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# Housing microfinance in post-conflict Angola. Overcoming socioeconomic exclusion through land tenure and access to credit

ALLAN CAIN

Allan Cain was a co-founder of Development Workshop (DW) in 1973 and has been director of DW's Angola programme since 1981. He is an architect and urbanist and a specialist in microfinance, housing and settlements upgrading. He is currently leading a number of research programmes and programmes on community-based participation and the strengthening of post-conflict civil society institutions.

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**ABSTRACT** Angola's last four decades of near-continuous conflict have resulted in the displacement of over one-third of the population and massive damage to property and infrastructure. Social networks and local institutions were seriously eroded. The war has urbanized Angola, with an estimated 60 per cent of the population now living in the cities, three-quarters of them in informal peri-urban *musseque* settlements. They have no clear legal title to the land they occupy and suffer increasing social and economic exclusion that inhibits their full participation in a post-war recovery. Development Workshop is a human settlements NGO that has been working in Angola since 1981 and is developing approaches to post-conflict shelter challenges. Two linked programmes are discussed in this paper. Development Workshop's KixiCasa housing microfinance model aims to address the issue of economic exclusion through the provision of microcredit. And together with Ministry of Urbanism and Environment, Development Workshop is piloting a land management strategy using upgradeable occupancy rights and land pooling to facilitate the regularization and securing of tenure rights for the poor. These approaches need to be scaled up significantly to begin to meet post-conflict housing and reconstruction needs and to mitigate against the resurgence of local level conflicts.

**KEYWORDS** Africa / Angola / housing / land tenure / microfinance / post-conflict / settlements / urban development

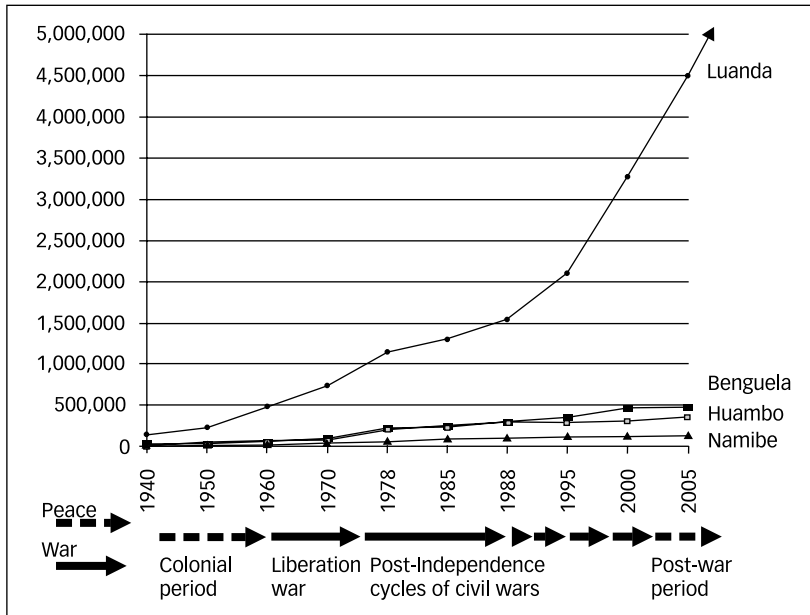
## I. POST-WAR URBAN CHALLENGES

### a. Escape to the cities and rapid urban population growth

The ongoing cycle of war in Angola over four decades has had an urbanizing effect on the country's population. Urban population growth has accelerated rapidly through a combination of factors but largely because coastal cities, and particularly Luanda, were seen as relatively safe havens from instability and economic insecurity (Figure 1).

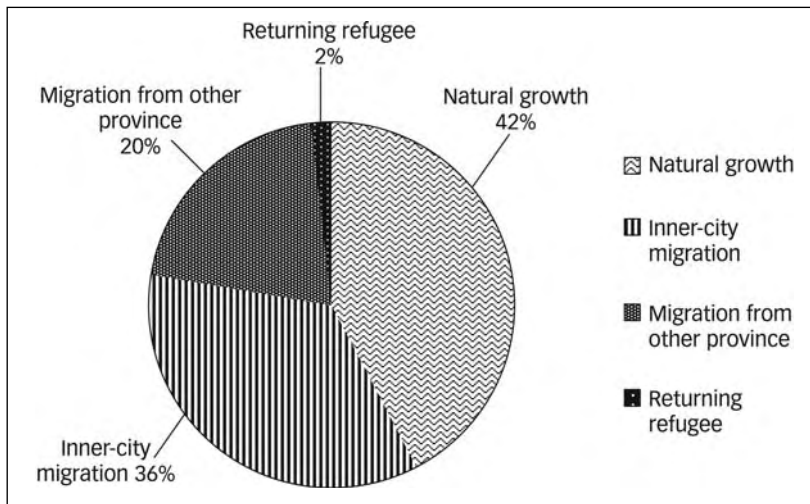
Since the end of the war, migration patterns have become more complex. A recent study<sup>(1)</sup> commissioned by the Ministry of Urbanism indicates that in some provinces there has been a deconcentration of urban internally displaced persons, as some have returned to their areas of origin. However, many left the city centres to settle in peri-urban areas around these cities. In Luanda, populations are also on the move, but rarely whole family groups. Families appear reluctant to give up their stake in the urban

1. Development Workshop (2002), "Study for a legal and institutional framework for improving land management in Angola – land management and land tenure in peri-urban areas", Ministry of Urbanism and Public Works and the Ad-hoc Technical Group for Habitat, Luanda.



**FIGURE 1**  
Urban growth in war and peace

SOURCE: Development Workshop, adapted from Cain, Allan (2005), "Livelihoods and the informal economy in post-war Angola", ISS Pretoria.



**FIGURE 2**  
Peri-urban population growth

SOURCE: Development Workshop (2005), "Terra – urban land reform in post-war Angola", Development Workshop Occasional Paper No 5, Luanda, page 110.

2. Experience has shown that once rural–urban migrants have spent more than two agricultural seasons off their land, the probability of their return is more than halved. As time passes, the probability decreases exponentially.

3. Development Workshop (2005), “Terra – urban land reform in post-war Angola”, Development Workshop Occasional Paper No 5, Luanda, page 110.

4. Development Workshop (2006a), “What to do when the fighting stops”, Development Workshop Occasional Paper No 7, Chapter 1, Luanda.

5. Ministry of Urbanism and Environment (MINUA) (2007), “Defice habitacional sobe para 60 per cent”, *Jornal de Angola*, Luanda, 18 May.

6. Ministry of Urbanism and Environment MINUA (2005), “Perfil urbano em Angola”, Luanda.

7. The public proliferation of small arms during the conflict and their retention by families in both urban and rural areas when the war ended is an indicator of mistrust and the need for “insurance”.

8. Robson, P (2006), “Sustainable peace analysis and risk mapping”, in Development Workshop (2006a), see reference 4, Chapter 3.

informal market economy and the educational system.<sup>(2)</sup> Farming has resumed in the hinterland of provincial capitals. New economic relationships appear to be emerging as rural producers, through the extended family, are now linking with the urban informal markets. There is little evidence of deconcentration in Luanda, however, as migration works in both directions and there remains a flow of people and resources towards the urban poles.

Even if rural–urban migration were to cease, the peri-urban areas around cities like Luanda would continue to grow. A recent Development Workshop study<sup>(3)</sup> of peri-urban Luanda shows that population increases in these areas are caused by natural growth and the out-migration of the poor from the city centre to relatively cheaper land on the periphery. This new migration is driven no longer by war but by increased urban poverty.

Many of the 4 million internally displaced people<sup>(4)</sup> either resettled or returned to find their homes destroyed at the end of the war. This return resulted in a massive “demand” as families tried to rebuild. It is estimated that Angola’s housing shortfall exceeds 875,000 units<sup>(5)</sup> and that 65 per cent of existing housing lacks basic services such as water and sanitation<sup>(6)</sup> and is in need of major upgrading.

## **b. Damaged institutions an impediment to post-war recovery**

The violent conflict in Angola weakened institutions at all levels. Most displaced families lost their assets, including land, implements, means of livelihood and any accumulated wealth. The war broke up communities and chains of responsibility and caused mistrust where social solidarity once existed.<sup>(7)</sup> Displacement forced people from differing ethnic backgrounds and regions to settle in close proximity, destroying the homogeneity underlying traditional hierarchies.<sup>(8)</sup> During the war, the state often reinforced the individual leadership of *sobas* (chiefs) rather than the more accountable and democratic local councils (*onjango*).

If customary institutions are to form a basis for post-war institutional rebuilding they need to become more inclusive, particularly of women (customary rural institutions tend to exclude women, young people and outsiders). Women’s roles in society changed in an important way during the conflict in that they often came to shoulder the major burden for the survival of their families. In the reconstruction phase, women need to participate actively in civil institutions and to assume leadership in many of them.

During the conflict, the state, lacking access to much national territory, was prevented from functioning in an accountable manner and distributing resources equitably. Preoccupied with fighting a war, it had become highly centralized and command driven. Early experiments with democratization had been abruptly terminated with the resurgence of conflict after the 1992 elections. Rebuilding trust is a challenging task, especially in those regions most affected by war where civil administration has been newly re-established and where populations have been most disrupted. The Angolan population’s trust in the ability of state institutions to deliver on peoples’ needs is still relatively weak when compared to other African countries.

Recently, the government has adopted a policy of decentralization and of strengthening local governance at the municipal level.<sup>(9)</sup> Policies are being developed with the aim of overcoming post-conflict mistrust and promoting a more participatory democracy. For this programme to have any chance of success, major efforts need to be made to reconstruct social capital and a culture of dialogue. Traditional forms of village level consultation, such as through the *onjango* or meeting spaces where traditional leaders (*sobas*) strived to build consensus, were weakened during the conflict (see Figures 3 and 4). A low level of social capital exists in communities that were often traumatized by brutality and divided by ideology or political loyalties. New democratic spaces or forums need to be built at the community and municipal levels.

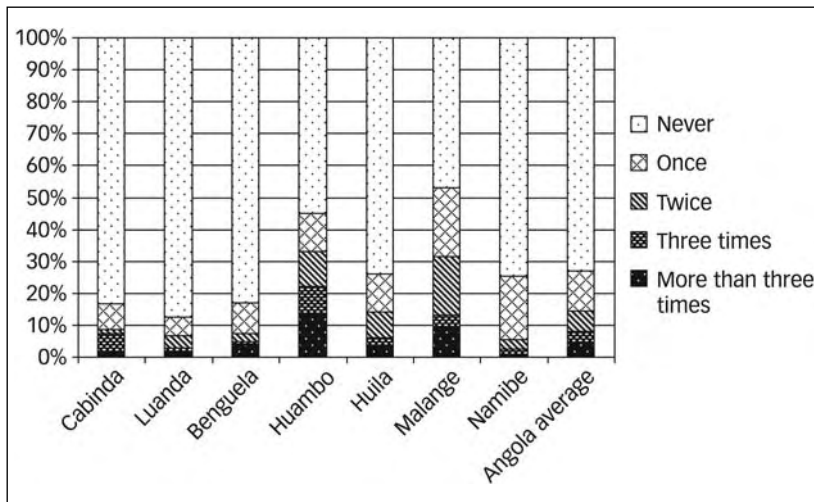
**c. Economic exclusion and the urban poor**

The increasing social exclusion of the urban poor in Angola inhibits their full participation in a post-war recovery. They have been denied access to the means to pull themselves out of poverty.

Retailing in the informal sector market is the principal “coping mechanism” for the urban poor in Luanda. The informal market is dominated by women (63 per cent),<sup>(10)</sup> many of them heads of households and a large number of them originally migrants to the city. But rather than recognizing the entrepreneurial creativity of informal sector marketers, the authorities have increasingly excluded the poor from carrying out their business in the streets and centre of Luanda. Also, while entry into the informal market economy is open to anyone regardless of literacy or previous experience, it requires capital. For those without capital (no assets, no family to lend

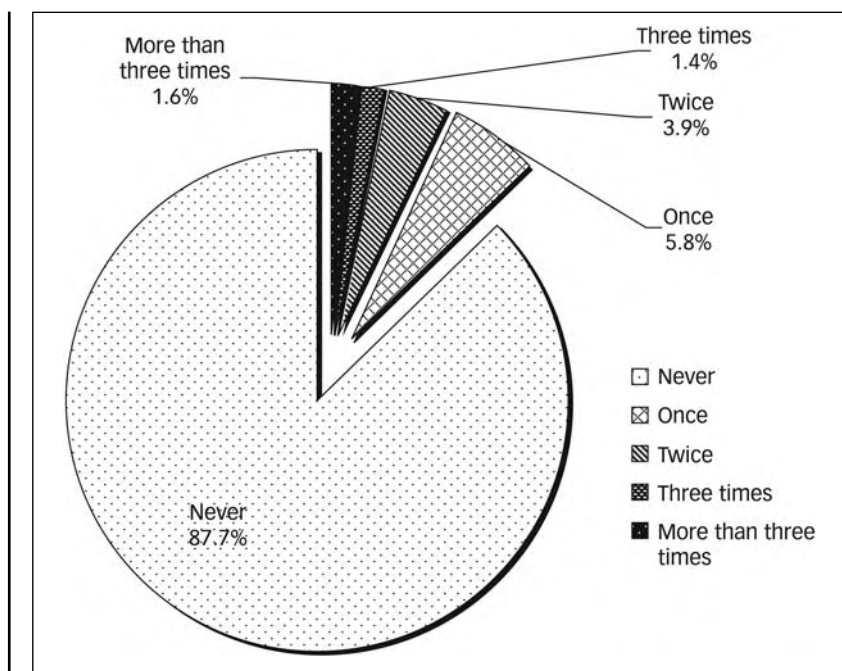
9. The Law for Deconcentration and Municipal Administration: “Decreto – Lei 02/07 Sobre a Organização e Administração Local do Estado” was published on 2 January 2007 and was sponsored by the Ministry for Territorial Administration, Luanda.

10. See Figure 5 from Instituto Nacional de Estatísticas (INE) (2001), “Inquérito de indicadores múltiplos, resultados definitivos”, Luanda, November, for a pie chart showing the percentage of people who consider themselves to be part of the active urban workforce.



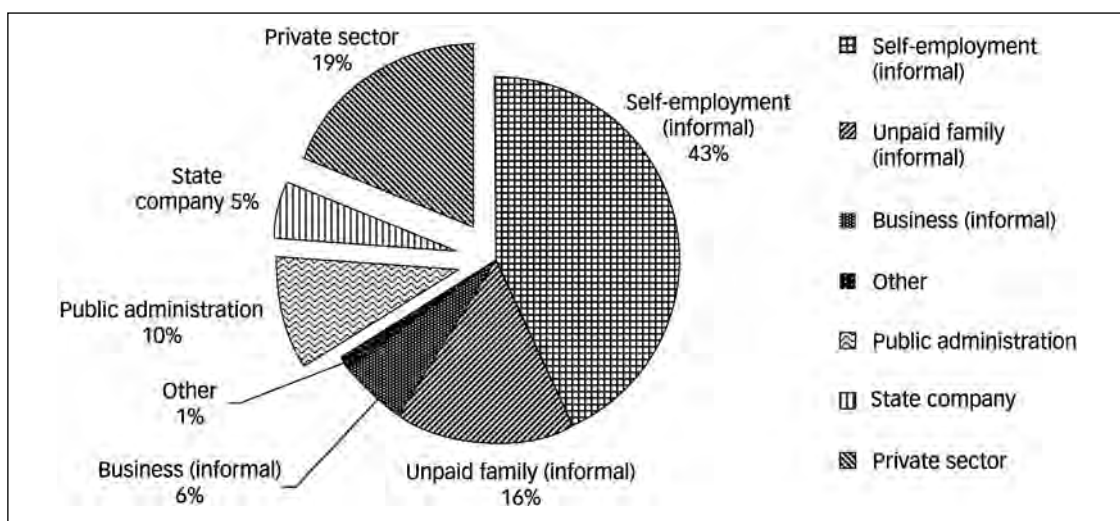
**FIGURE 3**  
**Participation in governance (How many times have you been consulted by the authorities?)**

SOURCE: Ministry of Urbanism and Environment MINUA (2005), “Perfil urbano em Angola”, Luanda.



**FIGURE 4**  
**Luanda participatory governance (How many times have you been consulted by the authorities?)**

SOURCE: Ministry of Urbanism and Environment MINUA (2005), "Perfil urbano em Angola", Luanda.



**FIGURE 5**  
**The importance of informal employment in the urban economy**

SOURCE: Instituto Nacional de Estatísticas (INE) (2001), "Inquérito de indicadores múltiplos", Luanda.

capital), odd jobs are the only survival strategy. During the war, high inflation prevented capital accumulation. But the poor have little or no access to credit as a means of improving their livelihoods. Only the elite with privileged access can get bank loans for business ventures. The poor, arguably, are “high risk” since they can guarantee no collateral. Therefore they are obliged to pay extremely high interest rates to parallel market money dealers for very short-term loans, often leaving them in chronic debt.

#### d. Severely limited access to land

Land has emerged as a critical point of potential conflict as displaced persons have sought settlement sites in both rural and urban districts alike.

The population of Luanda has grown eight-fold since Independence and most of the settlement and housing plot acquisition has been through the informal land market. Only a small percentage of settlers have acquired full legal title to the land that they occupy. However, most have considered themselves free from threat due to the *laissez-faire* attitude engendered by the inability of the state administration to facilitate land registration. Residual occupancy rights<sup>(11)</sup> may, however, be revoked by new land legislation published in 2004. The urban poor are therefore left in a position of extreme vulnerability with weak tenure rights over the land that they occupy, and they risk being turned into illegal occupiers unless the legal regulations are revised.

For the first time since Independence, a commercial real-estate market is formalizing itself (an informal market has existed for years). The government has offered major land concessions to commercial developers, many of them international companies, to develop joint venture residential and industrial complexes (mainly in the south of Luanda).

For the urban poor, with no access to banking or savings institutions, the acquisition of a housing plot and subsequent construction of a residence is the only means to accumulate any form of wealth. Thus real estate – particularly housing plots in one of the urban centre *musseques* such as Sambizanga, Boavista or Rocha Pinto that are close to places of employment – has a high and increasing value.

In the process of urban economic development, the demand for residential plots in the centre of the city, combined with the upgrading of services, results in increasing land values. In the natural process of “gentrification” of residential districts, the poor often trade off easy access to employment against financial gains by selling their plots close to the centre and migrating to the periphery where land is cheaper. One-off profits can be substantial and tempting for poor families. Therefore, land and housing (particularly in good locations) represent accumulated wealth for the poor that can be utilized to cover a family emergency or can be invested in a child’s education or a business venture. Lack of legal title guaranteeing security of tenure seriously undermines the well-being of poor families and puts at risk their principal assets. Mass expropriation of land occupied by poor urban families with inadequate financial compensation is becoming a new feature of post-conflict urban development in Angola. Between 2002 and 2006, an estimated 3,000 families (about 20,000 people) were forcibly removed.<sup>(12)</sup> The alienation of the urban poor from land that they have lived and worked on for many years

11. The Código Civil (Civil Code) forms the basis of the Portuguese legal tradition and, in turn, of Angolan legislation. It recognizes some basic rights of occupation. Some of the links with the Código Civil, which gave limited protection to land occupiers, were annulled in the new Angolan Land Law of 2004.

12. Human Rights Watch (2007), “They pushed down the houses”. Forced evictions and insecure tenure for Luanda’s urban poor”, *Human Rights Watch* Vol 18, No 7(A), May, page 2.

could produce civic conflict in the years to come unless the government develops policies that recognize existing occupational rights.

In June 2002, the government published a draft new land law and invited public debate and contributions from civil society – the first time that public consultation had been introduced into a legislative process. A grouping of civil society organizations called the Rede de Terra<sup>13</sup> (or the Land Network) was formed to facilitate communities' articulation of ideas, concerns and fears around the land issue. The formulation that eventually became law in 2004 included only a few of civil society's concerns and recommendations. The law laid out a three-year time frame within which informal land occupiers were required to register and acquire formal titles. A detailed set of land regulations was approved by the Council of Ministers in August 2006 but remains legally unenforced at the time of writing. The three-year window for the regularization of informal occupation is premised on the state's capacity to publish urban masterplans, set up a cadastral infrastructure and train the necessary staff to administer a massive land registration exercise. None of these pre-conditions exist. To publish a law that cannot be realistically implemented creates a situation where the law could be open to misuse. Opportunistic groups with commercial interests and influence could employ the law to accumulate valuable urban land at the expense of the poor. The poor still currently occupy much of the valuable inner-city "old *musseque*" land. Recognition of occupancy rights would protect the investments of the poor and give them access to the financial and property markets – key tools the poor can use to pull themselves out of poverty.

### e. Severely limited access to basic services

The poor living in peri-urban *musseques* pay many times more for water and other essential services than those living in the "cement city". This means that they consume less of these and the resulting hygiene and health statistics are now some of the worst in the world.

Angolan urban planners, following long-discredited models, prioritize investment in urban services in parts of the city where the well-to-do can afford to pay for these services. It is argued that this will generate income that will "trickle-down" (i.e. will be invested in services) for poorer parts of the city. They use tools such as the World Bank's "affordability models" and promote the idea that the costs of urban services need to be recoverable from consumers and should eventually pay for themselves. Some international institutions promote the idea that the private sector can deliver services more cost effectively than either the local municipalities or parastatal enterprises.

A study carried out by Development Workshop in Luanda<sup>14</sup> exposed fundamental errors in some of these assumptions. The study involved an analysis of the existing informal water market and the communities' willingness to pay for services or participate in the programme in other ways. More than 50 per cent of Luanda's population, and most who live in the *musseques*, lack access to piped water. At Independence, the informal *musseque bairros* were served by over 300 community water standposts. The government provided water at no cost to the *musseques* but there was no funding for maintenance and at the time of the study, only six standposts were still operational. The peri-urban and *musseque*

13. Land Network members include ACORD, ADRA, Caritas, Development Workshop, FONGA, Mosaiko, NCC, NPA, National Democratic Institute, Oikos and World Learning.

14. In 1995, Development Workshop was asked by the World Bank to carry out a study of urban communities that would eventually benefit from their planned Luanda infrastructure rehabilitation project.



populations pay extremely high prices for (often untreated) water that is pumped from the Bengo River and distributed by tanker trucks to informal sellers in the various *bairros*, who in turn sell the water by the bucketful from underground storage tanks in their courtyards. The system is an example of the informal sector stepping in to provide an essential service that the state has failed to deliver. However, the costs are very high due to the extreme inefficiency of delivering water to the *bairros* by tanker truck rather than by pipe. The public health risks are also very high – water is often not treated at the source and can be contaminated at the point where water is drawn from the private sellers' household cisterns. This study of the water market showed that, ironically, *musseque* residents were paying up to 10,000 times more for water from the private sellers than the well-to-do were paying for treated water piped to their household taps by the provincial water company. The study argued to the government and the World Bank that the poor *musseque* districts of Luanda should be given priority in their infrastructure project based on their own criteria of willingness-to-pay.<sup>15</sup> The study further demonstrated that US\$ 35 million per year was paid by the urban poor for water and that much of this income could eventually be recovered in water fees if a "just" set of tariffs was determined at equitable prices for all consumers.

## II. REBUILDING HOUSING AND LIVELIHOODS

As roads opened up at the end of the war and freedom of movement resumed after several decades of isolation, a new wave of migrants moved to Luanda, more than making up for the few who went back to their villages. A significant proportion of formerly war-displaced families have not returned to their areas of origin but have established permanent stakes in the cities where they had taken refuge during the war. While no accurate census data have been collected, it is estimated that as much as half the war-affected populations fall into this category.<sup>16</sup>

Families migrating to the city usually arrive with no assets; hence housing is not their first priority. Survival depends on quickly linking with a support network that can guarantee basic needs in the short term. During the war, humanitarian organizations attempted to provide these basic services through internally displaced persons camps and nutritional support centres in protected "government-controlled" enclaves in the provinces of conflict. Many internally displaced persons made the rational decision to opt for one of the only other choices open to them – migration to the relative safety of Luanda or to one of the other coastal cities. The choice depended on whether a family or kinship-based support network existed in the chosen urban area,<sup>17</sup> which could offer them short-term accommodation, access to city-based networks and information on survival in the city (e.g. how to find occasional employment; what to sell and where). Building urban livelihoods depends more on social capital than on financial assets that are scarce or non-existent for poor families.

But providing accommodation for rural relatives usually overburdened already poor and overcrowded households, and migrant families experienced major pressure to become financially autonomous and acquire their own shelter as quickly as possible. Social capital and family solidarity can easily wear thin in the city's overcrowded *musseque* communities.

15. The DFID-supported Luanda Urban Poverty Programme (LUPP) (Development Workshop, CARE, One World Action and Save the Children), in partnership with the provincial water company EPAL, built standposts and developed a mechanism of community management based on elected water committees. Fees paid by consumers covered water supply and maintenance, and EPAL was motivated to guarantee supply and maintain the network. For the first time, users acquired a sense of their rights as consumers.

16. See reference 8.

17. Robson, P and S Roque (2001), "Here in the city", Development Workshop Occasional Paper No 2, Luanda, page 54.

Urban migrants consider themselves as established in the city only when they are living in their own houses (whether rented, built or bought). A study carried out by Development Workshop indicated that urban interviewees considered informal trade to be the quickest way to acquire enough money to start to build a house; quicker than through paid employment.<sup>(18)</sup> Renting is seen as an indicator of family economic instability. As houses for sale are scarce, self-build housing is preferred but this means finding an appropriate plot of land.

The opportunities to obtain a building plot from the provincial government are very limited, even for long-term urban residents who may have placed their names on waiting lists years ago. Priority is usually given to people who already live in the neighbourhood or to relatives who are living with them. Obtaining an official plot can take many months, sometimes years, and may be expensive. As well as paying for the land, the applicant often has to pay bribes at each stage.<sup>(19)</sup> In Luanda, of the 600 formal requests that reach the provincial government every month through this referral system from municipal and communal administrations, only about 30 (5 per cent) are actually processed.<sup>(20)</sup> Even this is an overestimation, as few people have the confidence or patience to bother submitting requests through the formal system. The few fortunate enough to receive approval through the official system are granted only a provisional occupation permit (*direito precario*), which must be renewed every two years. After obtaining a site, construction can start after the submission of a house design drawing and its authorization by the administration.

Recent migrants or new settlers have little hope of receiving land from these official sources. There are only a few practical possibilities. The extended family options are normally explored first. Sometimes, relatives who have lived in an area for a long time or who had settled some time earlier have a sufficiently large plot of land that they are willing to subdivide it and offer a site for a new house. In some cases, they may simply allow extra rooms to be added to an existing outhouse, which then provides a dwelling for the new family. This is the easiest and quickest solution but is relatively rare, as most such plots are already densely occupied. Development Workshop's study in 2004<sup>(21)</sup> indicated that only about 9 per cent of land was accessed through these forms of informal family transfer and only 1 per cent through transfer of legal title between family members.

Informal land markets exist in all urban and peri-urban districts in all provinces of Angola. About 30 per cent of residents in peri-urban districts have acquired their land through purchase on the informal real-estate market. For example, the owner of a large area of land that had been occupied after being abandoned by a departing Portuguese owner at Independence<sup>(22)</sup> might later sub-divide it for sale. Where land is scarce, a small plot sufficient to construct a minimal two-room house might cost between US\$ 2,000 and US\$ 4,000, and not all urban settlers can afford a plot because of the large initial investment required. For that reason, any money that can be borrowed will allow them first to start a business that hopefully will produce some profit for investing in housing. The start-up loan most often comes from relatives (Figure 6).

A false sense of security with regard to tenure has become the norm in urban areas throughout the country. Families who have purchased a plot of land and have a signed bill of sale, often witnessed by the *soba* or a local administration official or even legally notarized, feel legally secure and

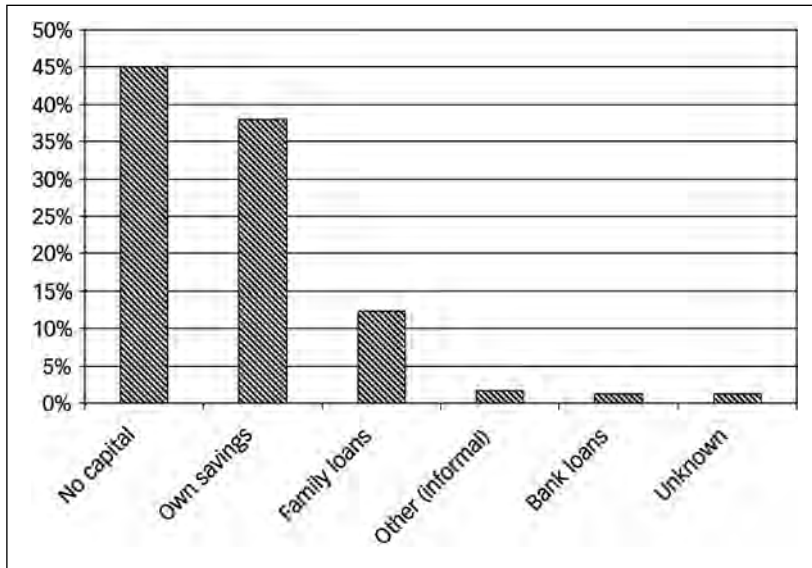
18. See reference 17, page 55.

19. According to World Bank (2006), *Doing Business Report*, Angola is one of the most difficult countries in the world in which to transfer and register property titles, ranking 161st out of 175 countries.

20. See reference 3, page 141.

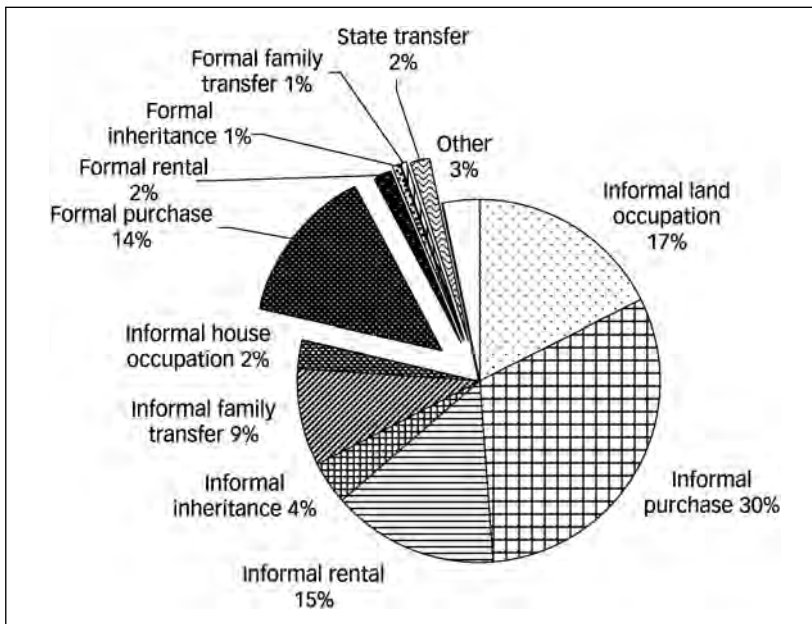
21. See reference 3, page 108.

22. After independence, private land abandoned for more than 45 days could be nationalized by the state; however, nationalization was undertaken slowly and irregularly. Often, previous Portuguese owners sold their land informally before it could be legally confiscated.



**FIGURE 6**  
**Source of micro-business start-up capital**

SOURCE: Instituto Nacional de Estatísticas (INE) (2001), "Inquérito de indicadores múltiplos", Luanda.



**FIGURE 7**  
**Access to land**

SOURCE: Development Workshop (2005), "Terra – urban land reform in post-war Angola", Development Workshop Occasional Paper No 5, Luanda, page 110.

proceed with building their house. Former squatters who have obtained a document recognizing their occupation from the local authorities also feel that they have secured their tenure rights. In fact, only those who have gone through the arduous and expensive process of obtaining a formal title from the provincial government have any legal rights. These rights are only granted under the current land law in those few areas where an urban development plan already exists. Therefore, the vast majority of those who have purchased their land in “good faith” or regularized their informal occupations are in fact still at risk of expropriation by the state or even commercial developers who have secured clear legal concessions to tracts of urban land.<sup>(23)</sup>

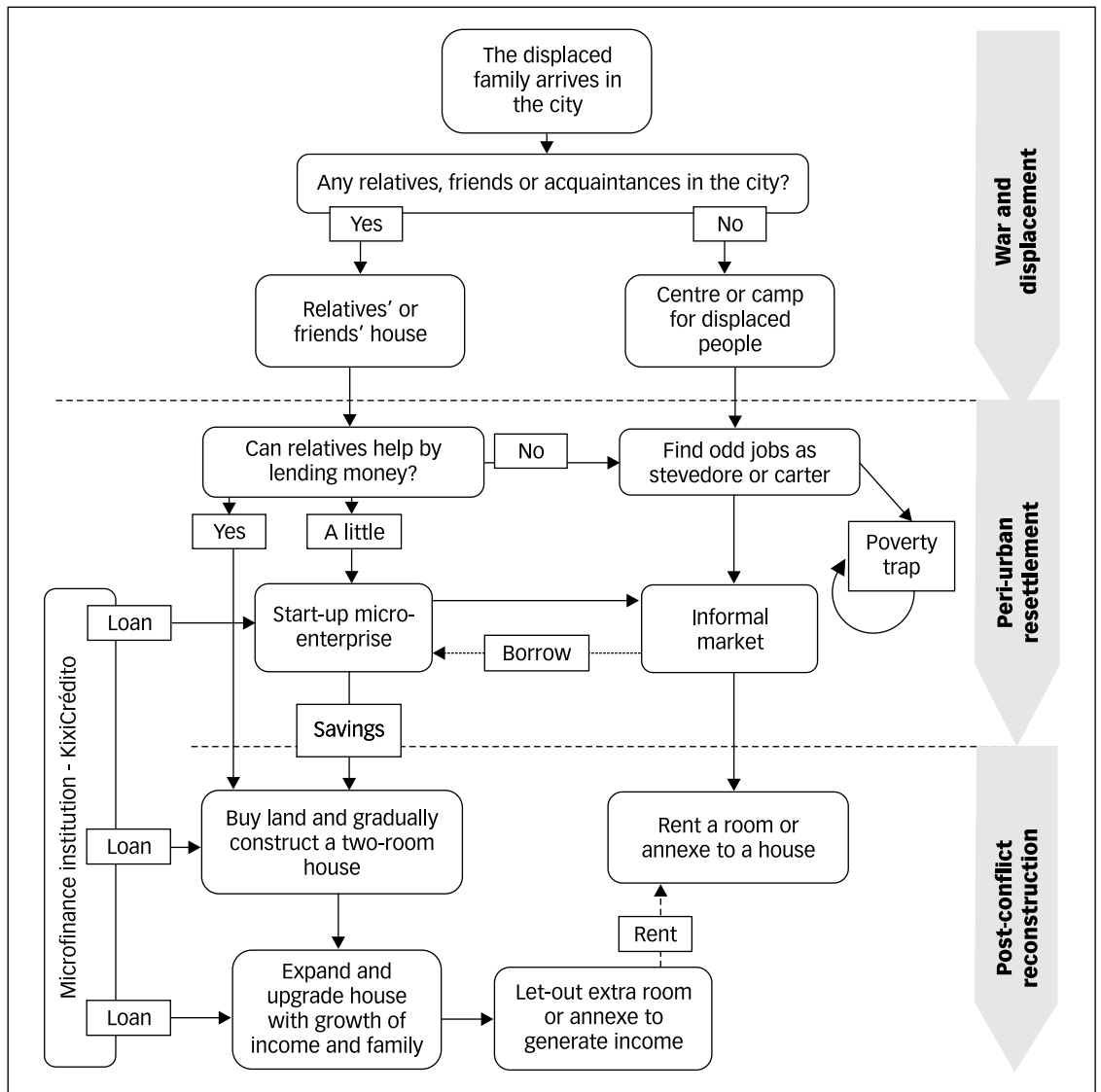
After obtaining a site through one of the above channels, construction can start. In Luanda, although authorization from the administration and a localization sketch map are required, this does not prevent the construction of “clandestine” buildings. Many people build without permission when the inspectors are not working, for example at the weekends or even at night. Then they start a “negotiation process” with inspectors from the *comuna*. If no “agreement” is reached, sometimes a house may be demolished.

Obtaining land is therefore the decisive and most difficult phase in the process of settling in the city. Although building a house is more expensive, the family concerned has more control of the process if they have a sense of land tenure security. The house construction process and speed can be adapted according to family finances and available labour. In practice, because most people are very poor houses are built slowly and in phases. Many start with cardboard and plastic; the more fortunate use adobe or cement blocks and mortar immediately. First, they build the two-room core house but expand this later if they obtain further resources. Many families take 10 years or more to complete their houses. Most are constantly upgrading and expanding them as their families grow, then either sub-dividing for grown children or renting out extra rooms to provide eventual retirement income.

People end up renting or building a house wherever they can. This is one of the main reasons why the peri-urban *bairros* are so heterogeneous. People go to live where it is cheapest or where there is space, and this is not necessarily in the *bairro* they first went to or where their relatives, friends and other people originally from their area live. This factor has an important influence on the social dynamics of the peri-urban areas, weakening social capital and kinship networks as overcrowding increases.

While the movement of populations between rural and urban areas continues in Angola’s post-conflict cities, more important for the growth of peri-urban informal settlements are the new dynamics within the cities themselves. Angola’s very high post-war birth rate is the most significant factor influencing growth of the peri-urban settlements (42 per cent) and almost as important is the “gentrification” of the city centre, as the poor cash in their urban stakes by selling or renting their homes and land in the older *bairros* and buy cheaper land and housing on the urban edge (36 per cent). The profit from the move is usually invested in a business venture or a child’s education. Continuing urban poverty in the post-war era accelerates this movement of the poor to the periphery but also increases the demand for land and housing in these areas.

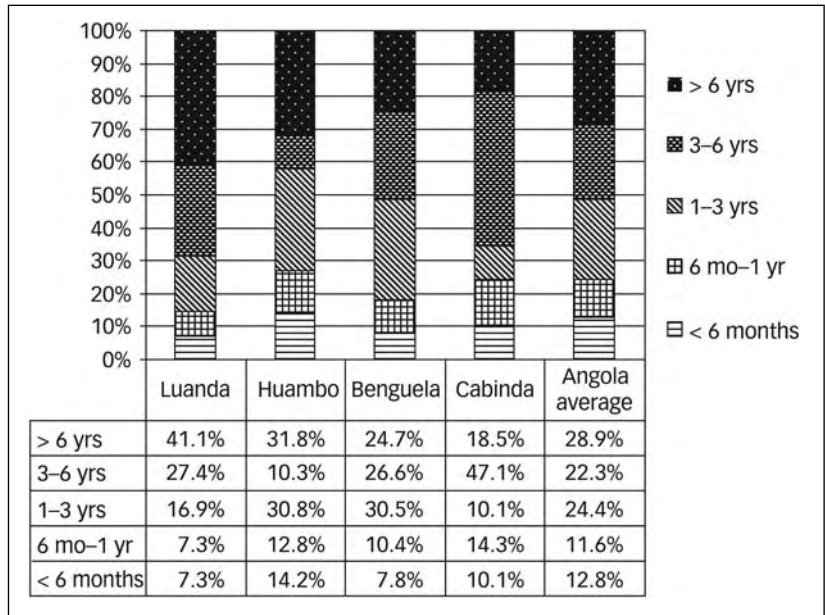
23. Angolan cadastral and property title records have not been systematically updated since independence in 1975. There is no accurate estimate at the national level of the proportions of land that fall into the public, private, communal and informal domains. Development Workshop’s 2004 study of peri-urban Luanda indicates that more than 80 per cent of land is informally occupied.



**FIGURE 8**  
Urban settlement options schematic

SOURCE: Adapted from Robson, P and S Roque (2001), "Here in the city", Development Workshop Occasional Paper No 2, Luanda, page 54.

The high cost of housing and the difficulty in securing land are the principal constraints to post-war resettlement. The time it takes to settle puts major stresses on already over-burdened families who are obliged to support their migrant relatives. Social capital, the only safety net for the poor, is quickly eroded. Entry into the informal economy and the establishment of a microenterprise is almost the only option available that offers a chance of avoiding the poverty trap of perpetual dependency and sub-subsistence wage labour. Entering into the informal economy is



**FIGURE 9**  
Length of time in present house

SOURCE: Ministry of Urbanism and Environment MINUA (2005), "Perfil urbano em Angola", Luanda.

relatively easy and requires little prior experience – but setting up and growing a successful microenterprise is a risky business that requires a regular supply of capital and market knowledge. For those without the right networks, success is rare, and one of the only remaining opportunities is day-labour employment servicing more successful informal businesses.

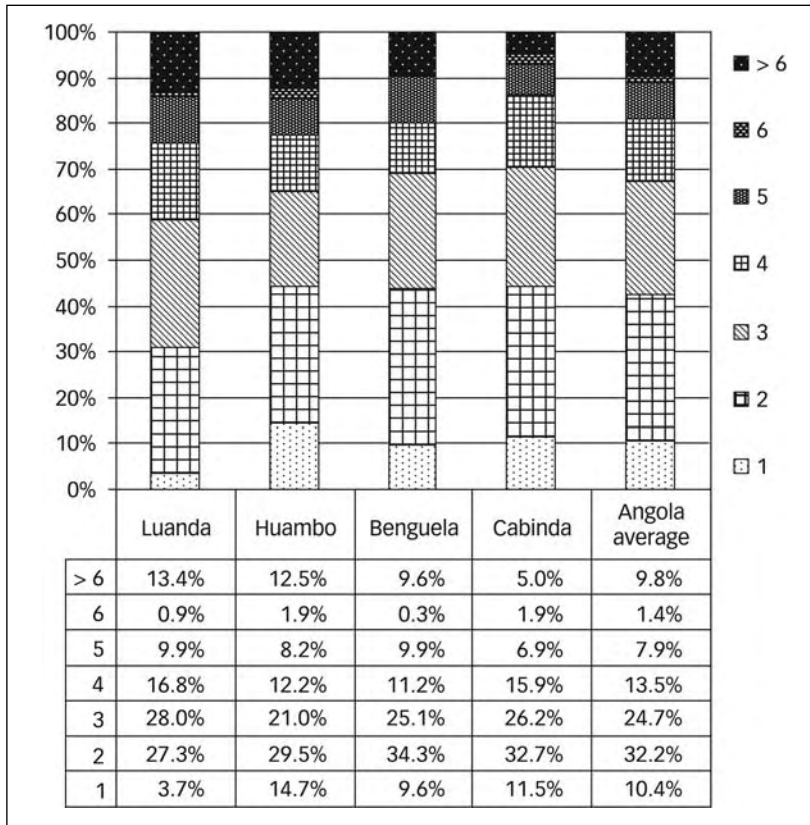
**III. INNOVATIONS IN MEETING POST-WAR CHALLENGES**

**a. Economic inclusion: access to credit through KixiCrédito**

Development Workshop has advocated that reconstruction strategies in Angola should focus on rebuilding the social capital of the poor and on transforming the post-war informal economy so that the poor can benefit from the country's new wealth. Investment in the informal economy through micro-loans and savings mechanisms is considered a most effective urban poverty alleviation strategy. The microfinance model<sup>(24)</sup> being pioneered in Angola by Development Workshop uses the practice of group lending that was originally developed by the Grameen Bank in Bangladesh. Social solidarity is not taken for granted but is actually engendered through training groups and the experience of successive cycles of small and eventually larger loans, mutually guaranteed by the 15 to 20 group members.

The pilot work undertaken by Development Workshop and several women's organizations in the early 1990s in the microfinance sector has

24. In 1993, Development Workshop began the first intervention on microfinance for women in the informal sector in Luanda as part of its Women's Enterprise Development (WED) programme. In 1995, Development Workshop sent its WED programme coordinator to Bangladesh to study the Grameen Bank experience and adapt it to the Angolan context. In 1996, Development Workshop, with French cooperation support, launched a pilot microcredit project, testing solidarity group lending with 40 women in Roque Santeiro, Angola's largest informal market.



**FIGURE 10**  
**Housing density – persons per room**

SOURCE: Ministry of Urbanism and Environment MINUA (2005), "Perfil urbano em Angola", Luanda.

had an important impact on government thinking and policy development. There are increasing indications that microfinance will be mainstreamed as a strategy for urban poverty reduction. The implications of scaling up the sector,<sup>(25)</sup> however, are:

- lack of specialization and over-saturation in a small number of informal sector activities;
- increasing competition between microentrepreneurs within a limited market, eroding profitability;
- low basic education levels, particularly of women entrepreneurs, calling for expensive training and business skill development;
- feminization of household debt, placing greater burdens on women who already carry a large part of the household productive and reproductive loads;
- exclusion from the political processes of decision making about how the market will be regulated; and
- the formalization of the informal economy, bringing with it such added costs as fees and taxes, which reduce profitability and restrict

25. Mayoux, L, M Jiri and M Cerqueira (2001), "Microfinance for urban poverty reduction", Development Workshop and One World Action, London.

informal strategies of shifting products, geographic location and staffing in line with market changes.

In 1999, after several years of studies and pilots, Development Workshop (with support from the UK Department for International Development (DFID) through the Luanda Urban Poverty Programme (LUPP)) launched the Sustainable Livelihoods Programme (SLP), Angola's first large-scale microfinance programme.<sup>(26)</sup> The programme adapted Grameen Bank solidarity group-lending methodologies to Angola's wartime reality and focused initially on supporting the micro-businesses of the thousands of poor people who were eking out subsistence incomes in the informal settlements and markets of Luanda. The aim of building social capital through solidarity groups was considered by Development Workshop to be an effective way of developing the enterprises of war-traumatized populations who had fled to the city.

The project became a reference point for the government through the National Bank, which started to consider developing a policy on micro-finance, and also for local Angolan NGOs who began to replicate the experience through their own projects in various parts of the country. Development Workshop helped to found and finance a network for micro-enterprise development, the Rede Angolana do Sector Micro Empresarial (RASME),<sup>(27)</sup> which included NGOs, local banks and government departments and served as an advocacy forum for the promotion of economic inclusion of the poor.

By the end of the war in 2002, Development Workshop's SLP micro-finance programme had more than 5,000 clients and almost 300 solidarity groups, served by three branches. With the end of hostilities, a branch of the programme was opened in Huambo, the most war-impacted province and the ethnic base of support of the former rebel movement.<sup>(28)</sup>

Development Workshop felt that that the SLP strategy developed in Luanda's vast peri-urban *bairros* could be an effective tool for local-level peace building and community rehabilitation. As in Luanda, Huambo's urban population had swollen during the war years by tens of thousands of internally displaced people. But when the war ended, many of these migrants either returned to their rural areas of origin or, more often, moved to the peri-rural areas around the provincial capital or the municipal towns. During the war years, internally displaced persons had supplemented rations from humanitarian donors with income from trading or labouring in the informal market places. As refugees in Huambo, these former rural families acquired urban networks for the first time. Equally important, they acquired skills and knowledge about doing business. At the end of the war, even those who chose to return to reclaim their village lands kept links with the urban informal markets. Many continued to supplement their incomes through trade and occasional labour in the city. For the first time, the formerly rural agriculturally based Ovimbundu people<sup>(29)</sup> became actors in the urban market place.

The solidarity group credit model proved to be well adapted to local needs, and the demand for loans grew quickly in Huambo. Solidarity groups helped reconstruct the social cohesion weakened during the years of war and internal displacement<sup>(30)</sup> and reinforced the new roles that women had assumed in the family, the community and the economy. The meetings, mentoring and problem-solving culture of the solidarity groups closely mirror the traditional Ovimbundu *onjango* village meeting-house

26. The Sustainable Livelihoods Programme (SLP) was one of four projects funded by DFID under the Luanda Urban Poverty Programme (LUPP).

27. Rede Angolana do Sector Micro Empresarial (RASME) membership includes eight NGOs, three commercial banks, the National Bank of Angola, the Ministry of Women and Family and the Ministry of Finance.

28. During the war, Huambo had been the political base for UNITA, which reverted to being solely a parliamentary opposition party after the signature of the peace accords at Luena in April 2003. Huambo and neighbouring provinces are the homeland of the Ovimbundu ethnic group, the largest in Angola. Reintegrating the Ovimbundu people into the national economy and civic culture became one of the most important tasks of securing the peace.

29. The Ovimbundu are the majority ethnic group in the central highlands, which include the provinces of Huambo, Bie and Benguela.

30. Renata Lemos, presenting a summary of her research with Development Workshop, Huambo, August 2006.



institution. One important difference however is that the *onjango* was an exclusively male institution while the solidarity credit groups are dominated by women.

To date, Development Workshop's microfinance programme has grown to include more than 14,000 microentrepreneur clients, has seven branches and has made loans totalling more than US\$ 15 million. Although at present,<sup>(31)</sup> it is the largest microfinance programme in Angola that lends to the poor, it reaches only a small percentage of Angola's potential market, estimated at over 530,000 microentrepreneurs.<sup>(32)</sup> Development Workshop took the strategic decision to transform its microfinance programme into an autonomous institution registered commercially under Angolan law as KixiCrédito.<sup>(33)</sup> KixiCrédito, managed by an Angolan board of directors and drawing largely on Angolan commercial banks to feed its loan fund, reached operational sustainability<sup>(34)</sup> at the end of 2006 and aims to maintain its leading position in providing financial services to the poor.

From the outset, Development Workshop's objective was to provide capital to allow the economically active poor to consolidate and grow their businesses. The intention is that clients scale up from micro to small and eventually to medium-scale enterprises, and transform survival strategies into real livelihoods. Short-term loans from KixiCrédito (normally five months), starting from as little as US\$ 50–250, can grow in stages into loans of up to US\$ 5,000 or more. Loans are paid back in small tranches every two weeks and are guaranteed by the other members of the solidarity group. The methodology has proved effective in helping borrowers meet operating capital needs, buy stock in bulk, upscale from a market stall to a shop, and invest in capital equipment such as carpentry tools, a sewing machine or a refrigerator. Neither Development Workshop nor KixiCrédito determines how loans are invested. The solidarity group members provide loan guarantees to each other and through this mechanism encourage cooperation, mentoring and sharing of market intelligence rather than competition. Access to further and increased credit depends on the compliance of all members of the credit group with repayment requirements. The solidarity group has proven to be an adequate mechanism for ensuring that loans are repaid in full and on time.

## b. KixiCasa – housing microfinance

While loans are meant for business investments they are also fungible, and the money can be used for anything the borrower chooses as long as it is paid back in full and on schedule. When family emergencies occur or school books have to be purchased, microentrepreneurs usually dip into their cash flow, rarely separating their domestic from their business economies. From the microfinance institution (MFI) lender's point of view, the practice of using loans to pay for social expenditures that do not generate profit or income is a risky practice that can cause clients to default on their loans. Some MFIs provide strict guidelines and controls to ensure that microenterprise loans actually are invested in strictly business activities. Development Workshop has learnt that poor households are usually extremely careful with their finances and make social and business expenditure decisions with equal caution.

Development Workshop's regular monitoring of client livelihoods and household expenditures has demonstrated that perhaps 30 per cent

31. Data from the Development Workshop (2006b), *Year End Report*, Luanda.

32. UNDP Angola Enterprise Programme (2004), *Microfinance Component Report*, Luanda, page 3.

33. KixiCrédito's name arose from the Angolan traditional rotating savings and credit associations called Kixikila, a form of ROSCA practiced widely in Angola's informal markets.

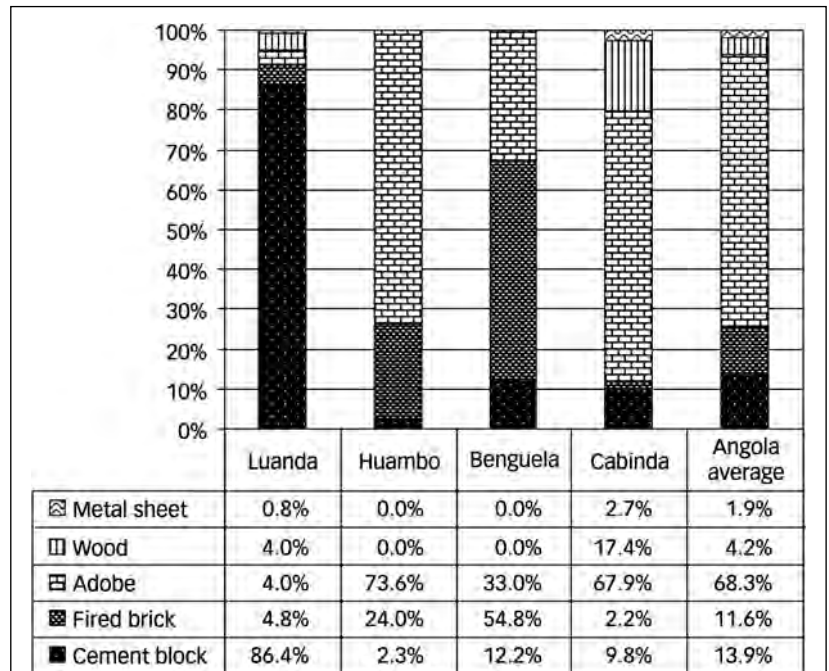
34. Operational sustainability was reached in mid-2006 when KixiCrédito attained a client base of about 10,000 and a loan portfolio of US\$ 2.5 million.

## HOUSING MICROFINANCE IN POST-CONFLICT ANGOLA

of microfinance clients' loans are invested in their housing – buying land, building start-up homes, adding rooms or making household improvements. While housing expenditures do not produce immediate profits or returns, clients do not see these investments as social costs (such as the purchase of medicine or expenditure on a wedding). Housing provides a means of wealth accumulation and savings while at the same time meeting a social need. Investment in housing can provide opportunities for direct gainful economic investment through creating space for a shop or workshop or for sub-leasing to a renter. Extra space is often viewed as an insurance policy or a guarantee of retirement income.

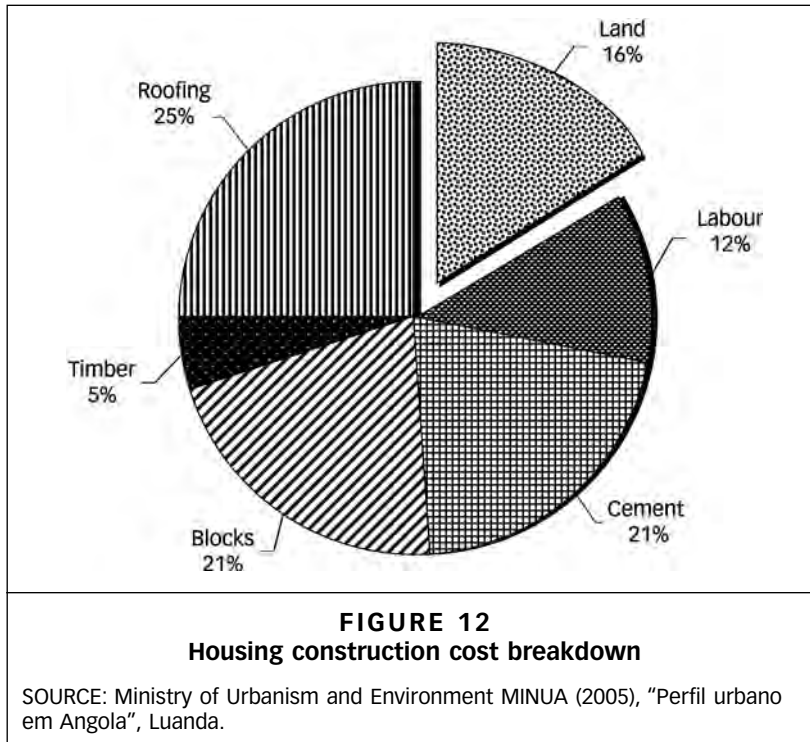
However, microenterprise loans, being relatively small and short term by nature, are not well adapted to housing expenditures. Building a room, for example, or installing electricity or adding an indoor bathroom all require significant amounts of money. Because the investment does not produce immediate returns, repayment needs to be over a longer period of time to allow the client to raise income from their business to pay back the loan.

The concept of “owner-builder” is fundamental to the traditional “process” of building houses in Angola. The owner acts as the prime contractor, determining the layout of space, arranging the financing, normally choosing local materials to build with, mobilizing family labour whenever possible and hiring trades persons to do the specialist construction work.



**FIGURE 11**  
Regional differences – housing construction materials (walls)

SOURCE: Ministry of Urbanism and Environment MINUA (2005), “Perfil urbano em Angola”, Luanda.



It is a time-consuming, self-help process but well adapted to the financial capacity of the household, resulting in the provision of housing at prices that can rarely be achieved by contractors. The formal sector is geared to producing housing as a "product" that is delivered relatively quickly, in standardized packages and built of industrialized, often imported, materials. The relatively high prices of this housing are usually paid for with bank mortgages, which allow for repayment over many years. Banks are rarely interested in funding a phased housing process that may involve a combination of paid and unpaid labour, multi-contracts and suppliers and correspondingly high transaction costs for themselves. Incremental micro-loans are what owner-builders need to facilitate the traditional housing process.

In 2005, Development Workshop decided to experiment with housing loans to some of their microentrepreneur clients to test the market for a micro-housing product. It was decided to make a housing loan available to 50 of its best clients in Huambo.<sup>(35)</sup> Once microfinance clients have successfully completed four or five incrementally increasing loan cycles without default or late payments, they are considered to be graduate clients. They can form smaller credit groups of three to five members and receive larger loans of US\$ 1,000 and over; they only need two guarantors to secure their loans. It was these graduate clients who were offered housing loans as pilots for a new product called "KixiCasa".<sup>(36)</sup>

The KixiCasa loan was administered initially by the same credit officers, under similar terms as the regular business loans but with larger amounts – from US\$ 800 upwards (sufficient to build a cement-block room or re-roof an existing house<sup>(37)</sup>), and with a 10-month repayment period.

35. Funding from Habitat for Humanity was secured to pilot the housing microfinance model in Huambo. The Development Innovations Group has offered technical assistance on methodology.

36. "Casa" is the Portuguese word for house.

37. Construction and building materials costs in Angola are significantly higher than in other neighbouring countries.



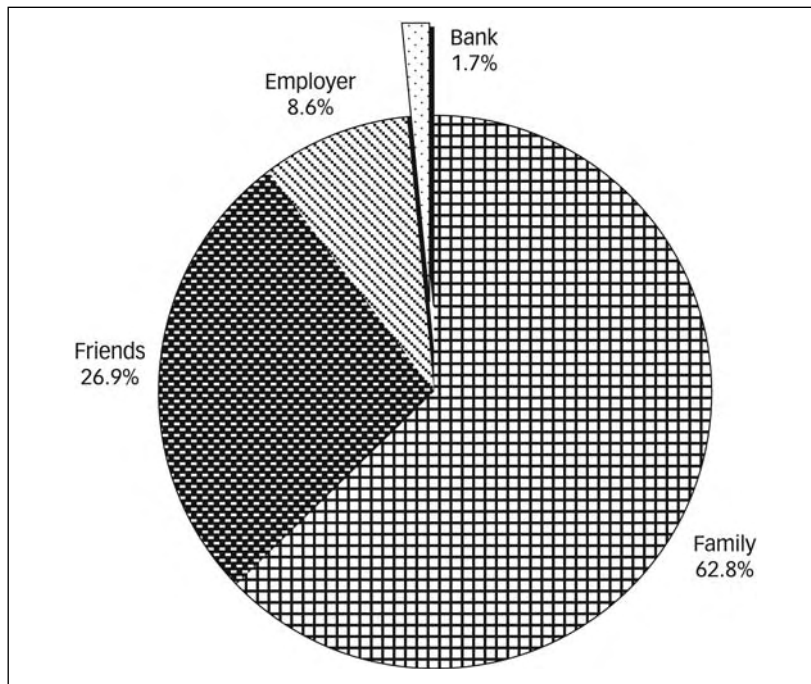
**PHOTO 1**  
**Women owner-builders in Huambo**  
 © Development Workshop

Subsequent cycles allowed this loan to increase to as much as US\$ 2,500 for clients with the capacity to pay and a consistently good repayment record. The housing loan was offered in addition to the regular business loan as it is essential that those borrowing for housing maintain the profitability of their businesses in order to keep up the payments on both loans.

KixiCasa is the first experience in housing microfinance in Angola. After a national newspaper wrote an article on the programme, Development Workshop received a flood of requests, indicating a significant demand for housing loans.

The formal banking sector has been reluctant to enter the housing finance market. A national study published in 2005 by the Ministry of Urbanism and Environment<sup>(38)</sup> showed that less than 2 per cent of households' investment in housing comes from banks. As with business start-ups,

38. See reference 6.



**FIGURE 13**  
Source of housing finance

SOURCE: Ministry of Urbanism and Environment MINUA (2005), "Perfil urbano em Angola", Luanda.

the majority of funding for housing is borrowed from the extended family (62.8 per cent) and friends (26.9 per cent); those with formal jobs often borrow from their employers (8.6 per cent). On the other hand, another ministry study indicated that the rejection rate by banks for housing loan applications was 82 per cent.<sup>(39)</sup> Some of the reasons the banks offered to justify their reluctance were the:

- lack of clear land legislation that would allow property to be used as a guarantee;
- long loan periods for recouping investments;
- lack of a government policy on subsidizing housing credit;
- lack of title documents by most clients; and
- lack of a client culture of debt repayment.

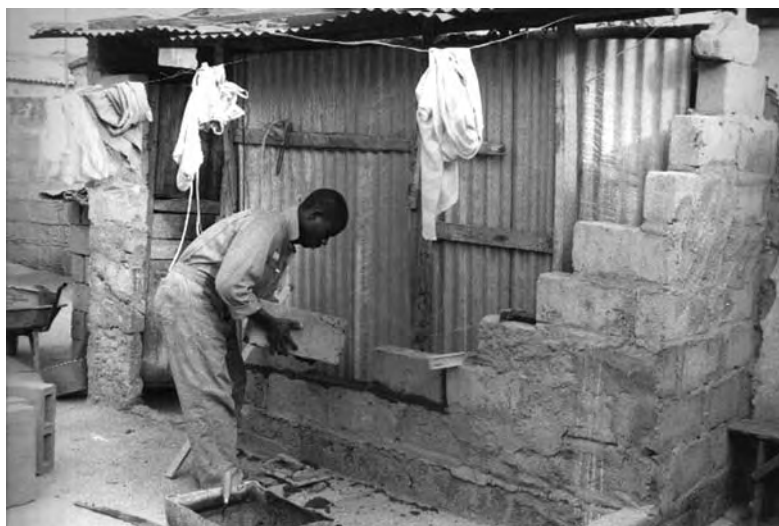
Commercial banks provide lending for housing through the "mortgage" model, whereby the real estate itself provides the bank with collateral. Real estate-guaranteed mortgages are normally a safe investment as land and property markets are quite stable and tend to appreciate rather than lose value. Mortgage loans normally have a high principal amount, corresponding to the value of the complete house, and are paid back over long periods, often 20 years or more. Since land occupied, or even purchased, by the poor is almost always untitled, this makes it ineligible for use as a guarantee and this is the principal reason why housing credit is unavailable through banks.

39. Ministério das Obras Públicas e Urbanismo (2003), "A privatização do stock habitacional público", Luanda.

## HOUSING MICROFINANCE IN POST-CONFLICT ANGOLA

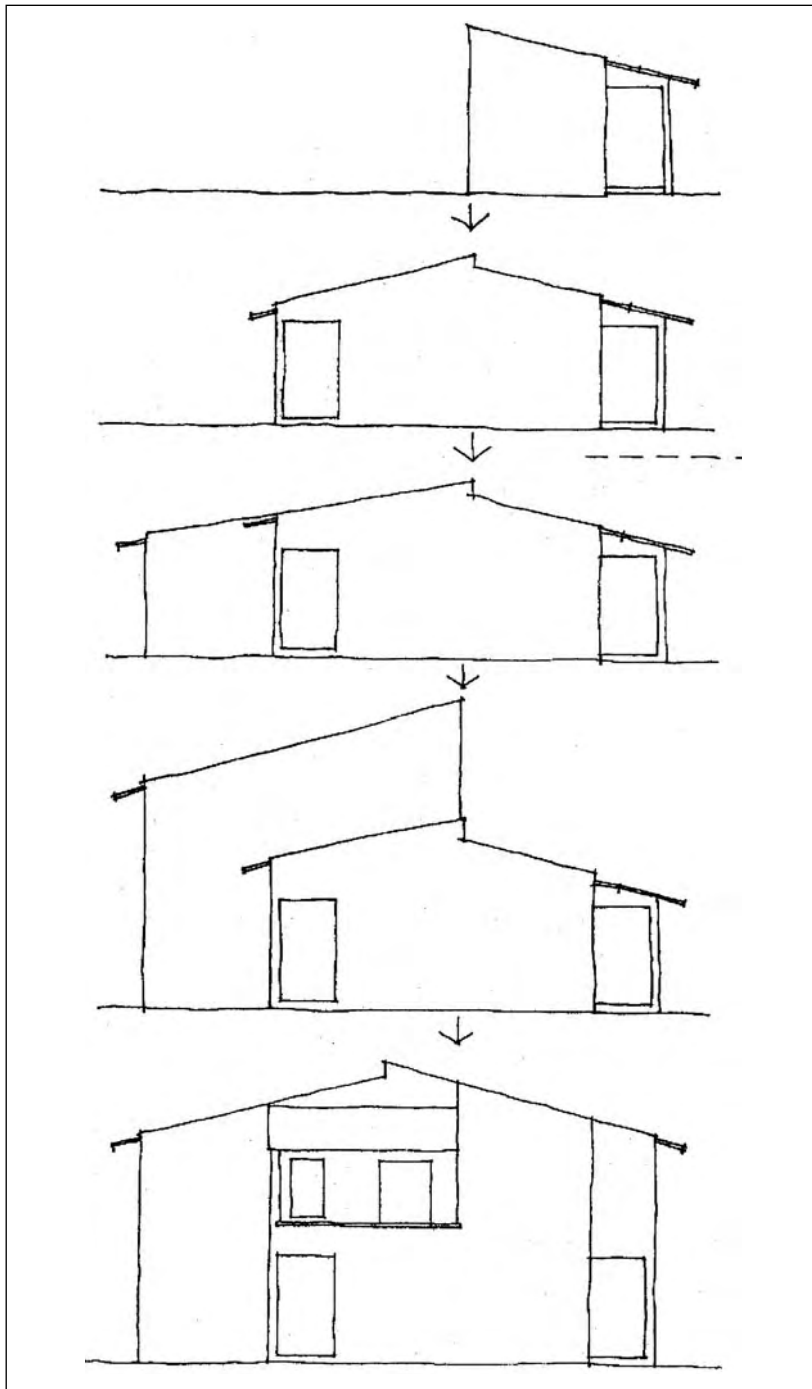
KixiCasa, however, can offer micro-loans for housing even to poor clients without land titles. Risks to the MFI are kept to a minimum by keeping loans small (less than US\$ 2,500) and with a relatively short repayment period (10 months to one year). The risk of expropriation of land and loss of assets is relatively low over a one-year period. KixiCasa loan officers always verify with local government administrators whether there are major redevelopment plans for the land in question. Development Workshop works closely with communities and local government to advocate for property rights, even the recognition of temporary occupation rights in areas benefiting from housing credit.

KixiCasa loans allow clients to invest incrementally in their housing, starting with the purchase of a plot of land, then building room by room over several years. Alternatively, loans can be used to repair or improve existing housing or to add an extension for shop or rental income. The phased loans are geared to the incremental house-building process practised traditionally throughout Angola and which is well attuned to the growth of household incomes over time. From the clients' point of view, housing microfinance allows them to continue with progressive construction. Loan amounts, terms and guarantees are more affordable to poor households. The overall cost of borrowing is less than that of long-term, high-value mortgages, which oblige the borrower to pay off the interest before being able to start paying off the principal. Microentrepreneurs with undocumented incomes from informal market trading, who would not normally qualify for bank loans, are eligible for KixiCasa loans. KixiCasa is prepared to offer loans on untitled land as long as there is an indication that the land will be legally regularized in the future or that it is not liable for expropriation within the time frame of the loan.



**PHOTO 2**

**Microfinance helps owner-builders in the phased upgrading of housing © Bob van der Winden**



**FIGURE 14**  
Upgradeable housing supported by KixiCasa's micro-sequential loans

SOURCE: Prepared by Development Workshop.

At the end of the first year of operation, the KixiCasa experience was evaluated and lessons drawn. Of the 51 clients involved in the pilot phase, 41 (80 per cent) were women. A repayment rate of 97 per cent was maintained and it was determined that the programme could rapidly achieve financial sustainability if scaled up. It was evident that housing microfinance is a more appropriate lending methodology to serve the housing finance needs of microentrepreneurs than traditional mortgage lending, even if banks were willing to provide loans.

Housing microfinance was integrated into KixiCrédito's existing microenterprise finance operations without any adverse effects on the quality or growth of the existing microenterprise portfolio. Even though the existing credit officers were easily able to master the housing loan product in the pilot phase, specialist housing credit officers were trained for a scaled-up operation. It became apparent that microentrepreneurs had various needs for technical assistance – in drawing up plans, estimating construction costs, supervising construction labour – and it was decided to incorporate an element of construction advice in future programmes.

However, it was felt that a wide range of technical services and advice would be expensive and could be risky for KixiCasa if recommendations proved costly or caused disputes. The client could blame the MFI or use it as an excuse to default or be late with loan repayments. It was decided that technical advice and materials, such as officially approved construction drawings, would be provided for a fee and not directly by KixiCasa itself. Development Workshop set up a construction assistance unit on a social enterprise model to provide the necessary advice and support. Based on the success of the pilot it was decided to open up the KixiCasa programme to a further 250 clients. However, this time they would not limit housing loans to graduate microentrepreneur clients but, rather, would respond to the demand to widen the client base to include civil servants and other salaried employees as well. Experience in other countries has demonstrated that salaried employees make better housing microfinance clients than entrepreneurs.<sup>(40)</sup> Monthly or weekly salaries can be discounted automatically to ensure regular repayments of the loan debt. KixiCasa has had to adapt the loan methodology for salaried employees since they tend to have stable incomes that grow only very slowly over time. Much more care is taken with entry-level salaried clients to assess the affordability of repayment levels and fix that as a percentage of the household's take-home wages. Normally, the ceiling is set at 30 per cent. This percentage generally remains fixed unless there are changes in the family's income and may cover numerous loan cycles.

While two or three guarantors are still required by KixiCasa for salaried employees, the loan methodology is one of individual lending, not strictly a solidarity group loan. In addition to guarantors, KixiCasa insists on an agreement with the client's employer to ensure that loan repayments can be deducted from the salary at source. A legal work contract that covers and extends beyond the loan period is also required.

It is anticipated that KixiCasa will be able to scale up quickly with this new approach, by taking on new clients who provide less risk of defaulting. The principal risk associated with housing finance in Angola remains the uncertainty of land tenure. While KixiCasa controls this risk to some degree by maintaining short loan periods and low principal amounts, it remains high for the owner-builders. Under recently published legislation,<sup>(41)</sup> householders without secure land title will become illegal occupants unless they

40. Daphnis, F and B Ferguson (2004), *Housing Microfinance – A Guide to Practice*, Kumarian Press, Bloomfield, CT, USA.

41. Conselho dos Ministros (2004), *Lei da Terra de Angola*, Luanda, December.



can regularize their tenure within a three-year period. After that, their land and housing can be confiscated without payment of due compensation, effectively wiping out years of accumulated family savings that are tied up in their housing.

### c. Managing land tenure risks through participatory planning

Development Workshop has taken a lead in advocacy for secure land and housing rights and promotes the incorporation into law of the principles mapped out in the Habitat Agenda<sup>(42)</sup> that Angola signed up to in Istanbul in 1996. A practical aspect of this advocacy is the engagement with government on pilot projects on land tenure regularization aimed at developing local good practices that can later be used as models for replication and, hopefully, improved legislation.

Angola's first pilot land regularization project was carried out with the provincial government of Huambo, the National Institute for Physical Planning (INOTU) and the National Cadastral Institute (IGCA), with support from Development Workshop and the Centre for Environment and Human Settlements in Edinburgh (CEHS). The 2004 land law linked the granting of land concession titles with the process of urban planning and the requirement to locate individual housing plots within designated master plans. Given general post-war institutional weakness and the limited capacity of government administration to develop urban plans and implement them throughout the country in the short three-year period allowed by the law, Development Workshop decided to develop a capacity-building programme for national and local government planning technicians that focused on rapid land management techniques. The recently published decentralization law<sup>(43)</sup> assigns to municipalities responsibility for preparing municipal-level plans and for managing land at the domestic and small commercial scale (plots up to 1,000 square metres). This provides the opportunity to decentralize planning to the local level and highlights the need for building local-level skills.

In 2005, CEHS mounted an intensive short course on participatory land planning and management with participation from various national departments of the Ministry of Urbanism and Environment and local government planning staff from Luanda and Huambo. The course started with an overview of rapid urbanization in general and of the region and Angola in particular; it reviewed appropriate land use planning and management techniques; and it concluded by developing specific proposals for pilot projects to be implemented by partnerships between the government (various levels), NGOs and the private sector.

The provincial government of Huambo designated Bairro Fatima, at the fringe of the city, as a pilot project area that could be classified as both peri-urban and peri-rural; within the city's jurisdiction it is zoned for residential use. In late 2005, the Bairro Fatima Participatory Land Management Project<sup>(44)</sup> was launched.

A project management group was created, which was composed of senior and technical staff from the Provincial Direction of Urbanism and Environment (DPUA) and the National Institute of Planning and Urban Development (INOTU) and was responsible for the mechanisms of implementation. A project implementation group composed of Development Workshop and INOTU staff led the fieldwork. Initial field activities

42. UN-Habitat (1996), *Istanbul Declaration on Human Settlements and the Habitat Agenda*, UN, New York.

43. See reference 9.

44. The Bairro Fatima Pilot Project received financial support from the British Embassy in Luanda.

focused on mobilizing community leadership and securing their support. This step included the creation of an elected local commission to provide the link between the project and the local population. There has been a trend in recent years to appoint local leaders rather than depend on traditional councils or inherited customary patriarchal forms of authority. The creation of an elected council broke the pattern of both traditions but produced surprisingly good buy-in, while introducing an element of democratic accountability and a significant component of gender participation.

With the help of local traditional leaders (*sobas*), the project team carried out a survey of existing land occupation patterns using GPS and satellite imagery<sup>(45)</sup> and created a registry of landowners in the project area. The area included a portion already occupied by housing, while the remainder was used for dryland agriculture.

The project's most innovative contribution was the initiation of a land regularization process that facilitated the provision of intermediary land titles in the existing housing areas based on plots mapped out in the land survey. In the as yet unbuilt area, the management group developed a physical plan for residential use in consultation with the local administration and local residents. This was followed by the demarcation of lots and a sub-contracted private company cleared road access following the agreed plan.

Compensation for the existing occupiers of agricultural land was guaranteed through a land adjustment process. As agreed with the management group, each previous land occupier is being compensated with an urbanized plot equal to 35 per cent of the previously occupied land area. Another 30 per cent of the overall area is reserved for infrastructure and social services (transport, water and sanitation, education and health). The remaining 35 per cent of land is available for the project to develop for new residents – totalling approximately 600 plots.

The pilot project is now entering a final phase, focusing on land allocation, the legal process and cost recovery. Land allocation will include three main categories of household:

- those with identified and confirmed prior land rights who will receive urban plots in compensation;



**PHOTO 3**  
Participatory mapping using GPS. © Development Workshop



**FIGURE 15**  
**Bairro Fatima pilot land tenure project layout – phase 1**

SOURCE: Prepared by Development Workshop.

- those who live in the local administrative area who will have a form of priority access, ensuring that women-headed households are guaranteed access to land; and
- a general allocation process – based on a waiting-list system.

The legal process is based on a form of “intermediate” land title (*licença de arrematacao*), which provides the household with secure land rights and acts as the basis for a full land title to be applied for in a three-year period. Costs for the urban development process (planning, land



**PHOTO 4**  
Laying out housing plots. © Development Workshop



**PHOTO 5**  
Sixty per cent of those receiving intermediate land titles are women. © Development Workshop



**PHOTO 6**  
**Owner-builder receiving intermediate land titles**  
 © Development Workshop

readjustment, demarcation, allocation process and basic infrastructure provision) will be covered by a one-off charge of US\$ 500 based on current informal sector land prices – to be paid into an account controlled by the project management group.

Based on wide public acceptance of the programme to date, including support from the local population, the municipal administration and provincial government, it was proposed that the pilot project be replicated in Huambo and that policy lessons be fed into the national policy debate. It has been agreed at provincial level that these pilot projects should be consolidated into a wider programme, with the partnership between province–local government–NGO being formalized on the basis of a public–private partnership for urban development using the model of a financially sustainable social enterprise.

#### **IV. LINKING HOUSING MICROFINANCE AND LEND TENURE REGULARIZATION**

Development Workshop is extending KixiCasa by offering housing micro-finance to new owner-builders in the Bairro Fatima pilot project area. At present, Bairro Fatima has almost 600 new house plot owners with secure land tenure and minimal service provision of communal water points and road access. More than 60 per cent of the plot owners are women, some of whom are heads of household and others are designated as titleholders representing both spouses. A large proportion of the new Bairro Fatima project residents are young and many have salaried members in their

households, so the community is fertile ground for recruiting potentially good KixiCasa clients.

The strong support from local authorities and communities for both the credit and tenure programmes demonstrates the widespread demand for affordable housing that is founded on community-based methodologies and an understanding of people's existing survival and livelihoods strategies. Both KixiCasa and the land tenure programmes invest in reinforcing the social capital of poor communities at the first stage in order to ensure that financial capital investments can later be maximized.

Rebuilding in Angola after the war involves more than just replacing the schools, bridges and factories that were destroyed. Damaged institutions and fractured communities are much more difficult to repair. "Return to areas of origin" and "reintegration" are concepts that are only weakly understood when those communities whom it is assumed will absorb formerly war-displaced people are also traumatized and vulnerable. Some government policy makers wish that those millions who fled the countryside and settled in the urban areas over a period of more than four decades of conflict would now return to their villages and let the cities return to "normality". Their resurrection of colonial-era byelaws to keep informal traders off the streets and the introduction of planning legislation permitting the expropriation of land that migrants to the cities occupied in good faith are policies that exclude the poor from participating in post-war reconstruction. Pre-war "normality" in Angola was one of colonial domination and the appropriation of Angolans' land by foreign settlers. This was what initially sparked the conflict in the 1960s and few would wish to return to that "normality".

The war has permanently urbanized Angola and produced a new normality. Policies, however, must not entrench urban poverty. Poor women have demonstrated creativity and entrepreneurial ingenuity in devising ways of surviving and sustaining their families during years of conflict. This dynamism needs to be engaged and built upon in reconstruction programmes. Micro-investments in enterprises owned by poor families and for improving their housing through programmes such as KixiCasa demonstrate how large numbers of people can quickly transform their livelihoods and escape the poverty trap. The introduction of land tenure policies that protect the rights and assets of the poor is one of the easiest ways of reducing vulnerability and stimulating the upgrading of housing and the urban spaces.

Development Workshop's partnerships with government and local communities are demonstrations of how local good practice can be developed to successfully feed the debate and influence policies on poverty reduction and housing, even in complex, post-conflict environments like Angola's.

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