

## Study 3

# Cross-sector Study on Production and Marketing

### 1. Research Problem and justification

The urban populations of Angola has grown rapidly in the last 30 years. Urban growth continued unabated even during the periods of cease-fire and relative security. When roads opened to the besieged provincial cities, families often used these “windows of opportunity” to move themselves and their possessions to the safety of the capital or other coastal towns. Given the lack of formal employment, people have survived through their own micro-businesses. Since the war ended in April 2002, migration patterns have become more complex. While there has been some movement towards rural areas, many families appear reluctant to give up their stakes in the urban informal market economy and school age youth and children their places in the educational system. There is thus little evidence of a decrease in the population of Luanda, and recent research indicates that the informal settlements “musseques” around Luanda continue to grow. The principal motor of peri-urban growth however is no longer rural-urban migration but the out-migration from Luanda’s urban centre to more peripheral peri-urban areas, driven by rising land values and the increasing pauperisation of large sectors of the population (Development Workshop, November 2004).

Retailing makes up the largest part of the informal sector because it is an activity that does not require a large volume of initial capital, does not demand high technical qualifications of the agents and the opportunity costs are low. However, retailing is not the only activity in the informal sector. There is also the transport sector, represented by Kandongueiros (motor vehicles providing transport services, such as the blue and white shared taxis in Luanda or larger goods vehicles providing goods and passenger transport outside the main towns) and Kupapatas (public transport provided by motorcycles in Huambo). There is also a significant sector making and selling alcoholic beverages, as well as carpentry and service providers such as restaurants, luncheonettes (snack bars), and Kinguilas (women illegally changing money on the street). There are also significant numbers of people who travel abroad (to Brazil, Dubai, South Africa or the United States of America) to buy clothing for re-sale (Mwambeiras). Zungueiras are those who hawk items such as vegetables and fish from door-to-door or in the streets.

The most notable feature of the informal market is its female gender composition (in 1998 according to Adauta de Sousa, 63.9% of working women were employed in the informal sector), with a bias towards certain specialities. Women engage in trading and retail, food, domestic articles, fuel, beverages and foreign currency, whilst men usually operate within the clothing sector, durable consumer goods and medicines. The informal economy in Luanda employs about 52% of the province’s work force. Over half of those are women micro-entrepreneurs.

Post-War Government Policy. During the years of conflict, the informal economy appeared to be officially ignored and therefore grew in a policy vacuum. Pre-liberalisation institutions left over from the one-party era of the 1980’s such as the “Economic Police” continued to exist promoting the view that informal commerce equated with corruption and anti-social activities. Traders in the informal economy

suffered sporadic harassment from the police and local authorities. In December 2003 the President appointed a Special Commission to take over the functions of the Provincial Government in Luanda. The Commission pursued an active and declared policy to exclude informal commerce from the city of Luanda, arguing that the markets were unsightly, created rubbish and congested traffic. Several informal markets were forcibly closed and a para-police brigade of “Fiscais” was created to remove street traders from the public spaces of the city. New market places were promised to be built in sub-urban sites but have been slow to be realised. Increasingly large super-markets are replacing the informal markets in the urban centre. Similar policies have been voiced by Provincial Governments in Huambo and Benguela where urban development plans are being projected to remove marketplaces from city centres.

Location of activities. In Luanda about half of all economic activities operate from homes, followed by nearly a third in and around markets, and a fifth by hawking. In Huambo, more activities occur in homes, with two thirds of the entrepreneurs choosing this option. Hawking activities are not as popular in Huambo (2%) in comparison to the more crowded roads of Luanda where 20% of entrepreneurs operate on the streets. Most enterprises in developing countries of Africa are operated from home and Angola is no exception. One explanation for this phenomenon is that microenterprises are majority operated by women, and from home they are better able to combine the dual duties of motherhood and income earner.

## **2. Objectives**

The study will consider three forms of informal sector entrepreneurship:

- A Home Based Enterprises in the (Gendered) Urban Informal Economy
- B Urban Marketplace Networks in Transformation
- C Hawkers (Street Vendors) in Angolan Informal Economy

### **A Home Based Enterprises in the (Gendered) Urban Informal Economy**

Home-based Enterprises (HBEs) make up about half of small and medium enterprises in Luanda. HBEs have also been identified as fundamental to the struggle for subsistence and against poverty—providing employment, reducing transaction costs (transportation, rent), and improving local access to goods. The first part of this study will document the basic extent, structure, operations and livelihood significance of HBEs.

This component of the study will focus on the following key questions:

- to what extent is location integral to the success of HBEs? What are the effects of various tenure (ownership or rental) rights on HBEs?
- how do HBEs themselves influence the peri-urban informal property market?

In light of the highly gender-skewed profile of HBEs, in which women generally participate at much higher rates than men, questions will be included about tenure entitlement and the consequences of its loss for economic activity. This area is potentially important to understanding gender specific dimensions of the informal economy and urban vulnerability. This part of the component will focus in greater depth

on documenting gender-specific utilities in HBEs (e.g. are there dual functionalities related to childcare or other domestic responsibilities) and how these shape gendered participation and opportunity structures in the informal economy. Particular attention will be paid to the gendered effects of processes that reconfigure, challenge or undermine tenure claims (such as household dissolution through divorce) and on how women who operate HBEs account for these risks in their strategies for participation in the informal property market and in various forms of informal economic activity writ large.

A better understanding of HBEs will add an important aspect to the public policy debate on land and tenure security in which DW has played such a leading role in Angola. This project will also be important as DW works with its partner KixiKredito to design and implement micro-credit programs that target HBEs and in understanding the gender-specific vulnerabilities that can affect the capacity of particular social groups to participate in and use micro-credit.

## **B Urban Marketplace Networks in Transformation**

A network of urban marketplaces has long played a central role in the informal economic sector, particularly in the capital city of Luanda where approximately 1 in every 3 Angolans currently resides. The largest of these-Roque Santeiro-has been unofficially estimated to host over 20,000 entrepreneurs and 100,000 consumers on a daily basis, and since its founding during the war has played a major role as a wholesaler supplier of other major markets throughout peri-urban Luanda (including the large ones such as Kikolo, Sao Paulo, Kwanzaas, Estalagem, as well as dozens of smaller “pracas”) and to other provinces, as well as in direct retail to hundreds of thousands of Luanda’s peri-urban residents. For most of Luanda’s five million inhabitants this informal urban marketplace system simultaneously provides relatively affordable access to basic subsistence and other consumer items as well as the only source of employment and entrepreneurial opportunity for hundreds of thousands of unskilled laborers.

In light of recently announced government plans to relocate Roque Santeiro over 20 kilometres outside of the city and to simultaneously close down an undisclosed number of smaller “pracas”, it is particularly important to better understand how the structure and organization of the urban marketplace network as a whole and to assess the potential impact of these forced closures for both the peri-urban consumers and the vendors and service providers whose subsistence depends upon it. This study will focus on the strategies that marketplace vendors, service providers, clients and other potential stakeholders in the strategic urban marketplaces (Roque, Kikolo, Estalagem) and in smaller “feeder pracas” are formulating in response to government enforced marketplace closures or relocations. It will also examine how the implementation of these strategies is reconfiguring the urban marketplace system and urban informal economy as a whole. The study will also assess the impact of other significant recent changes that may restructure the competitive environment and local and national role of these urban marketplaces, including: the rapid expansion of cell phone based communication systems nationwide, growing competition from large wholesalers, accelerating urban population growth and density, safer access to rural areas, and expanding access by informal traders to more diverse international suppliers.

A better understanding of the urban marketplace network as a system will be vital in assessing the impact of forced relocation policies on the many and varied stakeholders whose livelihood (as entrepreneurs and as consumers) is largely dependent on this network. More specifically many of DW's micro-credit clients are actively involved in marketplace activity—most notably in Luanda's largest informal market (Roque Santeiro) that has been specifically identified for closure and relocation (22 kilometers away) by the Angolan government. The results of this study will assist DW and other microfinance institutions in developing strategies to mitigate the negative impact of informal market closures. The results of the study will feed the policy debate between civil society and Government on “economic rights”, poverty reduction (PRSP) and pro-poor social inclusion.

### **C Hawkers (Street Vendors) in Angolan Informal Economy**

About a fifth of small and medium enterprises in Luanda are carried out by hawking in the street or from door-to-door. The crowded streets of Luanda provide many opportunities for sales of goods such as vegetables or fish (mainly carried out by women), though there are also many examples of sales of higher value goods (even consumer durables) by the side of the road (mainly carried out by young men). The first part of this component will document the basic extent, structure, operations and livelihood significance of street vending in the economy of Luanda. This component will then go on to examine the effect of police operations to reduce the amount of street vending in Luanda: it will examine whether certain groups (such as women) are more affected by these operations and what the impact is on livelihood opportunities.

## **3. Methodology**

Institutional analysis assessment will be carried out to understand the actual politic and legal framework of informal economy.

Qualitative tools (focus groups and key-informant semi-structured interviews) will be used to assist researchers in developing the diagnostic tools and selecting the samples to be studied. They will also be used to follow-up and explore in depth the results from the quantitative survey. GIS mapping will be employed to select interview areas and chose the samples.

A quantitative questionnaire will be developed that will be used for three components: Home Based Enterprises, Markets and Street Trading. Approximately 600 interviews will be carried out at this stage. The study will compare the new data with the existing information from previous informal economy research and the monitoring of DW's microfinance programme clients.

The HBE component will combine analysis of previously collected data with additional surveys of HBEs. It will also use life-event analysis techniques to conduct case studies of women-operated HBEs in peri-urban households. Both studies will be informed by a comparative desk study of urban HBEs (with particular attention to gendered impacts and participation) in comparable developing country settings (e.g. Zambia, South Africa, Mozambique, Brazil, Peru, Uganda, Coite D'Ivoire, Congo-Brazzaville).

The component on Urban Marketplace Networks will use a comparative desk study and pilot work in two urban marketplaces in Luanda and Huambo to design a prospective/retrospective survey that can be used to examine the strategies that different stakeholders (vendors, various types of service providers, clients) are formulating in advance of market relocation and to then assess the actual impact and success of those strategies in the aftermath of relocation. In addition a combination of key informant interviews, focus groups, and surveys will be used to identify the structural relationships of different marketplaces in Luanda and Huambo to each other and to other markets nationally, with the goal of tracing these relationships by sector. The study will focus in particular on the extent to which the activities of different stakeholders are subject to place-specific utilities.

The component on street vendors will use a comparative desk study and pilot work in two areas of Luanda to design a prospective/retrospective survey that can be used to examine the strategies that different actors (vendors, various types of service providers, clients) are formulating in the light of increasing difficulties of vending in the street and door-to-door, and to then assess the actual impact and success of those strategies. A combination of key informant interviews, focus groups, and surveys will be used to identify the importance of street vending for certain goods and services. The study will focus in particular on the extent to which the activities of different stakeholders are subject to place-specific utilities.

#### **4. Results and dissemination**

Research results will be disseminated during and after the first year of the research project, as well as at the end of the project, through working papers and synthesis reports; workshops/seminars/conference; and international media (journals and internet). The working papers will be in Portuguese and will be produced locally in Angola. Synthesis reports will be in both Portuguese and English. International media publications will be mainly in English but include reporting in Portuguese.

The project plans to involve a working group on gender and conflict resolution at the Law Faculty of the Augustino Neto University in Luanda. The project aims to involve student researchers and a senior faculty member and findings of the study will be disseminated through the University.

At the end of the research project, the final report will be published (in both English and Portuguese). The launch and dissemination of the publication will be used to raise awareness of informal economy issues in Angola and with international organisations working in Angola. Workshops and seminars will provide support and opportunities for interested parties in Angola to debate the main issues so that a future discussions on these issues is based on information from the field and relevant experience from elsewhere.

#### **5. Institution and personnel**

The research will be coordinated by the Policy and Research Unit that will form a research coordination group with a Consultant Expert in Informal Economy. A link with

Women in Informal Employment: Globalizing and Organizing (WIEGO) has been established in order to draw down technical and methodological assistance for this component of the research.

External consultant(s) will be employed for  
 research tool design  
 sample selection and mapping  
 training of field researcher  
 testing research instruments, data screening and cleaning  
 compilation of questionnaires and data entry  
 synthesis and analysis of data  
 cross tabulation and developing statistics

An Expert in Sub-Sector Research will  
 assist in focus group design  
 assemble research team  
 carry out sets of focus groups on the selected themes to be studied

## 6. Timetable and budget

|   | Year 1 |     |     |     | Year 2 |     |     |     |
|---|--------|-----|-----|-----|--------|-----|-----|-----|
|   | Q 1    | Q 2 | Q 3 | Q 4 | Q 1    | Q 2 | Q 3 | Q 4 |
| Cross-sector Study on Informal Production and Marketing |        |     |     |     |        |     |     |     |

## 7. Evaluation

The whole informal sector research programme will be evaluated through an external evaluation for which purpose a local or international evaluator will be contracted. The evaluation will examine whether the research objectives were met, whether the knowledge produced reached decision-makers and how they used it.