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Vocational Training in the Informal Sector Report on the ANGOLA Field Survey

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Foreword

This report is part of a study carried out by the AFD Research Department on vocational training in the informal sector in seven African countries, which are, in alphabetical order, South Africa, Angola, Benin, Cameroon, Ethiopia, Morocco and Senegal.

The Research Department has defined the methodological and organisational framework of the study and entrusted the scientific and technical responsibility as well as the writing up of all the country reports to Richard Walther. The study has also benefited from the input of the German cooperation (GTZ) in the financing and carrying out of the Ethiopian field survey and that of the French Ministry of Foreign Affairs (DGCID) in the financing and carrying out of the Angola field survey. The AFD expresses sincere thanks to these two partners for allowing to broaden the field of investigation to a sample of countries representative of the economic, social, cultural and linguistic diversity of Africa.

The field surveys have been written up in country reports published in English and French, as well as in Portuguese for the Angola report. These reports are downloadable on the AFD website (www.afd.fr, sections «Our Publications » and « Working Papers ») in the following order.

- Working Paper N° 15 : Vocational Training in the Informal Sector - Issue Paper.
- Working Paper N° 16 : Vocational Training in the Informal Sector – Report on the Morocco Field Survey.
- Working Paper N° 17 : Vocational Training in the Informal Sector – Report on the Cameroon Field Survey.
- Working Paper N° 19 : Vocational Training in the Informal Sector – Report on the Benin Field Survey.
- Working Paper N° 21 : Vocational Training in the Informal Sector – Report on the Senegal Field Survey.
- Working Paper N° 30 : Vocational Training in the Informal Sector – Report on the South Africa Field Survey.
- Working Paper N° 34 : Vocational Training in the Informal Sector – Report on the Ethiopia Field Survey.
- Working Paper N° 35 : Vocational Training in the Informal Sector – Report on the Angola Field Survey.

The final report, a comparative analysis of all the country reports, is available in English and French in the “Notes and Documents” series (website www.afd.fr, sections «Our Publications » and « Notes and Documents »). It identifies propositions likely to help providers of vocational training in the informal sector but also national authorities and international donors to better orient their actions and investments in the skill development field toward an economic sector that is largely predominant in developing countries.

Disclaimer

The analysis and conclusions of this document are those of the authors. They do not necessarily reflect the official position of the French Development Agency and Ministry of Foreign Affairs.

Table of content

	Foreword	5
1.	Introduction: Angola, a country undergoing reconstruction	6
1.1	Why Angola?	6
1.2	The advantages and limits of the survey	7
2.	The country's economic and social challenges	8
2.1	High growth driven mainly by oil revenues	8
2.1.1	An economy based on extractive industries	8
2.1.2	The contributions from other sectors	9
2.2	A social situation in contrast with this economic growth	10
2.2.1	Strong demographic pressure	10
2.2.2	Stagnating human development	11
2.2.3	A labour market with few job opportunities	12
2.3	The quest for quality in the education system	13
2.4	Education and vocational training geared towards formal employment	15
2.4.1	The current political foundations for training and employment	15
2.4.2	The network of training centres	15
3.	The informal sector in post-conflict Angola	17
3.1	A country heavily scarred by the after-effects of civil war	17
3.1.1	Breakdown of agricultural activities	17
3.1.2	Major industrial disruption	18
3.1.3	The "making" of vulnerable and fragile generations	18
3.2	The political and economic legacy	20
3.2.1	The impact on the informal sector of an economy dominated by the exploitation of natural resources ²⁰	
3.2.2	The effect on the informal sector of the long-term state intervention in the economy	21
4.	The specific characteristics of Angola's informal sector	22
4.1	A sector heavily committed to combating poverty	22
4.1.1	A multi-faceted approach to the sector	22
4.1.2	A sector that is essentially urban and dominated by self-employment	23
4.1.3	A highly vulnerable economically active population	24

5.	Training initiatives in the informal sector	26
5.1	Job schemes aimed at vulnerable groups of people	26
5.1.1	IRSEM schemes for former combatants	27
5.1.2	Handicap International's occupational development scheme	28
5.1.3	The launch of micro-enterprise co-operatives	30
5.1.4	Rural development programmes	30
5.2	National strategies to widen access to the job market	31
5.2.1	Specific legislation on job market access and self-employment	31
5.2.2	Public initiatives specifically targeted at the informal sector	32
5.3	Financial and managerial support for entrepreneurship in the informal economy	33
5.3.1	Launching microcredit in the informal sector ⁵⁶	33
5.3.2	The lending and management model	33
5.3.3	From finance to acknowledgement of the sector's achievements	34
5.4	An education and training initiative in a peri-urban area of Luanda	34
5.4.1	Supported education and training routes	34
5.4.2	Ways of stimulating the informal sector	35
5.5	Social schemes and the oil industry	36
5.5.1	The UNDP/Chevron partnership in support of small enterprises	36
5.5.2	Total's initiative in the informal sector	37
5.5.3	The WAPO general training centre and community development	38
5.6	Schemes run by donor agencies	38
5.6.1	A co-ordinated approach to promoting change	38
5.6.2	USAID: working for the development of micro-enterprise	39
5.6.3	French and European support for horticultural training	39
6.	Prospects for change and action	41
6.1	The need to enhance and not undervalue the role of the informal economy	41
6.1.1	Support for the reorganisation of informal markets	42
6.1.2	Involving the informal sector in reconstruction policies	42
6.2	Setting a clearer direction for education and vocational training	43
6.2.1	Improving the quality of universal education	43
6.2.2	Raising esteem for vocational training in comparison to general and technical education	44
6.3	Greater investment in training in the informal sector	44
6.3.1	Targeting training efforts at young people and existing workers	45
6.3.2	Enhancing the esteem for workers and innovation in the informal sector	45
	Conclusion	48
	List of acronyms and abbreviations	49
	References	51

Foreword

This report is an integral part of the survey and analysis work launched by the Research Department of the French Development Agency (Agence française de développement, AFD) on training in the informal sector in five African countries (South Africa, Benin, Cameroon, Morocco and Senegal). It was commissioned by the French Ministry of Foreign Affairs and uses the same working assumptions as those applied to the other countries studied. It is also complementary to the report on Ethiopia, which was produced on behalf of the German technical co-operation agency (GTZ) and also used the methodological framework developed by the AFD.

The Angola field survey was carried out with extensive support from the French Embassy. However, the objectives could not have been met without assistance from Emilio Ferreira and Fernando Madeira, experts with the firm HRD (Human Resources Development) who helped the field survey mission to interpret the subtleties embedded in certain situations and accounts of different expe-

riences. Above all, they were able to convince certain people with little availability that they should provide the survey team with information and analysis coming under their area of authority.

The survey benefited from the expertise of Anna Sofia Manzoni., who helped to identify the most legitimate Angolan representatives in the area studied and also provided her support in identifying documentary sources on the subject. The survey also benefited from the extremely useful help of Abel Piqueras Candela, of the European Commission, who agreed to make a critical appraisal of the final report and notably checked that the sources quoted really do reflect the most recent changes in the country's education and vocational training policies.

Lastly, this report was also able to draw on extensive and very useful documentation, notably thanks to the representatives of the European Commission Delegation, the UNDP, the DW, USAID and IDIA. They are very warmly thanked for their contributions.

1. Introduction: Angola, a country undergoing reconstruction

The field survey on Angola is the last in a series carried out in seven African countries, the others being South Africa, Benin, Ethiopia, Cameroon, Morocco and Senegal. It represents a highly important case study because the country's economic situation and informal sector are very

different from those in the other countries. It thus makes a specific contribution regarding the issue of how to boost the informal sector through training, but also confirms a number of major observations highlighted in the other country reports.

1.1 Why Angola?

Angola was included in the selection of countries for the field surveys for a great many reasons. Firstly, the study on training in the informal sector would have been incomplete, or at least less pertinent, had it not examined a country with characteristics that are complementary to the other countries studied.

- It is part of the Portuguese-speaking world and its history and influences consequently differ from those of the French-speaking countries, South Africa or Ethiopia.
- It became independent later than the others and, following the colonial era, went through a period of internal conflicts that were themselves fuelled, if not aggravated, as a result of external influences that were keen to gain a foothold in a country with considerable economic and political potential.
- Contrary to the other countries selected, it is paradoxically one of the richest African countries in terms of natural resources (it is the second biggest oil producer after Nigeria) but one of the poorest on the Human

Development Index.

All of the above reasons—as well as the many challenges related to the country's reconstruction following the end of its long and brutal civil war during which 25% of the population was displaced—justify its late inclusion in the selection of countries studied.

The choice of Angola was also possible thanks to the working partnership and close co-operation between the AFD and the French Ministry of Foreign Affairs. This partnership in the research field follows on from that between the AFD and the German technical co-operation agency (GTZ) on Ethiopia. It well illustrates the goals of the study on vocational training in the informal sector. These include enlarging the fields of research in African countries through co-operation with partner institutions in order to report as accurately as possible on the situation in the informal sector in developing countries and, more specifically, on the various ways in which vocational training can serve as a driving force for the sector.

1.2 The advantages and limits of the survey

The Angola survey visit took place between 15 and 23 October 2006. It raised a number of issues that this report will attempt to clarify:

- firstly, and for the first time during the whole study, it identified a close link between the informal sector's identity and development and a conflict that has devastated existing institutions and structures and directly generated a field of economic activity without which deprived and displaced people would never have been able to survive or subsist;
- secondly, it clearly brought out the contrast between two economies: one based on export wealth derived from the extractive industries (oil and diamonds), and another based on massive imports of consumer goods and services and their almost exclusive distribution through a basically informal trading system;
- lastly, it identified two differing opinions on the role of the informal sector in the country's reconstruction process: on the one hand, that of the public authorities, who are keen to reduce and even eliminate informal activities

through this process, especially by developing industries with high job-creation potential; and on the other hand, that of certain players working on the ground who are keen to exploit the goods, values and skills of informal economy workers in order to pursue reconstruction in a different manner.

Compared to the other countries examined, and despite all efforts, the Angola survey was hampered by the lack of direct contact with stakeholders and beneficiaries in the informal economy. This is because they are poorly organised and legitimate representatives are difficult to identify. A further reason is that civil society, weakened by long years of war and central-planning policies, does not yet have any real visibility or form of organisation. It is also ultimately due to the position of the public authorities, who prefer to point up the aims and ambitions of their actions rather than put faith in the informal sector's dynamic development potential, despite the fact that, for two-thirds of the urban population, this offers the only alternative to economic poverty and social exclusion.

2. The country's economic and social challenges

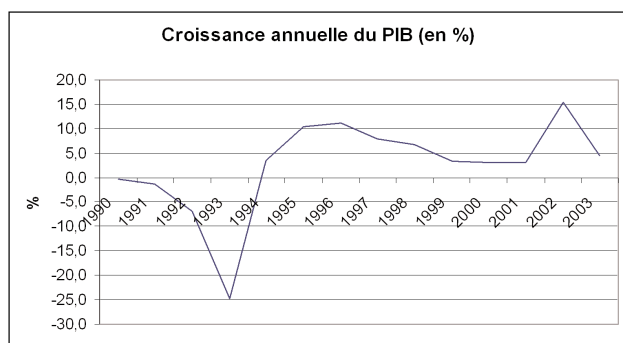
In 2006, Angola paints a very contrasting picture, both economically and socially. The large increase in domestic product, compared to the majority of Sub-Saharan countries, does not really reflect the overall progression of the Angolan economy, but results almost exclusively from the impact which extractive industries have had on the economy's growth.

The very significant increase in GDP per capita has not changed the fact that around two thirds of the country's population live below the poverty line. This shows just how much remains to be done in the country to further wealth distribution and above all to put an end to food shortages and the lack of jobs resulting from the long years of civil war.

2.1 High growth driven mainly by oil revenues

Angola's GDP growth has risen significantly in recent years, following a twenty-year period of substantial fluctuations mostly due to the prolonged war. It exceeded 11% in 2004 and then, according to the IMF, reached 20.6% in 2005 but is likely to have fallen to 14.6% in 2006.¹

Figure 1. Annual GDP Growth (in %)



Source: World Bank, (2005), World Development Indicators.

2.1.1 An economy based on extractive industries

This exponential growth was helped by the return to peace in 2002, when the armed forces and rebels signed a cease-fire agreement after twenty-seven years of civil war. It was stimulated largely by the massive increase in world oil prices—oil being the major driving force behind the Angolan

economy. According to OECD data,² oil now accounts for over 52% of GDP, with 2006 production reaching 1.2 million barrels per day and on course to exceed 2.1 million barrels per day in 2008. Today, Angola is the second largest oil producer in Sub-Saharan Africa after Nigeria. The oil sector alone thus accounts for 78% of public revenues and 93% of exports. Diamond mining, in which Angola is the world's fourth largest producer, is the second largest source of export revenues after oil (around 6% of total export revenue), with production totalling \$892.7 million in 2005.³ This means that these two industries together generate almost all of the country's budgetary income and foreign currency. In spite of these high oil revenues that are underpinning Angola's rapid boom in growth, the country still faces major challenges. The agricultural and industrial sectors need rebuilding and, more generally, the country is still unable to produce the goods and services it needs, and importing these in huge quantities places a burden on the budgetary surpluses gained through the extractive industries. Moreover, the godsend of oil does not substantially benefit the population at large, as links between the oil sector and

¹ IMF (2006), Article IV Consultation with Angola

² OECD/AfDB (2006), African Economic Outlook 2005/2006, Angola.

³ *Op.cit.*

the rest of the economy are weak. The sector has a limited impact on employment (5% of the population work in the sector)⁴ and its revenue management lacks transparency. In the diamond sector the situation is slightly different, as many informal smallholders (*garimpeiros*)⁵ have come into existence since the 1990s.

According to several of the people met, the current privatisation policy has given rise to a new sector of small and medium enterprises owned by an economic and political elite and which do little for the country's economy in terms of development and employment.

2.1.2 The contributions from other sectors

The contribution that other sectors of activity make to the country's economy can be summarised as follows:

- agriculture contributes 9.1% (2004 figure) to GDP and occupies just 3% of arable land. It has been badly affected by the war years due not only to problems in the availability of inputs such as seed and fertilisers, but also to the countrywide presence of mines. This explains why Angola suffers from a serious food shortage (625,000 tonnes per year), forcing the country to turn to imports for three-quarters of its food requirements;
- the construction sector, which represents 4% of GDP, rose by 10% in 2005 thanks largely to the launch of major projects to restore the country's road, rail, airport

and hydroelectric infrastructures as a result of the April 2002 peace accords. It is also thought to have benefited from the mini-boom in residential and office buildings in Luanda (including several skyscrapers for oil companies);⁶

- the service sector generates a quarter of domestic production. In 2005, it went through a phase of strong development, especially in the field of mobile telephony (with the launch of a second operator) and in the financial and banking sector (one of the most profitable and fastest-growing in the world);⁷
- apart from the oil and diamond industries, there are also the agro-food, beverage and textile industries. These grew by 9% in 2005, although they still remain in a worse position than during the civil war;
- in the fishing sector, Angola has considerable potential. When the country gained its independence, it was the second largest fish exporter in Africa, with an annual production of 400,000 tonnes. However, current unregulated over-fishing by foreign factory-vessels has led to a worrying depletion of stocks, endangering the future livelihood of many coastal villages. Although this sector does not currently contribute a great deal to national revenue, the Government has nonetheless expressed its wish to better regulate and support the development of traditional fishing.⁸

Table 1. Sectoral breakdown of GDP in 2004 (in %)

	in % of Angolan GDP in 2004 Source: AfDB/OECD 2006	in % of Angolan GDP in 2004 Source: Angolan Ministry of Planning (2006)
Agriculture, forestry and fishing	9	9.1
Oil and gas	54	52.6
Diamonds	5	5
Construction	4	4
Wholesale and retail trade	16	16.8
Other services	8	8.2
Manufacturing	4	4.2

⁴ According to World Bank data.

⁵ World Bank (2006) Angola, Country Economic Memorandum, Oil, Broad-Based Growth and Equity.

⁶ MINEFI-DREE/TRESOR (2004), *Le secteur du BTP en Angola*, OECD/AfDB, *op.cit.*

⁷ Banking Survey Angola 2006.

⁸ UNDP (2005), Economic Report on Angola in 2002-2004.

2.2 A social situation in contrast with this economic growth

To fully understand the human and social situation in Angola, it must be remembered that, between 1975 and 2002, the war cost the lives of around 1 million people out of a population of then almost 12 million and displaced 25% of the population. The peacetime challenge now is to rebuild the country, reintegrate refugees and bring former combatants and war veterans back into society.⁹ It is also planned to rebuild all the transport networks and the entire social infrastructure.

2.2.1 Strong demographic pressure

The demographic data available show a rapidly expanding population (between 3.1 and 3.2%) that is also very young, with under 20-year-olds representing 60% overall. The data also show a steady increase in the urban population, explained in part by people fleeing the fighting during the war and by the rural exodus to escape countryside poverty. The result is that a city such as Luanda, which was built to house half a million inhabitants, is now home to over 4 million people.¹⁰

Several adjustments are currently being made to the World Bank data, given that the last census by the Angolan National Institute of Statistics (INE) was in the 1970s (before Angola's independence), and all the figures currently available are from estimations based on this census.

- The World Bank re-evaluated its own data and estimated the overall population at 15 million in 2003 and at 15.5 million in 2004.
- In its 2004 report on human development in Angola, the UNDP published the Ministry of Planning' estimates, which put the population at 16,471,000 inhabitants.¹²
- The INE was able to estimate the country's population for the same year using projections made by the statistics department of the Ministry of Health (MINSa) during vaccination campaigns in 2005. This estimate puts the population at 16,012,000 million.

It is worthwhile noting that the demographic data provided by the governments of the different provinces gives population estimates of around 25 million people, 9 million more than the INE's data.

Table 2. Population growth between 1990 and 2003

	1990	2000	2001	2002	2003
Total population	9,340,000	12,386,000	12,747,056	13,121,248	13,522,112
Average annual population growth rate (%)	1.5	2.8	2.9	2.9	3.0
Proportion of the population aged 0-14 (% of total)	46.9	47.5	47.5	47.6	47.6
Proportion of the population aged 15-64 (% of total)	50.2	49.6	49.6	49.5	49.4
Proportion of the population aged 65 and over (% of total)	2.9	2.9	2.9	2.9	2.9
Proportion of population in urban areas (% of total)	27.6	34.2	34.9	35.5	36.2 ¹¹
Proportion of population in rural areas (% of total)	72.4	65.8	65.1	64.5	63.8

Source: World Bank, (2005), *World Development Indicators*.

⁹ Committee for the Abolition of Third World Debt, (CADTM, 2004), *L'Angola pris au piège par ses appâts*. According to these sources, Angola has 400,000 former combatants to reintegrate, whilst the IRSEM believes there are 288,000 former combatants to reintegrate into civilian and working life.

¹⁰ UNDP (2005), *Economic Report on Angola in 2002-2004*. The same data also feature in Angola (2005) Millennium Goals report summary and in *Monografia de Angola (2006), O impacto da economia informal na redução de exclusão e da pobreza...*

¹¹ According to data quoted by USAID (2006), Strategy Statement, an INE/UNICEF survey from 2001, two-thirds of the Angolan population live in towns or cities, virtually the opposite of the situation portrayed by the data compiled by the World Bank.

¹² The document "*Monografia de Angola (2006)*" op.cit. quotes data reported by the UNDP (2004), op.cit. These data are based on estimates made by the Ministry of Planning and indicate a population of over 16.4 million inhabitants. These estimates differ from data provided by the World Bank, which revises the total population of Angola to 15 million in 2003 and 15.5 million in 2004. They also differ from the data provided by MINSa. It is extremely difficult to establish the real population figure for Angola as the National Institute of Statistics conducted the last population census before independence in 1975.

Table 3. Development of the HDI index and GDP per capita, in dollars

Years	1992	1993	1994	1995	1997	1998	1999	2000	2001	2002	2003	2004
HDI	0.291	0.283	0.335	0.334	0.398	0.405	0.422	0.403	0.377	0.381	0.445	0.439
HDI ranking	164	165	157	156	160	160	146	161	164	166	160	161
GDP per capita in PPP			1,600	1,839	1,430	1,821	3,179	2,187	2,040	2,130	2,344	2,180

Source: UNDP (2004), *Relatório de desenvolvimento humano*.
UNDP (2006), *Human Development Report*.

2.2.2 Stagnating human development

Up until 2002, the war meant that public spending was focused primarily on the defence and security sectors, to the detriment of social budgets. As a result, most of the social indicators (life expectancy, malnutrition, access to drinking water, sanitation systems, health and education, etc.), which deteriorated severely during the war, still stand at alarming levels.

This explains why Angola was ranked 161st out of 177 countries in terms of the human development indicators (HDIs) in 2005, despite an ever-increasing GDP per capita.¹³ This reached \$950 per capita in 2003, \$1,305 in 2004 and \$1,550 in 2005. Forecasts for 2006 predict a GDP per capita of up to \$1,800.

The UNDP HDI ranking does not only reflect the repercussions of war. It also shows the contrasted situation of a country that has the second largest oil reserves on the continent, but where oil revenues do not benefit the majority of the population. Table 4 compares the Angolan situation to those of the other Sub-Saharan countries and all the least developed countries and clearly highlights the contrast between the country's revenues and how they are distributed across the population as a whole.

Thus, according to a survey conducted in 2001,¹⁴ 68% of the Angolan population live in poverty and 26% in extreme poverty on less than \$1 per day. Given that the latter figure had been 13% during the six years prior to the survey, the data collected thus reveal that poverty is rapidly increasing in the country. The survey also underlines that poverty is an essentially rural problem, as 94.3% of the rural population are affected (with 78.9% living on less than \$1/day) compared to 57% of the urban population (with 19.5% living in extreme poverty).

Faced with this situation, the Government has drawn up several economy-wide or sectoral action plans. In 2002, it decided to implement a post-conflict rehabilitation and reconstruction programme (the PRR) aimed at rebuilding communication and administration infrastructure throughout the country and promoting more balanced development countrywide. In 2004, it completed a Poverty Reduction Strategy Plan (the PRSP or ECP - *Estratégia de Combate a Pobreza*) totalling \$3.17 billion, which is a counterpart of the PRR and focuses on achieving the Millennium Development Goals.

Table 4. Human development index 2004

	HDI value	Life expectancy at birth	Adult literacy rate	Combined gross enrolment ratio	GDP per capita in PPP
Angola	0.439	41.0	67.4	26.0	2,180
Sub-Saharan Africa	0.472	46.1	63.3	50	1,946
Least developed countries	0.464	52.4	63.7	45	1,350

Source: UNDP (2006), *Human Development Report*.

¹³ International Monetary Fund.

¹⁴ IDR survey quoted by the UNDP (2005), *op.cit.*

The Poverty Reduction Strategy Plan includes the following goals:

- integrate the 3.8 million displaced persons, 450,000 refugees and 160,783 demobilised soldiers and their relatives back into society by the end of 2006;
- demine the national territory and notably, in 2006, demine land suitable for crop-growing;
- substantially increase national agricultural production to levels that would ensure the food security of the entire population;
- ensure all children are enrolled at school by 2015;
- eradicate adult illiteracy;
- restore and maintain the national road network to ensure the mobility of goods and people;
- improve access to drinking water, sanitation and electricity;
- make local authority housing available to 11,700 families living in hardship in Luanda and to 17,000 families with the same status in the different provinces by 2006.

All the measures in this strategy plan are subject to monitoring indicators that allow for periodic implementation evaluation.

2.2.3 A labour market with few job opportunities

World Bank data on the economically active Angolan population show that around a quarter of children aged 10 to 14 work.¹⁵ This fact points to the poverty affecting a large section of the Angolan population, given that children work to bring in

extra income for their families.¹⁶ It also indicates the existence of a strong informal economy, since this is the only area in which children are able to find suitable work. The data also reveal how small the economically active population is in relation to the country's total population. This is mainly due to the high percentage of young people (around 50% of the population are less than 15 years old) within this total population.

Existing statistics do not give a precise picture of the proportion of people with jobs among the total economically active population. According to the Ministry of Public Administration, Employment and Social Security (*Ministério da Administração Pública Emprego e Segurança Social*, MAPESS), unemployment is 29.2%, which would give a participation rate of around 70%. According to the French Embassy's Economic Mission in Angola, which bases its figures on INE data, the participation rate is 57% for 2006. This figure is confirmed by the USAID youth assessment study¹⁷ which, based on the data available, believes that the total number of people with jobs is 3,186,000 for a total economically active population of 7,846,000.¹⁸

These differences in figures can be explained by the different approaches applied to the concept of unemployment itself and, within this concept, the role given to activities carried out by those working in the informal sector. MAPESS is aware of how difficult it is to precisely assess the labour market situation and therefore decided to set up an observatory for employment and vocational training, one of whose missions is to collect, analyse, process and disseminate statistical data.¹⁹

Table 5. Economically active population

	1990	2000	2001	2002	2003
Participation rate for 10-14 year-olds (in % of age group)	28.1	26.1	25.9	25.7	25.6
Proportion of the economically active population in the total population (in %)	46.8	45.2	45.1	45.0	44.9
Proportion of women in the economically active population (in %)	46.5	46.4	46.3	46.3	46.2

Source: World Bank, (2005), *World Development Indicators*.

¹⁵ World Bank, (2005), *World Development Indicators*.

¹⁶ According to the IDR survey (*Inquérito sobre Despesas e Receitas*, INE 2000/2001), 88% of children work within their own family without receiving any kind of remuneration whatsoever. At the same time, the survey indicates that 17.9% of individuals aged 10 to 19 work (4.9% for ages 10 to 14 and 29.1% for ages 15 to 19), which is very different from the data provided by the World Bank. This may be down to the fact that the IDR survey only covers major urban areas, whilst the World Bank data cover the country as a whole, including medium-sized towns and rural areas.

¹⁷ USAID (2006), *Youth Assessment in Angola*.

¹⁸ In the USAID document (2006), *Strategy Statement*, the American agency confirms that there are no credible national statistics on unemployment and that 46% of the economically active population are out of work in the country as a whole, compared to 48% for Luanda.

¹⁹ Angola Press, 21/10/06.

What is clear is that current job vacancies are far outstripped by demand. According to the National Institute for Employment and Vocational Training (*Instituto Nacional de Emprego e Formação Profissional*, INEFOP), there were only 8,038 jobs advertised for the 25,000 unemployed that visited Job Centres in 2005. The 2004 UNDP Human Development Report provides an inventory of job advertisements and job seekers between 1997 and 2001 and observes that work could be found for only 28% of job seekers during this period. Likewise for the industrial sector, which is one of the priority investment areas for public authorities, there were 5,295 new jobs created in 2001, 3,406 in 2002, 4,052 in 2003, 2,135 in 2004 and 2,797 in 2005—a total of 17,685 over five years. The job creation curve has also shifted downwards over the last few years. Angola is therefore looking for the kind of development that, unlike the oil sector, creates jobs. According to MAPESS, the reconstruction policies cur-

rently under way, particularly in the area of communications and real estate, should allow the Government to significantly increase the number of jobs available and to absorb unemployment fairly quickly, including very high youth unemployment.

According to the USAID study, this lack of job opportunities goes hand in hand with the problems young people have in gaining access to vacancies for skilled work when they arise. The study gives the example of a bank that had to go through 3,000 applications before finding suitable candidates for the vacancies advertised. The reason being that due to the war, many young people have not had the necessary skills or motivation to compete effectively on the job market.

It is clear that a market with few employment opportunities paves the way for informal economic activity which then becomes the only way, if not to survive, to at least to earn a minimum income to feed one's family.

2.3 The quest for quality in the education system

Data compiled by UNESCO indicate that the adult literacy rate was 67.4 % between 2000 and 2004, with Angola positioned almost five points above the average seen in Sub-Saharan African countries.

The male literacy rate was nonetheless far higher than that of women over the same period (82.9 % compared to

54.2 % respectively). These data are different for rural areas however, with a 2005 survey of rural households showing illiteracy rates of 60% amongst heads of households.²⁰ Amongst those who did have basic reading and writing skills, 73 % had not completed primary education.²¹

Table 6. Literacy rates: an international comparison

	Angola	Sub-Saharan Africa
Literacy rates (% of people aged 15 and above) (2000-2004)	67.4	62.5
Female literacy rate (% of women aged 15 and above) (2000-2004)	54.2	54.8
Male literacy rate (% of men aged 15 and above) (2000-2004)	82.9	70.9
Youth literacy rate (% of people aged 15 to 24) (2001)	72.2	70.5
Literacy rate for girls (% of girls aged 15 to 24) (2001)	63.2	65.7
Literacy rate for boys (% of boys aged 15 to 24) (2001)	83.7	75.7

Source: UNESCO, Institute of Statistics.

²⁰ Continuous data in the "Combating Poverty" report indicate the opposite literacy rate relationship between Angola/Sub-Saharan Africa to the one outlined by UNESCO.

²¹ OCDE/BafD, *op.cit.*

Table 7. Net enrolment ratios in primary and secondary education

Net enrolment ratio ²³ for girls, primary education (in %) (2000-2004)	57
Net enrolment ratio for boys, primary education (in %) (2000-2004)	66
Net enrolment ratio, secondary education (in %)	NA
Children of primary school age not enrolled in education (%) (1998) ²⁴	47
Percentage of repeaters, primary education (%) (1999)	29

Source: UNESCO, Institute of Statistics.

Angola has high literacy results compared to other countries in Sub-Saharan Africa, but these are in stark contrast to the country's net enrolment ratios. From the point of view of enrolment, the war had an extremely damaging impact on the education system's performance, as it exacerbated the shortage of educational infrastructure and teaching staff. These results can be explained by the fact that the primary education system now includes two-year literacy schemes for adults (years 5 and 6 in the primary education cycle), thus providing access to a group of people who would usually be excluded from school.²²

According to the OECD/AfDB African Economic Outlook,²⁵ which quotes national sources, the current enrolment ratio for primary education is 115%, indicating that many children over the age of ten still attend primary school. The combined primary and secondary education enrolment ratio for children aged 5 to 18 is 63%, but just 5% of children aged 10 to 18 are actually enrolled in secondary education. According to the study, the education system is handicapped by the fact that children are relatively old when they first enrol in education, and also because repeater and drop-out rates are high, decent facilities are lacking and lessons do not take place regularly.

The Angolan report on progress towards the millennium goals²⁶ reviews the Government's quantitative efforts between 2001-2004, carried out in partnership with the churches, NGOs and other civil society organisations, to achieve the goal of universal enrolment in education. The public investment programme meant that new education infrastructures were built and existing ones restored, and that over 30,000 new teachers were recruited over this period.²⁷ According to the report, this led to an increase in the gross enrolment ratio from 56.7% to 91.1% in 2003 and in the net enrolment ratio from 38.2% to 49.1% between 2000 and 2002. The report adds however that there are still significant problems in terms of performance and effectiveness. This is in line with the conclusions of the OECD/AfDB report.

- Many families cannot afford to buy school materials.
- Only 22% of children start school at the age of 6 and there are still many pupils who either fail or drop out of school.
- Significant numbers of pupils either fail at school or drop out, as 2003 data show that only 30.6% of children complete primary education.

The report underlines that one of the major challenges facing the Angolan Government, in addition to quantitative investment, is improving the qualitative performance of the education system and ensuring that, by 2015, 80% of children are completing primary school.

In 2004, the Ministry of Education revised its framework plan for rebuilding education (*Plano-Quadro de Reconstrução do Sistema Educativo*)²⁸ by setting new objectives to achieve by 2015. The plan reorganises the entire education system at primary, general and technical secondary, and higher education level. For basic education, it lays down changes in the length of education (moving from 4 years' compulsory primary education plus two years' literacy training for adults to a period of 6 years' compulsory education followed by the literacy skills phase for adults) and in teaching methods (revised curricula and teaching materials). The plan has an implementation schedule comprising a preparation phase (launched in 2002 and planned until 2010), a testing, evaluation and improvement phase (initiated in 2004 and planned until 2010), a general implementation phase (2006-2011) and an overall evaluation

²² Republic of Angola, Ministry of Education, 47th Session of the International Conference on Education (2004), National Report.

²³ The net enrolment ratio is the percentage of children of the official age for the level of education in question who are enrolled at this level, out of the total number of children of this age. Ratios of over 100% result from the differences between these two sets of data. (UNDP, (2003), Human Development Report).

²⁴ Source: UNESCO.

²⁵ *Op.cit.*

²⁶ Angola (2005), *op.cit.*

²⁷ 21,100 teachers were also recruited in 2005.

²⁸ National Report, *op.cit.*

phase (starting in 2011). The overall target is to have 5 million children enrolled in education by 2015 compared to 1.2 million in 2002. It has also led to a national plan being

drawn up in collaboration with UNICEF in order to reinforce capacities and thus improve the teaching skills of the 30,000 teachers recruited in 2003 and 2005.

2.4 Education and vocational training geared towards formal employment

Education and vocational training were under the authority of the Ministry of Education until the late 1990s, but are currently part of the remit of MAPESS. They are organised by INEFOP, which replaced the National Institute of Vocational Training (*Instituto Nacional de Formação Profissional*, INAFOP) in 1998, when ministerial responsibility for this area changed hands. Both education and vocational training have been strongly affected by the historical context of civil war and its impact on the workforce's skills.

2.4.1 The current political foundations for training and employment

The approval of Act 21-A/92 in 1992 laid the foundations of the national vocational training system and created INAFOP. It was accompanied by an initial plan, supported and financed by the World Bank, to promote training and employment. This aimed to tackle human resources problems stemming from the war. It was followed by various measures that have gradually developed into the current system:

- a three-year vocational training development plan was launched (1994-1997), although its success was compromised by the country's poor socio-economic and military situation;
- a coherent, future-oriented policy was introduced in 1995, in collaboration with social partners, to promote human resources and ensure the country's sustainable socio-economic development. As part of this policy, an inter-departmental working group was set up under the chairmanship of the Minister of Public Administration, Employment and Social Security with the goal of training the workforce and promoting employment;
- the first National Training and Workforce Development Plan was launched in 1998 with financial support from the World Bank.

All these successive measures were based on an agreement between the Angolan Government and the World

Bank and implemented with the bank's technical support. They led to the current national programme for workforce training and development. The programme is run by MAPESS, and more specifically by the National Directorate of Employment and Vocational Training (*Direcção Nacional de Emprego e Formação Profissional*). This directorate is currently developing a strategy for adapting employment and training policy to local needs. The strategy aims to correct labour market distortions caused mainly by extremely rapid urbanisation, to support worker mobility to areas where there is demand for labour, and consequently to adapt the planning and management of vocational training systems. With a view to reducing unemployment, it launched two programmes to promote self-employment entitled:

- *Iniciativas Locais de Emprego (ILEs)* or Local Employment Initiatives,
- *Apoio a Criação de Pequena Empresa Familiar (ACPEF)* or Start-up Support for Small Family Businesses.

These two initiatives, primarily targeting new activities in the informal sector, highlight the important role that this sector plays in terms of helping people into work and generating economic activity and new jobs.

2.4.2 The network of training centres

INEFOP is Angola's vocational training provider. It trains young people aged 14 to 17 in its vocational training centres. The curriculum is divided up into two courses, each lasting two years, with required entry levels corresponding to the first and third year of secondary education. Adults are also trained in these centres.

According to MAPESS's inventory of its training establishments in 2005,²⁹ it also has 23 vocational training centres including a combined job centre and vocational training

²⁹ MAPESS (2005), *Centros de Emprego e Centros de Formação Profissional Localização e Capacidade Nacional*.

centre, a multidisciplinary training centre and a trainer training centre. All of these centres are state-run.

There are also private training centres, some of which come under the authority of other ministries. The MAPESS inventory lists 190 private training centres, 18 centres reporting to other ministries such as Fisheries, Industry, Transport and Social Assistance and Reintegration (MINARS), 10 centres owned by the Catholic Church, 2 industrial art and design centres run by NGOs and a railways apprenticeship centre.

Together, the state-run and private centres have an official capacity of 19,204 training places, of which 16,044 are actually filled. This means that some centres are either currently closed or not running at full capacity. According to INEFOP's director, 30,000 trainees qualify every six months, as the centres are organised on the basis of dual-type training.

All the centres are under the overall authority of INEFOP, which devises curricula, monitors public policy in the field of employment and vocational training and gives its approval for the various training and retraining schemes. More widely, it

has also been given the task of achieving the following goals:

- to help to define and adopt an integrated employment and vocational policy through optimal knowledge of the labour market;
- to promote careers advice and information and to help people into work, giving special priority to the most disadvantaged social groups;
- to provide technical and financial support to job creation schemes in existing or forthcoming bodies;
- to train, further develop and retrain the workforce, and to update their skills;
- to provide initial training for young people and continuing training for adults.

As part of the work to implement governmental priorities, INEFOP is responsible for training the workers and technicians that the country will need to secure its economic and social development and to combat the current problems of unemployment and underemployment. To this end, it has responsibility for meeting the needs of formal businesses, but also for helping young people to develop their own income-generating activities.

3. The informal sector in post-conflict Angola

The Angolan informal sector has developed within a highly specific context that marks it out from the situations in the other countries surveyed: the effects of a lengthy civil war. The war ravaged the country's agriculture and industry and made the most vulnerable people

even more so. Yet it also consolidated and even boosted the economy, which is dominated by the exploitation of natural resources. The sector has also been marked politically by a period of strong state intervention in the economy.

3.1 A country heavily scarred by the after-effects of civil war

It is difficult if not impossible to understand Angola's present situation, and above all the importance of its informal economy, without acknowledging the effects of a conflict that lasted nearly 30 years. This ravaged the country, devastated its agricultural sector, destroyed a large part of its industrial activities, displaced millions of people and accelerated an urbanisation processes that today has a particularly significant impact on the informal sector in Angola.

The different people met during the field survey highlighted the following as being the principal effects of the conflict.

3.1.1 Breakdown of agricultural activities

According to the report on progress towards the Millennium Goals,³⁰ Angola has a rich natural heritage. Over and above its mineral and mining resources, the country has a combination of resources that are particularly favourable to agricultural production. It has an almost unique level of water resources for southern Africa, abundant sea resources (particularly fish) and a wide variety of fertile soils that are very easy to irrigate. This situation explains why, at the time it gained independence, Angola stood as the world's fourth coffee producer and an important producer of basic food crops (manioc, maize, sesame) and export crops (sisal, tobacco, cotton, palm oil and citrus fruits).

With the outbreak of war, coffee production fell by two-thirds from 3.21 million bags between 1974/75³¹ and 1975/76.

Other crops suffered similar failures over the same period.³² Traders who ensured the distribution of agricultural products fled the country, and existing trade networks ceased to function. The farmers that remained behind started to grow produce for their personal consumption rather than for sale. This situation was further worsened by the fact that impassable roads hampered or completely halted the distribution of products to the towns and cities, and the presence of landmines over large areas made it difficult to cultivate the land outside safe zones. In addition, many of the UNITA forces came from rural areas and had thus abandoned agricultural activities to fight.

According to the OECD,³³ the year 2004 marked a decisive turning point for Angola's agriculture. There was a good rainy season, a number of refugees returned to their land (mainly in the rural areas of Planalto) and more land became suitable for cultivation. This resulted in a 17% increase in agricultural production. Angola nonetheless suffered a serious food shortage (625,000 tons) in 2005, due in part to inefficient distribution channels and the fact that the country was still forced to import three quarters of its food needs.

³⁰ ANGOLA (2005) *Objectivos do desenvolvimento do Millénio*.

³¹ According to the USAID report (2006), *op.cit.* Angola was the world's 4th coffee exporter prior to 1975.

³² *Monografia de Angola (2006), O impacto da economia informal na redução de exclusão e da pobreza...*

³³ OECD/AfDB (2006), *African Economic Outlook (2005/2006), Angola*.

3.1.2 Major industrial disruption

A comparative analysis of the industrial situation before, during and after the conflict,³⁴ carried out by the Director of the Angolan Industrial Development Institute (*Instituto de Desenvolvimento Industrial de Angola*, IDIA) clearly shows how the conflict modified the situation of Angola's industry (excluding oil and diamonds). Prior to independence (1960-1975), the situation could be described as follows:

- the industrial sector in Angola showed strong growth, largely due to increased production of iron ore;
- the processing industries employed 125,000 workers;
- average growth in this sector was 16% between 1960 and 1965, and 22% between 1965 and 1973;
- the GDP share of the processing industry rose from 21% in 1970 to 25% in 1973.

Figures recorded in 1993, when the conflict was at its height, show the obviously disastrous effects of the civil war on industrial activity. The industrial workforce had fallen from 125,000 to 60,000, the share of industry in GDP had been divided by twelve (falling from 25% to 2%) and the use of productive capacity had dropped to a mere 7.5%.

From 1995/96 onwards, the industrial sector began to recover slowly, thanks in part to the 1994 Lusaka agreements, which created a fragile hope of peace and introduced changes which, although imperfect, were deep-seated. These involved moving over from a single-party system to a plural democracy, from a planned economy to a market economy, and from a wartime situation requiring emergency intervention to a peacetime situation in which greater focus could be given to long-term development.³⁵ The sector slowly picked up, with growth increasing from less than 3% in 1996 to 15% in 2004. In 2006, however, Angola still imported not only the food products already mentioned, but also a large part of the construction materials, agricultural equipment and intermediate goods required for its development.

The challenge facing the country in 2006, in the post-conflict era, was therefore to rebuild its entire industrial fabric. The IDIA, endorsed by the Ministry for Industry, anticipates that this reconstruction process will be achieved in two phases:

- a first five-year phase during which the productive structure should focus on the production of goods for mass consumption (food products, household goods,

construction materials, everyday chemical products, etc.);

- a second seven-year phase during which the country should invest in manufacturing and processing industries (metals, electricity, transport materials, chemical by-products, etc.) and in new activities such as electronics, information technologies, and automotive assembly.

The start of these development phases is dependent on the prior rebuilding of infrastructure such as roads and other transport routes, the state of which currently hinders the circulation of goods and people. The removal of landmines, which has been started by the public authorities, will also have to be completed in order to enable industrial development in the still unsafe rural areas.

3.1.3 The “making” of vulnerable and fragile generations

Unquestionably the civil war has had a devastating effect on the country's population and has persistently affected people's capacity to find their place in Angolan society. Large numbers of people were displaced to the cities or neighbouring countries, and there is now a generation of former soldiers who are often disabled and in need of special help for their social and occupational integration. In all, the conflict has left a legacy that will be difficult for successive generations of young people to deal with.

3.1.3.1 Heavy urbanisation due to the massive displacement of the Angolan population

The various sources of information³⁶ agree that approximately 25% of Angola's population were displaced during the conflict. Between 450,000 and 500,000 people fled the country and sought refuge in Namibia, Zambia or the Democratic Republic of Congo. A majority of these refugees ended up living on the outskirts of the major cities, thus increasing the population of poor people living in the bairros (districts). It is estimated that between 1992 and 1994, the

³⁴ Kiala Gabriel (2006), *Coloquio sobre o Emprego em Angola*.

³⁵ *Monografia de Angola* (2006), *op.cit.*

³⁶ UNDP (2004), *Relatorio de desenvolvimento humano, Construindo uma paz social, Angola 2004*.
OCDE (2005), *op.cit.*
Monografia de Angola (2006), *op.cit.*

spread of the conflict within Angola led approximately three million people to leave the rural areas, many of them fleeing to cities such as Luanda, Benguela, Lobito and Lubango, which were much safer places.³⁷ A further million are estimated to have migrated between 1998 and 2001. The Luandan districts of Cacuaco, Viana, Samba and Kilambi Kiayi saw an influx of refugees. Lack of data makes it difficult to distinguish between the proportion of the capital's population increase spurred by internal demographic growth and that arising from the intake of refugees. What is certain, however, is that the population of Luanda rose from 1.5 million in 1991 to nearly 3.5 million in 2000 and today appears to have reached 4 million.

The various people interviewed during the survey confirmed the present Government's intention to encourage a large part of the originally rural population to return to their lands. However doubts were expressed as to the capacity of the authorities to achieve this objective, given that the refugees have become used to an urban life-style and standard of living that they would not find if they went back to their former homes.

3.1.3.2 A particularly vulnerable group: former fighters

The length of the civil war—more than 27 years—explains the very large number of former fighters in Angola. The Institute for the Socio-Professional Reintegration of Former Combatants (*Instituto de Reintegração Socio-profissional dos Ex-Militares*, IRSEM) has 288,538 registered former fighters. The Institute, which comes under the Ministry for Social Assistance and Reintegration (MINARS), has the mission of helping these former fighters to reintegrate society and find employment. This is no easy task since many of them are either uneducated or have a very low level of education, and are therefore not “competitive” on their return to civilian life. This means they need specific help and support in finding jobs.

One of the projects run by the Ministry and IRSEM is the Angola Emergency Demobilization and Reintegration Project (ADRP). Financed by a World Bank Trust Fund, this programme aims to demobilise some 105,000 former UNITA fighters and 33,000 members of the Angolan Armed Forces (FAA) and help them find jobs and a place in civilian society. The project has four strands: demobilisation, reintegration, support for specific groups, and institutional capa-

city-building and operational support for the programme. The project is run by IRSEM's local offices and national NGOs in the provinces of Benguela, Huambo, Huila, Bie, Kwanza Sul and Malange. It will run for four years (2003-2006), with a total budget of \$45 million.

Rehabilitation is even more difficult for the war-wounded who are permanently disabled. According to MINARS figures, there are approximately 170,000 disabled people in Angola,³⁸ 85% of whom are disabled as a result of the conflict. Landmine explosions are the direct cause of half of these disabilities. 1,413 members of the police force are in the same situation.

The existence of this particularly vulnerable group is not without effect on the growth of the informal economy, as this is often the most direct path for former fighters to return to some form of employment, which if not profitable is at least income-generating.³⁹

3.1.3.3 The specific case of young victims of the civil war

The long years of civil war have made growing up very difficult for the younger generations that have lived through the conflict. The USAID report entitled Youth Assessment in Angola⁴⁰ provides significant data on this group.

The report underlines firstly that the civil war brought about a long-term collapse of the infrastructures and social systems that usually support the transition from childhood to adult life. Many children simply missed out on the important opportunities for making this transition successfully.

- Some children were forced to flee the combat zones, or if they were unable to do so, had to become fighters or help adult soldiers.
- Others, following their parents' deaths, became heads of the family and had to take responsibility for the family's subsistence. According to available statistics (IDR survey on income and expenditure, 2001), the conflict left a million children orphaned and four million households headed by young people aged between 16 and 20.

³⁷ TERRA (2005), *Urban land reform in post-war Angola: research, advocacy and policy development*.

³⁸ MINARS (2005), *Workshops Técnico Nacional Sobre a Pessoa Portadora de Deficiência*.

³⁹ See also the dissertation by Lucchi, E. (University of London, 2005), *Children, not soldiers. Routes to rehabilitation in Angola*.

⁴⁰ USAID (2006), *Youth Assessment in Angola*.

The report then highlights the effects this situation had on the children and young people:

- large scale migration to the urban areas by young family heads and numerous war orphans made it very difficult for them to gain access to jobs. Social exclusion often resulted, as can be seen from the large number of children living on the street;
- the conflict altered young people's attitude to school. Given the poor level of teaching and the relative ineffectiveness of the acquired knowledge in helping them to find a job, they often felt that school was a waste of time because it did not help them to improve their lives or earn a living;
- the civil war also produced a generation of unskilled and underskilled young people. Formal training was dispensed intermittently and was often interrupted at times of heavy fighting. Informal training routes such as traditional apprenticeship disappeared as a result of the conflict, and it was difficult to maintain continuity in the occupations usually concerned by this form of apprenticeship (carpentry, mechanics, welding, etc.). A generation of young people has thus grown up who are undertrained, underskilled and almost totally lacking in any kind of technical knowledge.

For most of these young people, the informal sector is the most immediate route towards finding a job and a place in society.

3.2 The political and economic legacy

The present situation of Angola's informal sector is clearly marked by the residual effects of the civil war. Yet it has also been influenced by an economic policy that gave priority to resource management to the detriment of industrial development and employment. The country also has to deal with the legacy of an interventionist regime under which civil society and economic stakeholders were dependent on those in power and state privileges.

3.2.1 The impact on the informal sector of an economy dominated by the exploitation of natural resources

A glance at the share of oil and diamonds in the trade balance and state budget confirms the crucial role played by the extractive industries in Angola's economy. In 2003, products other than oil and diamonds represented only 0.4% of exports. Oil accounted for 75% of GDP and 75% of state revenue. Between 2002 and 2004 exports of oil and diamonds grew by 65% and 24% respectively and oil production is forecast to boost export volumes by more than 30% in 2006 and 2007.⁴¹

The dominant role of natural resources has, according to people we met during the field survey, two very concrete economic consequences:

- it has led to a continuing policy of reliance on imported goods rather than a policy of developing the processing industries. This was made clear at our meeting with the

Ministry of Industry. For example in the area of civil construction, which is one of the priority sectors for investment in the country's reconstruction, and also in terms of job creation, most of the materials used today are still imported, although they could easily be produced within the country. Faced with this situation, the Government has decided to invest heavily in the manufacture of building materials, and plans to open five brickyards in 2006, a further six in 2007 and two new cement works in 2008;

- it has had evident effects on the activities of the informal economy. In the other African countries surveyed, the goods sold by street vendors or on market stalls are mainly produced by the local economy (only 18% of sales in the markets of West African countries are imported products). However, all the contacts we met confirmed that the Angolan markets, such as that of Roque Santeiro sell mostly imported products.⁴² Some of those interviewed even claimed that the percentage of foreign goods on the market was as high as 90%.

⁴¹ OECD/AFDB (2005), *op.cit.*

⁴² This observation is confirmed by F. De Vletter's study (2002), *Promoting the Urban Micro-Enterprise Sector in Angola*, published in conjunction with the UNDP.

3.2.2 The effect on the informal sector of the long-term state intervention in the economy

Unlike in the other countries surveyed, the size of the informal sector in the Angolan economy is due not only to the structural adjustment and economic liberalisation policies pursued until the 1990s. According to international organisations, it is also linked to Angola's history and specifically the strongly interventionist regime in force until the 1990s. This included a system of government-set prices and partial payment in kind of wages by the State and by oil companies such as Chevron, Total and Sonangol, in the form of a "cabaz" or basket of basic goods. These products were often re-sold on the informal market at prices higher than the set prices. This led to a distortion of the fixed price system and the development of a parallel trading activity that became an informal market when the economy was liberalised. A World Bank and UNDP study undertaken at the end of the 1980s describes the situation as follows:⁴³

"The severe lack of goods and services at government-set prices rapidly led to the creation of parallel markets in which prices were freely determined by supply and demand. Such operations were contrary to Government regulations and in fact illegal, but were, in practice, tolerated by the Government. Repressive measures were sometimes taken: goods were confiscated, vendors arrested and product advertising boards destroyed. However, these actions had little effect and a short-lived impact. The markets continued to grow and diversify, and fierce competition between the different vendors meant that prices on the different markets tended to level out."

The development of the informal economy as a private tra-

ding activity alongside a government policy that fixed prices and trading gave this sector the two-sided image it still has today:⁴⁴

- on one hand, it is considered as a space in which the poor could survive in the face of a policy that strongly favoured civil servants and employees of those major firms linked to the privileges of the ruling class. This notion of tension between the wealthy/formal economy and the poor/informal economy came up on a number of occasions in the meetings held during the survey. It was even said that most of the country's modern economic activity, including that of the newly-created SMEs, remains firmly in the hands of a ruling class chosen by those in power;
- on the other hand, it is a sector in which a real trend towards privatisation of the Angolan economy is taking place. This is the position of the Development Workshop (DW) research agency,⁴⁵ which considers that the development potential of the Angolan informal sector should be acknowledged and the activities and skills it comprises should be exploited.

The field survey showed unambiguously that the history of these last thirty years still has an important impact on present-day Angola in that it is a structuring element of the current economic, political and social situation. Memories of this history are more than alive. They are still reflected in the existence of a number of blockages and constraints. Most of those met agreed that it is now time for the country to effectively engage in a much needed reconstruction process, in both symbolic and practical terms. Such a move has been announced for some time now but has remained an unfulfilled promise.

⁴³ Quoted in De Vletter (2002), op.cit. * This is the translator's translation from the French, and not the original quotation.

⁴⁴ According to one person we spoke to, the appearance of street vendors in Angola was influenced by the presence of Congolese, who introduced street-selling practices to Luanda."

⁴⁵ The DW is actively involved in research into the informal sector and, more specifically, has co-ordinated a number of studies analysing the informal sector in detail and advocating its development.

4. The specific characteristics of Angola's informal sector

The specific nature of Angola's informal sector compared to the other countries surveyed can partly be explained by the consequences of the 1975-2002 civil war, together with the legacy of the Marxist-Leninist policies that both underpinned the country's economy for a time and kept civil socie-

ty's initiative under the thumb of the interventionist government. The historic overview given above attempts to describe this sector, which is similar to those found in the other countries but which is also influenced by an economic, social and political history that is unique to Angola.

4.1 A sector heavily committed to combating poverty

Angola's informal sector has been the focus of two surveys carried out by the National Statistics Institute (*Instituto Nacional de Estatística*, INE).

The first of these, carried out in 1995 and published in 1996,⁴⁶ indicates that most of those working in the informal sector are women engaged in small-scale retail activities. In an estimated 51% of families living in urban areas, at least one family member is involved in informal trading, which contributes an estimated 55% of urban household incomes. Although a meeting was held with a representative of the Statistics Institute, it was not possible to obtain detailed information about this survey.

The IDR survey on income and expenditure, carried out by INE in 2000/2001, has been the focus of a number of studies. One of these was published in partnership with the UNDP,⁴⁷ and another by the Economic and Social Research Institute on how the informal economy impacts the reduction of exclusion and poverty.⁴⁸ Most of the data quoted in the present study are taken from these documents. These two studies can be used to draw a number of conclusions about the specific nature of Angola's informal sector.

4.1.1 A multi-faceted approach to the sector

According to the De Vletter/UNDP study, the informal sector is defined as the sector of urban micro-enterprises com-

prising all kinds of income-generating activities ranging from self-employment to small production or services units (less than 10 employees). Most of these activities are carried out on a self-employed basis and are essentially of a commercial nature.

Although the study begins by defining informal sector activities as those carried out without a licence, the limitations of this definition are quickly acknowledged. Street vendors do actually have a form of work permit, even though this is not delivered by the provincial or municipal authorities, as is the case with formal sector enterprises. The study then tests whether it is apt to define the informal sector as one not covered by tax regulations. It concludes that this is not an appropriate approach either, since tax evasion by large enterprises is common, while informal vendors pay municipal taxes on a daily basis. Lastly, the study looks at levels of investment in the informal sector in order to see whether a low level can be taken as a distinguishing feature compared to formal enterprises. It concludes that investment in the informal sector ranges from \$20 to \$1 million, and that it is

⁴⁶ INE (1996), *Perfil da Pobreza em Angola*. The survey entitled IPCVD (*Inquérito Prioritário sobre as Condições de Vida nos Domicílios*) was carried out in 1995. It was the first to be done after independence and to establish a profile of poverty in Angola on the basis of a sample of 4,000 family units in Angola's main cities.

⁴⁷ De Vletter F. (2002), *op.cit.*

⁴⁸ Instituto de Pesquisa Económica e Social (2006), *O impacto da economia informal na redução da exclusão e da pobreza nos PALOP e suas interações com a protecção social, Monografia de Angola*.

not therefore appropriate to include in this sector enterprises that invest more than \$5,000.

The study finally uses the following elements to differentiate between the informal and formal sectors: means of access to credit, respect of legislation, the way in which enterprises use support services, and lastly their training and skills requirements.

4.1.2 A sector that is essentially urban and dominated by self-employment

The 2000/2001 IDR survey on income and expenditure gives a clear picture of employment in the urban informal sector. It highlights the large numbers of self-employed or own-account workers, who represent 43% of total employment. Micro-enterprises or entrepreneurs account for only 6% of total employment, and unpaid domestic or family workers 16%. It can be concluded from this that all informal activities are carried out by at least 65% of the urban economically active population. The study even goes so far as to claim that the study data shows that “hardly 30.3% of the economically active population works in the formal sector”. Compared to the 1996 data, this new profile of the informal sector sheds light on the decreasing level of economic activity by employees (from 43% to 34%) and on the resulting rise in the activity of micro-enterprises. There are two reasons for this development. It was partly caused by the sharp drop in the number of civil service employees during the 1990s, but is also due to the fact that low civil service wages incite some civil servants and their families to work in the informal sector in order to boost their income.

The survey showed that 72% of families have at least one

member working in the informal sector (78% in Luanda, 68% in Benguela, Lobito and Catumbela, and 50% in Luena, Cabinda and Lubango). Twice as many women are active in the informal sector as men, and 82% of those working in the sector are self-employed, while 18% are micro- and small enterprise owner/managers.

The breakdown by category of heads of families surveyed showed that 67% are women aged under 60, 61% are women who are single, divorced or members of polygamous households, 53% are young people aged between 16 and 20 with the equivalent of four years of schooling, and between 16% and 24% are elderly people aged 60 or over. This highlights the fact that the informal sector attracts categories of people who are vulnerable in labour market, and who have no other choice but to try to earn their living in this sector.

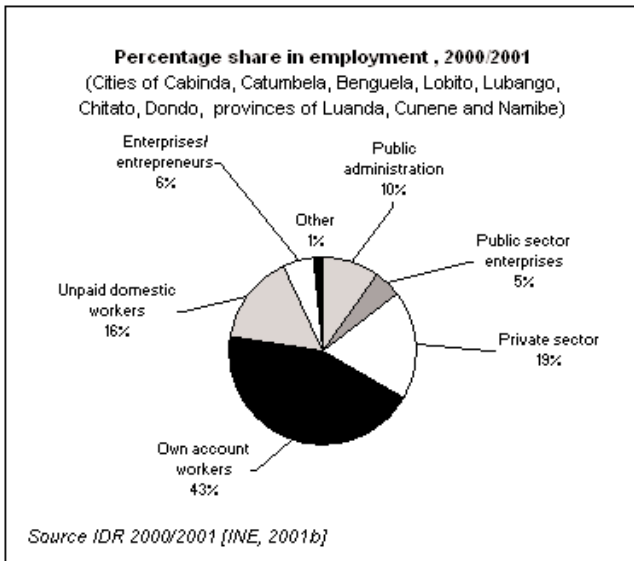
The various data indicate that the Angolan informal sector today largely consists of poor, self-employed vendors. However, it was also confirmed during the field study interviews that there are a few wealthy members of Angolan society who obtain a large part of their income from this sector. Overall, the informal sector is characterised by the preponderance of trading activities over other production or service activities: three-quarters of the activities are trade-related and only 10% concern productive activities such as welding, carpentry or bread-baking). A further characteristic is the fact that the people working in this sector have a low level of education and skills and modest incomes. Finally, it can be noted that the informal sector in Luanda is a full-time activity, while in the rural areas particularly it is more often a seasonal activity.

Table 8. Family units in which the head of the household is employed in the informal sector by category of head of the family unit

Categories of family heads employed in the informal sector	Men aged 16-60	Women aged 16-60	Men aged 60 and over	Women aged 60 and over	Young people aged 16-20 with 4 years' schooling	Single, separated or widowed women	Total
	44%	67%	16%	24%	53%	61%	46%

Table drawn up using data from the Economic and Social Research Institute (Instituto de Pesquisa Economica e social), 2006.

Figure 2. Percentage share in employment, 2000/2001



4.1.3 A highly vulnerable economically active population

The analyses carried out for the study on the impact of the informal economy highlight a number of trends in the informal sector:

- young women with a low level of education are more likely to work in the informal sector;
- as the number of people working in the informal sector increases, their income levels decrease;
- formal sector incomes are in every case higher than those in the informal sector. This is particularly true for family heads aged between 16 and 60 and for single women or widows;
- men always earn more than women.

Table 9. Impact of the informal economy on reducing poverty
Total monthly spending by family unit (in Kwanzas) by category of head of household

Age groups	Sex	Formal	Informal	Total
16-60 years of age	Male	23,474	5,808	15,764
	Female	20,943	2,287	8,498
60 or over	Male	15,700	1,011	1,480
	Female	1,324	791	1,199
Single women or widows		18,125	2,236	8,654
16-20 year-olds with 4 years schooling	Male	1,917	1,138	1,460
	Female	1,420	644	652
Total		20,442	4,619	13,119

Source: INE, IDR 2000-2001.

The Economic and Social Research Institute's studies conclude from these data that young people with a low level of education (a characteristic which multiplies the degree of vulnerability by up to 37) are particularly vulnerable. This section of the population is followed by elderly men and women (degree of vulnerability multiplied by 23 and 30 respectively), and lastly women who are widows, single or members of polygamous households (degree of vulnerability multiplied by 10).

Compared to the data for the other countries surveyed under the AFD study, and in particular the data from the study on the seven capitals of the WAEMU,⁴⁹ the Angolan sector is in a roughly average position. In West Africa, a person working in the informal sector earns on average one-third of what an employee of a formal enterprise would earn, and men earn on average twice as much as women. There are therefore a certain number of features common to all the countries, alongside differences in this sector between individual countries.

The Government recently expressed its intention to close or move several of the capital's markets for reasons of safety and hygiene. Many people fear that this measure could impact social harmony, given that the informal sector is a safety net for numerous families and that no alternative solution has been planned for them.⁵⁰ The retail trade in Luanda is the main means by which the most destitute can fight off poverty.⁵¹ According to several accounts heard in Luanda, the informal sector is the real driving force behind the Angolan economy. Not only does it offer economic opportunities for a large majority of poor families, particularly in the post-conflict economy, but it also provides essential outlets for local products

⁴⁹ STATECO (2005), *Méthodes statistiques et économiques pour le développement et la transition*, N°99.

⁵⁰ According to one of the interviewees, the Government's attitude is ambiguous given that small-scale trading (selling of imported products) is closely linked to well-organised networks controlled by certain well-placed individuals. This measure would have the effect of driving away street vendors without harming the interests of the suppliers/importers.

⁵¹ CAIN, A. (2004), *Livelihoods and the informal economy in post-war Angola*, Monograph no. 102.

such as fish and produce from rural and urban agriculture. The authorities should not, according to these same accounts, minimise the role of the informal sector nor act as if it will spontaneously disappear as a result of a pro-active employment policy. Their position should, on the contrary, be to exploit the goods and achievements of the sector, that is say, its adaptability, its flexibility, the skills acquired in managing the various

activities and its capacity for innovation and change.

The following analysis of the training trends in the Angolan informal sector will shed light on those of the sector's goods, achievements and opportunities that could enable it to move away from simply offering a means of survival and subsistence and make an effective contribution to the growth and development of the country's economy.

5. Training initiatives in the informal sector

It should be noted that the field survey of training schemes in the Angolan informal sector differs from those in the other countries studied, as only the organisers, not the beneficiaries, of these schemes were met with. This is because it was difficult and even impossible to identify organisations representing the self-employed or the entrepreneurs working in this field, despite the many questions put to the people met. Yet, a deeper problem lies in the fact—and this became increasingly clear during the interviews—that there are in fact no business or sectoral organisations in the informal economy to represent categories of workers or occupational interests. On a number of occasions, MAPESS referred to partnership agreements that were apparently waiting to be signed or being prepared between the INEFOP and the construction sector and with the Luanda Women's Association (ASOMEL). However the meeting with INEFOP did not provide an insight into the exact details of these agreements.

There does exist a national tripartite advisory board which brings together the public authorities and the trade unions:

the UNTA (*União nacional dos trabalhadores angolanos* or the National Union of Angolan Workers), the CGSILA (*Central Geral de Sindicatos Independentes e Livres de Angola* or General Confederation of Free Trade Unions of Angola) and the SIMA, (*Sindicato Independente dos Marítimos de Angola* or Independent Maritime Trade Union of Angola), as well as employers organisations including the CCIA (*Câmara de Comércio e Indústria de Angola* or the Chamber of Commerce and Industry of Angola) and the AIA (*Associação Industrial de Angola* or Angolan Industrial Association). However, MAPESS's Director General and UNTA's General Secretary say that this national advisory board, which meets twice a year, only negotiates on issues relating to the minimum wage, ways of raising it, and employment rights. It does not deal with issues relating to the informal economy or vocational training.

The examples given below were all described by people running these schemes and organisations. This does not mean that they are any less accurate for this, but simply indicates the field survey's limitations.

5.1 Job schemes aimed at vulnerable groups of people

Among people active in the informal sector of Angola and who mostly live in extreme poverty, certain groups are particularly vulnerable. The analyses of the IDR 2000/2001⁵² survey identify three different types of vulnerability: first, that of 16 to 20-year-olds with a low education level who agreed to take over from their parents who died during the war; second, that of isolated women, widows or members of polygamous households who have to look after their relatives; and lastly that of over-sixty-year-olds who are still responsible for generating income for their dependent families. The field survey was not able to identify any specific train-

ing schemes for these three population groups, except for the activities run by Development Workshop as part of its microcredit initiative.⁵³ On the other hand, schemes were identified for a fourth highly vulnerable population group specific to Angola: the ex-combatants uprooted from civil and economic life over many years and, particularly, the war-disabled.

⁵² Institute of Economic and Social Research (2006), *op.cit.*

⁵³ See Section 5.3 of the report on this subject.

The public authorities have done their utmost for the former combatant population, and intervene either directly through the Ministry of Social Assistance and Reintegration (MINARS), or through and with assistance from international associations.

5.1.1 IRSEM schemes for former combatants

Accountable to the MINARS, IRSEM (the Institute for the Socio-Professional Reintegration of Former Combatants) is responsible for matching labour market needs with the ex-soldiers' occupational profiles, requests and availability, and for creating the right conditions for their return to civilian life, and particularly to employment. Obviously, this return often means going through the informal sector. IRSEM works in a number of fields.

[Return to the land](#)

This scheme is focused on the ex-UNITA fighters. Most of them are from the countryside and, unlike displaced

young people living in urban areas, they tend to return to their agricultural activities. IRSEM's goal is to prioritise the return to farming, while creating the conditions for successful reintegration. It thus considers that the half-hectare currently allotted to each individual is not enough to allow them to survive. It came to the practical conclusion that ex-soldiers had to be encouraged to group together through land sharing schemes, so as to enable them to produce both food for domestic use and agricultural products to sell. However, selling products mainly destined for urban areas is difficult, as usable transport routes are sorely lacking. Once again, this underlines how urgent it is to re-establish transport links between rural and urban areas in Angola. IRSEM supports the whole operation and is attempting to develop the occupational skills of those it aids. It realised that the former combatants were strongly in need of literacy schemes and that they were very keen to send their children to school.

Box 1. Example of a training initiative for former combatants, published in the Angolan press

Luanda, 11/03 – A vocational training centre, with a capacity of 250 places and the possibility to organise two daily training sessions, will open its doors on 8 November 2006 in the Ramiros catchment area of the Samen district in Luanda. It aims to improve the skills of former combatants and their families in order to help them find work on the labour market.

According to the provincial official of the Ministry of Employment and Social Security (MAPESS), the centre will have eight classrooms and will train future learners in the fields of construction, agriculture, weaving, metal-work, electricity, plumbing, clothes-making, bakery, and industrial carpentry.

The project is run in partnership with the Ministry of Former Combatants and War Veterans, which is responsible for providing technical support for its target groups.

[The different occupational development schemes](#)

Certain former combatants choose to acquire occupational skills as a means of re-entering work (carpentry, plumbing, electricity, mechanics). Further to a strategy defined in 2002 (the Luanda process), 13,919 former soldiers were enrolled for training in 17 regions. The occupational development schemes are run through mobile training units set up by INEFOP. 1,802 participants dropped out, 11,716 were trained, and 5,900 found work.

According to IRSEM, identifying the interests and motivation of those seeking work poses the hardest problem. It is also difficult to create the conditions necessary for a successful entry into the labour market: sorting out transport problems that prevent people from reaching possible work

places, finding means of subsistence while they are waiting for their first wages, treating eventual health problems, etc. Helping trainees to find work is an absolute prerequisite for successful training schemes. The trainees are supported by IRSEM and receive a tool-kit at the end of their training. However, the Institute has observed that the kit alone does not ensure that an income-generating activity will be developed. This can only succeed if it goes hand in hand with a subsistence fund enabling ex-soldiers in search of work to get through the first difficult months. Without this financial support, they become discouraged very quickly and resell the tools that they received.

Following this observation, microcredit schemes have been developed, but experience has shown that such schemes

only had positive results when loans were given to the former combatants' wives. IRSEM is therefore currently targeting this group of people. Results are satisfactory and, in the main, the women have thus far managed to reimburse the loans received. These loans are as much as \$100 for individual training and can be higher when those trained are grouped into associations with a view to launching their professional activities together.

[Financing and partnerships](#)

IRSEM receives \$33 million of funding from the World Bank, \$37 million from the multi-country skills development scheme for the Great Lakes region (with the EU contributing €20 million to the Trust Fund) and €13 million from the EU as part of its aid effort to support vulnerable groups.

IRSEM does not carry out training itself, but finances it through a partnership with INEFOP, which provides the necessary infrastructure. IRSEM covers the cost of training and has also developed partnerships with international organisations such as Handicap International, as well as bilateral co-operation with bodies such as the German technical co-operation agency, GTZ. Likewise, IRSEM can ask NGOs to run programmes. All of these training courses lead to INEFOP certification.

IRSEM is trying to deliver the integration programmes under its responsibility as quickly as possible. These usually last three years. Moreover, aside from its own schemes, the Institute is trying to include former combatants in all of the training and occupational development schemes being developed by the public authorities.

5.1.2 Handicap International's occupational development scheme

For over three years now, Handicap International (French section)⁵⁴ has been running schemes to promote the economic reintegration of disabled people in Angola. After organising numerous projects in Luanda in co-operation with MINARS (Sao Paulo Centre) and the Angolan association El Shaddai, it has launched a new social and economic integration initiative in Huambo. Situated in the centre of the country, 400 km south-east of Luanda, Huambo has a population of 1.7 million. Since the end of the war in 2002, the city has been engaged in a phase of reconstruction. Markets are opening and access to goods and services is increasing. It was deemed essential that disabled persons

should be able to participate actively in this economic development, which is the cornerstone for the whole project.

To launch this project, Handicap International took advantage of the rehabilitation and reopening in May 2004 of a former vocational training centre belonging to the Ministry of Former Combatants. The centre is now run by MINARS (the representatives of the Ministry of Former Combatants having been integrated into those of MINARS at provincial level) and offers three-month training courses in computing, sewing, carpentry and ironwork. It caters for 100 disabled persons per session.

[Project objectives: training to help people into work](#)

The project aims to provide occupational training for disabled people from Huambo in order to help them find work in the city's dynamic economic sectors (350 people, of whom 80 are demobilised soldiers, all providing for their families, totalling 1,800 people). The NGO has several concurrent objectives:

- to train participants, while reinforcing the capacity of the MINARS vocational training centre;
- to provide people with job skills, but also help them into work by setting up a network of partner stakeholders;
- to ensure the development and viability of micro-enterprises at the end of the training, by providing microcredit and by marketing products made by the trainees.

The purpose is to support the target group from the time they choose their occupation until they start work by providing training that is as close as possible to real working situations.

[Training methods: the appeal for master trainers](#)

Since the disabled live largely on the outskirts of Huambo with the training centres located mainly in the city centre, Handicap International decided to drop its usual method of residential training and train the disabled within their day-to-day environment.

The NGO consequently looked for master craftsmen who could teach their trade in the neighbourhoods where the disabled lived, and then helped them to set up as micro-entrepreneurs. It signed framework agreements with the craftsmen and identified the necessary premises and equipment as well as the people to train. Once the agreements

⁵⁴ The European Union finances similar projects in Huambo and Benguela, which are implemented by the Belgian section of Handicap International.

were signed, some of the craftsmen obtained fixed premises (e.g. stalls) and related equipment (e.g. sewing machines). Early experiences did come up against obstacles, as some of the participating craftsmen found it hard to keep their customers due to the time they spent on training. As a result, Handicap International decided to offer each master trainer \$50 per month for the daily half-day training provided. For the NGO, this payment ensured that the training was kept up on a regular basis, while also constituting a means of pressure to guarantee project quality.

The scheme begins with four or five visits by the NGO activity co-ordinators to the homes of the disabled people to evaluate their personal situation and assess their job opportunities. A sort of skills assessment is carried out of what the person knows how to do, would like to do or can do, depending on their disability. A two-tier analysis is made, firstly of the person's mobility constraints, and secondly of the intellectual skills they need to complete the training requested. In some cases, the NGO decides to link practical apprenticeship with functional literacy measures.

The training plan, which is tailored to each individual's circumstances, lasts six months and aims to teach the basic skills of the trade. Since those trained are heads of households providing for their families, it is impossible to extend the length of training.

[Targeted objectives and results obtained](#)

The objective of guaranteeing the trainees' social and economic integration and guaranteeing the financial sustainability of their enterprises is ensured by a combination of

measures. Learners are given access to certified skills training, an occupational kit, as well as microcredit to support micro-enterprise creation. They also receive continuing support from activity co-ordinators, starting with the identification of occupational development needs through to the effective start of their work activities.

A current evaluation of the scheme shows various shortcomings in the MINARS training centre due to the Ministry's appointing unmotivated officials and somewhat inexperienced directors. The centre no longer functions because MINARS stopped paying the trainers.

On the other hand, the experiment of micro-enterprise owners providing training has given highly satisfactory results. The training is module-based and monitored by a skills acquisition check after each module, as well as a mid-course assessment. The master craftsmen are brought together regularly to discuss their experience, to follow changes in customer demand (in fashion, for example) and to capitalise on their respective experiences. Over two years, 350 people have been trained, including 80 former combatants. One unresolved issue that has been raised involves how Handicap International can help people into trades that go beyond immediate market needs to include medium and long-term employment prospects.

The project lasts for two years (2005-2007) and has an overall budget of €578,707. It is financed by IRSEM (€87,606), the French development aid authorities (€170,000) and European foundations such as *Stichting Vluchteling* of the Netherlands.

Box 2. The story of Domingos Kanika, 40 years old, single, a lower-limb amputee and beneficiary of a Handicap International social and economic integration project, Huambo, Angola.

Demobilised due to physical incapacity, Mr Kanika was one of the scheme's very first beneficiaries. He was a refugee during the war in Zambia, learned how to sew and ran a clothes-making workshop. Once back in Angola, he came to live in Sao Bartolomeu, a neighbourhood on the outskirts of Huambo. When he was identified by Handicap International team's activity co-ordinators, he was having to rent a sewing machine for \$25 per month, and living with his sister in a small room. He was frustrated, devoid of hope and withdrawn.

After identifying five other people from the same community who wanted to learn how to sew, the NGO decided to bring them to Mr Kanika, who was looking to develop his activities and share his know-how with others. Handicap International supported the creation of a micro-enterprise that served as a production facility for Mr Kanika, and an informal training centre for the five people from the same neighbourhood. The training started in early April 2006 and ended in early October 2006.

Mr Kanika now has his own sewing machine and was able to acquire basic management skills. His micro-enterprise is known to the people in his neighbourhood. He is presently renting a two-room house and is married. He has become an open and positive person. He trained five

persons, one of whom will stay and work with him. He will continue to check up on and encourage the other participants who will be working on their own.

The Handicap International team will continue to monitor Mr Kanika for five months in order to consolidate the social and economic integration process underway. The challenge is now to transform his micro-enterprise into a profitable activity.

Source: Handicap International (French section).

5.1.3 The launch of micro-enterprise co-operatives

Aside from the schemes run by IRSEM or NGOs such as Handicap International, MINARS also runs other projects targeting vulnerable groups of people. According to the Director General responsible for reintegration of the disabled, the only avenue open to these groups—who are amongst the poorest in Angola—is the informal economy. At present, MINARS is designing a new strategy based on implementing appropriate vocational training measures to create small co-operatives that produce and sell goods with help from others in the neighbourhood. In this context, MINARS has launched a number of significant schemes. It has developed several agriculture-related activities⁵⁵ in the various provinces by establishing co-operatives. The prime objectives are to:

- increase agricultural production using animal and mechanical traction;
- process millet and manioc using community mills;
- revive traditional small-scale fishing;
- support bee-keeping and the rearing of small and medium-sized animals.

The Ministry has also reached an agreement with the Coca Cola company. Vendors receiving a certain quantity of drinks to sell only pay for the drinks, the bottle racks being provided by the partner company free of charge. So as to optimise their chances of success, the project trains the vendors in various skills: how to start up a micro-enterprise, how to keep their stand hygienic, how to form and run a co-operative (based on the solidarity principle, but also by defending ones' interests), how to manage a budget and distribute profits whilst keeping back enough money to ensure the group's management of current and future activity. So far, 2,325 persons have been trained in Luanda and Lubango and have got their activity off the ground. Certain associations or co-operatives have managed to build up a stock of 140 racks, which is proof of the viability of their businesses.

Several other projects are currently being launched:

- an enterprise creation project for transporting disabled persons with mopeds. It is currently targeting 700 carriers, and should affect a total of 30,000 people. This involves buying the mopeds, distributing them and monitoring the overall operation;
- a project in Luanda to construct kiosks at strategic locations (e.g. school entrances) to sell newspapers, books and documents, and provide additional services tailored to the needs of schoolchildren and a wider public (e.g. photocopies).

MINARS plans to support and monitor all of the micro-enterprises created in this way, and to work with them so as to define how best to organise the various market niches and ensure that their activities remain viable and grow.

The range of these schemes in favour of vulnerable populations clearly points up the priority given by public authorities to the most direct victims of the war and the pervasive poverty. It should be noted that most of the schemes aim to support beneficiaries from the start of their training until they have found a job and income.

5.1.4 Rural development programmes

The Ministry of Agriculture has set up a Rural Development Programme (*Programma de Desenvolvimento e Extensão Rural*, PEDR), which aims to promote food self-sufficiency. In the Uije Province, 63,000 families benefited from this programme in 2006. At the start, the farmers of five districts (Uije, Negage, Songo, Pompo and Damba) were given over 1,000 hectares of cultivable land as well as working tools and seeds. The programme is being developed in partnership with the German technical co-operation agency (GTZ), which helps the farmers to carry out their projects. The Angolan Reformed Church is also involved, providing direct support to certain families.

⁵⁵ MINARS (2005), *op.cit.*

MINARS is also helping 4,230 ex-UNITA combatants to reintegrate in the Province of Kwanza-Sul, in the districts of Kibala, Kassongue, Mussende, Libolo and Cela. As with the preceding project, the beneficiaries are given land and agri-

cultural tools. The project is supported by a number of NGOs, including the organisation Visão Mundial and church-run associations such as Caritas Angola, the Christian Youth Association and the OIKOS Catholic Mission.

5.2 National strategies to widen access to the job market

The meeting with the Ministry of Public Administration, Employment and Social Security (MAPESS) established that an employment strategy was currently being developed to meet the country's present needs. It was also an opportunity to learn about the Ministry's more specific measures aimed at the informal sector.

More generally, MAPESS expressed relatively clear-cut views on the current situation in the informal sector and how it ties in to the country's overall situation. These can be summarised as follows:

- the size of the informal sector is a result of the political situation. At the end of the war in 2002, it was impossible to give priority attention to this sector. The public authorities' primary concerns involved addressing the formal sector and pursuing a decentralisation policy. Now these are under way, there is more scope to focus on the informal sector;
- the "micro-economy" has grown acceptably, insofar as it does not damage the formal sector. It is more complementary, and provides a basic livelihood for those excluded from the formal job market;
- current policy is to reduce the numbers of informal sector workers by increasing jobs in the formal sector. The present reconstruction phase will need to draw upon all available skills, particularly in rural areas. Informal economic activity exists, in fact, primarily in urban areas.

These views do not reflect statistical data indicating the lack of formal jobs in the Angolan job market. They form part of the Ministry's ambitious vision of the possible scope for a major job creation policy during the country's reconstruction phase.

5.2.1 Specific legislation on job market access and self-employment

Act 1/06 of 18 January 2006 laying down rules on first jobs addresses job market access for the unemployed young

(particularly 16- to 30-year-olds seeking their first job), the long-term unemployed and the disabled. Although this act is aimed primarily at helping move people into the formal labour market, it also targets young people who are likely to be working in the informal sector.

Among the beneficiaries of job-start initiatives, this legislation targets "young people who have great difficulty finding their first job, young people at risk as a result of failing to find work, and young women wanting to develop income-generating activities, more particularly in peri-urban and rural areas". It also sets the education objective of creating conditions in which young people can acquire the knowledge and skills they need to become self-employed, and can adapt to new job market requirements. Lastly, it provides financial incentives to help young people set up their own enterprise, especially in priority sectors (such as those listed in the legislation) and in provinces and areas experiencing acute shortages of work and jobs.

The legislation was complemented by a strategy to facilitate effective access to first jobs. This strategy highlights the following measures in particular:

- a holistic approach to training ranging from information/career guidance to employment, with an emphasis on providing learners with assistance in finding work;
- development of proper dual-type training for 14- to 25-year-olds, entailing apprenticeship contracts and financial support from the public authorities;
- the delivery, through job centres, of 9-month training courses, including a subsidised work placement in a private enterprise;
- the opportunity for young people to have temporary jobs as part of public interest schemes at provincial or local level, specifically enabling them to adapt their qualifications to meet the skills required on the job market;
- the opportunity to complete training at a private or public centre with a period of apprenticeship in an enterprise;

- support for women to improve their skills and qualifications enabling them to create self-employment and/or income-generating activities;
- support for local job creation initiatives to help young people get their first job;
- support for individual social/occupational integration schemes for people and families with disabilities;
- development of integrated training/employment projects to reduce the risk of marginalisation and social exclusion among young people, foster their socio-economic independence, if possible by finding them jobs that match local community needs.

The legislation and its implementation programme reflect, more than ministerial policy-makers say, the difficulty that the public authorities have in ensuring first jobs for young people. To overcome this obstacle, the Angolan authorities, like the other countries surveyed (especially South Africa and Ethiopia), are looking at general or local interest jobs that help young people towards socio-economic integration should they fail to find their first job. Such practices also exist in Europe in countries with high youth unemployment rates.

Two other aspects are implicitly underlined in the implementation strategy. The first highlights that, without growth in self-employment and income-generating activities, there will not be enough first jobs for everybody. The emphasis on new forms of growth and development in the job market prompts recognition of the essential role currently played by the informal economy. The second assumes that self-employment and income-generating activities are for the most part the preserve of women, as if the informal sector should be confined to giving value to an essentially domestic economy. The fact, confirmed by statistical surveys, that a growing number of men are entering the economy via micro-enterprise challenges the legislation's viewpoint and the public authorities' interpretation of the reality of the informal job market.

5.2.2 Public initiatives specifically targeted at the informal sector

The strategy to implement this legislation goes hand in hand with specific MAPESS initiatives aimed at informal sector workers. The meeting with the Ministry identified a list of these initiatives, but no explicit descriptions were

obtained. The following initiatives were mentioned:

- introduction of excellence into rural training centres. The aims of these centres are to ensure that young people in rural areas stay there, and to use local training opportunities as the prime means of helping those in the informal sector to develop profitable rural crops and activities;
- training delivered by mobile training centres for former combatants (already mentioned in the section on IRSEM schemes) and for young people needing to learn a trade (electrician, carpenter, mason, plumber, etc.) that matches local market needs. When they complete their training, these young people receive an INEFOP certificate and a tool kit, just as demobilised soldiers do;
- the public/private MAPESS/INEFOP/Chevron/UNDP project incorporated in the Angola Enterprise Programme (AEP) to reduce poverty through job creation and to increase the profitability of income-generating activities. This project has been documented by UNDP and will be the subject of a later presentation.

The meeting with INEFOP provided information on the business incubator development project. Also part of the AEP, the purpose of this project is to assist individuals or groups of people intending to set up their own enterprise. Applications are submitted to an INEFOP selection procedure for three types of assistance:

- re-start support for those with ideas for creating work but who need time to shape them up. Project applicants may use INEFOP facilities during this period;
- incubation and start-up support for individuals or enterprises who have already started, but who need INEFOP's assistance;
- business development support for enterprises that are already up and running and do not require premises, but require indirect support to develop their market access.

A Brazilian technician is helping to deliver the programme and site visits have been organised in Brazil. At present, there are 12 participants in stage 1, 8 in stage 2 and 10 in stage 3.

The programme mainly involves enterprises in the formal economy, but the pre-start stage could also be considered as a means of helping people in the informal sector to strengthen and stabilise their activities.

From 1996 to 2005, as part of the labour policy implemented by MAPESS, INEFOP also participated in a self-employment development programme, which resulted in

the end-of-training distribution of 7,396 tool kits, the setting up of 5,777 micro-enterprises and the creation of 24,148 jobs.

5.3 Financial and managerial support for entrepreneurship in the informal economy

As part of the MINARS and MAPESS policies, there are public initiatives designed primarily to help vulnerable people or facilitate the integration of young people and women into employment and self-employment. These schemes mainly operate outside the informal sector, which is nonetheless seen as often being a necessary step in fighting poverty and ensuring a livelihood for one's family.

The work of the NGO Development Workshop (DW), which is also a research centre, focuses heavily on the informal sector. DW works on the assumption that sector's stakeholders can give real impetus to the Angolan economy as long as they have a solid socio-economic structure and adequate means for developing their activities and improving their performance and profitability. This has been the rationale behind DW's schemes since 1995.

5.3.1 Launching microcredit in the informal sector⁵⁶

The DW conducted a research project starting in 1992 on micro-activities in the Luanda peri-urban area to gain a better understanding of how the informal sector could operate in a highly inflationist and unstable environment. It then launched the Women's Enterprise Development project in 1996, aimed at improving women's economic situation in Luanda's informal sector. An initial microfinance project was run from 1996 to 1998 involving 48 women working in fishing. Project evaluation showed that, although the scheme could be extended to men and women engaged in informal activities, much more rigorous and sustainable loan management methods would be required.

DW therefore launched the Sustainable Livelihoods Project (SLP). The project, which is still running today, was the first in Angola to introduce and test the microcredit model developed by the Bangladesh Grameen Bank. This model is now recognised internationally, since the Nobel Prize for Economics was recently awarded to the bank's founder Muhammed Yunus. The principle underlying this form of

microcredit (known as *Kixicredito*) is that social solidarity is not automatic, but rather the result of specific training for small groups, who undertake to use microcredit in a shared and well-managed way. At the end of 2001, the scheme launched in 1996 reached a 98% repayment rate, a result better than that achieved by most commercial banks. The results showed that this credit experiment had very positive effects on the incomes of families working in the informal sector, and that it could be widely applied to this sector.

5.3.2 The lending and management model

Members of the solidarity group lending team are selected through interviews in markets and local districts. The members, chosen by other informal sector workers, are taught how credit operates and how it is organised. They have to wait ten weeks before receiving an initial loan of \$100 to \$150. The purpose of this waiting period is to discourage applicants who do not consider it worth waiting for the initial loan.

Solidarity groups comprise between 20 and 30 members. Each group draws up its own internal rules, chooses its members and meets weekly for two hours to discuss operating methods, each other's activities and all the issues raised by members.

Groups may divide up into sub-groups of five to seven members, which makes it easier to assess each other's activities, manage loans, repayments and savings, recruit new members, etc. Each sub-group appoints a leader who reports on its activities at a weekly meeting.

Each group democratically elects an eight-member board of directors made up of a chairperson, secretary, treasurer and sub-group leaders. Those appointed assume management responsibilities for the whole group: repayment of

⁵⁶ Descriptions of DW's activities are taken from an analysis by its director, Allan Cain, entitled *Livelihoods and the Informal Economy in Post-war Angola*, which appears in the Institute for Securities Studies (2004), *Monograph 102*.

loans and weekly financial reports to staff in charge of the SLP project.

Loans and repayments are jointly managed. Agreements to grant loans thus apply to the group and not individual members. The size of loans depends on the group's activities (and may range from an initial sum of \$50-150 up to \$300 in the first year and a maximum of \$700 after appraisal of the group's activities). Repayments are made within four months through weekly instalments co-guaranteed by all the members. Members undertake to save 10% of the amounts borrowed, with these savings becoming available at the end of the loan repayment period.

5.3.3 From finance to acknowledgement of the sector's achievements

Following this pilot scheme, DW has greatly increased its lending activities. Since the beginning of the scheme, \$3 million have been lent to informal sector micro-enterprises, with an average of \$250 per enterprise. Although the scheme is not based on formal training, as an exercise in joint management, it does involve a type of mutual training bene-

fitting all those involved. In this respect, it acts as a stimulus. DW's manager has thus concluded that "the informal sector represents the real driving force behind the development of the Angolan private sector".

The DW scheme has also influenced overall lending policies, as the project has prompted banks such as Banco del Sol and Banco Novo to move into microfinance. In addition, various public initiatives targeting the informal sector all underline the importance of supporting socio-economic integration and job schemes offering microcredit facilities. DW uses a solidarity lending model that enhances social and financial capital and fosters co-operation rather than competition: informal sector workers appreciate an individual's success rather than viewing him/her as a competitor. However, DW does think that the policies implemented by the public authorities fail to recognise the sector's achievements, namely its activities, its skills, and its capacity to adapt to changing markets and occupy profitable niches with growth potential. These policies tend to consider the sector as illegal, whereas they should rather be helping it to develop and root out the poverty that gives rise to its existence.

5.4 An education and training initiative in a peri-urban area of Luanda

The Dom Bosco Salesian Mission project is a social and community development project in the Sambizanga district of Luanda, which has a population of about 700,000 inhabitants. There are 25 centres dotted around the district and operating in various social/educational fields. The main centre is a large training establishment with up to 1,000 learners. Training is delivered in three daily sessions.

Each centre acts as a focal point for dialogue and interaction with the local community. Schemes are based on people's needs and designed to make participants aware of their duties and leadership responsibilities. The various projects are designed to operate in synergy. Overall, the initiative involves 17,000 beneficiaries in the fields of literacy, primary education, secondary education, vocational training, adult education and skills development in trades with job potential. It also offers assistance to people in difficulty to help them manage risk situations and deal with health problems (three existing centres). Lastly, it offers education opportunities through leisure and sport (also three centres).

There are 120 sports teams in the district, working to take young people under their wing and encourage them to develop.

5.4.1 Supported education and training routes

The youngsters are educated in primary schools, many of which have been built by young locals that have completed a vocational training course and found a job. Project leaders take the through to the end of their schooling, and this support means, among other things, that a permanent contact is established with local families.

Once they have completed their primary education, the youngsters can either continue attending a local secondary school, or choose to do a vocational training course in Sambizanga. This training offers two main options:

- a two-year training course, which the youngsters undertake to complete if accepted. The training comprises classroom-based and practical components. The practical side involves working with real materials in real-life

situations, rather than workshop-based training. For example, youngsters training in building and construction skills take part in building an actual house;

- a shorter course of six to nine months leading to qualifications in specific trades, notably building and construction. Everything is done to open up further training to those youngsters on the short training courses, should they so wish.

Upon completion of their training, the youngsters either find work directly or are helped to do so by the centre. They can also receive help to set up a micro-enterprise or be encouraged to continue with work-based training.

During the first week of each training cycle, the centre's trainers visit the families of all the youngsters enrolled to ensure that the family support is there to help them succeed in their vocational training. In the end, it is this training that will provide them with the technical skills required to do their jobs and also equip them with the social and behavioural skills that are particularly appreciated by enterprises when they hire new staff.

5.4.2 Ways of stimulating the informal sector

According to leaders of the NGO Dom Bosco, informal sector activities in Sambizanga includes shop-keeping, building and construction, and food processing (carried out by women). The project assists local inhabitants, who work largely in the informal sector, in a variety of ways:

- training young people in management and micro-enterprise creation;
- organising training workshops for women and helps them to improve their cooking by buying the best quality ingredients for less money;
- supporting students who wish to continue their studies while building their house;
- helping street vendors to improve their business management.

The project also helps to organise micro-enterprises into local associations by giving them a chance to take part in facility construction contracts (e.g. building schools) managed by the NGO, and by assisting those who want to set up and develop their own activity. Moreover, it tries to ensure that these initiatives have a multiplier effect on the various teams and projects operating in the area. The project is keen to conclude a formal agreement with the Brazilian build-

ing contractor, Odebrecht, which would give the inhabitants, and especially young people, the prospect of stable paid employment.

The entire initiative is financed by national funds (teachers and employees in the various centres), the European Union⁵⁷ (literacy and health initiatives), the Portuguese development agencies (social, sporting and microcredit initiatives), the Spanish and Italian development agencies and UNICEF. Several ministries (MINARS, MAPESS and the Ministry of Youth and Sports) are also involved, more as coordinators of the funds rather than financial backers. The sale of goods produced at the centres also helps the project to partly finance itself.

The field survey confirmed that the Dom Bosco initiative in the Sambizanga district is a quite remarkable case of comprehensive and co-ordinated intervention in an area of acute poverty and in an economic sector where working informally is a necessary route to finding employment. The initiative aims to look at problems from all angles—human, social, educational, vocational and economic—and to take all of this into account when designing solutions. It must be strongly emphasised that the young people's job prospects depend on a form of permanent mentoring, from their enrolment in school through to their finding employment, and that this support includes dual-type vocational training with practical input in the form of on-the-job apprenticeship.

The scheme has not yet been thoroughly evaluated, nor have its different strands been described in detail. However, it could suitably serve as a model for others, as it includes all the necessary features of an effective and encouraging initiative for young people and adults in the informal sector.

⁵⁷ The project entitled "Project to develop primary education, health and employment in the Luanda suburbs" (Programme NGO-PVD/2001/011-740) received €3,359,586 from the European Union (i.e. 75% of the total budget). Dom Bosco also received the sum of €718,730 (i.e. 85% of the jointly funded total) from the EU to help the beneficiaries of vocational training from 6 centres to set up micro enterprises.

5.5 Social schemes and the oil industry

The oil industry is also actively engaged in the field of employment and the informal sector. It is keen to play a role in addressing the difficulties the country is facing (Total), and is committed to working, through public/private partnerships, with the Government in its fight to reduce poverty (Chevron). The industry's initiatives basically show that the oil companies recognise that their high profits coupled with the non labour-intensive nature of their activities oblige them to assume a responsible role in the reconstruction of the Angolan economy.

5.5.1 The UNDP/Chevron partnership in support of small enterprises

In early 2004, the United Nations Development Programme (UNDP) and Chevron, partnered by the national authorities, launched the Angolan Enterprise Programme (AEP) to promote enterprise development in Angola. In 2006, the AEP decided to put out a request for proposals with a view to engaging the partnership as a direct actor in poverty reduction strategy. The goals of the project are to improve the services offered by micro- and small enterprises (MSEs), help them better analyse market opportunities, operate more efficiently and improve their profitability.

[Support for ongoing enterprise and business development](#)

The original request for proposal targeted MSEs. The final version, with a submission deadline for October 15 2006, focused on three categories of enterprise:

- the “survivors”, which are micro-businesses or units of production or services, run by the self-employed, with no permanent staff, limited turnover, and no or very little investment capital. Most of these units operate in the informal sector and are among the poorest in the country;
- MSE owners, more entrepreneurial than the “survivors”, that have been in business for some time, made some investments in their business, with a small number employees paid from a modest but relatively stable turnover. These businesses can be in the formal or informal sector, and their owners live above the poverty level;
- medium-sized and large enterprises, which are established businesses, with significant levels of investment

capital. They can employ large numbers of people, and their owners are among the wealthier classes of Angolan society.

Certainly, the first two categories of enterprise operate mainly within the informal market and need the support of development services to improve their businesses through access to the market.

Once the proposals have been appraised, the project will enter the implementation phase. It has the dual objective of developing services in favour of Angolan businesses, as well as training schemes to help operators revitalise their businesses and improve their profitability. The training courses are summarised below.

[Business skills training](#)

This aims to provide entrepreneurs from different types of businesses with relevant knowledge and skills in areas such as accounting, finance, buying and selling, and business management. Unlike the current training provision, which is frequently of poor quality and disconnected from the realities of businesses in the field, the project will offer training programmes centred on the specific needs and the practical experience of each entrepreneur-trainee. The delivery, duration and pace of the training programmes provided will take into account the trainees' availability, and programme content will be directly related to business management issues. The focus will thus be on:

- planning (how to assess the health of business activities, planning and implement a development strategy);
- marketing (how to analyse the market, calculate costs, set prices and boost sales through promotions, distribution and networking);
- financial analysis (how to keep a cash book, manage receipts and expenditure, set up a system of budgetary control);
- human resources management (how to create a work plan, motivate employees, manage time, introduce quality control).

When these training choices are compared to those targeting the informal sector in the other countries studied, certain similarities come to light, notably with respect to informal sector entrepreneur needs: keeping accounts, calculating the cost prices and thus profitability, improving access

to the market. The study on the informal sector in the seven West African capitals⁵⁸ clearly showed that improving access to the market was by far the first concern of small service and production units.

[Business advice and coaching](#)

The project's individual coaching or mentoring schemes will help micro-activity or micro-enterprise owners/managers to find solutions to match their needs and to seize opportunities that will allow them to survive or grow. For the entrepreneur, the advantage of such personalised support is that it can be organised to fit in with his particular work pattern, as well as allowing him to take business decisions rather than outsourcing to an expert, who is often expensive and little involved in the business. To this end, AEP will provide training for mentors and tutors able to work efficiently with enterprises, and provide both motivation and support, whilst respecting the business owners/managers' prerogatives. The training sessions for future mentors will thus include the basic theory required for mentoring work, though the main focus will be on developing skills for timely intervention in real life business situations.

The field studies in South Africa and Ethiopia showed the importance of mentoring as an important factor in launching and developing micro-activities. They also revealed that mentoring had the best chances of success when it was carried out by experienced professionals who had agreed to undergo training on how to better advise their peers working in the same trade or sector.

The project will be fully launched in 2007, with a \$1 million budget co-financed by UNDP and Chevron. The support services, training programmes and mentoring schemes implemented under the project will need to be monitored and evaluated so that further roll-out, notably among "survivor enterprises, can be given due consideration.

5.5.2 Total's initiative in the informal sector

Total, like Chevron and Sonangol, is one of the major oil companies in Angola and has a long tradition of supporting enterprises. Some years ago, the company launched a support programme for MSEs in France, which led to the creation of over 100,000 jobs in Aquitaine's regional labour market. The company now wishes to engage in similar activities in the Congo and Angola.

After taking part in initiatives for Angola during the emer-

gency situation in 2002 (the company sent medical supplies to more than 80,000 persons in Huambo), one year ago Total launched 60 projects for new enterprise, in partnership with banks and NGOs ready to take up the challenge. The business start-up projects selected received loans of between \$10,000 and \$30,000 each, attributed through the following process:

- first, the project draws up a business plan for new enterprise creation, and assesses the venture's feasibility;
- second, the partnering bank makes a financial analysis to approve the financing;
- then, following the bank's decision, Total contributes to project funding, within the limits of an overall budget of \$500,000.

Total has decided to extend its new enterprise support activities through other programmes targeting the informal sector. The informal sector is beset with employment problems and operates mainly with imported products, although it could itself produce and market Angolan goods (products are now imported via Lebanese and Malian traders, who are meeting increasing competition from Chinese operators). In light of this, Total has decided to support the creation of income-generating activities in the informal sector. The company is thus using the same start-up mechanism as above for implementing and funding specific, documented proposals for new NGO-backed projects. However, like the DW initiatives, Total will use this scheme to give support to projects for new enterprise developed by groups of traders who have access to microcredit. The idea is to part-finance the projects (submitted and selected with NGO assistance) with initial loans of between \$100 and \$500. Depending on the repayment rate and business performance, groups may be eligible for a second round of loans.

The support given by Total—which is using this initiative to position itself as an economic stakeholder actively promoting Angolan social and community projects—mainly targets women, as "they offer better guarantees for protecting business interests and maintaining levels of activity". The initiative primarily targets high-potential sectors such as mechanics and food processing. According to Total, if farm production applied improved techniques (packaging, drying techniques, cold storage facilities), the situation would be very

⁵⁸ STATECO (2005), *op.cit.*

different, and farming activities could even develop to the point that importing high volumes of goods would no longer be necessary.

To launch the initiative, Total does not envisage creating a specific training offer, but rather aims to work with existing institutions whilst changing the approach to training. This will be done by introducing management training programmes based on the experience of French and European chambers of trade, although these will not be copied or transferred directly into the Angolan context.

5.5.3 The WAPO general training centre and community development

During the field study, a visit was also made to an INEFOP

vocational training centre managed by the oil production company WAPO and MAPESS. A novel feature of the centre is that it runs high-level management training for oil industry managers and, in parallel, provides vocational training for more than 300 local young people (some of whom hope to start up new informal micro-enterprises) in plumbing, electricity, welding, accounting, computing, etc. The centre's role is similar to that played by the oil companies in the Angolan economy. On one hand, it is an institutional stakeholder keen to play its part in meeting the challenge of the country's emergency situations and in addressing employment issues. On the other hand it, it is giving priority to developing approaches to labour issues that are totally unrelated, even contrary, to the needs of MSEs.

5.6 Schemes run by donor agencies

It is difficult to identify specific donor agency initiatives in Angola given that they are integrated into many of the schemes already mentioned. For example, the French and Dutch development authorities are involved in Handicap International's work in Huambo, while the European Union and the Italian, Spanish and Portuguese development agencies support the activities of the Salesian Dom Bosco Sambizanga mission, and GTZ is actively engaged in the Uije food programme. In addition to these funding activities, which are integrated into locally managed action plans, moves are afoot to co-ordinate the approaches of the various international players and to provide more focused support for projects with specific aims and clearly defined target groups.

5.6.1 A co-ordinated approach to promoting change

There have been moves among the donor agencies and international organisations to co-ordinate thinking on strategy and action plans for priority issues such as the forces of change in Angola. In August 2005 a meeting was attended by over 30 representatives from the European Union, the World Bank, the UNDP, the UK Department for International Development (DfID), NGOs such as the Save the Children Fund and Care International, and many other Angolan partners. This was an occasion for a collaborative analysis of

the most appropriate ways of taking action in the country. Further to a study on the principal challenges to be met in Angola, the meeting ranked by order of priority the interventions considered necessary from both the international and Angolan standpoints. For the above-mentioned international organisations, the fight against corruption and the need for transparency topped the list, followed by infrastructure rebuilding. The Angolans, however, gave priority to the urgent need to address educational and health issues, which they put on an equal footing with the fight against poverty combined with more equitable income distribution. Bearing in mind the capacity of the informal sector to reduce both poverty and social exclusion,⁵⁹ the revitalisation of MSEs is unquestionably the prime concern for these players.

More generally, this meeting of international and Angolan partners determined, among other objectives for action, certain priorities and choices that will produce both direct and knock-on effects on the informal sector:

- promote economic diversification, and the development of income-generating activities and employment opportunities outside Luanda;
- improve access to credit, with special emphasis on microfinance programmes;

⁵⁹ Instituto de Pesquisa Economica e Social (2006), *op.cit.*

- support and recognise informal markets and economic activities, particularly those involving women's work;
- support and recognise needs expressed at local level;
- support and organise business management training schemes for local entrepreneurs.

The meeting also stressed the importance of supporting small agriculturalists and helping them to group together into agricultural co-operatives as a means of accessing inputs and improving marketing of their products.

5.6.2 USAID: working for the development of micro-enterprise

USAID's work in this field comes under a comprehensive development programme for Angola but is also part of a focused business enterprise project targeting the younger generation.

Strategic choices for 2006-2009

USAID's statement on strategic action defines two broad objectives (in the general interest: reinforcing peace and security, and ensuring sustainable development), and three operational aims:

- advancing reforms for integrated governance;
- restoring and securing the foundations for economic development;
- developing the provision of the main public services at local and national level.

These choices are a baseline for action. They are linked to demands for transparency and to the development of participatory democracy. In the area of economic development, USAID plans to work with the Central Bank to analyse the obstacles to accessing funding sources. The expected outcome is that there will be at least one private bank prepared to give enterprises access to funding according to their development needs.

Within this general framework for action, USAID, which is heavily involved in rural development issues, underlines the importance of giving service providers and producers in the agricultural sector access to appropriate financial support. To this end, the agency is backing the creation of a value chain ranging from assistance for agricultural production through to processing and marketing. According to the agency, a chain of this type is the only way of ensuring efficient use of credits. USAID also plans to support other micro-enterprise sectors by promoting an enabling environ-

ment, providing access to credit, and helping them to structure their businesses. Though the agency does not specifically say so, the informal sector is clearly one of its priority action areas.

Youth training in business enterprise skills, or "Junior Achievement"

USAID is now developing in Angola a scheme that has proved highly successful in Brazil. This is the Junior Achievement programme which aims to equip young people, from primary school to university level, with entrepreneurial skills.

The linchpin of the overall programme, which was launched over 80 years ago, is to bring entrepreneurs into the classroom. This means that, from an early age, young people can learn about and acquire the skills they will need in their personal and professional lives: how to start and grow a business, and how to manage and head an enterprise. The aim is to help them prepare themselves for a successful entry into working life. Those within the scheme acquire the basics of business economics (the work environment, gross and net profits, opportunity costs, etc.) and develop behavioural aptitudes for interpreting results, solving problems, critical thinking and self-assessment.

According to the USAID project leader in Angola, the scheme should help to provide young people with the necessary training for self-employment and enterprise creation—all the more necessary as most young Angolans have no choice but to enter the job market through the informal sector. Compared with what is happening in the other countries studied, the programme in Angola is similar to the business enterprise training for young people in South Africa, but uses different routes.

5.6.3 French and European support for horticultural training

From 2002 to 2006, the French development aid authorities ran a project⁶⁰ (supervised by the NGO Agrisud) to rationalise urban-fringe farming in the Luanda green belt. The aims of the project were twofold: to strengthen the capacity for action of the provincial agricultural services in Luanda, and to provide training for agriculturalists in the green belt. The first

⁶⁰ The project is funded to the order €567,068 by the French Priority Solidarity Fund (*Fonds de Solidarité Prioritaire, FSP*).

action plan focused on preparing managers and section leaders so they could define sectoral policies, consolidate existing management procedures for peri-urban farming, and give appropriate training to technicians supervising the agriculturalists. Training for the small agricultural producers formed part of Agrisud Angola's action to support the development of MSEs in the agricultural sector (horticultural production, food crops, fruit growing and food processing).

The project was set up in a context where traditional farming was unable to meet Luanda's high demand for food-stuffs. This is mainly due to the poor road linkages between the farming areas and the capital, as well as to the lack of cultivatable, irrigable land around Luanda. The beneficiaries of the training programme were individuals wanting to create micro-enterprises in the agricultural and related sectors (principally in horticulture), existing micro-entrepreneurs, and the employees of these micro-enterprises. The main features of the training programme can be summarised as follows:

- the target group was on average 38 years old. 70% of them were illiterate and most had moved voluntarily to other plots of land in order to improve their yields;
- training lasted three months, which included one month's basic training and two month's on-the-job apprenticeship. Groups were formed of six trainees maximum. The training programme comprised a phase focusing on knowledge and practical experience transfer by a professional farmer, further instruction in complex notions delivered by the trainer, and a practical phase during which participants applied what they had learned to their own land;
- the teaching approach encouraged participants to become directly involved in their training through learning in real and simulated situations. Illustrated flash cards, case studies, short films, and real-time practical applications were all used by the trainer to assist the learning process. The training programme thus led to the production of well-documented and extensively illustrated technical information sheets, for example on compost preparation, protecting crops from disease and using organic diseases. These will be useful tools for further disseminating and multiplying the effects of the training;
- the assessment procedure tested both the knowledge learned and, on completion of the course, the capacity to use the skills acquired. This allowed training content

to be checked for relevance against training objectives.

At the end of 2005, the following results had been achieved: a survey of the land in the area and producer organisations, the occupational development of some 15 technicians with skills for instructing peasant farmers in the use of a market gardener's kit, and the training and follow-up of 20 master farmers and 780 peasant farmers.

In parallel with the FSP, Agrisud (with EU assistance) launched the Regional Programme for Extending and Establishing (PREP) vocational training schemes for micro-entrepreneurs in Central Africa. This provided the basis for the technical and teaching inputs of the training scheme developed around Luanda. In a later phase, the French development aid authorities financed the reproduction of certain technical and teaching tools developed by the PREP project.

Concluding remarks

This review of training initiatives and schemes in the informal sector highlights the broad range of stakeholders involved. The first initiatives were those taken by the national authorities responsible for social assistance and reintegration and who have chosen to give top priority to training as a means of socially and economically integrating vulnerable groups, such as former combatants (including the disabled). Initiatives were then taken by the employment and vocational training authorities, who crafted and adopted new legislation in 2006 for easier access to first jobs and for training curricula that are better adapted to self-employment and to the start-up of income-generating micro-activities. Finally, these initiatives gained support from a variety of national and international funding providers specifically targeting the informal sector. They are developing forms of intervention (worker groups, access to finance, education and training paths, support for business creation, occupational development, etc.) that are likely to help the sector become more organised, effective and profitable. All of these schemes share one common feature: in contrast to most of the countries surveyed, they have been initiated by actors outside the sector and are primarily designed to develop means of assistance for people living in poverty and suffering from exclusion. They make little use of the sector's internal dynamics, which does little to lift the doubt about the sector's ability to improve its own structuring and to take on, at least to some extent, the responsibility for its own future development.

6. Prospects for change and action

The following prospects for change and action take account of the analyses conducted on Angola's current economic and social situation, the place of the informal sector within this wider situation, and the possible effects of income-generating activities and micro-enterprises on the overall development of growth and employment policies. The various observations and proposals also take account of the changes resulting from recent job-creation policies in strategic sectors, the role the informal sector could play in helping the country's resources-based economy shift to greater reliance on national and local produc-

tion, and the changes that should be introduced in education and vocational training in order to help the informal sector become a seedbed for the dynamic development of the whole country.

The recommendations outlined here draw on a comparative assessment of ongoing trends in the other countries surveyed. They do not aim to set standards, but are more intended as a means of encouraging debate about the ways and means of making the Angolan informal sector dynamic and profitable and an active player in the country's private sector.⁶¹

6.1 The need to enhance and not undervalue the role of the informal economy

It became clear during the field survey that the situation and status of the Angolan informal sector is a matter for debate between the public authorities and some organisations working to support it. According to various information sources, the Government apparently plans to move informal markets, (notably the Roque Santeiro market) to city outskirts, the purpose being to create market squares that meet the hygiene and quality standards lacking on currently used sites. In addition, according to MAPESS, the public authorities' employment policy aims for a substantial reduction in the number of informal workers by stepping up the number of formal jobs. The same Ministry also states that the current phase of national economic reconstruction means that all of the country's skills are in demand and used, and that there are hardly any informal activities in rural areas given the present high demand for skills there. Informal activities therefore only apparently exist in urban areas.

The authorities' voluntarist stance comes up against two realities observed during the field survey:

- firstly, it is at odds with the unemployment rate, which

stood at 34% in 2004 and 29.2% in 2005 according to official data (Ministry of Planning), although estimates are much higher from the World Bank (44.9% in 2003), from USAID (48% in Luanda in 2005) and from the French Embassy's Economic Mission (57% in 2006). The differences between these rates clearly show how difficult it is to access consolidated and unanimously approved statistics—a fact also observed during the field survey;

- it also indicates a mismatch with the place occupied by the informal sector: at least 66% of the urban economically active population, if all relevant statistical data are taken into account. The rural population has not been surveyed, but the few projects under way certainly seem to show that this population is beginning to produce enough food to feed itself, which is a clear sign that it belongs to a non-structured economy. Some sources indicate that the rate of informal employment in rural areas is around 90%.⁶²

⁶¹ Based on the opinion expressed by Allan Cain during the field survey.

⁶² According to the data provided by DW.

Given these statistics, it would seem much more useful to count on the role of self-employment and micro-enterprise in the Angolan economy being recognised and revitalised, rather than rely on a policy of replacing the informal sector with the formal sector, which in any case will not happen.

6.1.1 Support for the reorganisation of informal markets

In contrast with all of the observations made in the other countries surveyed, the Angolan informal sector is almost exclusively based on trading activities. This situation is due to the country's predominantly resources-based economy, which encourages imports to the detriment of local production. It is also the result of the collapse of traditional crafts and agricultural production activities during the long war years, and the breakdown of the social and occupational structures that underpinned these activities and guaranteed the transmission of possessions and know-how from one generation to the next.

Current schemes for the informal sector (e.g. for the Luanda markets) are helping to rebuild social structures on the basis of solidarity principles and democratic organisation much on the lines of the Grameen Bank experience in Bangladesh. It is increasingly possible for market trades people to obtain finance from Kixicredito and other funding sources set up by Banco Novo and Banco Sol, in order for them to consolidate and develop their activities. The AEP public/private partnership will soon introduce support for micro-enterprises, primarily for those known as "survivors", with a view to giving them greater market access and helping them to manage their income in a more structured and profitable way. DW is currently conducting a study on informal market activities and on how microcredit can help to promote self-employment as a form of micro-activity. This should make it possible to identify some suitable ways of assessing the situation in order to help boost the sector.

All of these projects advocate a positive approach to the informal sector and, as the ILO puts it, highlight the importance of acknowledging its "creativity, dynamism and innovation."⁶³ They illustrate the need not only to clearly identify and enhance the real capabilities and skills of the sector's actors, but also to provide the further training and human resources enabling the micro-economy to better fulfil its inevitable role in the fight against poverty and social

exclusion.⁶⁴ This way forward is undoubtedly more appropriate in social terms, and more efficient in economic terms.⁶⁵

6.1.2 Involving the informal sector in reconstruction policies

At the employment conference organised in Angola on 18 April 2006 under the patronage of MAPESS,⁶⁶ the main lines of the country's reindustrialisation and reconstruction process were defined very positively. The sectors covered included civil engineering, construction, transport, processing industries, geological activities and mining, hotel and tourism services, and fishing. All of these industries plan to create jobs in the coming years.

For example, the fishing sector plans to build a large number of fishing boats in 2006 by employing as many as 138,000 workers. The processing industries, which created 17,685 jobs between 2001 and 2005, plan to take on 73,000 workers over the next five years and triple this number in a later seven-year phase. The hotel and catering sector, which has seen employee numbers rise from 40,248 in 2004 to 49,519 in 2005, is counting on continued growth in coming years thanks to extensive support for the development of private initiatives in the hotel sector, including initiatives by MSEs. It is also counting on a revitalisation of the tourism economy in rural areas, mainly by increasing accommodation capacity.

All of these forecasts will have direct or knock-on effects on the informal economy. Angolan officials in charge of the hotel and catering sector acknowledge that this industry is highly dependent on the informal economy, although they are unable to give any figures. During the surveys in the other countries, it became very apparent that fishing, property development and civil engineering often contract work out to non-formal MSEs, and the case is unlikely to be any different in Angola.

⁶³ ILO (2002), *Resolution concerning decent work and the informal economy*. (90th session).

⁶⁴ This is notably the role given to it by the *Instituto de Pesquisa Economica e Social* in its 2006 monography. *Op.cit.*

⁶⁵ It would be important for Government plans in the trade and services field for 2007-2008 (*Programma do Governo para o Biéno 2007-2008, Comercio e Serviços*), which provide for the creation of municipal urban, suburban and rural markets, to adopt a positive attitude in recognising informal sector activities.

⁶⁶ There is no official publication containing the conference presentations and conclusions, although documents containing the various presentations do exist. They are highly important texts setting out the strategic and operational policies currently being implemented by the public authorities.

All of these observations back the view that current and future reindustrialisation and reconstruction in Angola should be accompanied by an effort to train and develop the skills of the workers concerned. Otherwise, the quantitative and qualitative objectives fixed are unlikely to be met. The observations also confirm the need to develop specific schemes to strengthen the professional capabilities and management skills of the self-employed and micro-entre-

preneurs, who will inevitably be involved in the nation's collective effort. It is pointless to proceed as if the planned job creations will somehow conjure away the informal sector's contribution to the national reconstruction effort. Indeed, this contribution is all the more undeniable, as the legislation in force does little to encourage the transition from the informal economy to structured businesses with wage workers.

6.2 Setting a clearer direction for education and vocational training

In all of the countries surveyed, an automatic relationship exists between the context and performance of education and vocational training, on the one hand, and the economic situation on the other. This relationship can be described as follows:

- the earlier children leave basic education, the more likely it is that they will enter employment via the informal sector;
- the more the education system favours academic qualifications over vocational qualifications, the lower the value given to training young people for jobs of genuine worth to the national economy.

The analysis of the current situation in the Angolan education and training system leads to several remarks and observations.

6.2.1 Improving the quality of universal education

Angola has made a most remarkable effort to improve access to primary education. For example, according to the data provided in the report on the achievement of the Millennium Objectives,⁶⁷ about 30,000 new teachers were hired during the three years leading up to 2005. The field survey was able to confirm these data (according to the European Commission's representative, up to 50,000 had apparently been hired), although it became apparent that the new teachers did not have the basic qualifications required. This aspect, of course, raises the serious issue of achieving universal education in qualitative terms. The issue is particularly important given that official statistics for 2003 show that only 30.6% of children entering primary school complete their schooling, and that only 8% comple-

te their schooling without having to repeat a year. Some sources, which have not been statistically verified, say that there may be as many as a million children outside the system. In urban areas, the practice of rotating daily education also exists (with up to three successive groups of school-children per class). This means that some children have no more than three hours of lessons per day, or 300 hours per term, as opposed to the 800 or 900 hours that are really needed to acquire reading and writing skills.

This educational wastage has two major consequences in all of the countries surveyed. It leaves on the streets poorly educated children, who, owing to the lack of specific literacy or pre-skills training initiatives, are in danger of losing their very low educational level and becoming illiterate again. It also makes these children available for work from an early age (which is the case in Angola) and, above all, leaves them practically no other option than to enter informal employment. According to data provided by the USAID study on young people,⁶⁸ less than 25% of them are likely to find a job in the formal sector.

Clearly, given this situation (common to all developing countries), the formal employment development efforts strongly supported by MAPESS and the various business sectors can only be useful for Angola if they are accompanied by an equally strong effort to promote basic education enabling children to complete their schooling. Without this dual-pronged approach, poor educational levels will undermine what employment policy objectives are trying to build, and this in turn will threaten the prospects for sustainable development for want of competitiveness.

⁶⁷ ANGOLA (2005), *op.cit.*

⁶⁸ USAID (2006), *Youth Assessment in Angola.*

6.2.2 Raising esteem for vocational training in comparison to general and technical education

According to the analysis of the various people met, technical education offers a preferred route to social advancement within the Angolan education and training system. This is because it is widely believed that general education leads to nothing but the teaching professions. Parents thus send their children to technical institutes in order to give them the best chance of reaching university. Some of these—such as the Luanda Intermediate Economics Institute (*Instituto Medio de Economica de Luanda*, IMEL) and the Luanda Intermediate Industrial Institute (*Instituto Medio Industrial de Luanda*, IMIL)—are in particular demand not only because they specialise in economics or industrial studies, but also due to their prestige and ability to advance their students' academic and social careers.

Technical education is currently being developed through a major three-year plan (2005-2007) that provides for the construction of 35 "intermediate technical institutes", with aid from China. The operation has been launched with an initial investment of \$2.5 billion, but the final budget will probably reach the huge sum of \$9 billion. It should be noted, however, that, aside from the financial investment, curricula have not been updated and there is currently no research on ways of making them more practical and more tailored to current needs. The whole initiative is based on the assumption that technical culture will strengthen the country's competitiveness. In the same vein, the Government has no clear short or medium-term strategy for recruiting technical teachers. Discussions are currently under way with the Portuguese aid authorities and with assistance from Portuguese teachers to determine how to cope with the immediate (quantitative and qualitative) demand for second-

dary teachers. The possibility of creating more higher technical education institutes is also under discussion. Yet there is no guarantee that such institutes would boost the number of advanced technical personnel entering the labour market, if one takes the example of the higher technical institute for agriculture, which is in fact seen as a stepping stone to university. The obsession with university qualifications seems to be deeply rooted in the Angolan mentality.

In such a system, vocational training ranks at a very low education level (covering no more than the first key stage of secondary education, whereas technical education covers the second key stage of secondary education), and becomes a default option for those who cannot continue in technical and general education. It caters for 30,000 young people each term, which is very few compared to the large number of youngsters that are on the streets and who represent a veritable time bomb in terms of both safety and skills issues.⁶⁹ According to USAID, as well as some of the people met during the field survey, training courses run by INEFOP are insufficiently focused on occupations the economy will need in the future, and do little to prepare young people for self-employment or enterprise creation. The new Act of 18 January 2006 to promote access to first jobs plans to tackle this shortcoming.

The overall situation in the general, technical and vocational education system clearly highlights the severe lack of esteem for vocational training in Angola compared to other types of education. This is likely to undermine sectoral investment policies for job creation and penalise the very large numbers of young people entering the labour market through the informal sector and wanting to create stable and profitable activities that offer more than just a minimal means of survival and subsistence.

6.3 Greater investment in training in the informal sector

The overview of the various training schemes organised by national institutions as well as national and international organisations active in Angola shows that the public authorities and donors are increasingly focusing their attention on vulnerable groups of people. However, the role these groups play in society is not reflected in the vocational training policies and projects implemented.

Informal sector workers form a clear majority in urban areas and are more present than ever in rural areas. Although accurately identifying or counting them is impossible, they have a vital economic and social function. They allow the great majority of city dwellers to avoid falling into greater

⁶⁹ *Op.cit.*

poverty, and they are beginning once again to produce enough to meet their subsistence needs in rural and urban agricultural areas, pending the reconstruction of transport networks to enable them supply the country more widely. This function cannot be dismissed and replaced by wilfully imposed formal market system, but it can evolve towards greater efficiency, quality and profitability for all. This, of course, on condition that urban market-sellers, farmers, craftworkers and the providers of a wide range of everyday services become the priority target for appropriate and innovative training and skills development schemes. And, even more importantly, if they are allowed a real stake in their own economic and social development.

6.3.1 Targeting training efforts at young people and existing workers

The field survey and the various studies and research analysed during this work all stress the importance of giving priority to the thousands of youngsters who have performed poorly or dropped out of school, to the million or so young people who have become the heads of the families as a result of the war, and to the very large number of women breadwinners who are isolated, widowed or members of polygamous households. They also show that the only group to be given extra attention by the public authorities is former combatants, whether healthy or disabled, and for whom dedicated departments and institutions have been created. Lastly, they point to the sort of efforts needed in order to reach the 67% of workers and 75% of young people working in the informal sector.

- A massive training effort is needed, along the lines proposed by the UNDP/Chevron partnership, to teach these workers and young people the ways and means of developing their own activity and how best to manage it. The field surveys in the six other countries all showed how productive this approach can be.
- Considerable assistance is needed to help those young people who are unable to find their first job in the formal sector. They require help in developing promising future occupations and market niches. They need help in financing the launch of their activity or at least gaining access to credit. They should also receive mentoring throughout their business start-up and development phase. INEFOP's work with business incubators, like

that carried out by Total on feasibility studies, is to this end. However, this will only have a real impact if more resources and aid are made available to help more than the few dozen fortunate people currently involved.

- Help is needed to rebuild, where possible, the occupational development networks of production units and crafts enterprises. The scheme run by the French section of Handicap International in Huambo is exemplary in this area, given that it is developing dual-type training based on the existing know-how of established craftworkers. Although the war led to a breakdown of traditional apprenticeship and the usual forms of transmitting skills and know-how, it did not totally destroy the ability of trades networks to re-emerge as places for training. Naturally, this holds true as long as their members can themselves benefit from skills development schemes suited to their needs and support schemes for their activities.
- Training courses offered by public and private centres should be tailored to the needs of promising future occupations. Various people met criticised the insufficiency and unsuitability of public and private training provision. A cross-comparison between training centres' curricula and sectoral job growth prospects for the coming years shows how much investment INEFOP will have to make in order to support and even anticipate the occupations needed by emerging sectors such as tourism and the agri-food industry.

Taken together, these observations clearly show that increasing skills levels in the informal sector workforce (the great majority of Angolan workers) is not a national priority. However, little change can be expected unless informal sector workers boost their own activities and participate effectively in the country's phase of reconstruction.

6.3.2 Enhancing the esteem for workers and innovation in the informal sector

Although no field survey is ever comprehensive enough to give a complete picture of the real situation, the different interviews highlighted three major points: the lack of recognition of the informal sector's creative capacity and dynamism, the poor level of support made available to enable those concerned to organise themselves, and the absence of any effort to exploit and replicate the most useful innova-

tive training and job-start schemes.

[Recognising the sector's potential](#)

The planned reforms in Ethiopia and Benin clearly show that the informal sector is capable of shifting from a survival phase into growth and development when the sector is fully acknowledged as a real contributor to the labour market and national wealth. As such, the country has an interest in recognising and supporting the sector's ability to change and become more economically and socially dynamic.

The Angolan informal sector is handicapped by the fact that the public authorities take an ambivalent view of it: they see it as being a social necessity, but of negligible importance in economic terms. Whereas other West African countries consider the sector as a major source of wealth (up to 50% of GDP), in Angola it is considered to be a minor activity compared to the extractive industries (oil and diamonds) and their ample contribution to the state budget and balance of payments. The fact that the economy is based on national resources rather than on production and services means that the MSEs' creative capacity and dynamism are largely ignored and barely exploited. There are no plans for recognition of the skills acquired by the self-employed and micro-entrepreneurs. Nor are there any plans to identify occupations and trades specific to households, markets, shops or the streets.⁷⁰ Even less is there any strategy in place for designing training paths and routes that massively target such groups. However, it is certain that the country's ongoing reconstruction effort will not be able to do without the increasing skills and dynamism of two-thirds of Angola's economically active population.

[Supporting and shaping the sector](#)

One of the survey's major discoveries was the difficulty of identifying the role played by Angolan civil society. In contrast to the other countries, which have business organisations and sector bodies that are heavily engaged in defending the interest of their trades and members, Angola's informal sector gives the impression that it is being shaped from the outside:

- by microcredit providers, which create voluntary and co-operative organisations on the basis of collective definition of funding needs, collective responsibility for loan repayment and democratic management of the decision-making processes of the groups formed;
- by projects bringing craftworkers together through train-

ing of the disabled or micro-entrepreneurs in joint schemes for creating, managing and developing their activities.

According to MAPESS, INEFOP is due to sign training agreements with the Luanda Women's Association and a construction sector association, although, during the visit to INEFOP, it was not possible to obtain any further details on these agreements. According to DW, which is very active in the urban markets, there is also an association of market traders (that receives support from the NGO). The time constraint and, above all, the difficulty in establishing contacts made it impossible, contrary to the field surveys in the other countries, to meet representatives of these associations. Nevertheless, Angola seems to be going through a process of change in which civil society is not yet in a position to assume responsibility for its own future development, and in which the training needs of informal sector workers are more often determined by external providers than by the few associations and organisations that are starting to bring them together.

[Developing and disseminating successful experiences](#)

Some informal sector training schemes do exist, and the results are quite remarkable. The most productive of these seems to be the Dom Bosco Mission initiative in the poor district of Sambizanga. It is noteworthy because it is part of an overall scheme that supports children's education to ensure they complete their schooling, helps them transfer to general and vocational secondary school and, above all, supports the development of training curricula offering successful routes into employment. The scheme furthermore has the advantage of being a large-scale operation, as it involves several thousand young people, and the support includes mentoring for the youngsters within their family and social environments. Other interesting experiences include Handicap International's initiative to rebuild the craftworkers' trade, the provision of practical accounting and management training for AEP micro-entrepreneurs, and the Agrisud Angola initiative to design and develop real on-the-job training courses for market gardeners.

In the light of all these experiences, it is striking to note that

⁷⁰ The Government programme for the development of trade and services (2007-2008) has recently included the creation of "learning shops" to help formalise trading as part of its action plan.

there is no forum in which all the national and international contributors to training in Angola's informal sector can meet and discuss together. This would enable them to find out about ongoing innovative schemes, analyse their aims and forms of delivery, evaluate their results and impact, and above all roll out the most successful aspects in other parts of the informal sector. Not only does the absence of this type of forum make it difficult to capitalise on effective modes of intervention in the informal sector. It is also a stumbling block to the emergence of a real multiplier effect regarding good training practices which could further the

social and economic development of the self-employed and micro-entrepreneurs in a more effective fight against poverty and social exclusion.

It can be concluded from all these observations and analyses that the Angolan informal sector seems to be increasingly at the centre of the political and social concerns of the national and international actors. However, this is not generating any joint dynamic for co-ordinated action, mobilisation and intervention. This alone is the key that would unfetter the sector's development potential and creative capacity.

Conclusion

Angola contrasts with all the other countries surveyed during this study owing to the stigmas inflicted on it by a war that lasted nearly 30 years. Its industrial sector, which was bigger than those of all the other African countries before independence and the war, was dismantled. Its transport networks were cut. More than 5,000 schools were destroyed. Some 4 million people, or one quarter of the population, were displaced. Some 500,000 fled to neighbouring countries as refugees and then returned. A great many of these people left rural combat zones and fled to the cities, where they account for the great majority of informal sector workers. About a million children were orphaned and a large number of young people and women were obliged to become heads of their families. Traditional trades networks collapsed with the result that traditional apprenticeship, a factor for social and economic integration, has almost disappeared.

Today, the country is rich thanks to its extractive industries, but also going through a phase of industrial and social reconstruction. The public authorities have the task of rebuilding processing and service industries, which offer real job creation potential. They have to fight unemployment, which, depending on how the data is interpreted, stands at somewhere between 30% and 60%, with women being particularly affected. Added to this, they are having to integrate 280,000 former combatants (of whom 80,000 are

disabled) into the labour market. They also imperatively need to adopt a realistic stance on the situation of the informal economy, which occupies two-thirds of the economically active population and which, for most young people, is the first point of entry into the labour market.

Certainly, public authorities generally tend to play down the role played by the informal sector under the pretext that the reconstruction phase will provide jobs for everybody. Yet, the initiatives currently gaining momentum in the sector show that many national and international actors share a desire to invest in micro-activities and micro-enterprises in order to help the country respond effectively to widespread poverty and the vulnerability of the most fragile people. Some of these initiatives go beyond the effort to reduce economic and social exclusion and are based on the assumption that the informal sector will shift from being a place for survival to one of development, and thus provide an effective driver for the country's reconstruction. It will notably help it move away from being a resources-based economy profiting the few to a production and services economy developed and shared by the many.

However, these various initiatives will only be successful if they are subject to greater co-ordination and sharing of know-how, and if informal sector workers are able to become stakeholders in their own development.

List of acronyms and abbreviations

ACPEF	<i>Apoio a Criação de Pequena Empresa Familiar</i> Start-up Support for Small Family Businesses
AEP	Angolan Enterprise Programme
AFD	<i>Agence française de développement</i> French Development Agency
AIA	<i>Associação Industrial de Angola</i> Angolan Industrial Association
CCIA	<i>Câmara de Comércio e Indústria de Angola</i> Chamber of Commerce and Industry of Angola
CGSILA	<i>Central Geral de Sindicatos Independentes e Livres de Angola</i> Confederation of Free Trade Unions of Angola
DFID	Department for International Development
DW	Development Workshop
ECP /	<i>Estratégia de Combate à Pobreza</i>
PRSP	Poverty Reduction Strategy Plan
FSP	<i>Fonds de Solidarité prioritaire</i> French Priority Solidarity Fund
GDP	Gross domestic product
GTZ	<i>Gesellschaft für technische Zusammenarbeit</i> German Technical Co-operation Agency
HDI	Human development indicator
HRD	Human Resources Development
IDIA	<i>Instituto de Desenvolvimento industrial de Angola</i> Angolan Industrial Development Institute
IDR	<i>Inquérito sobre Despesas e Receitas</i> Survey on Income and Expenditure
ILEs	<i>Iniciativas Locais de Emprego</i> Local Employment Initiatives
ILO	International Labour Organization
IMEL	<i>Instituto Médio de Económica de Luanda</i> Luanda Intermediate Economics Institute
IMIL	<i>Instituto Médio Industrial de Luanda</i> Luanda Intermediate Industrial Institute
INAFOP	<i>Instituto Nacional de Formação Profissional</i> National Institute of Vocational Training

INE	<i>Instituto Nacional de Estatística</i> National Institute of Statistics
INEFOP	<i>Instituto Nacional de Emprego e Formação Profissional</i> National Institute for Employment and Vocational Training
IRSEM	<i>Instituto de Reintegração Socio-profissional dos Ex-Militares</i> Institute for the Socio-Professional Reintegration of Former Combatants
MAPESS	<i>Ministério da Administração Pública, Emprego e Segurança Social</i> Ministry of Public Administration, Employment and Social Security
MINARS	<i>Ministério da Assistência e Reinserção Social</i> Ministry for Social Assistance and Reintegration
MINEFI	<i>Ministère des Finances</i> French Ministry of Finance
MINSAs	<i>Ministério de Saúde Pública de Angola</i> Ministry of Health
NGO	Non-governmental organisation
OECD	Organisation for Economic Co-operation and Development
PEDR	<i>Programma de Desenvolvimento e Extensão Rural</i> Rural Development Programme
PPP	Purchasing power parity
MSEs	Micro- and small enterprises
PREP	<i>Programme Régional d'Extension et de Pérennisation</i> Regional Programme for Extending and Establishing ...
PRR	Rehabilitation and Reconstruction Programme
SIMA	<i>Sindicato Independente dos Marítimos de Angola</i> Independent Maritime Trade Union of Angola
SLP	Sustainable Livelihoods Project
UNDP	United Nations Development Programme
UNESCO	United Nations Educational, Scientific and Cultural Organisation
UNICEF	United Nations Children's Fund
UNITA	<i>União Nacional para a Independência Total de Angola</i> National Union for the Total Independence of Angola
UNTA	<i>União nacional dos trabalhadores angolanos</i> National Union of Angolan Workers
USAID	United States Agency for International Development
WAEMU	West African Economic and Monetary Union

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