

# International Property Markets Scorecard

Angola Market Conditions – Complete Survey October 2009



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## Scorecard Background & Information


The Scorecard reflects the status of the six Core Elements necessary for transparent and efficient property market development. Each Core Element includes three Lead Indicators that are further divided into Sub-Indicators. Colors signify the strength of institutions that support market development – very strong, strong and weak. No color indicates that institutions are very weak. Gray indicates more information is needed for an objective determination.

### Acknowledgement

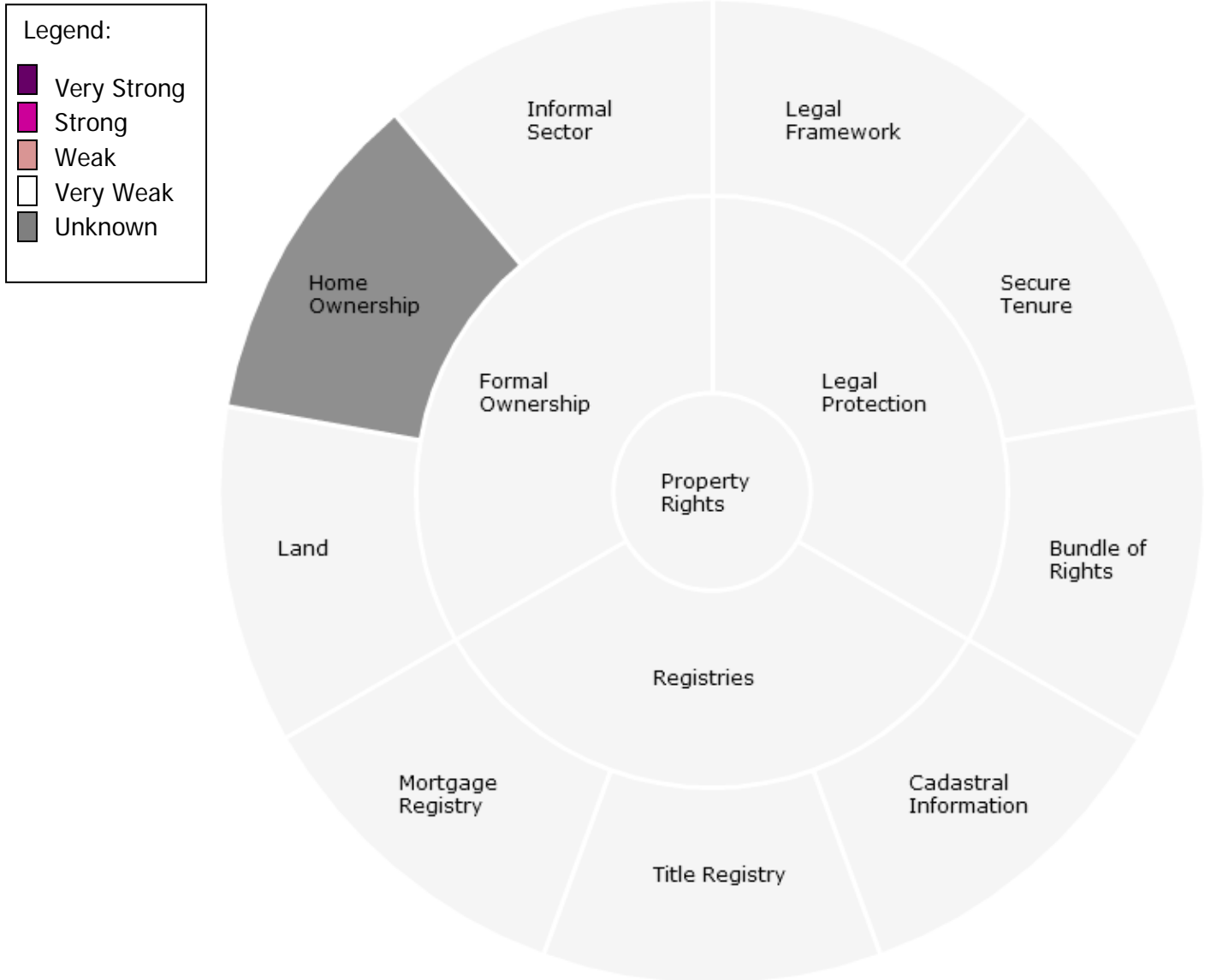
The International Property Markets Scorecard Project is the latest development in the continued cooperative work between the Center for International Private Enterprise (CIPE) and the International Real Property Foundation (IRPF). The work began in September 2002 and includes the booklet *Real Property Markets: The 'Real' Solution for Economic Development* jointly published by the Appraisal Institute, CIPE and IRPF. The Scorecard derives from the work of an academic panel led by Richard Green, PhD., Director of the University of California's Lusk Center for Real Estate and the University of Denver, Burns School of Real Estate and Construction Management's Global Real Estate Project under the direction of Dr. Mark Lee Levine.

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# 1. Property Rights



**Goal – Property rights that are legally protected, secure, recorded in a single, accurate, widely accessible electronic registry and that lead to high levels of formal ownership for all citizens**

## 1.1 Legal Protection

Core Question:	Does an effective and sufficient legal framework exist to protect property rights for all citizens? <b>No – Very Weak – Land Law of 2004 not followed by a regulatory road map for addressing land rights</b>
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## Legal Framework

- 1.1.1 Are property rights clearly defined and protected by law? **No – Very Weak – Score 20 out of 100 – Property rights are difficult to enforce, judicial corruption is extensive and expropriation is common.**

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Source: *2009 Index of Economic Freedom* – Heritage Foundation  
[www.heritage.org/index/Country/Angola](http://www.heritage.org/index/Country/Angola)

## Security of Tenure

- 1.1.2 Can citizens challenge the legality of government takings? **No – Very Weak – The Government’s decentralization activity has left the power structure of the provinces uncertain. This means that no one knows the relevant government authority to submit property rights documents.**

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Source: *Strengthening Land Tenure and Property Rights*, USAID – Angola May 2008  
[http://pdf.usaid.gov/pdf\\_docs/PDACL672.pdf](http://pdf.usaid.gov/pdf_docs/PDACL672.pdf)

## Bundle of Rights

### Survey Question

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- SQ1 What is the bundle of rights (group of rights such as occupancy, use and the right to sell or lease) associated with both residential and commercial property ownership? **Angola’s land law includes several categories of landholdings based on the type of land, use, local planning, and other factors. Rural communities can obtain recognition of rural community land. However, this protection also potentially restricts individual members of the community from obtaining rights to individual parcels. Very Weak**

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Source: *Strengthening Land Tenure and Property Rights*, USAID – Angola May 2008  
[http://pdf.usaid.gov/pdf\\_docs/PDACL672.pdf](http://pdf.usaid.gov/pdf_docs/PDACL672.pdf)

## 1.2 Registries

Core Question:	Does a reliable property registry exist including cadastral, title and mortgage lien information? <b>No – Very Weak, process is extremely complex, lengthy, costly and open to corruption.</b>
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### 1.2.1 Cadastral Information

**Status – Very Weak**

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## Survey Questions

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- SQ 2 Is cadastral information (information about the dimensions and location of land parcels) accessible to the public? **No – information is out of date.**
- SQ 3 Is zoning/permitted use information included are use regulations respected and enforced? **No**
- SQ 4 Are Geographic Information Systems (GIS) including Global Positioning Satellite (GPS) information used to create and update the registry? **No**
- 

Source: *Real Estate Market and Lending, Luanda Angola*, IRPF June 2007

*Civil Society Resources:*      *International Federation of Surveyors* [www.fig.net/](http://www.fig.net/)  
*Instituto Geografico e Cadastral de Angola*

### 1.2.2 Title Registry

**Very Weak – Ranking – 173<sup>rd</sup> out of 181 Trend ↑**

- 1.2.2.1      What is the number of procedures required to register the transfer of a property from one owner to another? **7**
- 1.2.2.2      What is the duration of time in calendar days that it would take to complete the transfer? **184**
- 1.2.2.3      What is the total cost of the transfer including all fees, taxes, etc. expressed as a percentage of the value of the property? **11.4%**

See **Appendix** for complete procedure for registering property

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Source – *Doing Business – Registering Property*, World Bank  
[www.doingbusiness.org/ExploreEconomies/?economyid=7](http://www.doingbusiness.org/ExploreEconomies/?economyid=7)

### 1.2.3 Mortgage Registry

**Status – Very Weak**

## Survey Questions

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- SQ 5 The mandatory use of notaries or similar officials slows down and adds cost to the process. Does a notary need to be involved in the registration process? **Yes**
- SQ 6 Is information in the registry available electronically? **No**

SQ 7 Title insurance is indemnity insurance against financial loss from defects in title and from the invalidity or unenforceability of mortgage liens. Is title insurance available to lenders? **No**

### 1.3 Formal Ownership

Core Question:	Do citizens understand and trust property rights institutions and avoid the informal sector? <b>No – Very Weak – Land claims to be completed by July 2010 but processes for making claims not established.</b>
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#### Land

##### Survey Questions

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SQ 8 What is the status of land ownership? **Very Weak – rural areas are primarily community owned, but not formalized; informal shanty towns dominate urban areas.**

#### Home Ownership

SQ 9 What is the percentage of formal home ownership? **Unknown – 75% of Luanda residents live in informal settlements.**

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Source: Ministry of Urbanism and Housing (Ministro do Urbanismo e Habitação)  
[www.minuh.gov.ao/default.aspx](http://www.minuh.gov.ao/default.aspx)

#### Informal Sector

SQ 10 What is the size of the informal economy as a percentage of GDP? **Estimates of 66% of population informally employed (2004) – Very Weak**

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Source: *Livelihoods and the Informal Economy in Post-War Angola*, Institute for Security Studies, August 2004 [www.iss.co.za/pubs/Monographs/No102/Chap5.htm](http://www.iss.co.za/pubs/Monographs/No102/Chap5.htm)

#### In-Country Assessment Information

**Field Question (FQ) 1. What is the actual status of property rights and ownership for citizens?**

In 2004 the government passed a new land law that redefined land use and rights. It became mandatory for all land occupants to initiate regularization of their land rights before July 2010. If land was not regularized at this time, it would all revert to state control. This law did not provide any guidance on how to initiate this process or any direction to government ministries on how to assist households. It is estimated that over 50% of the Angolan population moved to

urban centers during the civil war. This increased urbanization led to more pressure on land resources in an environment where security of tenure is severely lacking. In rural areas, subsistence farming households compete for land with concessions granted by the central government for large commercial farms that may overlap with community boundaries, or even completely encompass a community.

**FQ 2.           What is the actual experience of transferring a property?**

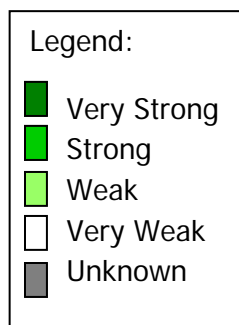
As a part of a pilot demarcation and formalization project, 450 property rights documents were prepared and were still waiting (as of May 2008) to be submitted to the local government. The documents were to be submitted to the provincial government, but during the course of the project the central government continued its decentralization activity. This left the Huambo municipal government in a state of uncertainty as to which government entity has the authority to handle land issues.

**FQ 3.           What are the actual housing conditions for all groups including the poor, minorities and other marginalized groups?**

Most women interviewed in the peri-urban area who were identified as joint owners of parcels did not understand the nature of their rights or what their rights would be in the event of divorce or death of their husbands. In the rural area, many of the residents misunderstood the process of identifying land interests and initially identified most land as individually owned by the heads of households, a group that is predominantly male.

Source: *Strengthening Land Tenure and Property Rights*, USAID – Angola May 2008

## 2. Access to Credit



**Goal – An efficient, transparent financial sector that provides a broad range of citizens with access to multiple forms of competitive credit so that they can start businesses, build wealth, and purchase property**

### 2.1 Banks

Core Question: Are traditional banking services robust and extensive enough to serve the needs of the population to help them build wealth and purchase property? **No – Weak, but financial sector has been growing rapidly and some privatization is underway.**

## Access

2.1.1 How easy is it to obtain a bank loan? **4% of businesses report they can get bank financing for investment purposes – Very Weak**

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Source: *The Africa Competitiveness Report 2007*, World Economic Forum  
[www.weforum.org/pdf/gcr/africa/investment/angola.pdf](http://www.weforum.org/pdf/gcr/africa/investment/angola.pdf)

## Soundness

2.1.2 How sound are the country's banks? **Strong – Financial Sector not directly affected by global crisis**

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Source: IMF Executive Directors Public Information Notice April 2009  
[www.imf.org/external/np/sec/pn/2009/pn0951.htm](http://www.imf.org/external/np/sec/pn/2009/pn0951.htm)

## 2.1.3 Microlending

**Status – Weak – 30 institutions active in Mozambique, only a few in Angola**

2.1.3.1 Microfinance allows citizens without traditional creditworthiness to build a credit history. How many microfinance institutions are operating in the country? **2**

**KixiCredito**

**NovoBanco - Angola**

2.1.3.2 What is the number of active borrowers per institution?

**KixiCredito 8,783**

**NovoBanco – Angola 2,273**

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Source: Microfinance Information Exchange [www.mixmarket.org/mfi](http://www.mixmarket.org/mfi)

## 2.2 Other Sources

Core Question:	Are entrepreneurs free to raise capital outside the banking system including venture capital and/or by issuing stock in a well-regulated stock exchange? <b>No – Very Weak – but credit to the private sector increasing</b>
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## Financial Freedom

2.2.1 How much control does the government exert over financial services? **Weak for entrepreneurs – Score 40 out of 100 – Financial governance remains poor**

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Source: *Index of Economic Freedom*, Heritage Foundation  
[www.heritage.org/index/Country/Angola](http://www.heritage.org/index/Country/Angola)

## Venture Capital

- 2.2.2 How easy is it for entrepreneurs to find venture capital?  
**Very Weak – Score 2.4 out of 10; Ranking 109 out of 128**  
**First fund started in June 2009**

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Sources: *The Africa Competitiveness Report 2007*, World Economic Forum

[www.weforum.org/pdf/gcr/africa/angola.pdf](http://www.weforum.org/pdf/gcr/africa/angola.pdf)

Angola Capital Partners [www.angolacapitalpartners.com/](http://www.angolacapitalpartners.com/)

## Equity Investors

- 2.2.3 How easy is it to raise money by issuing shares on the stock market? **Very Weak – Long planned Exchange yet to have any listings**

## 2.3 Credit Bureau

Core Question:	Is comprehensive credit information available through public and private credit bureaus? <b>Yes – Strong, although access to credit is still very limited</b>
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**Overall Ranking 87<sup>th</sup> out of 181 Trend ↓**

## Coverage

- 2.3.1 What is the depth of information available in credit bureaus? **Score – Strong – 4 out of 6 with a higher number indicating more information is available**

## Public

- 2.3.2 What is the extent of public credit registry coverage? **Weak – 2.5%**

## Private

- 2.3.3 What is the extent of private credit registry coverage? **Very Weak – Not available**

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*Doing Business – Getting Credit*, World Bank

[www.doingbusiness.org/ExploreEconomies/?economyid=7](http://www.doingbusiness.org/ExploreEconomies/?economyid=7)

## In-Country Assessment Information

<b>FQ 4.</b>	<b>How available are mortgage loans for purchasing property, who is the typical user and what are the prevailing trends?</b>
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The normal banking need to identify customers and require collateral are blocked because State-owned property cannot be offered as collateral, the judicial system is weak, credit histories cannot be tracked and few houses have street addresses.

**FQ 5. What are the interest rates, term and loan-to-value ratios for available mortgages?**

Some 15 year mortgages at 8% are starting to become available.

Source: U.S. Embassy Commercial Information Section

[http://angola.usembassy.gov/commercial\\_information\\_on\\_angola.html](http://angola.usembassy.gov/commercial_information_on_angola.html)

**FQ 6. Are there any informal barriers to borrowing such as for women or minorities?**

Luanda (the capital city) is surrounded by massive unplanned informal settlements with poor infrastructure and services. Dislocation of occupants in informal settlements to clear land for new developments without plans for adequate housing is counterproductive and risks the creation of social tension. The history of conflict in Angola underlines the importance of a perception of equity in planning and the importance of addressing concerns of the communities impacted by real estate development.

Source: IRPF Assessment June 2007

### 3. Effective Governance



**Goal – A popularly elected government free of corruption and functioning efficiently and transparently enough to guarantee economic freedom to individuals and support equitable property markets**

#### 3.1 Democratic Representation

Core Question:	Does the country have free and open elections for the leadership and can citizens engage in free enterprise? <b>No – Very Weak, although first elections were held in Sept 2008, country still dominated by one party and state-controlled media.</b>
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### 3.1.1 Voice & Accountability

- 3.1.1.1 Are citizens able to elect their government and do they enjoy freedom of expression, association and a free media? **No – Very Weak – Percentile Rank – 17.3 Trend ↓**

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Source: *Governance Matters 2008*, World Bank  
[http://info.worldbank.org/governance/wgi/sc\\_chart.asp](http://info.worldbank.org/governance/wgi/sc_chart.asp)

- 3.1.1.2 Are citizens free to form political and civic organizations free of state interference and surveillance? **No – Very Weak – Score 3.53 out of 10**

**Overall Ranking – 131<sup>st</sup> out of 167**

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Source: *The Economist* Intelligence Unit Democracy Index  
<http://a330.g.akamai.net/7/330/25828/20081021185552/graphics.eiu.com/PDF/Democracy%20Index%202008.pdf>

### 3.1.2 Public Information

**Overall Ranking – Very Weak 41 out of 100 (2008)**

- 3.1.2.1 Are there regulations governing conflicts of interest in the executive and legislative branches of government? **No – Executive Score 4 out of 100 – Very Weak; Legislative Score 8 out of 100 Very Weak (2008)**
- 3.1.2.2 Can citizens access legislative processes and documents? **No – Score 38 out of 100 – Very Weak (2008)**

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Source: *Global Integrity Report* – <http://report.globalintegrity.org/Angola/2008>

### 3.1.3 Market Intervention

**Overall Ranking – Very Weak 162<sup>nd</sup> out of 179 Trend =**

- 3.1.3.1 To what extent does the government intervene in the private sector including state owned industries? **Score 62.2 out of 100 with a higher score indicating less intervention**
- 3.1.3.2 To what extent does the government control prices? **Score 61.8 out of 100 with a higher score indicating less control**

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Source: *2009 Index of Economic Freedom* – Heritage Foundation  
[www.heritage.org/index/Country/Angola](http://www.heritage.org/index/Country/Angola)

## 3.2 Lack of Corruption

Core Question:	Is the public sector transparent and free of corruption? <b>No – Very Weak Conflict of interest and accountability regulations are completely absent from the public sector.</b>
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### Transparency

3.2.1 What is the perceived level of corruption in the country? **Very High – Very Weak Ranking – 158<sup>th</sup> out of 180; Score 1.9 out of 10 Trend ↓**

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Source: Transparency International

[www.transparency.org/policy\\_research/surveys\\_indices/cpi/2008](http://www.transparency.org/policy_research/surveys_indices/cpi/2008)

### Integrity Mechanisms

3.2.2 A National Integrity System is a framework where the principle institutions that contribute to integrity, transparency and accountability in a society can address corruption in a systematic way. Does a National Integrity System exist? **No – Very Weak – the oil sector provides ample opportunity for high concentrations of wealth and thus it is especially prone to corruption.**

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Source: Transparency International – *Special Report on Corruption and Oil*

[www.transparency.org/global\\_priorities/public\\_contracting/key\\_sectors/oil](http://www.transparency.org/global_priorities/public_contracting/key_sectors/oil)

### Extralegal Payments

Survey Question

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SQ 11 How often do companies report that officials/and or companies expect additional payments to “expedite” services or gain business? **Very Weak - Low civil-service salaries and complicated procedures and long bureaucratic delays tempt investors to seek quicker service and approval by paying gratuities and facilitation fees.**

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Source: U.S. Embassy Commercial Information Section

[http://angola.usembassy.gov/commercial\\_information\\_on\\_angola.html](http://angola.usembassy.gov/commercial_information_on_angola.html)

## 3.3 Efficient Administration

Core Question:	Are quality services and qualified civil servants available to the public through the efficient use of public money free of corruption? <b>No – Very Weak – there is a severe lack of skills at the municipal (implementation) level.</b>
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## Size of Government

3.3.1 What is the size of government relative to GDP? **35.5% - 25 to 30% considered optimum - Weak**

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Source: *2009 Index of Economic Freedom*, Heritage Foundation  
[www.heritage.org/index/Country/Angola](http://www.heritage.org/index/Country/Angola)

## Civil Service

3.3.2 What is the quality of the civil service? **Score – 25 out of 100 – Very Weak**

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Source: *Global Integrity Report 2008* - <http://report.globalintegrity.org/Angola/2008>

## Government Effectiveness

3.3.3 What is the overall effectiveness of the government? **Very Weak - Percentile Ranking – 13.7 Trend ↑**

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Source: *Governance Matters 2008*, World Bank  
[http://info.worldbank.org/governance/wgi/sc\\_chart.asp](http://info.worldbank.org/governance/wgi/sc_chart.asp)

## In-Country Assessment Information

**FQ 7. What is the actual experience of practitioners in dealing with the government?**

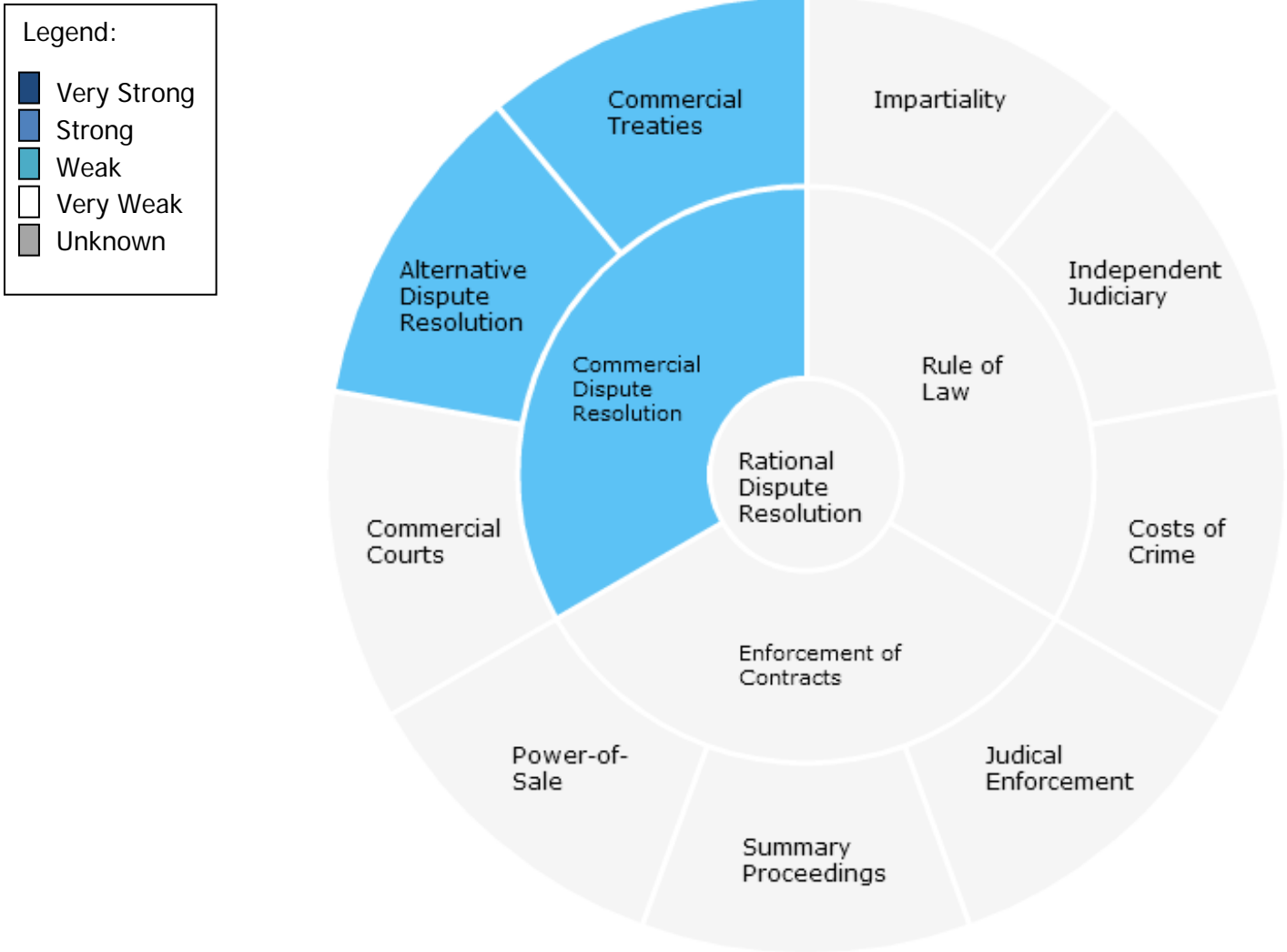
Angola's Land Act of 2004 sets the governing framework for real property. Implementing regulations, however, are incomplete. Without comprehensive regulations, real estate markets cannot function efficiently. Transactions will be encumbered by uncertainty. Uncertainties leave openings for a lack of transparency and corruption that stifles real estate markets. Prudent mortgage lending will only be possible in situations where implementation of the Law is clear.

Source: IRPF Assessment June 2007

No international or Angolan organization has yet found a successful way to advocate for real change or been able to work with the government to bring about property market reform in either rural or urban areas. In Huambo, however, a potential opportunity has developed from the municipal administration, which is facing increasing pressure to provide the population with access to land and services. This administration recently became the lead regional government agency dealing with urban land issues following the government-sponsored decentralization activity. Lacking the skills necessary to provide these services, the municipal government is actively seeking out assistance from local nongovernmental organizations.

Source: *Strengthening Land Tenure and Property Rights*, USAID – Angola May 2008

## 4. Rational Dispute Resolution



**Goal – An efficient institutional framework that balances the rights of the public, owners, lenders and borrowers in the event of a dispute or loan default**

### 4.1 Rule of Law

Core Question:	Do all market participants abide by the rule of law and have confidence in the courts and the ability of police to control crime? <b>No – Very Weak, basic court system not fully operational</b>
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## Impartiality

4.1.1 What is the confidence level of the strength and impartiality of the police, courts and contract enforcement? **Very Weak – Percentile Ranking – 7.7 Trend ↑**

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Source: *Governance Matters 2008*, World Bank

[http://info.worldbank.org/governance/wgi/sc\\_chart.asp](http://info.worldbank.org/governance/wgi/sc_chart.asp)

## Judiciary

4.1.2 Can members of the judiciary be held accountable for their actions? **No – Very Weak Score 13 out of 100**

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Source: *Global Integrity Report 2008*, <http://report.globalintegrity.org/Angola/2008>

## Costs of Crime

4.1.3 What are the business costs of crime and violence? **High Costs – Very Weak – Score 2.4 out of 10**

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Source: *Africa Competitiveness Report 2007*, World Economic Forum

[www.weforum.org/pdf/gcr/africa/angola.pdf](http://www.weforum.org/pdf/gcr/africa/angola.pdf)

## 4.2 Enforcement of Contracts

Core Question:	Are systems in place for timely and efficient enforcement of contracts? <b>Commercial – No – Very Weak</b> <b>Residential – Unknown</b>
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### 4.2.1 Judicial Enforcement

**Commercial – Very Weak – Ranking 181<sup>st</sup> out of 181**

4.2.1.1 What is the number of procedures involved in resolving a commercial dispute? **46**

4.2.1.2 What is the time between the filing of a lawsuit and resolution in judicial enforcements? **1,011 days**

4.2.1.3 What is the cost of judicial enforcements as a percentage of debt value? **44.4%**

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Source: *Doing Business* – [www.doingbusiness.org/ExploreEconomies/?economyid=7](http://www.doingbusiness.org/ExploreEconomies/?economyid=7)

**Residential – Unknown**

Survey Questions

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SQ 12 What is the time between notice of intent to foreclose and loan collection in judicial enforcements? **Unknown**

SQ 13 What is the cost of judicial enforcements as a percentage of property value? **Unknown**

#### 4.2.2 Summary Proceedings

SQ 14 Summary proceedings are alternative dispute resolution processes where creditors can apply for a direct court order in property disputes. What is the time between notice of intent to foreclose and loan collection in summary proceedings if available to lenders? **Very Weak – Not available**

SQ 15 What is the cost of summary proceeding if available to lenders as a percentage of property value? **Very Weak – Not available**

#### 4.2.3 Power-of-Sale

SQ 16 Power-of-sale agreements give creditors to power to sell properties after notice to the borrower without court intervention. What is the time between notice of intent to sell and loan collection for power-of-sale agreements if available to lenders? **Very Weak – Not available**

SQ 17 What is the cost of power-of-sale agreements if available to lenders as a percentage of property value? **Very Weak – Not available**

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Source – *Financing Homes 2008*, World Bank and International Housing Finance Corporation  
[www.ifc.org/ifcext/sme.nsf/AttachmentsByTitle/financinghomes/\\$FILE/FinancingHomes.pdf](http://www.ifc.org/ifcext/sme.nsf/AttachmentsByTitle/financinghomes/$FILE/FinancingHomes.pdf)

### 4.3 Commercial Dispute Resolution

Core Question:	Can commercial disputes be resolved fairly and efficiently without exorbitant expense and delay? <b>No – Weak – laws passed but implementation mechanisms not in place</b>
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#### Survey Questions

##### Commercial Courts

SQ 18 Do specialized commercial courts exist for the handling of property disputes and foreclosures? **No – Very Weak – the basic court system is far from fully operational, especially at the municipal level. Access to courts outside the capital is virtually non-existent.**

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Source: *Courts under Construction in Angola*, Chr. Michelsen Institute 2006  
[www.cmi.no/publications/file/?2457](http://www.cmi.no/publications/file/?2457)

## Alternative Dispute Resolution

SQ 19 Are alternative dispute resolution mechanisms in place including commercial arbitration, private mediation and community based processes? **Yes – Weak – processes do not follow the New York Convention on the Recognition and Enforcement of Arbitral Awards**

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Source: *Investments in Sub-Saharan Africa: the Role of International Arbitration in Dispute Settlement*, [www.baseswiki.org/En/8-Country\\_profiles/Africa/Angola](http://www.baseswiki.org/En/8-Country_profiles/Africa/Angola)

## Commercial Treaties

SQ 20 What bilateral, regional and international commercial treaties exist concerning business between countries? **Weak – Ratified: Cape Verde; Unratified: Portugal, South Africa, the United Kingdom, Italy & Germany**

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Source: National Agency for Private Investment <http://investinangola.com/engDefault.asp>

## In-Country Assessment

**FQ 8. To what extent do practitioners report the use of formal contracts and trust institutions to support contract enforcement?**

Given the underdevelopment of the court system, there is little evidence of trust in using the courts to resolve disputes. Research confirmed that the level of land-related conflict is low and that most people would take disputes to the traditional leader in rural the community or to the local administrator in the peri-urban community.

A land dispute resolution procedure has been developed that includes community sensitization on conflicts over land and introduced a progressive system of addressing disputes that began with traditional conciliatory methods and advanced to and through formal adjudicative processes until the matter was resolved. Local leaders—both traditional and official—play key roles in the identification and enforcement of land rights and in the resolution of land disputes. As such, local leaders are a critical resource and necessary partner in the ability of land rights formalization processes to bridge the gap between customary and formal laws and encourage social change.

Source: *Strengthening Land Tenure and Property Rights*, USAID – Angola May 2008

## 5. Financial Transparency



**Goal – A well developed and transparent financial system that includes strong supporting institutions and highly trained and ethical professionals that contribute to effective financial intermediation and deep and broad access to capital and financial services**

## 5.1 Market Stability

Core Question:	Are market risks sufficiently transparent and diversified so that efficient capital allocation can occur? <b>No – Very Weak, ruling elite continue to control all income from natural resources and restrict transparency and accountability.</b>
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### Financial Reporting

5.1.1 What is the strength of the country's auditing and reporting standards? **Weak – the independent power of the Angolan Auditor General is weak.**

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Source: *Civil Society in Angola: Inroads, Space and Accountability*, October 2006  
Chr. Michelsen Institute [www.cmi.no/publications/file/?2411](http://www.cmi.no/publications/file/?2411)

*Civil Society Resource: Associação Fiscal* [www.netangola.com/afi/](http://www.netangola.com/afi/)

### Market Sophistication

5.1.2 What is the overall level of financial market sophistication in the country? **Very Weak – Ranking 119<sup>th</sup> out of 128; Score 2.2 out of 10**

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Source: *Africa Competitiveness Report 2007*, World Economic Forum  
[www.weforum.org/pdf/gcr/africa/angola.pdf](http://www.weforum.org/pdf/gcr/africa/angola.pdf)

### Insolvency Process

**Very Weak – Ranking – 144<sup>th</sup> out of 181**

5.1.3 What is the average time to complete bankruptcy proceedings? **6.2 years**

5.1.4 What is the cost of bankruptcy proceedings as a percentage of the estate? **22%**

5.1.5 What is the recovery rate of bankruptcy proceedings? **10 cents on the dollar**

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Source: *Doing Business* – Closing a Business  
[www.doingbusiness.org/ExploreEconomies/?economyid=7](http://www.doingbusiness.org/ExploreEconomies/?economyid=7)

## 5.2 Independent Asset Valuers

Core Question:	Do highly trained, independent and ethical valuers exist for real property, natural resources, machinery and equipment and intangible assets? <b>No – Very Weak, managers report that lack of experience and training is a major constraint in the property sector</b>
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### Standards

SQ 21 How easy is it to find a valuer who implements International Valuation Standards? **Very Weak – valuers do not meet International Standards**

*Civil Society Resource: International Valuation Standards Council [www.ivsc.org](http://www.ivsc.org)*

### Training

SQ 22 What is the level of training of valuers? **Very Weak – limited to cost approach and in-house valuations of banks and developers**

*Civil Society Resource: International Real Property Foundation [www.irpf.org](http://www.irpf.org)*

### Ethics

SQ 23 Are opinions offered by valuers free of influence from parties to the transaction? **No – Very Weak – almost all valuations done by in-house valuers**

*Civil Society Resource: International Valuation Standards Council [www.ivsc.org](http://www.ivsc.org)*

## 5.3 Data Standards

Core Question:	Is accurate property information available electronically in formats that are consistent with international standards? <b>No – Very Weak</b>
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### Survey Question

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### Sales & Operating Data

SQ 24 A multiple listing service is an electronic exchange system where brokers and agents can widely share contracted real estate listings of properties that are for sale. Do multiple listing type services exist? **No – Very Weak, listings are mostly by foreign firms for expats.**

*Civil Society Resource: International Consortium of Real Estate Associations [www.worldproperties.com](http://www.worldproperties.com)*

SQ 25 Do resources exist for obtaining building income and expense estimates? **No – Very Weak**

*Civil Society Resource: Institute of Real Estate Management [www.irem.org](http://www.irem.org)*

## Interchange Formats

SQ 26 Do electronic data interchange formats conform to international standards (ebXML – electronic business using extensible markup language)? **No – Very Weak**

*Civil Society Resource: Open Standards Consortium for Real Estate International*  
[www.oscre.org](http://www.oscre.org)

## Technical Standards

SQ 27 Do building codes and office building measurement standards (ANSI/BOMA Z65.1) conform to international standards? **No – Weak, although Portuguese, South African and Brazilian firms involved in most major projects.**

*Civil Society Resource: Building Owners and Managers Association* [www.boma.org](http://www.boma.org)

## In-Country Assessment

### Market Stability

**FQ 9. How stable has the property market been over the last several years?**

Demand at the high end of the market has attracted foreign developers primarily from Brazil, Portugal and South Africa, but needs and markets for more moderate and affordable communities go largely unmet. Moreover, while development at the high end is very profitable, it is not sustainable for the long run. Demand for first class properties and expatriate housing is finite and there is risk of over-building.

Source: IRPF Assessment, June 2007

### Valuation Profession

**FQ 10. How many independent valuers exist in the market?**

The valuation practice is largely limited to minerals valuation and associated companies. No native independent property valuers are known to exist outside banks, property development companies and foreign firms.

**FQ 11. How many companies exist and what is the average size of valuation companies?**

Outside the minerals (diamonds, oil) industry and foreign firms, there are 20 engineering and consulting firms that do project valuations for new developments.

**FQ 12. What are the valuation standards and do they conform to international and regional standards?**

No valuation national/local property valuation standards exist.

**FQ 13. What valuation methods and techniques are used in the market?**

Highly sophisticated regarding minerals and associated futures and options, virtually non-existent regarding independent property valuation.

**FQ 14. Are there valuer associations in the market? What number and percentage of practitioners belong? No**

**FQ 15. What training programs are available to upgrade the quality of valuers? None**

**FQ 16. Are peer review mechanisms in place to assist in enforcing ethical behavior? No**

**FQ 17. What is the quality of valuation reports? Unknown**

#### **Data Availability**

**FQ 18. What is the status of proprietary data bases that include property information?**

Limited to data from construction and development projects

**FQ 19. What is the status of existing data sharing mechanisms for properties that are for sale or that have sold?**

None – developers market their own properties.

**FQ 20. Do valuers have an established data sharing mechanisms? No**

Source: IRPF Assessment, June 2007

## 6. Appropriate Regulation



**Goal – A comprehensive regulatory framework that is transparent, efficient, simple in its implementation and that leads to accurate reporting of property values and prudent protection from markets risks**

## 6.1 Fair Tax Regime

Core Question:	Do market participants feel the overall tax rate is fair and participate in formal transactions? <b>No – Very Weak, individual income tax is low but corporate tax rate is burdensome.</b>
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### Transfer Tax

6.1.1 What is the total property transfer tax including all duties and payments? **11.4% - high transfer taxes encourage underreporting of values – Very Weak**

### Overall Tax

6.1.2 What is the overall tax rate on entrepreneurs? **53.2% – Very Weak, Ranking – 139<sup>th</sup> out of 181**

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Source: *Doing Business* – Paying Taxes & Registering Property, World Bank  
[www.doingbusiness.org/ExploreEconomies/?economyid=7](http://www.doingbusiness.org/ExploreEconomies/?economyid=7)

### Divestment

#### Survey Question

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SQ 28 What is the tax on profits for foreign investors when divesting property? **35% as business income/capital gains tax although government incentives for housing investment includes exemptions of 15 years for capital gains tax – Weak**

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Source: U.S. Embassy Commercial Information Section  
[http://angola.usembassy.gov/commercial\\_information\\_on\\_angola.html](http://angola.usembassy.gov/commercial_information_on_angola.html)

## 6.2 Professional Services

Core Question:	Are the professional services necessary for efficient and transparent property markets available and appropriately regulated and supervised? <b>No – Very Weak, the biggest problem is quality people for middle and upper management.</b>
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### Valuers

#### Survey Questions

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SQ 29 Are property valuers licensed and/or certified by the government? **No – Very Weak**

*Civil Society Resource: The Appraisal Foundation [www.appraisalfoundation.org](http://www.appraisalfoundation.org)*

SQ 30 How effective are mechanisms in place to discipline valuers who engage in misconduct? **Very Weak – limited to professional ethics of visiting foreign firms**

See pages 24-25 for in-country assessment information regarding valuers.

*Civil Society Resource: International Real Property Foundation [www.irpf.org](http://www.irpf.org)*

## Brokers & Agents

### Survey Questions

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SQ 31 Are real estate brokers and agents licensed and/or certified by the government? **No – Very Weak**

SQ 32 How effective are mechanisms in place to discipline brokers or agents who engage in misconduct? **None in place – Very Weak**

*Civil Society Resource: International Real Property Foundation [www.irpf.org](http://www.irpf.org)*

## Mortgage Professionals

### Survey Questions

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SQ 33 Are mortgage professionals licensed and/or certified by the government? **No – Very Weak, mortgage market is still under development**

SQ 34 How effective are mechanisms in place to discipline mortgage professionals who engage in misconduct? **Very Weak**

## 6.3 Capital Markets

Core Question:	Are capital markets well-regulated and diversified enough to provide financial resources to private-sector entrepreneurs and innovators? <b>No – Very Weak – capital markets still under development</b>
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## Capital Flows

6.3.1 How restricted is the flow of capital into and out of the country? **Very Weak – Score 20 out of 100**

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Source: *2009 Index of Economic Freedom*, Heritage Foundation  
[www.heritage.org/index/Country/Angola](http://www.heritage.org/index/Country/Angola)

## Securities Exchanges

6.3.2 Is the regulation of securities exchanges transparent, effective and free of influence from government and industry? **No – Very Weak, stock market not yet functioning**

## Securitization

6.3.3 What is the depth of asset-backed securities, mortgage-backed securities, high-yield bonds and highly leveraged loans? **Very Weak – primary markets still under development**

## In-Country Assessment

### Taxation

**FQ 21. What is the overall taxation system in regards to property?**

Capital gains are treated as ordinary business income and taxed at 35%. The standard rate of sales tax is 10%. In some cases the sales tax is reduced to 2% (domestic supplies and some commodities) while increased tax rates of 20 – 30% apply to commodities which are essentially luxury goods. Stamp duty applies to transactions, acts, deeds, documents, papers, receipts and other transactions. For property transfers the rate is around 11%.

Source: National Agency for Private Investment <http://investinangola.com/engBusinessTax.asp>

### Brokerage

**FQ 22. What is the number of practitioners in the country including full-time brokers/agents with formal training and part-time, informal brokers?**

There are perhaps 100 serious real estate brokers mostly focused on the rental market for expat workers, with apartments renting for \$15,000 to \$20,000 per month.

**FQ 23. What is the number and average size of brokerage companies?**

Real estate development is very active and most sales are done in-house by large engineering and construction or development and management firms from Brazil, South Africa and Portugal. Banks (both Angolan and foreign owned banks) also help connect buyers and sellers.

**FQ 24. Are there brokers associations active in the market? What number and what percentage of practitioners belong?** No

**FQ 25. What training programs are available to enhance productivity?** None

- FQ 26.** Is there a Code of Ethics or standards that practitioners follow? Is the Code enforced? No
- FQ 27** Do civil society organizations exist to support the developments of mortgage professionals? No

Source: IRPF Assessment June 2007

## Appendix – Procedures for Registering a Property

Source – *Doing Business* – Registering Property, World Bank

### 1. Obtain an updated ownership certificate from the Registry

Time to complete: 7 days (simultaneous with procedure 2)

Cost to complete: AOA 1,550

Name of Agency: Real Estate Registry (Conservatória do registo predial de Luanda)

Comment:

An updated ownership certificate is obtained from the relevant Real Estate Registry. It sets out a full description of the property, including information on its owner and any charges, liens or encumbrances pending over the property.

### 2. Obtain an updated tax certificate from the Tax Office

Time to complete: 7 days (simultaneous with procedure 1)

Cost to complete: AOA 1,500

Comment:

An updated tax certificate is obtained from the relevant Tax Office, detailing the description of the property.

### 3. Pay conveyance tax (SISA) and stamp duty

Time to complete: 1 day

Cost to complete: 10% of property value (conveyance tax) + 0.8% of property value (stamp duty)

Comment:

Typically this is only paid when the parties have agreed between them and with a notary public a fixed date for the execution of the required notary deed. A receipt will be issued by the tax authorities, which will then be given to the notary public as part of Procedure 4 below. The 0.8% Stamp Duty is payable on the SISA receipt. The documentation shall include a statement by the seller setting out the sales value or a copy of the Promissory Agreement of Sale and Purchase signed by both parties.

### 4. Execute the deed of transfer before a notary public

Time to complete: 15 days      Cost to complete: Already paid in Procedure 3

Comment:

A notary public executes the deed of transfer. From this moment onwards, the buyer is the lawful owner of the property in light of the transaction. Registration is needed for publicity purposes and protection against third parties.

The documentation shall include:

- a. Proof of payment of conveyance tax (obtained in Procedure 3)
- b. Updated registry certificate from Land Registry (obtained in Procedure 1)
- c. Updated tax certificate from Tax Office (obtained in Procedure 2)
- d. Personal identification documents of the buyer and seller (passports, identity card, etc.)
- e. Registry of Companies' Certificates if seller and buyer are companies, so as to provide evidence that the officer executing the deed on behalf of the corresponding company has authority to do so.

## **5. Apply for provisional registration at the Land Registry Office**

Time to complete: 5 days

Cost to complete: Value of property fee per 30 UCF (UCF) Number Amount

- a. up to 60 UCF =  $6 = 6 * 2 = 12.00$
- b. from 60 UCF to 400 UCF =  $9 * ((400 - 60))/30 = 102.00$
- c. from 400 UCF to 4000 UCF =  $10 * ((4000 - 400)/30) = 1,200.00$

Comment:

The notarized deed certificate must be presented to apply for provisional registration at the Land Registry Office. It is no longer necessary to apply for provisional registration at the Tax Office as final registration with the tax office is processed much quicker than with the Real Estate Registry.

## **6. Receive definitive registration from the Real Estate Registry**

Time to complete: 150 days      Cost to complete: Already paid in Procedure 5

Comment:

This procedure is a conversion, not a new act of registration and it will take place approximately 10 months after provisional registration. The procedure takes so long because there is a backlog, all records are paper-based and the entire history of transactions relevant to the property must be checked every time.

## **7. Apply for definitive registration at the Tax Office**

Time to complete: 5 days      Cost to complete: AOA 105

Comment:

At the tax office, there is only final registration. Provisional registration is no longer applicable, as final registration has become considerably faster.