

Social economy in Angola: sociological perspectives on the present reality

Abstract

For many years, the Angolan government concentrated its efforts on a mono-sector economy, heavily dependent on oil, neglecting the exploration of other crucial areas for the sustainable development of the country. This dependence resulted in volatile economic growth and perpetuated high levels of poverty and social inequalities. Currently, various studies in both sociology and economics emphasize the need for economic diversification to find concrete solutions to the challenges faced by Angolan communities. This article analyzes the current state of the social economy in Angola from a sociological perspective. It is a bibliographical study, based on the analysis of existing literature on the phenomenon in the Angolan context. To understand the concrete reality of the country, the article discusses the issue on a macro level, considering the global scenario, and consequently addresses the current specificities of the country. It cross-references literature with different empirical data – from the National Institute of Statistics (INE-Angola), African Union, International Monetary Fund (IMF), CIRIEC-International, among others. The article highlights that the Angolan social economy is dominated by the agrarian structure, which consists of peasants and family farmers, whose operations represent 99.08% of the total number of farms, occupying 97% of the total cultivated area of the country. It also emphasizes that in the Angolan context, the main actors in the social economy are cooperatives, which are fundamental agents in the fight against poverty, unemployment, and social exclusion.

Keywords: social economy, social inequalities, economic inequalities, cooperatives

Volume 8 Issue 4 - 2024

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Received: June 27, 2024 | **Published:** August 14, 2024

Introduction

Social economy has gained prominence in various countries, particularly in developing contexts where economic and social challenges are more pronounced. In Angola, social economy emerges as a significant response to the population's needs, offering sustainable alternatives for economic inclusion and improved quality of life. After several decades of civil conflict that ended in 2002, Angola faces substantial challenges regarding economic and social development. According to data from the INE, the unemployment rate in the country was 31.6% in 2022, with a higher incidence among young people.

On the other hand, Malebo,¹ indicates that the Angolan economy has a strong dependence on the oil sector, which accounts for about 50% of the Gross Domestic Product (GDP), 70% of government revenue, and more than 90% of the country's exports. This extreme dependence on oil exposes Angola to significant economic fluctuations, especially during periods of falling international oil prices. When oil prices drop, government revenues decrease drastically, affecting the State's ability to finance public projects, social services, and essential infrastructure.

In this context, the social economy, which includes cooperatives, associations, foundations, and social enterprises, has proven to be a viable alternative for combating poverty and promoting social cohesion. Recent studies indicate that about 10% of the Angolan population participates in some form of social economy initiative, demonstrating the sector's potential to generate employment and income. Agricultural cooperatives have played a crucial role in supporting small farmers, facilitating access to markets and resources.

Social economy in the global context

Monzon and Chaves,² comprehend that social economy has been conceptualized as an economic model based on principles of solidarity, cooperation, and self-management. In this model, community members come together to create and manage collective businesses such as cooperatives, associations, and social enterprises, aiming not only for income generation but also for strengthening social relations, inclusion, and sustainable development.

According to literature "(...) social economy (SE) is historically linked to popular associations and cooperatives, which make up its backbone. The system of values and the principles of conduct of the popular associations, reflected in the historical cooperative movement (...)"³

Although social economy has become a chosen economic model in various countries, its peak was in European countries. "The rise of the social economy has also been recognized in political and legal circles, both in Spain and in Europe. (...)"⁴

It is important to emphasize that various research studies highlight that the emergence of the social economy has not only been effective in addressing social challenges but has also been vital in ensuring stable and sustainable economic growth in regions. Additionally, the social economy has played a fundamental role in promoting a more equitable distribution of income and wealth, in adapting services to the needs of society, and in increasing the value of economic activities that serve social interests² (Table 1).

Table 1 Economy for the common good values present in other models

ECG values Models	Human dignity	Solidarity/ cooperation	Ecological sustainability	Social justice	Democracy
Social Economy	X	X	X	X	X
Circular Economy		X	X		X
Collaborative Economy		X	X		
Functionality Economy					
Resource-Based Economy			X	X	
Blue Economy			X		

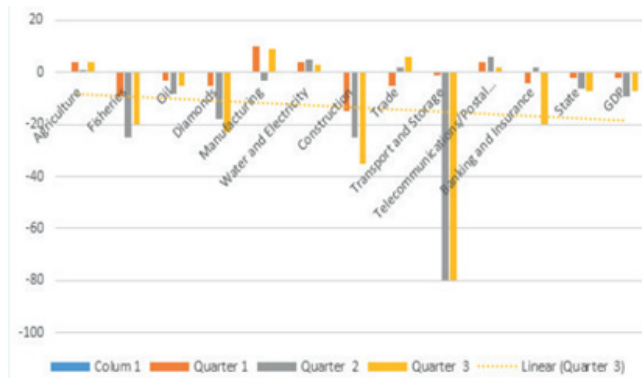
Source: EESC, 2015, Opinion of the EESC, 2016/C 013/06 in CIRIEC-International, 2016.

Socioeconomic context of Angola

Angola is a country located in the southern region of Africa with a territorial size of 1.246000 km². The country is composed of various ethno-linguistic groups spread across its eighteen provinces. According to current population census data, it is estimated to have around 25 million inhabitants (Pacheco, Costa, & Tavares, 2018).

Angola has a diverse social landscape shaped by its complex history, which includes periods of colonial rule, independence struggles, and a lengthy civil war. The legacy of these historical events has had profound effects on the country’s social fabric, contributing to challenges such as widespread poverty, inequality, and limited access to basic services such as healthcare and education. Additionally, Angola’s social context is characterized by cultural diversity, with a rich tapestry of ethnic groups and languages contributing to the country’s vibrant cultural heritage. Angola is one of Africa’s largest oil producers, alongside local oil powerhouses like Nigeria. The country produces over 1.9 million barrels per day and exports to various countries in Europe and America.⁵

The global economic slowdown and sharp decline in oil prices have triggered internal fiscal shocks and balance of payments pressures. However, despite the current economic situation in Angola being challenging, the country has been recovering from this scenario by creating other areas of investment, with the agricultural sector taking a prominent place.² The Angolan economy is characterized by a strong dependence on the oil sector, which accounts for about 50% of GDP, 70% of government revenue, and over 90% of the country’s exports. This concentration of the economy in a single sector creates several challenges, such as the volatility of oil prices, the lack of economic diversification, and the risk of instability in the event of international crises¹ (Graph 1).

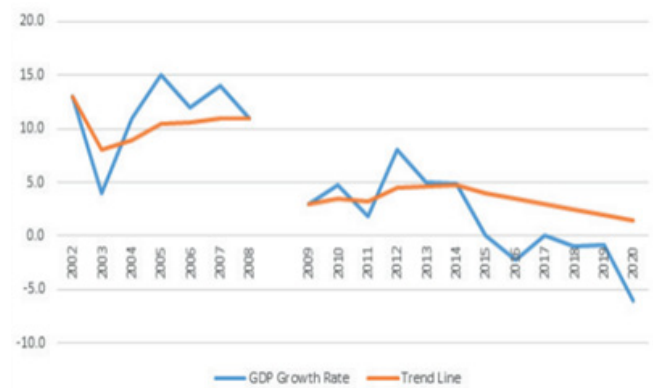


Graph 1 Angolan GDP behavior by sectors and quarters 2020.

Source: INE – National Quarterly Accounts – in Konrad-Adenauer-Foundation Office Namibia and Angola, 2021

The economic system in Angola has been characterized by instability, largely due to its heavy reliance on oil exports and fluctuations in global oil prices. The country’s economy is highly vulnerable to external shocks, making it susceptible to periods of boom and bust (Konrad-Adenauer-Foundation Office Namibia and Angola).⁶

Moreover, decades of civil war and political instability have hindered the development of diversified industries and infrastructure, further exacerbating economic challenges. As a result, Angola faces high levels of poverty, unemployment, and inequality, with limited opportunities for sustainable economic growth and development (Konrad-Adenauer-Foundation Office Namibia and Angola).⁶ To overcome these challenges and empower the economic system, both the government and economic operators need to explore alternative pathways towards economic resilience and sustainability. This entails diversifying the economy away from its dependence on oil and investing in sectors with greater potential for growth, such as agriculture, manufacturing, and renewable energy (Graph 2).



Graph 2 Angolan GDP growth trends.

Source: CEIC in Konrad-Adenauer-Foundation Office Namibia and Angola, 2021

The data shows fluctuating growth in the national GDP. Furthermore, the situation becomes even more concerning as the trend line is descending over the years. Therefore, it is timely to adopt measures that can respond to the current socioeconomic situation of the country. Pacheco, Costa and Tavares,⁷ remember us that there is a big need to prioritize economic policies that promote inclusivity, innovation, and entrepreneurship, creating an enabling environment for small and medium-sized enterprises (SMEs) to thrive. Collaboration between the public and private sectors, as well as civil society, is essential to drive forward initiatives aimed at building a more diversified, resilient, and inclusive economy (Table 2).

Table 2 GDP of the main African economies

Countries	Population	Annual GDP	GDP Per capita	IDH	Deficit (%GDP)
Angola	34.503.774	110.043 M€	3.189 €	0,586	3,83%
Argelia	44.177.969	182.211 M€	4.124 €	0,745	-7,20%
Egipto	102.100.000	450.936 M€	4.417 €	0,731	5,78%
Etiopía	101.900.000	112.383 M€	1.103 €	0,498	-2,77%
Kenia	53,005,614	107.660 M€	2.031 €	0,575	-6,05%
Nigeria	213.401.323	452.971 M€	2.123 €	0,535	-5,48%
África do Sul	60,604,000	384,964 M€	6.352 €	0,713	-4,49%

Source: African Union, 2023 in Cassinela & Cacknazarof, 2024

Economic inequalities in Angola

Therborn cited by Carmo,⁸ explains that “inequalities are differences that we consider unjust. Inequality is a negation of equality. Behind a perception of inequality there is a notion of injustice, a violation of some equality” (p. 2). On the other hand, Milanovic,⁹ comments that “(...) in the era of globalization another way to look at inequality between individuals is to go beyond the confines of a nation-state, and to look at inequality between all individuals in the world (...)”. The economic inequalities present in Angola stem from a complex array of factors deeply rooted in its historical processes. These inequalities are not attributable to a singular cause but rather represent the culmination of historical injustices, socio-economic disparities, and political dynamics that have shaped the country over centuries.

Literature refers that

The roots of these inequalities are entrenched in the country’s social history, which underwent a long period of slavery (1482-1975), followed by a devastating civil war (1979-2002). (...). The lack of protection of basic social rights, such as individual freedom. Social economy initiatives in Angola.¹⁰

The United Nations Development Programme (UNDP) highlights the stark socio-economic realities facing Angola, and reports “(...) around 36% of Angolans live below the poverty line and one in every four persons is unemployed”.¹¹

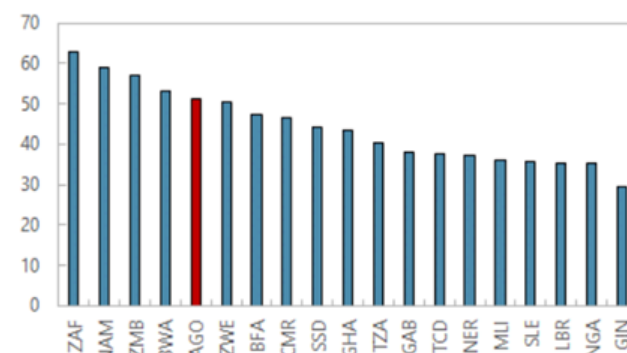
Moreover, the report underscores a concerning statistic, revealing that one in every four Angolans is currently unemployed, pointing to widespread economic challenges that hinder livelihood opportunities for a significant portion of the population. These figures shed light on the urgent need for comprehensive strategies aimed at poverty alleviation and employment generation, underscoring the importance of addressing systemic issues that perpetuate inequality and hinder inclusive growth. The concerning state of economic inequalities in Angola raises concerns for national authorities and international institutions. Addressing these disparities requires inclusive policies and development programs that promote not only economic growth but also equity and social justice. National authorities must commit to implementing such policies, while international institutions have a crucial role to play in providing technical, financial, and political support to strengthen local capacities (International Monetary Fund)¹² (Table 3).

Understanding income inequalities in Angola requires a careful analysis of the various social contexts that characterize the country. It is essential to understand power relations, access to resources, and opportunities. As noted by the World Bank,¹³ “understanding the socio-demographic and geographic characteristics associated with poverty is a first important step toward understanding the factors limiting economic opportunities of the Angolan population and informing effective policies toward the alleviation of poverty (...)” (Graph 3).

Table 3 Incidence of poverty in Angola

	Incidence	Depth	Intensity
Total	40.6	10.1	4.4
Residence Area			
Urban	29.8	7.3	3.3
Rural	57.2	14.3	6.2
Sex			
Men	40.8	10.1	4.5
Women	40.2	9.9	4.3

Source: Inea, 2020 in Cassinela & Cacknazarof, 2024



Graph 3 Commodity Exporters: Inequality (Gini coefficient)

Source: World Development Indicators, latest available in International Monetary Fund, 2023, p. 3

Community participation – towards a community-based economy

Although the concept of cooperativism emerged in England, with the unemployment generated by the industrial revolution and, consequently, by the creation of the first cooperatives, this activity has existed since prehistoric times. Throughout human history, certain types of activities, such as fishing and hunting, which catered to common interests, have been observed.¹⁴

The emergence of cooperatives in Angola is closely linked to the country’s independence process. Literature states that:

The emergence of cooperatives in Angola is parallel to the country’s independence process. The literature refers to: (...) The process of insertion of agricultural cooperativism in Angola from its origins after independence dates back to (1976), it can be said that the process of propagation of agricultural cooperativism was not something that was due to a single period, it has a certain periodization, to culminate with the first agricultural cooperative initiatives promoted in the first phase of the national agricultural cooperation seminar.¹⁴

According to Kamutali,¹⁵ cooperativism in Angola gained significant importance with the publication of Decree-Law No. 115/75, dated September 22, which addressed a variety of significant aspects, including a revision of the cooperative definition and the introduction of four distinct types: production, consumption, service, and multipurpose cooperatives.

Kamutali (2019) still explains that it is important to note that “(...)The Angolan agricultural structure is dominated by rural people and family farmers, whose explorations represent 99.08% of the total number of explorations, occupying 97% of the country’s total cultivated area” (p. 16).

On the other hand, studies show that, in the Angolan context, cooperatives have multiple functions, not only restricted to intensifying agricultural production. They also serve as a factor in reducing poverty and social inequalities, as the literature mentions:

Cooperatives are also configured as a possibility to fight against social exclusion. Generally speaking, cooperatives are organizations where a certain number of people come together seeking common goals based on a set of rules pre-established by that group (...).¹⁴

Work carried out in cooperatives has been more advantageous compared to other forms of labor organization, as cooperatives can effectively address multiple problems with a reduced amount of effort. Additionally, cooperatives promote a higher level of development in the communities where they are established.

They facilitate the sharing of logistical resources, increase market competitiveness, and offer various other benefits. This form of organization strengthens social cohesion, boosts the local economy, and provides a more collaborative and sustainable work environment.

Conclusion

Social economy in Angola has enormous potential to contribute to sustainable and inclusive development. Despite challenges such as lack of access to credit and inadequate infrastructure, several works in the field of social economy have shown a positive impact on the lives of Angolans. The data presented highlight the relevance of social economy in the Angolan context by pointing to the crucial role that cooperatives play in combating poverty in communities, formalizing and professionalizing activities. Additionally, social economy is one of the main sources of job opportunities for the population at both local and national levels, as well as a factor of social inclusion for women, individuals in vulnerable situations, people with disabilities, etc.

Therefore, for social economy to reach its full potential in Angola, it is necessary a set of actions, such as developing financial and technical support mechanisms for social economy initiatives, with a focus on access to credit, infrastructure, and capacity building. It is also important to promote the culture of cooperativism and education for social economy. Furthermore, it is essential to foster coordination among the different actors in the social economy, such as cooperatives, associations, government, and civil society.

Acknowledgments

None.

Conflicts of interests

The author declares that there are no conflicts of interest.

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