

# news

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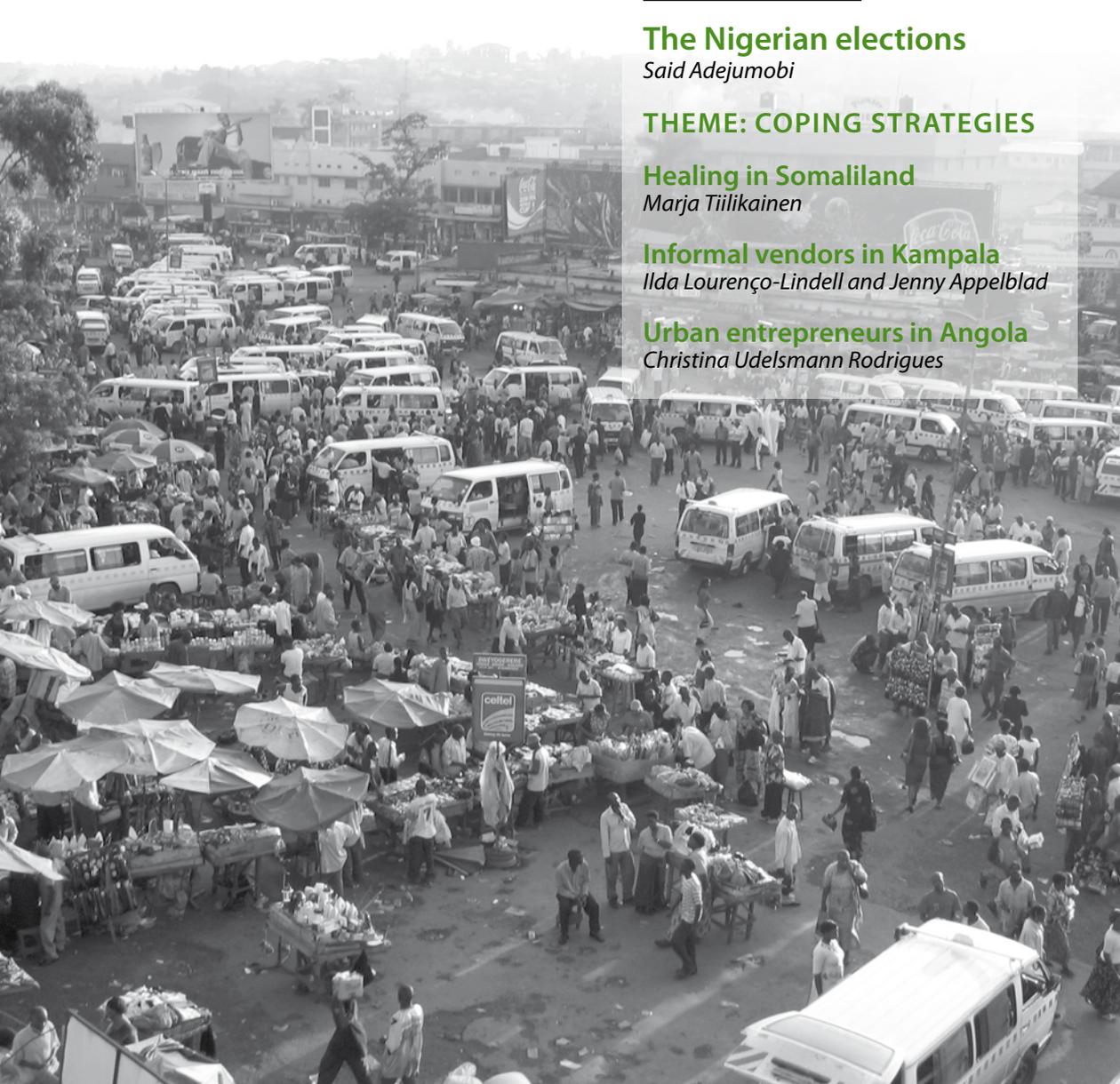
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*Cover photo: Old Taxi Park in Kampala, Uganda, December 2006.  
Photo by Jenny Appelblad.*

# Angolan urban entrepreneurs: Old and new challenges



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Urban entrepreneurs in Angola show a great capacity to deal with quite challenging market transformations and changes. This capacity is one of the main ingredients for developing national entrepreneurial potential, which is present among small-scale informal operators, private entrepreneurs of different business volumes and even among individuals that work for large companies.

The at times radical economic transformations that have taken place in Angola over the last few decades have led people in general and entrepreneurs in particular to develop diversified strategies, which have in turn been characterised by rapid shifts to adapt to markets and other factors. This urban economic dynamism in Africa is well described and particular initiatives to support urban entrepreneurs have been developed taking this fact in account. The small-scale, informal activities of the 'urban poor' are of an entrepreneurial nature, which is highly considered by the micro-financial organisations in the field. In general, the studies insist on the cross-strata nature of informal entrepreneurial activities and Allan Cain (2004), specifically referring to the case of Angola, even attempts a distinction between the "national private sector" and "local entrepreneurs". Other recent approaches foresee a clear emergence of a new type of African entrepreneur, "neither micro- or small-scale informal sector vendors nor traditional or multinational large-scale formal sector firms", but "new generation entrepreneurs" (McDade and Spring, 2005).

## The challenge of supporting Angolan entrepreneurship

The consolidation of informal, small-scale activities and the support of these new entrepreneurs

are current challenges for the Angolan economy. There is a need to move from the micro-informal, survival-type entrepreneurship approach to encompass a broader range of actors and capacities in the analysis and support of private sector development, particularly through education.

Angola's entrepreneurial context has been through important transformations over the last half century. The high economic – and particularly, industrial – growth of the still-colonial 1960s and early 1970s was suddenly interrupted in 1975 when the country gained independence and when all the Portuguese entrepreneurs fled the country, leaving behind their firms and a mass of low/mid-level, low-skilled or unskilled workers. In response, the socialist-oriented centralised government nationalised economic units, merging some of them and assigning their management to the few people remaining who could run these businesses, due to their management skills and/or political skills. At this point, all economic sectors were state-owned and managed, and no free individual initiative was allowed. Additionally, the Angolan civil war, which lasted until 2002, strongly discouraged entrepreneurship.

As the general difficulties and failure of the economic model and practice became more evident, both state structures and individual entrepreneurs began to question the system, the

former through the economic reforms which began officially in the 1990s and the latter through a series of strategies and schemes, notably of an entrepreneurial nature. In fact, these 'alternative', at times illegal, individual activities had already started to give rise to what was then called 'the parallel market' and more recently the informal sector and the informal economy.

The various smaller-scale transformations which accompanied these major socio-economic shifts contributed to the rise and development of particular entrepreneurial situations, different settings in rural and urban areas, and different rhythms in places where the war was almost absent and where it was more intense. The analysis presented in this article is not complete, i.e. it does not cover all urban, individual or group situations. What it does do is combine ongoing and past urban research in Angola and in firms, seeking to interpret the various references to the close relationship between socio-economic change and entrepreneurial strategies in a broad approach, possibly extendable to the national socio-economic outline. It leaves aside – although recognising its importance to the social and economic context – the analysis of national, multinational and international business, especially related to oil and diamonds, seeking to focus rather on individual, local and smaller-scale initiatives, which certainly need to combine with the macroeconomic networks mentioned but which have a de-centralised role and potential that can contribute to economic development "from below", and therefore show that they support, and provide mechanisms for, sustainable development. Also, it does not diminish the weight that structured investment of major national incomes – such as oil revenues – in the micro-enterprise sector might assume in Angola, as is clearly supported by the recent UNDP country programmes.

There is a strong need to develop a vigorous private sector in Angola. De Vletter particularly insists that the development and fostering of the micro-entrepreneurial sector in Angola is key at this stage, while Aguilar indicates that one of the ways to develop private initiative is the "formalisation of the informal sector". A closer look at

some examples of how Angolan entrepreneurs have managed with the various, at times rapidly changing, constraints of the last few decades brings out some key factors that should be gradually incorporated in entrepreneurial development policies, not, of course, excluding the importance of other factors or the need to examine local and regional situations on a case-by-case basis.

### Angolan entrepreneurs' strategies

Specialisation and diversification are two of the main entrepreneurial trends in urban Angola nowadays. These phenomena are more apparent and more numerous in the larger urban centres and therefore have greatest importance in the capital, Luanda. In fact, the population grew rapidly and constantly in Luanda throughout the colonial and post-independence period, and the successive masses of people arriving in the city soon gave rise to a rapid and massive growth of the informal economy. As in other cities spared by war (except for specific short periods) the growth of the population accompanied by the decrease of formal sector employment gave a substantial push to the emergence of all sorts of entrepreneurial initiatives. In Luanda, the most expressive feature of this exponential growth is the Roque Santeiro open-air retail market where, over the years, new activities beyond retail trading have emerged. Some are of a commercial nature – the supply of goods to ambulant traders, repair services, small-scale production, photocopies, laundry, mobile-phone rental, etc. – and some provide services associated with the functioning of the market itself – passenger and goods transport, warehouses, rental of stalls, provision of electricity, security, money-exchange, etc. This diversification has also grown in other urban markets in Angola, at the same rate as the growth of the local economy and markets.

The ambulant urban traders, besides diversifying their products, have had to make an additional effort to follow the market rhythms and trends. In larger cities like Luanda, they have had to follow their clients to crowded or traffic-congested areas, offer them a variety of products and services, vary the type of products they sell according to the time

of day – for instance selling soap and toothpaste in the morning, fish before lunch, nail polish in the afternoon and alcoholic beverages at the end of the day – and be where clients will most probably need them: shoe polishing services are more frequently found in the main entrances to premises in the centre of Luanda and at the door of public services, offices, firms.

Other production activities have also experienced sharp growth and diversification in Angolan urban centres. Among these, perhaps the most important, which can be found in every Angolan town and city, consists of a specialised network of producers of concrete bricks, the most common material used for house building. The urban transport sector has also been adapted to local needs and markets: while in Luanda, nine-seater vans have become one of the most appropriate means of transportation – in terms of cost and rendering the best adapted services – in Benguela and in Huambo, motorcycle transportation (*kupapata*) is now the best way of allying entrepreneurs' capacities and clients' needs, given the road conditions and displacement flows.

These capacities are not exclusive to small-scale informal entrepreneurs but characterise a broader set of individuals at different economic levels and situations. There is also adaptation to individual/corporate and market conditions in general among medium- and large-scale entrepreneurs, as would be expected. Some companies, like the plastic producer Cibal in Luanda, had to combine orientation of the product to the market and cope systematically with the reduction in raw materials importation subsidy. Cibal began producing plastic shoes on a massive scale in the 1980s, while in the 1990s its managers found that the production of buckets and bowls would better suit the market and the possibility of importing the raw materials for these kinds of products. Even in state-owned companies, the initiative of a few capable managers has been able to produce positive results, although obstacles of another nature arise. At Ematebe, a paper company that the post-independence government idealised as the national supplier – given its local conditions, namely the proximity of the paper pulp producer

of Alto da Catumbela – the company was unable to maintain its production due to the high dependence on imported raw materials and to the opening of the country to the free market. This caused the abandonment of the firm by employees who could no longer bear the instability and who found better opportunities in the local economy (namely in the informal economy). Yet, the majority of those who stayed with the company found ways of developing activities that could provide some income for the few remaining employees. With the scarce resources available to the company, the factory managers began to import less expensive raw materials to produce chalk, to work as intermediaries in the trading of school books and school materials, and to recycle paper, producing paper, notebooks and mattress stuffing, among other products.

Seizing opportunities and developing appropriate economic responses is one of the relationships that best describes the character of the entrepreneur, and in this field Angolan entrepreneurs at different levels have shown great ability in recent decades. This applies to small-scale domestic-type activities such as house rental – a common urban strategy in African towns and cities – or the building of small home businesses like bakeries, restaurants, video-clubs and photo studios, among others, a widely exploited economic area in Angolan towns and cities. In fact, these activities are well described for the African urban context (see Kazimbaya-Senkwe, 2004 for the Zambia example and Kamete, 2004 for Harare) and generate different kinds of results. It also applies to finding opportunities away from the house. On the southern Angola-Namibia border, cross-border trading – especially since the end of the war – has led to the proliferation of all sorts of entrepreneurs seeking business opportunities. Individual small-scale traders, warehouse owners and employers, and vehicle importers with medium/high capital, of different national origins, all quickly moved to the border, trying their best to succeed. And those whose business has been affected by the recent tightening of border controls (from 2003 on), have started converting to other activities or shifting their trading routes

to other border crossing points that are not yet as tightly controlled.

Many other examples could illustrate the entrepreneurial qualities that exist among a vast number of individuals in Angola, particularly in urban centres. Angolan urban entrepreneurs show a great capacity to deal with market transformations and changes, which have been, over the last few decades, quite challenging. This capacity is one of the main ingredients for developing national entrepreneurial potential, which is present among small-scale informal operators, private entrepreneurs of different business volumes and even among individuals that work for large companies. Considerable sums are currently being invested in the development of entrepreneurial capacities among the urban poor, namely through micro-financing initiatives, but little is being done regarding those intermediate and/or better positioned entrepreneurs who have already accumulated significant social, economic or educational capitals. Apparently, there is now the need to take an almost natural next step in terms of education and, specifically, the develop-

ment of entrepreneurship, both directed at the urban poor and at the potential entrepreneurs of other social *milieus*. This is particularly important among young people who are not only the majority of the population but also the majority of those who find themselves living in towns and cities with few or no employment opportunities.

This entails a better knowledge of local potentials and constraints, and the support of entrepreneurial projects which show a better adaptation to market and institutional conditions. De Vletter specifically proposes a series of conditions for the development of entrepreneurial activities in urban centres, namely those concerning policies and regulations, funding and micro-financing programmes, and the development of human capital. This should, however, be complemented and improved through the promotion of more initiatives directed at those particular individuals whose activities and/or projects are more appropriate and show more potential, a perspective which combines present day needs and conditions with a visualisation of a better future. ■

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