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SMALL AND MEDIUM-SCALE ENTERPRISES
PROMOTION AND DEVELOPMENT

SI/ANG/90/801

ANGOLA

Technical report: Consultant mission*

Prepared for the Government of the People's Republic of Angola
by the United Nations Industrial Development Organization

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* This document has not been edited

ABSTRACT

SMALL AND MEDIUM-SCALE ENTERPRISES PROMOTION AND DEVELOPMENT

SI/ANG/90/801

ANGOLA

The project was conducted from 25 August to 24 October 1990, for the purpose of collecting and analyzing information on the current and future constraints affecting Small and Medium-scale Enterprises (SME) in Angola and to provide policy recommendations to the Government. Fieldwork was conducted in Luanda and Benguela, with observations made on 25 private and public enterprises .

The report concludes that a strong political commitment and a policy environment conducive to the growth of private SME would be the most crucial first step to the promotion and development of the sector. A Policy Council for Small and Medium Enterprises is recommended to be instituted consisting of representatives of the public and private sectors. The Council will review and recommend changes on the major policy instruments that have been cited as hindering the promotion and development of SME. The report also recommends that the Government should give high priority to the enactment of a set of incentives for the promotion of SME and some specific measures have been suggested. Further, for an effective administration of SME policies, incentives and programmes, a clear definition of SME is deemed necessary.

In comparison to other developing countries, the report further concludes that the SME sector could play a more significant role in the socio-economic development of the country than that currently played. At least in the medium term, the more effective contribution of SME would be the manufacture of products for local and regional markets and to provide intermediate inputs and services to large enterprises.

The report states that a "total approach" to SME development requires that at least a special financing programme and a technical assistance programme should evolve. A financing programme, consisting several components and instituted through the banking sector, is recommended. To provide an integrated assistance to the SME sector, an Institute for the Promotion of Local Small and Medium Enterprises is proposed to be set up. A pilot project of three years has been drafted and a project plan for possible UNDP/UNIDO technical assistance has been annexed. []

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EXPLANATORY NOTES

Dates divided by a slash (1988/89) indicated a crop year or a financial year. Dates divided by a hyphen (1989-1990) indicate the full period, including the beginning and end years.

References to dollars (\$) are to United States dollars, unless otherwise stated.

The exchange rate of the local currency to one United States dollar as at 20 September 1990 was: 29.92 kwanzas.

Totals may not add precisely due to rounding.

In Tables:

Three dots (...) indicate the data are not available or not separately reported;

Two dashes (--) indicate that the amount is nil or negligible;

A hyphen (-) indicates that the item is not applicable.

The following abbreviations are used in this document:

ACOMIL	Commercial and Industrial Association of Luanda
AIA	Industrial Association of Angola
BNA	Banco Nacional de Angola
BPA	Banco Popular de Angola
GARE	Office for Redimensioning of Enterprises
ILO	International Labour Organization
INAPEL	National Institute for the Promotion of Local Enterprises
ISIC	International Standard Industrial Classification
ISSI	Institute for Small-Scale Industries (Philippines)
Kz	Kwanza
PRE	Bi-annual Programme, 1989-1990
SBAC	Small Business Advisory Center (Philippines)
SEF	Economic and Financial Restructuring Programme
SIET	Small Industry Extension and Training Institute (India)
SME	Small and Medium Enterprise
UNDP	United Nations Industrial Development Programme
UNICEF	United Nations Children's Fund
UNIDO	United Nations Industrial Development Organization

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BASIC ECONOMIC INDICATORS

GDP (1987)	:	\$6,184 million				
(1989)	:	\$6,122 million*				
Population (1987)	:	9.1 million*				
Labour force (1985)	:	4.7 million*				
Density of population (1987)	:	7.2 persons per square kilometer				
GDP per capita (1987)	:	\$680				
Growth of GDP (per cent)	:	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>
		5.2	0.7	8.7	9.2	-9.1*
Structure of GDP (per cent)	:			<u>1987</u>	<u>1989*</u>	
		Agriculture and livestock		14.4	15.3	
		Fisheries		0.8	0.9	
		Petroleum		45.5	41.9	
		Manufacturing, energy and mining		8.0	8.4	
		Construction		3.2	3.4	
		Services		27.8	29.3	
Exchange rate (Kwacha equivalents to \$1.00)	:	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>	<u>1990**</u>
		29.92	29.92	29.92	29.92	29.92

* Provisional estimate

** 20 September 1990

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SUMMARY

The modalities of bias of government policies against the development of small and medium enterprises (SME) in developing countries are well-known and are all strongly present in Angola. Apart from a lack of experience with and awareness of policy elements conducive to SME development, there is very little information accessible. In practice, the SME were largely neglected.

In 1988, the Government decided to embark upon a major economic reform programme SEF ("Saneamento Economico Financeiro") affecting all economic activities and including wide-ranging economic reforms of the monetary and credit system, the price system, the state enterprise sector, agriculture, transport and commerce, education, and the labour system. Within these new policy perspectives, the SME have received particular emphasis. According to official vision, the Government should leave considerable areas of economic activities to private enterprise, particularly the SME.

A clear definition of what constitutes a small or medium-scale enterprise does not currently exist. The latest list of registered industrial enterprises shows that 40 enterprises have been classified as medium-scale and 202 enterprises as small-scale out of a total of 271 registered enterprises. Out of the 242 registered SME, 44 per cent are state enterprises. The food and beverages branch is dominant in the SME sector and account for 25 per cent of all enterprises, followed by clothing and textiles. The parallel market and informal services sector and artisan industries play an important role in employment generation, especially of women, and account for about 35 per cent of the total workforce.

Based on actual observations of 25 selected enterprises in Luanda and Benguela, most of the enterprises are operating at levels far below available capacities with actual production outputs generally below 50 per cent.

The main problems are:

(a) The age of equipment used range from 30 to 50 years; several equipment are no longer functioning and have created an imbalance in the production lines.

(b) Lack of supply of raw material and other inputs, mostly of foreign origin.

(c) Unsteady supply of energy and water.

(d) Inadequate production, quality, and cost control procedures.

- (e) Lack of skilled workers.
- (f) Poor product design.
- (g) Inadequate financing.

The Government has established, as a general principle, that wherever possible local production shall prevail over imports. Under the SEF programme, the important priorities affecting the SME sector are:

- decentralization of industrial production through the establishment of small, local industries;
- improvement of know-how and skills of Angolan workers and technicians;
- stimulating the transfer of know-how and technology;
- partial privatization of public enterprises;
- liberalization of prices to stimulate production; and
- measures to improve the financial system.

In addition to problems of insecurity, there are other sectorial and macro-economic policies that inhibit the development of SME. The major constraints are lack of free competition, official price controls, the wage structure, financing, the method of foreign exchange allocation, lack of production inputs, the banking system, channels of distribution, lack of incentives to encourage regional dispersal of industries, and centralization of enterprise-level decisions.

The Government understands these policy concerns. It would be a basic pre-requisite to the promotion of private small and medium enterprises that a strong political commitment and a policy environment conducive to the growth of the sector be the most crucial first step. The Government should take effective measures to privatize all state-owned small and medium-scale enterprises. These should be offered to Angolan entrepreneurs, cooperatives and associations. In some instances, partial state ownership may continue to be necessary in the medium term due to lack of capital and entrepreneurial capability. But plans for divestment of state ownership over a period of time should be included in the shareholders' agreement with private entrepreneurs.

A Policy Council for Small and Medium Enterprises is proposed to be instituted, consisting of top-level representatives from relevant ministries and at least three industry associations. The main function of the Council would be to formulate and recommend government policies, incentives, and

programmes for the promotion and development of the SME sector.

A clear definition of small and medium enterprise should be promulgated by the Government for an effective administration of SME policies, incentives, and programmes. In the context of the SEF programme, local small and medium enterprises will play a more important role. At least in the medium term, the more effective contribution of SME would be: manufacture of products for local or regional markets and to provide intermediate inputs and services to large enterprises.

A "total approach" to SME development requires that at least a special finance programme and a technical assistance programme should evolve. A special financing programme may initially be instituted through the existing two public banks, BNA and BPA, and eventually through private commercial banks when they are in place. The current situation in Angola requires that the financing programme be flexible and should include equity financing, long and medium-term credit, and alternative forms of financial arrangements such as lease-purchase. Credit-guarantee schemes may be considered in the longer term.

A technical assistance programme that provides services in technical information dissemination and technology transfer, industrial extension and consultancy, enterprise and entrepreneurship development, and training in management and other enterprise functions is a necessary complement to a financing programme. No such services currently exist. An specialized institution capable of delivering the above services to private SME is necessary. Because local experience in the operations of such an institution does not currently exist, a pilot project for three years is recommended requiring technical assistance from foreign donors.

Finally, it seems reasonable to assume that a major part of private investments is made in the informal sector. By the very nature of such operations statistics are not available, but are believed to be significant as evidenced by their contribution to employment generation. The parallel market or informal sector is a potential source of local entrepreneurs who may be induced to move into the formal sector of the economy. The government should institute a corollary programme to legalize these enterprises through simple registration procedures, incentives, and technical assistance. A "one-stop" concept of registration should be instituted at the provincial level and, if necessary, even at the town level in some instances. []

INTRODUCTION

After independence in 1975, the Government of Angola was forced to intervene in the majority of enterprises due to an exodus of Portuguese entrepreneurs and managers. This coincided with the advent of a centralized planning system.

The ensuing civil war, general economic decline and inappropriate policies plunged the manufacturing sector into a severe decline. Industrial production in 1985 was only 54 per cent of the real value achieved in 1973. The sector's production recovered somewhat around 1980, and during 1981-1986 the manufacturing sector has by and large been able to keep up the production level achieved then, though this was far below the pre-independence level.

In practice, the Small- and Medium- scale Enterprises (SME) were largely neglected. Some were part of the state sector where their performance was often mediocre due to a lack of qualified managers and attention. Many others continued under private ownership, but under equally unfavourable conditions dictated by the economic and security situation and the state-controlled transport, commerce and finance institutions of a centralized planning system not geared to SME development.

In 1987, the oil price decline revealed the fragile economic structure of the country. The government decided to embark upon a major economic reform programme SEF ("Saneamento Economico Financeiro"). The thrust of the SEF is a general economic liberalization affecting all economic activities and including wide-ranging economic reforms of the monetary and credit system, the price system, the state enterprise sector, agriculture, transport and commerce, education, and the labour system.

Within these new policy perspectives, the SME have received particular emphasis. The current bi-annual programme PRE ("Programa de Recuperacao Economico" 1989-90) includes as a major objective the promotion of SME. According to the official vision, the Government should leave considerable areas of economic activities to private enterprises, particularly the SME.

In order to rationalize the state-controlled enterprise sector, the so-called enterprise redimensioning programme is now under preparation. The programme foresees a redefinition of the "dimension" of the state-controlled enterprises. A special unit GARE ("Gabinete de Redimensionamento Empresarial") has been established under the Ministry of Planning to define the guidelines and accompany the process.

Currently a computerized database is being analyzed and enhanced with UNDP assistance and additional UNIDO assistance was approved for this activity. On the basis of the database, a classification of enterprises was initially made into small-medium-, and large-scale enterprises.

According to an approved decree, small-scale state enterprises will not be subject to "redimensioning", but will be relinquished by the state sector directly largely through sale or closure. With its implementation, the government will leave considerable areas of economic activity to small- and medium-scale private enterprises.

The modalities of bias of government policies against the development of SME in developing countries are well-known and are all strongly present in Angola. Apart from a lack of experience with and awareness of policy elements conducive to SME development, there is also very little information on SME accessible such as statistics, surveys or specific studies.

The issue of the SME development in Angola came up during a World Bank/UNDP/Government meeting in February 1989. Subsequently, in August GARE presented an official document to a UNDP mission in the framework of the Management Development Programme which contained a package of suggested assistance including a consultancy on SME policy conditions.

This consultancy was conducted from 25 August to 24 October 1990, with approximately four weeks of fieldwork in Angola. The job description is reproduced as Annex I. The immediate objective of the consultancy is to enable the Government of Angola to adopt policies for the promotion and development of small- and medium-scale enterprises within the framework of the SEF Programme.

The donor community can be equally expected to welcome information and advice in order to improve the SME-dimension in its own programming of assistance. A donors' conference is expected to be convened in 1991. A recent UNICEF study already identified the urban informal SME-sector in Angola as one of the major potential outlets to alleviate the social impact of the SEF. A UNDP/ILO study in early 1990 also recommended some activities that could be undertaken by the informal sector.

It is the intention of the government to subsequently establish appropriate institutions to deal with the SME, such as an Institute for SME. The need for assistance in terms of institution-building projects, training projects, special credit lines for SME, and other SME-schemes can be assumed to arise within a medium term framework of time. This consultancy should, therefore, be viewed as an initial step of a long and complex process. []

I. AN OVERVIEW OF SMALL AND MEDIUM ENTERPRISES IN ANGOLA

A. Characteristics and Number of Enterprises

Definition

A clear definition of what constitutes a small- or medium scale enterprise does not currently exist. The current listing takes into consideration number of workers employed, normally up to 500-600, and annual sales volume of up to kz. 2.0 billion for medium-scale enterprises. For purposes of eventually granting incentives and providing assistance, it would be necessary to adopt a clearer definition. This aspect will be discussed later in this report.

Number and Ownership of Registered Industrial Enterprises

The latest list of registered industrial enterprises with the Ministry of Commerce and Industry (Table 1) shows that 40 enterprises have been classified as medium-scale and 202 enterprises as small-scale out of a total of 271 enterprises. Only 22 enterprises are classified as large-scale and seven enterprises are undefined. However, based on field observations, it may be possible that once a clear definition is established some enterprises classified as medium-scale may actually fall under the large-scale category and some in the small-scale category may be reclassified as medium-scale.

Out of the 242 registered small- and medium-scale enterprises, 106 enterprises or 44 per cent of the total are state enterprises.

Table 1: Registered Industrial Enterprises, 14 August 1990

Classification	Number of Enterprises		
	State	Private	Total
Large	16	6	22
Medium	22	18	40
Small	84	118	202
Undefined	--	7	7
Total	122	149	271

Source: Planning Office, Ministry of Commerce and Industry.

Classification of Registered Small- and Medium-Scale Enterprise by Branch of Industry

The 242 small- and medium-scale industrial enterprises have also been classified according to branch of industry in Table 2. As may be expected, the food and beverages branch is dominant in the SME sector and account for 25 per cent of all enterprises. Clothing and textiles, chemical products, metal products and wood products and furniture are also major branches. Privately-owned enterprises are also dominant in these major branches, especially in the small-scale sector (based on field observations of selected enterprises and the parallel markets).

Table 2: Number of Registered Small- and Medium-Scale Enterprises Classified by Branch of Industry, 1990

Branch of Industry	Number of Enterprises		
	State	Private	Total
Wood Products and Furniture	7	18	25
Paper and Printing	9	6	15
Chemical Products	10	24	34
Metal Products	14	13	27
Clothing and Textiles	7	29	36
Food and Beverages	36	24	60
Electrical Goods	3	6	9
Leather and Leather Products	7	5	12
Services	5	--	5
Tobacco, Others	8	11	19
Total	106	136	242

Source: GARE, Ministry of Planning

Note - The Angolan branch classification is different from the International Standard Classification (ISIC).

Turnover

The dominance of the food and beverages branch and the clothing and textiles branch may further be gleaned from Table 3. These two branches account for 45 per cent of the total turnover (except energy products). If we also include chemical products, metal products, and wood products and furniture, the five branches account for 68 per cent of the total turnover (except energy products).

Table 3: Turnover by Branch of Industry, 1987

Branch of Industry	Kz million	Percentage
Food and Beverages	5,596	8.6-
Clothing and Textiles	3,593	5.5
Chemical Products	2,406	3.7
Wood Products and Furniture	1,342	2.1
Metal Products	1,212	1.8
Paper and Printing	877	1.4
Building Materials	1,233	1.9
Electrical Goods	440	0.7
Leather and Leather Products	254	0.4
Transport Equipment	2,415	3.7
Tobacco, Others	918	1.3
Total (except energy products)	20,286	31.5
Energy Products	44,215	68.5
Total	64,501	100.0

Source: Ministry of Commerce and Industry database.

Note - These figures reported are not necessarily complete.

Capacity Utilization

Based on actual field observations in the operations of 25 selected enterprises in Luanda and Buengela, most of the enterprises are operating at levels far below installed and available capacities. Available capacity takes into account the state of machinery, the availability of spare parts, technicians, etc. Even with these factors taken into consideration, actual production outputs are generally below 50 per cent of available capacities. Table 4 shows the production and capacity utilization in selected food and light industries. The figures are, however, indicative of the capacity utilization in other other branches of industry as well (except energy products).

Aside from inherent inefficiencies, there are several problems and constraints to higher production outputs and utilization of available capacities which will be discussed later.

Table 4: Production and Capacity Utilization in Selected Food and Light Industries, 1989

Product	Unit	Installed Capacity	Available Capacity	Estimated Production	Capacity Utilization
Food and Beverages:					
Soft Drinks	Hl	498,500	290,100	69,050	24
Wine	Hl	150,000	120,000	80,480	67
Sugar	MT	107,300	45,500	3,345	7
Maize Flour	MT	199,420	134,600	40,216	30
Wheat Flour	MT	156,010	129,250	30,316	23
Bread	MT	249,630	220,000	48,202	22
Cooking Oil	Hl	120,000	81,000	31,860	39
Coffee	MT	5,900	1,100	106	10
Salt	MT	15,000	14,500	7,502	52
Light Industries:					
Clothing	Mpcs	26,580	10,865	1,717	16
Leath Shoes	Mprs	2,640	1,290	132	10
Mattresses	pcs	220,000	168,000	40,123	24
Plastic Bags	MT	9,200	5,490	2,296	42
Paints	MT	16,100	8,160	2,019	25
Laundry Soap	MT	40,870	21,500	8,384	39

Source: Ministry of Commerce and Industry database.

Note - Capacity Utilization = $\frac{\text{Production}}{\text{Available Capacity}}$ (percentage)

Distribution of the Work Force

An estimate of the distribution of the work force or economically active population among the major formal and informal sectors of the economy is given in Table 5. Agriculture employs two-thirds of the workforce, about 55 per cent of which are women. The parallel markets-services sector and artisan industries absorbs a substantial portion of the workforce, about 35 per cent of the total workforce in the formal and informal sectors (excluding the armed forces and agriculture and fisheries). This gives an indication of the importance of the informal sector in employment generation, especially of women. Assuming peace is finally achieved in the protracted civil war, the government will be faced with the added burden of seeking gainful employment for displaced armed forces personnel from both parties.

Table 5: Estimated Distribution of Economically Active Population by Sectors and Sexes, 1990

Sectors	Economically Active Population		
	Men	Women	Total
Formal Sector:	791,324	165,928	957,252
- Enterprises and Administration	568,250	146,530	714,780
- Armed Forces	223,074	19,398	242,472
Informal Sector:	1,404,292	1,729,271	3,133,566
- Agriculture	1,216,626	1,513,337	2,729,963
- Fisheries	24,266	3,309	27,575
- Artisan Industries	32,589	8,147	40,736
- Parallel Markets and Services	134,117	201,175	335,292
Unemployed	85,919	9,020	94,939
Total	2,276,653	1,909,104	4,185,757

Source: UNDP/ILO Report, Project No. ANG/89/001, July 1990

B. Problems and Prospects of Selected Enterprises

The operations of 18 enterprises in Luanda and seven enterprises in Buengela were observed. The enterprises were carefully selected to represent a good cross-section of the 271 industrial enterprises registered with the Ministry of Commerce and Industry, both public and private, in the different major branches of industry. A list of the enterprises observed is given in Annex II.

The general findings are:

- (a) The state enterprises were generally capital-intensive. However, with very few exceptions, the equipment were installed prior to 1975 with ages ranging from 30 to 50 years. The level of mechanization is indicative of the high degree of technological development prior to 1975, but which have not been upgraded since then.
- (b) Several equipment are no longer functioning due to lack of spare parts and maintenance. Others are no longer serviceable and obsolete. These have created a serious imbalance in the production lines and affected available plant capacities. In some cases, manual operations or labour-intensive techniques have to be resorted to.
- (c) The supply of raw material and other inputs, mostly of foreign origin, is a major constraint which hinders the operation of the enterprises.
- (d) Unsteady supply of energy and water. As of late, these have become a regular recurrence.
- (e) Inadequate quality control procedures resulting in inferior products.
- (f) Lack of skilled workers.
- (g) Insufficient attention given to production and cost control procedures.
- (h) Poor product design.
- (i) Inadequate financing especially those privately-owned.

Because of the above constraints, most of the enterprises are operating at levels far below their original installed capacities and even their adjusted available capacities. The observations in three of the enterprises had to be re-scheduled, because they were not operating during the initial visit. As noted earlier, actual production outputs range from 30 to 50 per cent of available capacities.

Reasons for Low Capacity Utilization

Based on figures submitted by reporting enterprises, the percentage distribution of the reasons for low capacity utilization in selected branches of industry in which small and medium enterprises dominate is given Table 6. These figures tend to validate the actual field observations made by the mission.

Table 6: Indicators of Problems in Selected Branches, 1987
Reasons for Low Capacity Utilization (Percentage)

	Workers	Inputs	Energy	Water	Equipment	Others
Food processing	4	66	5	6	10	9
Beverages	-	40	28	9	4	20
Clothing	38	55	6	1	5	3
Leather Products	2	61	31	1	3	2
Wood Products and Furniture	18	35	27	5	11	4
Printing	38	44	10	1	6	1
Chemicals	20	56	3	14	4	3
Metal Products	17	45	25	4	6	3

Source: Ministry of Commerce and Industry database.

Down Time (Days Lost)

The average down time (days lost) in 1987 per reporting enterprise in the selected branches above is given in Table 7. Assuming 300 working days, average percentage loss of capacity resulting from the down time is also shown.

Table 7: Average Down Time Per Reporting Enterprise, 1987
Average Loss in Capacity (Percentage)

	Average Days Lost	Ave. Pct. Loss in Capacity
Food Processing	74	25
Beverages	88	29
Clothing	79	26
Leather and Leather Products	99	33
Wood Products and Furniture	51	17
Printing	60	20
Chemicals	119	40
Metal Products	97	32

Source: Ministry of Commerce and Industry database.

Prospects of Selected Industries

In the absence of more detailed demand and supply statistics and specific market assessments, it would be difficult to exactly pinpoint the small and medium industry products of high potential. However, the value of imports of selected product categories could give an indication of imported products that may be substituted for locally-manufactured products. Table 8 gives the value of imports for 1985 to 1987.

Table 8: Value of Imports, 1985-1987 (Kz million)

Product Category	1985	1986	1987
Animal Products	1,084	508	421
Vegetable Raw Materials	2,284	1,465	848
Oils and Fats	1,196	734	461
Processed Food	1,892	1,372	879
Chemicals	1,702	1,480	1,011
Plastics	454	569	168
Textiles	1,451	1,128	734
Leather, Made-Up Textiles	218	170	79

Source: Ministry of Planning.

The level of imports is determined by the priorities set by the Government. Manufactured products constitute a high percentage of imports. There has been stringent curbs on imports in the wake of balance-of-payments constraints. However, food imports, basic necessities, and equipment for the oil industry escaped import curbs. From 1988, import expenditure was allowed to rise slightly in the face of rising oil revenues.

The Government has established, as a general principle, that wherever possible local production shall prevail over imports. Within the Ministry of Commerce and Industry, attempts have already been made in translating this general policy of import substitution into a viable set of operating criteria and into actual measures. This implies that industries which can secure a supply of goods that are cheaper than comparable imports and are of sufficient quality, should be given priority in foreign exchange allocations to acquire essential inputs and/or equipment. To stimulate import substitutions the Ministry has, for example, asked manufacturing firms to supply products to the agriculture and defense sectors on the basis of commercial contracts.

It would also appear that increasing the outputs of existing enterprises is highly possible. In most cases, it would

seem that very little additional inputs would be required. The solutions to the problems and constraints are, however, complex when viewed in the overall macro policy environment in which small and medium enterprises currently operate. This will be discussed in subsequent sections of this report.

C. Institutional Framework

Industrial Training Centres

At present, there are nine technical training centres supervised by the Ministry of Commerce and Industry. Most of these are located in Luanda, as shown in Table 9. These centres had a capacity of 1,120 trainees in 1989. The duration of most courses is between 9 and 24 months.

Table 9: Training Centres Under the Ministry of Commerce and Industry, 1989

Location	Type of Training	Training Capacity	Actual Enrolment	Teachers
Luanda	Administrative	210	58	13
Luanda	Bakery products	160	110	5
Luanda	Metalworking, Mechanical design	90	17	5
Luanda	Electricians, Machine tooling, Metalworking, Chemical Analysts	60	50	11
Luanda	Spinning, Weaving, Textile finishing, Quality control, Chemical treatment	80	70	13
Luanda	Tailoring	70	45	6
Luanda Norte	Supervisors, Machine operators, Machine tooling, Car repair, Carpentry	170	...	72
Buengela	Fitting, Welding, Electricians, Machine tooling	300	250	9+
Huambo	Metalworking, Electricians, Mechanics, Programming	150	120	5

Source: Conselho Nacional da Formacao Profissional.

It will noted, however, that there are no institutions providing entrepreneurial or management training for small and medium enterprises. Industrial extension services for SME does not also exist. There are, however, several private consultancy firms whose major clients are large enterprises.

Industry Associations

There are three major industry associations recently organized whose membership include a substantial number of small and medium enterprises. These are:

- o Chamber of Commerce and Industry of Angola.
Organized in 1988, the Chamber serves as the umbrella organization and has taken steps to set up provincial chapters.
- o Associacao Commercial e Industrial de Luanda (ACOMIL).
Organized in 1990, it is a member of the Chamber and proclaims itself as representative of all trade and small industry private enterprises of Luanda and Bengo Provinces. It espouses a greater autonomy for the country's private sector, especially in trading.
- o Associacao Industrial Angola (AIA).

Organized in 1990, it has the support and participation of larger enterprises mostly in the public sector.

"Gabinete de Redimensionamento Empressarial" (GARE)

An Office for Redimensioning of Enterprises (GARE) has been established under the Ministry of Planning. The enterprise redimensioning programme foresees a redefinition of the "dimension" of state-controlled enterprises and the partial privatization of state enterprises. GARE is expected to define the guidelines and accompany the process.

Coordinator of a Proposed Institute for the Promotion of Small and Medium Enterprises (INAPEM)

An officer operating within the Ministry of Commerce and Industry has been designated as Coordinator in the preparing the plans and enabling legislation for a proposed Institute for the Promotion of Small and Medium Enterprises, provisionally labeled as INAPEM ("Instituto Nacional de Promocao Empressarial"). []

II. THE POLICY ENVIRONMENT

Following independence, the major part of the industrial sector has been nationalized. However, there was never an intention to do away with the private sector entirely especially in the small- and medium-scale sector where privately-owned enterprises currently constitute 56 per cent of the total number of enterprises. The Government is committed to encourage and support the private sector if it respects the general guidelines of the economic and labour policies defined by the Government and this commitment has recently become stronger. Most of the nationalization measures after independence affected Portuguese interests.

The SEF Programme

The policy measures envisioned in the liberalization and restructuring programme, the saneamento Economico e Financeiro (SEF), promulgated in 1988, and those articulated in the 1989-1990 Programa de Recuperacao Economica (PRE) are fundamental prerequisites to the promotion and development of small and medium enterprises in the private sector.

The important priorities affecting this sector are:

- o decentralization of industrial production through the establishment of small, local industries capable of processing agricultural products to meet various local needs;
- o improvement of know-how and skills of Angolan technicians and workers; and
- o stimulating the transfer of know-how and technology.

Further, the environment in which small industry operates would be improved through:

- o partial privatization of public enterprises;
- o liberalization of prices to stimulate production, and
- o measures to improve the financial system.

These priorities and measures are steps that are expected to stimulate the development of private small- and medium-scale enterprises and their implementation should be hastened.

In late September 1990, monetary reforms were announced by the Government which included the devaluation of the kwanza by 50 per cent and partial liberalization of prices of some products and services. The Government was also in the process of preparing the framework for the privatization of at least 60 small enterprises.

Law of Economic Activities (No. 10/88)

This law is a basic or framework law to regulate economic activity in the country. It applies to activities related to the production or distribution of goods or the rendering of services with the objective of making a profit. The State reserves itself activities in central banking functions, military industry, distribution of water and power, basic sanitary services, telecommunications, transport, except short term maritime transport, and port and airport administration.

No economic activity may be performed without previous authorization by the competent authorities. Economic activity may be developed individually or through enterprises. Enterprise activity may be performed by state enterprises, mixed enterprises, cooperatives and private enterprises.

Corporate Income Tax

A basic rate of 35 per cent is levied on the income of enterprises in the private sector, including so-called mixed enterprises in which the state has a share. In addition, there is a progressive surtax ranging from 2 to 30 per cent imposed on the same income. While the maximum rate on enterprise profits is, thus, 65 per cent, the average is around 50 per cent which equals the current share of profits transferred by state enterprises. The government intends to merge the basic tax and surtax, and impose a single tax on profits of all enterprises, public and private.

The Financing System

The authorities envisage the introduction of more flexibility and more competition in the banking sector. Legislation has already been enacted to enable the Banco Popular de Angola (BPA) to begin making loans, although no programme currently exists specifically for small and medium enterprises. The possibility of further expanding the powers of BPA and establishing other private banks in the future, including foreign banks, is being looked into.

The SEF envisages a reduction of the proportion of credits from the banking system channeled to the Treasury and an improvement of credit to the productive sector. The Banco Nacional de Angola (BNA) is being administratively separated into central banking and commercial banking departments. Approval of credit to public and private enterprises will depend on judgments by bank management on profitability and risks of the operations to be financed. Longer term SEF plans call for credit to be allocated increasingly on the basis of interest rates and less on mandatory rules of selection. []

III. MAJOR FACTORS THAT HINDER THE PROMOTION AND DEVELOPMENT OF SMALL AND MEDIUM ENTERPRISES

In addition to problems of insecurity, which certainly is a major deterrent to the promotion and development of SMEs, there are other sectorial and macro-economic policies that inhibit the development of SMEs. Some of these constraints have been articulated by industry associations and private entrepreneurs and the evidence suggests that the government is fully aware of these constraints. Hence, measures are being taken to institute policy reforms.

The major constraints are:

- 1) Competition. The market cannot provide efficient mechanisms for the operation of the economy unless there is an active and free competition especially among SMEs. Further, the competition between public and private enterprise is viewed as one-sided in the sense that inefficient public enterprises are effectively subsidized.
- 2) Official price controls. SMEs and raw material producers are not encouraged to produce, because they must sell their output to the government or to local consumers at much lower prices than what could be sold in the informal or parallel market. The products sold in the informal market can usually be priced at 15 to 30 times higher than the official prices.
- 3) Wage structure. Salaries are paid through a combination of the local currency, plus the official supply card and products manufactured by the enterprise. The products earned are then sold by employees in the informal market. This situation creates distortions in prices and inhibits productivity by causing workers to be engaged in parallel market activities.
4. Financing of enterprises. As previously pointed out, there is no existing specialized mechanism for providing credit to small and medium enterprises. This is a major constraint specially in the development of private enterprises.
5. Foreign exchange allocation. A review and possible revision to the policy of foreign exchange allocation would be necessary, giving priority to critical equipment, replacement parts, and selected raw materials which cannot be produced locally.
6. Agricultural production. To provide inputs to food processing enterprises, which are expected to consist mostly of small and medium enterprises, agricultural production needs to be stimulated. This would require appropriate price policies and the development of adequate distribution and transportation facilities.

7. The banking system. The present configuration of the system, dependent on BNA and BPA, is limited and does not motivate financing of small and medium enterprises which are perceived to be higher risks and lower profit potential.

8. Channels of distribution. Direct relations between SMEs and retailers, a traditional mode of SME product distribution, is not prevalent. State monopoly intermediaries are perceived as increasing costs of distribution. Further, there is reportedly high wastes in the circulation of merchandise and their rotation in state warehouses where theft and losses are frequent. The role of private import/export agents is not recognized. Encouraging the establishment of private traders in rural areas is particularly important, given their potential role in stimulating agricultural production.

9. Regional development. There are no existing policies or incentives that encourage regional dispersal of industries to areas outside the capital region. The promotion of SME in rural areas could effectively be undertaken through a combination of incentives and the provision of infrastructure facilities including the transportation of goods.

10. Centralization of enterprise-level decisions. The dynamism and autonomy of both public and private enterprises are severely restricted through various factors: the allocation of foreign exchange, government reporting requirements which have been described as an overdose of statistical data, compliance to trade policies, the lack of freedom to hire and fire employees, and other regulations. []

IV. CONCLUSIONS AND RECOMMENDATIONS

Policies for SME Promotion and Development

1. The actual experience in developing countries show that small and medium enterprises fail to develop and grow because of unfavourable macro-economic policies and an incentive structure that militate against them. As is common to developing countries, SMEs have to hurdle policy decisions that are adverse to the sector or, if supportive, are nevertheless badly implemented. SMEs need a conducive policy environment for them to compete and survive.

While actual decisions about SME development are made at the micro-level, these decisions are strongly influenced by the external environment. Apart from direct interventions, government can only influence SME development by influencing this external environment. What is needed, therefore, is an SME development policy designed towards the provision and promotion of an environment conducive to the sector's growth. Without such an environment, whatever gains that may be achieved from both government and private sector development efforts would be confined and limited.

The government understands these policy concerns. Hence, it would almost be a pre-requisite to the promotion and development of private small and medium enterprises that a strong political commitment and a policy environment conducive to the growth of SMEs would be the most crucial first step.

SME policy and incentive formulation involves many sectors of the economy, both public and private. In certain affects, it may also affect large enterprises. It would, therefore, require the inputs and consideration of several government ministries and equally important the participation of the private sector.

A Policy Council (or Commission) for Small and Medium Enterprises is recommended to be instituted. The Council should be composed of officials at the highest possible level, preferably Vice Ministerial, with representation from leaders of private sector associations. To ensure effective coordination, the proposed composition of the Council is as follows:

Representatives of:

- o Ministry of Commerce and Industry, Chairperson
- o Ministry of Agriculture
- o Ministry of Finance
- o Banco Nacional de Angola
- o At least three industry associations,
- o Camara de Commercio e Industria
- o Associacao Industrial de Angola
- o Associacao Commercial e Industrial de Luanda
- o Administrator of an Institute for SME, Executive Secretary

Representatives of other public and private institutions may be invited to participate in the deliberations of the Council as necessary.

The main function of the proposed Council would be to formulate and recommend government policies, incentives, and programmes for the promotion and development of small and medium enterprises.

As a first step, the government should make a firm commitment and take effective measures to privatize all state-owned small enterprises. These should be offered to Angolan entrepreneurs, cooperatives and associations. Except for enterprises of strategic importance and those that are monopolistic in nature, medium enterprises should also be gradually privatized through joint ventures between foreign and Angolan entrepreneurs. In some cases, partial state ownership may continue to be necessary in the medium term due to lack of capital and entrepreneurial capability. But plans for divestment of state ownership over a period of time may be included in the shareholders' agreement with private entrepreneurs.

The Council will also have to review some of the major policy instruments which were previously cited in this report as hindering the promotion and development of SME. These are:

- (a) price controls especially those affecting SME
- (b) wage structure
- (c) hiring and firing of employees
- (d) financing and banking system
- (e) foreign exchange allocation
- (f) agricultural production as inputs to food processing industries
- (g) channels of distribution
- (h) registration procedures and reporting requirements
- (i) tax and tariff structure

Incentives for SME Development

2. The government should give high priority to the enactment of a set of incentives for the promotion of small and medium enterprises, especially in areas outside Luanda. Some of these incentives could be:

- o Exemption from taxes for a given period, say five years. The current taxation system appears to be high and encourages non-compliance or avoidance, especially those in the informal sector who should be encouraged to be legalized.
- o Provision of adequate infrastructure facilities, as may be necessary in certain areas outside of Luanda, to encourage regional development. These would include

rental of factory spaces, warehouse and common service facilities.

- o Subsidized training programmes in entrepreneurship including management, production and quality control, marketing, accounting and finance.
- o Extension of consultancy and legal services. Registration procedures should be simplified. A "one-stop" concept of registration should be instituted at the provincial or even at the town level in some cases.
- o Assistance in obtaining equity financing, credit, and guarantees in special programmes for small and medium enterprises. Corollary to this would be assistance in business opportunity identification and preparation of proposals or feasibility studies for setting up the enterprise and submission for bank financing.
- o Exemption from any minimum wage legislation. Minimum wage legislation penalizes smaller firms which are generally labour intensive by taking away their competitive edge over large firms. It also acts as a deterrent to employment generation by inducing small enterprises to be more capital intensive and discourages the employment of young unskilled workers.

Definition of SME

3. A clear definition of small and medium enterprise should be promulgated by the government and could be one of the functions of the proposed Policy Council on SMEs. This would be necessary for an effective administration of SME policies, incentives, and programmes. The definition should be reviewed periodically. The current classification of SMEs in terms of up to 500-600 workers and annual sales not exceeding 2,000 million kwanzas requires further review and refinement. A subdivision of the target group (into small and medium-scale enterprises) is unnecessary: the target group should be defined as all industrial enterprises with number of workers of up to . . . and total assets (excluding land and building) of up to . . . kwanzas (as proposed below).

In order to obtain a more accurate profile and a better perspective of the SME sector, including those in the informal sector, existing baseline data should further be analyzed. If the existing data is not sufficient to establish parameters, a socio-economic survey should be undertaken. This will enable the government to obtain more reliable baseline data, assess the contributions of the sector to the socio-economic development of the country, and properly focus government assistance, incentives, and programmes.

Generally, small and medium enterprises in most developing countries are defined in terms of:

- o Number of workers; and
- o Total assets, excluding land and building.

The current classification of SME of up to 500-600 workers appear to be too high, especially for capital-intensive enterprises. Based on the observations conducted and using other developing countries as a benchmark, the more appropriate maximum would be in the range 250 to 300 workers. Total assets would normally be a better classification than annual sales which tend to vary widely, depending on the type of products manufactured and constraints in achieving productive capacity. Based on experience in other developing countries, total assets (excluding land and building) would normally not exceed the equivalent of US\$1.0 million. But these figures have to be carefully reviewed.

Role of SME

4. In most developing countries, SMEs play a more significant role in the socio-economic development of their respective countries than what appears to be the situation in Angola. This is more so in the rural areas where vast numbers of the population live. Based on the list of registered enterprises, most of these enterprises are concentrated in urban areas, particularly in Luanda. This is partly due to the peace and order conditions, but could also be attributed to other factors.

In the context of the SEF programme, local small and medium enterprises will play a more important role. It should, however, be emphasized that their role should be complimentary to that of large state and foreign-owned enterprises. At least in the medium term, the more effective contribution of SMEs would be:

- o manufacture of products for local or regional markets; and
- o provide intermediate inputs and services to large enterprises.

It has been observed, for example, that because of insufficient SME capability large enterprises have set up facilities and perform activities that would normally be sub-contracted to SME. Obviously, this is not an optimal use of resources and tend to increase costs. Large enterprises should be encouraged to engage in sub-contracting to SME certain inputs which the latter can do more efficiently.

Small and Medium Enterprise Programmes

4. A "total approach" to SME development requires that at least a special financing programme and a technical assistance programme should evolve.

A special financing programme may be instituted initially through the BNA and BPA and eventually through private commercial banks when they are in place. The current situation in Angola requires that a financing programme for SME be flexible and should include the following features:

- o Equity financing, wherein the financing institution will be in partnership with private entrepreneurs rather than creditors. An agreement would enable the entrepreneurs to buy back the financing institutions' equity over a specific period of time at a price mutually agreed upon. The special feature of this programme is that risks are shared and other inputs and assistance (managerial, marketing and extension services) may be provided by the financing institution either directly or through an arrangement with an SME Institute that may be set up. This type of financing incorporates many features of the conventional venture capital type of financing. It should, however, be adapted to the needs of small and medium enterprises and suited to Angolan conditions wherein entrepreneurial capital and skills are lacking. In particular, this type of financing appears to be more appropriate for state enterprises which are privatized and sold to workers' cooperatives or associations.
- o Long-and medium-term credit. The cash flows of certain SMEs may not be satisfied by equity capital alone and the efficient use of resources may dictate that credit be combined with equity financing. In certain cases, long- and medium-term credit may be sufficient and would be the most appropriate form of financing. The experience in developing countries shows that the availability and accessibility of credit to SME are far more important than the interest cost. In most cases, SMEs are prepared to pay at prevailing market rates if the application procedures and the availing of the loan are not complicated.
- o Lease-purchase. This alternative form of financial arrangement in the procurement of machinery, transport, and other equipment have proven to be successful in some developing countries and may also be considered in certain cases.
- o Credit-guarantee schemes. In the longer term, when the private commercial banks are in place, a credit-guarantee programme would induce these banks to institute credit programmes for SMEs. Small and medium enterprises are perceived to be higher risks and a credit-guarantee scheme serves to minimize risk and is normally intended to take the place of collateral requirements. It should be noted, however, that the experience of credit-guarantee schemes in developing countries have achieved mixed results. The success of the scheme depends on

certain factors, such as the procedures for the availment of the guarantee in case of default, evaluation procedures, and cost.

A technical assistance programme that provides for technical information dissemination and technology transfer, industrial extension and consultancy services, enterprise- and entrepreneurship development, training in management and other enterprise functions is a necessary complement to a financing programme. This will further be discussed in the subsequent recommendation on institutional structure. A marketing programme, for both domestic and export sales, would eventually be desirable and useful. However, this would require greater institutional sophistication and, at least in the initial stages, is best left to the activities of a free market economy and possibly to industry associations.

Finally, it seems reasonable to assume that a major part of private investments is made in the informal sector. By the very nature of such operations statistics are not available, but are believed to be significant. The parallel market is a potential source of local entrepreneurs who may be induced to move into the formal sector of the economy. The government should institute a corollary programme to legalize these enterprise through simple registration procedures, incentives, and technical assistance.

Institutional Framework for Technical Assistance

5. The government's efforts to promote private small and medium enterprises would require that a specialized institution be set up. The proposed institution will have the main functions of promoting local entrepreneurship -- either by individuals, workers' groups or cooperatives and associations -- assist them in the process of legalization, in obtaining financing, and in improving their productivity and profitability. This institution should not be viewed as part of the regulatory or bureaucratic process and should be granted a degree of autonomy in implementing its programmes.

In order to gain the confidence of existing and potential entrepreneurs, the institution should be staffed by well-trained individuals who are knowledgeable in the various aspects of SME development. In certain activities, the core staff could be supplemented by part-time secondments from university faculties, consultancy firms, industry itself, and foreign experts and volunteers.

Because local experience in the operations of such an institution does not currently exist, a pilot project for three years is recommended requiring technical assistance from foreign donors (UNDP/UNIDO and the World Bank). The proposed institution may be called: "Instituto Nacional de Promocao a Empresas Local"

(INAPEL). It should be noted that such an institution is already under consideration by the government.

A technical assistance project should include as essential features:

- o Prior to the formation of the proposed institute, an initial study trip to similar institutes in developing countries should be conducted, such as the Institute for Small-Scale Industries (ISSI) and the Small Business Advisory Centers (SBACs) in the Philippines, the Small Industry Extension and Training (SIET) Institute and Small Industry Assistance Centres in India. It would be advisable to include in the study trip the current coordinator of the proposed institute (Jorge A. Manuel) and two other potential key officers, one of whom should be conversant in English.
- o Participation in international training courses of ISSI and/or SIET by its core staff, which are normally from four to six months duration.
- o Assignment of long- and short-term foreign experts and volunteers in each of proposed major activities of the Institute during the pilot-phase. It is essential that appropriate counterpart staff be assigned in order to effect a transfer of know-how.

The main operating functions of the proposed institute would be:

- o Industrial and technical information, linked to local and foreign sources of information. It should be emphasized that the intention is not to establish a data bank, which normally is not cost-effective, but simply to be aware of existing sources of information and establish working relationships to be able to access the necessary information. Often, information needed by SME is "freely" available. But developing countries do not always know how to find them, evaluate and adapt these technologies. Hence, in most cases, an industrial extension officer becomes an important link between the SME and the information service.
- o Industrial extension and consultancy, which would include techno-economic diagnosis of existing enterprises and rehabilitation of these enterprises as may be necessary. The modernization and improvement of existing SME would be a major goal of this activity, including the transfer and adaptation of appropriate technology.
- o Enterprise and entrepreneurship development, which include identification and motivation of potential entrepreneurs, assessing business opportunities, assistance in the legal

aspects of registration and in credit application. This activity could assist in the privatization of state enterprises and, in certain instances, be involved in the preparation of feasibility studies.

- o Management training and seminars, which include seminars and short-term courses in SME management, accounting and finance, production and cost control, quality and maintenance management, and other subjects of relevance to SME. It may be noted that institutions already exist for technical skills training, but there is no organization that provides training in enterprise functions.

The proposed institute should limit its geographic areas of operation to possibly Luanda and one other area (Benguela or Lubango) and specialize in a few selected sub-sectors which will dictate its staffing in the pilot-phase (food processing, metalworking and engineering industries, clothing, shelter materials).

As much as possible, the Institute should work in cooperation with industry associations especially in technical information and training. These associations could provide valuable inputs and resource persons to the activities of the Institute. []

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Annex I:
JOB DESCRIPTION

JOB DESCRIPTION

Project of the People's Republic of Angola

SI/ANG/90/801/11-51/J12103

POST TITLE: Consultant in Small and Medium-Scale Enterprises
Promotion and Development

DURATION: 2 months

DATE REQUIRED: as soon as possible

DUTY STATION: Luanda, with travel to Lubango

PURPOSE OF PROJECT: To collect and analyze information on the current and future constraints affecting Small- and Medium-scale Enterprises in Angola and to provide policy recommendations to the Government.

DUTIES:

1. Examine existing information on SME in Angola and current policies affecting the SME.
2. Visit a number of SME in Luanda and Lubango representing different sectors of economic activity of (potential) importance to the economy of Angola in order to study current and future constraints affecting their development.
3. To discuss with relevant government entities policies under definition within the SEF programme which may affect the development of SME.
4. Contact relevant agencies and donors interested in SME development.
5. Prepare a final report giving a detailed account of the findings including estimates and provide concrete policy recommendations for follow-up.

QUALIFICATIONS: Expert in SME-promotion and development strategy with extensive experience preferably in Africa and proven academic and analytical capacities.

LANGUAGE: English and Portuguese required in view of extensive contacts with Angolan SME entrepreneurs.

BACKGROUND

INFORMATION: Small and medium-scale enterprises have been neglected until now in Angola. The central planning system and the particular situation which Angola faces have been detrimental to their development.

Now, a major economic reform programme has been initiated which includes considerable market-related reforms, a restructuration of the state enterprise sector, and a withdrawal by the state from sizeable sectors of economic activity. Small- and Medium scale enterprises have been identified as important to assume the responsibility for these activities. The promotion of SME is contained as an objective of the current bi-annual programme PRE.

However, very little is known about the current constraints facing SME emanating from the current policy environment. In addition, there are almost no statistics available on especially the more informal economic activities, and hardly any studies or surveys have been carried out. As the ongoing economic reform programme will strongly affect the constraints facing SME, the government urgently needs advice in the field. The consultant will visit the various relevant government institutions and verify existing policies and proposed reforms. The consultant will also visit various small- and medium scale enterprises in both Luanda and Lubango (rural areas) to better understand their situation and obtain some rough estimates of their (potential) importance.

The consultant will provide a detailed final report providing a detailed account of the findings and a set of concrete policy recommendations. The report is expected to be a first step in the redefinition of policies and associated technical assistance towards Small- and Medium scale enterprises. []

Annex II:

LIST OF ENTERPRISES OBSERVED

LIST OF ENTERPRISES OBSERVED

<u>Name of Enterprise</u>	<u>Ownership</u>	<u>Products</u>
In Luanda:		
1. Panga Panga U.E.E. - Pioneiro	State	Plywood, sawn lumber
2. Artindustria de Moveis	Private	Office furniture
3. L.P. ECMA	State	Home furniture
4. Planificadora Sopao	State	Central bakery
5. Monte Sinai	State	Bakery products
6. Leao	Private	Bakery products
7. Santa Ana	Private	Bakery products
8. Solam U.E.E.	State	Razor blades
9. Uniao Grafica de Angola	State	Printing
10. Textang I	State	Textiles
11. Facobang	State	Woven bedspreads
12. Universo	Private	Shoes and slippers
13. Fiangol	Private	Cotton yarns
14. Artefactos de Borracha Hed U.E.E.	State	Rubber products
15. Bolama U.E.E.	State	Confectioneries
16. Induve	Private	Vegetable oils, soap
17. Enepa U.E.E.	State	Plastic and vinyl products
18. Imavest U.E.E. - Malhas Lord	State	Garments and domestics
In Benguela:		
19. Angofrio	State	Freezer cabinets and equipment
20. Emacel	State	Car and truck batteries
21. Massas Centro e Sul	State	Bakery products
22. Estofos M. Godinho, Lda.	Private	Wooden and steel furniture, foundry
23. Empresa Provincial de Malhas e Confeccoes	State	Garments
24. Africa Textil, U.E.E. (French/Angolan)	Mixed	Textiles
25. Gika (inaugurated on 17 Sept. 1990)	State	Irrigation, industrial and residential water pumps