Centre for Affordable Housing Finance in Africa

DEVELOPMENT WORKSHOP

The Private Housing Sector in Angola

Angola's tentative development of a private real-estate market

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Introduction

The Angolan Government, in its public pronouncements, has put great store in the private sector in driving post-war development and taking the lead particularly in the housing sector. However the World Bank has shown that Angola remains one of the world's most difficult countries to do business, particularly in the sale and transfer of property. In the 1990s Angola had the daunting task of transforming, what had been a centrally-planned post-independence economy into a more open liberalised one that would attract foreign investment. At the end of the war in 2002 the country hoped to attract international investors and know-how to rebuild its devastated infrastructure and help meet the huge social demands for housing and employment. The Angolan Government rightly identified some of the key steps that needed to be taken to attract the private sector assistance. It committed itself to the provision of fiscal incentives, a reform of the system of credit for housing and the creation of public-private partnerships. However the growth of the private sector in Angola was inhibited by several historic factors.

After Independence the State became the only official investor in the housing sector. The State assumed control of properties, often uncompleted constructions, abandoned by Portuguese who left Angola at independence. The departure in 1975 of the Portuguese, as well as a substantial number of professionals and of the administrative elite reduced for a short period the great pressure for housing. These houses and apartments were nationalized by the State and distributed among Angolan citizens. A nation wide inventory, of state controlled housing totalling 127,568 units was made between 1980 and 1983[2].

Figure 1. Abandoned property was nationalized in 1975 then privatised again in 1992.

Angola had inherited at independence a government administration and set of laws from a "Statist" Portuguese colonial regime[3] and subsequently adopted a soviet-influenced centrally planned model of management that remained in

1 Supported by Financial Sector Deepening Africa (FSDA)

2 National Committee for Habitat II (1996) Angolan National Report & Action Plan for Housing and Human Settlements p 20, Luanda 01 April 1996.

3 Estado Novo was the corporatist authoritarian regime installed in Portugal in 1933, often considered to be semi- fascist tied to corporate entities.

place through the 1980s. Angola's extractive industry-based economy, by its nature is highly centralised, employing few nationals, with oil and mineral royalties being paid to central government. Lucrative private sector contracts are therefore sought with the Government at the highest levels. Angola was slow to implement promised decentralisation reforms and create mechanisms that allowed finances to trickle down to municipalities where local businesses could benefit.

An early attempt at breaking away from the State monopoly of housing was a government programme established in 1982 for the support to self-help construction through the concession of building sites and sale of construction materials to families with low income and needing housing. In practice, however, this strategy showed limited results owing to the limited national industrial capacity to produce building materials, the high cost of imports, inefficient excessively centralized administration, and lack of qualified professionals to implement this strategy. As a result, only a few programmes were implemented with success.

From 1987 the Angolan Government put together a series of economic reform programmes; with aim of the diversification and decentralization of the economy. A key to the Government's reform programme is the revitalization of the private entrepreneurial sector. As early as 1988 a Bill that regulates private economic activity was passed aiming to diminish the interference of the State in the economy, to restructure and consolidate the entrepreneurial sector, the market and allowing for the promotion and development of a national entrepreneurial class. In 1989/1990 programmes were begun to begin the transfer of state property to the private sector and restructure slate enterprises. In December of 1993, 279 state enterprises were restructured and 1,010 units were privatized[4].

The Government also decided in 1991 to privatise some of the huge State rental housing stock[5] that they had acquired after independence through appropriation. Rental income had never been sufficient to even maintain the these buildings and supply them with adequate services. The rational of selling-off this housing was to signal a shift in public policy toward private property; to buy social capital at the time of the first national elections; and to create income for the State to reinvest in infrastructure for future housing[6]. The devolution of this State housing however opened doors for a flood of claims from former colonial-era owners who had abandoned the country but their property had not been formally confiscated. Many had open legal cases for the restitution of their real-estate. The National Assembly, forced through legislation[7] that made expropriations irreversible and insured the non-devolution of real estate to their previous owners. The measure safeguarded the acquisition of properties by their current tenants and the creation of their ownership rights and consequently, eliminating the potential conflicts with former owners.

This Government program for promoting private housing by transferring urban real estate to individuals eventually sold around 40,000 properties. It is estimated that the State collected only around US$ 130 million with the average and the average unit sale price of just US$ 3,250. While

4 Ibid p7
5 National Assembly (1991) the Law nr 19/91 on the Sale of State Housing
6 Diekumpuna Sita José (2005) the Minister of Urban Planning and Environment stated in a seminar on "Disposal of state housing assets", that the expected results in the formation of a substantial source of revenue to prepare more housing projects so that all citizens have access to housing have not yet been achieved. He called for a realistic "technical-economic evaluation of real-estate before fixing the sale prices of buildings to be sold". quoted in Jornal de Angola 22 June 2005.
7 National Assembly (1995) the Law nr 7/95 of 1st of September made the non devolution of real estate to their previous owners irreversible.

achieving its popular public-policy goals the programme generated insufficient resources to contribute much to the provision of serviced land for future housing[8].

In 1991 the state came to the conclusion that investment of private resources was necessary and the most rational means to stimulate housing construction. An Emergency Housing Programme was launched which permitted "self-directed construction" , even if serviced land with infrastructure was not yet in place but would be installed later on. The priority within the plan was given to the rehabilitation and completion of some half finished constructions abandoned from colonial times. Further urban redevelopment work was planned for the Luanda including some basic level infrastructure work for new sites and services areas on the city periphery. However by 1993 only 200 core housing units (foundations only) for self-help owner-building were implemented when the program stalled due to the resurgent conflict around the country[9].

The process of privatisation of the public property that had started with the economic and democratic political reforms in 1992 and the Constitutional revision, aimed to guarantee citizens effective property ownership. The property market was born at that time, particularly in the capital, with the beginning of the reforms. Despite the policy changes favouring the private sector, a legal framework to facilitate the private ownership or the acquisition of land was still lacking. Housing development was constrained because land access was highly bureaucratic time-consuming and the institutional frameworks which were tasked with land allocation were weak and could not meet the demand for plots for housing. Angolan State still remained with the largest share of urban stock of housing property, and remained a constraint to the openness of a competitive property market.

The transformation of Angola’s state-controlled enterprises was done at a time when the country was coming to the end of its long civil war and was negotiating accords for peace. The distribution of one-time state assets was used to secure the formerly warring parties’ commitment to post-war reconciliation/reconstruction and became part of the privatisation strategy. Tens of thousands of former combatants from both sides were to be made redundant at the end of the civil war and were seen as the potentially greatest treat to the fragile peace. A military bureau, set up in the state president’s office and staffed by senior generals from both sides, was mandated to manage the major post-war reconstruction programmes. Under the banner of public-private partnerships quasi-private enterprises were created by para-state and para-military institutions and correspondingly, by individual personalities. The Angolan business model for post-war reconstruction was effective in securing the peace but contributed to introducing an element of patronage into private-sector dealings.

8 Ministry of the Public Works and Urban Planning (2001) Angola National Report on the Implementation of Habitat Agenda - Istanbul+5, p.3, Luanda.
9 National Committee for Habitat II (1996) Ibid p22

Angolan Post-War Housing Policy

Housing has become a priority development issue in Angola in the years following the end of the war in 2002. In 2008 the State President announced a first National Housing Development Program (NHDP) aimed at the building one million housing units before 2015. The program aimed at responding to the Millennium Development Goal challenge but also post-war popular demands for housing. The National Housing Development Program aimed at engaging multi-actors in the effort, with the state assuming 11% of the responsibility, the private sector 12%, cooperatives 8% and owner-builders taking on the major share of 68%.

An official housing policy (Resolution 60/06) was first approved in 2006 guaranteeing the universal right to housing. The Framework Law for Housing (Law 03/07) was subsequently passed to promote public and private housing policies through:

- the definition of new criteria of human settlement and the construction of new *bairros* (neighbourhoods) and cities
- the regulation of a system of fiscal incentives
- the regulation of a system of credit for housing
- the promotion of raising public or private funds for housing
- the promotion of public or private partnerships in the field of housing
- the guarantee of urban security, access and infrastructure
- the control of urban sprawl by consolidation of the urban and rural identity of the country

In 2007, the Government decreed the creation of state reserves for the construction of 'new housing complexes', *Centralidades*, within the capital metropolitan region. The Law identifies four different housing types: urban or rural houses; social houses; market-rate houses; and self-built houses. It also proposed the creation of a Housing Development Fund[10] for "all public, private and cooperative entities that promote the construction of social houses and for citizens in general". Subsequent to the legislative elections of September 2008, the government announced a plan to build one million houses throughout the country by 2012. The National Urbanism and Housing Programme was officially approved in 2009 through Resolution 20/09. The Programme aimed to benefit an estimated 6,000,000 people across the country (all the government's calculations are based on an average of 6 persons per household).

The target of one million homes was initially broken down into:

- 115,000 dwellings - intended for the public sector
- 120,000 dwellings - intended for the private sector
- 80,000 dwellings - intended for cooperatives
- 685,000 dwellings - intended for self-built homes (265,000 rural and 420,000 urban homes)

Housing delivered by the Private Sector under the NHDP

The state's housing strategy specifies that 120,000 dwellings (12% of the total targeted number of houses to be constructed) were to be delivered by the private sector. However, private entrepreneurs estimate that the actual demand for housing is significantly more than the

10 Fundo de Fomento Habitacional (2009)

government's estimates[11]. Private sector housing within the National Plan were to be financed through several mechanisms including public private partnerships, small-scale provincial and municipal home building projects and private contractor access to credit through private banks who could draw financing from the Housing Development Fund. A budget allocation for the construction of two hundred housing units was made for each of Angola's 18 provinces. These units were to be distributed to the various municipalities depending on need, occupying land that had be designated under the *Land Reserve* program and be tendered out to local contractors.

The former head of the Association of Real Estate Professionals of Angola (APIMA), and current Minister of Urbanism and Housing, Branca do Espírito Santo[12], said that market studies indicated that the construction of new large urban centres like Kilamba and Cacuaco will not satisfy the real-estate demand in the short- and medium-term, and that housing entrepreneurs will not be able to supply sufficient units because the costs of construction materials remain high. A study by PROPRIME shows that the supply and demand for the housing and offices sectors continue to dominate the market, that these sectors keep expanding; and that there seems to be no provision to meet the overwhelming demand for dwelling units for the middle- and low-income brackets. The director of APIMA was of the opinion that, at that time, there was sufficient supply of housing for the upper end of the segment[13] and that there may already be a surplus or over-supply in the high end of the market. (see Figure 2 below)

Figure 2. Private Condominium Atlantico do Sul in Belas Municipality Luanda

Fonte: www.wikimapia.org/p/00/00/54/61/45_big.jpg

There remains a reluctance of private banks to invest in the housing sector without the protection of a "mortgage law" or without the protection of transferable land titles that can act

11 Cleber Correia (2014), presentation made to Development Workshop Luanda, 24 August 2014, http://www.dw.angonet.org/forumitem/1383
12 Hebo, Q. (2014, August), interview with Branca do Espírito Santo director of APIMA in Faltam moradias de média e baixa renda. Economia & Mercado, p.27.
13 Hebo, Q. (2014, August), interview with Branca do Espírito Santo director of APIMA in Faltam moradias de média e baixa renda. Economia & Mercado, p.27.

as bank guarantees. The over-supply of high end housing that was often constructed with expensive loaned capital has resulted in commercial banks having taken the ownership of much of this surplus stock.

The role of the private sector at both the national and international levels has been increasingly promoted under the banner of “Public-Private-Partnerships” were the private partner takes the role of constructor and/or manager of state-financed projects. An early model of public-private partnerships was developed in the late 1990s with the public company EDURB and the Brazilian firm Odebrecht in Luanda Sul. It was envisioned as a mechanism to attract private investment for housing where the role of the state lay in providing serviced land. The trickle-down model was one where the profits from the sale of upper- and middle-class units were to be used to finance social-housing. This project was presented with a UN-Habitat Dubai Award in 2002[14].

The Commercial Company, IMOGESTIN was formed in December 1997 and started activities on 15 June 1998, with the appointment of its Board of Directors and other social bodies, as a real-estate management company. IMOGESTIN has as majority partners Isabel dos Santos, and Leopoldino Fragoso do Nascimento, figures linked to the Angolan presidential circle.

The Case of the Public-Private Partnership: Project Nova Vida

The end of the war saw the launch of the Nova Vida project in Luanda (Figure 3 below shows the first phase 2001-2004) that was financed primarily by the state[15] with the private firm Imogestin SA providing management services and construction under the Military Works Construction Brigade (BCOM)[16]. The project is located approximately 18 kilometres south of the capital Luanda’s airport. The site covers an area of approximately 450 hectares with the actual buildings covering and area of approximately 250 000 square meters. Started in 2001 and the first phase completed in 2005, the project had an estimated capital value of USD 135 million (Engineering News 2006). The project aimed to meet the housing demand from demobilised military officers and civil servants. Three-fourths (75%) of the first units built during this phase was used to meet the demand from the target groups but later, the rest of the units were eventually offered to the wider market. The government wanted to reduce the price of housing, deflate the real estate market and make the homes affordable to those who had insufficient income, and provide access to housing to those who otherwise would not be able to have these dwellings[17]. Subsidized prices were set and the units were sold on a “rent-to-purchase” basis, payable over a 20-year period. Nova Vida was the first project in Angola to pilot the “rent-to-purchase” scheme.

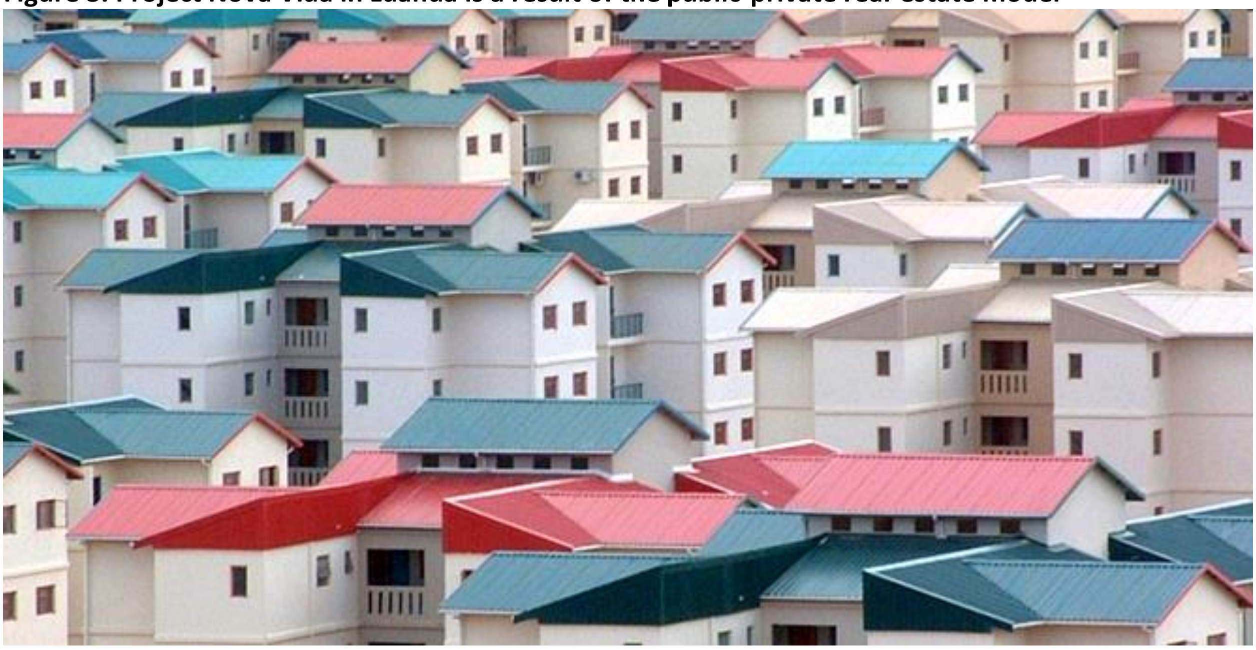
In the later phases of the project the state reduced its subsidy, and from 2010 onwards, aimed to subsidise only the land development and infrastructure costs. The target beneficiaries were also progressively shifted to only 30% civil servants and 70% private market. The reduced subsidy system requires purchasers to make a 40% down-payment on the unit and to pay this amount in tranches over 12 months. The remaining 60% is paid on the “rent-to-purchase” basis.

14 UNHabitat (2002), www.bestpractices.org/bpbriefs/urban_infrastructure.html
15 Diario da Republica (2004) Despacho conjunto 89-04 gestão e manutenção de Nova Vida
16 Brigada de Construção de Obras Militares (BCOM) a company set up by the Military Cabinet of the State President’s Office.
17 Rui Cruz (2014), interview with general manager of IMOGESTIN, Luanda, 2 July 2014

By 2010, the state had spent over US$ 150 million on the project and built 2,450 units (less than 20% of the project target). By 2014, the project had completed another 3,100 units (more than 80% of its revised target), with another 2,000 units under construction. By this time, the state has invested about US$ 280 million. The manager, Rui Cruz, noted that many of the people who bought homes in the early stages of the project are still paying, but a significant number have already paid off their homes. He is concerned that Angola has no legislation that punishes non-payers or allows the creditor to repossess the houses and re-sell them. He further notes that contrary to the terms of the purchase contract, some of those who have acquired houses have rented them out to second or third parties[18].

The general manager of the project raised the question of sustainability when the state failed to transfer the management of the project to a private company. Since construction is done using a cost-controlled model, it was possible to maintain the sustainability of the project. The construction of social infrastructure was delayed due to the shortage of funding from the state. He added that the sustainability of a real estate project like this depends on various external factors such as location and the purchasing power of the clients, but in addition, a project such as this must provide the opportunity for the private sector to participate, so that there will be an additional income stream that is not directly related to the sale of homes. For example, the project should build units that can be used for commercial activities and the project should charge slightly higher prices for these[19].

Figure 3. Project Nova Vida in Luanda is a result of the public-private real-estate model



Source: www.ao.all.biz – 2553 (2014)

Nova Vida Financing and Affordability

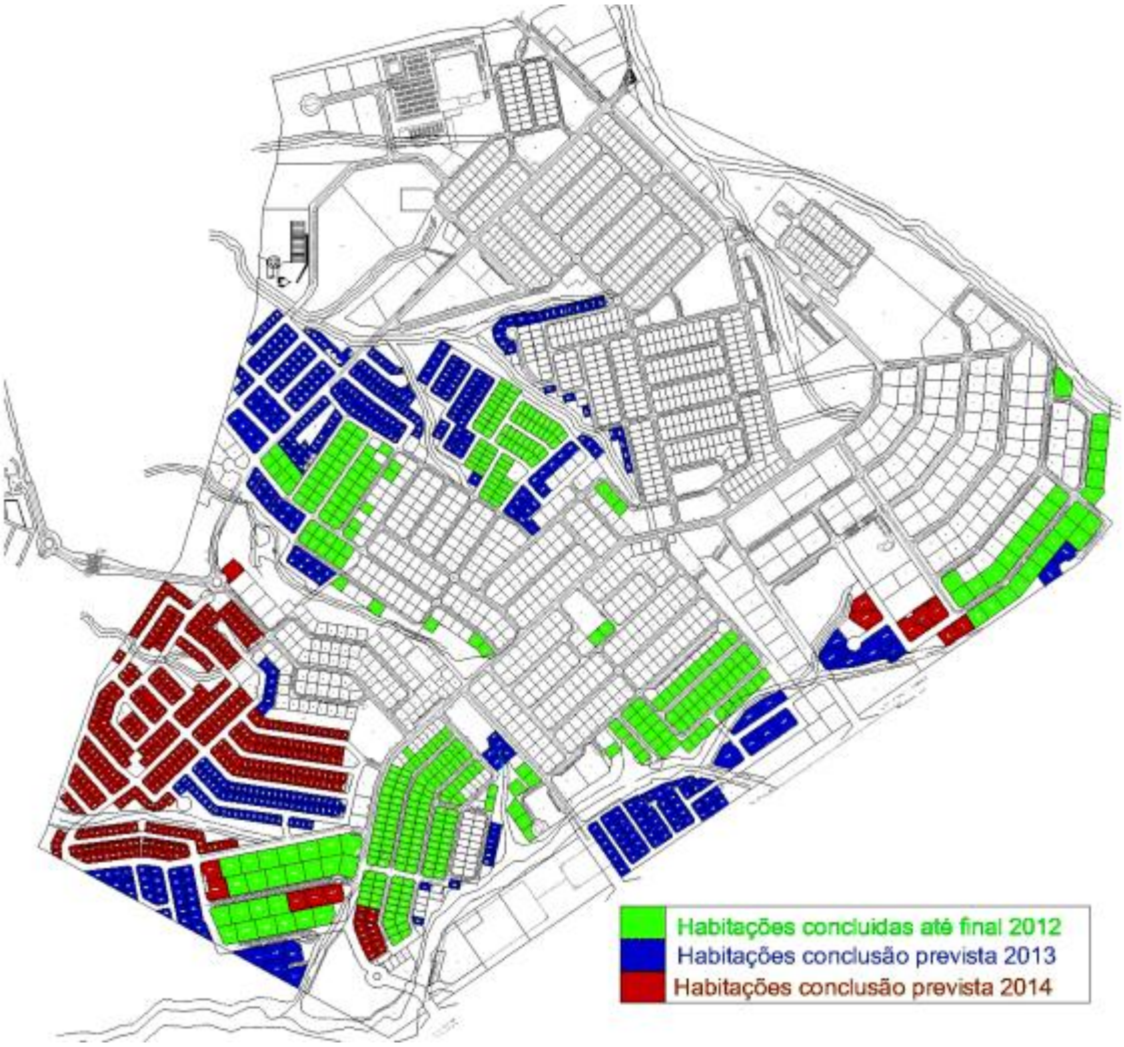
The second stage of the Nova Vida project targeted young couples aged 30 – 35 years who were working in the private sector or who occupied management positions in the public sector (e.g., senior technicians, etc.). After the government fixed prices in 2011, the apartments cost from Kz 14 million each (about US$ 140,000) to Kz 30 million (about US$ 300,000) – this meant

18 Ibid
19 Ibid

that a couple required a household income of US$ 5,000 to get funding to pay for the house. Houses costing were therefore primarily marketed to the upper-middle class.

Nova Vida intended to make housing affordable for younger couples by offering lower prices that were not available from any other institution. At the same time, this deflated the upper-end of the housing market. Potential buyers pay US$ 140,000 instead of US$ 300,000 – US$ 400,000 for a three-bedroom apartment offered by other private real-estate operators[20].

Figure 4. Phase II development of the Nova Vida project



Source IMOGESTIN 2013

For the second phase of the Nova Vida project beginning in 2010, unlike the previous phase of the project, the budget for installing urbanised infrastructure was not to be borne only by the State, but through the self-financing resulting from income from the sales of first-stage housing. In total, about USD 140 million was to be invested.[21] During the first phase of the project, the State covered the infrastructure development costs and the houses were sold without factoring in these costs. The Government was unwilling to continue providing this subsidy. "In the second phase the houses were to be sold at the real cost of construction with the value of the

20 Ibid
21 Jornal de Economia e Finanças (2010), Segunda fase da construção de habitações do projecto Nova Vida arranca hoje - 18 Março 2010

infrastructure also incorporated" explained Eugénio Correia of IMOGESTIN. The combined selling price of housing units was calculated to be about US$ 850 per square meter which represents an average increase of approximately 170% over the initial value, approved by the Council of Ministers in 2006.

Buyers were encouraged to acquire bank loans to purchase housing units and were enquired to pay an initial down payment of at least 40% of the value of the dwelling. Those who had prepaid the initial deposit before 2009 when the Council of Ministers Resolution No. 111/09 approving the re-launch of the second phase of the Nova Vida project, were able to acquire the units at the old prices.

Land acquisition issues

The start-up of construction of the second phase of the Nova Vida Housing Project in Cambamba in Kilamba Kiaxi municipality, was worrying the residents of the adjacent informal settlement known as the Bairro de Lata District[22]. Peasants had settled in the area during the war years when growth of the city, pushed people searching for a place to live, to peripheral settlements like this one. Those whose lands were confiscated in the first phase of the project had settled in the. The neighbourhood was inhabited by 231 families who had already previously demolished earlier houses in which they lived to make way for the building of the first phase of the Nova Vida project. When they were first removed, they at most received some minimal compensation. They had occupied the Bairro de Lata district for six years but still had no running water, electricity or basic sanitation. One of the residents[23] said that "... before the 2008 legislative elections, we were promised land and houses in the housing project of Zango III, but nothing had materialized".

Figure 5. Land-clearance for the first phase of Nova Vida (source IRIN)

Affected residents who were put under threat again by the phase 2 expansion said that they were put under pressure by an operation coordinated by the Military Construction Brigade (BCOM) to move to a more distant area. Residents of Bairro de Lata hoped that they would be compensated by the two institutions BCOM and IMOGESTIN that were responsible for the construction and management of Nova Vida. "We are less than 30 meters away from the new buildings. We have no guarantee that we will be allocated land to build our houses" said Joaquim Fernando, assistant coordinator of the Bairro de Lata neighbourhood.

The Nova Vida promoters BCOM and IMOGESTIN argued that residents of the informal settlement were mere opportunists. They claim that the Bairro de Lata neighbourhood did not

22 Bairro de Lata translates from Portuguese as Tin Sheet Neighbourhood or Bidonville.
23 O País (2009) Nova Vida II ameaça Bairro de Lata, 27 February 2009

exist previously, people took advantage of the construction of the project with a hope of getting a house easily without effort. A social media debate[24] grew out of the land conflict around the expansion of Nova Vida project. Sr. Antonio a bloggist, supporting the real-estate promoters claimed that "... these neighbourhoods adjacent to major works were just business opportunists who are living in an easy life. Their trick was to go and make some zinc-sheet houses where they know that something is going to happen. They occupy anarchically land already destined to a particular purpose and after they settle they want to receive indemnization for their illegal occupation ... they are profiteers …. we can not promote illegal situations and still reward the people who occupy spaces that do not belong to them ... The land belongs to the state and these profiteers erected their houses of tin to get public money... Tear down these houses and build the project ... Such project plans like Nova Vida should be kept secret until the project is approved to avoid that people invading the land to take advantage to get a house for free...".

Muana Kongo, another bloggist took the opposite view, saying; "Why not distribute the Nova Vida houses first to the people who live in Bairro de Lata in compensation for the land they have given up?" Another anonymous blogger supported the Bairro de Lata residents arguing that; "For decades the government has resigned its obligation as urban manager while people came from the provinces fleeing the war seeking a place to live.... and now they must bear the guilt for their negligence and grant them a right to a home ..."

Construction of the second phase of Nova Vida ran on into 2016. Three years earlier the residents of Bairro de Lata were dislodged and re-housed to districts like Zango on the periphery of Luanda under the orders of the Council of Ministers' Economic Commission[25].

Client Satisfaction

In order to assess the residents' satisfaction with the Nova Vida project, a post-occupancy evaluation[26] was conducted to determine residents' experiences of their new homes. This study was aimed at addressing the following questions:

Question 1: What is the view of Nova Vida residents regarding the house design (layout) and architecture (appearance and aesthetics)?

Question 2: To what extent do the house functionalities (facilities, storage space, etc.) serve the needs of the residents?

Question 3: How accessible is Nova Vida to important services such as transport, education, health, consumer shopping, entertainment, churches/temples, outdoor recreation, etc.?

Question 4: What is the residents' experience regarding community and neighbourhood life?

The objective was to inform on overall project quality/satisfaction of the project and have a basis for comparison with other projects and housing typologies.

From the results it is clear that the objective of providing safe, practical and comfortable living space was achieved. However, some of the factors that impact peoples' life experience were not as well addressed. The average Nova Vida household comprises of five members and both house and apartment layout and facilities should take the family's total living needs into

24 http://www.angonoticias.com/Artigos/item/21451/nova-vida-ii-ameaca-bairro-de-lata

25 Vitorino Joaquim (2015) Thousands of Housing in the Nova Vida Project - Jornal de Angola, 12 April 2015

26 M.C. Bekker, T, Lara (2012) Resident satisfaction as a project quality measure: the case of Nova Vida housing project, Angola, International Journal of Contemporary Hospitality Management · January 2012

consideration. Internal space design should allow for more adequate storage areas. Developers could even consider providing base storage capacity and then allow a discretionary option for modular cupboards and storage equipment to be installed as per residents' specific needs.

Figure 6. Nova Vida Housing Satisfaction Index

Satisfaction Index Range	Index category	Overall satisfaction		House residents		Apartment residents	
		N	%	N	%	N	%
20 – 34%	Very low	69	12.3	27	13.9	42	11.5
35 – 49%	Low	198	35.4	45	23.2	153	41.8
50 – 64%	Average	201	35.9	77	39.7	124	33.9
65 – 79%	High	76	13.6	35	18	41	11.2
≥ 80%	Very high	16	2.9	10	5.2	6	1.6

Source: Bekker & Lara 2012

Residents are constrained with respect to access to shops, medical, entertainment and recreational facilities. Mass housing developments have the potential to create opportunities for secondary economic activities. Entrepreneurial residents could see the opportunity to provide goods and services to their fellow residents and therefore provision should be made for such initiatives to incubate. This could include space allowance, within the housing complex, for smaller shops, laundry and car wash services, day-care, restaurant and entertainment areas, etc. Maintenance of services such as telephones, electricity supply and water is also unsatisfactory.

Results Delivered by the National Program of Urban Development and Housing

Of the 120,000 dwellings - intended for the private sector to deliver to deliver within the National Program of Urban Development and Housing (PNUH) 71,246 units were delivered by the private sector or through public-private partnerships or as contractors to provincial governments[27]. This represents approximately 60% of the target. Of these however, only 12,756 units were actually built and financed privately or only 10.6% of the target. The 45,800 homes built by foreign companies under the programme (meeting only 38% of the target) were financed by the State and not by overseas direct investment (ODI). Private financing focused on building for the high-end of the market rather than on social housing. Upper class and upper middle class housing has been over supplied and a number of projects remain unoccupied.

Figure 7. Table of Private Sector results of National Program for Housing (PNUH) until 2015

Private Entities	No of dwellings By 2015
Provincial governments	52,182
Public-private partnerships	6,308

27 Angolan Ministry of Urban Development and Housing (2016) National Report for Habitat III, p. 73. Presented to the UN Habitat III Conference in Quito, Ecuador 17 October 2016

Private	12,756
Total	**71,246**

Conclusions

Angola has not managed to exploit its housing demand as an opportunity to develop a competitive construction sector expertise despite its overwhelming construction needs after 27 years of war. Angolan firms could have benefited from government support in order to reach a higher level of performance, for example in terms of being offered better access to credit, services and training. There have been attempts of demanding local content – for example, the Chinese were supposed to use Angolan companies, but instead, they have gotten away with using Brazilian, Portuguese and Chinese companies even on smaller projects. Foreign firms are often more competitive in terms of offering better 'value for money'.[28]

Estimates of project costs by Angolan companies are often not well enough prepared and made known upfront, and therefore, it is impossible to detect cost overruns at completion of the construction. Many projects lack adequate funds set aside for maintenance – and thus, the projects are not durable/sustainable. There seems to be a weak culture for systematic evaluation of project performance after completion – and therefore, the opportunity to draw lessons learned for future projects is not fully exploited[29].

The real-estate's dependency of Government contracts has meant that with State budget cuts, payment delays hit the private sector hard, particularly small and medium-sized enterprises. Serious chain effects from delayed payments followed.

Angola's pent-up demand for housing means that real-estate market can still become a dynamic driver in the economy. The real estate market can move the entire economy. Construction companies will have more work, and employ more, increase the demand for training, products used in construction will be sold, and the domestic industry will grow. All this creates more jobs and taxes. But there is can be no private real-estate market without credit, and that credit comes from the banks. Banks, according to BNA data, reject 86% of housing loan applications[30]. The lack of safe investments is one of the problems, not generating the interest of banks to offer mortgages in Angola. Currently mortgaged property takes three years to be resolved in our courts, generating no interest by banks, since money will be stopped all this time.

There is a need in Angola to create new guarantees for the protection of the right to credit. The ability to transfer legal property rights is essential for a functioning mortgage system – based real-estate market. It is an important factor influencing private and foreign investment in housing and both urban and rural development. The Angolan Association of Real-estate Professionals (APIMA) has been promoting the adaptation of the model of Brazilian legal practice that allows financial institutions to quickly transfer property in case of the defaults on mortgage loans without the involvement of courts. The draft housing finance law that remains

28 Tina Søreide (2011) Ten Challenges in Public Construction CEIC-CMI Public Sector Transparency Study November 2011 Volume 1 No.19
29 Ibid
30 Cleber Coreia (2015) Interview - An option for improving real estate credit, Journal Expansion 25 Sept 2015

to be approved by the Angolan parliament, potentially can provide the base for the healthy growth of the housing market. The proposed new law would dramatically reduce the execution time of cancellation and delinquent customer (from three years to six or nine months), encourage private domestic and international investment in housing and increase the supply of homes.

Under the proposed amendment mortgage-debt execution happens without the use of courts. The property is auctioned, the debt is returned to the bank, and the surplus is returned to the former borrower who has to give up the property. In an election year, some politicians find this unpopular law, due to the feeling that a paternalistic state should protect the interests of the people and not allow them to lose their homes. APIMA argues that people need to take responsibility for debts incurred with lending institutions. “Someone needs to foot the bill”.[31] To lower risk for mortgage lenders will lower cost of money. With this, a larger portion of the population has access to credit. The creation of a favourable 'legal environment' will facilitate the state and banks to contract international loans for longer-terms and lower costs, for the promotion of wider access to more affordable housing.

[31] Cleber Coreia (2015) Ibid

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