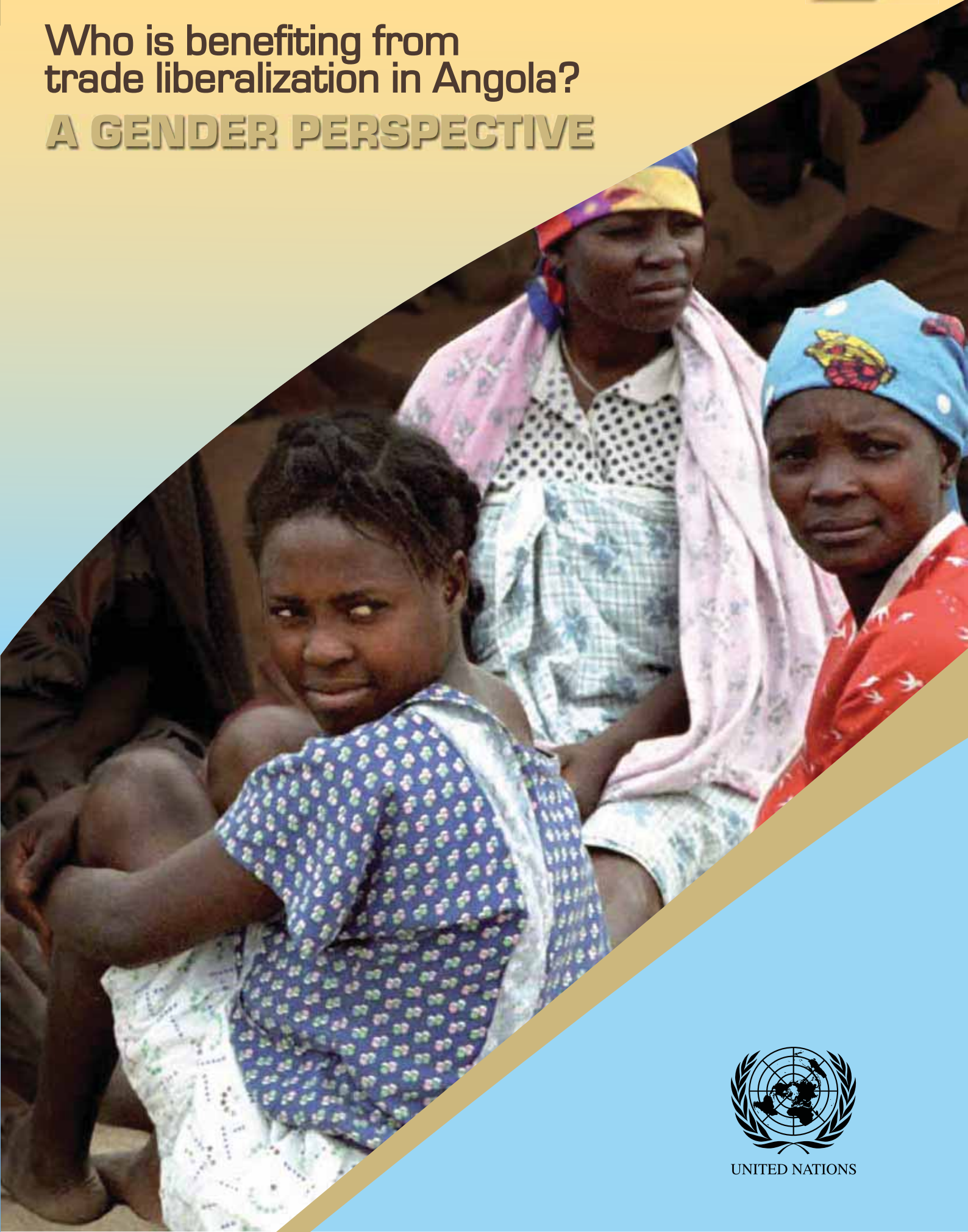


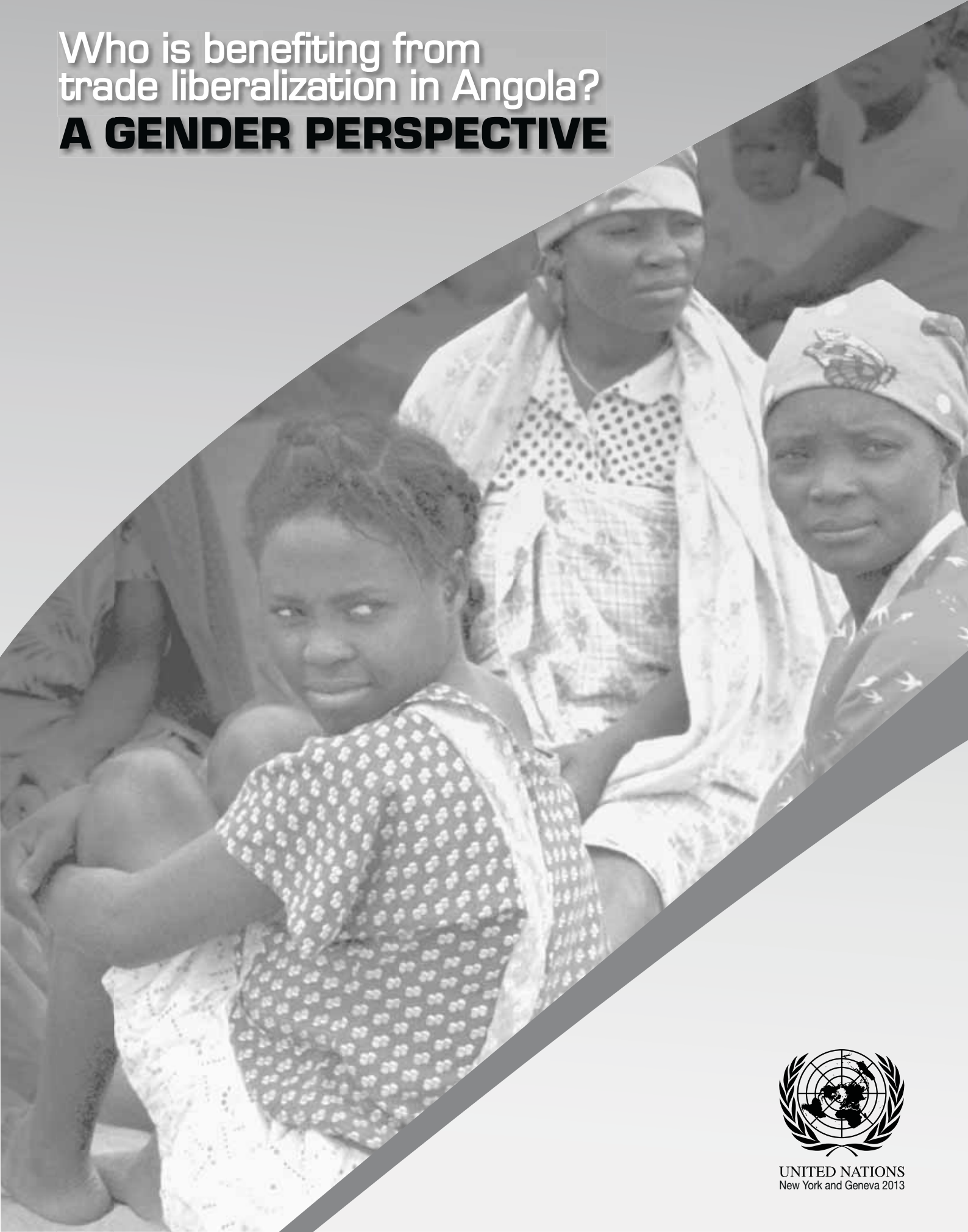


Who is benefiting from trade liberalization in Angola? **A GENDER PERSPECTIVE**





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NOTE

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ACKNOWLEDGEMENTS.....	v
EXECUTIVE SUMMARY	vi
INTRODUCTION	ix
I. COUNTRY AND DEVELOPMENT PROFILE.....	1
1.1 COUNTRY OVERVIEW.....	2
1.2 ANALYSIS OF SELECTED ECONOMIC INDICATORS	3
1.2.1 <i>Composition of GDP</i>	3
1.2.2 <i>GDP Growth</i>	4
1.2.3 <i>FDI and Finance</i>	6
1.2.4 <i>Private sector development</i>	8
1.2.5 <i>Employment</i>	8
1.2.6 <i>The informal economy</i>	9
1.3 THE POVERTY CHALLENGE.....	9
II. GENDER PROFILE OF ANGOLA.....	13
2.1 INTRODUCTION	14
2.2 GENDER-RELATED “OUTCOMES”	14
2.2.1 <i>Health and survival</i>	14
2.2.2 <i>Educational attainment</i>	15
2.2.3 <i>Economic participation</i>	15
2.2.4 <i>Political empowerment</i>	16
2.3 GENDER-RELATED “INPUT” VARIABLES (LEGAL AND SOCIAL FACTORS AFFECTING GENDER EQUALITY).....	16
2.3.1 <i>Laws, policies, and institutions promoting gender equality</i>	16
2.3.2 <i>Customary law practices and other socio/cultural obstacles to gender equality in Angola</i>	18
2.3.3 <i>Gendered effects of conflict in Angola</i>	19
III. TRADE POLICY AND TRADE DEVELOPMENTS IN ANGOLA.....	23
3.1 ANGOLA TRADE AGREEMENTS	24
3.1.1 <i>Multilateral agreements</i>	24
3.1.2 <i>Regional agreements</i>	24
3.1.3 <i>Bilateral schemes</i>	24
3.2 POLICIES ON TRADE IN GOODS	24
3.3 POLICIES ON TRADE IN SERVICES	28
3.4 TRADE FLOWS - GOODS.....	28
3.4.1 <i>Exports</i>	28
3.4.2 <i>Imports</i>	30
3.5 TRADE FLOWS – SERVICES	32
IV. GENDER IMPACT OF TRADE POLICY IN ANGOLA	35
4.1 WOMEN IN THE ANGOLAN LABOUR MARKET	36
4.2 TRADE, STRUCTURAL TRANSFORMATION AND GENDER IN ANGOLA	40
4.2.1 <i>Fisheries</i>	40
4.2.2 <i>Manufacturing</i>	40
4.2.3 <i>The formal services sector</i>	41
4.2.4 <i>Tourism</i>	42
4.2.5 <i>Public sector employment</i>	42
4.3 TRADE AND AGRICULTURE IN ANGOLA	43
4.3.1 <i>Overview</i>	43
4.3.2 <i>The impact of trade liberalization on agriculture</i>	44

4.4	TRADE AND THE URBAN INFORMAL ECONOMY IN ANGOLA.....	45
4.4.1	Overview.....	45
4.4.2	Impact of trade on the informal sector	47
V.	CONCLUSION AND POLICY RECOMMENDATIONS	51
5.1	THE WAY AHEAD: FRAMING PRO-POOR AND GENDER-SENSITIVE DEVELOPMENT POLICIES	52
5.2	HORIZONTAL ISSUES	53
5.2.1	Monetary and exchange rate issues.....	53
5.2.2	Tariff protection	53
5.2.3	Infrastructure rehabilitation	54
5.2.4	Entrepreneurship awareness-raising and culture-building.....	54
5.3	SECTORAL POLICIES	55
5.3.1	Agriculture	55
5.3.2	Fisheries	57
5.3.3	Manufacturing.....	57
5.3.4	Tourism and other service sectors.....	58
5.3.5	Leveraging oil revenues to fund pro-poor and gender-sensitive social policies.....	60
References	61
Annex 1	67

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UNCTAD aims to contribute to the analysis of the linkages between trade policy and gender equality, and to the related international debate, by looking at specific country experiences. This study is one in a series of case studies that are being conducted by UNCTAD in six developing countries, namely Angola, Bhutan, Cape Verde, Lesotho, Rwanda and Uruguay.

This study was prepared by an UNCTAD team led by Simonetta Zarrilli, Chief of the Trade, Gender and Development Section at UNCTAD, and including Luis Abugattas Majluf, Irene Musselli, Sylvia Booth, Mariangela Linoci and Elizabeth Jane Casabianca. Insightful comments and suggestions were provided by Murray Gibbs, Rolf Traeger, Lisa Borgatti and Amelia Santos-Paulino. They are gratefully acknowledged. The overall work was coordinated by Simonetta Zarrilli.

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EXECUTIVE SUMMARY

The study assesses the extent to which trade liberalization in Angola has had an impact on women and attempts to determine whether trade policies and patterns of structural transformation have reinforced gender inequality or created new opportunities for women. Based on a quantitative approach, the analysis explores first whether patterns of structural transformation have generated job opportunities; and secondly, if such opportunities have matched the skill profile of the female workforce, thereby leading to the feminization of the workforce in the country and affecting the working conditions of women workers.

The Angola case study challenges the macroeconomic stance whereby structural economic issues are essentially gender-neutral. The findings of the study shed light on the relevance of gender considerations in macroeconomic analysis – particularly trade analysis – and on the potential exclusionary effects of liberalization policies. Angola is confronted with challenges that are structural and systemic in nature: oil-induced macroeconomic distortions – particularly the excessive appreciation in the real exchange rate – tend to crowd out productive activities (agriculture and light manufacturing) that could absorb the female workforce and provide women with decent incomes. Given the concentration of women in subsistence agriculture and informal activities, and in light of a higher incidence of poverty among women, gender is an entry point for Angola to address the potential exclusionary effects of liberalization policies in a broader social context.

A necessary caveat should be made at the start. The quality of data for Angola is rather poor. Official datasets are limited; and needed data are often non-existent. Hence, this study only provides preliminary observations on the effects of trade liberalization on the Angolan female workforce, sometimes based on sporadic evidence. Data availability has also influenced the approach followed, which focuses on the overall effect of structural transformation on the feminization of labour in Angola, especially in the formal sector of the economy (a structural transformation approach). Further research is required as data becomes available.

Economic profile

Angola faced forty years of conflict up to 2002. This had long-lasting structural effects on its economy and society. Angola used to be an agricultural commodity

exporter of coffee and staple crops such as maize, and it was almost food self-sufficient. The armed struggle led to a drastic decline in productive activities: agricultural production was seriously disrupted, and a significant proportion of the population displaced. Manufacturing activities, which accounted for 10 per cent of GDP at the time of independence, almost disappeared.

Just over 10 years after the end of conflict, Angola has made substantial progress in economic and political terms. Angola was Africa's second largest oil producer in 2010 and, with an average annual growth rate of 12 per cent, it is one of the fastest growing economies in the world. However, the extractive sectors – in particular oil and gas – have had a very limited integration into the domestic economy, and their contribution to employment generation has been minimal.

Since the early 2000s, Angola has implemented significant economic reforms aimed at achieving macroeconomic stabilization and restructuring the economy, allowing for a greater involvement of the private sector as a driver of sustainable growth and economic diversification. The structure of GDP has not changed much since the beginning of the reforms. Agriculture is growing at a rapid pace, but it still has to recover from the drastic reduction in production caused by the conflict-related distortions in rural areas. Angola has not experienced much agricultural or manufacturing export dynamism.

A defining characteristic of the Angolan economy is the predominance of the informal sector, also known as *candonga*: informal activities are a primary means of subsistence for a significant proportion of the Angolan population and are estimated to contribute to approximately 45.2 per cent of GDP. The informal sector, both rural and urban, provides 70 per cent of existing jobs in Angola and it represents the main occupation for the female workforce.

Following trade reforms, Angola has tried to strengthen the protection afforded to domestic production in some sectors: investment goods for oil and mining were exempted from import duties, while inputs such as raw materials and equipment benefited from tariff reductions. Tariffs were raised for some final products, with the overall goals of supporting the gradual process of import substitution for essential goods and

of boosting exports from the non-oil sectors.

However, the efforts made by the Government of Angola to increase border protection as a mechanism to promote industrialization and enhance agricultural production have not generated significant results due to the present exchange rate context of a “hard kwanza”. Products derived from the extractive industry continue to constitute the main exported goods in all destination countries. With a very low food self-sufficiency rate, Angola is still highly dependent on imports, and it is estimated that around 70 per cent of all food consumed in the country is imported.

Gender profile of Angola

Gender equality and women’s empowerment are fundamental components of national development in Angola. Yet, data reveal that the gender gap is still persistent in Angolan society and that gender inequality remains a key development challenge.

Gender imbalance in overall literacy rates and school enrolment is still significant, with little progress for girls beyond primary education. Fertility rates are high, at 5.8 births per woman. Adolescent motherhood is common, particularly in rural areas. Lack of adequate infrastructure and a shortage of qualified staff make the access to health-related resources – especially prenatal and maternal care – scarce.

Though the minimum age for marriage is set at 18 years of age – which can be reduced in exceptional cases to 16 and 15 years of age for boys and girls respectively – this rule does not appear to be enforced effectively, and the traditional age of marriage often coincides with the onset of puberty. Customary marriage is regularly practised, and evidence suggests that most couples in Angola are in common law unions. Polygamy in Angola is forbidden, yet it is a widespread practice. The incidence of polygamous marriages has increased as a consequence of the losses in men during the war.

The vast majority of the Angolan female workforce is still engaged in rural-based subsistence production and in the urban-based parallel market. Trade liberalization, by providing cheap products in kwanza terms, has permitted the expansion of informal trading; this in turn allows the female workforce to make a living.

As a result of the conflict, many women were either abducted or have voluntarily joined armed groups to serve as nurses, cooks, sex workers, messengers, spies or administrative or logistical personnel, but

also as armed combatants. Two thirds of displaced people, out of a total of around 4 million, were women and children. Conflict has also had strong long-term effects on the family structure, increasing the number of widows, polygamous households and female-headed households. This in turn has had the effect of reinforcing poverty in the country, despite the fact that the conflict has stimulated an increase in women’s participation in the labour market, both in rural and urban areas.

Angola is party to the main regional and international instruments related to the advancement of women and the promotion of gender equality. At the domestic level, a number of measures have been put forward by the Government of Angola to foster gender equality and women’s rights.

Women in Angola enjoy a high degree of civil liberties, with no de jure discrimination based on gender. Regardless of their marital status, women in Angola do not face any legal restriction in accessing financial resources, in initiating legal proceedings, entering into contracts or establishing a business activity. On matters related to inheritance, equal ownership rights regardless of gender are granted in case of death of one of the spouses. Equal opportunities are granted in access to employment and professional training: the Labour Code prohibits any kind of gender-based discrimination in the work environment, and it mandates equal pay for equal work.

However, customary law is still prevalent in Angola, and issues related to family and property rights are treated according to traditionally accepted rules, which typically have a discriminatory approach towards women. Customary practices determine women’s access to endowments such as land, education, health, property and financial resources; the type of jobs that are available to them; and their working conditions. Substantial differences in the application of customary law can be found across regions and communities.

Gender impacts of trade policy

Angola’s integration into the world economy mainly as an oil – and to some extent, diamond – exporter has significantly constrained the diversification potential of the economy, making it extremely difficult to develop domestic import-competing or export-oriented sectors, and reinforcing the primary extractive character of the economy. This has had negative repercussions on the development of productive

activities that could absorb the female workforce and provide women with decent incomes. The limited structural transformation of the Angolan economy has therefore confined the female workforce to non-tradable and low-productivity activities.

Sectoral policies that take into account the gender division of labour are essential to help women benefit from trade.

Agriculture is the main employer of the Angolan labour force, accounting for 82 per cent of all jobs. Yet, it is still a low-productivity sector, even compared to sub-Saharan African standards. Nevertheless, the agriculture sector displays significant growth and diversification potential, which could lead to a shift from the production of low-value staple crops to higher-value commodities. However, the creation of a commercially viable export-oriented agriculture sector is a precondition to enabling women to benefit from commercial agriculture. This would include ensuring women's access to rural finance, productive inputs and land tenure; as well as providing agriculture extension services in production techniques, marketing and business management.

The fisheries sector constitutes an important income-generating activity especially for women, and displays some potential for employment generation and poverty alleviation. Gender-specific concerns should be taken into consideration when implementing policies geared at upgrading the informal artisanal subsector, where women are actively engaged; and in developing an export-oriented commercial sector.

While the manufacturing sector has grown at an annual average rate of 20 per cent, its contribution to the GDP has remained stable. Economic liberalization in Angola has not promoted the development of export-oriented manufacturing activities – the main venue through which feminization of manufacturing labour has taken place in many developing countries.

Women's participation in the sector is estimated at 17 per cent of the total workforce. Should the right set of macroeconomic incentives be provided – such as overcoming institutional and physical barriers and ensuring a more competitive real exchange rate – the potential exists for reactivating Angola's manufacturing capacity in sectors of possible comparative advantages. The production of differentiated, high-value processed food products would offer significant opportunities for formal employment to relatively unskilled women.

Tourism is increasingly regarded as a sector of significant economic potential that could contribute to the diversification of the Angolan economy. The excessive currency appreciation and lack of adequate infrastructures and skilled personnel still constitute major challenges that hamper the development of the sector. Women's participation in the services sector, and particularly in tourism-related activities, is relatively low if compared to other countries. In view of the high potential for women's employment in the tourism sector, initiatives could be put forward to bridge the gender gap in education and vocational training and encourage skills development. Synergies and partnerships between tourist facilities and local communities would contribute to promoting community-based tourism schemes and facilitate the distribution of tourism-related benefits to the local population.

Revenues from the extractive sectors (oil and diamond) could be leveraged to finance gender-sensitive and pro-poor policies geared to unleash the commercial potential of sectors in which Angola has an actual comparative advantage. By transferring a portion of the proceeds of the oil and diamond industries to dedicated funds, the Government could leverage these revenues to fund pro-poor and gender-sensitive social policies.

INTRODUCTION

This study, based on a quantitative approach, seeks to explore the impact of trade liberalization on the Angolan population and, in particular, analyse whether there is a gender bias in the effects of trade liberalization. The breadth and quality of data for Angola is rather poor¹ and, as a consequence, this study presents some preliminary observations on the effects of trade liberalization on the Angolan female workforce. Data availability has also heavily influenced the approach followed, which is a structural transformation approach. An assessment is made of the impact of trade policy on the structure of the Angolan economy. Through this analysis, the study explores first whether the patterns of structural transformation have generated job opportunities; secondly, if such opportunities have matched the skill profile of the female workforce, thereby leading to the feminization of the workforce in the country and affecting the working conditions of women workers.

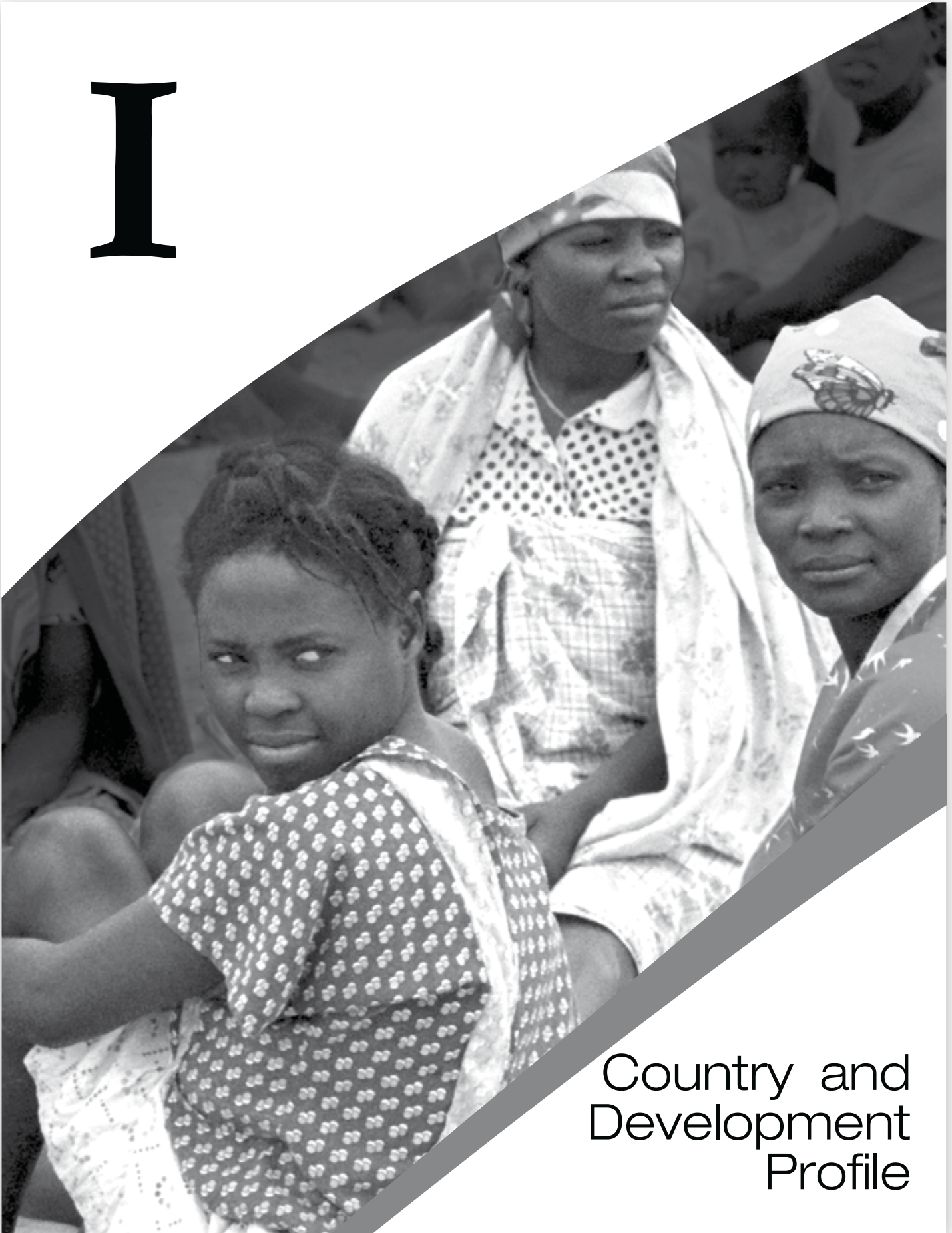
Angola has gone through a “liberalization shock”, generated by changes in trade policy and the behaviour of the exchange rate. Trade liberalization has deepened the extractive character of the Angolan economy, significantly constraining the diversification of economic activities. The vast majority of the Angolan female workforce is engaged in traditional agriculture and in the urban informal sector. Trade liberalization has not altered the occupation profile of the female workforce; in fact it has contributed to confining it to these low-productivity and low-income activities. Therefore, trade liberalization has not thus far been an engine for change or for the improvement of women’s situation.

The study is structured as follows: Chapter I presents a brief profile of the Angolan economy

and its development since 2002, when the armed conflict ended. Currently, Angola is transitioning towards a private sector-led economy, but which still shows many traits of a post-conflict society. These characteristics have important impacts on the overall development of the country, and in particular on the situation of the female population. Chapter II presents the gender profile of Angola. The chapter analyses the *de jure* and *de facto* situation of women in Angola, starting from the assumption that trade liberalization and trade policy impact on existing gendered social structures. The chapter highlights the improvements in the situation of women in Angola, but also singles out the significant gender gaps that still need to be addressed. Chapter III discusses Angolan trade policy and highlights the radical changes that have occurred in the overall orientation of trade policy in the country when the State-led model of development was abandoned in the late 1980s. The chapter also delves into the effects of the “Dutch disease” on the competitiveness of domestic production in relation to imports. Chapter IV analyses the impact of trade policy and trade developments on the female workforce. A comprehensive analysis would have also included the effects of trade policy on women as consumers, but this type of assessment has not been possible due to the lack of data. The chapter first discusses the potential effects of trade liberalization on the female workforce in the formal sector, and then focuses on the agricultural and urban informal sectors (where the female workforce is concentrated). The study closes with summary observations and policy recommendations that indicate some possible paths that Angola may wish to follow in order to put in place a more gender-sensitive trade policy.

¹ A limited census – the last one – was carried out in the 1970s. A pre-census is being carried out in 2013 in several provinces. The fully fledged national demographic census will be carried out in 2014 (UNDP). All population data are estimations based on the last available census, and statistics vary significantly, depending on the source. In the province of Luanda in 1983 a census was carried out – which was extended to other three provinces in 1984 – but this data are not available. There is a dearth of information on employment by sector, on poverty and social indicators, and practically no gender-disaggregated data. Most international sources of gender data do not have extended or updated gender data for Angola; or the country is not included at all. The 2000 Household Spending survey – the most commonly used data source in available studies – covered only 8 provinces out of the total 16. Most recent international organization reports still use data derived from that survey. National data for many indicators are unavailable, and those which are available are out of date. When data are available, time series are lacking.

I



Country and
Development
Profile

1.1 COUNTRY OVERVIEW

Angola is the third largest country south of the Sahara in terms of its territory. With a population of about 19 million in 2011, it is one of the most sparsely populated countries in Africa. The country is rich in natural resources, particularly minerals and oil. The abundance of arable land and diversified climatic conditions provide a favourable setting for the extensive development of a variety of agricultural crops – both tropical and temperate – and for the raising of livestock. There are also abundant fishing resources, and the country has an enormous hydropower potential. During the colonial period Angola achieved high growth rates and developed commercial farming and a dynamic manufacturing sector. It was an agricultural commodity exporter of coffee and staple crops – such as maize – and it was almost food self-sufficient. However, the vast majority of the Angolan population continued to live in extreme poverty, and social indicators remained extremely low.

Angola faced 40 years of conflict, which started with the struggle for independence in 1961 and continued with the civil war that erupted immediately after it had achieved independence from Portugal in 1975. The exodus of Portuguese settlers and the armed struggle led to a drastic decline in productive activities, both in the countryside and in urban areas. Agricultural production was seriously disrupted, and a significant proportion of the population displaced. Manufacturing activities, which accounted for 10 per cent of GDP at the time of independence, almost disappeared. The armed conflict had long-lasting structural effects on the Angolan economy and society. Peace between the warring domestic factions was finally achieved in 2002.

Ten years after the end of the conflict, Angola has made substantial progress in both economic and political terms. However, the country continues to face significant development challenges. The effects of the protracted conflict on the economy and society have not yet completely disappeared, and the country still shows traits of a post-conflict society. In this regard, despite significant efforts to rebuild infrastructure, much still needs to be done (UNDP 2005, Pushak and Foster 2011, OECD 2011). Even though demobilization and integration of combatants has been almost fully achieved, distortions generated by the long internal conflict still affect the economy and society, and have specific repercussions on women.

Angola is a country in transition, both towards a market economy and towards a democratic political system. In both areas there are still significant challenges that need to be confronted (AfDB 2011, Vines et al. 2005, World Bank 2007). The Bertelsmann Foundation Transformation Index,² which ranks countries according to where they are in the process towards democracy and a market economy, as well as in the process of political management, ranks Angola 83 out of the 128 developing and transition countries included (Bertelsmann Foundation 2012). Furthermore, there are very limited institutional capacities in Angola, and governance needs to be significantly improved. Angola scored 44.1 out of 100 points in the 2011 Mo Ibrahim Index of African Governance, ranking fortieth in the continent.³ The World Bank Governance Indicators (WGI) show that while there has been some improvement, much still needs to be done.⁴ The political scene in Angola has been described as “frozen but stable”, and there are some factors that could generate instability in the future if not well managed (Vines and Weimer 2011).

Angola has been engaged in a long process of transition from a centralized planned socialist economy towards a market-driven one; this process started with the implementation of two economic development programmes – the *Programa de Saneamento Económico e Financeiro* (PSEF) in 1987, and the *Programa de Recuperação Económica* (PRE) in 1989. The two programmes aimed at achieving macroeconomic stabilization and restructuring the economy, allowing for greater involvement of the private sector and the deregulation of markets. These initial programmes proved unsuccessful, and up to the year 2000, some 12 different macroeconomic stabilization and reform programmes were introduced, with frustrating results. The resumption of conflict in 1992 certainly affected the implementation of the programmes and had serious adverse effects on the economy.

During the 1990s, the design and implementation of macroeconomic policy was haphazard, reflecting institutional weaknesses and opposition from vested interest groups. The Angolan private sector still suffers from the long-term effects of the macroeconomic and social distortions generated by the policies implemented during the first decade of reforms. Some of the legacies of this process, and also of

the old regime, are still present and represent a significant obstacle to the process of restructuring and diversification of the Angolan economy. From 1990 to 1999 the real GDP average annual growth rate was only 1 per cent; and per capita income experienced an annual average contraction of -2.4 per cent. Consumer prices increased during this period at an annual average rate of 1,122.5 per cent (Aguilar 2001).

The transformation of Angola into a functioning market economy is still in process and there are still many constraints to private sector development. Angola ranks 172 out of 185 countries included in the World Bank Doing Business Report (World Bank/IFC 2013); it ranks 139 out of 142 countries in the Global Competitiveness Report of the World Economic Forum (2011–2012). Corruption remains a problem for Angola's economic development and the country ranked 157th out of the 176 countries reviewed by the Transparency International Corruption Index in 2012. In recent years, important steps have been successfully taken by the Government to stabilize the economy and enhance transparency.⁵

The remaining part of this chapter analyses some selected economic indicators and presents some data on poverty and inequality in the country.

1.2 ANALYSIS OF SELECTED ECONOMIC INDICATORS

1.2.1 Composition of GDP

The resource-based nature of the Angolan economy has determined the economic and political dynamics in the country (Kyle 2005, Andrade and Morales 2007). Angola has an enclave-type extractive economy that is highly dependent on oil. It was Africa's second largest oil producer in 2011, with an estimated production of 1.6 million barrels per day. Foreign multinationals and Angola's State-owned oil company – Sonangol – jointly control extraction. Angola joined OPEC in 2007. Natural gas production was 10.7 billion cubic metres (bcm) in 2011 (OPEC 2012). Proven reserves currently are estimated at 366 billion cubic metres, and the coming on line of a large liquefied natural gas (LNG) plant will further boost exports. Angola is the fifth largest diamond producer in the world; with great potential for the State-run Endiama company to boost production further. In addition, the production of copper, iron ore, gold and other minerals – of which Angola has significant resources – is being reactivated after totally collapsing because of the conflict (OECD 2011). The maturing of these investments, which will happen in the near term, will increase the overall weight of extractive activities in the Angolan economy even further.

Table 1. ANGOLA: Structure of GDP by economic activity [Percentages, based on constant 2005 kwanza values]

	1975	1980	1985	1990	1995	1999	2002	2005	2006	2007	2008	2009
Agriculture and fishing	15.64	15.31	14.08	11.76	7.29	7.32	8.21	7.55	8.65	7.77	7.97	8.12
Mining and Utilities	31.97	32.38	33.86	52.55	60.98	61.22	63.14	66.23	61.63	64.95	64.35	63.69
Manufacturing	9.44	9.40	9.59	4.26	3.61	3.39	3.79	3.48	3.98	3.59	3.67	3.74
Services	45.08	44.79	44.15	32.18	27.92	24.63	25.02	22.74	26.02	23.74	24.11	24.60
Construction	6.25	6.20	6.10	2.93	3.39	3.63	3.56	3.30	3.71	3.39	3.46	3.52
Wholesale, retail trade, restaurants and hotels	20.12	20.04	19.9	15.19	12.74	10.92	11.17	10.27	11.61	10.55	10.79	10.97
Transport, communications	6.55	6.54	6.87	4.57	3.83	3.27	3.35	3.10	3.43	3.21	3.24	3.29
Other services	12.16	12.01	11.28	9.49	7.96	6.81	6.94	6.07	7.27	6.59	6.62	6.82
Total value Added	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Elaborated by the UNCTAD secretariat based on the latest data available (2009) in National Accounts Main Aggregates Database. United Nations Statistical Division. Different sources provide data with significant differences on the sectoral participation of GDP in constant terms

The structure of GDP, in constant domestic currency, has not changed much since the beginning of the reforms. The predominance of the extractive sectors from 1990 onwards is evident (table 1). The major changes have been the progressive decline of the contribution of services to GDP, which also reflects the relative increase of the extractive sectors; and the secular decline of the importance of the agricultural sector. The contribution of manufacturing to GDP has also significantly declined. It should be noted that the structure of the GDP in Angola reflects the disproportionate weight of extractive activities.

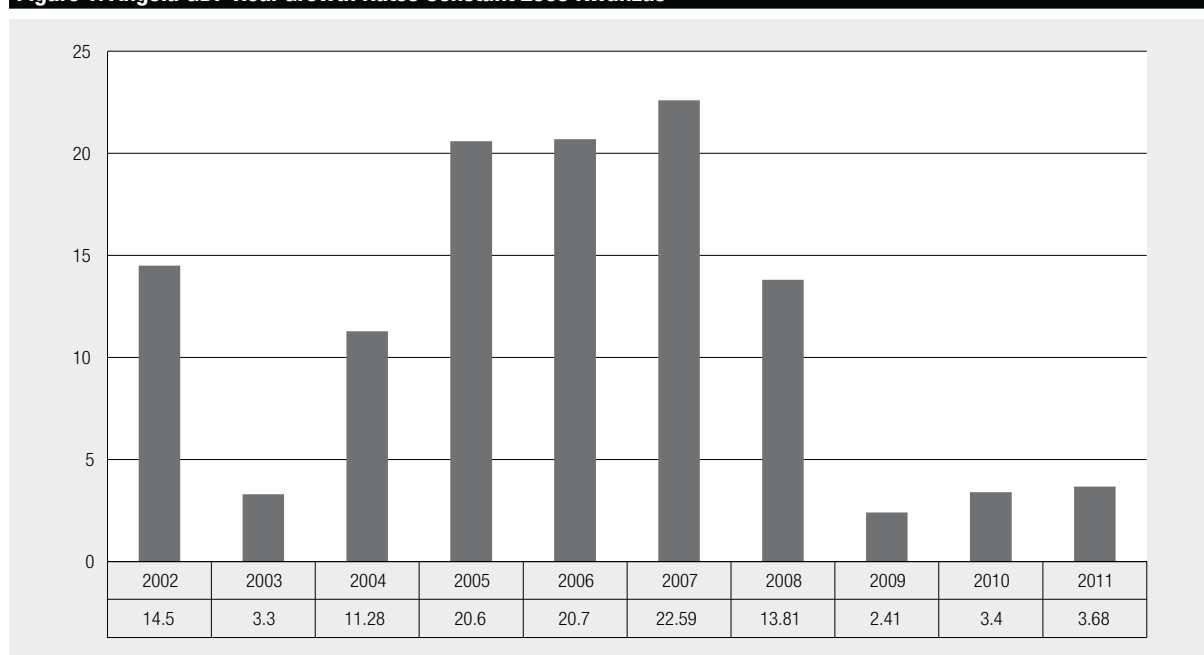
Together, the capital-intensive oil and gas sector and diamond production accounted for 52.64 per cent of the GDP on average from 2006 to 2011; it represented more than 98 per cent of commodity exports and constituted the basis of fiscal revenue, generating around 79.5 per cent of total fiscal revenues. Due to its high dependency on natural resources exports, the country is highly vulnerable to exogenous shocks, with immediate transmission to the fiscal situation. The extractive sectors – in particular oil and gas – have a very limited integration into the domestic economy, and their contribution to employment generation is minimal (Teka 2011). An effective use of natural resources rents as an engine of development has been a major topic of discussion in the development economics

literature and still constitutes a major challenge that Angola needs to confront in order to avoid what has been called the “paradox of plenty” (Karl 1997).

1.2.2 GDP Growth

From 2002 to 2011, Angola has had an average annual growth rate of 12 per cent (figure 1), making it one of the fastest growing economies in the world. Growth has been spurred by extractive activities and increasing private consumption and investment. The non-oil sector has also experienced healthy growth rates. In particular, agriculture is growing at a rapid pace, but it still has to recover from the drastic reduction in production caused by the conflict-related distortions in rural areas. The massive reconstruction projects – financed through foreign loans backed by oil revenue – which are being implemented by the Government, have significantly contributed to accelerating economic growth. Growth has, however, been volatile, responding to developments in the oil market; and has decelerated since 2009 due to the international financial crisis (figure 1). Recently, growth has been hampered by Government arrears in construction and infrastructure payments, which have contracted growth in the construction and distribution sectors since 2009.

Figure 1. Angola GDP Real Growth Rates Constant 2005 Kwanzas

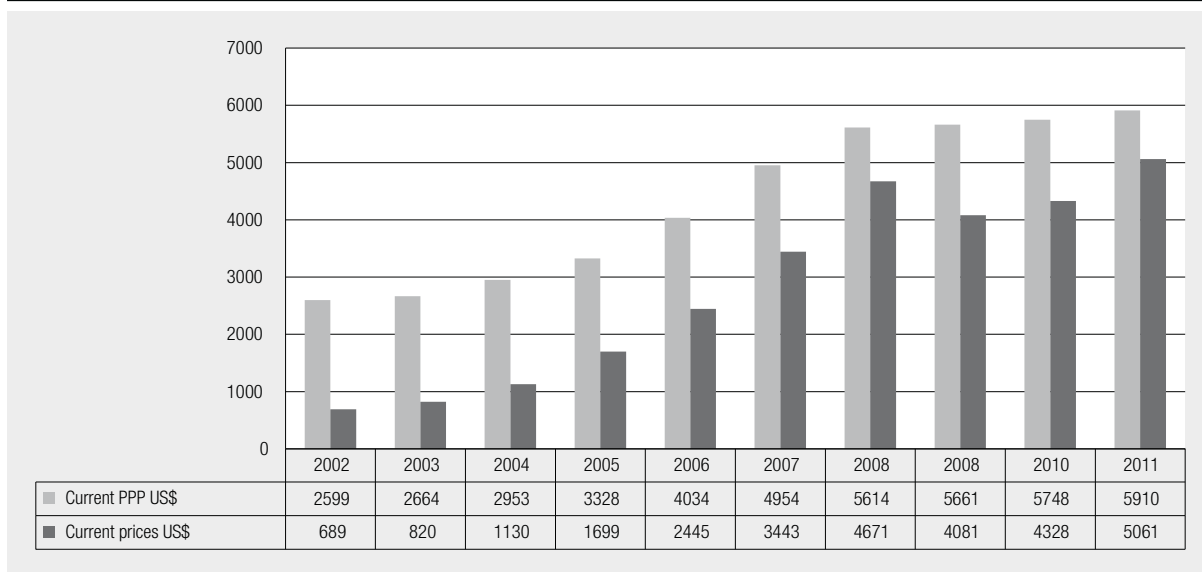


Source: IMF Database

The rapid growth rate has permitted a sustainable improvement of the GDP per capita, which grew at an annual average rate of 9.9 per cent from 2000 to 2009. However, there is a significant difference in the evolution of the level of GDP per capita when comparing current purchasing power parity (PPP)

US\$ and current prices US\$ (figure 2). While GDP per capita at current US\$ increased by 634 per cent from 2002 to 2011, in PPP terms – which take into account the purchasing capacity of income – it has only increased by 127 per cent.

Figure 2. Angola: GDP per capita 2002-2011 Current PPP US\$ and current price US\$

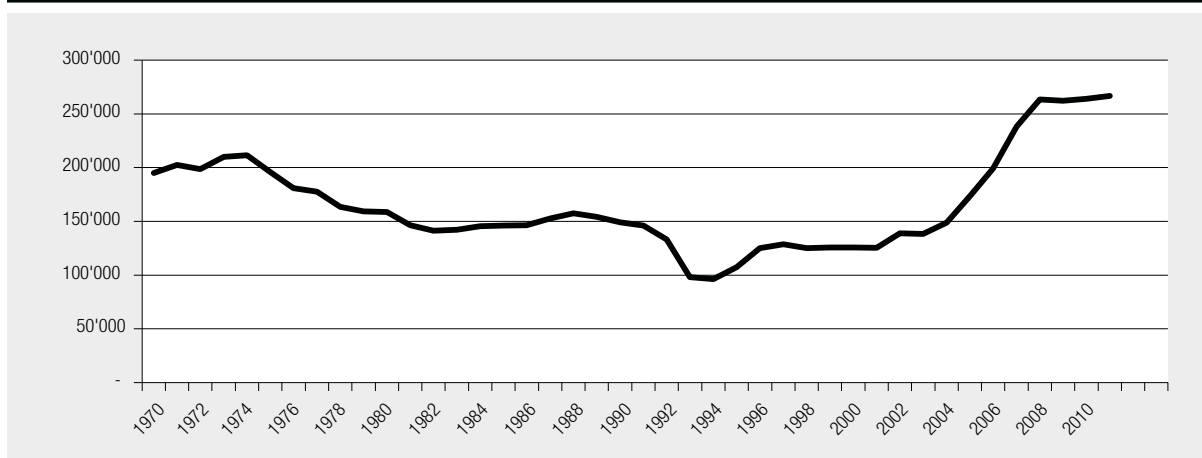


Source: IMF database

Figure 3 presents the evolution of the GDP per capita in constant kwanzas. This indicator is the most appropriate one available, due to exchange rate misalignment in Angola during a prolonged period. It shows the significant effect of the conflict, which reduced the level of real income by more than half

per capita; and it also reflects the fact that in constant kwanzas the GDP per capita of 1974 was reached again only in 2006 - despite the significant effects of the expansion of the oil sector and of high oil prices on the Angolan economy.

Figure 3. Angola: GDP per capita 2002-2011 Current PPP US\$ and current price US\$



Source: Elaborated by the UNCTAD secretariat based on the United Nations Statistics Division Database

Table 2 presents the growth rates of the different sectors of the Angolan economy. The table depicts the fact that most sectors have experienced high growth rates since 2006, with the non-oil sectors performing better on average than the oil sector. However, growth has been volatile. A characteristic of Angola's growth performance is that most sectors are starting from a very low base and recovering lost

ground – which, in many cases, explains the high growth rates. This is basically home-grown growth, because, as will be discussed later, with the exception of extractive activities, Angola has not experienced much agricultural or manufacturing export dynamism. In 2010, the value of Angola's exports – other than oil and derivatives, gas, and diamonds – was only US\$ 266 million, corresponding to US\$ 13.9 per capita.

Table 2. Real GDP growth rates by economic activity [Percentage based on constant 2005 kwanza values]

	2006	2007	2008	2009	2010	2011
Agriculture	9.8	27.4	1.9	29.0	6.0	11.4
Fishing	9.1	9.7	-2.4	-8.7	1.3	3.5
Oil	13.1	20.4	12.3	-5.1	-3.0	-5.6
Diamonds and other extractive	30.9	2.7	-8.2	4.6	-10.3	-3.3
Manufacturing	44.7	32.6	11.0	5.3	10.7	3.8
Energy	13.2	8.6	26.1	21.3	10.9	15.0
Construction	30.0	37.1	25.6	23.8	16.1	6.8
Market services	13.2	8.6	26.1	21.3	10.9	12.3
Other	38.1	21.8	26.9	-1.6	8.7	8.2
GDP market prices	18.6	23.2	13.8	2.4	3.4	3.4
Non-oil sectors	25.9	25.4	15.0	8.3	7.8	9.0

Source: Ministry of Planning (MINIPLAN)

Measured by the ratio of total trade – imports plus exports – to GDP, Angola is quite an open economy. This ratio was on average 138 per cent from 2000 to 2009, which is significantly higher than for other sub-Saharan African countries. Oil exports – and the foreign exchange income generated by them that allowed for an increase in the levels of imports – explain the openness of the economy. Angola has sustainable levels of foreign debt, and the current account has exhibited a surplus for most of the 2000–2009 period. Due to fiscal oil revenues – which on average have been around 31.5 per cent of GDP during the same period – the overall fiscal balance has been positive. The main issue affecting macroeconomic management in Angola is the volatility of oil revenues, as was evident during 2009 and 2010.

1.2.3 FDI and Finance

A decade of peace has greatly benefited the country, which has been experiencing high rates of economic growth. However, the transition to a functioning and stable market economy has not yet been completed. Despite significant economic reforms implemented since the early 2000s, macroeconomic stabilization still needs to be consolidated on a sustainable basis,

and the private sector has not emerged as a driver of sustainable growth and economic diversification. The State still plays a central role in the economy and accounts for the largest share of gross fixed capital formation (GFCF): State-owned enterprises (SOEs) are dominant in the extractive sectors and weigh heavily in the financial system. The privatization process has been halted, and more than 60 SOEs still operate in different sectors of the economy. Concerns have been voiced about state investment crowding out private investment (OECD 2011).

Angola is open to foreign investment and has been the largest recipient country among 49 least developed countries for a decade (UNCTAD 2012). Several actions were taken to promote and facilitate investment. The National Private Investment Agency (ANIP) was created in July 2003 to assist investors and facilitate new investment. In the same year, the Angolan Government replaced the 1994 Foreign Investment Law with the Law on Private Investment (Law 11/03). The law laid out the general parameters, benefits and obligations for foreign investors; acknowledging that investment plays a vital role in the country's economic development. Priority was given to export-promoting or import-reducing investments. The law established

guarantees and special privileges for foreign investors, such as the right to repatriate dividends and profits. In addition, tax advantages and financial incentives were enacted to make Angola more attractive to private investors.⁶

By 2011 the stock of FDI in Angola stood at US\$ 6.27 billion (UNCTAD 2012). However, FDI inflows to Angola have declined in recent years due to divestments and payment of intra-company loans, which contributed to reduce the total LDCs' inflows to the lowest level in five years. Inflows of FDI to Angola peaked in 2009, amounting to about 2.2 US\$ billion. FDI inflows reached negative values in 2010 and 2011 – i.e. the value of repatriation /disinvestment by foreign investors exceeded that of new FDI inflows (UNCTAD 2012). Most FDI has gone to the extractive sectors and related activities, and thus has not significantly contributed to economic diversification and employment generation. Some FDI has recently flowed to the manufacturing sector, mainly to capital intensive activities with little employment impact. Due to Angola's FDI pattern and to the lack of investment in non-oil activities, unemployment remains a problem, as discussed in the next section. The 2006 law on commercial activities established that foreigners are bound to investing in medium and large commercial activities – such as supermarkets with an extension of over 200 square metres, or shopping malls. This suggests that the Government's main interest is basically to attract big investments.

In May 2011, the Angolan Government promulgated a new private investment law (Law 20/11). The new law is applicable to both national and foreign investors and replaces previous (2003) legislation in this field. It seeks to attract "quality" (as opposed to "speculative") investments that can play a positive role for the overall development of the country – such as investments in infrastructure – and provide new employment opportunities for Angolans. The law applies to private investments starting from a minimum threshold of US\$ 1 million. It includes provisions for fiscal incentives and other benefits and, in the case of foreign investments, for the repatriation of dividends and profits. The law seeks to encourage investments in accordance with the Government-set priorities; particularly private investment in economically disadvantaged areas. Tax breaks and other benefits are granted according to: project location, investment amount, form of

investment, and social and environmental impacts; and are negotiated on a case-by-case basis between the investors and Angolan authorities (Comissão de Negociação de Facilidades e Incentivos). Finally, the law establishes as priorities the development of: highways, railway, ports and airports, electricity and water, agriculture and fisheries, manufacturing, tourism, health, education and social housing (RoA 2011, UNCTAD 2012).

Economic growth and productive restructuring requires an efficient financial sector. There are some unresolved issues in Angola that limit the extent to which this sector can contribute to the achievement of these objectives (World Bank 2007b, USAID 2008). The financial sector has developed through the establishment of foreign banks – mainly Portuguese – rather than through the privatization of the existing financial institutions. The State-owned banks are weak, and have large portfolios of bad loans due to privileged access and concessionary rates provided to State- and State-affiliated companies. Even though competition in the banking system has increased, three banks – Banco de Fomento de Angola (BFA), Banco de Poupança e Crédito (BPC) and Banco Africano de Investimento (BAI) – dominate the system.

The progressive growth of banking services in Angola is evident. The number of branch offices operated by public and private banks has increased; and other services to consumers, such as credit cards and ATMs, are also expanding. Nevertheless, although total deposits have grown significantly in the Angolan financial sector, only 10 per cent of the population has access to banking services (Euler 2010). Credit to the private sector amounts to less than 11 per cent of GDP (World Bank 2006) – in comparison with around 23 per cent for low-income countries – and there is a limited variety of financial instruments available in the market. Small and medium-sized enterprises (SMEs) are particularly credit constrained. A survey showed that in 2006 only 0.4 per cent of micro, small and medium-sized enterprises had bank credit (Services Group Inc. & Nathan Associates 2008). Some microfinancing programmes have been established in the country, but their size and the resources available are not enough to make a real difference.

In June 2006, the Government of Angola established the Development Bank of Angola (BDA) to promote domestic investment and support the implementation

of the national development plans. BDA manages a Development Fund to which 5 per cent of fiscal revenue from the oil industry and 2 per cent from the diamond industry have been committed. BDA directly finances big investments and extends credit lines to partner commercial banks for smaller projects. Additionally, it undertakes capital investments and long-term financing to commercial banks, provides grants for business development services and offers risk guarantees to commercial banks. The initial priorities of the Bank were to finance value chains in four priority sectors: maize, beans, cotton and construction material. The Bank is a rather small, though quite active, organization; its operations have been limited despite having increased over time. In 2008, its financial operations were around US\$ 80 million, increasing to US\$ 200 million in 2009 (BDA 2009).

1.2.4 Private sector development

As already mentioned, Angola is still in the process of transition to a private sector-led market economy. In this context, Angola has a developing private sector, but the gross fixed capital formation (GFCF) of this sector has been only 4.3 per cent of GDP on average from 2000 to 2009.⁷ This level is insufficient to generate employment opportunities or to promote growth and the diversification of the economy. According to the Doing Business Report 2013, the country ranks a low 171 out of 185 economies analysed in terms of the Starting a Business indicator, due to: particularly lengthy procedures, the high costs involved and minimum capital requirements for new start-up companies. Overall, Angola falls below the sub-Saharan African average with respect to the ease of starting and operating a new firm: as previously noted, financial constraints – in particular lack of access to investment credit, as well as constraints related to registering property, obtaining construction permits and getting access to electricity – have limited the dynamism of the private sector in the country.

Angola, like many other developing countries, has a heterogeneous private sector with three quite distinct segments: (a) a highly sophisticated sector, mainly foreign owned, linked to the extractive economy operating in competitive markets; (b) a domestic business sector, engaged in the formal economy with a dominant position in some key sectors of economic activity and close relations with the State;

and (c) an informal sector that features a number of domestically owned micro-enterprises, with low capital accumulation and limited technological capabilities, which intensively uses low-skilled labour and trades mostly in the informal market. The country is missing the presence of small and medium-sized enterprises, which could significantly contribute to the development of the Angolan private sector, once established (World Bank 2007b).

The informal sector – both rural and urban – has low investment capabilities; however it constitutes the main activity providing employment to the Angolan population, in particular to the female labour force.

1.2.5 Employment

Unemployment continues to be a significant challenge for Angola, despite the rapid economic growth of the recent years. The increased levels of both public and private investments – mostly linked to the programme of national reconstruction – the absorption of the migrant labour force and some new dynamism in the agricultural sector, have resulted in improved living conditions for Angolans. Unemployment has decreased from the extremely high levels registered until the late 1990s (in 2000, 42 per cent of the Angolan workforce was unemployed) to around 20 per cent in the mid-2000s; and, according to the IBEP 2008–2009 (RoA 2008–2009), the unemployment rate was 19.7 per cent in 2009. Unemployment is mainly an urban phenomenon (21.5 per cent as opposed to 5.9 per cent in rural areas), and particularly affects the older population (the unemployment rate is 18.2 per cent for those aged 50–64, as opposed to 15 per cent for youth aged 15–24). The Government is promoting the employment of Angolans by requiring firms to hire a minimum percentage (70 per cent) of nationals. However, lack of skilled labour has made it difficult to comply with this requirement; the modern sectors of the economy and reconstruction work are still highly dependent on foreign skilled workers. The informal economy is experiencing a growing presence of foreigners.⁸ The overall scarcity of formal employment opportunities remains one of the main challenges for the development of Angola (UNDP 2005).

There is no readily available data on unemployment by gender; but taking into account that the rural rate of unemployment is significantly lower than the urban one, and the fact that the vast majority of the

female workforce is employed in agriculture, the unemployment rate for females should be much lower than for males. However, it should be noted that, because of the absence of social security insurance for unemployment, people engage in different marginal informal activities to generate an income; and are therefore considered employed individuals in the statistics. In fact, according to the IBEP 2008–2009 (RoA 2008–2009), 66.2 per cent of all those considered employed in Angola were self-employed or un-paid family members.

1.2.6 The informal economy

A defining characteristic of the Angolan labour market is the predominance of the informal sector, also known as *candonga*. Angola maintains one of the largest informal economies in the developing world. Schneider (2005) estimated the participation of the informal economy in the official Angolan GDP to be approximately 45.2 per cent. The informal economy consists of two different, though interconnected, parts: rural-based subsistence production and non-agricultural informal rural activities; and the mainly urban-based parallel market. The urban informal sector emerged as a result of the rapid pace of urbanization, mainly spurred by the internal displacement of rural populations from conflict-ridden areas to the major cities. These waves of internal migration further exacerbated the shortage of formal employment opportunities in the urban areas (UNDP 2002). In addition, the long period when prices were regulated in the country encouraged the population to engage in informal retailing as a source of additional income, derived from the sale of controlled products at black market prices (Walther 2006).

Even though data on the size of the informal economy is scarce and not updated, available information demonstrates the socioeconomic relevance of informal activities as a primary means of subsistence for a significant proportion of the Angolan population. Recent estimates indicate that informal activities constitute the main source of income for 93 per cent of the rural population, while comparatively only 51 per cent of the total urban population depends on informal economic activities (Development Workshop 2009b). Particularly notable is the fact that the informal sector provides the main occupation for 70 per cent of the female population in Angola (AfDB 2008); which points to the need to specifically focus on this sector

to adequately assess the gender impacts of trade and trade policy.

1.3 THE POVERTY CHALLENGE

Even though there has been steady progress and improvement in overall social conditions since 2002, the country still faces significant difficulties which hamper its efforts to reduce poverty and inequalities. The picture presented below comes in stark contrast to the previous sections on GDP growth, and serves to illustrate the development challenges faced by this resource-rich country.

Despite a positive trend in the Human Development Index – which has improved from 0.383 in 2000 to 0.486 in 2011 – Angola is among the worst African performers, ranked 148 out of 187 countries. In recent years, the combined effects of peace and high rates of economic growth have had a limited impact in reducing poverty and inequality, and the levels of extreme poverty remain quite high in some areas (UNDP 2005).

The percentage of the population which lives in poverty was estimated at 68 per cent in 2001, while 26 per cent was living in conditions of extreme poverty. Poverty went down to 56 per cent in 2007; yet, according to the 2010 Household Expenditure Survey (RoA, IBEP 2008–2009), about 37 per cent of the population still lives below the national poverty line of one dollar a day. When this indicator is disaggregated by place of residence, a noticeable discrepancy between rural and urban populations emerges: 58.3 per cent of the rural population is below this poverty line, compared with 18.7 per cent in urban areas (RoA 2010e). There is also a wide regional disparity in the incidence of poverty; ranging from 17 per cent (Luanda, Bengo, Malanga and Kwanza Norte), to 55 per cent (Huambo, Bié, Bengela and Kwanza Sul). Similarly, in resource-rich regions as Cabinda, poverty levels are not much better than the national average.⁹ There is no readily available data on poverty levels and incidence by gender; therefore it must be estimated using the data of the IBEP 2008–2009 (RoA 2008–2009).

Other estimates indicate that 70 per cent of the population live on less than US\$ 2 a day (PPP), which could be a more adequate indicator of the overall wellbeing of the population in Angola given the prevailing cost of living.¹⁰ Yet, UNDP registers a headcount Multifunctional Poverty Index (MPI) of

77.4 per cent of the population (HDI database). Data for 2007 indicate that 36.6 per cent of the urban population, and 70.9 per cent of the rural population, had less than three meals a day (RoA 2007). Despite extensive investments in social infrastructure, health and education services continue to be inadequate to meet the needs of the population. Life expectancy at birth stands at a low 47 years for women and 44 years for men.

Poverty is far more severe and widespread in rural (versus urban) areas; and is greater in female-headed households, particularly in rural areas. Many women are de facto heads of households because they are members of polygamous households, or because of male labour migration. According to a survey conducted in 2004 by FAO and the Angolan Ministry of Agriculture and Rural Development (MINADER), 31 per cent of all households are headed by women, and they form the majority of the households living in extreme poverty. The survey states that female-headed households comprise 60 per cent of the poorest 20 per cent of the population (van Klaveren et al. 2009).

Angola remains one of the most unequal countries in the world, due to the high income concentration at the top of the distribution. Between 1995 and 2000, the upper 10 per cent of the population increased its share of total household income from 31.5 to 42.2 per cent. The Gini coefficient increased from 0.45 in 1995, to 0.58 in 2000, increasing further to 0.64 in 2005 (BAD/OCDE 2008:115, cited by Lopes 2009). Income distribution has not significantly improved in recent years, and most analysts agree that the gap between the rich and the poor has been growing. However, the growing size of the Angolan middle class is a positive development (BTI 2012, Universidade Católica 2010).

In addition to the overall income inequality, there is a large cleavage between the rural and urban areas. Economic activity – other than oil and diamonds – is highly concentrated in Luanda and the coastal areas: 77 per cent of formal employment was concentrated in Luanda in 2007, and there are other significant regional asymmetries in the country as well (Alves Da Rocha 2010). Luanda concentrates 75 per cent of manufacturing, 65 per cent of commerce and 90 per cent of banking and financial activities. As can be observed in table 3, the urban population enjoys privileged access to basic services in comparison with the rural population.

Table 3. Angola: Access to basic services

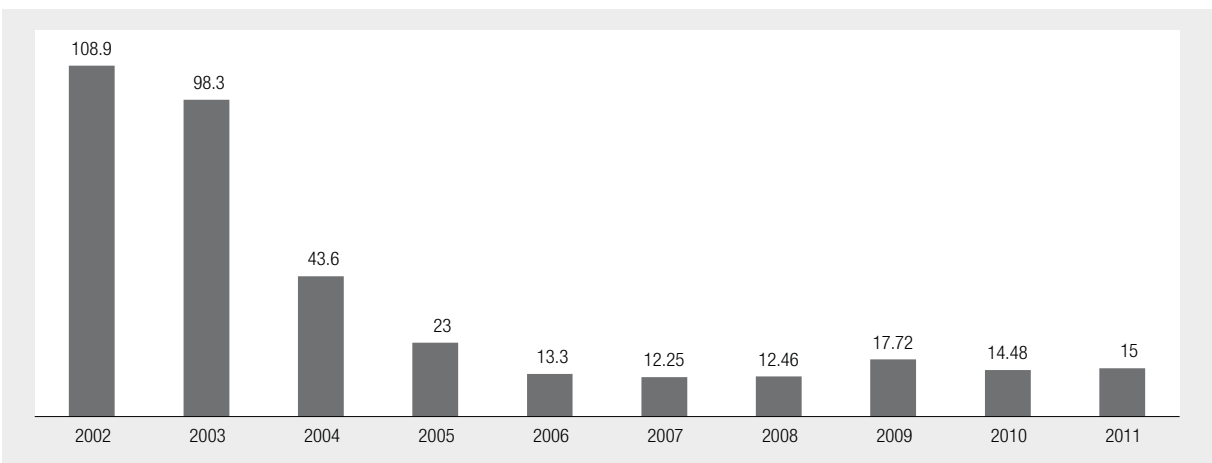
Basic services	Percentage of the population	
	Urban	Rural
Electricity	66.3	8.6
Water	59.7	22.8
Sanitation	84.6	31.1

Source: Alves Da Rocha (2010)

Poverty alleviation is regarded by the Government as a tool to support economic growth and develop a domestic market. The Poverty Reduction Strategy (*Estratégia de Combate à Pobreza – ECP*), was formally approved in 2004, and revised in 2005 (RoA, National Reconciliation Unit 2004). It has focused on the reconstruction of infrastructure; access to education, health and other basic services; and on the decentralization of governance structures. The Government has issued a few strategic documents which have mainstreamed poverty reduction measures, building on ECP: the Medium-Term Development Plan 2009–2013; the long-term vision document entitled *Angola Visão 2025*; the MPLA's election programme 2009–2012 and the Government's National Biannual Plan for 2010–2011 (RoA 2009b). The country is currently pursuing four main objectives: (a) the stabilization of the economy and fiscal management; (b) infrastructure reconstruction; (c) improved access to basic services, such as health and education; and (d) the reactivation of the agricultural sector. The improvement of agricultural production and productivity is expected to be an important instrument in the fight against poverty. Even though some resources have been budgeted for agricultural and fisheries development in recent years, overall private sector productive development has not yet figured prominently on the agenda.

The continued emphasis macroeconomic policy has placed on fighting inflation has acted against other development objectives. As shown in figure 4, even though high inflation rates which affected the country in the past have been eliminated, yearly price increases still stand at the two-digit level. Inflation has a significant effect on the well-being of the population, eroding real incomes. However, its effect varies among different segments of the population according to their consumption profile and source of income. The varying impacts of inflation on the welfare of the population have to be factored into the assessment of the effects of any policy – including trade policy – on different segments of the population in Angola.

Figure 4. Angola: Inflation Rate 2002-2011 Yearly Average



Source: IMF Database

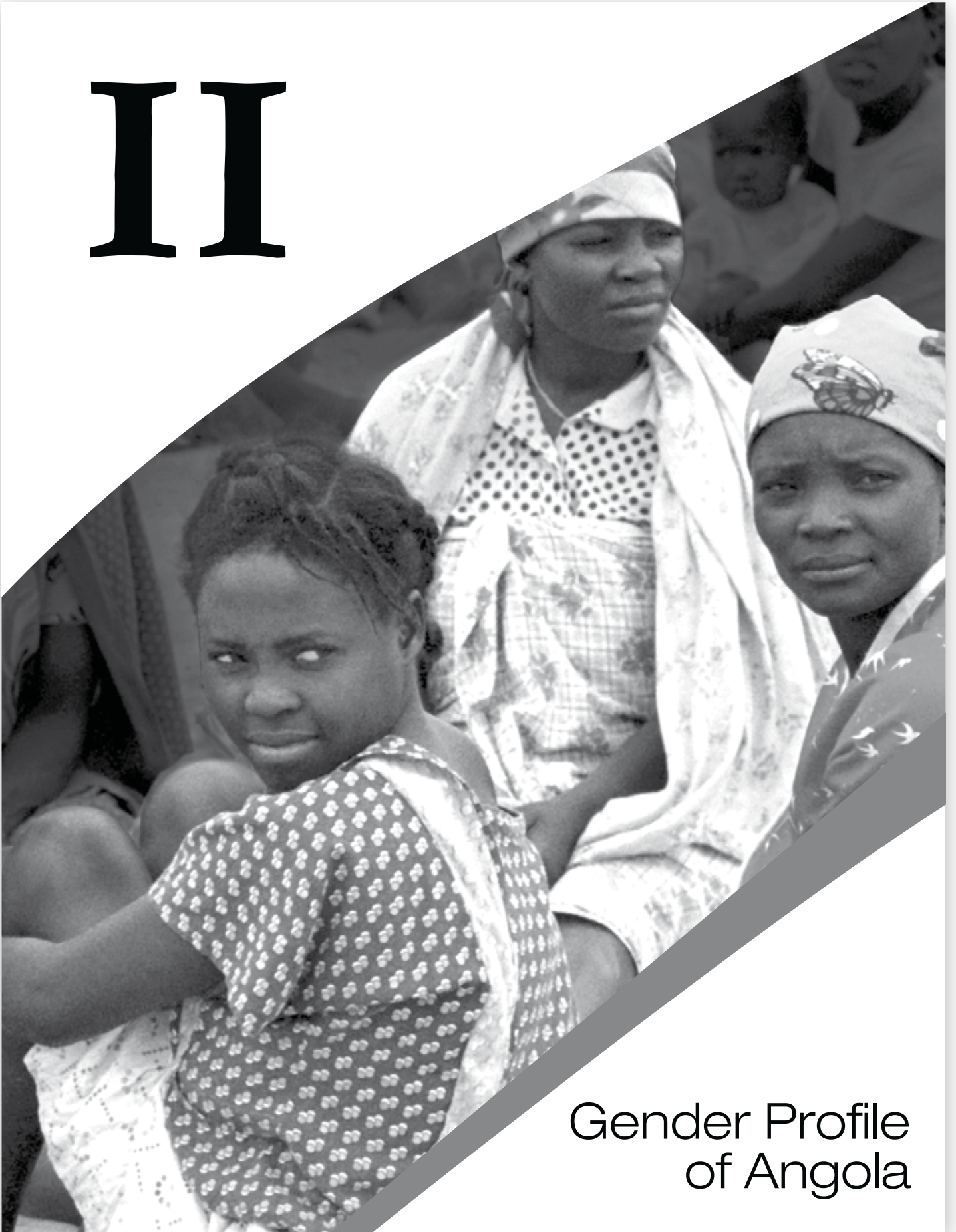
The challenge for economic statecraft in Angola is to find the right balance between economic stabilization and other development objectives – including poverty

alleviation – and the promotion and consolidation of an internationally competitive, dynamic, domestic private sector.

NOTES

- 2 See <http://www.bti-project.org/country-reports/esa/ago/>.
 - 3 See <http://www.moibrahimfoundation.org/angola/>.
 - 4 On a scale of -2.5 to +2.5 best, Angola in 2011 scored -1.10 in regulatory quality, -1.23 in rule of law, and -1.36 in control of corruption. See http://info.worldbank.org/governance/wgi/sc_chart.asp.
 - 5 In 2010 the Government passed a law that establishes penalties for money laundering and terrorism financing and prescribes penalties of up to 24 years of prison (Law 34/11, RoA 2010c). The same year, a law on public probity was also passed. In reaffirming the principles of good governance, the law establishes penalties for crimes committed by public officers (accepting bribes, using public goods for private purposes, etc.) (Law 3/10, RoA 2010d).
 - 6 These included advantages and incentives relating to the acquisition of real estate through the investment project; and the Government's annual grants to private companies, geared towards creating permanent employment in the initial phase of the project.
 - 7 Total GFCF during this period was 12.7 per cent of GDP; demonstrating that the State is the main investor. The level of GFCF is relatively low and insufficient to transform the economy.
 - 8 It is estimated that between 50,000 and 70,000 foreigners are working in the country. Some sources estimate that almost 300,000 foreigners are working in the informal sector (Development Workshop 2009b).
 - 9 The incidence of poverty in the provinces of Cabinda, Uíge, and Zaire is 38 per cent; whereas it is 51 per cent in Luanda Norte, Lunda Sul, Moxico, Kuando and Kubango; and 40 per cent in Namibe, Cunene and Hulla. (RoA, IBEP 2008–2009).
 - 10 54 per cent of the population lives below the international poverty line of US\$ 1.25 a day (World Bank data 2000).
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II



Gender Profile
of Angola

2.1 INTRODUCTION

The overall gender gap is shrinking in Angola, and significant improvements can be highlighted with respect to gender equality. Nevertheless, the situation of women is still fraught with challenges inherited from the legacy of nearly 40 years of conflict; and from customary practices and traditional gender roles which sometimes put women at a disadvantage in terms of health, educational attainment, and access to vital resources (such as land). Angola's difficult past has left the country with a heavy double burden: the reconstruction of basic types of infrastructure such as health and transport, and the demobilization and reintegration of former combatants into the society. The conflict has also left a legacy of accrued gender-based violence that needs to be dealt with. This – coupled with the discriminations against women still to be found in customary law, practice and traditional gender roles – creates a situation in which women struggle to survive, feed their families and have a proper role in the society and in the economic development of the country. Women's time constraints due to this challenging context, and the lack of an export-oriented manufacturing sector, have kept women in the urban and rural informal sectors of the economy.

Efforts have been made by the Government of Angola to mainstream gender and women's empowerment into Angolan society. Since independence, Angola has established the principle of equality between men and women, prohibited any kind of discrimination based on gender, and revoked all the discriminatory laws inherited from the colonial period. Women's equality is enshrined in the national laws and, notably, the new 2010 Constitution reaffirms and strengthens this principle. However, there is a persistent lack of gender-disaggregated data and an insufficient allocation of the national budget to the gender machinery. These are considered some of the major obstacles to the full achievement of gender equality. Moreover, discrimination due to customary practices still persists, and more efforts need to be made to fully realize women's equality and to increase women's participation in the development of the country (United Nations 2013), as the following sections will underline.

2.2 GENDER-RELATED “OUTCOMES”

Angola has a gender index gap of 0.662, and ranks 87th out of the 135 countries reviewed in the World Economic Forum Global Gender Gap Report (WEF 2011a).¹¹ It should be noted that the overall gender gap is falling over time, though progress in the four

indicators – economic participation, educational attainment, health and survival, and political empowerment – is uneven.

2.2.1 Health and survival

The population of Angola in 2011 is estimated at 19.62 million; set to rise to 20.16 million in 2012.¹² In 2008, the population was characterized as being young: with 67 per cent of the total population under 25, and 23 per cent of women of childbearing age (African Development Bank 2008). This is significant, as the tendency in Angola is for women to marry young,¹³ and to have several children rather young. This is reflected in the country's overall 2011 fertility rate of 5.8 (births per woman); and especially in its 2005–2010 adolescent fertility rate of 165 (births per 1,000 women aged 15–19) (WEF 2011a). Adolescent motherhood is more common in rural areas in Angola (USAID/UNDP 2006–2007). Though the minimum age for marriage is set at 18 years of age – which can be reduced in exceptional cases to 16 and 15 years of age for boys and girls respectively (RoA 1988) – this rule does not appear to be enforced effectively, and the traditional age of marriage (especially in lower income groups) coincides with the onset of puberty.

Access to health-related resources, especially prenatal and maternal care, is scarce.¹⁴ The problem comes both from a lack of infrastructure and from a shortage of qualified staff. Estimates for expenditure on health as a percentage of GDP in 2009 in Angola and other African countries, indicate that Angola is among the countries with the lowest figures of government health expenditure.

This lack of access to health care resources has resulted in unnecessary deaths in Angola, which is reflected in Angola's high under-five infant mortality rates. In fact, Angola had a very high incidence of child mortality under the age of five in 2010 in comparison with that of other countries in its immediate region (World Health Organization 2012b).

The problem of lack of access to reliable and consistent health care in Angola places a significant burden on women, first of all because of the negative repercussions on their own health, and secondly because of the considerable time they have to spend taking care of the ill and old members of their families. This reduces their ability to participate in society and in the economy.

Another constraint to women's full participation in society and the economy in Angola is gender-based

violence. It has been a serious problem in Angola, both during and post-conflict. According to a study of the United Nations High Commissioner for Refugees (UNHCR), 30 per cent of women in refugee camps have experienced “one or another form of violence”. The problem, however, is not limited to women in refugee camps, as domestic violence is widespread and frequent (AfDB 2008). A 2007 study on domestic violence in Luanda indicates that 78 per cent of women have experienced some form of violence since the age of 15. Husbands or boyfriends perpetrated the majority of violence (US Department of State 2012). Few cases are reported to the police or prosecuted, as victims often lack support and understanding from the police and judiciary. For example, it has been stated that when the rape involves an unmarried woman, the problem is often considered solved if the woman marries the perpetrator. Gender-based violence also aggravates some of the other challenges facing women in Angola. For example: “sexual abuse in schools by male teachers influences girls’ high drop-out rates; cultural beliefs around sexual practices, many of which include coercion of young women, affect HIV/AIDS rates; in the home, intimate partner violence is culturally condoned, affecting maternal mortality rates” (AfDB 2008: 26).

In response to the problem, the Ministry of Family and Promotion of Women (MINFAMU) maintains a programme with the Angolan Bar Association to give free legal assistance to abused women, and has established counselling centres to help families cope with domestic abuse. In an interministerial effort spearheaded by MINFAMU, the Government has recently undertaken numerous information campaigns on women’s rights and domestic abuse and held national, provincial, and municipal workshops and training sessions (US Department of State 2012). The Law against Domestic Violence was passed by the National Assembly in June 2011. The new law intends to guarantee protection to women victims of violence by ensuring their access to medical, financial and legal support.

2.2.2 Educational attainment

The disproportionate burden of care-work – which falls particularly on rural girls and women, alongside other socioeconomic constraints – is also reflected in the latest statistics depicting girls’ educational attainment in Angola. There has been almost no change in the gender gap in educational attainment in Angola from 2006 to 2011. In 2010, the adult literacy rate attained 70.1 per cent for adults, and 73.1 per cent

for the youth. However, those figures hide a notable discrepancy between male and female literacy rates: the adult literacy rate is 82.7 per cent for men and 58.1 per cent for women, while the youth literacy rate is 80.5 for boys and 65.8 per cent for girls.¹⁵ As for school enrolment, UNESCO data for 2010 indicates that 78 per cent of girls and 93 per cent of boys in Angola are enrolled in primary school, and 4 per cent of the population of tertiary school age are enrolled in tertiary education – with the proportion of males enrolled slightly exceeding that of females.¹⁶ According to a UNHCR/JICA NEPAD country report on Angola, in 2006 girls represented only 11.5 per cent of all high school students and 39 per cent of all students enrolled in university (UNHCR/JICA 2006).

The lack of significant progress for women beyond primary education is felt most strongly in the interior of the country, as the gender imbalance in education there is most marked. According to the AfDB 2008 study, families give priority to boys’ education for social and economic reasons. For one thing, school expenses often mean that a family has to choose which child/children can study, and families often cannot do without girls’ labour at home. Moreover, girls marry early and it is thought useless to invest in training them for a profession as they will doubtless be responsible for the home and children.

2.2.3 Economic participation

For all the reasons listed above, women face significant time constraints and little access to the resources and capacity-building they need in order to participate more effectively and extensively in the Angolan formal economy.

The liberalization of the economy, and trade and exchange policies, have not promoted the development of an export-oriented manufacturing sector – the main venue through which feminization of manufacturing labour has taken place in many developing countries. These policies (along with the behaviour of the exchange rate) have, however, led to an expansion in the informal urban economy. In the urban informal sector, there is a gender division whereby women usually sell food and drinks in informal markets, while working at home or close to home so that they can also take care of their household responsibilities (Wold and Grave 1999, Development Workshop Angola 2009a). Trade liberalization, by providing cheap products in kwanza terms, has permitted the expansion of informal trading; offering the female workforce an opportunity to make a living.

As an overall trend across countries, literature highlights women's incorporation into the value chains of exporting firms through subcontracting as a means to increase their ability to benefit from trade (Carr and Cheng 2002). However, this does not appear to have occurred in Angola. In Angola, female workers in the informal sector are mainly engaged in consumer services, with very little participation in production activities. Therefore, they do not have experience in production activities and, at the moment, have little chance of being hired for outsourcing work. Informal production activities and other types of services tend to be male-dominated sectors. In the retail segment, men are mainly specialized in selling different types of higher value added products – other than food and drinks. Chapter IV goes into more detail about women's place in the Angolan labour market and how it is affected by trade policy.

2.2.4 Political empowerment

General elections were held in Angola on 31 August 2012, and José Eduardo dos Santos was re-elected President of the country. The new Government was formed in October 2012 and comprises 35 ministers – 27 men and 8 women – who form 77 and 23 per cent of the Cabinet respectively.¹⁷ In the previous Government, female ministers held a slightly higher share (29 per cent) of ministerial positions. However, considering that as of January 2012 the global average of women at the ministerial level was 16.7 per cent (Interparliamentary Union and UN Women 2012), 23 per cent represents a good score for Angola in terms of women's political participation.

The presence of women in decision-making positions often means greater consideration of the obstacles and challenges women face. However, this cannot be considered sufficient for the promotion of gender equality in the country. More dedicated actions are essential to promoting women's ability to fully participate in their society, and benefit from economic opportunities.

2.3 GENDER-RELATED “INPUT” VARIABLES (LEGAL AND SOCIAL FACTORS AFFECTING GENDER EQUALITY)

2.3.1 Laws, policies and institutions promoting gender equality

Angola has a dual legal system based on Portuguese civil law and customary law. The principles of gender equality and non-discrimination against women are

enshrined in the Constitution and the national laws. Evidence of Angola's commitments towards gender equality emerges from the analysis of national official policy and legislation. However, data reveal that the gender gap is still persistent in Angolan society and that gender inequality remains a key development challenge. Customary law is still deeply rooted in Angolan society, and issues related to land tenure or inheritance are still governed by traditional practices, which are typically discriminatory to women.

2.3.1.1 The international and domestic gender frameworks

Angola is party to the main regional and international instruments related to the advancement of women and the promotion of gender equality. Angola acceded to CEDAW, the 1979 International Convention on the Elimination of All Forms of Discrimination against Women, in 1986; and to the 2000 CEDAW Optional Protocol in 2007.¹⁸ At the regional level, Angola has ratified the Protocol to the African Charter on Human and People's Rights on the Rights of Women in Africa, also known as Maputo Protocol (2007), and the SADC Protocol on Gender and Development (2008); it has signed the SADC Gender and Development Declaration (1997). As a member of the African Union, Angola has endorsed the Solemn Declaration on Gender Equality in Africa and the African Union Gender Policy, which set a framework to accelerate the achievement of gender equality, gender justice and non-discrimination in the African context.

A number of measures have been put forward by the Government of Angola to foster gender equality and women's rights at the domestic level. In February 2010, a new Constitution came into force and replaced the Constitution of 1992 (RoA, 1992 and 2010a). In line with the previous constitution, the new document reiterates the principle of equality and non-discrimination between citizens regardless of sex. It further strengthens the principle of gender equality by stressing that men and women have equal rights and duties within the family and society. The new constitution places the promotion of gender equality among the Government's main responsibilities and affirms its obligation to guarantee equality of rights and opportunities without distinction as to “origin, race, ethnic group, sex, colour”.

Women in Angola enjoy a high degree of civil liberties and there is no *de jure* discrimination against women

regarding the different dimensions of the legal rights assessed (World Bank 2011). Regardless of their marital status, women in Angola do not face any legal restriction in accessing financial resources, in initiating legal proceedings, entering into contracts or establishing a business activity. The Family Code, which entered into force in 1988, mandates both spouses' equal rights and responsibilities in matters related to the administration of the household, of marital property and in the exercise of parental authority. On matters related to inheritance, equal ownership rights regardless of gender are granted in case of death of one of the spouses.

The country has also ratified the core International Labour Organization (ILO) Conventions. The Labour Law grants equal opportunities in access to employment and professional training; it prohibits any kind of gender-based discrimination in the work environment, and it mandates equal pay for equal work. Article 273 of the Labour Law establishes the right to a minimum of three months' paid maternity leave and requires the employer to allow regular breaks for nursing mothers. The legislation in place protects pregnant women from dismissal and from carrying out assignments that are not considered safe for pregnancy. No provision is in place regarding paternity leave.¹⁹ There is no law against sexual harassment in the workplace (RoA 2000). A law on domestic violence was approved by the National Assembly in June 2011: it guarantees protection as well as legal and financial support to women victims of violence.²⁰ Implementing regulations still need to be put in place to render the law operational.

According to civil law, there are no restrictions on women's rights to access land (RoA 2004b). The land is the property of the State, but it can be transferred to rural communities or individuals – including women – on the basis of its productive and effective usage. Land concessions are based on the length and purpose of utilization, as well as on land classification. The land law preserves land administration according to the traditional system of *sobas*.²¹ Therefore, although equal rights in ownership of assets are granted by law to men and women, the land tenure system in Angola remains, in practice, outside the formal system. According to customary land management, women's access to land largely depends on their marital status and land is traditionally allocated to them through their husbands (see section 2.3.2 below). Although

traditions linked to customary practices can still exclude women from land tenure, civil law can override customary practices.

2.3.1.2 Government measures to promote gender equality

The Government of Angola regards gender issues and women's empowerment as a fundamental component of national development. From the year of independence – 1975 – up to 1991, the national mechanism for the promotion of gender equality and women's empowerment was the Woman's Organization of the ruling party (OMA). In 1991, a Secretariat of State for the Promotion and Development of Women was established (SEPDM). The same year, the secretariat was promoted to a fully fledged Ministry of Women Affairs. Finally, in 1997, the Ministry was transformed into the Ministry for Family Affairs and Women's Promotion (MINFAMU); with a decentralized structure at the provincial level. In order to reinforce MINFAMU, in 1999 the Multisectoral Coordination Council on Gender (CCMG) was established. MINFAMU is in charge of promoting gender equality at the decision-making level and women's integration into the social, economic, professional, and scientific spheres. The appointment of gender focal points in other ministries is meant to guarantee the promotion of gender equality at all government levels.

In line with the Beijing Platform for Action, the National Strategy and Plan for the Promotion of Gender Equality up to year 2005 was adopted in 2001 under the coordination of MINFAMU.²² It was designed to encourage women's participation in the economic, social, political and domestic spheres. One of the objectives of this gender strategy is to set up a sex-disaggregated database as part of the effort to strengthen the National Statistics Institute. MINFAMU is also running centres for victims of domestic violence, and has programmes targeted at men in an effort to change their attitudes about domestic violence (AfDB 2008).

With the Poverty Reduction Strategy (PRS) approved in 2004, the Government of Angola launched a major development programme with the support of UNDP and the World Bank. In defining the main areas of intervention for poverty alleviation by 2015,²³ PRS underlines the importance of including the gender dimension as a crosscutting issue in any strategy or initiative aimed at combating poverty and boosting national development (RoA 2005a).

Within PRS, the Government has designed a series of programmes targeting specific areas of intervention. In line with the Millennium Development Goals – and particularly MDG3 on gender equality and women’s empowerment – emphasis has been placed on: enhancing women’s access to education, improving maternal health, and reducing women’s vulnerability to HIV/AIDS infection. The Education for All programme stresses the urgency of enhancing women’s and girls’ access to education, and of reducing the high rate of women’s illiteracy. Under the Food Security and Rural Development Programme, a network of Women’s Promotion Services has been established in order to encourage the enhanced inclusion of gender in all aspects of rural development, including decision-making, access to the labour market and to land, community development and the management and preservation of natural resources. Through programmes aimed at informing and educating on the importance of gender equality, MINFAMU ensures the promotion of gender equality in rural and urban areas. Under the auspices of the National Committee to Support to Rural Women (COMUR), a microcredit programme was launched in 1999 with the objectives of enhancing rural women’s productive capacities, increasing family income and alleviating poverty. By 2006, this programme had provided assistance to approximately 5,000 rural families (UNHCR/JICA 2006).

Despite the active engagement of MINFAMU in pushing the gender agenda forward through advocacy and awareness-raising among policymakers – as well as through the organization of training and workshops targeting stakeholders and Government officials – substantial weaknesses have been underlined. MINFAMU has lacked the agency and resources needed in order to mainstream gender issues into the different policy areas (van Klaveren et al. 2009). In particular, there has been no analysis or national debate on gender-related trade issues. Gender equality and women’s empowerment have been in the development discourse in Angola for a long time; but other pressing challenges confronting the country have attracted far more attention from policymakers in the recent past. The African Development Bank (AfDB 2008) highlights the tendency for “gender policy evaporation”.²⁴

2.3.2 Customary law practices and other socio-cultural obstacles to gender equality in Angola

As previously mentioned, customary law is still prevalent in Angola. Issues related to family and property rights are treated according to traditionally accepted rules, which typically have a discriminatory approach towards women. Traditional rules and institutions, which operate outside the formal legal system, determine women’s access to endowments such as land, education, health, property and financial resources; the type of jobs that are available to them and their working conditions. They also determine and influence the extent of enforcement and protection of de jure individual rights. Women in Angola are, for example, weakly protected de facto when it comes to issues such as violence, divorce, parental authority and inheritance (AfDB 2008, GID-DB 2007).

Substantial differences in the application of customary law can be found across regions and communities. In some regions, inheritance principles are determined by matrilineal or patrilineal patterns: for instance, in the Moxico province in eastern Angola, households are often female-headed, which grants women a higher social status and assigns them an important role within the community. In such communities women can also be elected as heads of the clan and polyandry is commonly practised.

Polygamy in Angola is forbidden, yet it is a widespread practice. The incidence of polygamous marriages has increased as a consequence of the losses in men during the war. Women married under polygamy are greatly disadvantaged since, according to customary rules, the husband is only financially responsible for the wife and children he shares the household with.

The principles regulating inheritance and land tenure are also largely determined by differing customary practices, which often vary from region to region and from one ethnic group to another. Under the prevailing customary practices of land tenure, women are not entitled to own property on equal terms with men. Especially in rural areas, women gain the right to land ownership only through marriage. In general, the right of a woman to own land and to access economic resources may depend on her reproductive capacity, as well as on her marital status. This implies that, in some regions, a woman who cannot have children, who has divorced or who has become a widow may easily lose her right to land ownership. Moreover, women usually do not participate in the management of community resources.

There are also some gaps in access to land due to complex and costly administrative procedures that penalize poor and poorly educated women in particular. Public authorities, in some cases, have reportedly hampered women's access to land rights based on discriminatory criteria. Moreover, women in Angola often possess an inadequate knowledge of their rights and experience difficulties in having their cases heard by courts. Notwithstanding the implementation of mechanisms for legal assistance to people with lower incomes, the limited number of courts in the country – and the consequently large number of procedures and procedural delays – make recourse to the courts difficult (FAO 2011).

An additional problem is that large sections of Angolan land are held under informal title and multiple transfers of land are very common. Massive problems of squatting and land-grabbing during and after the war, as well as the destruction of official records, have made the identification of legitimate ownership very difficult. On the other hand, the Government does not have the sufficient capacity for a nationwide land census. This has given rise to forced evictions of thousands of people from their informal settlements, with the subsequent loss of their only economic asset. Compensation schemes have often been absent or inadequate (Foley 2007). The disproportionate number of female-headed households has placed women in a particularly vulnerable situation; they are regarded only as temporary custodians of land with no rights under customary law.

The 2010 Constitution draws a clear distinction between customary and civil law (article 223). The validity of customary law and the power of traditional institutions are accepted when customary practices do not violate constitutional provisions and human dignity (article 223). The enforcement of customary practices remains bound to the principles enshrined in the Constitution. Considering the reaffirmation of women's rights in the new Constitution and the principle of gender equality, any gender-based discrimination existing at the level of customary law might therefore be potentially invalidated by the new Constitution when it violates human dignity and constitutional provisions.

Social hearing councils were established to bridge the gap between the Government and local communities. These bring together local authorities as well as representatives of MINFAMU, the church, NGOs and civil society, and encourage participatory governance.

The councils have power of arbitrage in case of disputes involving customary and civil law. Women can appeal to social hearing councils to challenge decisions based on customary law if they consider them to be less favourable to human rights than decisions based on positive law. Women can also seek further legal advice from MINFAMU, the Angolan Bar or the Association of Women Lawyers.²⁵

In conclusion, while the non-discrimination principle enshrined in the 2010 Constitution remains of great significance, additional positive actions may be required for women in Angola to fully benefit from it and to overcome existing administrative and legal hurdles that hamper the full enjoyment of their rights.

2.3.3 Gendered effects of conflict in Angola

The armed conflict between the Government of Angola and the National Union for the Total Independence of Angola (UNITA) ended with the signing of the Memorandum of Understanding of Luena in April 2002. The current situation of women in Angola is mainly determined by social institutions and by the legacy of the conflict (Nzatuzola 2005). Many women were either abducted or voluntarily joined armed groups to serve as nurses, cooks, sex workers, messengers, spies or administrative or logistical personnel, but also as armed combatants.²⁶ There is a lack of data on the number of women and girls who participated in the conflict, as, according to sources, the community and national level disarmament, demobilization and reintegration (DDR) programmes have ignored their presence (Lahai 2010). As result of the conflict, many women were forced to migrate from the rural areas to the provincial urban centres, and a significant proportion of forced migrants have remained in the cities under precarious conditions. Two thirds of displaced people, out of a total of around 4 million, were women and children. Some women who participated in the conflict choose not to return to their village afterwards, as reintegration into civilian life is more difficult for women having to revert from the relatively more egalitarian military culture to traditional gender relations and restrictive social norms (UNIFEM 2005). Female ex-combatants also face a number of additional concerns: ostracism and negative stigmatization, bringing up children born as a result of rape, health concerns related to their combatant experience (trauma, HIV) and domestic violence.

It is not only women, however, who face significant issues because of the conflict. Young male ex-

combatants also face difficulties reintegrating into Angolan society and may be stigmatized and excluded if they are unable to find work or access land, thereby making them vulnerable to possible future mobilization.²⁷

Conflict has also had strong long-term effects on the family structure, increasing the number of widows, polygamous households and female-headed households. This in turn has had the effect of reinforcing poverty in the country, despite the fact that the conflict has stimulated an increase in women's participation in the labour market, both in rural and urban areas.

Angola's disarmament, demobilization and reintegration of combatants were carried out through the Government-run Angolan Demobilization and Reintegration Programme (ADRP), which succeeded in demobilizing 97,392 ex-combatants out of 138,000 targeted (OSAA 2007). The programme was financially and technically supported by the Multi-Country Demobilization and Reintegration Programme (MDRP), which provided a comprehensive regional framework for DDR in the Great Lakes region. According to some sources, efforts have been made to ensure that DDR programmes in the greater Great Lakes Region addressed the needs of men and women, as well as other vulnerable groups (women, children and disabled) and combatants' dependents. Each country's MDRP has developed its own gender strategy. There have been efforts to strengthen the gender perspective of the MDRP process. These have

involved gender trainings for staff implementing the DDR programmes and the developing of operational tools to strengthen the economic reintegration of former combatants in urban areas.²⁸

However, according to a 2005 World Bank study, Angola's MDRP process included support to no more than 20 per cent of women associated with the fighting force, including widows of ex-FMU²⁹ (World Bank 2005). Overall assessments of the DDR processes in Angola have often stated that, despite its efforts, it has so far failed to adequately tackle the issues involved in the re-integration of female and male combatants. For example, in 2004 CIDA argued that the 1994 Lusaka Protocol's Demobilization Commissions focused on the demobilization of 9,133 boy soldiers and completely excluded women and girls from the DDR programmes (Lahai 2012). Overall, these processes have been deemed to not sufficiently address the presence and experiences of women associated with the fighting forces. This may in part be due to the fact that in Sierra Leone and Angola, women and girl fighters were only classified as "dependents": their real experiences were not acknowledged, and they were precluded from receiving the benefit provided to "combatants."³⁰ In addition, these programmes are far from having fully come to terms with the experiences of men and boys involved in the conflict (UNIFEM 2005). Thus, despite the gender mainstreaming efforts made, these programmes run the risk of being ineffective and reinforcing gender inequalities and will likely exacerbate the economic hardships and traumas faced by both sexes as a result of conflict.³¹

NOTES

- 11 The gender gap index in this report is constructed based on each country's overall performance in closing the gender gap on a 0-to-1 scale, where 0 is absolute inequality and 1 represents equality. Angola was removed from the Global Gender Gap Report 2012, due to lack of updated data.
 - 12 Total annual population estimations for Angola. *UNCTADstat*.
 - 13 According to the 2011 WEF Global Gender Gap Report country sheet on Angola (p. 93), women's mean age at marriage is 19; and 36 per cent of women in the country get married when they are between 15 and 19 years old.
 - 14 According to the WHO 2012 World Health Statistics Report, from 2005 through 2011, only 47 per cent of women received 4 antenatal care visits, and only 49 per cent of births were attended by skilled health personnel.
 - 15 Education profile Angola; UNESCO Institute for Statistics, http://stats.uis.unesco.org/unesco/TableViewer/document.aspx?ReportId=121&IF_Language=eng&BR_Country=240&BR_Region=40540. Accessed 12/10/2012.
 - 16 Ibid.
 - 17 Female ministers hold the following ministries: Fishery, Industry, Trade, Environment, Science and Technology, Culture, Family and Women's Protection, Parliamentary Affairs.
 - 18 As underlined in the Concluding Observations of the last CEDAW review in 2004, a gender perspective was lacking in several policy areas and Government programmes. The Committee urged the Government to strengthen its efforts to promote gender equality and to introduce measures to modify or eliminate cultural practices and stereotypes that discriminate against women (UN 2004).
 - 19 Decrees No. 52/05 and No. 8/11 on Maternity Protection have incorporated the General Labour Law of 2000 in matters related to maternity leave, breastfeeding and maternity benefits.
 - 20 <http://sgdatabse.unwomen.org/searchDetail.action?measureId=48043&baseHREF=country&baseHREFId=129> and <http://www.minfam.gov.ao/VerNoticia.aspx?id=11598>.
 - 21 *Sobas* are Angola's traditional leaders. *Sobas* rule over matters related to local governance and land management. Under customary law, the *soba* is in charge of assigning plots of land to households and individuals, and also in charge of defining the rules for land management and sorting out disputes. Data of the Rural Development Institute report that only one per cent of *sobas* are women (Nielsen 2008).
 - 22 National Strategy to Promote Gender Equity up to Year 2005. A summary is available at: <http://minfam.netangola.com/html/perspectivas.htm>. The priority areas identified were poverty reduction, gender equality, increased women's economic and social participation and in participation in decision-making, improved access to education and basic health services, improved legal conditions as well as human rights for women and children, and control and prevention of domestic violence.
 - 23 There are 10 main areas of intervention of the Poverty Reduction Strategy: social reinsertion, security and civil protection, food security and rural development, HIV/AIDS, education, health, basic infrastructure, employment and professional training, governance and macroeconomic management. As explained in section 1.3, the Government has issued new strategic documents where poverty reduction measures have been mainstreamed based on PRS.
 - 24 In 2008, the African Development Bank reported that the allocation of human and financial resources to MINFAMU was not sufficient, and that gender issues were perceived as confined to the Ministry of Gender rather than being integrated at all ministerial levels. The Gender Focal Point System did not prove effective in monitoring and implementing the gender policy: lack of technical training and lack of information and guidelines were recognized as some of the major obstacles to gender mainstreaming (AfDB 2008, UNIFEM 2008).
 - 25 Information shared by MINFAMU during the fact-finding mission, 2013.
 - 26 Peace-building initiative, "Empowerment: Women & Gender Issues: Women, Gender & Peacebuilding Processes". Available at http://www.peacebuildinginitiative.org/index.cfm?pageId=1959#_ftn73. Accessed 06/07/2012.
 - 27 See "In Focus" newsletter from the MDRP Secretariat at the World Bank; Available at http://www.mdrp.org/PDFs/In_Focus_1.pdf. Accessed 06/07/2012.
 - 28 In 2007, the World Bank and the MDRP Secretariat launched the Learning for Equality, Access and Peace (LEAP) Programme, which is aimed at strengthening the impact of MDRP-financed programmes from a gender perspective. According to the LEAP Progress Report for 2009, there has been a focus on: gender training for focal points; the development of operational tools in order to strengthen economic reintegration of former combatants in urban areas for future D&R projects; and vocational training, promotion of income generating activities, physical rehabilitation and social reintegration support. World Bank "Progress Report Learning for Equality, Access and Peace (LEAP)
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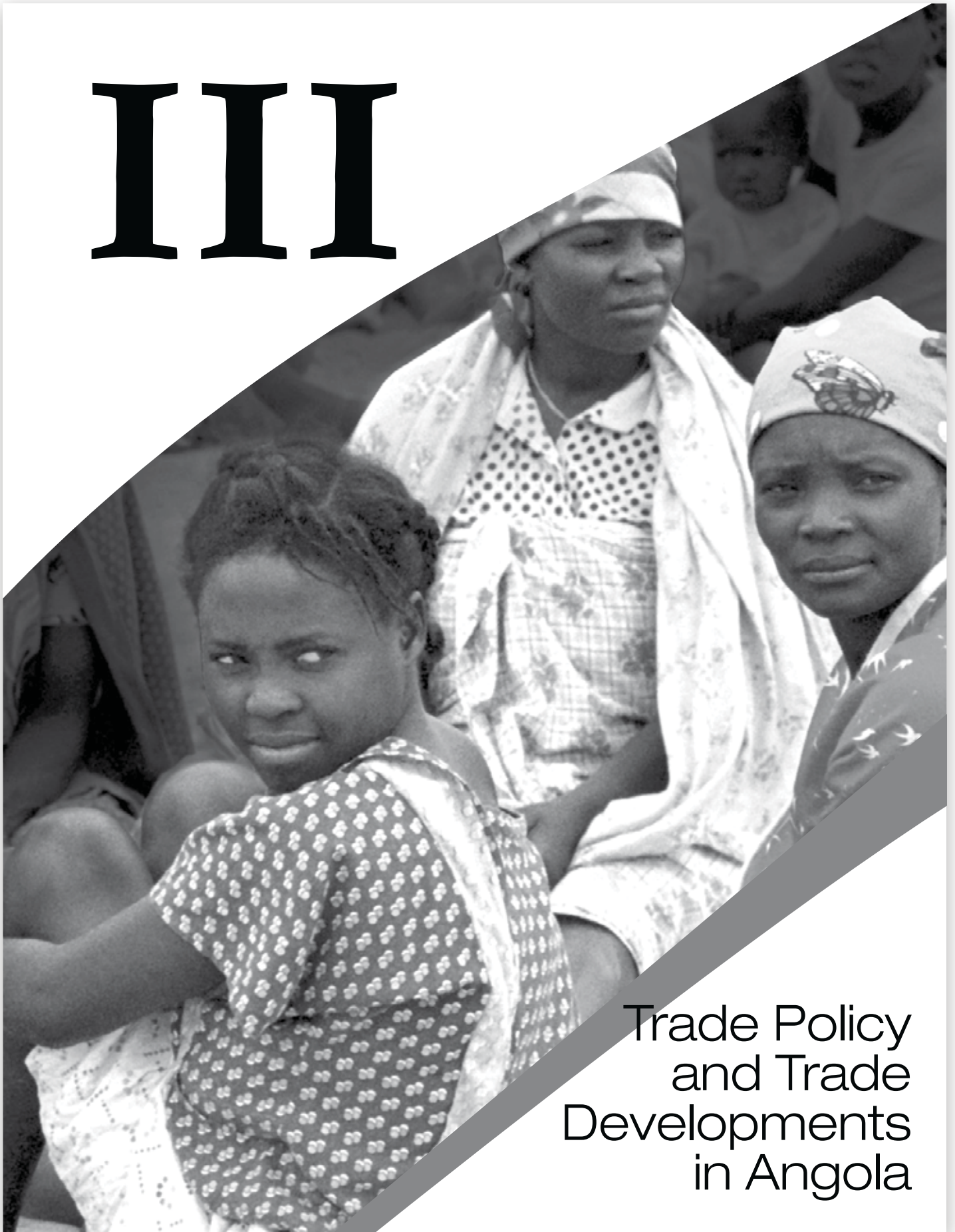
Programme August 2007-February 2009". Available at <http://www.mdrp.org/PDFs/LEAPprogressreport022009.pdf>. Accessed 06/07/2012.

29 The military force of UNITA.

30 Peace-building initiative, "Empowerment: Women & Gender Issues: Women, Gender & Peacebuilding Processes". Available at http://www.peacebuildinginitiative.org/index.cfm?pageld=1959#_ftn73. Accessed 06/07/2012.

31 Peacewomen, "Demobilization, Disarmament, Repatriation, Resettlement and Reintegration (DDRRR)". Available at http://www.peacewomen.org/themes_theme.php?id=9. Accessed 06/07/2012.

III



Trade Policy
and Trade
Developments
in Angola

3.1 ANGOLA TRADE AGREEMENTS

3.1.1 Multilateral agreements

Angola is an original member of the World Trade Organization (WTO). As an LDC, Angola enjoys special and differential treatment (S&D) with respect to WTO obligations and commitments. A certain degree of flexibility is granted to Angola in the three key areas of market access, export subsidies and domestic support. As regards market access, in implementing the Uruguay Round obligations on tariff binding, Angola has bound its tariffs at relatively high levels and is not expected to liberalize its MFN tariffs in agriculture. As an LDC, Angola is also exempted from the obligation to reduce existing agricultural export subsidies, both in terms of subsidized quantities and budgetary outlays. It should be stressed, however, that the country has no significant export subsidy programme in place (WTO 2006). The country enjoys significant flexibility to implement domestic support policies in agriculture. A wider policy space is provided under the following provisions: (a) Government service programmes that fall under the “Green box” measures³² are not subject to reduction commitments, (b) certain developmental measures in developing countries that fall under article 6.2 of the Agreement on Agriculture³³ are also exempted and (c) trade-distorting support measures are admitted within defined minimal levels (de minimis exemptions).³⁴

3.1.2 Regional agreements

At the regional level, Angola is a co-founder of the Economic Community of Central African States (ECCAS/CEEAC), of the African Union (AU) and of the Southern African Development Community (SADC). In 2003 the country adhered to the SADC Protocol on Trade, which envisages the creation of a Free Trade Area in the region. However, Angola has not yet implemented it. Angola is also a member of the Common Market for Eastern and Southern Africa (COMESA) but it has withdrawn from its activities because of duplication with SADC with respect to trade policies in the region. It should be stressed that Angola's intraregional trade remains very limited and most of the country's trade flows take place on the extraregional markets.

3.1.3 Bilateral schemes

As an LDC, Angola is eligible for non-reciprocal preferential arrangements with industrialized countries under the Generalized System of Preferences (GSP). Angola has been a party to the United States of America's African Growth and Opportunity Act (AGOA) since December 2003. AGOA provisions for least developed countries establish that goods from any country, used in the manufacturing process in Angola, may qualify for AGOA origin of the final product. Under AGOA, Angola became one of the three major trade partners of the United States (WTO 2006, US Department of Commerce 2010). Under the “Everything But Arms” (EBA) initiative for least developed countries, access to European Union markets is duty free and quota free for all of Angola's products, except arms and ammunitions.

Jointly with SADC, Angola is in the process of negotiating an Economic Partnership Agreement (EPA) aimed at fostering trade between the European Union and the African, Caribbean and Pacific (ACP) Group of States. Seven clusters of topics for negotiation have been identified: agriculture and fisheries (where Angola is the coordinator for SADC); non-agricultural market access; standards, and SPS; legal issues, rules of origin and statistics; trade facilitation and development cooperation; TRIPS and TRIMs; and services, investment, and competition policy. Botswana, Lesotho, Swaziland, Mozambique and Namibia signed an Interim EPA with the European Union in 2009. Although Angola did not join the interim agreement, it still maintains preferential treatment under the EBA regulation.

3.2 POLICIES ON TRADE IN GOODS

Angola used to have a very complex trade regime before reforms began to be implemented in the late 1990s. Import duties ranged from 0 to more than a 100 per cent for certain luxury goods. From 1992 to 1994, the simple average of applied tariffs stood at 11.6 per cent (Ngy and Yeats 1996). The customs system was rather ineffective because of numerous exceptions and widespread customs evasion. Moreover, non-tariff measures had a considerable impact on Angolan trade. Foreign trade was strictly regulated by a system of administrative mechanisms, and the State exercised a monopoly on external trade through

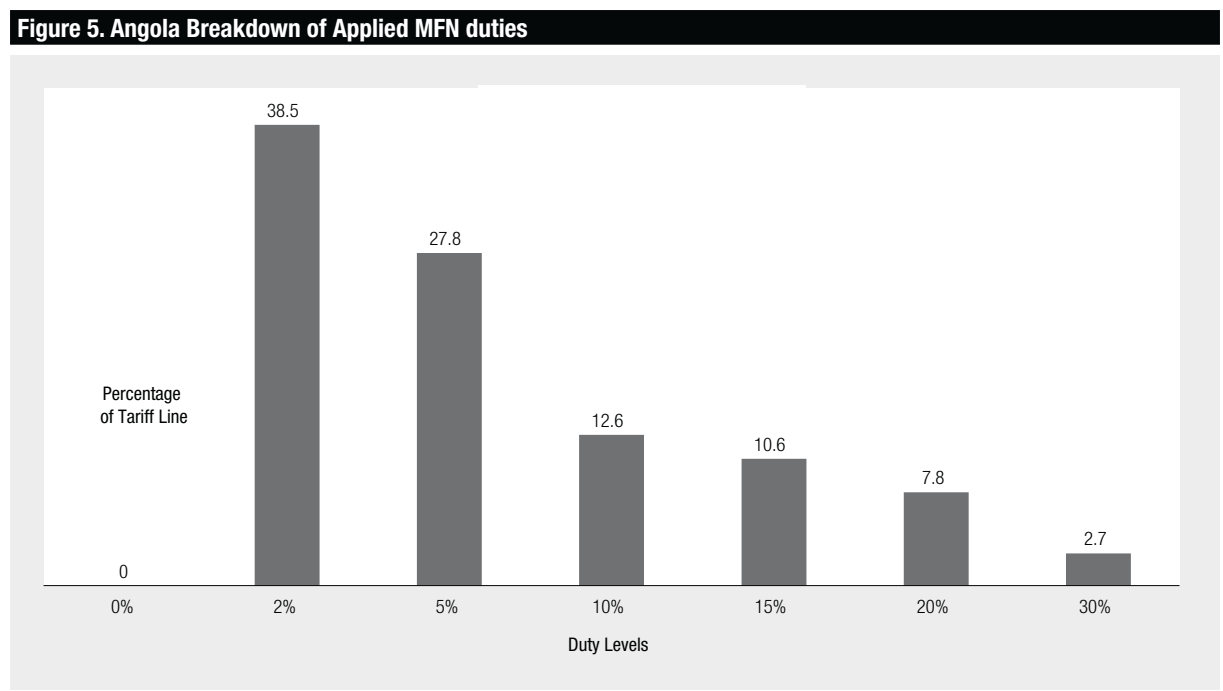
State-owned enterprises (SOEs). Furthermore, trade was significantly affected by a system of extensive price controls.

Trade reform was first effectively introduced in May 1999, in a context of increasingly deregulated domestic markets. The new tariff schedule was streamlined with the introduction of six tariff bands with a simple average applied MFN tariff of 17 per cent (5 per cent or less for food and agriculture products). All quantitative restrictions were eliminated. Investment goods for some sectors, like oil and mining, were exempted from import duties. Export products were charged an export tariff averaging 4 per cent. Tariff obligations for the oil industry were largely determined by individually negotiated contracts between foreign oil companies and the Angolan Government.

A new tariff structure was introduced in 2005. Overall, the simple average MFN applied tariff was significantly reduced to 7.3 per cent, with an import-weighted

average of 6.4 per cent, those levels being much lower than the average in sub-Saharan Africa (SSA), or in lower-middle income countries. However, taking into consideration additional fees and charges, the average MFN charge on imports reached almost 10 per cent.

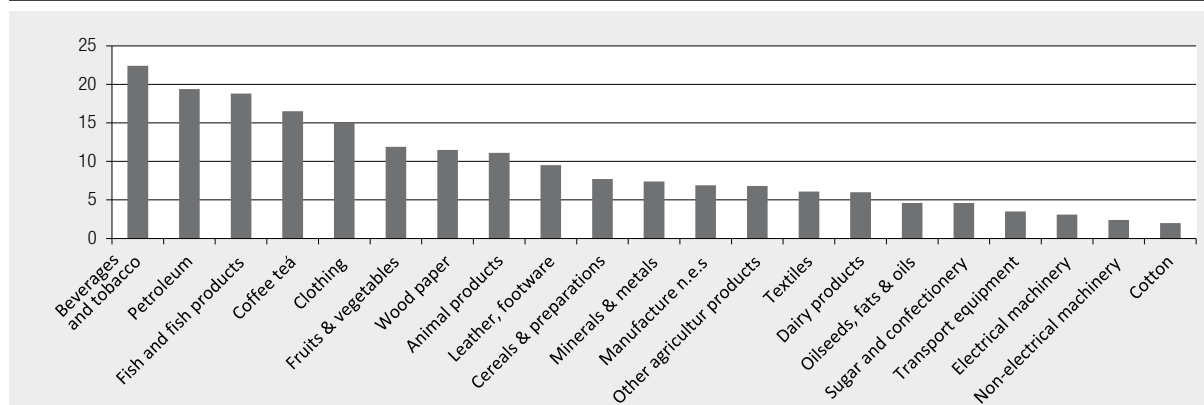
The tariff reform increased the protection afforded to domestic production in some sectors: it lowered tariffs for inputs, while increasing them for some final products, with the overall goals of supporting the gradual process of import substitution for essential goods and of boosting exports from the non-oil sectors. This strategy, which has been implemented in consultation with the Industrial Association of Angola, is however still limited to a few products, especially the beverages industry and its upstream products.³⁵ Figure 5 depicts the breakdown of applied tariffs by level of the total 5,384 tariff lines included in the Angolan tariff schedule.



Source: WTO (2006)

Figure 6 presents the simple MFN tariff average by product groups. The highest average applied rates affect beverages and tobacco, petroleum, fish and fish products, coffee and tea, and clothing. All remaining

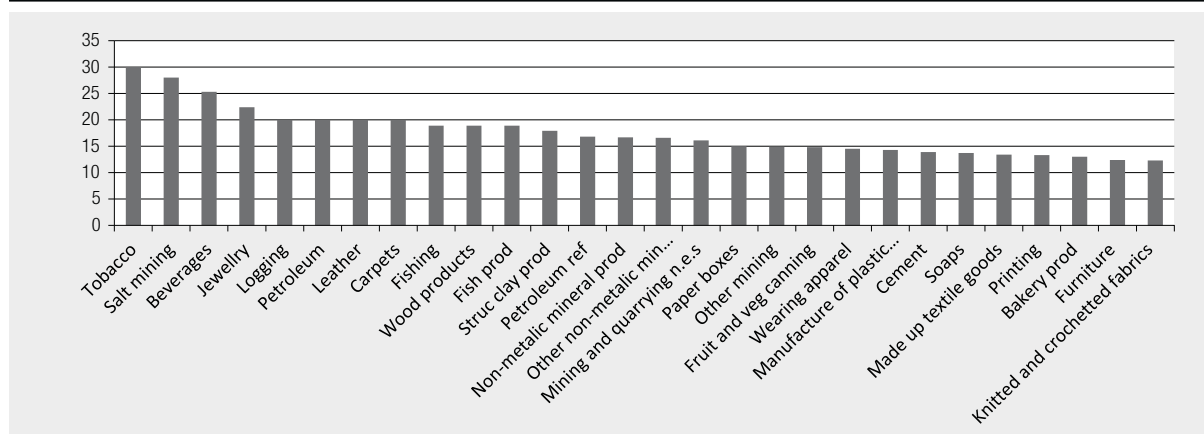
product groups face an average tariff close to or below 10 per cent. The average tariff levied on capital goods is very low.

Figure 6. Average applied tariffs by product group

Source: World Tariff Profiles 2012. WTO-ITC-UNCTAD

The applied MFN tariff by ISIC category allows for the assessment of the degree of protection provided to different economic activities. Figure 7 presents the sectors with the highest average applied tariff. High average tariffs are closely associated with the existing production structure of the country, and with economic sectors that exhibit a potential for growth. It is noteworthy, however, that there is a relatively low average tariff affecting the agricultural sector (8.2 per cent), despite its high growth potential. The average tariff for agricultural products has been kept relatively

low to avoid its price effects in the framework of the stabilization policies. Angola has retained substantial flexibility in adjusting its import duties, including in agriculture. Indeed, the gap between the bound and applied MFN rates (“binding overhang”) is fairly large, including for agricultural products. For example, import duties for cereals (simple average) are bound at 54 per cent, while the applied average rate stands at 7.8 per cent (WTO, ITC and UNCTAD 2012). This allows for significant leeway in adjusting border protection to stimulate domestic import-competing production.

Figure 7. Angola applied MFN tariffs by ISIC Rev. 2 Sectors with highest simple average tariff

Source: WTO (2006), table AIV.1

The consumption tax was maintained after the reform, and a 10 per cent consumption tax was charged on most products (RoA, Pauta Aduaneira 2005b). In the absence of domestic production of a certain good, a consumption tax affecting imports has the same effect as an import duty. In the case of Angola – which has a very limited productive structure, and where most manufactured goods and a significant proportion of food are imported – a consumption tax has the effect

of raising import prices and increasing protection to domestic production, just as an import duty does. Moreover, consumption taxes are usually collected in a more regular and effective manner at the border than in domestic markets. Therefore, taking into account the 10 per cent consumption tax, the simple average of charges on imports was around 17.3 per cent.

A new tariff schedule came into force in September

2008 (Decree 28/08); it provided tariffs exemption on the import of raw materials, equipment and intermediate goods for industries. The schedule also reduced tariffs on 58 categories of basic goods. This was done as an additional measure to boost the industrialization of the country. The Government established a surcharge of 1 per cent on imports of luxury products. Besides the tariffs themselves, several additional fees associated with importing were maintained, including the consumption tax.

Angola still has a system of price controls in effect. Price controls can have a trade-distorting effect, by discouraging either imports or domestic production. Price fixing has basically been eliminated, remaining only for bread and fuels, which are subsidized products. However, controls over production, and wholesale and retail margins still affect a wide range of essential products, such as agricultural tools and inputs, food items, textiles, clothing, footwear and medicines, construction goods and other products. As is the case for consumption taxes, production and trade margin controls apply to domestically produced and imported items. They are more effectively enforced at the border, as applied to the import bill, than to domestically produced goods, considering that in Angola informal channels of distribution predominate.

Duty-free imports of investment goods are allowed for some sectors and priority areas, in order to favour investments. A general scheme is available to investors in priority regions, and separate schemes are available to investors in the oil, diamonds and mining industries. These concessions are also linked to priority development zones as defined in Angola's investment policy. The breadth and depth of import duty exemptions means that virtually any investor or producer may import inputs required for production and capital equipment duty free, as well as some end-use products. These duty concessions also affect tariff escalation and the effective protection of domestic production.

In addition to tariffs and consumption taxes, in Angola the exchange rate emerges as a crucial factor determining the level of effective protection afforded to domestic production. Effective protection assessment has to include the effect of misalignment of the exchange rate, as the appreciation of the domestic currency has a significant effect on the price of imports in relation to those of domestically produced goods and products. Domestic currency appreciation artificially lowers the price of imports, while increasing the prices of non-tradable goods in the domestic economy.

There is consensus among most analysts that the kwanza has appreciated significantly since 2002, from an already high level (Kyle 2005a, Andrade and Morales 2007, World Bank 2007 and 2007b, IMF 2007, OEDC 2011). The kwanza had a cumulative appreciation of 40 per cent from 2000 to 2002, and a further 17 per cent appreciation in 2003 (Gasha and Pastor 2004); it has continued appreciating since then. Angola is certainly affected by a Dutch disease; and this has been considered Angola's most severe crisis (Braga de Macedo et al. 2007). Some estimate a real appreciation of the kwanza as high as far above 50 per cent. The fact that Luanda is the most expensive city among 240 cities reviewed from around the world is also a sign of the extent of the appreciation of the kwanza (ECA 2010).

Domestic currency appreciation has been the result of the "hard kwanza" policy pursued by the Government in the framework of stabilization attempts. However, this has not been a conscious policy objective of the Government, but rather the result of a combination of measures aimed mainly at controlling the rate of inflation in the context of a huge fiscal deficit financed by large amounts of foreign exchange. Indeed, many stabilization programmes implemented by developing countries have resulted in the appreciation of the domestic currency. In the case of Angola, the problem is compounded by the recent large inflows of foreign currency due to increasing oil exports and FDI in the extractive sectors.

The estimates of real appreciation, or the misalignment with the equilibrium real exchange rate, vary. In fact, it is difficult to define which period could be considered normal in recent Angolan history (Gelbard and Nagyasu 1999, Gasha and Pastor 2004). While it is hard to assign a precise number to the extent of real appreciation, a simple comparison between the nominal depreciation of the kwanza with respect to the US\$ and the yearly average inflation rate demonstrates that the latter has been significantly higher in recent years. The accumulated inflation from 2002 to 2011 was of 743 per cent, against a nominal devaluation of the kwanza to the US\$ of 95 per cent.

It would also be necessary to take into consideration the movements of the US\$ in relation to other hard currencies in order to assess the extent of the overall appreciation of the kwanza. But, in any case, the permanent appreciation of the kwanza is evident. The behaviour of the tradable sectors in Angola, except that of the extractive industries, certainly points to the serious impact that the appreciation of the domestic currency is having on the economy: providing wrong

incentives for the production of tradable goods, and promoting imports. The Government of Angola is aware of the effects of the exchange rate on the competitiveness of domestic production, and there is special concern about its impact on the agricultural sector, which employs most of the poor (RoA 2009a).

The evolution of Angolan trade policy and the behaviour of the exchange rate both point to the conclusion that since 2002 the country has experienced a major macroeconomic adjustment. The extent of appreciation of the domestic currency precludes any level of effective protection that could be provided by the current trade regime. The efforts made by the Government of Angola to increase border protection as a mechanism to promote industrialization and enhance agricultural production can hardly produce significant results in the present exchange rate context. The prospect of steering the economy towards higher value added products and a more diversified export bundle in order to reduce the high dependence on natural resource commodities will depend on providing the right set of macroeconomic incentives, which will promote production of tradable goods in the country.

3.3 POLICIES ON TRADE IN SERVICES

Even though Angola has made limited commitments on the liberalization of trade in services under the General Agreement on Trade in Services (GATS), the applied trade regime is quite liberal in the country, both *de jure* and *de facto*. Angola's GATS commitments only cover banking, tourism and restaurants' services, and cultural and sporting services; however they secure a high degree of liberalization in these sectors. There are no commitments on Mode 4, except regarding measures affecting senior management and specialists with knowledge essential to the provision of the service.

In practice, commercial presence is open to foreign services providers, with limited exceptions – for example in the case of small retailing activities, and other services. Angola's previous foreign investment law expressly prohibited foreign investment in the areas of defence, internal public order and state security; in banking activities related to the operations of the Central Bank and the Mint; in the administration of ports and airports; and in other areas which are under the State's exclusive responsibility by law. Although the 2011 Law on Private Investment does not explicitly restate these prohibitions, these areas are assumed to remain off-limits to foreign investors.

Bureaucratic hurdles regarding authorization and permits are perhaps the main obstacles to establishing a commercial presence in Angola (Da Gama 2005,

cited by van Klaveren et al. 2009; USTR 2010). Access to land by foreigners is also an issue that might restrict commercial presence. The Angolan Government is promoting the recruitment of nationals; therefore there are limitations to the proportion of foreign workers in services firms. However, in practice, this requirement has proven difficult to enforce.

Angola is also quite open to imports of services through the presence of foreign individuals as service providers (GATS Mode 4). In fact, there is a wide presence of foreign specialists supplying their services to foreign firms established in Angola, and to the main SEOs in the extractive sectors. The presence of foreign workers and specialists is also highly evident in the construction sector, and is associated with the reconstruction projects. Furthermore, as a result of the abolishment of the controls over foreign currencies, there are no limitations to consumption abroad by Angolan nationals. Cross-border trade in services is not affected by constraints, due to the fact that it often takes place through the web. The openness of services trade in Angola is reflected in the behaviour of services imports. Angola, as analysed in section 5.2, is probably the main importer of services in sub-Saharan Africa.

The effect of the appreciation of the domestic currency on trade in services is more ambiguous than for trade in goods. Trade in services, by the four modes of delivery, takes place in a context in which both the costs in the exporting country and those in the importing country intervene in setting the relative competitiveness of the trading partners. For example, the mobility of natural persons providing services is affected both by the wage levels in the exporting country and by the costs the individual confronts when supplying a service in the importing country. Furthermore, for Mode 2 for example – tourism services – the costs in the importing country determine the competitiveness of the services supply.

3.4 TRADE FLOWS – GOODS

3.4.1 Exports

Table 4 presents the recent evolution of commodity exports. Exports have experienced remarkable growth; however two main trends should be noted. First, the dominance of extractive activities, which in 2010 accounted for more than 99 per cent of all exports. Secondly, the fact that the structure of exports has exhibited significant stability over time, with products other than oil and diamonds showing limited dynamism and having very low value.³⁶ With the exception of extractive industries, the amount of exports and diversification of the products exported

are too limited to have a positive impact on the Angolan economy. In this regard, trade policy has proved unable to achieve one of its main objectives,

namely, steering the economy towards export-led growth based on diversification, and towards higher value added and higher productivity products.

Table 4. Angola: Exports of principal commodities 2004–2010 [Thousand US\$]

Code	Product label	2004	2005	2006	2007	2008	2009	2010
TOTAL	All products	12 766 632	22 085 744	31 980 904	40 769 880	67 473 322	39 134 320	51 494 339
'27	Mineral fuels, oils, distillation products, etc.	12 542 471	21 278 535	31 289 256	39 938 226	66 277 465	38 283 908	50 855 753
'71	Pearls, precious stones, metals, coins, etc.	150 756 12 693 227 99.94%	671 884 21 950 419 99.38%	555 394 31 844 650 99.57%	630 042 40 568 268 99.50%	894 086 67 171 551 99.55%	442 953 38 726 861 98.95%	226 264 51 082 017 99.19%
'87	Vehicles other than railway, tramway	2 426	15 985	731	3 603	1 998	17 266	154 182
'84	Machinery, nuclear reactors, boilers, etc.	8 162	17 537	12 279	17 290	28 678	92 673	49 229
'25	Salt, sulphur, earth, stone, plaster, lime and cement	11 934	21 460	20 310	24 293	32 298	29 774	29 899
'73	Articles of iron or steel	545	3 123	1 905	2 844	6 348	34 363	29 709
'85	Electrical, electronic equipment	3 700	8 279	2 654	12 779	3 868	56 716	28 994
'72	Iron and steel	2 245	6 079	9 233	6 818	16 519	5 652	17 245
'48	Paper and paperboard, articles of pulp, paper and board	50	32	55	7 829	5 432	41 855	16 348
'03	Fish, crustaceans, molluscs, aquatic invertebrates	9 245	25 883	28 088	23 103	19 571	12 540	12 296
'99	Commodities not elsewhere specified	9 739	9 843	18 994	4 846	3 841	10 116	11 134
'89	Ships, boats and other floating structures	30	95	13	1 586	20 932	7 906	10 854
'90	Optical, photo, technical, medical, etc., apparatus	2 807	2 567	3 913	16 114	7 912	8 614	8 587
'39	Plastics and articles thereof	77	709	182	9 331	335	6 418	7 931
'74	Copper and articles thereof	1 432	1 890	3 150	5 770	58 839	2 199	5 437
'76	Aluminium and articles thereof	1 834	2 774	3 846	8 700	2 650	28 587	4 130
'24	Tobacco and manufactured tobacco substitutes		154	4	457	657	463	3 777
'23	Residues, wastes of food industry, animal fodder	4 544	4 200	3 514	3 221	905	1	2 827
'94	Furniture, lighting, signs, prefabricated buildings	134	90	88	703	231	5 318	2 514
'44	Wood and articles of wood, wood charcoal	2 799	3 625	3 310	3 287	2 761	2 022	2 191
'10	Cereals	5	1			10	3	1 966
'83	Miscellaneous articles of base metal	38	252	79	304	78	101	1 660
'88	Aircraft, spacecraft, and parts thereof	811	634	523	2 654	66 144	2 931	1 293
'30	Pharmaceutical products	22	4	12	32	132	12	1'057
'95	Toys, games, sports requisites	44	524	21	98	9	564	922
'86	Railway, tramway locomotives, rolling stock, equipment	26	71	30	5	968	78	910

Source: Elaborated by the UNCTAD secretariat based on ITC Database. HS 2-digit level

Table 5 breaks down Angola's major export economies. Intraregional trade remains very limited as only 2.4 per cent of Angola's exports are destined to other SADC countries (South Africa). In 2011, China and the United States accounted for the bulk of Angola's

exports, with 37.7 and 21 per cent of total exports respectively. Products derived from the extractive industry continue to constitute the main exported goods to all destination countries.

Table 5. Major export economies, all products, ranked by market share, 2011 [US\$ million]

Rank	Importers	2004	2005	2006	2007	2008	2009	2010	2011
1	China	4 717 7.10%	6 581 9.90%	10 933 16.50%	12 888 19.50%	22 382 33.80%	14 675 22.20%	22 815 34.50%	24 922 37.70%
2	United States	4 796 7.20%	8 846 13.30%	12 174 18.40%	12 925 19.50%	19 497 29.50%	9 703 14.70%	12 281 18.60%	13 833 20.90%
3	India	0 661 0.00%	2 0.00%	183 0.20%	920 1.30%	1 289 1.90%	3 394 5.10%	4 838 7.30%	6 005 9.10%
4	Taiwan Province of China	859 1.30%	983 1.40%	1 866 2.80%	2 121 3.20%	2 012 3.00%	1 058 1.60%	2 859 4.30%	5 665 8.60%
5	Canada	0 038 0.00%	0 274 0.40%	534 0.80%	1 117 1.60%	2 607 3.90%	1 207 1.80%	1 575 2.40%	2 469 3.70%
6	Italy	35 0.10%	83 0.10%	51 0.00%	195 0.30%	453 0.60%	36 0.10%	348 0.50%	2 068 3.10%
7	France	815 1.20%	1 749 2.60%	1 553 2.30%	2 370 3.50%	4 010 6.00%	3 270 5.00%	2 126 3.20%	1 825 2.80%
8	Portugal	2 0.00%	31 0.00%	66 0.10%	507 0.70%	601 0.90%	211 0.30%	746 1.10%	1 639 2.50%
9	South Africa	262 0.40%	296 0.40%	366 0.50%	1 645 2.40%	2 686 4.00%	1 370 2.10%	1 998 3.00%	1 584 2.40%
10	Germany	4 0.00%	76 0.10%	75 0.10%	196 0.30%	701 1.00%	343 0.50%	301 0.50%	1 229 1.90%

Source: Elaborated by the UNCTAD secretariat based on ITC Database

3.4.2 Imports

Angola is highly dependent on imports. Imports experienced an annual average growth rate of 13.5 per cent from 2004 to 2010. Annex 1 presents the value of imports by product type for the period under consideration. Consumer goods represent almost 60 per cent of all imports, and import penetration is significant in most sectors: in the absence of domestic production, the domestic market is basically supplied by imports. For some agricultural/food products (e.g. cornmeal cassava), domestic production has increased enough to satisfy internal demand, therefore imports are no longer required. Intermediate goods only represent 11.7 per cent of all imports, reflecting the low proportion of transformation activities in the country. Capital goods represent the remaining 29.3 per cent of imports. Capital goods imports are, to a large extent, linked to the extractive sector. Additionally, construction material, utilized in the reconstruction efforts, is an important component of import trade.

Given the weight of the agricultural sector in total employment in Angola, table 6 presents imports of agricultural and related food products. These products account for around 20 per cent of total Angolan imports. The country has a very low food self-sufficiency rate, since around 70 per cent of all food consumed in the country is imported. In 2010, meat, beverages, fats and oils, and milling products accounted for almost 55 per cent of all imports of agricultural and related food products. Imports of cereals, however, exhibit an annual negative growth rate: this may indicate that consumption of domestic products has gained an increased share in total consumption. An alternate explanation could be that a process of substitution in the consumption basket of the population has taken place as a result of the high prices for cereals in the world market. A 14 per cent contraction of the imports of agricultural and related products occurred between 2008 and 2010.

Table 6. Angola: Imports of agricultural and related food products [US\$ thousands]

Code	Product label	2004	%	2005	2006	2007	2008	2009	2010	%	CAGR
'02	Meat and edible meat offal	146 035	12.46	191 459	268 830	348 724	510 009	411 222	505 244	19.75	19.4
'22	Beverages, spirits and vinegar	241 671	20.62	214 124	290 535	368 885	493 792	422 770	430 879	16.85	8.61
'15	Animal, vegetable fats and oils, cleavage products, etc.	102 931	8.78	113 373	132 816	198 849	259 041	207 876	245 711	9.61	13.24
'11	Milling products, malt, starches, inulin, wheat gluten	120 998	10.32	121 890	146 625	202 224	280 562	239 062	212 836	8.32	8.4
'04	Dairy products, eggs, honey, edible animal product	84 079	7.17	83 882	141 162	130 284	205 455	172 674	190 464	7.45	12.39
'17	Sugars and sugar confectionery	67 890	5.79	83 918	134 198	113 466	138 670	124 079	178 243	6.97	14.79
'16	Meat, fish and seafood food preparations	57 215	4.88	83 051	98 738	137 956	217 581	176 531	152 992	5.98	15.09
'19	Cereal, flour, starch, milk preparations and products	65 397	5.58	82 112	116 098	120 161	208 265	137 138	151 460	5.92	12.75
'20	Vegetable, fruit, nut, etc., food preparations	45 612	3.89	47 902	70 510	78 806	113 904	111 548	91 865	3.59	10.52
'10	Cereals	106 784	9.11	100 367	72 373	94 946	246 542	116 924	83 159	3.25	-3.51
'21	Miscellaneous edible preparations	32 498	2.77	35 650	47 984	45 228	69 107	65 894	76 441	2.99	13
'03	Fish, crustaceans, molluscs, aquatic invertebrates	15 876	1.35	15 737	31 210	43 701	50 039	44 899	62 555	2.45	21.64
'07	Edible vegetables and certain roots and tubers	37 079	3.16	42 165	48 427	53 502	69 259	26 252	61 776	2.42	7.57
'24	Tobacco and manufactured tobacco substitutes	13 398	1.14	12 127	14 922	13 085	13 413	20 853	25 377	0.99	9.55
'18	Cocoa and cocoa preparations	7 851	0.67	8 252	10 709	13 655	20 872	24 690	22 532	0.88	16.65
'08	Edible fruit, nuts, peel of citrus fruit, melons	9 798	0.84	10 853	12 058	14 487	18 308	11 697	21 270	0.83	11.74
'05	Products of animal origin	3 936	0.34	4 281	2 707	6 269	7 942	5 647	18 056	0.71	24.31
'09	Coffee, tea, mate and spices	3 747	0.32	3 618	7 285	9 078	10 607	9 787	7 631	0.3	10.7
'12	Oil seed, oleagic fruits, grain, seed, fruit, etc.	2 741	0.23	2 830	6 101	6 302	9 011	5 348	5 680	0.22	10.97
'23	Residues, wastes of food industry, animal fodder	2 678	0.23	2 644	3 339	5 336	8 172	5 149	5 390	0.21	10.51
'13	Lac, gums, resins, vegetable saps and extracts	753	0.06	580	1 162	1 728	6 426	8 015	4 438	0.17	28.84
'01	Live animals	1 597	0.14	3 105	1 086	6 564	11 454	2 469	1 991	0.08	3.2
'06	Live trees, plants, bulbs, roots, cut flowers, etc.	1 395	0.12	1 361	1 215	2 988	1 781	1 729	1 795	0.07	3.67
'14	Vegetable plaiting materials, vegetable products	89	0.01	208	384	300	301	22	65	0	-4.39
		1 172 048	100	1 265 489	1 660 474	2 016 524	2 970 513	2 352 275	2 557 850	100	11.79

Source: Elaborated by the UNCTAD secretariat based on ITC Database. HS 2-digit level

As highlighted in table 7, Angola's overall imports mainly originate from Portugal and China, accounting for 19 and 16.3 per cent of total imports respectively. Machinery, ships, electronic equipment and vehicles constitute the bulk of total imports. It should be observed that Angola's investment policy accords duty exemptions to imports of investment goods, such as inputs required for production and capital equipment, which has favoured a significant increase of imports proceeding from China and Portugal (especially). Due to the limited domestic production capacity, it

is estimated that 68 per cent of firms in Angola still rely on imported inputs (AfDB 2012). Angola is also a major importer of meat and edible meat offal. Meat products mainly originate from Brazil and the United States. Intraregional import flows originating from other SADC countries, namely South Africa and Namibia, constitute about 8.16 per cent of Angola's imports. Congo accounts for 8.14 per cent of imported goods, which mainly comprise ships, boats and other floating structures.

Table 7. Major import origins, all products, ranked by market share, 2011 [US\$ million]

Rank	Exporters	2004	2005	2006	2007	2008	2009	2010	2011
1	Portugal	833 4.90%	995 5.80%	1 518 8.90%	2 302 13.50%	3 339 19.60%	3 126 18.30%	2 532 14.90%	3 245 19.00%
2	China	193 1.10%	372 2.20%	894 5.30%	1 234 7.20%	2 942 17.30%	2 385 14.00%	2 003 11.80%	2 784 16.30%
3	United States	594 3.50%	927 5.40%	1 550 9.10%	1 280 7.50%	2 116 12.40%	1 422 8.40%	1 291 7.60%	1 500 8.80%
4	Congo	n.r.	n.r.	n.r.	332 2.00%	150 0.90%	952 5.60%	903 5.30%	1 386 8.10%
5	Brazil	357 2.10%	520 3.10%	836 4.90%	1 218 7.20%	1 974 11.60%	1 333 7.80%	943 5.50%	1 073 6.30%
6	South Africa	481 2.80%	544 3.20%	686 4.00%	772 4.50%	897 5.30%	681 4.00%	700 4.10%	897 5.30%
7	France	273 1.60%	370 2.20%	633 3.70%	741 4.40%	745 4.40%	752 4.40%	841 4.90%	812 4.80%
8	United Kingdom of Great Britain and Northern Ireland	217 1.30%	288 1.70%	379 2.20%	547 3.20%	530 3.10%	518 3.00%	827 4.90%	602 3.50%
9	India	65 0.40%	103 0.60%	196 1.20%	233 1.40%	330 1.90%	586 3.40%	597 3.50%	536 3.20%
10	Namibia	236 1.40%	179 1.10%	192 1.10%	260 1.50%	405 2.40%	663 3.90%	558 3.30%	492 2.90%

Source: Elaborated by the UNCTAD secretariat based on ITC Database

3.5 TRADE FLOWS – SERVICES

Angola is a net importer of services. Tables 8 and 9 present the available data on the Angolan services trade. The trade in services deficit has been increasing rapidly in recent years. While imports show a very high annual average growth rate, exports have demonstrated limited dynamism and low export

values. Only travel has experienced significant growth, due to the reactivation of inbound tourism for business purposes. What is noticeable is the contraction of exports of other commercial services. This indicates that there has been no diversification of services export activities of the type that have emerged in other developing countries, and that represent a potential source of employment for the female labour force.

Table 8. Angola: Trade in commercial services 2001–2010 [Current US\$ million]

Year	Exports				Imports				Trade balance			
	Total	Transport	Travel	Other	Total	Transport	Travel	Other	Total	Transport	Travel	Other
2001	203	13		189	3 176	392	66	2 717	-2 973	-379	n.d	-2 906
2002	207	17	37	153	2 766	477	19	2 270	-2 559	-460	18	-2 423
2003	201	16	49	136	2 774	759	12	2 004	-2 573	-743	37	-2 140
2004	323	18	66	239	4 285	877	39	3 368	-3 962	-859	27	-3 607
2005	177	18	88	71	6 191	1 320	74	4 797	-6 014	-1 302	14	-4 868
2006	n.d	20	75	n.d	6 860	1 627	148	5 086	n.d	-1 607	-73	n.d
2007	311	17	225	69	11 997	2 505	212	9 280	-11 686	-2 488	13	-9 349
2008	329	14	285	30	20 451	3 721	254	16 476	-20 122	-3 707	31	-16 506
2009	623	32	534	57	18 210	4 156	133	13 922	-17 587	-4 124	401	-13 979
2010	643	n.d	n.d	n.d	16 396	n.d	n.d	n.d	-15 753	n.d	n.d	n.d

Source: WTO Trade Database

Table 9 presents the disaggregation of imports of other commercial services. Other business services imports are closely linked with the oil extractive sector, while construction services imports reflect investments in reconstruction. Communications services imports respond to the significant foreign investment in the

Angolan telecommunications sector, and insurance imports are mainly reinsurance contracted in the international financial centres. Imports of other commercial services do not compete with domestic services, since there is no domestic supply of these services.

Table 9. Angola: Imports of other commercial services 2001–2009 [Current US\$ million]

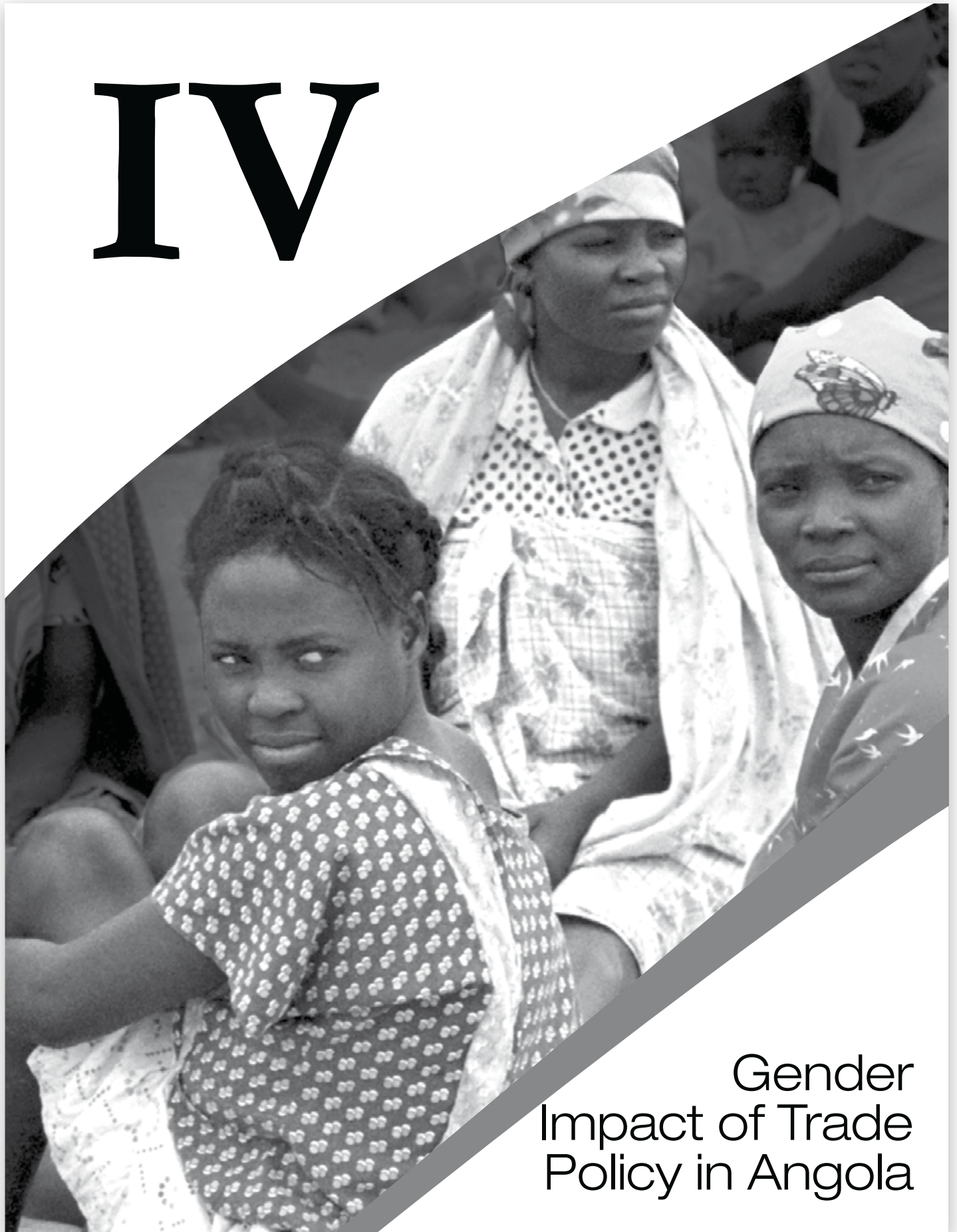
Year	Communications	Construction	Insurance	Financial	Computer	Other business service	Personal, cultural and recreational
2001	n.d	n.d	93	n.d	n.d	2 623	n.d
2002	8	555	94	34	1	1 563	15
2003	9	150	157	9	2	1 665	11
2004	17	866	174	59	8	2 213	28
2005	23	1 323	103	16	18	3 265	45
2006	19	1 476	297	123	12	3 092	65
2007	48	2 634	414	154	23	5 907	99
2008	88	5 007	1 498	537	27	9 197	121
2009	608	4 676	329	445	38	7 680	146

Source: WTO Trade Database

NOTES

- 32 “Green box” measures are defined in annex 2 of the WTO Agreement on Agriculture. The provision applies to both developed and developing country Members. The areas covered by the provision include, among others: agricultural extension and inspection services; marketing and promotion services; infrastructural services, including electricity reticulation, roads and other means of transport, market and port facilities, and water supply facilities.
- 33 The areas covered by the provision include investment subsidies generally available to agriculture (e.g. irrigation subsidies) and agricultural input subsidies generally available to low-income or resource-poor producers (e.g. fertilizer subsidies for poor producers). No quantity threshold is in place.
- 34 For developing countries, the de minimis level of product-specific support is established at 10 per cent of the total value of production of the agricultural product in question; for non-product specific support, the de minimis level should be less than 10 per cent of the value of total agricultural production.
- 35 Information shared by the Ministry of Trade during the fact-finding mission, 2013.
- 36 Reported exports of vehicles, machinery and electronic equipment do not correspond to the manufacturing production in Angola. These values might instead reflect re-exports from the country.
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IV



Gender
Impact of Trade
Policy in Angola

The participation of women in the economy and the female intensity of employment depend on the overall structural change of the economy, in particular the growth and decline of different sectors. This process in turn is strongly affected by trade policy. To the extent that structural change generates job opportunities that match the skill level of the female workforce, and that they are available in the labour market, feminization of work can take place. Many studies have found that feminization of employment is associated with the expansion of manufacturing export activities (Wood 1991, Joeques 1995, Seguino 1997 and 2000) and with the growth of the services sector (Mitter 2004, Prasad and Sreedevi 2007). The expansion of the export-oriented agribusiness sector has also been associated with a significant increase in the intensity of female employment. In the case of agriculture, while feminization of work has taken place in the production of some commodities, in other cases the expansion of modern agriculture has displaced female workers out of the sector. The feminization of labour is not a linear process, and it can be reversed as result of technological and structural changes within sectors (Tejani and Milberg 2010).

This chapter aims to assess the impact of trade policy on the female workforce in Angola. It analyses the role of trade policy in the structural transformation of the economy, and its effects on: the feminization of work, and work conditions of the female workforce. Trade policy, through its effect on structural transformation, impacts on the female workforce through different channels: (a) increases or decreases in overall female employment, (b) changes in the female intensity of employment in different sectors of the economy, (c) changes in the occupational profile of female workers within a sector and (d) positive or negative effects on women's incomes. Also, trade liberalization, through its effects on prices, has an impact on women as consumers. A full analysis should take into account both dimensions (women as workers/producers and consumers). However, assessing the effect on consumers' welfare requires micro-level data and a social accounting matrix that, at this stage, are not available for Angola. Therefore, the following analysis focuses mainly on women as producers.

At the outset, it is important to highlight the fact that Angola's integration into the world economy mainly as an oil and, to some extent, diamond exporter has significantly constrained the diversification potential of the economy, making it extremely difficult to develop a domestic import competing or export-oriented manufacturing sector, and reinforcing the primary extractive character of the economy based on the oil and diamond sectors. This has had negative repercussions on the development of productive

activities that could absorb the female workforce and provide women with decent incomes. It has also fostered the growth of extractive activities with very low female work intensity. The limited structural transformation of the Angolan economy has confined the female workforce to non-tradable and low-productivity activities.

This chapter first discusses the overall labour market in Angola; then it focuses on the feminization of employment and its conditions in the formal sector of the economy. The specific cases of agriculture and the informal economy are then discussed.

4.1 WOMEN IN THE ANGOLAN LABOUR MARKET

The total population of Angola is estimated at around 19 million, of which 50.24 per cent are women.³⁷ The total working age population, aged 15–64, is estimated at 9.4 million. Women represent 50.84 per cent of the country's working age population, and 46.67 per cent of the total workforce. The female workforce amounts to 3.75 million women. Table 10 presents some basic indicators of the demographic structure and workforce by gender, and its evolution over time.

Women have a lower labour participation rate than men: it was 78.47 per cent in 2009, compared with 91.9 per cent for males. A lower labour participation rate for women is common to most countries, though on aggregate gender differentials in labour force participation rates have decreased over time (ILO 2010). What is noticeable in Angola is that while the participation rate of women shows strong stability over time, the one for men has been declining quite significantly. Moreover, even though the participation rate for women is almost constant, the absolute number of women in working age that are inactive – that is outside of the labour market – has increased significantly over time. In 2009, more than 1 million women in Angola of working age were outside the market. This could mean that social conventions are keeping them out of the labour market or that market expectations are not good enough to tempt them to actively seek a job. This trend could also reflect – as has been the case in other developing countries – an increasing standard of living for middle segments, which reduces the female participation rate in an inverted U-type curve along the income axis. In Angola, it might not be reflected in a decline of the participation rate, but in its stability over time.

The female labour participation rate in Angola is slightly high in comparison with other African countries, but not significantly different from the average. The female labour participation rate depends on a number of factors, and it is not necessarily associated with the

Table 10. Angola: Demographic structure and workforce by gender

	1 Total Population (thousands)	2 Working age population 15– 64 (thousands)	3 [2/1] (%)	4 Workforce (thousands)	5 [4/2] Labour participation rate (%)	6 [2-4] Inactive population (thousands)
Female						
1990	5 247	2 631	50.15	2 059	78.23	573
1995	6 147	3 077	50.05	2 439	79.28	637
2000	7 058	3 539	50.13	2 805	79.28	733
2005	8 337	4 189	50.24	3 302	78.82	887
2009	9 367 [50.24%]	4 779 [50.84%]	51.00	3 750 [46.67%]	78.47	1 029 [75.33%]
Male						
1990	5 064	2 523	49.82	2 398	95.05	125
1995	5 931	2 955	49.82	2 778	93.99	177
2000	6 834	3 407	49.93	3 187	93.54	220
2005	8 079	4 042	50.02	3 753	92.85	289
2009	9 277 [49.75%]	4 621 [49.15%]	49.81	4 284 [53.32%]	91.93	337 [24.67%]
Total 2009	18 644 [100%]	9 400 [100%]	50.41	8 034 [100%]	85.46	1 366 [100%]

Source: Calculations by the UNCTAD secretariat based on World Bank, World Development Indicators

level of development (World Bank 2012). Female labour participation in Angola was spurred by conflict – women being forced to replace men who went to war – and by the high levels of poverty that historically have plagued the country, which compels women to search for an income. Also, the agrarian nature of most women's activities in Angola is associated

with a high female labour participation rate in many developing countries.

Table 11 shows a sectoral breakdown of employment in Angola. Two issues should be highlighted. First of all, it is important to note the preponderant role of agriculture as an employment generator in the

Table 11. Angola: Employment by sector of economic activity [Thousands and %]

	2006	2008	% of new employment
Agriculture	4 781.13 [84.7]	5 491.29 [82.0]	67.44
Fisheries	46.44 [0.8]	164.43 [2.5]	11.20
Oil	12.78 [0.2]	15.17 [0.2]	0.22
Diamonds	15.65 [0.3]	16.59 [0.3]	0.08
Other extractive	26.13 [0.5]	26.68 [0.4]	0.05
Energy/water	--	2.34 [0.0]	--
Manufacturing	37.26 [0.7]	42.21 [0.6]	0.47
Construction	206.72 [3.7]	240.11 [3.6]	3.17
Market services	202.00 [3.6]	334.55 [5.0]	12.58
Social sectors (private sector employment in education, health and other social services)	16.53 [0.3]	18.70 [0.3]	0.20
Institutional sectors (public sector employment, including public administration and defence and other services provided by the State)	261.11 [4.6]	296.11 [4.4]	3.32
Other	35.98 [0.6]	45.64 [0.7]	0.91
Total	5 642.17 [100]	6 695.32 [100]	1 053.34 [100]

Source: Calculations by the UNCTAD secretariat based on Universidade Católica de Angola (2010) with data from Ministry of Planning

country, as it represents 82 per cent of all jobs. Secondly, there is a reduced participation of extractive activities as employment generators, indicating the low labour intensity of the Angolan export sector. A close examination of the figures indicates that the sectoral structure of employment tends to reinforce the predominance of agriculture and market services as the main sources of employment for the Angolan population. The growth of employment in the fisheries sector is interesting, attesting to the emergence of a new source of employment in the country.

There is no available official data with time series of employment by sector disaggregated by gender. This issue was addressed in a study, albeit with incomplete

and old data (van Klaveren et al. 2009). Based on that study, and on other available information from different sources, table 12 presents estimates of the distribution of employment by gender. The table clearly depicts the fact that agriculture and the urban informal sector show the highest intensity of female workers, indicating that these sectors absorb the bulk of the female workforce. The absolute number of women working in other sectors is very limited. In the formal economy, the main employers of women are the State (in the central and local administration) and the services sectors which traditionally hire large numbers of female workers: health and education among others.

Table 12. Angola: Gender structure of employment by sector 2008

Sector	% Female	% Male	Total
Traditional agriculture	70	30	100
Commercial agriculture	26	74	100
Industry	17	83	100
Construction	11	89	100
Formal commerce	25	75	100
Informal sector	70	30	100
Community services	28	72	100
Education and science	36	64	100
Culture and arts	49	51	100
Public administration	24.5	75.5	100
Health care	42	58	100

Source: African Development Bank (2008). Angola: Country Gender Profile, August. Data on traditional agriculture, public employment and the informal sector estimated by the UNCTAD secretariat from various sources, including van Klaveren et al. 2009, the African Development Bank 2008 (for traditional agriculture); MAPESS-Sectoral Report-Balance of General Government Programme 2007/2008 and Função Pública-Dados 2010 MAPESS webpage (for public employment); UNICEF 2003 and Development Workshop 2009b (for informal sector)

Angola has one of the largest informal economies in the developing world. Informal activities are estimated to constitute approximately 45.2 per cent of the Angolan GDP (Schneider 2005), and to provide a living for a significant proportion of the Angolan population. However, there are no definite records of the size of the informal economy – the *candonga* – in the country. Most available studies on the informal sector refer to the 2000 Household Income and Expenditure Survey (National Institute of Statistics 2000), or earlier surveys (Wold and Grave 1999). According to the 2000 survey, individuals with primary activities of an informal nature corresponded to 62.8 per cent of

the total economically active population (PEA) of the country; although geographically this proportion varied between 52 per cent and 80.2 per cent. In 2001, 85 per cent of female headed households, and 75 per cent of male headed households, were self-employed or working in the informal sector (United Nations Children's Fund 2003). More recent estimates indicate that 65 per cent of all heads of households in Angola are self-employed or dependent on the informal sector as their main source of income (Luanda Urban Poverty Programme 2011), and almost 70 per cent of existing jobs are in the informal sector (World Bank 2007b).

Information from the Ministry of Public Administration, Labour and Social Security (MAPESS) highlights that 93 per cent of the rural population depends on informal activities – basically subsistence agriculture – while 51 per cent of the total urban population is engaged in informal economic activities (Development Workshop 2009b). It is estimated that income generated from informal activities provides a living for over 75 per cent of the Angolan population. An indicator of the degree of informality is the proportion of self-employed and unpaid family members out of the total employed workforce. In Angola in 2009 both these categories together represented 66.2 per cent of the total employed workforce in the country. There were significant discrepancies between rural and urban populations; however, in urban areas these categories together totalled 43.9 per cent of the employed population, and in rural areas they totalled 87.3 per cent of the employed population. In addition, those engaged in urban and rural informal business activities with employed labour in micro and small enterprises should be taken into account. On this basis, and on the basis of existing estimates, it is safe to conclude that the informal sector is the main means of survival for the majority of the Angolan population. The

informal sector – both rural and urban – provides the main occupation for the female workforce in Angola. It partially explains the high female participation rate, as women need to engage in these activities to earn a living. Therefore, the assessment of the gender impact of trade and trade policy must, necessarily, predominantly focus on this sector.

The formal sector in Angola, including public administration and defence, provides employment only to around 15 per cent of the total Angolan workforce, and only to 8 per cent of the female workforce. This is close to Alves da Rocha's (2007) estimation of 12 per cent of the total employed workforce in formal employment. As regards the female share in formal employment, according to this author women would account for only 13 per cent of the workforce in the private formal sector, with an additional 3.2 per cent of women among those employed in the public sector. Table 13 presents an estimation of the female employment in the Angolan formal economy. The Angolan private sector only generates employment for around 200,000 female workers – that is, for only 5.3 per cent of the female workforce – while the State employs an additional 2.7 per cent of the female workforce.

Table 13. Angola: Total and female employment in the formal sector, circa 2007

Sector	Female employment (headcount)	% of total female formal employment	% of female employment by sector	% of male employment by sector	Total formal employment*
Agriculture and fisheries	23 000	7.69	26	74	88 461
Manufacturing and mining	34 000	11.36	17	83	200 000
Construction	22 000	7.35	11	89	200 000
Commerce, transport, telecoms and tourism	72 000	24.06	40	60	180 000
Public administration and defence	102 235	34.17	24.5	75.5	417 571
Education	29 000	9.69	36	64	80 555
Health care	17 000	5.68	42	58	40 476
Total	299 235	100.00	24.8	75.2	1 206 508

Source: Elaborated by the UNCTAD secretariat based on Van Klaveren et al. (2009) and with additional sources. Public employment data from MAPESS and World Bank

*Estimated on the basis of female share of sectoral employment

Services activities (health, education, public administration and defence, commerce, transport telecom and tourism) represent 73.6 per cent of all female employment in the formal economy; public administration and defence are the main employers of female workers, followed by retail (table 13). Most services activities employing women are mainly non-tradable. Angola follows the world pattern of a relatively higher intensity of female employment in sectors such as health and education; however, the proportion of female workers in these sectors is lower than in other developing countries. This could be explained by the lack of skills due to lower female access to the required specialized education.

4.2 TRADE, STRUCTURAL TRANSFORMATION AND GENDER IN ANGOLA

This section focuses on the overall effect of structural transformation on the feminization of labour in Angola, especially in the formal sector of the economy. It should be noted that there are no available disaggregated data on the structure of GDP beyond those presented in table 1, which represents a serious limitation for the analysis.

4.2.1 Fisheries

Commercial fishing is carried out in Angola by foreign vessels – leased to, or in joint venture with, Angolan companies – which are granted fishing quotas subject to the payment of a periodic charge. The produce of this activity is to a large extent for export. In parallel, individuals and small enterprises carry out small-scale and artisanal fishing. The fisheries sector is an important income-generating activity in many provinces in Angola; it also provides an additional income for households and contributes to diversifying people's diet. According to a 2005 survey, 20 per cent of the households covered in the sample in different provinces were involved in fishing. In some provinces the percentage is significantly higher; as in Kuando Kubango, where more than 50 per cent of households are involved in fishing. Most of the capture is destined for sale in the domestic market to supplement family income (WFP 2005).

The fisheries sector has been developing at a rapid pace in Angola. According to official statistics, from 2006 to 2008, it generated 118,000 new jobs. This sector is generally male-dominated in Angola. Men are engaged in the actual fishing activities, as well as in industrial fishery and large scale transport, and distribution of fresh and processed fish. Women are

mainly involved in the buying, primary processing, and selling of fish; in some cases they are involved in inland (river) fishing, using traditional methods to harvest fish for consumption at home (AfDB 2008). Women often act as intermediaries between fishermen or fish importers on one side, and final consumers on the other. They may own up to 20 refrigerated containers for stocking fish products, which enable them to supply both large supermarkets chains and small retail outlets.³⁸ There is no data on the gender distribution of employment in this sector. The involvement of women in the fisheries sector is still closely linked to their participation in the informal economy, which is the main venue through which women sell fresh fish and some primary processed fish products in the market.

Angola has significant fishing potential. To the extent that capture is utilized in the elaboration of processed fish products for export, this sector can provide interesting formal sector job opportunities for the female workforce, as has been the case in other countries with fish resources. As it involves a resource-based product with high demand and income elasticity in the world market, this sector is less affected by loss of competitiveness due to exchange rates. In many countries, post-harvest activities are predominantly done by female workers (Weerantunge and Snyder 2009). However, as can be derived from table 4, in the case of Angola, the reported rapid increase in employment in the sector has not been paralleled with significant export dynamism of processed fish products. The participation of women in the fisheries sector in Angola, and its potential for generating decent employment for the female workforce, is an area that requires further assessment.

4.2.2 Manufacturing

During the colonial period Angola had a thriving manufacturing sector. The emigration of Portuguese settlers – who controlled the sector – and the effects of the armed conflict both produced the collapse of manufacturing in the country. From 2002 to 2011, the sector has grown at an annual average rate of 20 per cent. However, its contribution to GDP has remained stable at around 3.7 per cent; less than half the average contribution of manufacturing to GDP in Africa.³⁹

Angola has a very limited manufacturing base. The average per capita manufacturing value added (MVA) in 2009 was 62.81 in constant US\$; which is low in comparison to the African average of US\$ 75.25, and even more so in comparison with the

average for developing countries of US\$ 399 (UNIDO Database). Nevertheless, there has been significant improvement since 2000, when it was only US\$ 18.94. Manufacturing production is concentrated in the production of beverages (66 per cent) and processed food (22 per cent), while other manufacturing activities only account for 12 per cent of value added (CEIC 2010). Production is expanding in activities related to oil (refinery, pipes); metal works and engineering; and plastics and other light manufacturing, including garments.

According to available information, in 2008, the manufacturing sector employed around 40,000 workers. Women's participation in the sector is low: according to UNCTAD estimates, women represent 17 per cent of the workforce, only around 7,000 workers.⁴⁰ According to a survey conducted for the World Bank in 2007, the workforce in the manufacturing sector is mostly comprised of production workers⁴¹ (79 per cent of the total), of which 14 per cent are female. The participation of female production workers is higher in the garment sector (51 per cent), in comparison with other manufacturing activities. The female share of non-production workers in general is larger than that of production workers, standing at 32 per cent of all non-production workers in the manufacturing sector. The female share of non-production workers is larger than that of production workers in firms of all sizes, attesting to a gender bias in the type of occupation of the female workforce in this sector (World Bank 2007b). The different type of occupation within the sector probably has significant effects on the gender wage gap. However, there is no data available on this issue which would allow for a further assessment.

In Angola, the liberalization of the economy has not promoted the development of an export-oriented manufacturing sector, which has been the main venue through which feminization of manufacturing labour has taken place in many developing countries.⁴² Feminization of work takes place as women provide a cheaper and more flexible source of labour. They are thus preferred by employers seeking to expand manufacturing exports by lowering labour costs, increasing flexibility in hiring and firing and minimizing the bargaining power of workers on issues related to working conditions and collective bargaining. In this context, the feminization of work in the export processing zones (EPZ), for example, has been widely studied (Boyange, 2007; Doraisami, 2008; Berik, 2008). In Angola, the trade and exchange policies have created an environment which does not appear

to be conducive to this type of activities; not allowing them to flourish.

4.2.3 The formal services sector

The contribution of the services sector to the Angolan GDP has remained almost constant since 2002, at around 25 per cent (table 1). The weight of services in the economy is relatively low if compared to other countries. Excluding construction services, formal private service activities employ 6 per cent of the total workforce. However, they provide for 25 per cent of all non-agricultural employment. Feminization of labour in these activities takes place as a result of the expansion of low-skilled activities and of the pursuit of low labour costs and flexible employment arrangements – like in retailing, restaurants and low-end Information and Communication Technology (ICT) services, among other activities.

The female workforce in the private formal sector in Angola is mainly concentrated in the services sector where the female labour intensity is significantly higher than in manufacturing. According to the World Bank, female employment is mainly in retail trade – where it represents 15 per cent of total employment – and in other services where it represents 33 per cent of the total workforce (World Bank 2007a). Other data on the gender structure of employment in services activities in Angola differ widely from these estimates. Women are involved in domestic retail trade of agricultural products and imported manufactured goods. They mostly work informally as street vendors but female presence is also common in shops, restaurants and pharmacies.

As the services sector is the main formal employer of the female workforce in urban areas in Angola, detailed data on female employment and wages in these activities are important to assess the effects of trade liberalization on the female workforce.

Currency appreciation is expected to raise the prices of non-tradable goods in relation to those of tradable goods, and according to economic theory, this should raise the retribution to the factors of production in these activities. As a result, incomes of the female workforce engaged in formal non-tradable services activities should be expected to increase in Angola relative to those of tradable activities. Given the low proportion of the total female workforce employed in private formal services activities, the overall impact will most certainly be minor in Angola; yet it might be significant for female workers employed in these activities.

4.2.4 Tourism

In many developing countries tourism has become an important employer for women (UNWTO 2012). In Angola, tourism is expanding at a rapid rate. Tourist flows involve mainly Angolan nationals or foreigners living in the country (Ministry of Tourism). However, the number of tourists who visited the country increased from 51,000 in 2000 to 366,000 in 2009, generating revenues of US\$ 534 million. It is expected that tourist arrivals will continue growing at a healthy rate. Tourism in Angola is mainly business-related and associated with the oil, diamond and infrastructure sectors. The Government has been investing a great deal in event tourism and has financed the construction of sport-related infrastructures. Leisure tourism is growing slowly and the country has been recently included on major cruise routes.

Encouraged by the combination of economic growth, prohibitive prices in the domestic markets and a favourable exchange rate, wealthy Angolan nationals have begun to travel abroad extensively. Angolan travellers are the highest-spending tourists in countries like South Africa, Brazil, Portugal, China, Ethiopia, Namibia and the United Arab Emirates.⁴³

Angola has liberalized tourism and bound its commitment under GATS. The expansion of tourism has generated employment opportunities for the female workforce in all related activities. However, it is mainly low-skilled work with low remuneration. Nevertheless, to the extent that total retribution, monetary and non-monetary, in tourism-related activities is higher than in alternative occupations in the informal urban sector or in traditional agriculture, the shift to formal employment in tourism by a fraction of the female labour force is to be regarded as an overall positive development. The Government of Angola provides on-the-job training for women in the tourism industry. For this purpose, hotel schools have been established across the country to provide training opportunities to both men and women, although most of the students are women.⁴⁴

Women own and manage most of the micro and small enterprises in the tourism industry, particularly

in restaurants and catering services. However, most of these firms operate in the informal economy. Women's participation as owners or managers of larger businesses (e.g. hotels) operating in the formal sector is minimal.

With the National Tourism Plan, the Government of Angola has set ambitious goals for the expansion of domestic, regional and international tourism for the 2013–2020 period. The Plan aims at hosting 4.7 million tourists (60 per cent domestic and 40 per cent international), creating one million extra jobs, contributing to 3 per cent of GDP with tourism-related activities and ensuring revenues of 4.7 billion US\$.⁴⁵

4.2.5 Public sector employment

The State is the main employer in the Angolan formal economy. Total employment in public administration – central and local government – has experienced steady growth. Total public employment in administration was 200,000 in 2000; grew to 261,544 employees in 2006; and reached 339,242 employees in 2010; with an increase of almost 70 per cent during the decade. Central administration employed 39,516 workers in 2010; while local administration employed 299,726, providing a significant share of total formal employment outside the capital, in particular for the female workforce.

Table 14 presents State employment disaggregated by sex. The share of female employment in total State employment was 35 per cent in 2010, having slightly increased since 2007. Available data show that there is an occupational gender differentiation in public sector employment. Women only represent 44 per cent of the professional jobs, and 25 per cent of the senior professional positions. Additionally, the armed and security forces employ around 120,000 individuals; of which only 2.6 per cent are women.⁴⁶ On the basis of this data, the State was estimated to employ a total of around 120,000 women in 2010.

Wages in the public sector have significantly declined in real terms, affecting women in public employment (Universidade Católica 2010).

Table 14. Angola: Public sector employment by gender, thousands and percentage

Gender	2007	%	2008	%	2010	%
Male	194 182	66.5	198 456	66.7	220 416	65.0
Female	97 815	33.5	99 115	33.3	118 826	35.0
Total	291 997	100.0	297 571	100.00	339 242	100.0

Source: MAPESS-Sectoral Report-Balance of General Government Programme 2007/2008 and Função Pública-Dados 2010 MAPESS webpage

4.3 TRADE AND AGRICULTURE IN ANGOLA

The Angolan female workforce is mainly engaged in the agricultural sector. Therefore, the impact of trade liberalization on this sector weighs heavily on women's welfare. This section presents a brief overview of the main features of the agricultural sector in Angola and provides some observations on the impact of trade liberalization on the female workforce.

4.3.1 Overview

Agriculture, which contributes only around 8 per cent to the GDP, is the main employer of the Angolan labour force, accounting for 82 per cent of all jobs generated in the country. This sector is the main source of employment for the female workforce. Female workers represent 70 per cent of all people engaged in agricultural activities. According to UNCTAD's estimations, in 2008 around 3.85 million women in Angola were occupied in the agricultural sector, which corresponds to around 80 per cent of the total female working age population. Therefore, the impact of trade on the agricultural sector necessarily has a significant impact on women's welfare.

In general, Angolan agriculture is still a low-productivity sector, even in relation to other sub-Saharan countries. Extremely low labour productivity and low yields per hectare signal widespread subsistence agriculture. The area cultivated annually by a family normally ranges between 1 and 3 hectares under rain-fed conditions, and 0.2 hectares under irrigation (IFAD 2005). The fragmentation of land-holding into small plots limits the potential for improving farming methods and incorporating machinery. According to available data, productivity levels in the agricultural sector vary significantly across regions and crops, but interestingly, commercial agriculture is not necessarily more productive in many products than family agriculture (Universidade Católica 2010). Low productivity is associated with a high incidence of poverty in the rural areas of the country, as there is little surplus to be monetized.

As in most countries in sub-Saharan Africa, there is a gender division of labour in agriculture. Men are responsible for land clearing and ploughing for commercial crop production and cattle raising. Women, besides household work and caring for children, are responsible for all aspects of family subsistence – including the production of food crops

and small livestock – as well as for the collection of water and firewood. Women work on average between 14 to 15 hours a day, both on household chores and as agricultural producers. Women-headed households – 33 per cent of all agricultural households – are among the poorest and most vulnerable, as they are deprived of male labour for land clearing and ploughing.

Eighty per cent of total agriculture production in Angola takes place in the traditional sector, on small plots of land with rudimentary production methods and very low productivity, generally producing little or no surplus (the so-called “family sector”). The female workforce is concentrated in this segment of agricultural production. Data from a recent sample survey of households engaged in the production of maize – which stands out as the primary crop both in terms of acreage and absolute yield levels in the country – provides an overview of the conditions in the agricultural sector (Kassie et al. 2012).

According to the survey, the average farm size is 2.5 hectares and the most important source of farm labour is the household itself, which provides almost all the labour input that is needed. Angolan farmers have very little capital in livestock, and poultry farming is not a common practice. Forty-four per cent of the households in the sample have a negative wealth index⁴⁷ – indicating poverty levels – and only 28 per cent have been educated above the primary level. No household in the sample owns a draft animal, or a tractor, meaning that all ploughing is done with very rudimentary methods. Farmers do not use improved seeds, as 95 per cent of them are not aware of the difference between different sorts of seeds, and 91 per cent purchase and plant only local maize varieties. Sales of farm products provide 85 per cent of household cash income. Sixty six per cent of household members are also engaged in working off-farm, mainly in petty trade. It is worth noting that only 56 per cent of land is allocated to maize production, implying some diversification of farm produce.

Medium-sized and large commercial farming (so-called “entrepreneurship farming”), accounts for the rest of agricultural production in Angola.⁴⁸ Commercial agriculture employs mainly men. Female workers only represent 26 per cent of all employment in commercial farming and, according to an UNCTAD estimate, only around 20,000 women are engaged in commercial agriculture in Angola.⁴⁹

The agricultural sector in Angola was devastated by the effects of the armed conflict, and the marketing channels for agricultural produce collapsed. However, since 2002, agricultural production has experienced healthy growth rates, and the agricultural and food production indexes have practically doubled from the 1999–2001 levels (UNSTATS 2010) – albeit mainly due to recovering lost ground. Marketing channels, on the other hand, have not been totally restored and this – together with the lack of adequate infrastructure and logistics services – represents one of the main impediments for an efficient integration of agricultural production into the Angolan market. Most of the country's agricultural production is meant for household consumption, and available surplus is mainly sold in local markets through informal retailing. Domestic production is insufficient to satisfy domestic demand, which is growing in parallel with population growth.

4.3.2 The impact of trade liberalization on agriculture

A comprehensive assessment of the gender impact of agricultural trade liberalization would demand a micro analysis at the agricultural system and product level; which is beyond the scope of this study. This section presents some general observations on the possible impact of trade liberalization on the female agricultural workforce as a first approximation to this issue, which obviously requires further research as micro data become available.

As discussed in section 3.4.2, imports of agricultural products have increased substantially in Angola, with most products experiencing high growth rates of imports as of 2004. The level of tariff protection is relatively low for most agricultural products, and the prevailing exchange rate lowers their prices in terms of domestic currency. Given the low productivity of agricultural production in Angola and the trade context, one would expect a significant effect of imports on the agricultural sector. The effects would materialize through depressing prices of domestic agricultural products, affecting production levels and the income of the rural workforce, which is mainly composed by female workers. Also, cheap imports would cause a displacement of domestic traditional staples by imported staples, or produce a shift in consumption patterns from traditional staples to new imported products, affecting domestic production. According to available information, the import penetration of food products is around 70 per cent in Angola. However,

contrary to what could be expected, and as noted above, agricultural production of most products is experiencing fast growth in the country.

There are neither readily available time series of farm-gate prices of agricultural products in Angola, nor data on the cash income of the female agricultural workforce, that would provide a basis from which to assess the impact of import penetration on the welfare of the female workforce. However, so far trade liberalization may not have significantly impacted a large proportion of agricultural producers who are subsistence-oriented, and tend to be relatively insulated from trade flows. However, this analysis requires differentiating between segments of agricultural workers. One segment is composed of producers who are practically excluded from the market and produce exclusively for household consumption, with no surplus to be commercialized. Another segment includes agricultural producers who generate part of their cash income from sales of their produce in the domestic market. An additional segment includes the workers and landowners in export-oriented agriculture. Trade liberalization has not changed the situation of the workers in the first segment – who are mostly women. In Angola, export-oriented agriculture is very limited, employing an extremely low percentage of the total agricultural workforce, and in particular of the female workforce.

As for the agricultural producers who derive some of their cash income from the market, trade liberalization may have had an impact on their welfare. This would be channelled through the effects of import competition on production levels, prices and farm cash income. Furthermore, to the extent that the consumption basket of this group includes imported goods, cheaper imports would contribute to improving overall welfare. However, some caveats have to be noted here in relation to the situation in Angola. First, an important characteristic of the agricultural labour force in Angola is the diversification of income sources. Even if agriculture is the main activity, people tend to have quite a diverse portfolio of sources of income; including wages, informal sector activities, fishing and handicrafts. Agriculture as such, and livestock, only generate on average 50 per cent of the cash income of the rural population; albeit with significant regional variations (WFP 2005). Therefore, trade liberalization – through its impact on agricultural markets – may have impacted only a fraction of the cash income of this segment of the agricultural labour force.

Secondly, as noted by Kyle (2005a), in large parts of the country, a significant proportion of agricultural producers are sheltered from competition from imports due to the high transport costs and the lack of infrastructure and logistics services. This means local markets are mostly supplied by domestic production. Due to these factors, there are significant differences in import penetration in different regions of the country. For example, in Kuando Kubando, national agricultural products represent 70 per cent of the food marketed in the municipalities of Menongue and Mavinga; but the percentage is inverted in the municipalities of Calai and Dirico. In Kwanza-Sul, 60 per cent of agricultural goods consumed locally are Angolan. In Bengo, the majority of production is sent to Luanda, as most products in the local markets are imported (Angola Civil Society Organization Report 2008).

Given the regional differences in import penetration and in the production bundle, the effect of trade liberalization on the female workforce certainly varies across the country and among the main commodities. A survey published by the International Maize and Wheat Improvement Centre (CIMMYT, Kassie et al. 2012) on the perceived effects of trade liberalization on agricultural producers provides an interesting example, even though the survey (conducted in 2008) is limited to maize producers in two districts only – Cauacu and Lobito. Only 21 per cent of the respondents believed that the profitability of maize production was declining, while 36.4 per cent thought that it was increasing, and the remaining producers believed there had been no change. As infrastructure is upgraded and logistics services develop, the national market will be more integrated, exposing domestic agriculture to the full effects of competition from cheap imported goods. This will have a significant impact on the female workforce, in particular the most vulnerable segments.

A positive effect brought about by trade liberalization in agriculture is producers' access to a cheaper and more diverse variety of inputs, though this effect depends on the degree to which producers utilize imported inputs. In the case of Angola, the majority of producers – in particular in subsistence agriculture, which employs the majority of the agricultural female workforce – are not expected to gain much, if at all, from a price reduction for import goods, given the low import content of their expenditures. The effects will probably be more beneficial for medium and large-scale agriculture; but these sectors only represent 18 per cent and 2 per cent, respectively of total agricultural

production in Angola, and they predominantly employ the male workforce.

The feminization of labour in the production of differentiated, high-value and processed food products is one of the reputed positive effects of trade liberalization on the agricultural female workforce. This has been the case in some developing countries with the emergence of export oriented activities such as cut flowers, fruit and horticulture (among other things), where women in particular have been able to profit both as smallholders and wage employees (Dolan and Sorby 2003). In Angola, even though the potential exists and could be realized with appropriate policies, this has not happened. In general, the agricultural sector has not diversified towards export activities. The value of agricultural exports is still very low, even by sub-Saharan standards, and limited to a few products. Efforts have focused on the recuperation of basic commodities, such as coffee and sugar, which mainly rely on the male workforce. The expansion of large commercial agriculture – in the absence of appropriate measures – could be a challenge for women, as they could be displaced from the land (as has been the case in some developing countries).

4.4 TRADE AND THE URBAN INFORMAL ECONOMY IN ANGOLA

The urban informal sector is the second source of employment for the female workforce nationwide and the main occupation of the female urban population. While the widespread labour informality is largely tolerated by the Government due to the lack of alternative sources of income in the formal sector, the State is encouraging informal entrepreneurs to become formal. It is doing this, among other things, by facilitating access to financing at preferential rates; and by providing advice on issues like hygiene, service quality improvement and licensing requirements.

This section first presents, on the basis of available information, some of the main features of the urban informal economy in Angola. It then discusses the possible impacts of trade liberalization on the urban female workforce.

4.4.1 Overview

The informal sector is a salient feature of the Angolan urban economy. The informal urban economy has experienced rapid growth in Angola since the 1970's, as formal job creation has not kept pace with the ever increasing urban population (Feliciano, Lopes

and Rodrigues 2008). Urbanization was spurred by forced migration due to the armed conflict, and has since continued. The urbanization rate has increased significantly, from 49 per cent in 2000, to 59.8 per cent in 2010.⁵⁰ The urban population growth rate stands at 4 per cent annually. In a context of accelerated urbanization, the informal market has increasingly emerged as an essential venue for the survival of the urban poor, particularly those involved in informal small retail businesses (Pestana 2008). In 2000, the informal sector generated 65 per cent of total urban employment in Angola (Instituto de Pesquisa Económica e Social 2006). This figure represents the most recently updated indicator at the national level of the proportion of total urban employment generated by the informal sector. The MAPESS estimated that, in Luanda, more than 70 per cent of the population survives on informal sector activities (Development Workshop 2009b). Other sources indicate that in Luanda, 78 per cent of households have at least one member engaged in the informal sector; of these, 90 per cent are self-employed and more than 75 per cent work as independent traders.⁵¹

Table 15 presents urban employment by category for the year 2004. It shows that 65 per cent of all employment was in what is considered the informal sector.

Table 15. Angola: Urban employment by category, 2004

Category	Percentage of total urban employment
Self-employed (informal)	43
Unpaid family worker (informal)	16
Small business (informal)	6
Private sector	19
State company	5
Public administration	10
Other	1

Source: World Bank (2004)

A study by the Development Workshop (2009a), based on previous analysis and original research, highlights the continuous increase in the number of families in Luanda completely or partially dependent on informal activities to earn a living. In the mid-1990's, 42 per cent of families were completely dependent on the informal sector, and 12 per cent partially dependent on it. In 1999, the informal sector was the principal occupation of 58–69 per cent of working members of families; and in 2005, 84 per cent of families

were completely or partially dependent on small or medium-sized enterprises in the informal economy. The study estimates that the absolute number of people employed in the informal sector in 2008 is similar to that of 2002. However, the proportion of people employed in the informal sector out of total employment might have dropped slightly as a result of: the normalization of the security situation, the stabilization of the economy and economic growth leading to a small increase in formal employment.

The urban informal sector is the main non-agricultural activity for the female labour force in Angola: women represent between 60 and 70 per cent of all workers engaged in the urban informal sector (UNICEF 2003, Development Workshop 2009b), and this sector provides employment for more than half of the active urban female workforce. Most women (65 per cent) engaged in the informal sector are married and work to supplement family income. The informal economy is the principal source of income for urban female-headed households: 67 per cent of these households depend exclusively on the informal sector to generate income (Walther 2006).

There is a gender division of labour in the informal sector (Wold and Grave 1999, Development Workshop 2009a). Retailing is the predominant activity of the urban female workforce in the informal sector (involving 83 per cent of women heads of household). Women basically sell food and drinks in the informal markets. Production activities and other services account for less than 10 per cent of all women involved in the informal sector. Men, on the other hand, though their main activity is still retailing, are also engaged in informal production activities and other types of services. They specialize in selling higher value added products, other than food and drinks. Women mainly undertake their activities from home, or close to home, which allows them to also take care of their household responsibilities; however, some work in the markets. Men tend to work mostly in the streets or inside a market.

There is no updated sex-disaggregated information on incomes in the informal sector.

A recent survey carried out in Angola in the context of the Global Entrepreneurship Monitoring Project (GEM 2010) provides some interesting information that confirms the continued importance of the informal sector in the country. The study, however, only covers those who paid salaries during the three

months (nascent entrepreneurs), or three and half years (new entrepreneurs) prior to data collection. Therefore, the survey leaves out those self-employed in informal activities, which accounts for the majority of the Angolan population engaged in the informal sector. With this caveat, the survey shows that Angola has one of the highest total entrepreneurial activity rates (TEA) in the world. The TEA rate measures the proportion of adults (18 to 64 years of age) either involved in a nascent business, or who own or manage a new business which has been in operation for three to three and a half years. The TEA in Angola is 32 per cent. The rate has increased by 9 percentage points between 2008 and 2010, which signals that starting a business is an option for a large portion of the adult population. The TEA rate, however, is significantly higher in the age range between 25 and 44, where it stands at close to 40 per cent; having increased by almost 16 percentage points between 2008 and 2010.

Some results of the survey are particularly revealing, namely that necessity is the most important motivation for entrepreneurship in Angola. Almost 60 per cent of people are engaged in their own business, either because they need to work, or as a supplement to increase their total household income. This indicates that the economy is not providing either employment or adequate income to the population. The TEA rate for men and women in Angola is very similar (32.9 per cent for men, 31 per cent for women); however, since 2008 the rate has declined for the adult female population by 5 percentage points. This could mean that other opportunities have opened up for women workers, or that they have been discouraged from engaging in setting up their own business. Nevertheless, Angola has one of the highest female TEAs among the factor-driven economies.⁵² Self-employment in activities of an informal nature – which do not imply setting up a business as such – are not captured in the survey; however, those are precisely the type of informal activities in which the urban female workforce engages in Angola.

Over three quarters (78.6 per cent) of early entrepreneurs in Angola are in the consumer-oriented sector (retailers, bars, restaurants, hotels, health, education and leisure, among others). The engagement in manufacturing activities and in business services is very limited in comparison with other countries: 12.8 per cent and 12 per cent respectively for men and women. Furthermore, most activities are oriented

to the domestic market; with a limited proportion of early entrepreneurs who have clients abroad. The GEM study confirms, to a certain extent, the findings of previous studies regarding the nature of the urban informal activities in Angola.

4.4.2 Impact of trade on the informal sector

Informality has received increasing attention in studies assessing the impact of trade liberalization. Theoretical models have been developed to help understand the overall potential effects of trade liberalization on the presence of large informal sectors in the economy, and empirical analysis has been undertaken to quantify those effects. It has been shown that the overall effects of trade liberalization vary in the presence of a large informal sector (Chaudhuri 2002, Carr and Chen 2002). Another line of work has been the assessment of the relationship between trade and informality, and the effects of trade on employment and wages in these activities. Studies in this regard have not reached conclusive results (for a review of the literature refer to Bacchetta et al. 2009, and Sinha 2011). In the case of Angola, the assessment of the impact of trade liberalization on the informal sector – and specifically on the female workforce – is even more complex due to the lack of updated sex-disaggregated data on informal activities, particularly concerning income data.

The effects of trade and trade policy on informality seem to be contingent, among other factors, on a country's markets' specificities, the production structures of informal activities and their links with the formal sector; and on the extent of resource mobility between the formal and informal sectors. Therefore, any assessment has to include the specificities of the country situation. Some models predict that trade liberalization under certain conditions can raise employment and wages in the informal sector. This would lead to the expectation that the urban female workforce in Angola might benefit from trade liberalization. However, these models assume that the informal sector is engaged in the production of final goods or intermediaries. This certainly is not the case in Angola, where the informal sector – in particular the female workforce – is predominantly engaged in non-tradable consumer services. In addition, positive effects on wages in the informal sector are found in models that assume that there is capital mobility between the formal and informal sectors, which again is not the case in Angola.

The Angolan case would probably be better explained by a dual-economy model, in which the informal sector is basically disconnected from the formal economy. In these cases, informal employment and wages remain relatively unaffected by trade reforms. However, to the extent that the consumption basket of the population engaged in informal activities includes a significant proportion of imported goods, trade liberalization can increase the welfare of informal workers through its effects on the prices of the imported goods they consume.

Some studies have found an association between trade liberalization and increasing informality; however, the conclusions are not definitive. In Angola, the process of accelerated growth of the informal economy – which long preceded trade liberalization – has been the result of a confluence of factors: migratory flux towards the provincial capitals as result of the armed conflict, distortions generated by the centralized and planned economic system that made possible the development of instruments and circumstances prone to the appropriation of earnings, the incapacity of both the private and the public sectors to generate new jobs for a growing population, the disarticulation of salaries as the main source of income and the progressive decline in the availability of products and services provided by the State (Lopes 2009). In the case of Angola, data show that, in the context of a drastic liberalization of the economy brought about by trade policy and the behaviour of the exchange rate, the informal sector has continued to expand. Trade liberalization has reinforced an already thriving informal sector and fixed the female workforce to this type of activities.

Trade liberalization and exchange rate effects have generated negative incentives to increasing the production of import-competing and export products, thus constraining both the emergence of new productive activities and the growth of existing firms in the magnitude necessary to generate formal employment in the economy. Therefore, the growing urban population has been left with no alternative but to engage in the informal sector. This is particularly true for the female workforce, which suffers from limited employment possibilities in the formal sectors that have created urban jobs in Angola, such as construction. Moreover, the skill profile of the urban female workforce limits their potential to find employment in the high-skill occupations that have been created in some capital-intensive industries.

There has been no diversification of production in Angola towards those sectors that – because of their nature or of social conventions – are more prone to employ female workers, such as the labour-intensive garment industry (World Bank 2012). Thus, trade liberalization has crystallized female employment in the informal sector in Angola.

There is no available data on the income differentials between the informal sector and formal employment by gender. It may be that even if jobs were created in the formal sector for women, the salaries would not be attractive enough to tempt them into formal employment. In fact, in the late 1990s female income in the informal sector in Angola was higher than in the formal sector; even higher than male income in the formal sector (Wold and Grave 1999).⁵³ Due to their household responsibilities, female workers are less mobile between the informal and formal sectors; so even if some opportunities emerged, they might not be able to benefit from them. Finally, a lack of skills suited for production work, or for more sophisticated services jobs, limits the mobility of women between the informal and the formal sectors.

Literature highlights that one of the avenues through which the female workforce could benefit from trade while still remaining in the informal sector is by being incorporated in the value chain of exporting firms through subcontracting (Carr and Chen 2002). This has happened in many developing countries. Export firms find it profitable to employ women through home-based contract work without having to provide any labour security or other benefits. Though this is far from the best possible outcome, to the extent that this alternative offers higher income than other informal activities, it would be beneficial for the female workforce. It also allows women to combine paid work with household chores. In Angola, as discussed in section 5.1, the manufactured goods sector has not shown any export dynamism, including in industries where outsourcing could be a feasible strategy for export firms. Therefore, subcontracting has not taken place in the country.

Further, there has been no evidence of an articulation of informal productive activities with formal import-substitution production in Angola, which could have been another mechanism through which female informal workers may have been able to benefit from opportunities offered by trade. In any case, female workers in the informal sector in Angola are mainly engaged in consumer services, with very little

participation in production activities. Therefore, they have very scarce experience in production activities and little potential to be hired for outsourcing work.

The informal sector in Angola is an important channel for the distribution of imported goods. Around 90 per cent of the goods sold in Angola's informal markets are imported, either legally or otherwise (Development Workshop 2009a). Trade liberalization, by providing cheap products in kwanza terms, has permitted the expansion of informal trading, offering the female workforce in Angola the chance to make a living. Moreover, to the extent that imported products constitute an important component of the consumption basket of the population, they contribute to increasing consumer surplus. Access to imports became even more important after the liberalization of domestic prices, which reduced the possibilities of exploiting the differential between controlled prices and market prices in order to earn a profit. Therefore, the female informal workforce depends on continuous access to imported products. However, evidence indicates that the profit margins are kept mostly by the wholesaler – who has a dominant market position

– leaving a reduced profit margin for informal retailers.

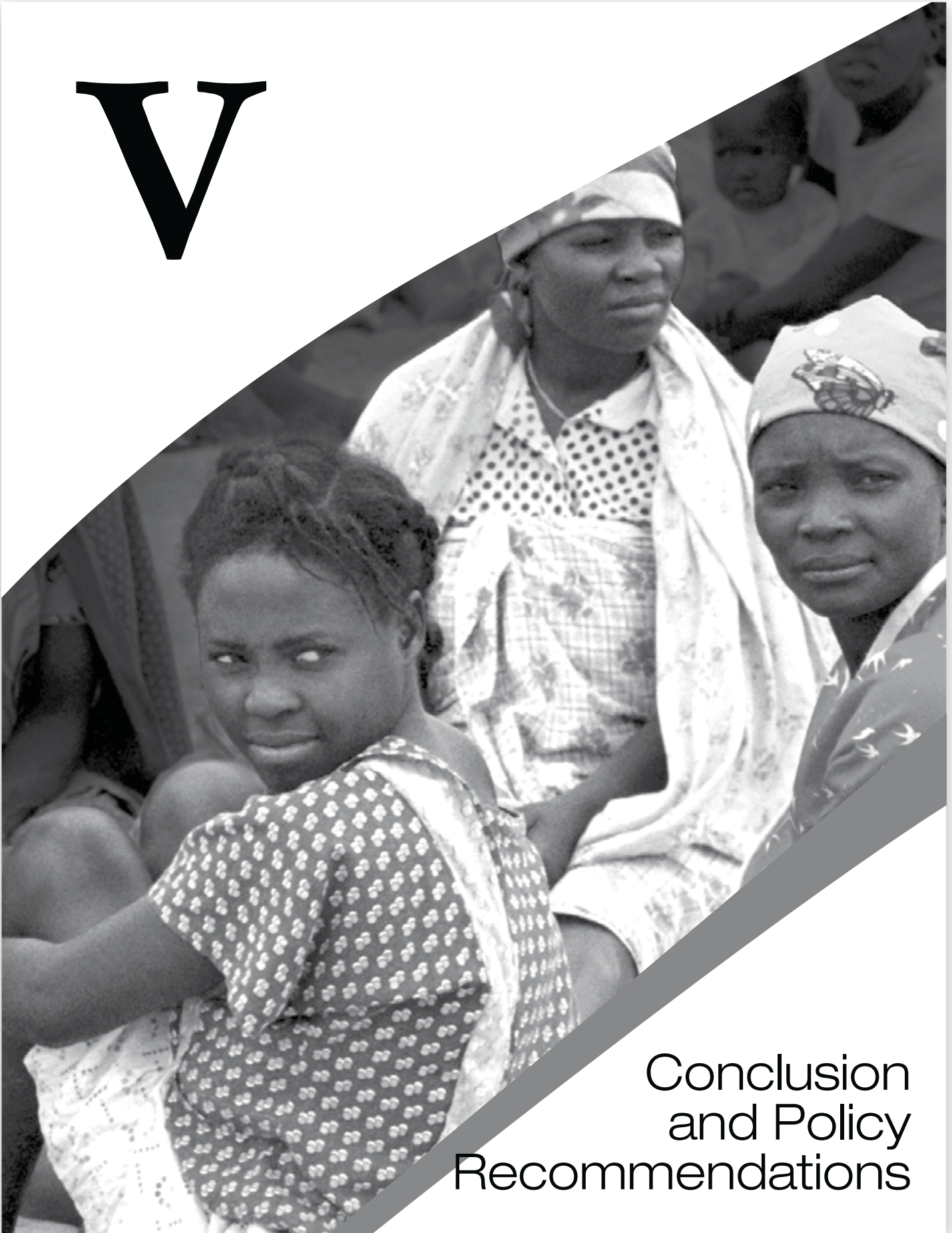
Women entrepreneurs are, to a lesser extent, also directly engaged in international trade and import activities. They often establish informal cooperatives and pool their resources to travel to countries like China, but also South Africa, Namibia, the United Arab Emirates and Brazil to purchase goods. The merchandise is then shipped back to Angola and traded domestically in retail businesses.⁵⁴

The eradication and formalization policy currently being implemented by the Government of Angola, through which it intends to relocate informal markets away from the city centres, could have more significant effects on the informal female workforce than changes in trade policies, as they do not necessarily have the resources to establish a business in a fixed location, either at home or outside the home. The relocation of the Roque Santero wholesale market away from the centre of Luanda, for example, has disrupted the functioning of informal retailing. It has affected those who depended on the daily purchasing of perishable goods, as is the case of the female workforce specialized in food retailing.

NOTES

- 37 There are widely varying estimates of the total population of Angola. This is the one most commonly used.
- 38 Information shared by the Angolan Federation of Women Entrepreneurs during the fact-finding mission, 2013.
- 39 Other sources indicate that by 2010 manufacturing contributed to over 6 per cent of GDP.
- 40 Data in total manufacturing employment are not consistent. Depending on the source, they vary from 7,000 workers – which is the UNCTAD estimate – to 34,000 workers, as estimated by Van Klaveren et al. (2009).
- 41 Workers involved in productive activities, as opposed to clerical and managerial workers.
- 42 This has occurred for example in Asia, especially in the four East Asian «tigers», but also in Bangladesh and Sri Lanka in South Asia; and Malaysia, Indonesia, Thailand and the Philippines in South-East Asia. More limited expansion has also occurred in Latin America (most notably Mexico, but also Central America and the Caribbean) (Fontana 2007).
- 43 Information shared by the Ministry of Tourism during the fact-finding mission, 2013.
- 44 There are three hotel schools in the country: Lunda, Benguela and Huila. New schools are being built in Huambo, Cabinda, Namibe and Bié.
- 45 Information shared by the Ministry of Tourism during the fact-finding mission, 2013.
- 46 World Bank, World Development Indicators.
- 47 Wealth indices were calculated based on assets holdings to estimate the relative welfare distribution of the sample communities.
- 48 In 2005 it was estimated that only 2 per cent of farmers were commercial producers with paid workforce (IFAD 2005).
- 49 Female employment in commercial agriculture might be even lower. According to Universidade Católica (2010:120), total employment in commercial agriculture in Angola was only 52,205 workers.
- 50 There is an apparent contradiction in the available statistics. While there seems to be consensus that the urbanization rate is above 50 per cent, all available data indicate that around 80 per cent of the workforce is employed in agricultural activities.
- 51 A study financed by UNDP on urban microenterprises estimated that more than 50 per cent of the population survives thanks to informal business activities. Around 82 per cent of operators in the informal sector are self-employed, and 74 per cent are involved in commerce, while barely a tenth are involved in traditional productive activities such as baking, carpentry and welding. Also, 47 per cent of women worked in the informal sector, compared with 27 per cent of men.
- 52 Angola has been identified as a factor-driven economy, in which countries are categorized by basic factor conditions such as unprocessed natural resources being the dominant sources of competitive advantage and exports, and in which firms produce commodities or relatively simple products often designed in other countries (GEM 2010).
- 53 Further discussion of this issue requires income data for both informal and formal employment by type of occupation.
- 54 Information shared by the Angolan Federation of Women Entrepreneurs during the fact-finding mission, 2013.
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V



Conclusion
and Policy
Recommendations

The trend in mainstream economic thought is still to argue that structural economic issues are essentially gender-neutral. Differences between men's and women's roles and opportunities do not figure among the variables used to assess the performance of an economy, or to analyse its behaviour. Accordingly, trade, monetary, and other macroeconomic policies designed to redresses structural imbalances tend to be gender-blind – i.e. they fail to recognize that there may be discrete impacts on women and men. The Angola case study appears to challenge this macroeconomic stance, by highlighting the dimensions and relevance of gender issues in macroeconomic analysis. On the one hand, the country is confronted with challenges that are structural and systemic in nature – how to re-develop production and exports of goods other than oil and diamonds in a context that combines a deliberate “hard kwanza” policy to curb inflation and Dutch disease effects resulting from large flows of oil and diamond revenue (which, together, weaken the competitiveness of the country's non-oil exports and production). On the other hand, as highlighted throughout this report, these seemingly gender-neutral dimensions appear to have discernible gender implications. In particular, oil-induced macroeconomic distortions, and particularly the excessive appreciation in the real exchange rate, tend to crowd out productive activities (agriculture and light manufacturing) that could absorb the female workforce and provide women with decent incomes. The acknowledgement of the gender dimension is critical for the design of socially inclusive development strategies in Angola. Given the concentration of women in subsistence agriculture and informal activities, and in light of the higher incidence of poverty among women, gender is an entry point for Angola to address the potential exclusionary effects of liberalization policies in a broader social sense. Hence, a call for trade policy responses that are not only gender-specific – in that they respond to practical gender needs of either sex; but are also gender-redistributive – as they aim to create a more balanced relationship between men and women in access to productive resources.

Drawing on the previous analysis, the following sections will present some policy recommendations. On the one hand, they will outline specific gender dimensions that need further analysis and consideration. On the other hand, they will present policy measures, including macroeconomic policy and trade policy, which take into account the current situation of the Angolan economy as well as its future potential.

These conclusions, it should be stressed, are put forward only tentatively. Indeed, the analysis was fraught with difficulty, due to severe data limitations. A number of findings, on which these conclusions rest, were based on facts drawn from appearances and indications. More robust data are needed to draft final conclusions.

5.1 THE WAY AHEAD: FRAMING PRO-POOR AND GENDER-SENSITIVE DEVELOPMENT POLICIES

As discussed, Angola has an enclave-type extractive economy that is highly dependent on oil. Angola's integration into the world economy mainly as an oil exporter has significantly constrained the diversification potential of the Angolan economy, making it extremely difficult to develop productive sectors that could absorb the female workforce and provide women with decent income.

Against this background, the challenge to policymakers is to effectively implement a set of interventions that can reactivate the non-oil export sectors – particularly agriculture and light manufacturing – and spur the development of domestically competitive production. The Government's strategy focuses on investment in import-competing sectors where Angola enjoys proven comparative advantage, and in sectors where Angola used to be a major producer before independence, with the intention of eventually moving towards export-led growth within a diversified economy. Food security is high on the agenda, given Angola's status as a low-cost food producer capable of supplying food to the regional market. In this context, the Angola Diagnostic Trade Integration Study (DTIS), validated in July 2007, provides a plan for the reactivation of Angola's productive capacity in a number of sectors that may exhibit significant export potential, including agriculture, fisheries, light manufacturing (such as agroprocessing); and services (port services and transit trade, and tourism).

From a gender perspective, export diversification towards agriculture and light manufacturing would particularly reward the female workforce, as women tend to be concentrated in these sectors. In this respect, the medium- to long-term import substitution and export-diversification objective, to which the Government has committed, is inherently gender-specific and gender-redistributive. However, there are qualifications to be made, and some aspects that need to be critically assessed, as discussed below. Eventually, in order to be socially inclusive and

pro-poor, policies will need to be carefully designed and implemented to help redress inherent gender imbalances.

This chapter first outlines some gender dimensions that would need to be more thoroughly analysed and addressed when implementing policies to restore capacity in non-oil exports (section 5.2). It then moves on to sector-specific policy recommendations (section 5.3).

5.2 HORIZONTAL ISSUES

If trade is to be an engine of economic diversification, some critical factors that undermine the country's export competitiveness in the non-oil sectors need to be tackled. This would require, among others, avoiding excessive appreciation in the real exchange rate, temporarily subsidizing/protecting import-competing sectors that are being rehabilitated and restoring basic infrastructure and utilities. Though seemingly gender-neutral, these issues have gender ramifications that require in-depth scrutiny.

5.2.1 Monetary and exchange rate issues

Avoiding excessive appreciation in the real exchange rate is largely considered to be a pre-condition for restoring Angola's export capacity in non-oil/mineral products. While a competitive real exchange rate is critical for promoting both efficient import substitution and production for export, exiting from the current hard kwanza regime would also entail some costs (inflation) and would need to be carefully managed. In particular, currency depreciation and inflation could have discrete effects across the income spectrum, and for low-income women-headed households in particular. More detailed analysis is required to determine if and when these effects might occur.

It has been highlighted that as long as Angola remains a major oil exporter, the national currency will remain strong and the real exchange rate will tend to appreciate (Dutch disease effects). To attain export competitiveness, efforts should thus focus on the input side of the equation: i.e. lower the cost of inputs used by producers and enhance productivity. Given the high proportion of women employed in agriculture (and likely to be employed in light processing, if the sector is rehabilitated), supply incentives that fail to identify and address gender-specific needs and constraints may fall short of expected results. In particular, constraints that stem from cultural norms (for example, women's exclusion from formal ownership of land) need to be

acknowledged, alongside other impediments (e.g. lower levels of literacy, high time constraints) that may prevent women from responding to price incentives or other policy support to boost supply capacity. Incentive schemes should then be carefully designed and implemented so as to redress gender-specific constraints and imbalances. Some specific policy recommendations are outlined in section 5.3.

5.2.2 Tariff protection

Tariff protection has been advocated – and used in Angola – as another possible policy measure to make domestic production more competitive in the face of cheap imports. As discussed, Angola has retained substantial flexibility in adjusting its import duties, as the gap between the bound and applied MFN rates is fairly large. In particular, there is a relatively low average tariff affecting the agricultural sector, despite its high growth potential.

Constraints, however, may arise from regional agreements. As mentioned, Angola is a co-founder of SADC and has signed the SADC Trade Protocol. The Protocol is aimed at creating a free trade area among the member States. It also envisages the establishment of a customs union among SADC countries, and at a later stage, a fully fledged common market. The liberalization of intra-SADC trade and the establishment of a common external tariff for all SADC members would significantly constrain Angola's flexibility in terms of adjusting its tariffs. However, Angola acceded to the Trade Protocol in March 2003, but has yet to negotiate a tariff liberalization schedule with other member States. In addition, the establishment of a SADC customs union is being delayed. Hence, at least temporarily, Angola retains some policy flexibility in terms of tariff overhang. However, this flexibility is short-term, and should only be used to foster sectors that have the potential to become competitive in the short to medium term.

The Government may raise some tariffs on agricultural products of export interest to Angola (e.g. cereals), at least in the short to medium term, while expanding domestic capacity. Since women represent the vast majority of the rural workforce, tariff protection to support import-competing and export-oriented agriculture is expected to improve the welfare of women. There are, however, some import caveats and trade-offs. First, as discussed, the level of food import penetration in Angola is significant: around 70 per cent of all food consumed in the country is

imported. Particularly in urban/coastal areas (more heavily reliant on food imports), levies on basic food imports would adversely impact the most vulnerable people, with possibly serious nutritional and health consequences. It is important to stress that these tariffs would have an anti-poor bias, as they would more seriously impact poorer households in general – and women-headed households specifically – as the income share spent on food declines with the level of household well-being. Second, the effects on rural women would eventually depend on the agricultural segment in which they operate. Subsistence farmers with little or no surplus to market (mostly women) would not directly benefit, while those who have the potential to engage in commercial agriculture for domestic and export markets (who tend to be men) could reap the benefits of this import-substitution and export-oriented strategy. All these aspects need to be carefully assessed and weighted. If in the end extra duties are levied on cereals to stimulate local production, two accompanying measures would be necessary: (a) safety net measures (e.g. in kind distribution and food vouchers) targeted to the most vulnerable segments of the urban and rural population and (b) gender-specific measures to redress existing gender inequalities and help women to reap the benefits of the switch to commercial agriculture (discussed in section 4.3.1).

5.2.3 Infrastructure rehabilitation

Rehabilitation of infrastructure, particularly roads and bridges, is critical for reactivating the non-oil export sectors. Trade-related infrastructure – e.g. transport and storage, marketing/communications, quality inspection services and customs administration – is also essential to developing a cost-effective trade network. The Government and major donors have already embarked on a number of projects to rehabilitate major railroad routes to the interior. While such rehabilitation is a prerequisite for the export of farm products, there are some aspects that need to be carefully examined. As discussed, to date, farmers in the interior, particularly the most vulnerable ones, have been somewhat protected by virtue of their isolation. Some evidence would indicate that until now the impact of trade liberalization (displacement of domestic production) may not have been significantly felt by a large proportion of agricultural producers – sheltered from competition from imports due to the high transport costs and the lack of infrastructure and logistics services. This means local markets are

mostly supplied by domestic production. As transport infrastructure improves and markets are connected, the national market will be more integrated, exposing domestic agriculture to the full effects of competition from cheap imported goods. This will have a significant impact on the female workforce, in particular the most vulnerable segments.

These are just some examples of the complex gender ramifications of policies that belie the assumption that women and men will benefit equally. It is imperative for policymakers to anticipate how these policies will redistribute wealth within the economy between men and women, so as to prevent the deepening of dynamics of social polarization and exclusion, and take corrective actions. Poverty will be tackled more effectively if gender issues are identified and addressed at the very inception of the reconstruction programme.

5.2.4 Entrepreneurship awareness-raising and culture-building

In developing its private sector, the Government of Angola may wish to increase the rate of firm creation by promoting sustainable start-ups that would particularly encourage the engagement of the youth and women. The Angolan population has demonstrated initiative in generating their own occupations and trying to compensate for the job scarcity in the country. However, efforts should be made to expand employment opportunities beyond low-level informal activities, and to facilitate the development of a dynamic business sector with significant growth potential. To this purpose, programmes could be put in place to encourage youth and women to enter into entrepreneurship and start a business as a viable and attractive career and employment opportunity. Efforts should focus on enhancing skills and know-how of both prospective and nascent entrepreneurs, including young people and women, in order to ensure better informed approaches. This would lead to the creation of higher value added start-ups with greater probabilities of survival and growth; favour management skills development and improve the capacity of firms to achieve higher levels of performance in terms of productivity, turnover, employment, quality and innovativeness.

With the objective of stimulating entrepreneurship, awareness campaigns could be launched to promote entrepreneur role models, and business education could be fully integrated as a curriculum component

at all levels of the educational system. It is widely recognized that the integration of entrepreneurship as an academic discipline is instrumental to achieving an entrepreneurial mindset, and thus constitutes an important component of any entrepreneurship and private sector development policy. In this regard, international good practices point to the importance of interministerial cooperation – most notably the establishment of ad hoc agreements between the government ministries responsible for education/higher education; and the ministries responsible for economic affairs/industry, labour and employment, and/or science, technology and innovation.

5.3 SECTORAL POLICIES

Women are doubly disadvantaged in Angola, in terms of economic empowerment. First, they tend to be concentrated in low-income activities, and most notably in traditional agriculture and the urban informal sector. As discussed, trade liberalization has not altered the occupation profile of the female workforce; in fact, it has contributed to confining women to these low-productivity and low-income sectors. Second, women face gender-specific constraints that may hinder their ability to reap the benefits of policies geared to modernize these highly informal sectors. Despite progressive legislation, cultural traditions and norms often place women in a subservient position and inhibit their access to productive resources such as land, productive equipment/inputs, and credit. Lower levels of education and literacy compared with those of men, and higher time constraints, also contribute to form a framework of gender-specific constraints that prevent women from responding to supply-side incentives. Against this context, any policy intervention which hopes to be socially inclusive instead of exclusive, should identify and acknowledge gender issues at the inception phase and help redress inherent gender imbalances. Some relevant dimensions are highlighted below.

5.3.1 Agriculture

Significant export growth and diversification opportunities exist in agriculture, with considerable potential in a number of staple foods and cash crops for export (including maize, coffee, rice, cassava, sorghum/millet, livestock, coffee, cotton and potatoes). In particular, Angola has a potential comparative advantage in producing surplus food for export – mainly maize, a sector where Angola used to be a major producer before independence,

and a substantial exporter. At present, agricultural exports, and even informal cross-border trade with neighbouring countries, are insignificant. The national food balance in basic staples has moved from a surplus to a deficit in virtually all crops. This situation could be reversed again, if the right set of macroeconomic and sectoral incentives were provided. Given chronic food shortages in several SADC countries – all of which prefer maize as a staple food – Angola could even emerge as a major food supplier to the SADC region.

As female workers represent 70 per cent of all people engaged in agricultural activities, agricultural exports are expected to positively impact on women's welfare. In practice, the expansion of export trade in agriculture can magnify or reduce existing disparities, depending on the set of corrective measures that are implemented to redress gender-specific constraints and imbalances. It should be stressed, in this regard, that export growth in agriculture typically involves a trend toward commercialization (i.e. towards increasing the proportion of agricultural production that is sold by farmers) and, possibly, diversification (leading to a shift in production from low-value staple crops into higher-value commodities diversification). The conversion from subsistence to commercial agriculture could be a challenge for rural women, in the absence of counteractive measures. In fact, the risk is that rural women living on subsistence farming might be marginalized or even displaced, rather than empowered.

In order to design the right set of incentives, it is critical to acknowledge the gender division of labour in the Angolan agricultural sector – alongside gender-specific constraints that make women less prone than men to adjust – and take corrective actions accordingly. As discussed, besides doing household work and caring for children (which translates in significant time constraints), rural women in Angola are essentially engaged in staple food production, the local marketing of food crops and small livestock. Men are dominant in commercial crop production and cattle raising. This set-up tends to confine women to subsistence/quasi-subsistence farming for self-consumption or local marketing, while men can more easily switch to export-oriented segments. The limited ability of rural women to switch to the more lucrative export segment is compounded by traditional rules and institutions that operate outside the formal legal setting. As discussed, these customary norms and practices tend to constrain women's access to

critical assets such as land, other productive inputs, education, and financial resources. If export trade is to become an instrument for women's empowerment and for poverty alleviation, a consistent set of gender-specific and pro-poor actions need to be taken to redress these inequalities. Areas for policy action include:

1. *Access to rural finance* – Rural women typically cannot pledge physical assets (e.g. land) to secure loans, as household assets are generally the property of male heads of households, or the male relatives of the deceased. Hence, the need for government- (or NGO-) backed rural microfinance schemes that include informal guarantees/collateral substitutes (e.g. group lending and liability, pre-loan savings requirements and trust relationships), no-fees accounts with no minimum balance and more lenient repayment terms. It is also important to supplement credit with training on agriculture, agricultural marketing and business.
2. *Agriculture extension services* – Extension activities tend to be oriented towards cash crops traditionally grown by men. Furthermore, timetables often take no account of women's household chores. It is important to design extension services that respond to practical women's needs, based on two-way communication and engagement between rural women and extension agents. Moreover, in order to transform Angola's subsistence farmers – mostly women – into commercial micro-entrepreneurs, extension agents should effectively train rural farmers in at least three key areas, namely agriculture production techniques (pest management, improved crop husbandry techniques, crop scheduling/rotation, soil protection, irrigation), marketing produce (facilitating the use of market information and the establishment of business contracts and alliances) and business management (basics).
3. *Inputs and facilities* – It is worth considering schemes for the provision of subsidized inputs (higher yielding and disease-resistant varieties and fertilizers) to vulnerable rural households, particularly female-headed households; and technical assistance to ensure that recipients use the inputs correctly.

In the context of infrastructure rehabilitation (roads and marketing infrastructure – such as warehouses), it is important not to neglect infrastructure that caters for women. These include secondary or tertiary roads that are useful to small-scale farmers who need to reach local markets; village-level warehouse facilities, etc. Public investment in these facilities will respond to the practical needs of most rural women, while also improving local food security.

4. *Land tenure* – As discussed, under the prevailing customary practice of land tenure, women are not entitled to own property; they only have usage rights for individual fields given to them by the head of the household. This is one of the most serious obstacles to increasing the agricultural productivity and income of rural women. When designing mapping and registration systems, the Government may wish to give full consideration to the need to secure women's user rights to communal property. Specific attention should be given to forms of shared ownership and management, such as vesting title onto women's cooperatives and self-help groups. Also, efforts to secure land tenure for women should be accompanied by legal literacy training for men and women.
5. *Restoring markets and marketing networks* – When reactivating or developing market institutions/trading networks, it is important to redress imbalances in bargaining power between the various economic agents involved, and between women (typically engaged in small-scale food staple production/marketing) and men (predominant in large-scale trading). In this context, it is important to favour women's associations and cooperatives, so as to increase women's bargaining power vis-à-vis downstream actors (wholesalers, transporters/carriers, and other medium to large-scale traders – who tend to be men).

From a gender perspective, the challenge lies in implementing these measures holistically, so as to enable rural women to achieve a level of sophistication and scale that would allow them to produce a marketable surplus, and effectively integrate into marketing chains. Overall, the feasibility

of this strategy will depend on the ability to create a commercially viable export-oriented agriculture sector in Angola. Agricultural subsidies, temporary tariff protection, extension services and investment in strategic physical infrastructures would be critical to offset competitive disadvantages while restoring Angola's supply/marketing capacity in agriculture. To implement this strategy, Angola should take full advantage of the leeway accorded to the LDCs under WTO rules in the key areas of agricultural domestic support, export subsidies and tariff protection. In the medium to long run, the key question is whether public investment will translate into productivity gains, and whether these productivity gains will be large enough to offset the competitive disadvantages posed by the strong currency.

5.3.2 Fisheries

The fisheries sector has significant potential for employment generation and poverty alleviation, particularly for women. The industrial subsector (fish processing), if developed, could provide interesting formal sector job opportunities, given some preference for women in light processing/assembly types of work. There is also some potential for upgrading and scaling up the informal artisanal subsector, where women are actively engaged.

In both sectors, it is critical to identify gender-based imbalances, and implement gender-specific and gender-redistributive actions, with a view to levelling the playing field. As discussed, the fisheries sector in Angola tends to be male-dominated: men are engaged in fish harvesting, as well as in industrial fishery and large scale transport and distribution of fresh and processed fish; women tend to operate downstream (in fresh fish marketing and distribution and in the processing and distribution of cured fish products), typically on a smaller scale than men and through informal venues. In light of this, there are some gender-specific concerns that should be taken into consideration when implementing policies to upgrade the artisanal subsector and develop an export-oriented commercial sector. The key concern is to avoid a trend where women – largely segregated in the domestic segment of the chain – receive “diminished” assets, while export-oriented sectors that attract investment “defeminize”. Indeed, as has occurred in other developing countries, policies geared to developing a commercial, export-oriented sector may result in the creation of a dual structure in the fisheries sector, with some diversion of investment

from the domestic segment (domestic marketing and distribution of fresh fish and traditionally processed products) to the export-oriented segment (particularly fresh and frozen fish products, but also cured products for the regional market). This dual structure of the chain is a potential source of disadvantage for small-scale women operators (driers, smokers, retailers), who mainly operate in the domestic segment. While the fish species involved in the export and the domestic trade tend to be different, for those species that serve both the export and domestic markets there may be some diversion of supplies from the domestic to the export chain.

Some corrective measures may be required. Areas of intervention would include:

- Ensuring that facilities dedicated to the export-oriented segment (e.g. ice plants and refrigerated containers at the landing sites) can be effectively accessed by small-scale operators that serve the domestic market. This may require, among other things, subsidized pricing for small artisanal operators – women's associations in particular; and “slots” reserved for women.
- Ensuring that facilities used by women's groups (smoking houses / drying stalls, and local transport) are also rehabilitated and upgraded. To this purpose, due mechanisms should be in place to ensure that women are fairly represented at the community level/ local level, where rehabilitation decisions are taken.
- Creating dedicated lines of credit for women operators in the fisheries sector; and providing technical training on fish handling/processing techniques, as well as micro-business administration.
- Identifying and investing in niche products that can generate value added for women (e.g. smoked/dried fish products for the regional market or the international “diaspora” market).

5.3.3 Manufacturing

As discussed, the liberalization of the Angolan economy has not promoted the development of an export-oriented manufacturing sector – the main venue through which feminization of manufacturing labour has taken place in many developing countries.

The trade and exchange policies have created an environment which is not conducive to this type of activities, not allowing them to flourish.

Should the right set of macroeconomic incentives be provided, the potential exists to reactivate Angola's manufacturing capacity in sectors of potential comparative advantages. These include, among others: petroleum-based products and petrochemical products; and agroprocessing (cereal milling, vegetable oil production, animal feed, rice milling, etc.). The production of differentiated, high-value and processed food products would offer significant opportunities of formal employment for relatively unskilled women.

As discussed, the reactivation/development of these sectors would require overcoming a number of institutional and physical barriers, in addition to a more competitive real exchange rate. To encourage investment, the Ministry of Industry envisages the creation of strategically located industrial processing zones (IPZs) or development poles with tax-free privileges. From a gender perspective, a key challenge is the promotion of industrial development in a socially responsible manner, with a view to achieving "decent work" outcomes for women.

5.3.4 Tourism and other service sectors

5.3.4.1 Tourism

The beneficial impact of the tourism sector in creating opportunities for growth and employment in the developing economies is widely acknowledged. In particular, sub-Saharan Africa's enormous richness in natural and cultural resources provides a significant potential for economic expansion. Sub-Saharan African countries show an average annual growth of nearly 8 per cent in terms of tourist arrivals⁵⁵ and one in twenty jobs are related to the Travel and Tourism industry (T&T).⁵⁶ Women's participation in formal tourism employment is typically high globally, and particularly high in Africa as 47 per cent of employees in hotels and restaurants are women.

As in other developing economies, the tourism sector in Angola has expanded at a rapid pace in recent years. The current upward trend in tourist arrivals and in the construction of new hospitality facilities across the country displays some potential for further growth. The positive evolution of the sector essentially reflects business tourism flows. High prices, particularly in Angola's capital, and safety concerns still significantly limit the potential for leisure tourism.

The Government has played a decisive role in encouraging the development of the tourism sector, both at the national and regional levels: it has set ambitious targets for the expansion of hospitality-related infrastructure and the creation of new employment opportunities, and instituted professional trainings aimed at developing qualified human resources. Tourism is therefore increasingly regarded as a sector of significant economic potential that could contribute to the diversification of the Angolan economy. However, Angola still confronts major challenges, and a number of measures need to be undertaken to improve the country's capacity and competitiveness in this sector. In fact, out of 139 countries under review in the 2011 "Travel and Tourism Competitiveness Report", Angola ranked 138th.⁵⁷ If the right set of macroeconomic incentives are put in place (including a more competitive currency), the development of the tourism industry may open up a number of both formal and informal employment opportunities – especially for women – across the tourism value chain. Yet, as women are underrepresented in the formal sector, efforts should focus on attracting a qualified female workforce; otherwise any improvement in available formal employment opportunities may benefit only men. Initiatives should be put forth to build women's capacity in the sector, and encourage skills development and access to education and training opportunities. Furthermore, synergies and partnerships could be established between tourist facilities and local communities in order to facilitate the distribution of tourism-related benefits to the local population. For this to occur, it is important to develop tourism products and segments well served by the poor, and to incorporate gender considerations in the design and implementation of support measures. Important areas for policy intervention include the following:

1. *Take positive action to bridge the gender gap in education and vocational training* – To date, the proportion of female workforce employed in the formal services sector in Angola remains minimal and women tend to occupy the lower segments of the sector, with typically low-wage and low-skilled positions. Moreover, a widespread lack of skilled labour and specialized personnel still constitute major challenges to the effective and steady development of the hospitality sector in the country. The sustained and inclusive growth of the tourism sector

would therefore require, among other things, the design and implementation of policies aimed at encouraging women's post-primary education and professional skills development, which would facilitate their participation and access to more qualified, stable and better paid positions in the tourism industry. Given the significant gender gap in education, affirmative action is needed to enhance girls' participation in school, particularly at post-primary levels. As done elsewhere, these measures may include, among other things: i) awareness-raising campaigns to sensitize parents; ii) scholarships and cash transfers targeting bright low-income girls; iii) and the provision of community-based hostels so that girls can avoid the long journey to and from school. These measures should be carefully designed to contribute towards pro-poor schooling.

2. *Promote viable community-based tourism schemes* – Angola has a significant potential and could strategically position itself in the subregion as an eco-tourism destination. By leveraging its protected areas and natural reserves, which cover 15 per cent of the national territory and are host to a great variety of wildlife and landscapes, Angola may wish to promote the development of a low-impact and high-value eco-tourism model. Along with the construction of eco-friendly lodging, goods and services would be locally sourced. With an increased involvement of the local community, eco-tourism would directly benefit small farmers – including women – by contributing to the local economy and to poverty reduction. In practice, villagers often lack the skills needed to design and manage tourism packages. However, they could play an active managerial role through strategic partnerships with key stakeholders. Important steps would include: i) identifying conservation areas renowned for rich biodiversity and tourism potential; ii) identifying and structuring suitable community level organizations, and establishing strategic links with private sector operators and relevant public entities (public-private partnerships); iii) establishing eco-tourism facilities and issuing concessions for their operations to community-based

partnerships; iv) training the villagers (guiding skills, language learning, food preparation, housekeeping and accounting systems); v) and establishing supervisory structures. The key challenge is to ensure that public-private sector partnerships in this area are genuinely community-based: the local people should have an effective voice in management decisions and part of the profits should directly go to the community.

3. *Facilitate linkages between tourism business and local micro and small enterprises* – In this regard, mechanisms should be put in place to identify and minimize the barriers that limit the positive spillover effects on the local economy. This may include eliminating anticompetitive practices or, for example, including clauses in the contracts that eliminate exclusive dealings between tour operators and hotels, and franchise contracts with import requirements. It is also important to overcome constraints that tend to discourage local suppliers from supplying tourist hotels with consumption goods. Particularly in the case of fresh fruits and vegetables, these include stringent requirements in terms of quality, quantity, timely delivery and consistency of supplies. These obstacles can be overcome within the framework of strategic partnerships that pool together hotels, extension services and producer groups. These schemes should be carefully designed and implemented to empower small farmers – and women farmers in particular – rather than traders.

5.3.4.2 Other service sectors

In addition to tourism-related activities, this study highlights other service sectors that may offer job opportunities for women. These include retailing, low-end ICT services, and personal and social services. A number of gender concerns arise in these areas.

First, and of paramount importance, in Angola women tend to be less skilled in terms of literacy and formal schooling than men. As mentioned, the adult literacy rate is 82.7 per cent for men and 58.1 per cent for women, while the youth literacy rate is 80.5 for boys and 65.8 per cent for girls. In this context, middle-skilled services (e.g. low-end ICT services) can help increase women's economic participation only if actions are taken to enhance women's access to basic

education and vocational training (some measures have been discussed above). The problem is less severe for more sophisticated service segments, as the gender gap narrows in tertiary education.

Second, in the low-end ICT services, as in other service sectors, women tend to be the preferred service workers in the lower- and middle-skilled jobs. Indeed, there is a tendency for labour to “feminize” in these service sectors as a result of the pursuit of low labour costs and flexible employment arrangements. While the expansion of these service sectors will create new opportunities for women’s formal employment, it is important to acknowledge that gender disparities will persist in training, wages and professional upgrading.

Third, women tend to prevail in informal service activities, such as informal retailing. To scale up and upgrade, women micro-entrepreneurs that operate informally will likely need at some stage to move into the formal economy. For this to occur, the key is to set up an enabling environment, where the benefits of formalizing offset the costs of operating formally. Policy incentives for informal enterprises that decide to formalize may include, for example, improved access to microfinance schemes, temporary fiscal exemptions, opportunities for marketing links and a streamlined, inexpensive registration procedure. Formalization could enhance business opportunities for women-run micro and small enterprises if their productive capacity is connected to Angola’s major economic sectors. Policy interventions could facilitate the integration of women-managed small enterprises into the mainstream network of products and services providers (e.g. caterers of food, suppliers of merchandise) to major oil companies, as well as to onshore oil production sites and mines.

Adequate policy action should also strengthen intersectoral linkages and better address the relationship between the service sector, the manufacturing sector and the energy sector. As the manufacturing sector expands, the demand for services that are dependent on productive activities tends to grow accordingly. Creating an enabling environment for women micro-entrepreneurs would help them to directly benefit from this structural interdependence and actively participate in the country’s economic growth.

5.3.5 Leveraging oil revenues to fund pro-poor and gender-sensitive social policies

To sum up, sectoral policies should identify and understand the dimensions and relevance of gender issues in agriculture, fisheries, manufacturing and services; and include corrective action, where appropriate. Revenue from the extractive sectors (oil and diamond) could be leveraged to finance gender-sensitive and pro-poor policies geared to unleashing the commercial potential of sectors in which Angola has a potential or actual comparative advantage. This could occur, for example, by transferring a portion of the proceeds of the oil and diamond industries to dedicated sector-specific development funds, co-financed by donors. The funds would then finance the type of schemes outlined above. The Angolan Government has recently moved in this direction, by creating a sovereign wealth fund that will invest profits from oil sales in businesses in an effort to diversify the country’s economy. The Angolan fund will focus on investments in Africa’s hotel industry and large infrastructure projects. It is worth exploring options for investing in sectors where the majority of the poor – particularly women – are concentrated, such as subsistence agriculture.

NOTES

55 UNWTO 2012 (UNWTO Tourism Highlights 2012).

56 A study by the Natural Resources Consultative Forum reveals that investing in the tourism sector spurs job creation to a greater extent than investing in the agricultural sector, as the former creates 40 per cent more income-generating opportunities than the same investment in agriculture, and over 50 per cent more than in mining (Africa Competitiveness Report, World Economic Forum 2011).

57 Travel and Tourism Competitiveness Report, World Economic Forum, 2011c

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ANNEX 1

ANGOLA'S IMPORTS BY COMMODITY TYPE 2004–2010

Code	Product label	2004	2005	2006	2007	2008	2009	2010	CAGR (%)
'01	Live animals	1 597	3 105	1 086	6 564	11 454	2 469	1 991	3.74
'02	Meat and edible meat offal	146 035	191 459	268 830	348 724	510 009	411 222	505 244	22.98
'03	Fish, crustaceans, molluscs, aquatic invertebrates	15 876	15 737	31 210	43 701	50 039	44 899	62 555	25.68
'04	Dairy products, eggs, honey, edible animal product	84 079	83 882	141 162	130 284	205 455	172 674	190 464	14.6
'05	Products of animal origin	3 936	4 281	2 707	6 269	7 942	5 647	18 056	28.9
'06	Live trees, plants, bulbs, roots, cut flowers, etc.	1 395	1 361	1 215	2 988	1 781	1 729	1 795	4.29
'07	Edible vegetables and certain roots and tubers	37 079	42 165	48 427	53 502	69 259	26 252	61 776	8.88
'08	Edible fruit, nuts, peel of citrus fruit, melons	9 798	10 853	12 058	14 487	18 308	11 697	21 270	13.79
'09	Coffee, tea, mate and spices	3 747	3 618	7 285	9 078	10 607	9 787	7 631	12.59
'10	Cereals	106 784	100 367	72 373	94 946	246 542	116 924	83 159	-4.08
'11	Milling products, malt, starches, inulin, wheat gluten	120 998	121 890	146 625	202 224	280 562	239 062	212 836	9.87
'12	Oil seed, oleagic fruits, grain, seed, fruit, etc.	2 741	2 830	6 101	6 302	9 011	5 348	5 680	12.91
'13	Lac, gums, resins, vegetable saps and extracts	753	580	1 162	1 728	6 426	8 015	4 438	34.4
'14	Vegetable plaiting materials, vegetable products	89	208	384	300	301	22	65	-5.1
'15	Animal, vegetable fats and oils, cleavage products, etc.	102 931	113 373	132 816	198 849	259 041	207 876	245 711	15.61
'16	Meat, fish and seafood food preparations	57 215	83 051	98 738	137 956	217 581	176 531	152 992	17.81
'17	Sugars and sugar confectionery	67 890	83 918	134 198	113 466	138 670	124 079	178 243	17.45
'18	Cocoa and cocoa preparations	7 851	8 252	10 709	13 655	20 872	24 690	22 532	19.21
'19	Cereal, flour, starch, milk preparations and products	65 397	82 112	116 098	120 161	208 265	137 138	151 460	15.02
'20	Vegetable, fruit, nut, etc., food preparations	45 612	47 902	70 510	78 806	113 904	111 548	91 865	12.38
'21	Miscellaneous edible preparations	32 498	35 650	47 984	45 228	69 107	65 894	76 441	15.32
'22	Beverages, spirits and vinegar	241 671	214 124	290 535	368 885	493 792	422 770	430 879	10.12
'23	Residues, wastes of food industry, animal fodder	2 678	2 644	3 339	5 336	8 172	5 149	5 390	12.36
'24	Tobacco and manufactured tobacco substitutes	13 398	12 127	14 922	13 085	13 413	20 853	25 377	11.23
'25	Salt, sulphur, earth, stone, plaster, lime and cement	32 097	44 915	59 480	91 367	213 299	242 230	208 783	36.63
'26	Ores, slag and ash	973	1 664	982	799	1 167	1 423	2 510	17.11
'27	Mineral fuels, oils, distillation products, etc.	56 322	52 011	160 355	294 433	580 470	798 383	702 000	52.27
'28	Inorganic chemicals, precious metal compound, isotopes	15 290	16 099	31 487	33 286	51 516	25 692	48 216	21.1
'29	Organic chemicals	16 855	25 932	35 171	33 972	43 604	31 371	43 234	17

'30	Pharmaceutical products	47 437	65 564	92 993	109 239	130 705	130 678	121 950	17.04
'31	Fertilizers	10 819	6 466	10 992	12 475	40 168	20 723	22 587	13.05
'32	Tanning, dyeing extracts, tannins, derivs, pigments, etc.	23 557	29 313	40 942	54 582	76 222	66 018	66 049	18.75
'33	Essential oils, perfumes, cosmetics, toiletries	29 726	54 836	65 191	83 162	99 008	81 209	94 885	21.34
'34	Soaps, lubricants, waxes, candles, modelling pastes	66 427	64 181	105 143	131 555	160 471	109 795	125 425	11.17
'35	Albuminoids, modified starches, glues, enzymes	2 624	3 898	4 132	5 809	10 265	10 280	7 897	20.16
'36	Explosives, pyrotechnics, matches, pyrophorics, etc.	3 298	5 068	6 442	4 023	8 318	10 717	7 812	15.46
'37	Photographic or cinematographic goods	5 354	8 331	8 618	10 708	9 899	7 468	7 074	4.75
'38	Miscellaneous chemical products	33 000	47 875	76 487	124 239	139 274	112 710	125 705	24.97
'39	Plastics and articles thereof	91 120	130 251	189 101	294 058	412 495	325 207	305 861	22.36
'40	Rubber and articles thereof	45 610	50 902	67 475	97 725	137 524	117 581	97 410	13.48
'41	Raw hides and skins (other than furskins) and leather	120	557	288	4 316	487	116	178	6.79
'42	Articles of leather, animal gut, harness, travel goods	6 662	9 284	12 009	20 536	35 877	41 564	33 593	30.95
'43	Furskins and artificial fur, manufactures thereof	26	169	26	196	183	34	38	6.53
'44	Wood and articles of wood, wood charcoal	18 194	27 050	31 749	55 025	110 983	95 239	68 802	24.82
'45	Cork and articles of cork	850	1 216	692	218	434	613	185	-22.44
'46	Manufactures of plaiting material, basketwork, etc.	898	1 058	816	1 091	2 574	3 229	1 970	13.99
'47	Pulp of wood, fibrous cellulosic material, waste, etc.	83	286	170	1 067	463	2 144	858	47.59
'48	Paper and paperboard, articles of pulp, paper and board	53 259	68 474	78 992	96 923	145 827	123 885	136 213	16.94
'49	Printed books, newspapers, pictures, etc.	13 580	22 355	23 522	52 240	48 455	44 021	54 580	26.09
'50	Silk	232	43	41	31	52	46	258	1.79
'51	Wool, animal hair, horsehair yarn and fabric thereof	90	79	51	35	49	22	12	-28.52
'52	Cotton	17 222	15 636	13 906	19 329	28 818	21 089	19 527	2.12
'53	Vegetable textile fibres , paper, yarn, woven fabric	81	97	138	424	228	200	221	18.21
'54	Manmade filaments	5 741	7 868	11 810	11 036	20 292	12 371	6 412	1.86
'55	Manmade staple fibres	3 829	3 309	5 547	12 184	11 900	8 953	8 287	13.73
'56	Wadding, felt, nonwovens, yarns, twine, cordage, etc.	3 459	5 253	7 556	10 978	18 076	25 747	38 346	49.32
'57	Carpets and other textile floor coverings	1 997	2 008	3 290	5 453	7 847	11 765	8 032	26.11
'58	Special woven or tufted fabric, lace, tapestry, etc.	2 166	941	1 331	1 595	3 146	2 276	1 881	-2.32
'59	Impregnated, coated or laminated textile fabric	1 372	3 358	2 665	3 974	7 025	7 770	6 722	30.32
'60	Knitted or crocheted fabric	402	363	989	1 835	2 893	877	626	7.66
'61	Articles of apparel, accessories, knit or crochet	22 689	30 409	34 034	63 687	106 763	84 641	85 907	24.84
'62	Articles of apparel, accessories, not knit or crochet	28 183	40 283	43 362	60 709	89 413	68 832	52 316	10.86

'63	Other made textile articles, sets, worn clothing, etc.	47 005	70 017	89 496	103 359	143 028	138 786	131 776	18.75
'64	Footwear, gaiters and the like, parts thereof	31 696	39 722	48 244	74 426	94 357	110 680	138 371	27.84
'65	Headgear and parts thereof	2 082	2 407	4 160	5 705	15 881	7 628	4 014	11.56
'66	Umbrellas, walking-sticks, seat-sticks, whips, etc.	1 216	1 372	1 681	2 782	4 361	2 521	4 097	22.44
'67	Bird skin, feathers, artificial flowers, human hair	755	1 462	1 542	2 350	4 352	4 862	7 444	46.43
'68	Stone, plaster, cement, asbestos, mica, etc., articles	19 726	29 990	40 812	44 038	74 764	69 734	72 254	24.16
'69	Ceramic products	33 172	44 773	60 928	86 373	129 899	118 742	133 641	26.14
'70	Glass and glassware	15 204	20 137	27 272	48 216	60 401	65 609	93 314	35.31
'71	Pearls, precious stones, metals, coins, etc.	2 281	4 565	3 816	6 549	11 429	9 872	9 174	26.11
'72	Iron and steel	63 351	85 445	163 299	171 182	590 018	425 844	290 405	28.89
'73	Articles of iron or steel	302 353	553 163	818 191	918 259	1 671 683	1 644 877	1 311 027	27.7
'74	Copper and articles thereof	3 307	4 625	10 000	12 973	21 584	17 712	19 924	34.89
'75	Nickel and articles thereof	32	116	279	635	883	3 730	4 866	131.03
'76	Aluminium and articles thereof	50 255	78 303	86 173	78 552	125 433	121 474	110 990	14.12
'78	Lead and articles thereof	325	229	1 183	234	299	630	1 092	22.38
'79	Zinc and articles thereof	6 930	5 457	5 822	8 505	9 364	1 572	1 329	-24.06
'80	Tin and articles thereof	66	76	134	54	543	69	254	25.18
'81	Other base metals, cermets, articles thereof	57	112	47	163	308	274	93	8.5
'82	Tools, implements, cutlery, etc., of base metal	26 028	35 105	50 931	77 483	102 644	92 324	72 098	18.51
'83	Miscellaneous articles of base metal	31 336	91 166	147 862	170 297	109 814	81 980	213 174	37.65
'84	Machinery, nuclear reactors, boilers, etc.	960 064	1 494 123	1 748 444	2 601 690	3 758 649	3 151 458	2 912 262	20.32
'85	Electrical, electronic equipment	403 461	443 533	908 916	990 199	1 517 312	1 545 714	1 305 613	21.62
'86	Railway, tramway locomotives, rolling stock, equipment	2 690	6 820	31 171	63 404	98 325	30 585	27 730	47.53
'87	Vehicles other than railway, tramway	435 608	604 403	1 001 077	1 559 160	3 006 631	1 854 432	982 902	14.53
'88	Aircraft, spacecraft, and parts thereof	29 940	137 477	871 733	529 050	694 686	264 831	281 609	45.29
'89	Ships, boats and other floating structures	2 019 418	1 511 054	949 932	97 652	1 185 894	265 006	108 984	-38.53
'90	Optical, photo, technical, medical, etc., apparatus	64 868	114 003	200 775	330 895	325 688	253 996	278 629	27.5
'91	Clocks and watches and parts thereof	2 849	4 249	2 799	4 321	9 355	10 953	14 429	31.05
'92	Musical instruments, parts and accessories	480	799	817	670	1 642	1 922	699	6.46
'93	Arms and ammunition, parts and accessories thereof	1 246	675	404	751	6 683	16 820	8 353	37.32
'94	Furniture, lighting, signs, prefabricated buildings	143 637	155 543	214 246	407 305	569 884	454 776	389 390	18.08
'95	Toys, games, sports requisites	10 118	10 940	15 654	21 096	25 490	24 343	26 671	17.53
'96	Miscellaneous manufactured articles	6 163	8 155	12 994	17 982	22 290	21 235	23 095	24.63
'97	Works of art, collectors pieces and antiques	186	826	532	683	737	1 805	1 820	46.25
'99	Commodities not elsewhere specified	33 015	37 294	64 717	76 846	176 751	69 260	52 757	8.13
	All products	6 586 894	7 741 168	10 477 102	12 337 951	20 310 636	15 885 840	14 104 673	13.53

