space to expand and grow more fresh produce. I believe we could

then create more opportunities for the many unemployed people from the area. Previously, unemployed people were up to no good on the streets, but now they have work and it brought a lot of joy to so many people.

If I look back, I was packing produce, but I was given opportunities to develop and today I am a machinist. So, in five years' time, I am sure I would have learnt even more things and have many other opportunities. I continue to learn and work hard and life will reward me for this.



Veronica Aurora,
Fazenda Girassol employee, Zaire Province

ACP'S RESPONSE TO FOOD SECURITY AND IMPORT SUBSTITUTION (CONTINUED)

AST was founded in 2004 with the aim of refurbishing existing and constructing new fisheries factories to maximize production from under-exploited fishing stocks off the west coast of southern Africa. The company trades in fishmeal, fish oil, and fresh, frozen and canned fish, and is a leading fishing and fish processing company. It operates various factories in the provinces of Namibe and Benguela, selling locally in Angola and exporting to Namibia, South Africa and Asia. After several years of expanding geographically within the territory of Angola, AST now plans to get access to fish resources and quotas in adjacent Namibian waters through an agreement with the National Fishing Corporation of Namibia (Fishcor) by refurbishing an abandoned fish processing facility located in Walvis Bay.

AST initially operated only one factory (Pesca Fresca) in Angola's Benguela Province. With assistance from FIPA, AST acquired two additional companies (RJ Industrial and Empesul), which previously were underexploited standalone entities, in Tombwa, Namibe Province. Since acquiring these companies, AST has done well to bring the existing facilities to completion. Two complete fish meal plants and freezing units were put in place, with space for future units allocated. Upgrades to packing lines and renovations to jetties, buildings and facilities were undertaken. Subsequently, AST continued its expansion and acquired three more underexploited companies in Tombwa, adding additional freezing and storage facilities (Riba and CAT) as well as a canning plant (Pes-Sul).

The AST companies lease and own various ships that fish for sardinella and, when available, horse mackerel (carapau). The method used to fish these species is purse seine fishing, which uses a seine net that hangs vertically in the water with its bottom edge held down by weights and top edge buoyed by floats. Purse seine nets have a line of rings along the bottom of the net, with a rope passing through it.

When this rope is pulled, the bottom of the net is closed (like a purse), preventing the fish from "sounding", or swimming down to escape the net. The purse seine method is a preferred technique for capturing fish species that school or aggregate close to the surface, and therefore ideal for selective fishing of pelagic shoals.

Once caught, the fish is killed by cold shock as it is pumped from the purse seine net into the ship's hull, where water has been chilled during the sailing journey to -1 °C. This is known as refrigerated sea water (RSW) or marine chilling systems. This prevents bleeding and trauma normally associated with fish catching and, according to management, results in better quality produce. The water remains chilled during the journey back to shore, where the catch is pumped from the boat to the receiving tanks for processing.

The AST companies combined provide an integrated value-add fishing and processing operation comprising the following:

- 1. Freezing:** For the freezing process, fish is inspected, sorted, washed, packed onto 10 kg trays and weighed, before being packed into five- to 30-ton loads for freezing. Freezing is performed in blast freezers. The frozen fish is then packed into boxes and loaded onto customers' cold-storage trucks on demand.
- 2. Fishmeal production:** The AST companies also produce fishmeal (and fish oil). Fishmeal is a high-protein feed for poultry or other livestock, and is suitable for the processing of damaged, less-than-fresh or excess fish catches.
- 3. Canning:** Since 2016, and after the full rebuilding and renewal of the premises, AST operates the only active canning factory in Angola. The AST canning plant now has its own brand as a "made in Angola" product, with sardinella, mackerel, horse mackerel and tune the main species used in the canning process.

AST now owns six operating plants in Angola and several purse-seine fishing vessels; two fiberglass vessels, the Don Marco and the Nemo II (110 and 120-ton capacity, respectively) and a larger steel vessel, the Kamoyfisk, of 350-ton capacity. As part of the ongoing second investment stage, with the support of FIPA II, AST recently acquired a large, 600-ton capacity steel pelagic trawler, the Bellator. AST also founded a subsidiary called Angola Freight Services LDA (AFS) to handle logistics, exports and customer liaison for the group.

AST has invested heavily in ramping up its production capacity and has rapidly approached “maturation” of its first stage of development. In 2013, FIPA I invested USD1.25 million to enable the acquisition of RJ Industrial; the investment and interest was fully repaid to FIPA in 2016. In 2017, FIPA II lent an additional USD7 million to support AST’s continued expansion through the acquisition of a new vessel to supply its Angolan factories and development of a new factory to support its fishing operations in Namibian waters.

At the time of investment, ACP was also of the opinion that a window of opportunity existed to implement additional environmental, social and governance (ESG) management systems. Benefits to AST from this included:

- Consolidation of management of its relatively low environmental and social impacts;
- Retaining its low-risk status as operations ramped up;
- Capturing of lessons learnt and diversifying the risk management base within the company;
- Formalizing the optimization of production efficiencies through implementation of appropriate monitoring systems and feedback loops; and
- Developing consistency and comparability between the various companies.

ACP’s overall commitment to AST during FIPA I and FIPA II included:

- Advisory and support during mergers and acquisitions: ACP assisted in legal and contractual issues for the acquisition of the RJ Industrial and Empesul factories;
- Financial provision and support during procurement: ACP funded the acquisition of RJ Industrial, new fishing vessels and the development of a processing facility in Namibia aimed at securing local fishing quotas and allow the international expansion/scale-up of the group;
- ESG leadership: ACP championed the resolution of ESG matters which were raised during investment due diligence; and
- Audit: ACP championed for the company to become audited by an international audit firm.

During the investment period to date, the AST group of companies has reinvigorated the largely abandoned and defunct local fishing industry and its contribution to the supply of fish products for human consumption in Angola, where fish is a major component of the population’s diet.

ACP will continue to look for additional opportunities to invest in the agricultural sector in Angola as part of FIPA II. A key priority in this sector is to invest in transformation and the maximization of value chains that not only produce raw product for export, but products that are processed, packaged and can be distributed to local and international markets.

In this context, developing the agricultural sector and agribusiness will enhance the transformation of local products along the food supply chain and boost both domestic sales and exports. This process is central to economic diversification, poverty alleviation and food security. That said, unlocking Angola’s agricultural potential requires commitment and investment from the government to effectively close the infrastructure gap, facilitate trade and improve financing, skills and technology.

TRANSFORMING MY COMMUNITY

Established in 1854, Tombwa relied on fishing as a means of income and food security. The fishing sector began to collapse around the 1990s and this greatly impacted the Tombwa area. The entire community suffered due to the collapse of the fishing sector and they faced very harsh conditions and serious difficulties. Many companies closed and left the area. Our community members lost their formal employment and had no means of earning an income. Many were despondent and just walked the streets doing nothing. Some sought other ways to survive, but our young people especially did nothing and had no hope. They had many difficulties and daily faced issues of survival. Life in the area was difficult; in fact, there was no life. It was a time of great difficulty and hopelessness.

Since AST bought the failed fishing factories and refurbished them, life in Tombwa has changed significantly. Fishing is inherent to our community’s way of life. Companies like AST are giving back hope to the youth. As they became employed and could produce fish products and earn a living, they were once again able to take care of their families. With the income earned at AST and the group of companies, they began to take care of their families and address their own needs. Most importantly, young people regained their dignity. They became honest men and women who can raise their heads and lead a good life in society. They are now able to lead their own lives and are respected in the community.

AST is brilliant and certainly made a huge difference in our community. It is evident in that our youth could claw their way back to purpose and now are full of strength. Because of AST, we can see a radiant future because the future lies within the hands of the youth. If the young people have a future, there is future for us as a nation. It also inspired other companies to take the risk and follow AST’s example by investing in our community. AST works without fear of problems that may eventually arise in the future. They create a future for our community and consider the views and opinions of our people. We are grateful for AST’s faith in our community.

When our presidency visited AST, they commented on the impact the companies made in the lives of their employees and the quality of life of the Tombwa community. The Tombwa community will one day be remembered for its strong community and the legacy of good work ethic.



Alexandre Niyuka,
Mayor, Tombwa



Cacuaco, Luanda Province

DEVELOPMENTAL OUTCOMES AT GRASSROOT LEVEL AS A RESULT OF OUR FOCUS ON FOOD SECURITY AND IMPORT SUBSTITUTION

Agriculture is identified as one of the main drivers of poverty alleviation, as it generates income to small farmers and creates employment in rural areas: sectors of any economy which are normally over-looked by traditional foreign direct investment. Yet, despite the significant number of people it employs, Angola's agricultural sector only provides 13 percent of the country's GDP.

Most of the world's poor are rural-based and Angola is no exception. Even when they are not engaged in their own agricultural activities, they rely on employment and income that depend in one way or another on agriculture. Moreover, agricultural growth is a catalyst for broad-based economic growth and development in most low-income countries: agricultural linkages to the non-farm economy generate considerable employment, income and growth in the rest of the economy. Very few countries have experienced rapid economic growth without agricultural growth either preceding or accompanying it. Agricultural growth is thus strongly linked to poverty reduction.

Good nutrition is an essential component in preventing and combatting child mortality, improving maternal health and fighting HIV/AIDS. It is also important for educational outcomes, as poor performance and lack of concentration

are often the result of hunger, which is a major cause of the high dropout rate in schools. The number of people living in poverty in Angola was 9.44 million in 2014¹⁴. In the aftermath of the 27-year civil war, the supply of basic essential foodstuffs in Angola has been insufficient, with many families living below the breadline and with a constant threat of starvation¹⁵. In 2017, Angola's food imports were valued at more than USD7.5 million per day¹⁶, and Angola remains a net importer of agrifood products. It has become a national priority to eradicate hunger and achieve food and nutritional security, thereby reducing economic and social vulnerability in Angola. With this in mind, the GoA intends to increase the number of vulnerable families provided with a 'basic food basket' from 6,117 in 2017 to 15,000 by 2022, and the number of elderly people provided with this 'basic food basket' from 2,015 in 2017 to 15,000 in 2022.

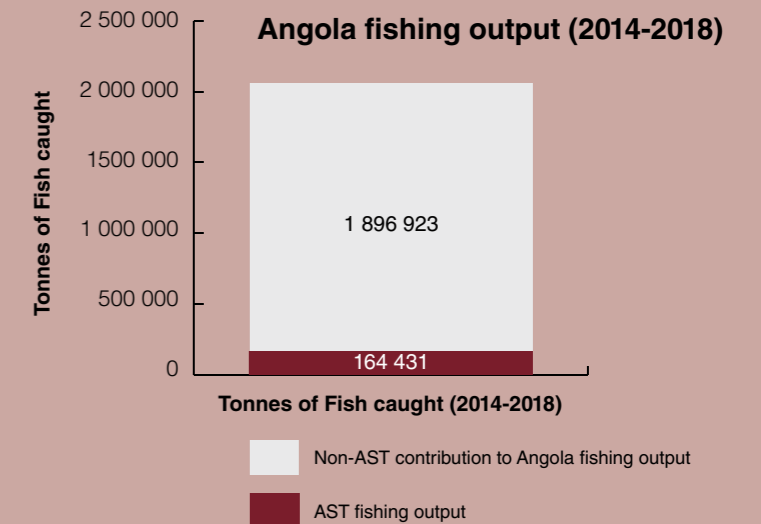


Tombwa, Namibe Province

¹⁴ UNICEF, World Bank, ISDS, 2018 ¹⁵ AfDB, Angola Country Strategy Paper 2017-2021.
¹⁶ <https://clubofmozambique.com/news/angola-imported-more-than-7-5-million-euros-of-food-per-day-in-2017/>

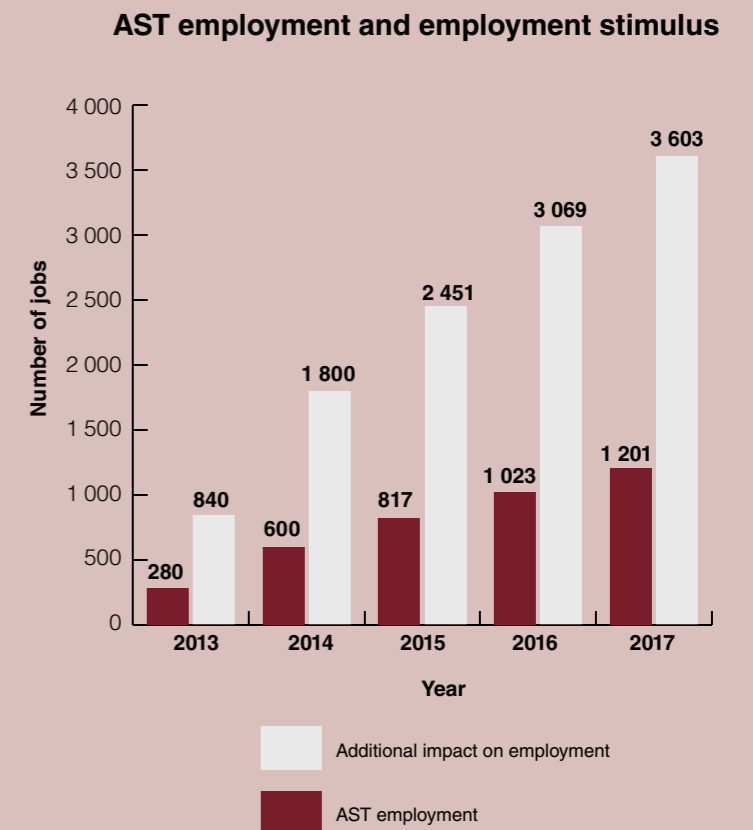
Economic growth and food security is created through increased production. AST caught approximately 164,431 tons of fish over the investment period. This represents approximately 9 percent of the total fish caught in Angolan waters during this period.

This was distributed to approximately 1.8 million consumers per annum. This includes fresh, frozen and canned fish, as well as fish oil and fishmeal. Over the five-year investment period, AST has reached an estimated 9 million consumers.



AST has created 755 permanent employment positions during the investment period. Most of the employees (78 percent) started working for the company in the last five years, with 26 percent of these starting work in 2017. The total employment impact is 1,201 positions for 2017. In addition, management positions increased from one in 2014 to 21 in 2017. In the past year, 187 positions were also created amongst the youth. In 2017, AST spent USD5.9 million on labour.

According to the World Fish Centre within CGIAR, for each person employed in capture fisheries and aquaculture production, about three jobs are produced in secondary activities, including post-harvest. This compounding effect of job creation opportunities associated with the AST operations is illustrated in the graph alongside.



Fazenda Girassol provided more than 31.4 million fresh produce packs since it first started production, with 8.6 million fresh produce packs provided to customers in 2017. A key success has been its value-adding activities, since Fazenda Girassol not only produces products but sorts, cleans, packages and distributes them as well.

Currently, Fazenda Girassol carries out more than 100 deliveries daily within different municipal areas in Luanda, using an online platform to fill orders and deliver produce to the customers' doorsteps.



An IFC study has shown that the impact on employment of USD1 million invested in agriculture is 1,566 additional jobs¹⁷. Based on the USD7.5 million invested in Fazenda Girassol, this equates to the generation of approximately 11,275 additional jobs in the economy. With 641 direct jobs created at Fazenda Girassol during the investment period, this means 10,634 indirect jobs are estimated to have been created. Evidence from Ethiopia has also shown

that USD1 of output generated in agriculture stimulated a further USD1.23 in economic activity in other parts of the economy¹⁸. Based on the production output figures provided by the two ACP investment companies, ACP investments can be shown to have stimulated an additional USD4.2 million in economic activities elsewhere in the economy.

Entity	Output During Investment Period	Economic Activity Stimulated in other Parts of the Economy
AST	USD1,426,882	USD1,755,065
Fazenda Girassol	USD1,996,549	USD2,455,755
Total Additional Economic Stimulus		USD4,210,820

¹⁷ Socio-Economic Impact of IFC Financing in Ghana, IFC, 2012 ¹⁸ The future of work in African agriculture: Trends and drivers of change, Jayne et Al., ILO, 2017

TRANSFORMING MY LIFE

AFS is the AST Group company responsible for the logistics and distribution of fish products both nationally, in the region and globally. That requires carefully planned distribution processes. I joined AFS in 2014, after working as an English teacher. Initially I assisted in a support role, but I was soon promoted to manage the customs process with the authorities as I understand the processes and the people. Many people knew me from my days as a teacher.

The energy at AST takes you places and I'm grateful for the opportunities provided and the confidence they have in me. The work is fast-paced, dynamic and requires a lot of attention to detail. Through AST's support, I've also attended business management training to advance my career. I am responsible for liaising with different stakeholders, including the authorities, investors and clients from various countries such as Abidjan, Cameroon, Benin, Congo, Chile, Peru, and Japan.

AST refurbished facilities and made extensive investments to improve systems and processes. With the economic downturn, many companies stopped investing and retrenched employees whilst AST appointed more employees and expanded, increasing their investment in the area. AST and specifically Mr Louw, the CEO, has a big heart for their employees and we are all part of the "AST family".

AST is committed to the highest standards and is constantly adopting new technologies and standards to improve environmental performance and quality of our products. The companies adhere to fish quotas. Products are tested for quality and adhere to stringent environmental standards, for example Hazard Analysis and Critical Control Points and the Free Fatty Acid content of fish oil production and International Fish Oils Standards. These are systematic preventative approaches to food safety and quality.

Today I'm the Logistics Manager and an Executive Committee member, and inform decision making and strategy.



Gil Eduardo Shaama,
AST Group employee, Tombwa

A photograph of a worker in a blue uniform and white hard hat, smiling and looking towards the camera. He is holding a yellow control panel with several buttons. In the background, two other workers in similar uniforms are standing near blue equipment. The setting is a large industrial warehouse with metal walls and stacks of materials.

OUR CONTRIBUTION TO IMPROVING ENVIRONMENTAL PROTECTION AND SUSTAINABILITY

ENVIRONMENTAL PROTECTION AND SUSTAINABILITY IN ANGOLA

Environmental protection covers a broad spectrum of activities with the main objective being to maintain or restore the quality of the environment, be it soils, water courses, or the air we breathe.

The focus is on the prevention of the release of emissions or the reduction of the presence of polluting substances in the environment. This can be done through changing the characteristics of goods and services, changing the consumption patterns of these goods and services, changing the way they are produced, investing in the treatment or appropriate disposal of waste generated during the production or disposal of these goods, or

recycling of this material where possible. The prevention of degradation of the landscape and ecosystems is important.

As per this definition, the adequate management of processing facilities, reduction of waste generation, adequate disposal of waste, and management of the environmental resources critical to the economic development of Angola are essential.

SUSTAINABLE FISHING ALONG THE ANGOLAN COAST

The fisheries policy of Angola provides an overall strategic perspective for the sector and aims to attain the crucial objectives of food security, increase net foreign exchange earnings, and reduce unemployment and achieve poverty alleviation. To achieve these goals, which are in line with the National Program for Poverty Alleviation, the sector should focus its work in the areas indicated below, which have been approved by Presidential Decree N^o. 1/10 of 5 March 2010¹⁹:

- Ensuring responsible fisheries management, sustainable exploitation of fish resources, protection and conservation of fish resources including, inter alia, setting up dynamic co-management approaches;
- Promoting the development of fishing activities and related operations in waters under Angolan jurisdiction, directed towards domestic consumption and export;
- Promoting institutional capacity and competence in the sector with a view to raising the standard of living in fishing communities. The government strategy for fisheries management consists of ensuring the preservation of fishery resources

while maximizing economic benefits for the country as a result of their use. The above strategies will be complemented by the following activities: – stimulating the participation of the productive sector in the allocation of fishing quotas; – reducing the use of bottom trawls; – establishing management information systems to facilitate monitoring of the resources of the main fisheries in order to provide timely warnings of changes in stocks; – encouraging the application of bio-economic models to the industrial and semi-industrial fisheries; and

- Improving the fisheries surveillance system and inspection at sea.

The management system of Angolan fisheries comprises fishing effort restrictions as well as catch/landing limits, using a quota system. The government curtails and restricts fishing activities in both marine and inland waters whenever circumstances so require. Such circumstances may include the need to preserve the environment; ensure the continued wellbeing of living aquatic resources; improve economic efficiency to achieve efficient exploitation of stocks; or to protect the economic position of certain groups participating in the fishery. The

system of fishing quotas is based on a Total Allowable Catch (TAC) established annually for each fishery. The government establishes fishery regulation measures based on biological evidence and economic justification following discussion with interested economic operators. In order to foster private investment in areas considered a priority, the government puts forward possible incentive schemes.

Priority is given to the following actions²⁰:

- ice production and cold storage networks in areas where this may contribute to raising the value of artisanal fish products;
- support for artisanal fleets and for marketing of the artisanal catch;
- industrial fishing of unused resources or on new fishing grounds;
- renewal and expansion of the semi-industrial fishing fleet;
- establishment of fish processing facilities; and
- promotion of marine shrimp culture;
- inland fisheries legislation has been developed but has not been approved yet.

These goals aim to address previous exploitation of offshore fishing resources, ensuring the long-term sustainability of the industry and resource as a whole for the benefit of the Angolan nation. According to the Food and Agriculture Organization of the United Nations (FAO), small pelagic species comprise the most important stock for Angolan fisheries, comprising ~80 percent of all fish landed.²¹ Data from 2013 shows that small pelagic landings by the purse-seine fleet comprised of 73 percent sardinella, 19 percent horse mackerel and 10 percent other species, including chub mackerel²². Most of Angola's fish stocks are currently considered to be fully or overexploited, while only Angola's sardinella stocks are considered slightly underexploited²³. Other sources indicate that the commercial stocks of all Angola's small pelagic species

are at maximum sustainable yield²⁴, and that stocks of sardinella (both *S. aurita* and *S. madereinsis*) off Africa's West Coast are overexploited with "some indication" of a decline in catches as high as 36 percent from 2000-2010 (combined with significantly higher fishing effort, harvesting of juvenile fish and a decrease in the average size of adult fish captured)²⁵.

Available data on small pelagic fish stocks in Angolan waters (mainly fish landing data from the Angolan Ministry of Fisheries and data from acoustic surveys done for research purposes) show significant variability between survey locations as well as from year to year. Sardinella distribution show a strong seasonal migration between the northern and southern regions of the Angolan offshore environment; this is apparently associated with the extent of the southward flowing Angola current and related water temperatures²⁶.

Angola's Cunene horse mackerel stocks are considered severely overexploited; strict management measures and reductions in TAC were implemented and, as horse mackerel is a preferred food and important protein source in Angola, the government is currently importing horse mackerel to supply the country's needs²⁷. Indeed, AST staff indicate that catches of carapau are scarce, while sardinella (in particular) and cavala are caught more frequently.

To address these trends the GoA will need to focus on enforcement protocols, namely adherence to quotas issued, adherence to audit requirements, and enforcement of sustainable fishing methods. As stipulated under Presidential Decree N^o. 1/10 of 5 March 2010, this includes the issuing of fishing quotas and stipulating the preference for using non-bottom trawling techniques. Bottom trawling is a method of trawling which drags a net along the seabed to catch fish that live and feed there. The method deployed by AST is small-scale purse seining which is relatively low-impact on the sea bed²⁸.

¹⁹ www.fao.org/fishery/facp/AGO/en

²⁰ www.fao.org/fishery/facp/AGO/en ²¹ www.benguelacc.org/index.php/en/component/docman/doc_download/120-sos-report-2012-low ²² Preparation of the Horse Mackerel (T. trecae) Management Plan for Angola, 2013. ²³ www.fao.org/fishery/facp/AGO/en ²⁴ www.au-ibar.org/component/jdownloads/finish/5/1927 ²⁵ www.iucnredlist.org/details/198581/0

²⁶ www.preface.b.uib.no/files/2015/09/Barradas_etal_2015-.pdf ²⁷ www.angop.ao/angola/en_us/noticias/economia/2017/1/6/Angola-import-000-tons-horse-mackerel,9843947b-f393-4e51-a593-0cbc3f1eed18.html ²⁸ http://britishseafishing.co.uk/commercial-fishing-methods/



WASTE MANAGEMENT IN ANGOLA

Angola is a vast country with a relatively small population and abundant natural resources. Angola's economic development has led to a rapid expansion of urban, suburban and rural areas over the last 20 years. This has led to a dramatic increase in solid waste generation and placed severe strain on waste management and sanitation infrastructure. At present estimates, Angola generates some 2.2 million tons of solid waste per year²⁹. The Environment Minister has stated that waste production in Angola averaged 0.46 kilograms per day per citizen, depending on the area. In the capital Luanda, this figure is closer to 1 kg per person per day.

Solid waste management has become a top priority for the GoA. According to the Ministry of Environment, the Luanda region population of 6.5 million generates approximately 215,000 tons of solid waste per month (t/m). By region, this includes Luanda (75,975 t/m), Viana (45,771 t/m), Belas (38,344 t/m), Cacuaco (26,472 t/m), Cazenga (25,870 t/m) and Icolo/Bengo/Quissama (2,393 t/m). An estimated 60 percent of Angola's solid waste is organic household waste³⁰. The Angolan government has also identified incineration as an urgent intervention for waste management by 2020. Feasibility studies have been undertaken to facilitate making use of biogas from landfill sites with a capacity of over 40,000 tons per year³¹. Biodegradable industrial and municipal waste has been identified as a key feedstock for a total of 43 potential biomass-based power generation projects across the country³². The strategy includes a target of 50 MW to enable the development of waste-fuel incineration projects³³.

Angola does not currently have well-developed import or export markets for waste. Severe challenges exist in rural and informally settled areas that have minimal access to services. Roads are mostly uneven dirt roads without surface drainage, which become pools of stagnant water for months during the rainy season. Many unauthorized dumpsites exist across the country, where a backlog of uncollected waste has accumulated and need to be addressed urgently. Successful initiatives have included waste sorting, with a reduction in the range of 75 to 90 percent (by weight)³⁴.

Fifty two percent of Angolans have access to sanitation facilities (89 percent in urban areas and 22 percent in rural areas). Wastewater is estimated to annually increase to 381 million m³/year (over 1 million m³/day). An estimated 80 percent becomes discharged effluent flowing directly into the oceans or rivers without treatment. No regulations exist for agricultural or industrial wastewater discharge³⁵.

Due to government budget cuts in 2015, deferred payments to service providers in 2016 led to rapid waste accumulation on Luanda's streets and neighbourhoods. This contributed to severe mosquito-borne health issues; both a yellow fever epidemic and surge in malaria cases. Given the government budget constraints, Presidential Decree N^o. 119/12 of April 2016 established a waste management regime to include taxes for waste collection services and the establishment of private concessions for waste collection and management³⁶.

Further public health issues are created by poor healthcare waste management in major cities. It is estimated that healthcare waste generation in Angola is around 5,500 tons/year. Numerous studies have identified the lack of healthcare waste management as a major threat to public health, with poor disposal practices and lack of disposal infrastructure³⁷.

In terms of hydrocarbon pollution and its impacts, ocean pollution occurs from oil spills at offshore drilling rigs, the discharge of drill cutting, the cleansing and loading of oil tankers and waste from refineries and other industries

released on land. The environmental impacts affect wide areas along the Angolan coasts, where fishing communities have seen their catches drop due to fish death or the deterioration of environmental conditions in the area. These impacts are likely to increase unless hydrocarbon waste management measures are implemented, such as the waste-fuel incineration strategy.

Angola's oil and gas industry is dominated by the upstream sector, i.e. exploration and production of crude oil and natural gas, with most exploration and production taking place offshore. The upstream oil and gas sector entails specific waste management challenges that require specialised treatment technologies and disposal facilities.

The disposal of upstream oil and gas waste streams such as drilling-produced cuttings at sea poses significant risks to the marine environment as well as the fishing industry. Angola's Executive Decree N^o. 97/14, which came into effect in 2015, governs the management of operational discharges generated during upstream oil and gas activities with a zero-discharge ruling. Oil-contaminated waste such as drilling-produced cuttings must be treated before final disposal to landfill. The industry's compliance with this legislation and international environmental standards, and protection of Angola's offshore environment from the effects of the offshore oil and gas industry, are hampered by the lack of adequate waste management infrastructure in Angola.



Sonils Logistics Base, Luanda Province

²⁹ www.globenet.org/preceup/pages/ang/chapitre/capital/cas/angola.htm ³⁰ www.export.gov/article?id=Angola-Environmental-Technologies ³¹ www.angolaenergia2025.com/en/conteudo/renewables-biomass ³² www.angolaenergia2025.com/en/conteudo/biomass-energy ³³ www.angolaenergia2025.com/en/conteudo/biomass-energy ³⁴ www.globenet.org/preceup/pages/ang/chapitre/capital/cas/angola.htm ³⁵ www.export.gov/article?id=Angola-Environmental-Technologies ³⁶ www.export.gov/article?id=Angola-Environmental-Technologies ³⁷ http://siteresources.worldbank.org/INTANGOLA/Resources/HCWMP-Plan_09.pdf



ACP'S RESPONSE TO ENVIRONMENTAL PROTECTION AND SUSTAINABILITY

ACP's investment objectives in response to the environmental challenges faced by Angola are twofold:

- Improve environmental protection through improving environmental management services; and
- Improve the level of environmental management skills in Angola.

To achieve the above outcomes, ACP instils strong environmental management protocols in all their investments.

AST's vessels (owned and chartered) are all purse seine vessels (that do not use bottom-trawl fishing methods) licensed to fish in Angolan waters. The small pelagic species targeted by AST's operations tend to shoal tightly together and rarely shoal with other species; the purse seining method is therefore considered relatively sustainable as it typically does not involve large numbers of bycatch species (species unintentionally caught).

Management of Angola's fisheries is the responsibility of the Department of Fisheries and Aquaculture in the Ministry of Agriculture, Rural Development and Fisheries; management

provisions include the setting of TACs, granting of rights and fishing licenses, allocating fishing quotas and specifying fishing effort (species restrictions, minimum sizes, gear restrictions, etc.). AST's vessels are subjected to random inspections by the Ministry of Fisheries, where observers are placed on board fishing vessels to observe fishing practices, catch volumes and adherence to fishing licenses and quotas.

There is in general very little readily available, recent and reliable data on the state of the wild stocks of the small pelagic species targeted by AST's operations and, largely because of the complexity of marine ecosystems and the unpredictability of the effects of climate changes on weather and oceanographic patterns, there are no reliable models available to enable prediction of future fish stock biomass. Risks associated with resource availability and the depletion of the relevant fish stocks in Angolan and Namibian waters therefore remain uncertain. However, AST's main targeted species, sardinella, is considered the most suitable small pelagic species to target in Angolan waters and AST's operations are considered appropriate in relation to available information about the sustainability of the relevant fish stocks.



Fazenda Girassol, Zaire Province

At Fazenda Girassol, water efficiency is an important environmental management focus area, and is relatively well managed in the farming operations. Water used for the hydroponically grown tomatoes is recycled and the amount of water irrigated to the plants is controlled by a program that regulates water use according to the amount of solar radiation received. Management continues to experiment with a variety of different shade cloth options to regulate radiation. Different methods of irrigation of crops grown in the ground are also experimented with, for example drip and overhead irrigation. The amount of water used is regulated, with the potential for maximizing the use of rainwater to reduce the dependency on water sources that the company have no control over.

The rapid increase in pressure on available land surrounding Luanda suggests a sustainable market for Fazenda Girassol's produce, however, this also creates increased demand for water and the reduced security of this resource. The farm is located on the banks of the Loge River, which has relatively high flow rates and limited population pressures. Nevertheless, the increasing use of hydroponics by Fazenda Girassol can be seen as a proactive move to increase the security of the operation (from theft and weather), as well as the ability for operations to expand without being dependent on arable soil.

ACP has further focused on developing the environmental protection industry, by investing in the support services to the oil sector through a waste management company called Angola Environmental Serviços Lda (AES). AES provides waste management services to the oil and gas industry that enables operators to comply with legislative requirements, meet international environmental standards and avoid long-term liabilities. FIPA I invested USD8.8 million in AES in 2014. After the FIPA investment, the company expanded geographically by setting up a new waste management facility in Soyo. AES clients are mostly international oil companies such as Total, ENI, Chevron, Esso, BP, Maersk Oil and Angola's national oil company Sonangol.

AES is strategically positioned to respond to the need for environmental sustainability by providing a niche waste management service to the oil and gas sector. The company is registered with the Ministry of Petroleum (MinPet) as a service provider to the oil industry. Treatment facilities are housed at the Sonils Base in Luanda and a landfill in Cacucaco, north of Luanda. The strategic location

of the AES plant within the Sonils Oil Services Centre in Luanda provides an advantage in terms of easy access to facilities and services to oil and gas companies. By treating the waste as close as possible to where it has been generated (offshore), the need for transporting the waste via road through populated areas is reduced or even avoided. The AES Total Waste Management Facility (TWMF) at the Sonils Base comprises a facility to treat oil-contaminated muds and drill cuttings as well as an incinerator to treat hazardous waste. The TWMF includes the following:

- Administration building / head office;
- Five Thermal Desorption Units (TDUs);
- High Temperature Incinerator Unit (HTIU);
- Liquid and solid quayside transfer station;
- Steam cleaning / washing area;
- Tank farm;
- Wastewater treatment unit; and
- Storage and maintenance facilities.

The site of the current landfill is located approximately 7 km south of the town of Cacucaco, approximately 20 km outside of Luanda. Additional land for a new landfill has been acquired after the FIPA investment and the required licensing and environmental studies are in process before any construction can start. The landfill is divided into four main cells as indicated below and are to be developed as required:

- Cell 1 – Hazardous waste;
- Cell 2 – Solids with total petroleum hydrocarbons <1%;
- Cell 3 – Evaporation pond; and
- Cell 4 – Domestic waste.

The Sonils Base facility is specifically situated in an area zoned as industrial, with all the support facilities and infrastructure associated with containing the effects of hazardous activities such as spills containment and emergency response. The company owns and operates more than 6,000 CCUs - container cargo carrying units - which are utilized by AES customers to transport the waste from their offshore locations to the AES facility onshore.

The AES incinerator is able to incinerate all other waste streams except for radioactive waste, asbestos and mercury. A small laboratory is operated on site and part of its function is to ensure that the correct calorific value (CV) of waste is fed into the incinerator (i.e. by mixing low CV waste with high CV waste). The incinerator is equipped with a wastewater treatment plant to treat the effluent from quench and wet scrubber. Wastewater is reused where possible and solids/slag are disposed in the existing landfill. The five TDUs treat oil-contaminated drill cuttings through passive/indirect heating to 350°C, with the oil being recovered and reused in the fabrication of new drilling mud.

A wastewater treatment plant exists on site to treat sewage. Wastewater discharges must comply with European standards and treated effluent is discharged to the Sonils Base storm water drainage system. Surface drainage from the site is treated in an oil/water separator before discharge.

ACP's decision to invest in AES in 2014 was due to their position as a market leader in its segment and to its privileged position to scale up and create the required capacity to process additional waste arising from the implementation of stricter environmental laws, without creating bottlenecks in the oil industry. The growth opportunities included the expansion to the Kwanda Base in Soyo, as well as managing the impact of new legislation enforcing a reduction of the allowed share of hydrocarbon

content in waste disposable to the sea from five percent to zero percent. AES's presence in the Kwanda Base reduces the logistics costs for AES clients operating in the northern parts of Angola. The expansion to Soyo therefore indirectly impacts on (reduces) costs in the Angolan oil and gas industry.

In addition to their financial commitment to AES, ACP also actively contributed to the company's success through:

- ESG management, including championing the acquisition of a new landfill to mitigate the ESG risks identified by FIPA in the current landfill;
- Providing guidance with regards to organizational realignment incentives, and the provision of support to the key managers;
- Leveraging relationships, bringing in to the shareholding structure an experienced international partner who could contribute to better management of the fast growth and expansion of the organization that was ahead; and
- Supporting various business development opportunities.

As a result of ACP's investment in AES, it has been able to achieve several outcomes that contribute to the improvement of environmental management in Angola.

TRANSFORMING MY LIFE

Before joining AES 10 years ago, I was a teacher providing Maths and Computer classes. I was not familiar with the oil and gas industry and started as a laboratory helper. In many ways, AES was like a school to me as I had to learn everything. As I continued to learn, AES gave me opportunities to grow and develop in my career.

I started as an auxiliary worker and today I am the Deputy Manager of the Outsourcing Division. This is substantial

growth from where I started. As the breadwinner, I can provide for the needs of my family and even provide a home for my family.

I am even able to continue my studies. I expect AES to continue growing and not to be hindered in its growth. I want to grow with them.



Abel Baptista, Deputy Manager Outsourcing,
AES Employee, Luanda

DEVELOPMENTAL OUTCOMES AT GRASSROOT LEVEL AS A RESULT OF ENVIRONMENTAL PROTECTION AND SUSTAINABILITY

Government plans for Luanda, including provincial government initiatives, have focused on rapid provision of waste management infrastructure. With specific reference to Luanda, the following new projects have been identified:

- Three landfills with one dedicated to construction and industrial waste;
- Ten transfer stations; and
- Forty-six sorting facilities.

The Ministry of Environment is working on an integrated waste management system and would like to incorporate into its new model waste management recycling systems and equipment, waste-to-energy, composting and improved landfill technologies. The government expects to adopt regulations related to medical waste in the near future³⁸.

Few private waste management entities and partnerships exist in Angola. The Angolan economy remains heavily dependent on the oil sector, a capital-intensive sector with very few linkages to other sectors of the economy and little impact on employment³⁹. Diversification into other income generating sectors is thus needed. Many market opportunities exist to address waste management challenges in Angola⁴⁰, these include:

Water and Wastewater prospects⁴¹:

- Provision and management of water treatment technologies for municipal and point of use;
- Water supply and distribution engineering and equipment provision;
- Provision of technologies for water measurement and monitoring; and
- Implementation of customer metering, billing and payment systems.

Solid Waste prospects⁴²:

- Support in the development of the Municipal Solid Waste (MSW) biogas systems in Luanda and the Alto Catumbela – Benguela – Lobito axis⁴³;
- Investment in waste-fuel incineration power stations and systems;
- Provision of waste management collection vehicles and equipment;
- Provision of recycling and composting equipment and systems;
- Provision of landfill engineering, equipment and operational services; and
- Medical waste collection and provision of processing equipment.

The above need to be developed in partnership with government stakeholders, however, potential investment is hindered by market currency fluctuations, corruption and lack of government infrastructure and knowledge.

In response to the needs identified above, AES provides waste management services by renting out and transporting skips and cargo-carrying units, and then receiving, handling and storing waste products such as solid waste, mud and slop-water. It provides pre-treatment through the centrifuge, laboratory and tank farm, treatment through the incinerator and TDUs and finally disposal of waste products to the landfill sites. AES also provides additional services by recycling and reusing certain by-products.

In the process of providing these services, AES receives approximately 60,000 tons of industrial waste per annum, servicing key clients contributing to more than one fifth of the GDP. Between 2014 and 2017, AES processed more than 320,000 tons of industrial waste, thereby contributing greatly to environmental sustainability.

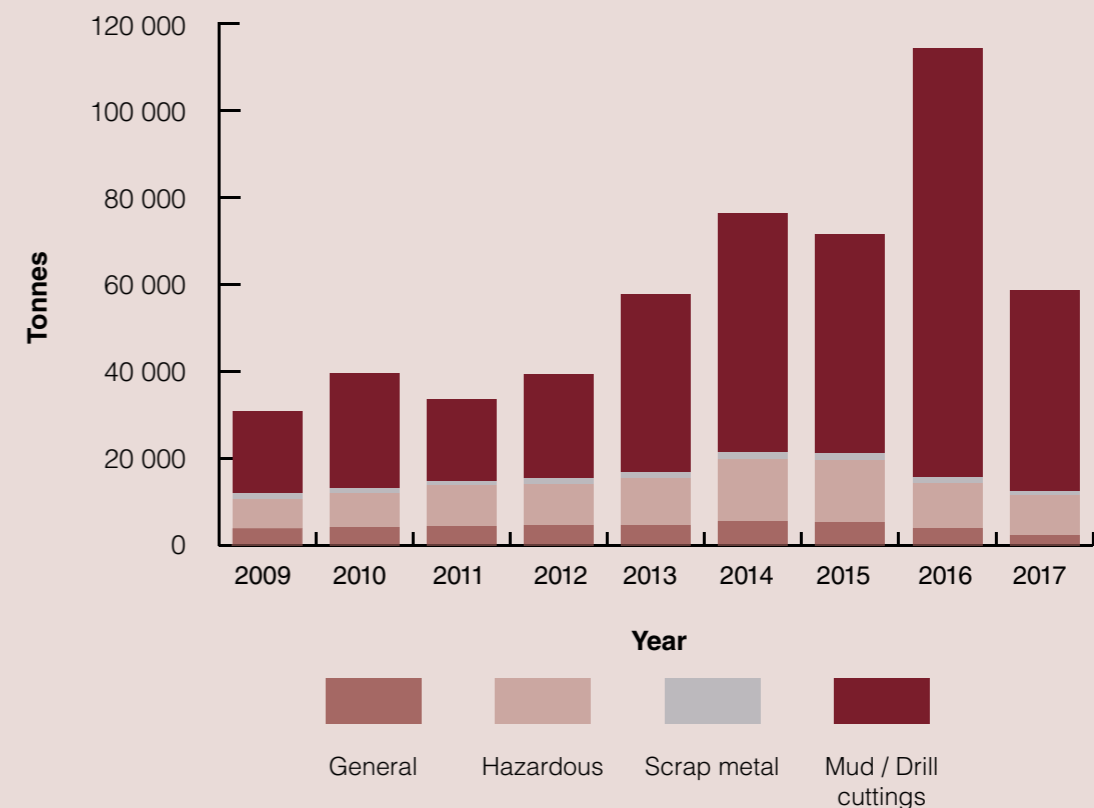
AES is committed to effective and efficient use of resources and finding solutions to advance environmental sustainability. AES recovers 99 percent of the base oil from drill cuttings treated, which is then reused for the fabrication of new drilling mud.

Similar savings in the reduction of waste volumes are achieved through the implementation of thermal processes

such as incineration (effectively extending the life of the landfill), which can reduce waste volumes by up to 95 percent. This also reduces the total volume of gasses released to atmosphere over time, as the landfill has less waste deposited to produce gasses through anaerobic decomposition.

Emissions released to the atmosphere due to incineration is linked to the sum of waste processed. Combustion of waste reduces overall greenhouse gas emissions from landfills and the use of a scrubber system further manages the release of other harmful pollutants into the environment. These impacts would be more significant if the waste was landfilled, risking contamination of water sources.

WASTE PROCESSED BY AES



³⁸ www.export.gov/article?id=Angola-Environmental-Technologies ³⁹ www.oecd.org/dev/34867761.pdf ⁴⁰ www.export.gov/article?id=Angola-Environmental-Technologies ⁴¹ www.export.gov/article?id=Angola-Environmental-Technologies ⁴² www.export.gov/article?id=Angola-Environmental-Technologies ⁴³ www.angolaenergia2025.com/en/conteudo/biomass-energy

TRANSFORMING MY LIFE

Before joining AES in 2007, my life was normal, and I mostly did labour-intensive work with little exposure to working on a computer. Since joining AES, there has been a lot of change and development in my career. My career progressed from Logistics Assistant to Logistics Coordinator and to Senior Coordinator within the first five years of working at AES. From there I moved to the CCUs & Rental Division as Coordinator, but last year I was promoted to the position of Deputy Director of the CCUs & Rental Division.

Through my career at AES I learnt technical, computer and communication skills. The English and communication skills benefit me in meetings with clients and top management. My family also benefit not only from my income but also because they have access to medical care. I have no intention of leaving AES soon, as I want to continue to learn and develop as the company expands. I believe the future has positive development in store for both me and the company.



Carlos Francisco da Silva, Deputy Director:
CCUs & Rental Division, AES Employee, Luanda

DEVELOPMENTAL OUTCOMES AT GRASSROOT LEVEL (CONTINUED)

At AST, improved environmental management is facilitated through the adoption of new technologies and best in class practices. This provides the AST team with knowledge, experience and skills that enables them to increase the incomes they are capable of earning. It also facilitates increased awareness and innovation in responsible ocean and natural resource use and consumption of responsibly sourced fish. AST is committed to the highest standards and are constantly adopting new technologies and standards to improve environmental performance and the quality of their products.

The AST companies hold valid fishing rights and adheres to the fishing quotas set by the Ministry of Fisheries as well as the associated monitoring and reporting requirements. They test the products for quality and adhere to stringent environmental standards. For example AST is currently working towards implementing Hazard Analysis and Critical Control Points (HACCP), the standard for the Free Fatty Acid (FFA) content of fish oil and the International Fish Oils Standards (IFOS). These are systematic preventative approaches to ensuring food safety and quality. Since acquisition, AST upgraded and significantly refurbished the facilities it purchased in Tombwa. AST provided training and capacity-building for employees to adapt with the new technology and processes, and to promote efficient use of natural resources.

The Fazenda Girassol team has many years of combined experience in Angola's agricultural sector and is supported by international advisors and academic researchers from both local and international universities and agricultural institutions. Since 2011, Fazenda Girassol has used computerized hydroponics, photosynthesis monitoring and integrated fertilizers and pesticides, as well as water management systems.

The land earmarked for agricultural use, in the Commune of Kibala Norte in the Municipality of N'zeto, was state-owned and was mostly uninhabited with no prior occupation or claimed ownership rights. It was acquired through a legal process with final approval of a 60-year lease concession for surface rights. It was mostly uninhabited. In line with its ethos, Fazenda Girassol engaged with local political and traditional leaders and enabled local community members to continue farming on the riverbanks of the Loge River rather than relocating their homesteads. Thus, no forced resettlement took place. The closest neighbouring village is mostly dependent on subsistence farming with poor access to services and infrastructure. The slope and contours of the land were carefully considered to keep the number of trees removed to a minimum, and to mitigate any environmental impacts that the irrigation, pesticides and fertilizers may have on soil and water resources. Care was taken to not impact any wetland habitat.

The company remains in compliance with the Angolan legislative framework, as well as the Fund's environmental and social policy. Fazenda Girassol is also in the process of obtaining Global GAP certification. Extensive investments have been made to provide the machinery and equipment with advanced technology adaptation to ensure efficient resource use that match global standards. Both water and energy savings are evident through the implementation of these measures. Similarly, there is a reduction in CO2 emissions, noise pollution and waste volumes. Going forward, there is a commitment from management to improve waste disposal by installing an incinerator for chemical waste disposal and implementing a SEMS.

OUR CONTRIBUTION TO IMPROVING NATIONAL RECONSTRUCTION



HOUSING INFRASTRUCTURE IN ANGOLA

Angola is one of the fastest urbanizing countries in Africa. The National Census of Population and Housing conducted in 2014 shows that Angola is now among the 12 most populous African countries and is the fourth largest in the SADC region. Angola's capital city Luanda with its urban population of 6.5 million is the fifth largest urban metropolitan area in Africa and one of the most expensive to live in.

Angola is one of the fastest urbanizing countries in Africa. The National Census of Population and Housing conducted in 2014 shows that Angola is now among the 12 most populous⁴⁴ African countries and is the fourth largest in the SADC region. Angola's capital city Luanda with its urban population of 6.5 million is the fifth largest urban metropolitan area in Africa and one of the most expensive to live in.

During the post-war years from 2002 to date, the GoA has made a major effort to reform any legislation that affects urban development and the management of settlements and housing. Housing has become a priority developmental issue in Angola, and in 2008 the President announced a first National Housing Development Program (NHDP), with a focus on building one million housing units before 2015. The program responded not only to the Millennium Development Goal (MDG) challenge, but also to post-war demands for housing. As highlighted by the Centre for Affordable Housing in Africa, the NHDP concluded that the largest responsibility (68%) for redressing shortcomings in access to housing lay with owner-builders. In other words, the people needing houses are not only responsible for securing their own building materials, but must also do so with minimal assistance from government, the private sector or co-operatives.

The demand for housing and urban basic services that had been building up over the 40 years of conflict has resulted in a shortfall of housing of two million units. The Household Poverty Survey carried out in 2009 by the National Statistical Institute estimated that 90 percent of urban housing was sub-standard and needed substantial investment to upgrade it to acceptable living standards.

The GoA has made significant commitments to infrastructure improvement as highlighted in the 2013-2017 NDP and in the 2018-2022 NDP. These infrastructure priorities are as follows:

- In 2008, the GoA prioritized the housing program to build new homes as well as increase water supply. Casa para todos (Housing for all), a scheme aimed at providing one million new homes by 2015, was launched in 2008. In this scheme, houses are built by private individuals with the GoA providing the land, the infrastructure (water, sewage and electricity) and a construction kit containing key building materials and tools.
- The GoA has also committed to constructing educational institutions, thereby increasing the number of classrooms in existing schools as well as the number of new schools.

Due to the decline in the Angolan economy in 2014 the GoA reduced state subsidies for urban housing and development, thus most housing is currently provided by owner-builders who raise financing from family members, employers or their own savings.

ACP's Response to Improving National Reconstruction

ACP's investment objectives in response to the challenges faced by the Angolan construction industry was to increase investment in the construction sector through provision of financial and capacity building support.

To achieve the above outcomes, ACP invested in Betablocos, a manufacturing company that produces and sells prefabricated cement building materials such as cinder blocks, paving blocks, curbs, lintels and others. In 2015, FIPA I completed an investment of USD2.4 million in Betablocos to support the company's business growth, increase production capacity, and to take advantage of market opportunities. ACP's decision to invest in Betablocos was also due to their strategic position as

a manufacturer with extensive local knowledge and experience. Also, Betablocos had managed to differentiate itself through high quality standards which made it one of the few external suppliers compliant with a modern construction process.

The Fund was instrumental in segregating Betablocos from another group company to enable a separate future sales process, the sourcing of possible targets for growth and planning, and formalizing the exit of certain operations. Also, the Fund actively supported the company's business development through synergies with its portfolio and its

business relationships and network in Angola.

The finance function and implementation of management systems was also strengthened through support from the Fund. Through guidance and support from ACP, Betablocos also implemented an inaugural independent audit and appointed a champion for monitoring and reporting.

As a result of ACP's investment in Betablocos, the company has been able to achieve several outcomes that contribute to the improvement of the national reconstruction efforts.

TRANSFORMING MY LIFE

Previously I also worked as a Shift Chief

at a different company, but I was earning an average income. Here at Betablocos my income increased, and I have more than enough to meet the needs of my family. I also built my own home and invested in my children's education.

Previously I needed to travel to work by public transport and that was not cost- or time-effective as it did not allow any flexibility for working outside office hours. As an incentive to reward my performance, Betablocos assisted me in purchasing my own vehicle. This greatly improved my ability to manage a team and to adjust to the different shift times. I can now think about and plan for the future.

The future of the company will depend on the direction it takes but I foresee that Betablocos will continue to grow as we develop our national market. I always push myself and intend to grow and develop with the company. I strive to work hard today, and I know in future I will be recognized for my efforts.



Samuel Angelo da Silva,
Betablocos employee, Luanda

⁴⁴ Number of people living the city

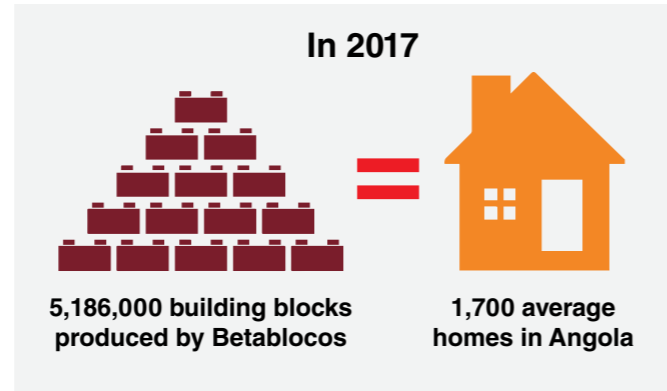


DEVELOPMENTAL OUTCOMES AT GRASSROOT LEVEL AS A RESULT OF IMPROVING NATIONAL RECONSTRUCTION

Betablocos is a manufacturer and seller of prefabricated concrete materials, including building blocks and pavements which are sold to the formal and informal mass market. Betablocos manufactures and sells more than 5 million building blocks to building and construction clients both in Angola and the region annually. This is equivalent to the materials needed to build more than 1,700 average Angolan homes per year.

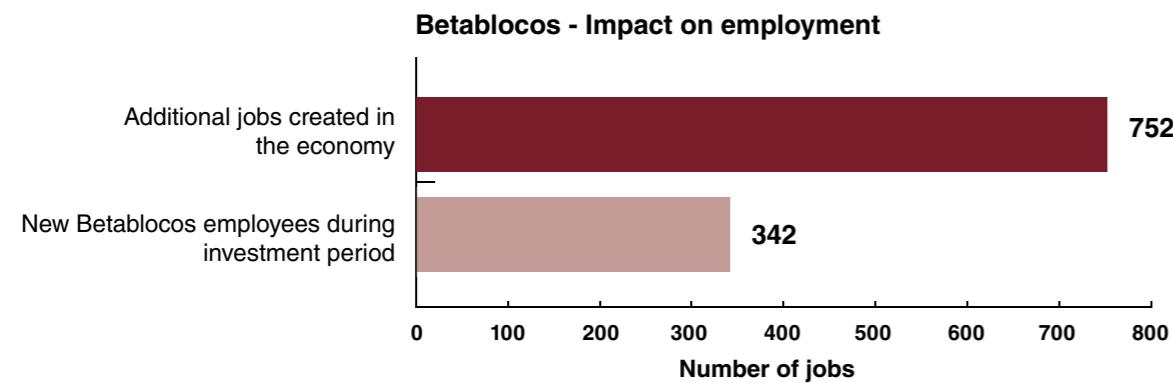
Research has shown that every USD1 invested in SMEs generates on average an additional USD12 in the economy. Of the USD12 more than 41 percent benefits those outside the enterprise. Based on the USD2.4 million invested by ACP in Betablocos, it is thus estimated that an additional USD28.8 million has been generated in the economy, with USD11.8 million benefiting those outside of the enterprise.

Betablocos value their employees and the neighbouring communities as integral to their business model. As such, they welcome the opportunity to gain insight into their employees' socio-economic profile and living conditions. Employees are encouraged to increase production quality and performance through an incentive scheme. Those individuals who perform well and reach their key performance indicators receive building vouchers as reward. These building vouchers allow them to collect building blocks and systematically construct their own homes. This is further enhanced through financial assistance in the form of an advance over a year, thereby allowing employees to obtain capital that they will not have otherwise had access to, and which enables them to construct their homes. Research has shown that



for every USD100 spent on housing finance activities in Africa, USD36.5 are added to per capita GDP while USD225 dollars are added to GDP⁴⁶. Thus, through the approximately USD154,000⁴⁷ provided as soft loans to employees to build their own homes during 2017, Betablocos is estimated to have added USD346,500 to GDP, and USD56,210 to the GDP per capita.

The manufacturing sector is key to industrialization, which is an integral component of development. This sector can generate employment whilst facilitating trade. In the case of Betablocos, it also contributes to the national objective of rebuilding Angola. According to the United Nations, the manufacturing sector stimulates employment in other sectors, with 2.2 additional jobs being created for every manufacturing job. Based on the 101 jobs created by Betablocos in the ACP investment cycle, an additional 222 estimated additional jobs were created in the economy.



⁴⁶ From Poverty to Prosperity: Understanding the Impact of Investing in Small and Medium Enterprises, SEAF, 2014 ⁴⁷ Housing Finance and Inclusive Growth in Africa: Benchmarking, Determinants, and Effects, Nguena, Tchana Zeufack, World Bank Group, December 2016 ⁴⁸ 154,000 concrete blocks at an average cost of USD1 per block

TRANSFORMING MY COMMUNITY

Before working at Betablocos, my family and I lived in a house we rented from family. I started working for the company as a driver and as I became familiar with my work I gained more confidence. I continued to work hard and through my dedication I was given more responsibilities and opportunities to grow.

In recognition for my hard work, Betablocos assisted me with building material and I could build a home for my family. We now have our own home and no longer need to rely on extended family.



Viegas Moreira Pedro,
Betablocos employee, Luanda

OUR CONTRIBUTION TO IMPROVING ECONOMIC DIVERSIFICATION



ECONOMIC DIVERSITY IN ANGOLA

Between 2012 and 2017, the Angolan economy recorded an average growth rate of only 1.8 percent, down 3.2 percentage points from the 2009–2012 period⁴⁸, reflecting the economic slowdown that was occurring in many emerging countries around the world. Similarly, the volatility of oil production was recognized as a threat to the sustainable development of the Angolan economy. This highlighted the need to accelerate the GoA's economic diversification agenda, which aims to develop and grow the non-oil sectors and reduce the importance of and reliance on petroleum products⁴⁹.

During the implementation of the National Development Plan 2013–2017, the average growth rate of the non-oil sectors at 1.2 percent was three times that of the oil sector at 0.4 percent. The fall in the oil price had a negative effect on the entire economy, causing a contraction of economic activity, a reduction of revenue and public expenditure, and a reduction in private expenditure. With a slight lag in relation to the drop in revenues, these declines eventually led to a fall in public investment and public spending, causing budget deficits of around 6 percent and an increase in public debt to 67 percent of GDP in 2017⁵⁰.

To cope with the complex macro-economic framework, the GoA committed to several interventions. As early as October 2017, the new Presidency prepared an Interim

Plan to be implemented by March 2018, containing policy measures and actions to improve the economic and social situation. These measures are geared towards macro-economic stability, economic growth and employment generation that would solve the most pressing social problems in the country.

Recently the National Development Plan 2018–2022 was approved by Cabinet. This NDP outlines six key axes aimed at diversifying the economy, creating an enabling environment for private-sector growth and improving the quality of life of all Angolans. A key element and driver for this economic reform is to increase the contributions of the non-oil sectors and to diversify the economy.

ACP'S RESPONSE TO IMPROVING ECONOMIC DIVERSIFICATION

ACP's investment objectives in response to the challenge of economic diversification in Angola is to stimulate the growth of non-oil sectors in the Angolan economy.

To achieve the above outcomes, ACP invested in the printing and media sector through Special Edition Holding. The Special Edition group of companies provide integrated media products and services including outdoor media (it owns 49 percent of Big Media), large format digital printing, advertising and promotions, media buying, events management and media materials manufacturing. Through its advertising, brand awareness campaigns and events businesses, the company creates critical exposure to

businesses to reflect their unique products or services in a professional and innovative way. The innovative and creative approach to advertising lays a strong relational foundation and creates momentum for future growth through repeat business. Big Media, the largest entity in the Special Edition group, provides more than 1,000 outdoor, printing and specialist services per annum, which equates to more than 6,000 services during the investment period.

In 2012, FIPA I entered into agreements with Special Edition and Big Media, amounting to and investment of USD6.6 million and USD2.15 million respectively. ACP's decision

to invest was based partly on the fact that both Special Edition and Big Media offer a vast range of labour-intensive services to increase the visibility of a diverse client base. Through their services, the two companies positively contribute to increased brand awareness that leads to increased sales volumes for customers who make use of their services. Hence, both Special Edition and Big Media offer a considerable contribution to increased economic diversity within the non-oil sector. In addition, Big Media's geographic footprint and access to multi-disciplinary teams, with the benefit of existing infrastructure and equipment, means that the company is not dependent on subcontractors, but instead can provide all the interlinking services within the group of companies. This ensures delivery within the time and cost constraints of clients.

ACP also provided institutional support and capacity building with specific focus on refining business strategy

and improving financial management, business systems and processes, environmental and social performance, and corporate governance. Special Edition was greatly impacted by the economic downturn in 2015 and the resultant reduction in most companies' advertising spend. ACP's key focus area was to re-engineer and restructure the organization to improve synergies and reduce duplication of effort, thereby streamlining operational efficiencies. ACP also facilitated a grant from Norfund's technical assistance facility for Big Media to acquire and implement an asset management system. One of the results was consolidating the resilience and market positions of Special Edition and Big Media. During the product portfolio meetings, opportunities were identified for areas of untapped demand, and ways to serve this demand will be explored going forward. The leadership demonstrated commitment to integrating sustainability strategies that enhance their competitive market position and shareholder value.

DEVELOPMENTAL OUTCOMES AT GRASSROOT LEVEL AS A RESULT OF IMPROVING ECONOMIC DIVERSIFICATION

Research conducted by Cacciolatti and Fearn (2011) indicate that SMEs that make good use of structured marketing information exhibit a higher probability of growth⁵¹. The research of Mahmoud (2011) concluded that the higher the level of market orientation, the greater the level of performance in Ghanaian SMEs⁵².

Increased SME growth similarly has a direct effect on GDP growth due to increased output, value add and profits. The relationship between increased SME and GDP growth is touched upon in a 2008 World Bank report: "If entry, growth, innovation, equilibrium size, and risk reduction are all helped by access to and use of finance, it is almost inescapable that aggregate economic performance will also be improved"⁵³.

Support and investment in the SME sector and its consequential growth also impacts GDP indirectly, through increased innovation and macro-economic resilience of the overall economy. Finally, a stronger SME sector can bolster a country's resilience by broadening and diversifying the

domestic economy, thereby reducing the vulnerability to sector-specific shocks and fluctuations in international private capital flows^{57,54}.

Through ACP's investment in Special Edition and Big Media, the improvement in economic diversification of the economy is facilitated through supported economic growth amongst their client base. A study undertaken by Deloitte indicated that spending on advertising benefits an SME eight times as much as it would a larger firm⁵⁵. A return on investment (ROI) from a customer, using traditional advertising methods, is noted to be 42 percent, while companies that engage with customers directly can similarly achieve a 41 percent ROI⁵⁶. Furthermore, Big Media reports that its total labour spend was USD15.9 million over the ACP investment period. Together with its domestic spend of USD3.2 million, Big Media provided a substantial economic injection into the local economy and it is anticipated that 630 indirect employment opportunities were created in 2017.

⁴⁸ INE, 2013-2016 and NDP, 2018-2022 ⁴⁹ NDP, 2018-2022 ⁵⁰ NDP, 2018-2022

⁵¹ <https://kar.kent.ac.uk/29315/> ⁵² www.hrmars.com/admin/pics/713.pdf ⁵³ World Bank, "Finance for all? Policies and pitfalls in expanding access", 2008 ⁵⁴ Griffith-Jones, Stephany, Judith Tyson, Pietro Calice, The EIB and SMEs: Key lessons for Latin America and the Caribbean, 2011 ⁵⁵ www.marketingweek.com/2015/04/01/how-smes-can-make-marketing-add-up/ ⁵⁶ <http://journals.ama.org/doi/abs/10.1509/jm.11.0463>



AST, Namibe Province



AES, Luanda Province



Digital Print, Luanda Province



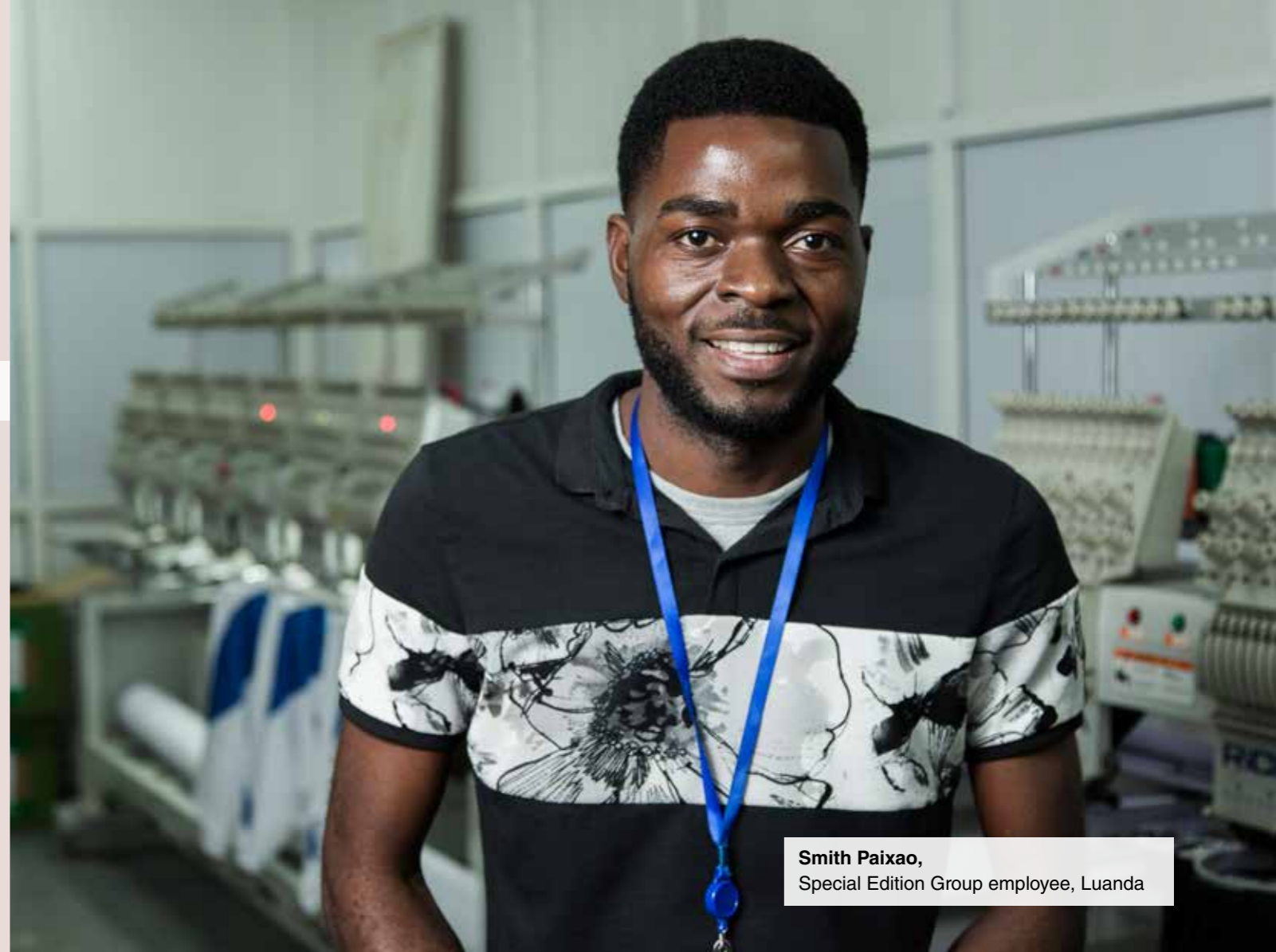
Betablocos, Luanda Province

TRANSFORMING MY LIFE

When I joined the Special Edition group more than eight years ago as a janitor, I was only responsible for cleaning the warehouses. Little did I know that I would today be an Administrative Assistant who often takes responsibility for the entire Digital Print production process.

Even though I was appointed at an entry-level position I was eager to learn new skills. I was faithful in my work and always volunteered to do additional tasks to assist the teams. Gradually I developed an understanding and knowledge of the process. They realized that I have a keen interest in the printing process and provided me with an opportunity to work in a different role. Today I am proud to say I am the second-in-charge of production.

The company gave me an opportunity to develop my skills and increase my financial position, which benefits my three children. This greatly assisted me as I could acquire my own house in a good neighbourhood, closer to the office. Special Edition also provides a company vehicle to transport us to the office each day, ensuring that I do not have additional out-of-pocket expenses for transport and avoiding long travel days as I commute with various taxis in the city. I also benefit from daily meals and access to healthcare. Many of us have been with the company for many years and were provided an opportunity to not just be employed but to grow our careers. I look forward to continuing learning new skills and grow with the company.



Smith Paixao,
Special Edition Group employee, Luanda



Teresa Eliza Domingos Vieira,
Special Edition Group employee, Luanda

TRANSFORMING MY LIFE

Six years ago when I joined the company, I was the first employee to start working with the new embroidery machines. I knew nothing about the process and there was no one who did this before me, so I needed to learn everything myself first and then teach others.

With these machines we can embroider clients' logos and slogans or brand messages onto any fabric, such as T-shirts and caps. Some clients do not want printing done and they prefer the embroidery.

It takes considerable skill and attention to detail due to the threading of the different colours and the design and

application process. I need to ensure it is done perfectly or it will damage the fabric. Apart from learning these technical skills, I also learnt to work under pressure and to manage the entire process and my support team. It is a big responsibility, as we can produce approximately 200 T-shirts per day, so that is nearly 50 000 T-shirts a year if we work to capacity.

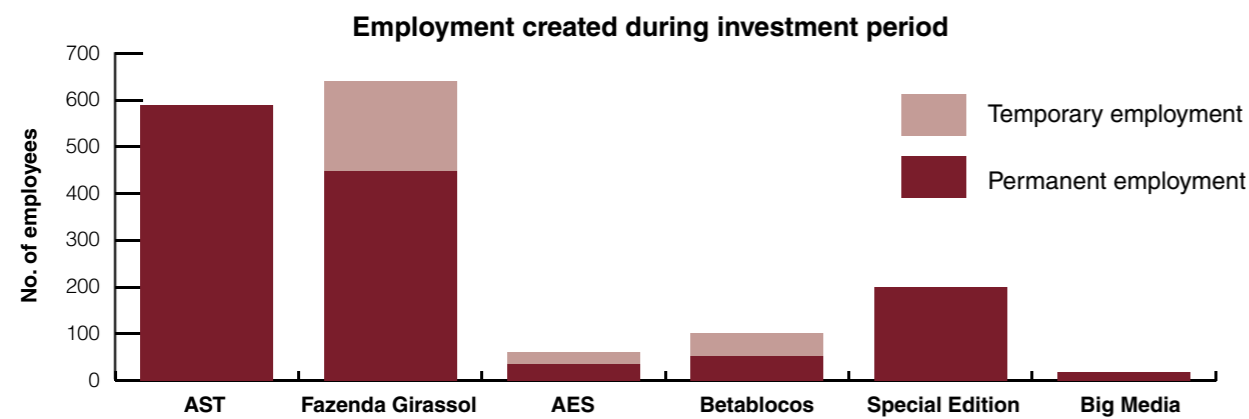
Working at Special Edition enables me to provide for my young family; I have a lovely wife and two children, a 5-year-old and a 6-month-old baby. The company also provides healthcare and daily meals so I'm able to spend my income on my family's needs.



**DIGNITY IN THE
WORKPLACE**

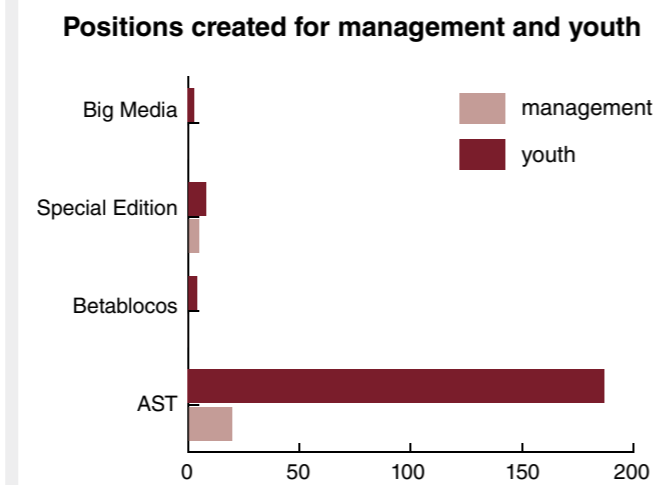
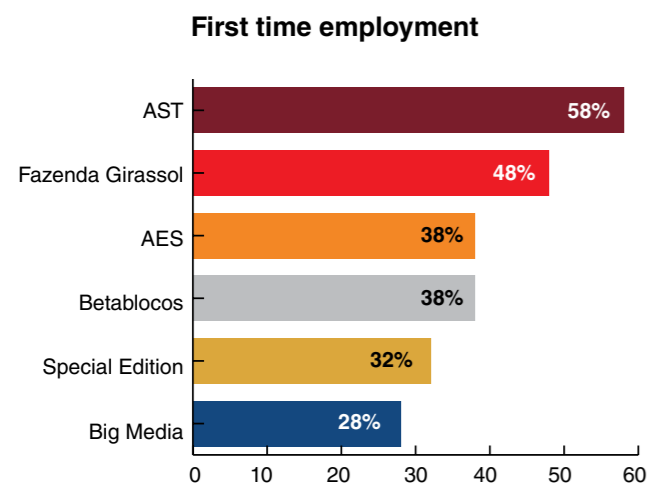
INCREASED EMPLOYMENT

During the investment life cycle across all our investee companies, ACP have overseen the additional employment of 1,609 Individuals, which constitutes 48 percent of the total workforce currently employed. At AST, Special Edition and Big Media, these all constitute full-time employees. Full-time employees at Fazenda Girassol make up 70 percent of the company's newly appointed workforce. At AES this number is 78 percent, with new employees brought on during the investment period at Betablocos making up 51 percent of the workforce.



A significant proportion of these companies were able to employ first-time employees, with AST achieving almost 60 percent first-time employees. Thus, the growth in employee numbers noted in the ACP portfolio truly have resulted in increased economic growth, and creation of value on company and community level. At most of the companies

invested in by ACP, youth were also a keen focus with respect to job creation. This was a specific focus at AST. Strengthening the management teams, thus creating senior positions in each organization, was also a focus. This is specifically evident at AST and Special Edition.



TRANSFORMING MY LIFE

Previously, I basically fought for survival and had various precarious positions. Since joining Betablocos, various aspects of my life improved. For example, my income increased, my conditions at work changed for the better and I could purchase my own car. Due to an unfortunate incident my home burnt down but then, because of my income and the support offered by Betablocos, I could not only rebuild my former house but actually improve it. It worked out to be better now.

My dream for the company is to be able to produce more products but at a lower price. That will mean acquiring more machinery that could produce more blocks at a lower cost. At Betablocos I noticed that the management sees me as part of the team and they know I always do my best, so they assign new roles and responsibilities to me. They notice my potential and know what my capabilities are.



Paulo Chicomo, Director of Logistics,
Betablocos employee, Luanda

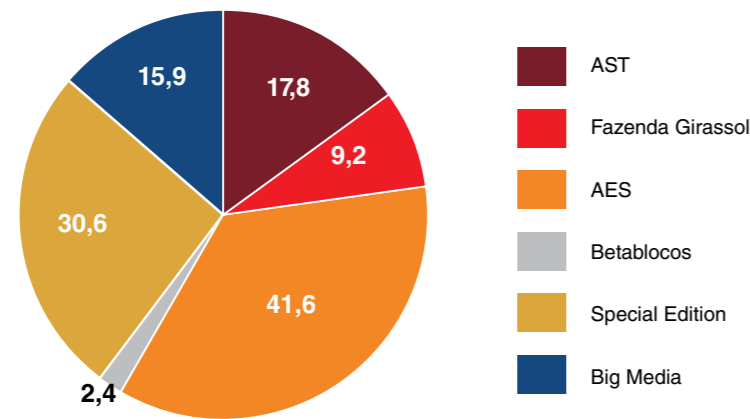
INCREASED REMUNERATION

Over the investment period, our investee companies have contributed just over USD117 million in employee remuneration. As the cost of living continually increases, the companies have made efforts to keep up with inflation and employee remuneration. Across all portfolio companies, at least half of the employees surveyed reported receiving an increase in their wages since becoming employed.

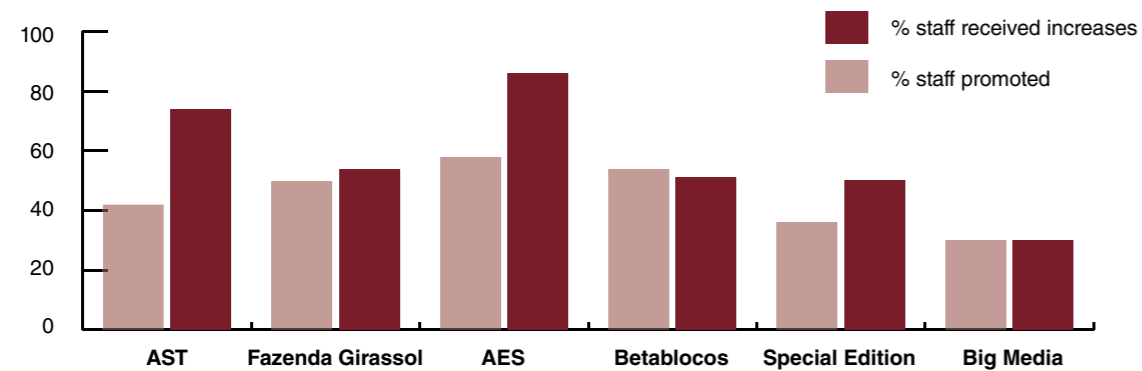
Due to the training of staff and skills development interventions, a number of staff have been promoted to higher positions within the portfolio companies, which has also enabled them to increase their salaries. Across the ACP portfolio, at least 30 percent of employees have reported receiving promotions since first being employed.

More promotions have taken place in companies that have higher skills requirements such as AES, where 58 percent of staff reported having received a promotion, and at Betablocos, where 54 percent of staff have received a promotion.

Total labour spend (USD million)



Increased remuneration during investment period



TRANSFORMING MY LIFE

I started working for Fazenda Girassol more than 11 years ago. The company evolved and changed a lot over the years. In the beginning everything was a lot smaller and simpler as we did not have all the automated equipment and systems we have today. Especially in the past four years, the farm brought in more technology and production tripled because of this. We also obtained more land to continue to grow more produce.

Personally, I took a huge step forward and my life from then to now is completely transformed. I faced some personal

difficulties, but the company supported me. Today, I am the Maintenance Chief and have my own home that my family and I enjoy. This was made possible through a loan from the company. Fazenda Girassol also provided me with a company vehicle to ensure I can conduct my work without concern for transport. The company also assisted many other employees.

Going forward, I believe we will continue to grow and succeed.



Agostinho Abel da Silva, Maintenance Chief, Fazenda Girassol employee, Luanda

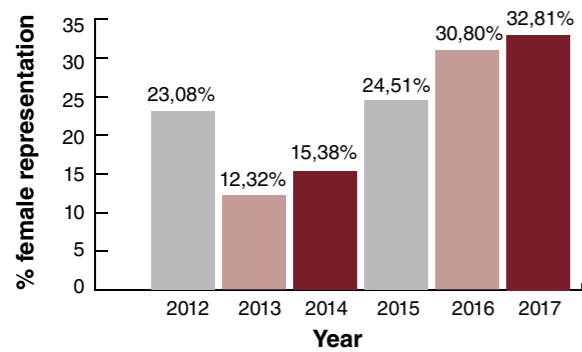
IMPROVED GENDER EQUALITY

ACP promotes inclusion and equality. All our investee companies have employment policies that comply with the Angolan Constitution, which ensures that all citizens are treated with dignity and that none will be discriminated against or benefit based on age, sex, ethnicity, ascendancy, language, territory, religion, political or ideological convictions, education or economic or social status.

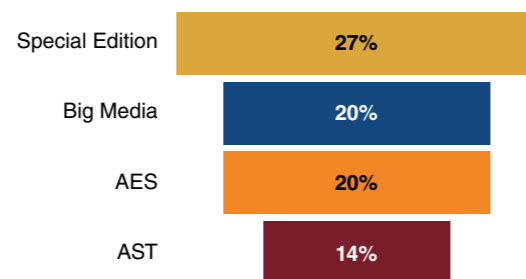
In addition to having female representation at management level, the employees surveyed revealed that a number of women are employed in positions that may traditionally have been considered to be reserved for males, such as machinists and truck drivers. Also, many of the employees that have been promoted and have received salary increases are women, reflecting the culture of non-discrimination espoused by ACP.

In addition, recognizing the importance of women in the workplace, AST supports maternity and family leave rights, protecting women's employment during maternity leave and upon their return to work. This value that ACP and the companies place on the appointment of women and the protection of maternity and family leave rights are greatly appreciated by the women included in the study and impact their lives positively.

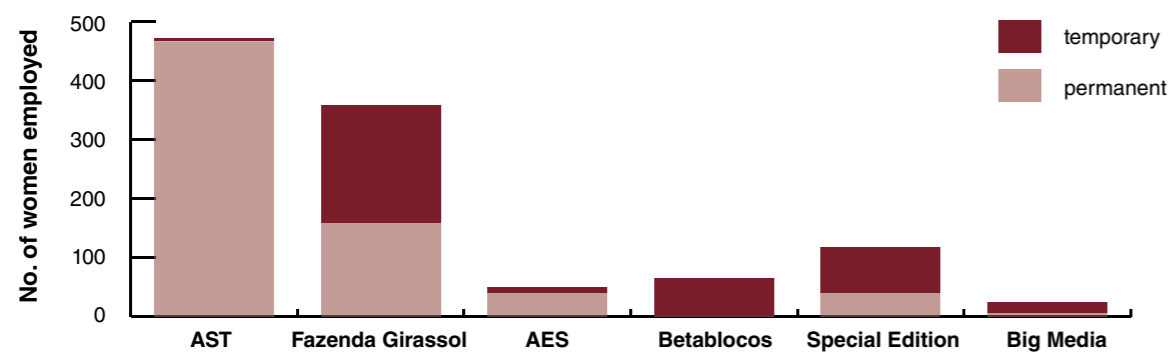
% Female representation across ACP portfolio



% Women in management



Breakdown of women in the workplace 2017



TRANSFORMING MY LIFE

Previously, I lived in Maianga with some family members (uncles) and was employed by another company as an administrative secretary. As benefits, I had food and a transport allowance, but no health insurance.

I joined AES in July 2007 as an administrative assistant. In 2009 I was transferred to the Commercial Department as a Commercial Assistant and currently occupy the Commercial Coordinator position. Before working for AES, there was no access to any health insurance for me and my daughter, nor did I own my own home or transport. Working for AES,

has entitled me to health insurance which also covers my family. This not only reduces my medical costs but also has given me the opportunity to have access to better healthcare practitioners. I have now managed to buy my own home and become financially independent, due to my improved salary conditions.

I have gained financial independence by working for AES, which has enabled me to also pay for my own studies. I make use of the transport services, from home to work and back, which also reduces my transport costs.



Luzia Patrícia Ferreira Marcelo, Commercial Coordinator, AES employee, Luanda.

TRANSFORMING MY LIFE

I joined the company ten years ago as a receptionist.

I was responsible for telephone and face-to-face customer service and other general functions like distributing internal mail. I was eager to learn and shared my dream with management. When they had an opening in the payroll division I applied and was appointed in the new position.

At the same time, I was able to continue my university studies after hours and graduated in human resources management. I also participated in various training programs at the company, mainly related to software and the payroll process. As a result of the education and the work experience that I gained, I was promoted to Payroll Manager in the Special Edition group.



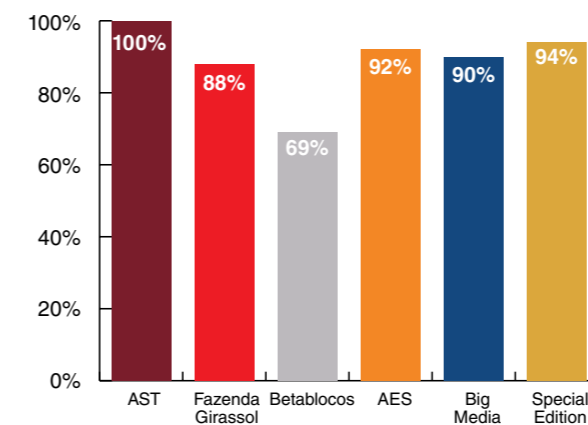
Isabel Cassua, Payroll Manager,
Special Edition Group employee, Luanda

IMPROVED EMPLOYEE SKILLS BASE

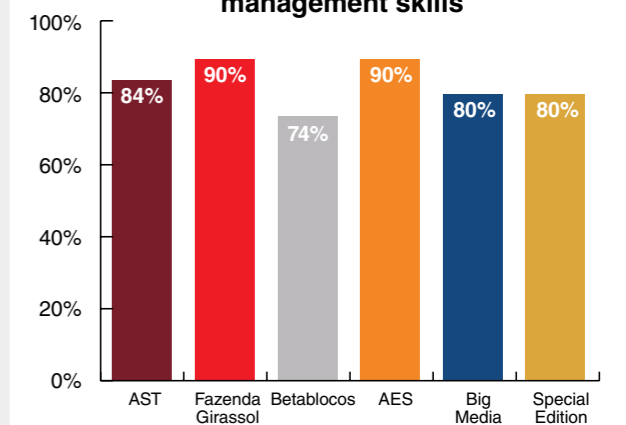
To ensure that the companies in the ACP portfolio remain competitive and can increase their level of productivity, training is provided to employees. This is usually in the form of on-the-job training, with additional training provided as needed. The results of the employee engagement survey reflect that the skills set of employees had improved

due to the training provided, this was assessed based on both technical, improved leadership and management skills development. On average, 89 percent of staff surveyed felt their technical skills had improved, whilst an average of 83 percent of employees surveyed indicated their leadership and management skills had improved.

% Staff reporting improved technical skills



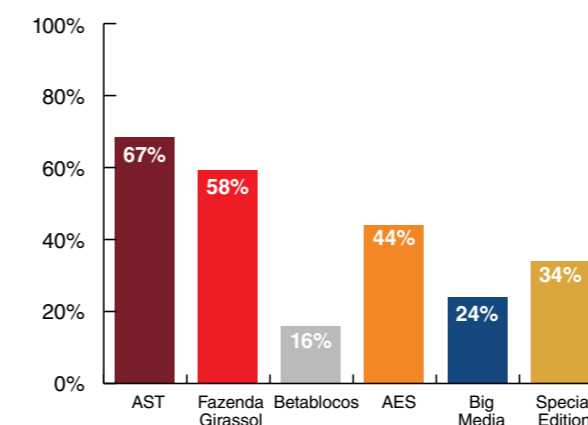
% Staff reporting improved leadership and management skills



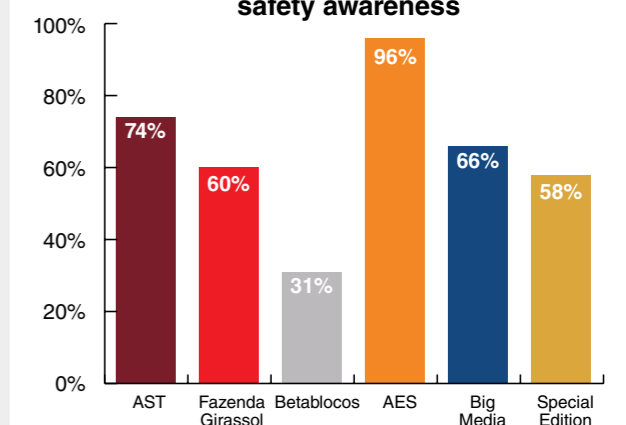
Staff satisfaction levels with respect to the types of training received was mixed, with the lowest levels of satisfaction noted at Betablocos at 16 percent. The highest levels of satisfaction was noted at AST and Fazenda Girassol. ACP acknowledges the limitations associated with the provision of outsourced training. This is primarily as a result of the lack of available technical training service providers in the specific sectors invested in. ACP will continue to search

for opportunities to improve on the training provided, with in-house training courses to continue to be rolled out until better outsourced solutions are found. Health, safety, security and environment is important to ACP and specific training was provided to staff on these aspects. The largest proportion of staff felt that their health and safety awareness on the job had improved after the training had been provided.

% Staff reporting satisfaction with training



% Staff reporting increased healthy and safety awareness



TRANSFORMING MY FAMILY

Before I was employed in the AST Group, my life was difficult, as I could not provide sufficiently for the needs of my children, such as bringing food to the table. I could not pay for my own or my children's needs. I could not afford the expenses of a house. I had no home of my own. My life was difficult.

Since joining the AST Group, I developed my skills and I am growing as a person. My life has improved. Society already recognizes me as someone – a person who is

taking good care of his family. I now have my own home and can support my own studies and the studies of my children. I can provide for the needs of my family.

In the future, I see that the company will continue to recognize me as somebody who is giving everything for the company. I see that in the future I could be a Human Resources Manager, a company manager or a top manager in the company.

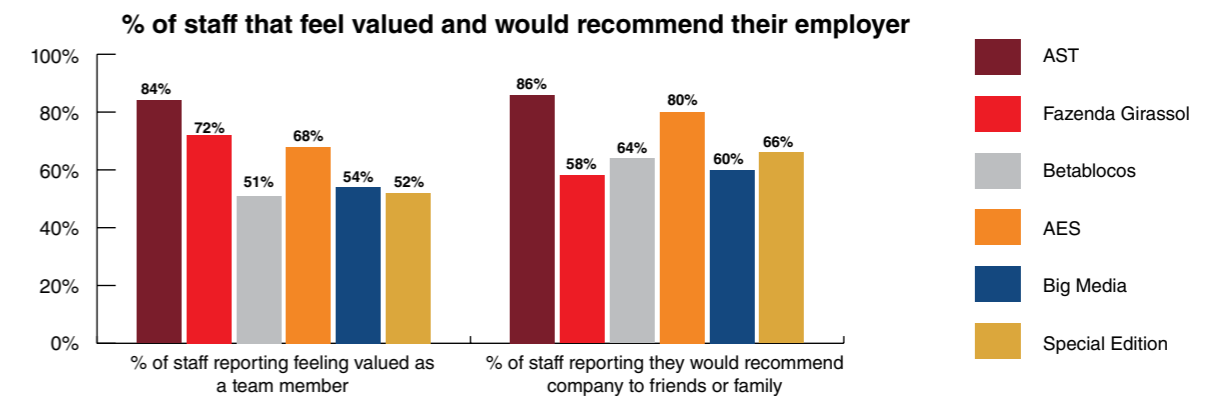
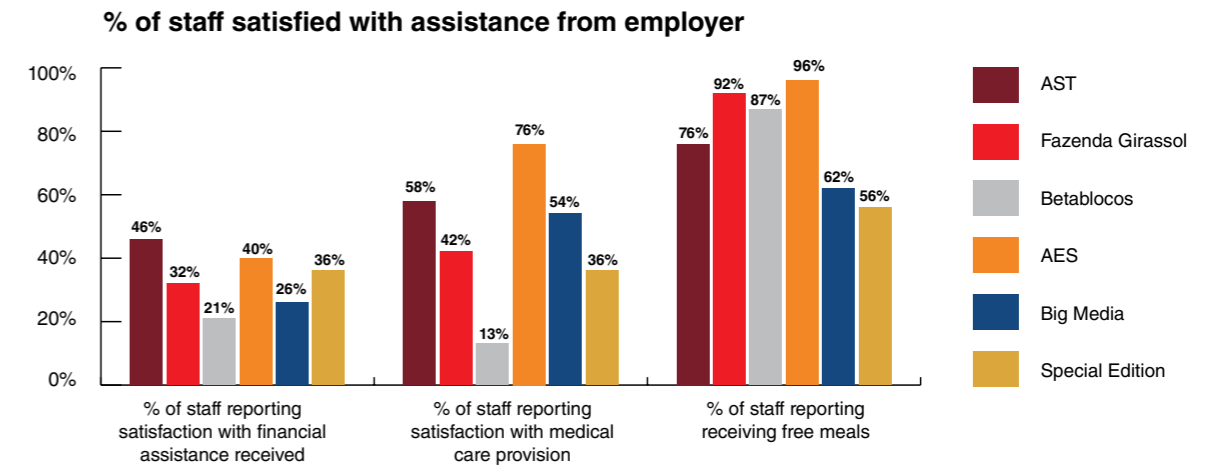


Silvano Betatelo Catengue
AST Group employee, Tombwa

IMPROVED EMPLOYEE WELLNESS

ACP investee companies endeavour to improve the quality of life of their employees across a range of socio-economic factors, over and above through remuneration. Responses received from a staff survey reflect that these efforts meet or

exceed their expectations. Specifically, questions focused on the level of financial assistance provided, medical care, and the provision of meals.



Overall, the staff at the ACP portfolio companies report that they feel valued as employees and would recommend their employer to their friends and family seeking employment. This is specifically evident at AST, with over 80 percent of employees responding positively to these indicators.

In the communities in which ACP invests, there are serious healthcare challenges that impact workers and their families. In February 2017, AST established a clinic and runs it at an annual cost of USD100,000 to provide healthcare facilities to AST employees and their family members. The clinic provides health programs including malaria prevention, pneumonia precautions, HIV/Aids awareness and vaccination plans. AST employees undergo

regular medical exams as a way of monitoring health and reducing worker absenteeism. Research has shown that investment in preventative healthcare programmes has an ROI of between USD0.26 and USD2.12. Based on the annual cost of running the AST clinic, an annual ROI of between USD26,000 and USD212,000 can be achieved by AST through the interventions made. Furthermore, a recent report by the World Health Organisation (WHO) notes that for every USD1 invested in interventions to address non-communicable diseases in low- and middle-income countries, there is a return to society of at least USD7 in increased productivity, employment and life expectancy. This translates to an annual return to society of USD700,000 as a result of the clinic established by AST.

⁵⁷ <https://www.rand.org/randeurope/research/projects/roi-preventive-healthcare-programmes.html> ⁵⁸ WHO, 2018, Saving lives, spending less: a strategic response to noncommunicable diseases. (WHO/NMH/NVI/18.8)



Fazenda Girassol, Zaire Province

Various anecdotal stories were shared during the survey to highlight the support and medical care provided by the AST clinic in emergencies. Nearly two thirds (58 percent) of the employees surveyed rated the healthcare provided to employees as meeting and exceeding expectations, whilst 70 percent felt the service to their family members met and exceeded expectations. In 2017, 3,471 patients visited the AST clinic for treatment.

AES has also invested in the provision of healthcare services to its employees. The importance of support in health and wellness is illustrated in the fact that the fourth greatest impact AES made in their employees' lives was through the improvement of their access to healthcare. In the evaluation of the quality of the impact experienced with regards to health and wellness, most employees surveyed (92 percent) indicated that health insurance for family members meet or exceed requirements, although this dropped to 76 percent for personal healthcare.

At Fazenda Girassol, with the establishment of the farm and accommodation for employees in N'zeto, the company embarked on an ambitious program to increase health awareness and access to healthcare. This included awareness creation of topics such as the prevention and treatment of malaria, HIV/Aids and STDs, how to reduce risky sexual behaviour and to encourage the use of protection in the form of male and female condoms and family planning.

Fazenda Girassol also provided first aid and a supply of clean water to the local community, and provided water and electricity to the local police station. The water greatly impacted the quality of life of women, as the community tap installed close to their homes reduced the time it would take to collect water from the river for cooking, washing and cleaning.

At Betablocos, employees also have access to healthcare. Access to healthcare for family members is however not provided, but the company assists in cases of emergency. During the focus group discussions, the employees confirmed that their perception of the poor quality of Angolan healthcare is due to a lack of adequate personnel as well as supplies of medication at government facilities.

This lack of access to quality medical care is highlighted in the 2018–2022 National Development Plan and is a priority for the GoA. Betablocos is leveraging relationships to improve access to medical staff and medication for all employees and, where needed, employees are provided with transport or support to the nearest facilities. This is however an ongoing priority.

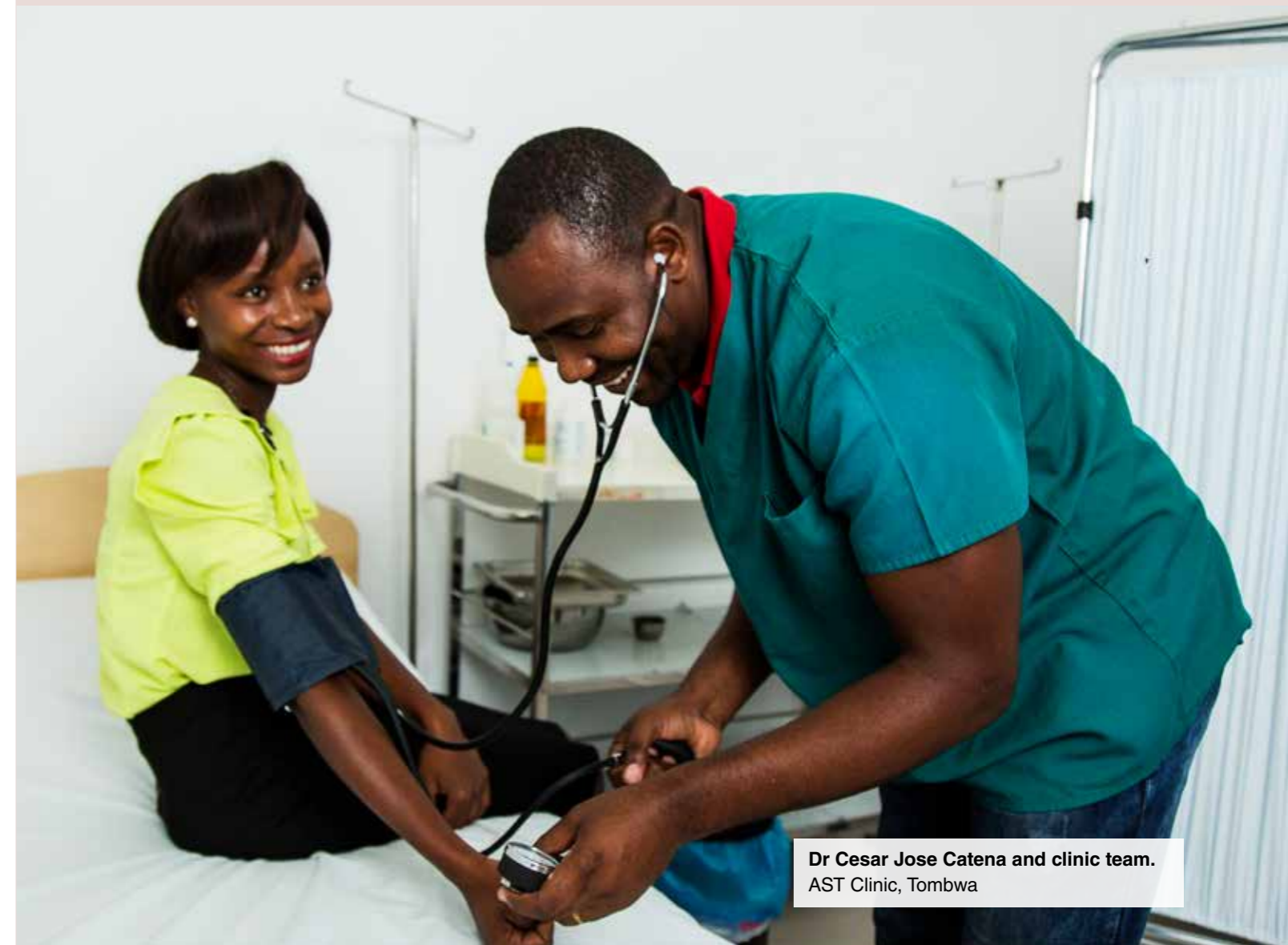
During the companies' stakeholder engagement activities, Betablocos became aware that women and children walk long distances to the nearest river to collect water each day. Apart from the additional physical strain that carrying buckets of water places on them, it is also time-consuming and could impact on time spent on other household activities or attending school and completing homework. It is well recorded that collecting water far from villages increases health and safety risks as well as the vulnerability of women and children. Betablocos installed the necessary infrastructure and a community tap at the village to provide water within close proximity. This significantly improved the quality of life of women and children who regularly collect water for cooking, washing, cleaning and drinking.

Special Edition significantly impact on employees' quality of life by providing company transport from central points throughout Luanda to the offices and work sites. Due to the geographic spread of employees' homes and the complexity of the public transport system, half the employees (50 percent) indicated that the transport provided by the company met or exceeded expectations. One third of the employees (32 percent) felt the accommodation met or exceeded expectations. Although the company provides healthcare to employees, it no longer provides healthcare for family members due to cost-cutting made necessary by to the economic downturn of 2015. Also, Big Media provides healthcare to their employees and 54 percent felt the healthcare met and exceeded expectations. Two thirds (60 percent) of the employees required medical treatment in the past year, while 62 percent of their families required medical care.

TRANSFORMING MY COMMUNITY

AST established a clinic for their employees and the employees' families. Children mostly present with malaria, flu-like symptoms, diarrhoea and upper respiratory tract infections and bronchitis. Over the course of the year more than 1,400 patients visited the clinic. Without the clinic the people will need to go to the local government hospital which places a further burden on existing services. Often the government clinics are understaffed, and medicines are not

always readily available. Alternatively, they will need to travel to another private clinic. The employees and their families that stay in Tombwa greatly appreciate the access to medical care. During the week the clinic remains open 24 hours a day to ensure access to medical care in the evenings. Social pathologies in the community include abuse of alcohol possibly linked to unemployment in the area.



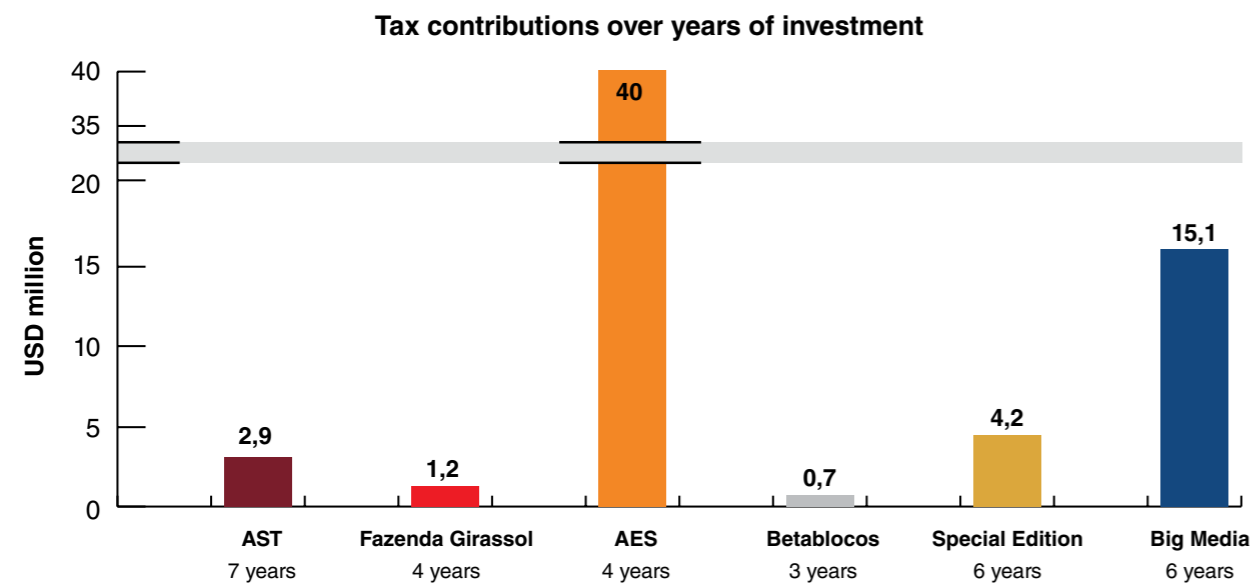
Dr Cesar Jose Catena and clinic team.
AST Clinic, Tombwa

A fisherman wearing a red cap and a light-colored shirt sits on the edge of a weathered wooden boat. The boat is painted in vibrant colors of green, blue, and orange. A thick rope is attached to the boat. In the background, other boats are visible on the calm sea under a clear sky.

**GROWING THE
ECONOMY: TAX
CONTRIBUTION
AND LOCAL
PROCUREMENT AND
INDIRECT JOBS**

IMPROVED TAX CONTRIBUTION

All investee companies contributed to the tax base during the investment period. The most notable contributor was AES, which is understandable due to their linkages to the oil and gas sector. Companies exposed to primary production processes such as AST and Fazenda Girassol indicate a lower overall contribution. The companies with the longest investment journey with ACP, namely Special Edition and Big Media, demonstrate a significant contribution, also reflective of the growth in the business achieved over the period.



IMPROVED LOCAL PROCUREMENT AND INDIRECT JOBS

As production capacity improved, there was greater scope to increase the amount of inputs that AST could procure in their local market. AST supported local companies through domestic purchases totalling USD17.8, thus creating increased income economic benefit to the respective companies, which could increase indirect employment by 3,603 based on 2017 employment figures⁵⁹.

Small growers often do not have access to the markets nor do they have processing and packaging facilities. These small growers can sell their products directly to Fazenda Girassol. The company then processes and packages these products and ensures quality and freshness. Without this service, small growers typically have large volumes of produce that spoiled, or which reach very low prices due to

freshness or quality. The company also provides technical support (mechanization, soil preparation, planting, irrigation, etc.) to these small and medium sized growers, thereby improving the techniques used and increasing the income of the producers. Through this they are also able to access raw materials and equipment that produce better crop yields. The company therefore impacts small growers positively through enhancing self-sufficiency and generating increased income for these farmers. Fazenda Girassol also provides produce for local traders selling at the local markets. By supporting local suppliers through domestic purchases, it is anticipated that small growers and other suppliers could increase their earnings and create indirect positions. It is anticipated that 5,728 indirect positions were created in 2017.

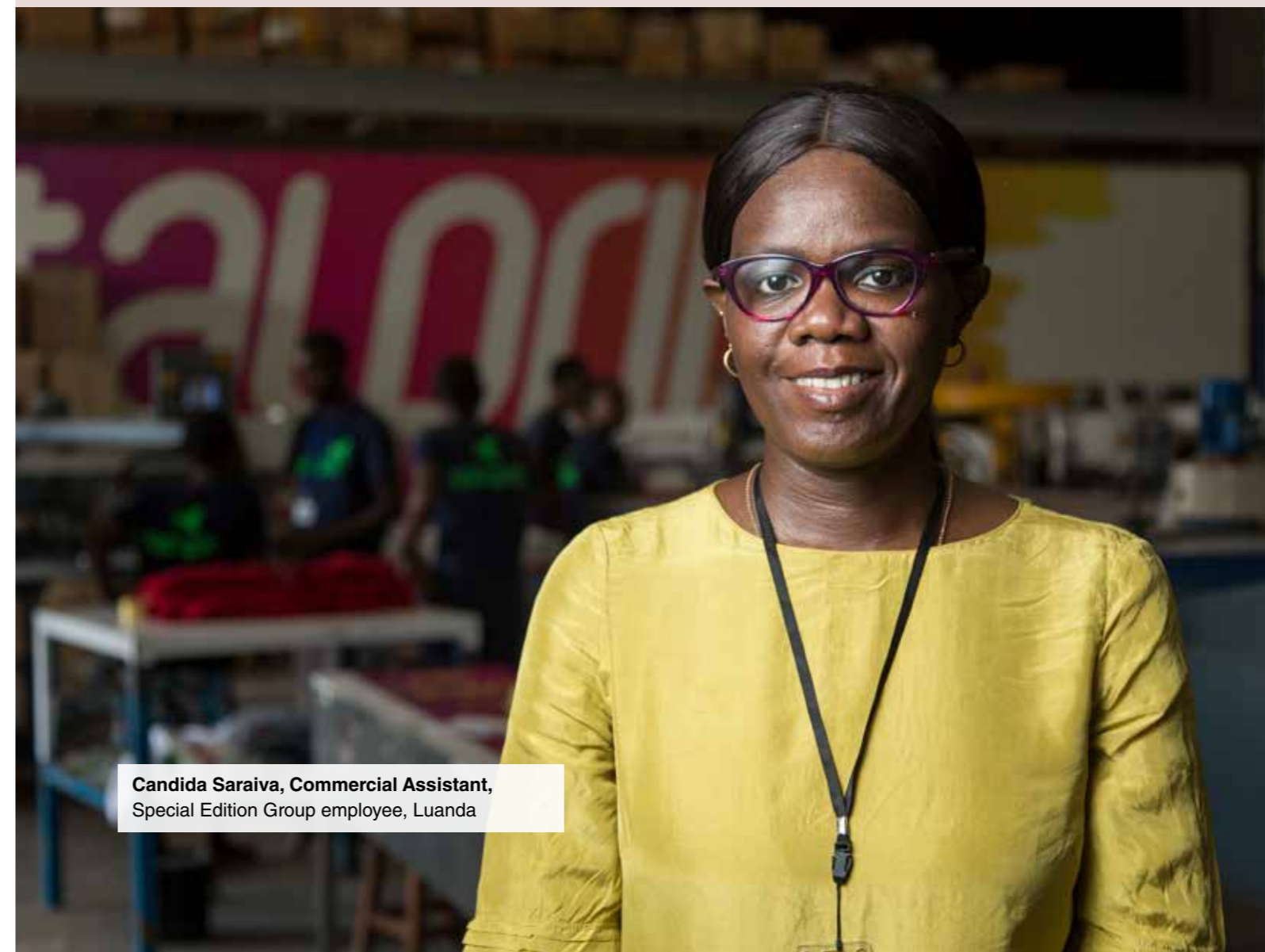
⁵⁹ CDC multiplier of 7 indirect positions for every permanent position created in emerging countries.

TRANSFORMING MY LIFE

In my previous role as receptionist I was responsible for all the incoming calls and engaged face to face with clients.

When a position opened in the commercial team, I applied, and they gave me an opportunity although I had no previous experience. Since those early years, I've continued to grow, and I now report directly to the Commercial Director of the printing business (Digital Print). I also benefit through the commission plan on customer sales and I received a production bonus which assisted and enabled me to pay for my family's and my further studies. I also benefit from the daily meals, transportation and healthcare provided by Special Edition.

Special Edition is important to us as it creates employment for Angolans. Many of us have worked for the company for several years already; I have been with the company for more than ten years. If I look back at my ten years with the company I am proud of what I've achieved and learnt. I have a four-year-old and am expecting my second child. I know that after the baby is born, Special Edition will still support me and I will be able to come back, and they will keep my position open for me. The company also provides additional benefits such as a food allowance, free transportation to the workplace and health insurance.



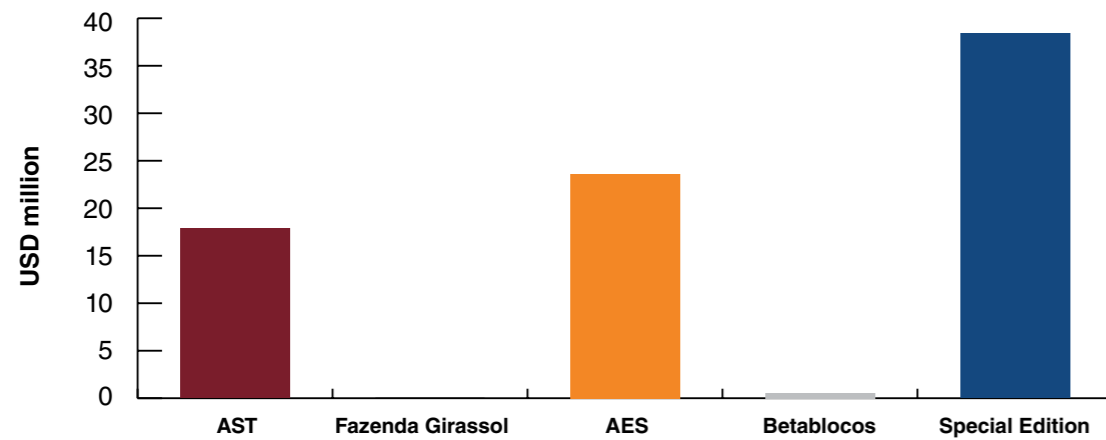
Candida Saraiva, Commercial Assistant,
Special Edition Group employee, Luanda

IMPROVED LOCAL PROCUREMENT AND INDIRECT JOBS (CONTINUED)

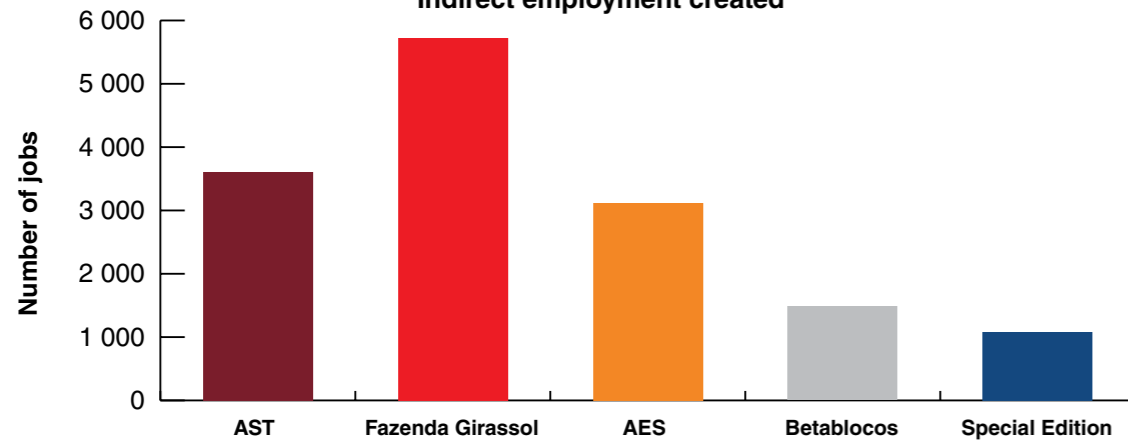
AES supported local companies by making domestic purchases totalling USD23.6 million over the investment period, thus creating increased income economic benefit to the supplying companies. AES also created an estimated 3,122⁶⁰ indirect employment opportunities through their domestic purchases by supporting the local economy. Betablocos created increased income economic benefit through domestic purchases totalling USD180 000 in 2017⁶¹ and created an estimated 1,484⁶⁰ indirect employment opportunities by supporting the local economy.

Special Edition also consciously supports local suppliers, and domestic spend for 2017 was USD6.4 million⁶¹. The company's core strength remains the strategic alliances within the group, which allowed it to expand its service offering. The labour spend of USD30.6 million over the investment period created an economic injection into the local economy as employees spent their income on domestic goods and services. As a result, the company created an estimated 1,078⁶⁰ indirect employment opportunities.

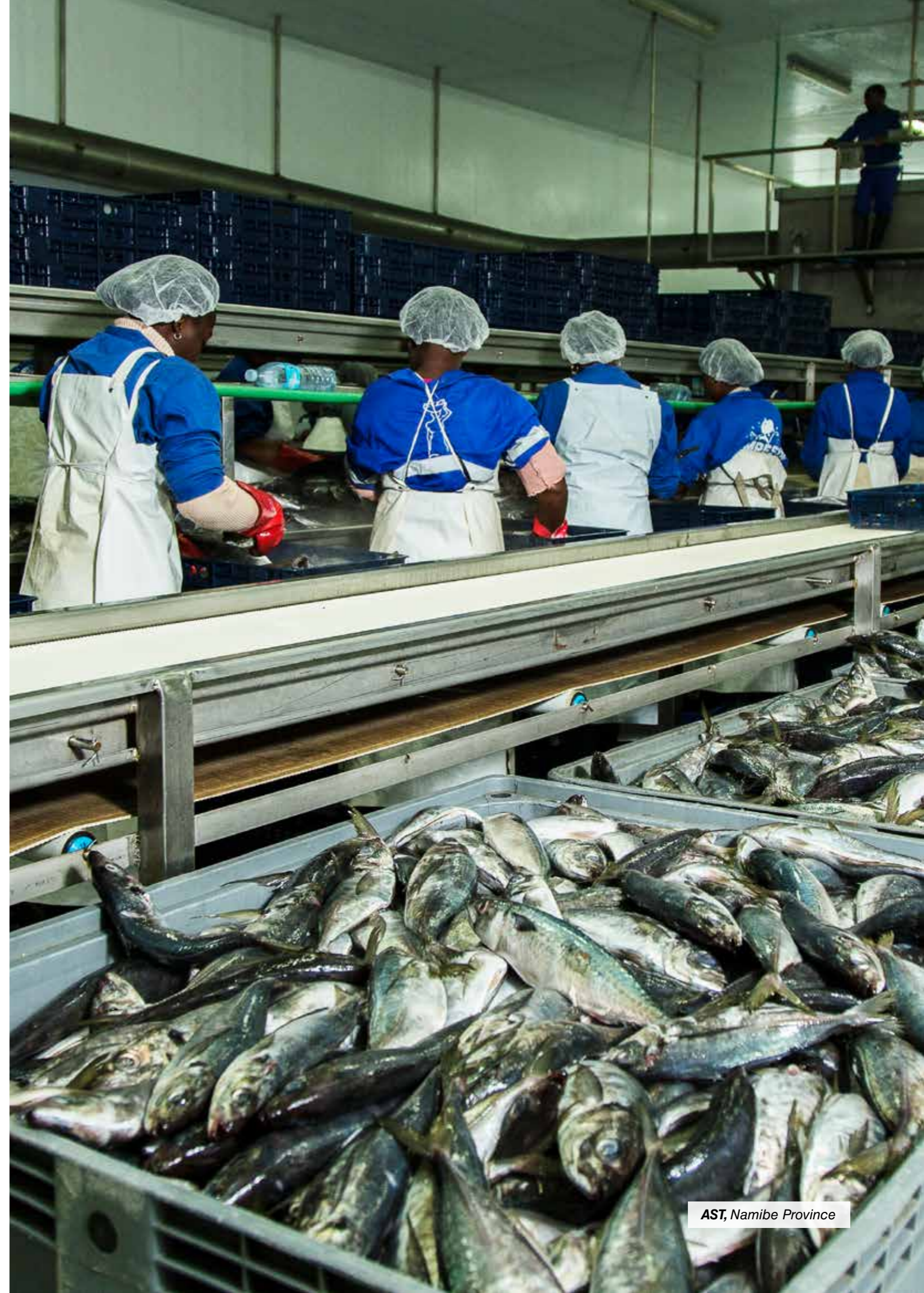
Spend on procurement



Indirect employment created



⁶⁰ CDC multiplier of 7 indirect positions for every permanent position created in emerging countries. ⁶¹ Similar spend assumed year on year of investment in graph



AST, Namibe Province



TRANSFORMING MY COMMUNITY

I was elected the President of the Fish Market four years ago. We worked hard to improve the facilities for the local marketers. AST supports our local fish sellers and a woman carrying fish is even shown on the brand logo. It is well known in the community that AST supports local sellers. We recently upgraded the facility to include storage and a

freezer, as well as a roof to ensure we can process the fish in more comfortable conditions. In the provision of quality fish, we receive the fish from AST whereafter we pickle (salt) the fish and leave it to soak in tubs of brine. Thereafter we dry the fish and prepare packets which we sell at the local market.



Ernestina Chipits,
Elected Fish Market President, Tombwa

CONCLUSION AND OUR WAY FORWARD

This Impact Report shares our practices and performance during the investment period of our Funds from inception to 2018. This period was marked with significant changes in strategy, structure, systems and sustainability practices at the respective portfolio companies, and we are pleased with the overall performance.

As an impact investor with a focus on financing solutions to growth companies in Angola, we remain committed to continuously improving our monetary as well as our ESG performance in line with our responsible investment policy. We created monetary impact through provision of financing, improving financial management, financial controls and external auditing. As advisors, we provided institutional capacity building and, in some instances, assisted with organizational re-engineering and restructuring in order to streamline and enhance operational efficiencies.

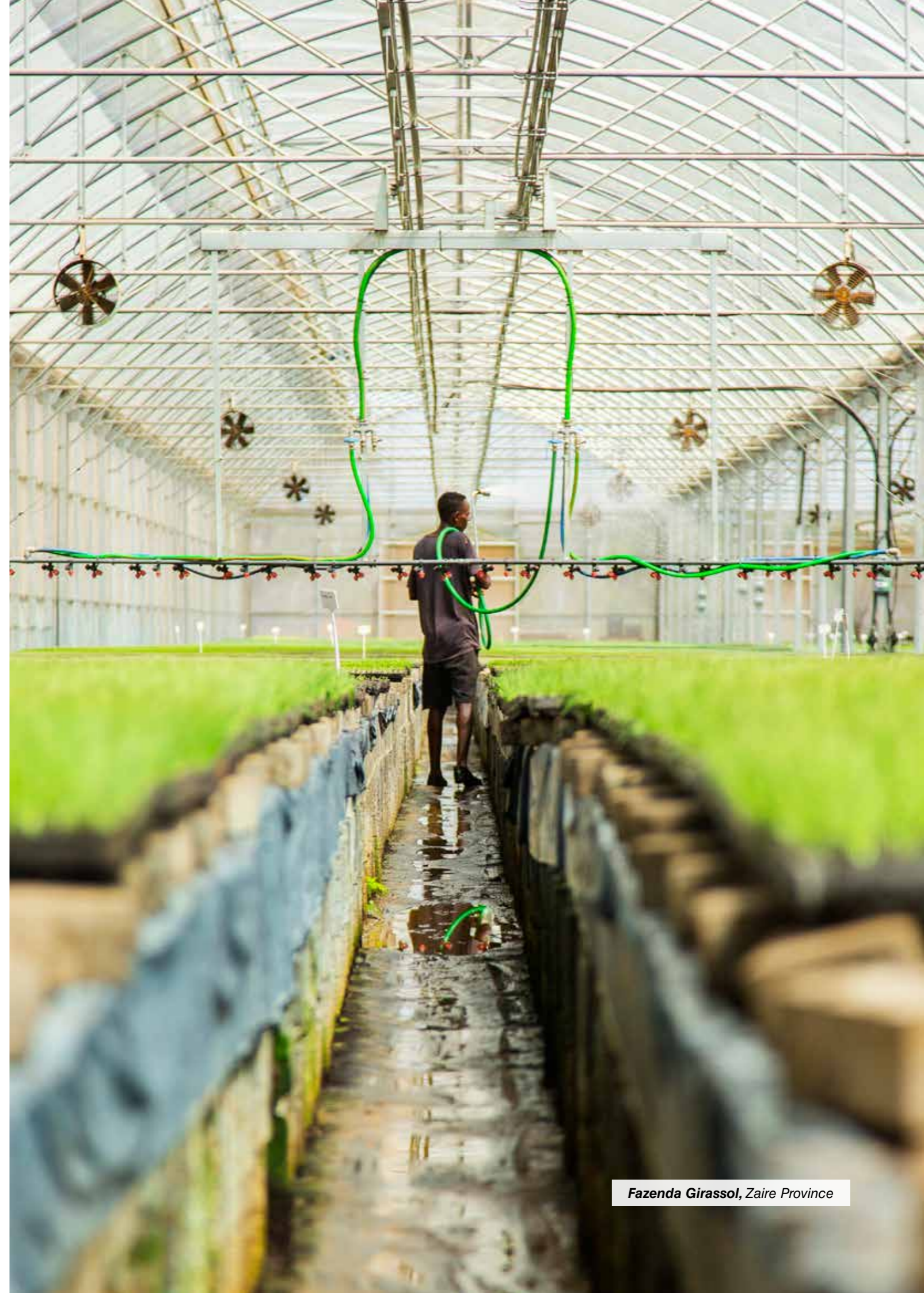
Our monetary impact is directly linked to our production performance as related to our impact themes namely enhancing food security, substituting imports, increasing environmental protection and sustainability, improving national reconstruction and improving economic diversification.

Aligned to our triple bottom line investment approach, we seek to enhance our social and environmental impact. As is evident in the report, our greatest impact as perceived by the employees is the improvement in their quality of life. This includes improvement in livelihoods, inclusion and equality, living conditions, health and welfare, social cohesion and integrity. We confirmed not only output indicators, as is often the case, but we showcased our outcome indicators and the change brought about by our investments.

Appropriate risk management is crucial in an environment where risk is an unavoidable part of business. ACP will continue to protect stakeholder interests by adhering to regulatory requirements, implementing independent auditing and monitoring and enhancing systems and governance. We understand that management is the first line of assurance, hence our active engagement in institutional capacity building.

Going forward, we will strive to enhance ESG integration into our portfolio's operational culture and systems, and to share lessons learnt to ensure continuous improvement of our ESG risk management and impact performance.

In closing, we wish to thank you for sharing this impact journey with us and we encourage you to share your views and comments on this, our first Impact Report. With our partners' collaboration we look forward to reaching our objective to continue to create value and transform Angola.



Fazenda Girassol, Zaire Province

ACRONYMS AND ABBREVIATIONS

ACP	Angola Capital Partners	IRIS	Impact Reporting and Investment Standards
AES	Angoal Environmental Serviços Lda	NDP	National Development Plan
AST	African Selectrion Trust	NHDP	National Housing Development Program
BAI	Banco Angolano de Investimentos	SADC	Southern African Development Community
CV	Calorific Value	SDG	Sustainable Development Goal
DFID	UK Department for International Development	SEMS	Social and Environmental Management System
ESG	Environmental, Social and Governance	STD	Sexually Transmitted Disease
FAO	Food and Agriculture Organization	TAC	Total Allowable Catch
FIPA	Fundo de Investimento Privado – Angola	TDU	Thermal Desorption Unit
GDP	Gross Domestic Product	TWMF	Total Waste Management Facility
GIIN	Global Impact Investing Network	UN	United Nations
GoA	Government of Angola	UNDP	United Nations Development Programme
IFC	International Finance Corporation	USD	United States Dollar
IFU	Danish Investment Fund for Developing Countries	WHO	World Health Organisation

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Photography by:
Daniël Johannes Albertse



Fazenda Girassol, Zaire Province

The focus of this Report is our overall approach to sustainable development and the strategic inputs and technical assistance we provide to our active investments in the FIPA I and FIPA II Funds to enhance their sustainability, resilience, agility, and ultimately impact. Additionally, we aim to demonstrate how the identified performance aspects are inter-related and help create shared value for all our stakeholders. Lastly, we provide our thoughts on how we will improve the quality of information available to our stakeholders, by communicating the factors that affect both our ability and that of our investments to create value. This is our first step in our impact reporting journey and will reflect our position as a market leader in contributing to sustainable development in the Angolan investment sector.

