

Cabo Verde (Cape Verde)

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Overview

Cape Verde is a volcanic archipelago of 10 islands and eight islets located approximately 550km off the coast of Senegal, covering 4 033km². The housing deficit in Cape Verde is high, affecting middle income households and even more so the low income population, who are excluded from the formal housing market. The housing deficit is estimated at approximately 42 000 dwellings, 70.7% of which is urban. Approximately 68 000 dwellings are inadequate. In urban areas, more than half (51.6%) of the total number of formal housing units are inadequate. According to the 2010 census, only 54.4% of households have access to the public water supply system. In urban areas, 60.8% of dwellings have public water supply, and of these 53.8% have piped water services inside the dwelling.¹

The country's strong economic performance is mainly attributed to significant investment in infrastructure related to the promotion of the country as a tourist destination. Tourism plays a major role in the economy, accounting for 45% of GDP and 39% of employment. However, the country has limited natural resources, an arid climate and suffers from water shortages, resulting in long-term drought cycles, all of which have contributed to large-scale emigration. As a result, the diaspora population is larger than that of the country.

The global economic downturn triggered by the COVID-19 crisis has had an impact on the real estate sector. These economic repercussions are preventing the major players in housing finance from securing the cash flow needed to make loans and are affecting the repayment plans of some households' original loans.

Despite government resolve to reduce the housing deficits, particularly among the poorer sections of the population, the trend is towards intensification of informal settlements, which is becoming an increasingly complex problem for local authorities.

Access to finance

The financial sector in Cape Verde is highly concentrated and dominated by two commercial banks: Banco Comercial Atlântico and Caixa Económica. These two banks account for 90% of assets and deposits. The entry of foreign banks into the market has stimulated competition. Mortgage providers benefit from central bank refinancing and customer deposits.

KEY FIGURES

Main urban centres	Praia
Exchange rate (1 July 2021): 1 USD = [a] 1 PPP\$ = (2020) [b]	93.00 Cape Verdean Escudo (CVE) 46.51 Cape Verdean Escudo (CVE)
Total population (2020) [b] Urban population (2020) [b] Population growth rate (2020) [b] Urbanisation rate (2020) [b] GDP per capita (Current US\$) (2020) [b] Percentage of population below national poverty line (2017) [b] Unemployment rate (% of total labour force, national estimate) (2017) [b] Proportion of adult population that borrowed formally (2017) [b] Gini coefficient (2017) [b] HDI country ranking (2019) [c] HDI country score (2019) [c]	555 988 370 577 1.09% 1.78% US\$3 064 27.0% 10.3% n/a 50.7 126 0.67
GDP (Current US\$) (2020) [b] GDP growth rate (2020) [b] Inflation rate (2020) [b] Lending interest rate (2020) [b]	US\$1 704 million -14.78% 0.61% 8.19%
Number of residential mortgages outstanding Value of residential mortgages outstanding (USD) (2017) [d] Prevailing residential mortgage rate Term [e] Maximum LTV on a residential mortgage [e] Ratio of mortgages to GDP (2017) Number of residential mortgage providers [d] Number of microfinance loans outstanding (2020) [e] Value of microfinance loans (USD) (2020) [e] Number of microfinance providers (2020) [e]	n/a US\$415 million 6-12% 30 years 100% 23.40% 5 11 000 US\$662 million 5
Total number of residential properties with a title deed Number of formal dwellings completed annually Price of the cheapest, newly built house by a formal developer or contractor in an urban area in local currency units (2020) [f] Size of cheapest, newly built house by a formal developer or contractor in an urban area (2020) [f] Typical monthly rental for the cheapest, newly built house (2020) [f] Cost of standard 50kg bag of cement in local currency units [g] Type of deeds registry: digital, scanned or paper (2020) [h] World Bank Ease of Doing Business index rank (2020) [h] Number of procedures to register property (2020) [h] Time to register property (2020) [h] Cost to register property as share of property price (2020) [h] World Bank DBI Quality of Land Administration index score (0-30) (2020) [h]	n/a n/a 3 088 079 CVE 80m ² 40 000 CVE 640 CVE (US\$6.88) Computer - Scanner 137 6 19 days 2.2% 12.0
Percentage of women who own a house alone and/or jointly Percentage of female-headed households Percentage of urban population living in slums Percentage of households with basic sanitation services Percentage of households with electricity	n/a n/a n/a n/a n/a
Cumulative number of COVID deaths per 100 000 as of 1 Oct [i] Percent of population fully vaccinated against COVID-19 as of 1 Oct	60.97 n/a

NB: Figures are for 2021 unless stated otherwise.

[a] Xe.com	[e] Atlantico Commercial Bank
[b] World Bank World Development Indicators	[f] Cap-vert-immo.com
[c] Human Development Reports, United Nations Development Programme	[g] Mindelo info
[d] Central Bank of Cabo Verde	[h] World Bank Ease of Doing Business Indicators
	[i] Johns Hopkins University Coronavirus Resource Center

Foreign aid is almost non-existent, so foreign direct investment (FDI) has become one of the most important sources of external financing for the Cape Verdean economy. The State has considered increasing foreign direct investment (FDI) as an objective since the late 1980s. The growth of FDI was previously stimulated by privatisation, and then by a growth in tourism initiated by real estate, which requires financing for mortgage loans.

The various banks providing mortgages in Cape Verde are: Banco Comercial Do Atlantico, Caixa Economica De Cabo Verde, Ecobank Cape Verde and Banco Interatlantico. No non-bank providers of mortgages could be identified. Bank loans are granted through a credit bureau or credit analysis committee that examines each mortgage loan application to determine the client's medium- and long-term solvency. The ratio of debt to income

must not exceed 40%, including all the client's monthly bank commitments. The debt limit could make home ownership more accessible, but households face other problems, such as the burden of medical, and educational expenses, and an income gap that continues to grow.

The lowest interest rate on residential mortgages is 5.50%, as is the case at Banco Comercial Do Atlantico. Conversely, the highest interest rate on residential mortgages offered by mortgage providers can reach 11.5%.² Banco Comercial Do Atlantico's various housing products include (mortgage and security): the gold package which has an annual rate of 6.4%, the silver package which has an annual rate of 7.5% and the Kasa package which can range from 8 to 11.5% with a tax of 3.5% for all packages. The list is not exhaustive.

Also, the maximum term for residential mortgages is 30 years, with the age limit of applicants being 65 years at the maturity of the loan. The minimum term is five years.

Banks have taken steps to allow for relief for those suffering negative economic effects of the COVID-19 pandemic. Bank Interatlantico, for example, has taken exceptional and temporary measures to protect the credit of families, companies, private social solidarity institutions, non-profit associations and other entities. To this end, it provides a moratorium on repayment of loans, rent and interest without triggering breach of contract or activation of early repayment clauses. This allows those who benefit from the moratorium not to be reported as debtors in difficulty, which would make it difficult for them to access credit at a later date.

Affordability

The average cost of an apartment in the city centre is CVE67 157.65/m² (US\$722.11/m²) while outside the city centre it costs CVE56 393.74/m² (US\$606.37/m²). The rent for a one-bedroom apartment in the city centre is CVE27 832.46 (US\$299.27) and outside the city centre it is CVE12 732.29 (US\$136.90). The rent for a three-bedroom apartment in the city centre is CVE50 000 (US\$537.62) and outside the city centre it is CVE20 000 (US\$215.05). The average net monthly income (after tax) is CVE30 464.58 (US\$327.57).³

To qualify for a mortgage loan, the ratio of expenses to household income must not exceed 40% taking into account all monthly bank commitments.

FDI has become one of the most important sources of external financing for the Cape Verdean economy. In general, FDI was stronger from 2005 onwards, rising to 4% of GDP between 1991 and 2005. Private investment in tourism began to increase in 1995 as a result of the country's economic liberalisation policies but did not really pick up until 2003.⁴ The promotion of tourism contributes in parallel to the growth of the real estate sector.

Housing supply

Cape Verde is a highly urbanised country with more than 60% of its population living in cities. The post-2015 urban orientation must therefore focus on cities with high potential in terms of infrastructure, services and basic sanitation, and where income-generating opportunities are accessible to all citizens.

Approximately a quarter of the population is concentrated in the city of Praia (the country's capital). However, from the 1990s, there has been a progressive growth in other cities, such as: the Vila da Preguiça on the island of Sal, the city of Pedra, in the municipality of Santa Cruz, the city of Assomada, in the municipality of Santa Catarina, the city of Porto Novo and the city of São Filipe.

In urban areas, 60.8% of homes have access to the public water supply network, 53.8% of which have water within the home. Wastewater disposal is still deficient: only 19.4% of households are connected to the sewerage system. In urban areas, this coverage is 29.4% and in rural areas only 1.1%. Approximately 46.6% of houses have a septic tank, i.e., 48.1% in urban areas and 44.0% in rural areas. At the national level, therefore, many do not have access to a minimum and adequate sewage disposal service. Approximately 15.6% of Cape Verdeans use garbage trucks (20.5% in urban areas and 6.1% in rural areas). However, 56.5% of the population have access to garbage containers, i.e., 71.1% in urban areas and 28.2% in rural areas.

Urban informality

The mobilisation of resources to improve housing conditions in the country presupposes a union of efforts between the different sectors of Cape Verdean society, since these neighbourhoods are often associated with the lowest social classes, the poor population, migrants from rural areas and, more recently, the poor.

In the past, Cape Verde was essentially rural. Today, the country is projected as a developing country with an intensification of the urbanisation phenomenon. The urban population rose from 35.5% in 1980 to 45.9% in 1990 and 53.9% in 2000. According to preliminary data from the 2010 census, the urban population is 62%, located precisely in the two main city centres of the country – Praia and Mindelo. Thus, out of every 100 Cape Verdeans, approximately 62 live in urban areas.¹¹

Under the Constitution, all Cape Verdean citizens have the right to adequate housing. The existence of informal and precarious settlements are anomalies linked to the country's structural poverty. The Ministry of Decentralisation, Housing and Territorial Development (MDHOT) presented the "Casa para Todos" programme in May 2009 with the aim of promoting democratisation and equity in access to housing. The primary objective of this programme was to provide a framework for the housing issue; clarify the social actors and their roles; establish strategic guidelines; mobilise partnerships and resources; monitor the evolution of the sector (make the necessary adjustments to minimise the deficit and improve the quality of housing); and fulfil the constitutional right to housing for all.¹²

The Government of Cape Verde, in partnership with UN-Habitat, has developed and implemented a National Programme for Urban Development and City Capacity Building (PNDUCC) within the framework of the United Nations Country Development Assistance, UNDAF 2012-2016. The programme also aims to consolidate the activities started in previous years under the first phase of the Participatory Slum Upgrading Programme (PSUP), which consisted of the establishment of urban profiles of Cape Verdean municipalities, financed by the European Commission. This programme aims to promote: the reduction of urban poverty, the identification of priority projects in the field of local urban development, and actions developed in projects related to urban security and the organisation of urban space. Also, it aims to promote the continuity and consolidation of actions of territorial citizenship and local leadership for strategic formation of the cities, within the framework of the Local Programme of Urban Development signed between the Government of Cape Verde and UN-Habitat in 2009. It serves as a basis for the drawing up of a national urban policy, which many UN-HABITAT member states have adhered to as a platform of choice to bring together urban development efforts and to ensure that countries have clear urbanisation perspectives and objectives for the next 20 years.

In accordance with government measures to limit the spread of COVID-19, some establishments are currently implementing additional sanitary measures.

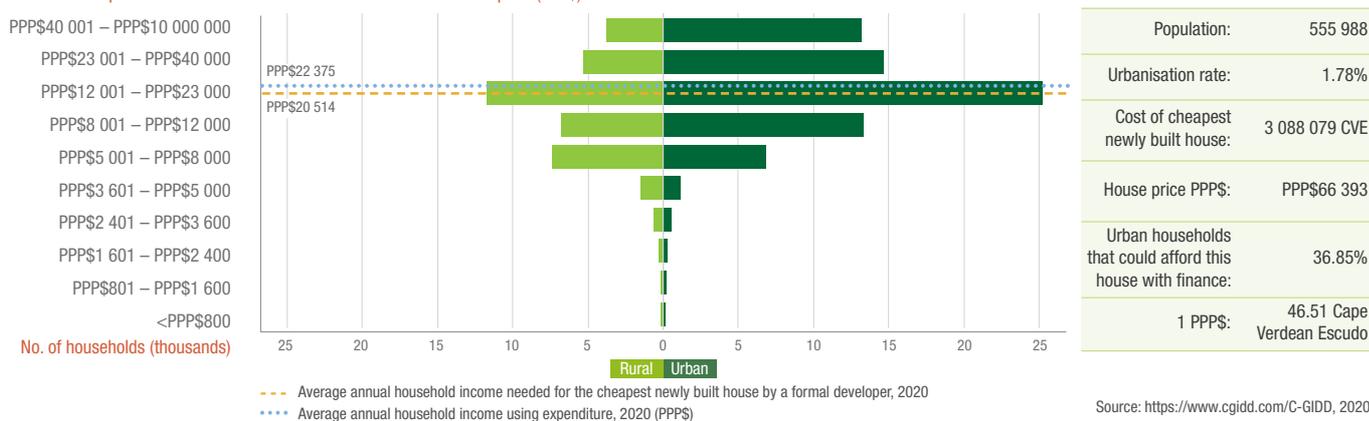
Property markets

Housing administration in Cape Verde is complex due to the absence of a land register to regulate land ownership.⁵ A land register would guarantee the correct identification of buildings, and solve problems of mismanagement of land, land resources and would aid local development. The housing sector faces problems such as: confusion over land registration, generating conflicts around land ownership; delay in administrative acts of registration and authorisation, slow and cumbersome real estate transaction procedures; lack of security in the legal transit of goods; and real estate speculation.

The absence of a Land Register is an obstacle to identifying buildings and does not allow for relevant information on ownership or whether there are administrative restrictions on ownership. It is often difficult to identify who exercises ownership rights over the buildings. Many challenges have arisen in the physical delimitation of property between the State and local governments and individuals, precisely because of the lack of a land register.

CABO VERDE

Annual income profile for rural and urban households based on consumption (PPP\$)



There is no planning on the part of the authorities, in a coherent, systematic manner and with a strategic and inclusive vision of land management. From this point of view, the lack of planning for quality urban spaces, the difficulty of access to land and housing, particularly for low income citizens, are the consequences of the lack of involvement of local authorities. Cape Verdeans have not yet grasped the importance of the value of public space and urban culture as a fundamental issue of the quality of life.

A parcel or land register certificate can be obtained from the municipality to get a title deed (*certidão predial*) from the land registry within seven days at a cost of CVE 243 (US\$13.37). A third party may submit a permit application form followed by proof of their licence showing that they are authorised to carry out the type of project applied for. The same form can be used for a new construction or for an extension of an existing permit. This form includes dates of approval of architectural and structural plans, landowner information, and information on the architect or engineer in charge. Fees are based on the size of the construction project, traffic impact and duration (3, 6 or 12 months). Obtaining a building permit can take 14 days at a cost of approximately CVE75 000 (US\$806.44). It is essential to obtain a title deed mentioning the value of the property as well as information about the beneficiary. The lawyer will search the land registry to obtain the land registry certificate (*certidão do registo predial*) confirming that the seller is the owner of the property and has exclusive legal rights to sell the property. This certificate, which will also indicate all the encumbrances on the property, is valid for one year.⁶

Local residential property websites are: Banco Comercial Do Atlantico (BCA) website which offers apartments, villas, buildings and land in Cape Verde. The real estate agency and developer Kaps Habitat is in charge of buying, selling, renting and holiday rentals in Cape Verde.

Policy and legislation

Non-governmental organisations and community development associations have been able to carry out activities thanks to resources mobilised from international partners and the central government. Municipalities have created social housing programmes with their own resources or through the leasing of land, the provision of building materials and a model factory, especially in small towns. In these small towns, the community has used solidarity as a resource, through the provision of labour from friends and family in the construction of housing in informal settlements. Migrants in small urban centres have contributed to urban development through investments in housing, as well as the establishment of enterprises in the sector in partnership with the municipality and the central government.

In response to the urbanisation challenge, UN-Habitat has worked over the years with a focus on devising ways to improve the lives of residents of informal communities, such as the creation of the slum upgrading programme PSUP⁷ in partnership with the African, Caribbean and Pacific (ACP) States Secretariat and members of the European Commission (EC). The overall objective of the PSUP is to contribute to improving the living conditions of urban populations by

providing technical support to actors in ACP countries to address the multidimensional nature of the challenge of rapid urbanisation.

The National Strategic Housing Plan aims to provide strategic guidelines for the definition of an integrated housing policy in Cape Verde and the mechanisms for structuring a national housing system. Specifically, the National Housing Plan is intended to provide the country with an instrument for identifying regional and local housing needs,⁸ by category of housing deficit and the specific features of that deficit, as well as strategies for its resolution. The critical and comparative analysis of housing legislation and policies is another asset of the document, as it allow discovering the weaknesses of national legislation and policies, and designing strategies to remedy them.⁹

Opportunities

The seaside resorts have good occupancy rates. The existing tourism environment and good governance in the country favour large external operators. In addition to attracting FDI and remittances from the diaspora, the country generates high returns per tourist and creates jobs throughout the country. Cape Verde has always been outward-looking, gaining the equally important confidence of international investors and donors. The development of infrastructure, especially inter-island transport, helps to reduce costs and strengthen growth links in the different islands and in foreign markets. Infrastructure includes transport, energy and water, which are capital-intensive sectors that require clear prioritisation among competing needs. Cape Verde has a great deal of potential, but the country needs strategic guidance, especially for the integrating small and medium-sized enterprises (SMEs) in the urban planning and housing sector.

Availability of data on housing finance

The most recent approved consolidated strategy for tourism was in 2010, and the associated mandate and implementation period ended in 2013.¹⁰ No evaluation or impact of its implementation is known, and no strategic master plan has been put in place since then. The Cape Verdean government framework would benefit from significantly reducing the housing deficit. However, no local body collects reliable information on housing finance. Official websites of banks, microfinance and real estate developers are sources of relevant information as are international bodies such as UN-Habitat. Additional information is hard to come by. For example, for this profile, official letters were sent to bank, microfinance and local officials. No response has been received to date. All the work of the survey was carried out by consulting publications of the World Bank, UN-Habitat and others. Therefore, we have reservations about the reliability of some of the information, which remains to be studied in greater depth.



Websites

Caixa geral de depósitos

<https://www.cgd.fr/particuliers/emprunter/Paginas/Projets-immobiliers.aspx>

Banco comercial do atlântico (bca)

<https://www.bca.cv/Conteudos/Artigos/detalhe.aspx?sidc=0&idc=2808&idsc=1618&idl=1>

Ecobank <https://www.ecobank.com/ci/personal-banking/products-services/loans>

Banco interatlântico <http://www.bi.cv/>

Kaps habitat <http://www.kaps-habitat.com/fr/>

Numbeo <https://fr.numbeo.com/prix-de-l%27immobilier/pays/Cap-Vert>

¹ NATIONAL REPORT AFRICA (UN-HABITAT) _Conferência das Nações Unidas sobre a Habitação e o Desenvolvimento Urbano - Habitat III : Relatório de Cabo Verde. Pg.8

² BCA. Prêçario BCA_BCA NOS KASA. <https://www.bca.cv/Conteudos/Artigos/detalhe.aspx?sidc=0&idc=2808&idsc=1618&idl=1> (consulté le 14/09/2021). Pg.39

³ Numbeo (2021). Cost of Living. <https://fr.numbeo.com/prix-de-l%27immobilier/pays/Cap-Vert> (consulté le 30 Août 2021)

⁴ FMI 2005 – Cap-Vert : document de stratégie de réduction de la pauvreté

⁵ NATIONAL REPORT AFRICA (UN-HABITAT) _Conferência das Nações Unidas sobre a Habitação e o Desenvolvimento Urbano - Habitat III : Relatório de Cabo Verde. Pg.9

⁶ Doing Business 2020. Economy Profile CABO VERDE

⁷ NATIONAL REPORT AFRICA (UN-HABITAT) _Conferência das Nações Unidas sobre a Habitação e o Desenvolvimento Urbano - Habitat III : Relatório de Cabo Verde. Pg.65

⁸ NATIONAL REPORT AFRICA (UN-HABITAT) _Conferência das Nações Unidas sobre a Habitação e o Desenvolvimento Urbano - Habitat III : Relatório de Cabo Verde. Habitação e desenvolvimento urbano. Pg.37

⁹ NATIONAL REPORT AFRICA (UN-HABITAT) _Conferência das Nações Unidas sobre a Habitação e o Desenvolvimento Urbano - Habitat III : Relatório de Cabo Verde. Pg.37

¹⁰ NATIONAL REPORT AFRICA (UN-HABITAT) _Conferência das Nações Unidas sobre a Habitação e o Desenvolvimento Urbano - Habitat III : Relatório de Cabo Verde. Pg.11

¹¹ NATIONAL REPORT AFRICA (UN-HABITAT) _Conferência das Nações Unidas sobre a Habitação e o Desenvolvimento Urbano - Habitat III : Relatório de Cabo Verde. Pg.11

¹² NATIONAL REPORT AFRICA (UN-HABITAT) _Conferência das Nações Unidas sobre a Habitação e o Desenvolvimento Urbano - Habitat III : Relatório de Cabo Verde. Pg.7