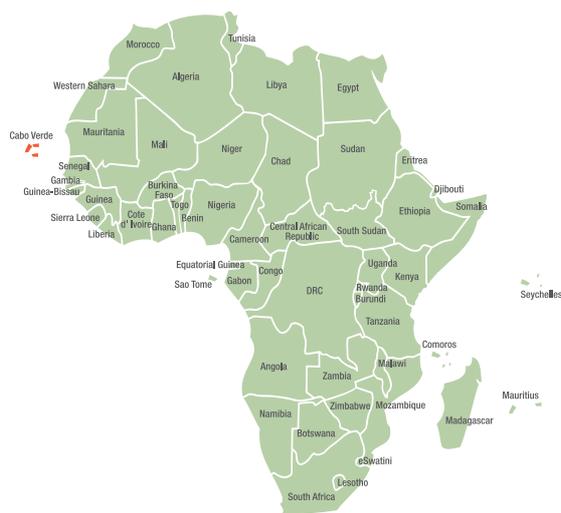


Cabo Verde (Cape Verde)

Kahoba Hermann Kevin Kouadio, Khype Audit & Advice



Overview

Independent since 1975, Cape Verde, or Cabo Verde, is an island State which is part of a group of volcanic islands located off the northwest coast of Africa. The total area of Cape Verde is 4 033 km² supporting a population of 543 767 (2018) according to the World Bank estimation. Cape Verde is renowned for its Afro-Portuguese Creole culture and its many beaches. The largest island, Santiago, is home to the current capital, Praia.

During the last 20 years, the Cape Verdean population has increased, particularly in urban areas. In the municipalities of Praia, Sal and Boavista, the repercussions of urbanisation are apparent. The key indicators of this demographic pressure in Cape Verde are related to the country's recent political, demographic and socio-economic history, the bioclimatic cycles linked to regular drought and increased tourism, for the islands of Sal and Boavista. Internal migration flows and emigration are also key determinants of growth and urban development. The imbalances in the urban environment are also caused by difficulties in accessing clean water and electricity.¹

The Cape Verdean government named the year 2009 as the "Year of Housing" and developed strategies to promote social housing throughout the country. The Cape Verdean population has always advocated for "adequate housing" hence the government's challenge to create the conditions for its progressive implementation. It is with this perspective that the "House for All" programme was created in 2009 to fill the estimated housing deficit of 40 000 housing units (according to data from the Ministry of Housing). However the government has failed to implement a public housing policy programme that is capable of carrying out the construction of new housing (8 500 units) and the rehabilitation of pre-existing precarious housing (approximately 16 000 units).

The economy is focussed on trade, transport, tourism, and public services. These sectors represent three-quarters of the Gross Domestic Product (GDP) for the country. Cape Verde is also dependent on development aid, foreign investment, remittances and tourism.² Remittances are a growing and stable financial source for Cape Verde development and are mainly used to invest in housing or for consumption purposes.

At the beginning of 2010, the average annual economic growth was around 5 percent, inflation was under control and GDP per capita in 2010 was

KEY FIGURES

Main urban centres	Praia
Exchange rate (1 July 2020): 1 USD = [a] 1 PPP\$ = [b]	98.22 Cape Verdean Escudo (CVE) 46.73 Cape Verdean Escudo (CVE)
Total population [b] Urban population [b]	549 935 364 029
Population growth rate [b] Urbanisation rate [b]	1.13% 1.83%
GDP per capita (Current US\$) [b]	US\$3 604
Percentage of population below national poverty line (2017) [b]	27.0%
Unemployment rate (% of total labour force, national estimate) (2017) [b]	10.3%
Proportion of adult population that borrowed formally (2017) [b]	n/a
Gini coefficient (2017) [b]	50.7
HDI country ranking (2018) [c] HDI country score (2018) [c]	126 0.65
GDP (Current US\$) [b]	US\$1 982 million
GDP growth rate [b]	5.66%
Inflation rate (2019) [b]	1.11%
Yield on 10-year government bonds	n/a
Lending interest rate (2019) [b]	9.14%
Number of mortgages outstanding	n/a
Value of residential mortgages (Current US\$) (2017) [d]	US\$415 million
Typical mortgage rate Term Deposit (2019) [e]	10% 30 years 20%
Ratio of mortgages to GDP	20.94%
Number of mortgage providers (2019) [d]	7
Number of microfinance loans outstanding [e]	11 000
Value of microfinance loans in local currency units [e]	661 731 185 CVE
Number of microfinance providers [d]	5
Total number of formal residential dwellings in the country	n/a
Total number of residential properties with a title deed	n/a
Number of formal housing units built in this year	n/a
Price of the cheapest, newly built house by a formal developer or contractor in an urban area in local currency units [f]	3 088 079 CVE
Size of cheapest, newly built house by a formal developer or contractor in an urban area [f]	45m ²
Typical monthly rental for the cheapest, newly built house [f]	40 000 CVE
Cost of standard 50kg bag of cement in local currency units	801 CVE (US\$8.21)
Type of deeds registry: digital, scanned or paper [g]	Computer-Scanner
World Bank Ease of Doing Business index rank [g]	137
Number of procedures to register property [g]	6
Time to register property [g]	19 days
Cost to register property as share of property price [g]	2.2%
World Bank DBI Quality of Land Administration index score (0-30) [g] 12	
Percentage of women who own a house alone: Total Urban [h]	n/a n/a
Percentage of households with basic sanitation services: Total Urban [h]	n/a n/a
Percentage of households with no electricity: Total Urban [h]	n/a n/a
Percentage of households with 3+ persons per sleeping room: Total Urban [h]	n/a n/a
Percentage of urban population living in slums [i]	n/a

NB: Figures are for 2020 unless stated otherwise.

[a] Xe.com	[e] Banco Comercial Do Atlantico
[b] World Bank World Development Indicators	[f] Cap-vert-immo.com
[c] Human Development Reports, United Nations Development Programme	[g] World Bank Ease of Doing Business Indicators
[d] Central Bank of Cabo Verde	[h] Demographic and Health Surveys, USAID
	[i] United Nations Human Settlements Programme (UN-HABITAT)

CVE 282 148 (US\$3 000), a good performance compared to the findings in the rest of sub-Saharan Africa.³ According to the National Institute for Statistics, nearly 46 percent of the 40 000 inhabitants live on less than CVE 189 (US\$1.90) a day in the city of Santo Antao. Across the country, poverty affects 35 percent of the 550 000 Cape Verdean's (compared to 58 percent in 2001). Tourism is developing, although the remoteness of the country makes it a relatively marginal destination despite its real attractions.

The COVID-19 crisis in 2020, with the precautionary suspension of flights, sea transport and travel restrictions to these islands, has suspended tourism in Cape Verde, which before the pandemic represented 20 percent of GDP.

Access to finance

The banking sector, consisting of 7 players, is strongly dominated by two banks, Banco Comercial do Atlântico (BCA) and Caixa Económica de Cabo Verde. These two players have a combined market share of 70 percent.

By 2020, the total number of active microfinance loans in the country amounted to about 11 000 active loans (CVE 665 106 552 – US\$7 074 000 in portfolio).⁴ With a client portfolio of approximately 50 000 entities in 2019, the microfinance sector is still lagging due to its low market share. Cape Verde is home to five microfinance institutions that have low uptake because their service offerings are unknown to all the different entities. Microfinance programmes in Cape Verde are seen as potential factors that can reduce poverty and increase family incomes.⁵ This is why, the Support for Microfinance Development (ADA) is positioning itself to promote inclusive finance and to energize the microfinance sector in Cape Verde with a view to its self-sufficiency and long-term diversification of its products, in order to enable quality access to the Cape Verdean population excluded from the traditional banking system.

The banking institutions in Cape Verde are faced with poor asset quality which results in low profitability. Although there is an improvement in the overall growth of the economy, the stock of non-profitable or litigious loans increased from 12.86 percent in December 2018 to 14.04 percent in March 2019.⁶

Various banks such as BCA and Banco Interatlântico provide mortgages to both individuals and businesses. BCA's typical mortgage rate is 9.63 percent in 2020 available in branch and on the bank's website. BCA provides medium and long-term credit to young people for the purchase of permanent housing, construction or improvement to housing which is also subsidized by the State. With a limit of CVE 7 000 000 (US\$75 027) for housing acquisition or construction and CVE 2 000 000 (US\$21 436) for renovations, restoration and expansion of housing. The maximum term of the loan is 30 years with the age limit of the applicant being 65 years of age at the maturity of the loan. As for the repayment of the loan, it is done in monthly and successive instalments of principal debt and interest payments. The payment date of the instalments should preferably coincide with the date that salaries are paid or income received by the borrower or borrowers. In addition, the BCA does not provide mortgages to emigrants.

Following decree-law 47/2020 in April 2020, and as an additional measure of protection and security measure regarding COVID-19, the wearing of masks become mandatory in any branch / office of banks such as Banco Interatlântico.

Affordability

As Cape Verde is considered a developing state, there are wide inequalities with nearly a third of the population living below the poverty line. The unemployment rate stood at 11.29 percent in December 2019, with a minimum monthly wage of CVE 13 000 (US\$133).⁷

Poverty in Cape Verde has declined significantly over the years and this island country remains on track to achieve most of its Millennium Development Goals (MDGs), and in particular the goals related to poverty eradication, health, education and gender equality. Cape Verde has already almost halved the proportion of people living in extreme poverty. The country has also made progress in the reduction costs of basic economic inputs, transport and communications through good governance, good management of its domestic and external resources and by building strong global partnerships.⁸

The average cost per square meter of an apartment in the city centre is CVE 83 385 (US\$ 900) while outside of the city centre it costs CVE 55 590 (US\$600). These numbers have increased compared to 2019. The rent for a one-bedroom apartment in the city centre is CVE 30 000 (US\$307) and outside the city centre, CVE 12 000 (US\$130). However, the relative affordability of housing is reflected in the fact that the average net monthly income is CVE 30 197 (US\$327), an improvement from last year's figures.⁹

No housing-related grants or government assistance related to access to land or services is provided by the government. However, we note a significant amount of foreign funds in the financing of housing.¹⁰

COVID-19 response

The first case of Covid-19 in Cape Verde was recorded on March 21, 2020. On May 25th, there were approximately 384 cases, including 60 hospitalized, 155 cured and 3 deaths.

The government's measures considered to combat the outbreak are as follows:

- In the area of health, the budget for medical infrastructure and the payroll for medical personnel has been increased. The capacity of the National Laboratory has been strengthened to carry out an additional 500 COVID-19 tests. However, the lack of reactivity and limited capacity to monitor and detect early suspected cases remain a major concern.
- Regarding the economics component, the Cape Verdean State has decided to defer payment of taxes until December 2020 and has also approved state-guaranteed lines of credit amounting to CVE 3 990 639 312 (US\$42 431 039) aimed at subsidising private companies.
- The central bank (Banco de Cabo Verde (BCV)) reduced the key interest rate by 125 basis points to 0.25 percent, the interest rate on its permanent liquidity absorption facility from 250 basis points to 0.5 percent and approved a special line of credit of CVE 3 610 101 (US\$ 471 600 000) to commercial banks with an attractive interest rate of 0.75 percent to consolidate liquidity.¹²
- On the social front, the government approved support of CVE 40 871 083 (US\$435 051) for 8 000 households in extreme poverty, CVE 299 056 710 (US\$3 183 300) targeting 30 000 informal sector workers, food assistance for 22 500 families and enhanced social protection for the elderly.¹³

Housing supply

As a beneficiary of several tourist attractions, Cape Verde has an active real estate market. Many private investments have been made to expand the housing supply in the country and many apartments and villas have been built as a result. Accommodation in Cape Verde is mostly found by word of mouth. There are also real estate agencies which list properties for rent or for sale.

In Praia, the capital city, the lifestyle is different from small towns and properties are more expensive. A cheap apartment costs on average CVE 34 918 (US\$373). For this purpose, housing is an item of expenditure that must be considered in the medium and long term.

The monthly rental prices for an apartment in cities such as Praia or Santa Maria range from CVE 19 953 (US\$213) to CVE 52 765 (US\$534) depending on the choice of the island, the number of rooms and the equipment. The monthly rental for a furnished dwelling of 45m² in the city centre is CVE 31 038 (US\$332), the monthly rent for a furnished dwelling of 45 m² outside the city centre is CVE 19 953 (US\$213), the monthly rent of a furnished dwelling of 85m² in the city centre is CVE 52 765 (US\$534), the monthly rent of a furnished dwelling of 85m² outside the city centre is CVE 33 587 (US\$359), a night at a hotel in the capital is CVE 5 875 (US\$63) and a night at a hotel in an average city of the country is CVE 4 545 (US\$49).

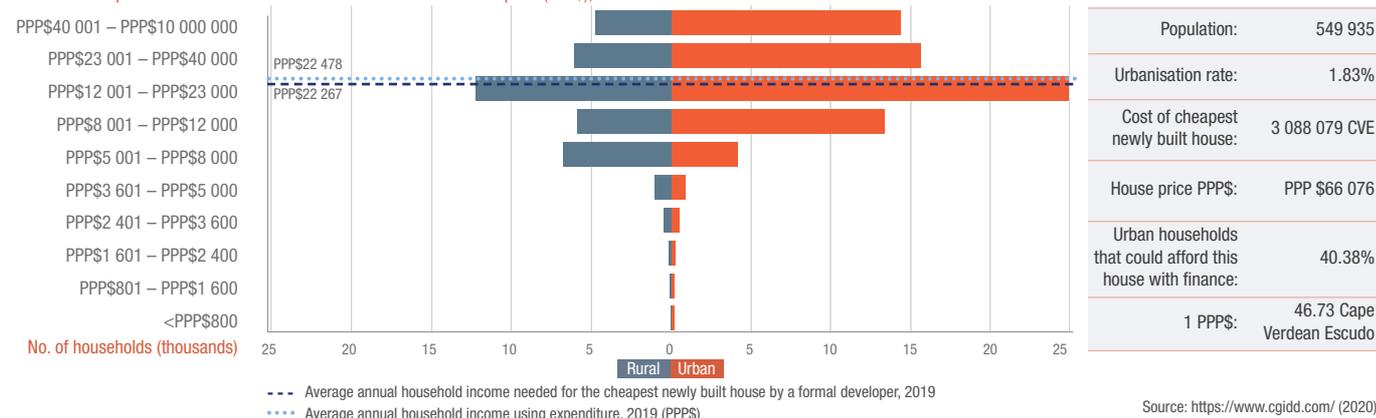
In the context of the coronavirus pandemic (COVID-19), some facilities are currently implementing additional health measures.

Property markets

The framework highlighted is the Boavista real estate market. Indeed, acquiring a home in Boavista is one of the most profitable investments in Cape Verde. Due to the arrival of many tourists on this island each year, renting out an apartment here can provide an extremely lucrative income. The increase in the number of tourists corresponds with an increase in the value of properties. Low tax levies make investing in the real estate market more attractive for

CABO VERDE

Annual income profile for rural and urban households based on consumption (PPP\$), 2019



investments starting at CVE 5 542 554 (US\$59 353). In general, the accommodations offered are studios and two-bedroom apartments. This market also gives investors the opportunity to acquire an apartment on one hand, on the other hand, to build their own house in the long-term. For more significant investments, there is the possibility of obtaining large plots of land facing the sea or overlooking the sea and with different uses depending on the desired objectives.

The procedure for purchasing and marketing properties is identical to the Italian real estate market, with a notary who authenticates the deed and registers it with the notarial office (cartorio) linked to the municipality. The costs associated to the administrative documents of this procedure are not expensive. Cape-Verdean legislation provides prerogatives for investors, such as the relocation to another country and exemption from customs taxes inherent in construction for tourism use.

Policies and legislation

Initiated between 2010 and 2011, the project to Support Housing Development in Cape Verde is based on the expertise of Caixa Econômica Federal (CAIXA). This Brazilian public banking entity carries out a lot of work in the fields of urban development, housing and social programmes. Coordinated by the Brazilian Cooperation Agency (ABC), this project is aimed at transferring the knowledge of CAIXA and the Brazilian Ministry of the Cities linked to the "Minha Casa Minha Vida" programme, with the aim of reproducing them in Cape Verde through the "Casa for All" programme of the Ministry of Housing.

The collaboration between the various entities involved technical visits led by the Brazilian housing programme, coaching of Ministry of Housing staff, technical advice and joint preparation of tools and support documents with guidelines for the production of housing for the low-income population. With foreign aid, and technical support the Cape Verdean government was able to build 1 700 new homes. The housing development support project in Cape Verde has become a model and has gained notoriety as part of UN-Habitat's Best Practices and Local Leadership Program.¹¹

Opportunities

Cape Verde is home to future tourist destinations such as the beaches of Santa Monica on the island of Boa Vista. The country offers several opportunities for investment in real estate such as purchasing an apartment in a luxurious hotel complex which would present numerous advantages. Firstly, the country enjoys political stability, thus guaranteeing long-term investment. Secondly, the climate is favourable almost all year round (between 25 and 28 degrees Celsius). The stability of rental income is ensured by an important tourist activity from November to February. Indeed, tourism activity is growing rapidly. With a 13 percent increase of visitors in 2016, Cape Verde is positioned as the number one destination to visit in the world (elected in 2018 by CNN Travel).

More than 700 000 tourists visited Cape Verde in 2017. Tourism accounted for 44.5 percent of the national GDP in 2016 and is expected to grow by 2027 to an estimated 57.3 percent. Presently, quality hotel infrastructure is insufficient to meet this growing demand. It also has the advantage of being located in the south of Europe and benefit from a better climate while being in the same time zone.

Whether it is for the acquisition of a house, a land or an apartment in a hotel, Cape Verde offers all the solutions to make a profitable and sustainable long-term investment in the housing sector. The last few years have been marked by a strong propensity of the real estate sector. Coupled with an increase in population pressure and an increase in the number of tourists, the housing sector can certainly be a lever for economic development. Moreover, this propensity rise speculation about the price of land. Inflationary impacts tend to exclude further low-income populations from housing opportunities.

Availability of data on housing finance

The Cape Verde needs social housing and to renovate its old housing stock to boost the real estate sector and to be competitive in the tourism market. However, sources of information remain difficult to obtain on both websites and blogs. As a result, we have reservations about the reliability of certain information.

Survey data from the National Institute of Statistics (INE) is largely outdated. Population census are held every first year of a decade with the last one undertaken in 2010. It is unclear if the 2020 census will be undertaken given the COVID-19 pandemic. There is information on housing programmes but it is difficult to verify this information.

The collection of information from the various banking institutions, microfinance, property developers and National Statistical Institutes remains difficult.

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