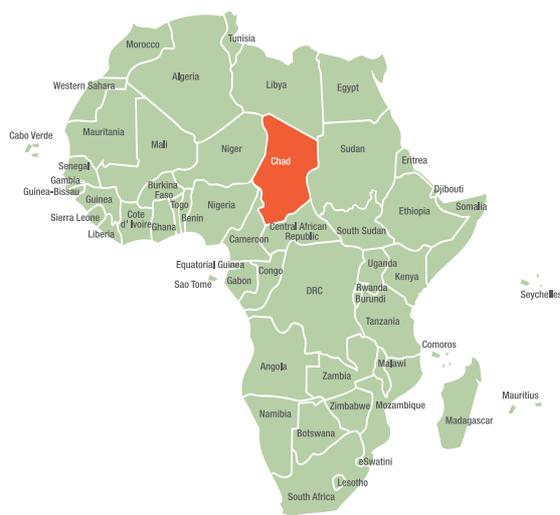


## Chad

## Dr Sazoulang Douh



## Overview

Social housing remains an ideal for Chad as the country lacks the appropriate tools and programmes. More than 53 percent of households in the city live in rented or precarious housing due to difficulties in acquiring land, the high cost of building materials, and the continuous growth of the urban population.<sup>1</sup> The latest housing deficit in Chad, estimated by the Ministry of Land Planning, Housing Development and Urban Planning (MATDHU) in 2015, was 370 000 and is worsening with 86.9% of the urban population reported to be living in slums. No new social housing was recorded in 2020, due to COVID-19 as well as the delay of the Shelter Afrique project of 100 housing units in Toukra Mousgoun in partnership with the Société de Promotion Foncière et Immobilière (SOPOFRIM). Even self-construction is being held back by the significant rise in the cost of imported materials.

The economic upturn of the last two years (2018/19) came to an abrupt halt with the pandemic and all socioeconomic indicators are stagnant or regressing. Gross domestic product (GDP), which was US\$730 (2018), fell to US\$709.54 per capita in 2019. Chad's Doing Business Index score fell to 36.94 in 2019 from to 39.36 in 2018, bringing the country to 182 out of 190 in the world.<sup>2</sup> Price inflation, which had stabilised in 2019 (-0.97 percent), rose to 2.5 percent, especially for imported construction materials. With a Human Development Index (HDI) of 0.40, Chad was ranked 187 out of 188 countries in 2018. In addition, the infrastructure deficit remains pronounced, with an index score that ranked Chad 51 out of 54 African countries in 2018.<sup>3</sup> The banking network comprising nine commercial banks covers only a few cities. Worse, these financial institutions do not grant housing loans for the construction of decent housing.

The response plan against the pandemic outlined by the President in April 2020, estimated at CFA900 billion (USD 1.5403 billion), is being implemented. These responses include tax reductions and the temporary suspension of other taxes, but these have not been followed up because the prices of locally produced cement, sand and gravel have instead soared. Measures to mitigate the effects of COVID-19 on the housing sector have been limited to providing free water for six months and electricity for three months to subscribing citizens, estimated at less than 12 percent of the population. Also, only vulnerable people (less than five percent of the population) received assistance in the form of food and hand-washing kits.

## KEY FIGURES

Main urban centres	Ndjamena, Moundou, Abeche et Sarh
Exchange rate (1 July 2020): 1 USD = [a] 1 PPP\$ = [b]	584.30 CFA Franc (XAF) 233.84 CFA Franc (XAF)
Total population [b]   Urban population [b]	15 946 876   3 712 273
Population growth rate [b]   Urbanisation rate [b]	2.99%   3.94%
GDP per capita (Current US\$) [b]	US\$710
Percentage of population below national poverty line (2017) [b]	62.0%
Unemployment rate (% of total labour force, national estimate) (2017) [b]	5.9%
Proportion of adult population that borrowed formally (2017) [b]	2.8%
Gini coefficient (2017) [b]	42.1
HDI country ranking (2018) [c]   HDI country score (2018) [c]	187   0.40
GDP (Current US\$) [b]	US\$11 315 million
GDP growth rate [b]	3.23%
Inflation rate [b]	-0.97%
Yield on 10-year government bonds	n/a
Lending interest rate (2018) [b]	14.00%
Number of mortgages outstanding [d]	2 060
Value of residential mortgages (Current US\$) (2019) [d]	US\$32.67 million
Typical mortgage rate   Term   Deposit (2019) [e]	11%   10 years   30%
Ratio of mortgages to GDP	0.29%
Number of mortgage providers [d]	3
Number of microfinance loans outstanding	n/a
Value of microfinance loans in local currency units	n/a
Number of microfinance providers [f]	218
Total number of formal residential dwellings in the country	n/a
Total number of residential properties with a title deed (2019) [g]	7 374
Number of formal housing units built in this year (2019) [h]	70
Price of the cheapest, newly built house by a formal developer or contractor in an urban area in local currency units [e]	27 750 000 XAF
Size of cheapest, newly built house by a formal developer or contractor in an urban area [e]	110m <sup>2</sup>
Typical monthly rental for the cheapest, newly built house [e]	250 000 XAF
Cost of standard 50kg bag of cement in local currency units [i]	9 500 XAF (US\$16.26)
Type of deeds registry: digital, scanned or paper [j]	Computer-Scanner
World Bank Ease of Doing Business index rank [j]	182
Number of procedures to register property [j]	6
Time to register property [j]	29 days
Cost to register property as share of property price [j]	8.1%
World Bank DBI Quality of Land Administration index score (0-30) [j]	8.5
Percentage of women who own a house alone: Total   Urban (2018) [k]	8.2%   7.9%
Percentage of households with basic sanitation services: Total   Urban (2018) [k]	6.5%   22.1%
Percentage of households with no electricity: Total   Urban (2018) [k]	92.2%   67.5%
Percentage of households with 3+ persons per sleeping room: Total   Urban (2018) [k]	49.0%   45.4%
Percentage of urban population living in slums (2018) [l]	86.9%

NB: Figures are for 2020 unless stated otherwise.

[a] Xe.com	[f] Association of Micro Finance Providers of Chad
[b] World Bank World Development Indicators	[g] Ministry of Finance
[c] Human Development Reports, United Nations Development Programme	[h] Ministry of Territorial Development, Urban Planning and Housing
[d] Bank of Central African States	[i] Gazelle Hardware
[e] Société de Promotion Foncière et Immobilière SA (SOPOFRIM)	[j] World Bank Ease of Doing Business Indicators
	[k] Demographic and Health Surveys, USAID
	[l] United Nations Human Settlements Programme (UN-HABITAT)

Geographical isolation, the additional cost of building materials, economic and financial difficulties, and the increased threat of Jihadist groups remain the main factors slowing down the development of social housing in Chad. However, efforts are underway to operationalise the Banque de l'Habitat du Tchad (BHT), which will facilitate the financing of decent housing at affordable prices.

## Access to finance

Access to finance for decent housing is a long and complex exercise in Chad, as structures for technical assistance (advice and guidance) and direct financial support (mortgage loans) are almost non-existent. SOPOFRIM and BHT are the two formal structures, the effective operationalisation of which will undoubtedly boost this

subsector. In the meantime, four new agencies are interested in real estate. XD Services, Service Immobilier Et De Courtage, CANTEC and ECOSIF aim to provide technical assistance to applicants for bank loans, from the preparation of plans and the setting up of a business plan to the monitoring of building works.

Chad is a member of the Central African Economic and Monetary Community (CEMAC) and all primary banks are licensed and supervised by the Bank of Central African States (BEAC) and the Central African Banking Commission. The currency used is the Franc des Colonies Françaises d'Afrique/Franc for French Colonies in Africa, which has a fixed parity with the euro of 656. There are nine operational banks in Chad, and this has not changed since 2017 because the Moroccan bank expected at the end of 2019 could not be set up as announced for unknown reasons. In addition, there are 215 microfinance institutions, two insurance companies and two social pension funds.

Home mortgages are not granted to low income or informal applicants in Chad. During 2018, BEAC estimated that 2 060 new long-term loans were granted by all banks for a total amount of CFA19 088 million (USD32 668 111). The three banks that dominate long-term lending activity are Société Générale du Tchad with 25.2 percent, Commercial Bank Tchad with 20.4 percent and Orabank Tchad with 18.9 percent. These banks serve only high income earners with interest rates of 15 percent for a maximum period of 10 years and beneficiary contributions ranging from 15 percent to 30 percent of the requested amount. People with low or informal incomes fall back on microfinance institutions that offer loans only for limited amounts for short periods of 24 to 36 months. In short, self-financing private housing is the dominant form of housing supply in Chad.

The BHT, created to ensure the multifaceted financing of the government's housing policy and to support the promotion and building of social housing, has not yet carried out a single real estate transaction (neither with private individuals nor with property developers) since its official opening in 2017. The main cause of this paralysis is the non-adoption of the four draft implementing decrees of Law 023/PR/2010 of 24 November 2010 determining the fundamental principles of housing financing and promotion in Chad. These decrees create four funds that are essential for the effective operationalisation of the BHT's real estate division, which currently operates solely with its commercial division. They are as follows:

- Interest Subsidy Fund (FBI),
- Housing Promotion Fund (FPH),
- Loan Guarantee Fund (FGP) and
- Sovereignty Fund (FS).

The level of credit indebtedness and its impact on housing affordability levels is not defined due to the lack of statistics, evaluation offices and analysis of mortgage credit. However, it is undeniable that the drastic slowdown or even closure of socioeconomic activities (schools, hospitals, markets and shops) because of the pandemic has had a negative impact on the economy and therefore on housing finance.

### Affordability

Without the production of social housing, there is no affordable housing in Chad because the Guaranteed Minimum Interprofessional Wage of CFA60 000 (US\$102.69) a month can never finance decent housing without state subsidies. Thus, the 47.5 percent of the population living below the poverty line are excluded.<sup>4</sup> The high rate (53 percent) of tenant households in the cities is indicative of the difficulties in accessing land and building decent housing.

According to the Director General of MATDHU, low and intermediate incomes are respectively between CFA60 000 and CFA250 000 (US\$102.69 and US\$427.86) and between CFA251 000 and CFA450 000 (US\$427.87 and US\$770.15), and the maximum amounts offered to them are respectively CFA7 500 000 (US\$12 835.86) and CFA15 000 000 (US\$25 671.71) with a minimum repayment period of 10 years without exceeding 15. However, for example, the purchase price of 110m<sup>2</sup> a house, including the price of 375m<sup>2</sup> of serviced land and 80m of fencing, costs developers CFA27 750 000 (US\$47 492.67) in 2020. The net cost of the building is CFA 20 910 690 (USD35 787.55), resulting in a unit cost per square metre built of CFA192 000

### COVID-19 response

COVID-19 had reached 15 of the 23 provinces on 21 August 2020 and the official count since 19 March 2020 showed 981 reported cases including 76 deaths<sup>10</sup> compared to 23 cases on 15 April 2020.<sup>11</sup> Fortunately, the country seems to have been relatively spared, although hit hard by considerable socioeconomic impacts with the slowdown or even the stopping of economic activities. The closure of air and land borders, schools and health facilities, places of worship, markets and shops, as well as the introduction of a curfew from 7pm to 6am, and then a partial confinement for 14 weeks, were the measures taken by the government in addition to various restrictions and strict compliance with the barrier measures.

No bank has reduced its interest rates and no protection has been granted to tenants, some of whom vacated the premises immediately after the end of confinement for non-payment.

As a concrete measure to mitigate the effects of COVID-19, the Government of Chad provided free water for six months and electricity for three months to subscribers. It has begun to pay domestic debts and has encouraged local banks to reduce rates for loans to applicants to boost consumption. In addition, it distributed food and hygiene kits to very vulnerable households.

(USD328.60). This amount is affordable compared to the average of CFA300 000 (US\$513.43) in the city of N'Djamena, estimated in 2019. To benefit from this social housing, SOPROFIM requires a minimum contribution of 15 percent of the total cost.

The annual rent for one square metre of a permanent building is CFA60 000 (US\$102.69) and a single 12m<sup>2</sup> room built out of earth costs CFA25 000 (US\$47.78) a month, excluding water and electricity. The economic crisis caused monthly rents to plunge to CFA675 000 (US\$1 155.22) in 2010 to between CFA250 000 (US\$427.86) and CFA350 000 (US\$599.01) depending on the condition.<sup>5</sup> Also, the average cost per square metre built of decent housing made of durable materials is estimated by local consultants at CFA300 000 (US\$513.43), which is due to the high cost of both local and imported building materials.

Social distancing and the ban on workers being in groups, induced by COVID-19, caused the shutdown of building sites, which has had repercussions on the cost of housing.

### Housing supply

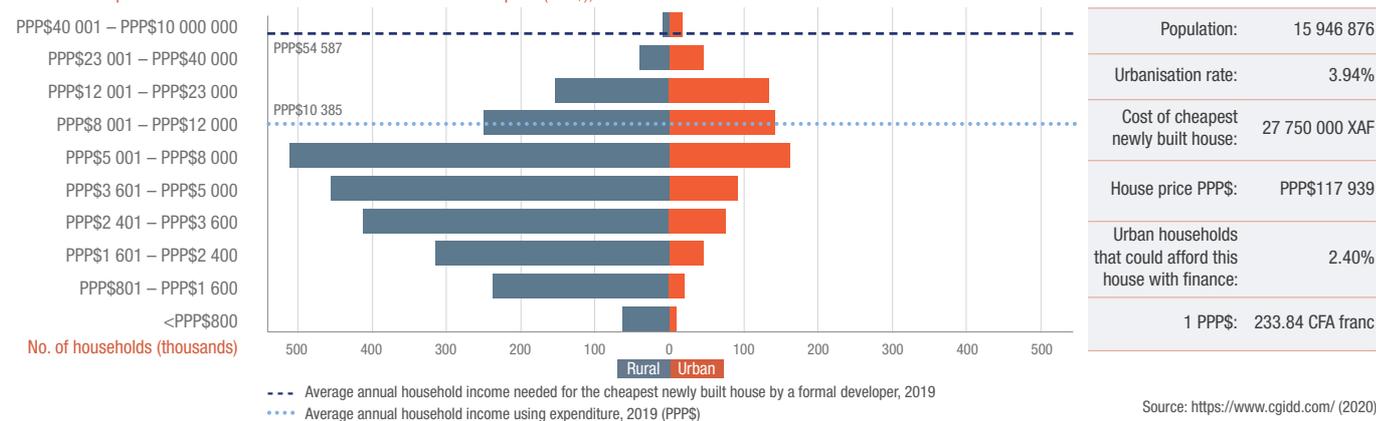
In Chad, the formal social housing supply has not progressed since 2010 when the 70 housing units of a United Nations Development Programme (UNDP) project were handed over to teachers by the President. The ongoing Shelter Afrique project promises to deliver 62 homes in the next eight months. The building being promoted is described in the previous section, the cost of which remains high and for which the 10-year timeframe is also short.

The Chadian housing stock also comprises traditional dwellings, whether self-constructed in clay brick or not, the average size of which varies from 36m<sup>2</sup> to 60m<sup>2</sup> per household and much less in the city. The situation is more worrying in rural areas where the majority of the inhabitants, especially nomads, live in traditional huts made of braided mats attached to a few branch sticks.

The housing deficit, estimated by the MATDHU at 370 000 in 2015 is still growing, particularly in urban centres where demand is high. The government plans the setting up of four funds (FBI, FPH, FS and FGP) to reinforce the promotion of social housing has been delayed because of the current economic recession. For the same reason, the Banque de l'Habitat du Tchad has not started granting housing loans. Finally, the promises of the National Development Programme (2017-2021) to produce 30 000 social housing units have also not been realised. However, in the 2020 Finance Act, the government has substantially reduced taxes and duties on land, according to the above-mentioned circular; to facilitate access to land and therefore to housing.

## CHAD

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



### Property markets

A formal real estate market does not exist in Chad because no public, para-public or private body produces or markets social housing in a legal and formal way. However, private sellers and informal brokerage agents, who are very active and dynamic, have entered this market. They manage to maintain an exaggerated speculation of the prices of plots of land (more than CFA58 430m<sup>2</sup> US\$100m<sup>2</sup> of bare land against a maximum of CFA116 860m<sup>2</sup> (US\$200m<sup>2</sup>) proposed by SOPROFIM). It has been observed that strategic plots are systematically monopolised by the wealthiest at the expense of the poorest in the official allocation of plots. The administrative slowness in issuing land deeds persists and discourages poor candidates from taking legal steps.

In general, the mode of acquisition of urban plots of land is mainly by inheritance and direct purchase. Someone only becomes the owner when the recipient has obtained a Land Title (LT) following lengthy legal procedures. This is why almost all rural landowners do not hold a title deed, with a few exceptions. In large cities, some owners only hold private transfer orders, which are issued fairly quickly.<sup>6</sup> As an illustration, as of 6 August 2020, the total number of LTs created in Chad was 7 374 compared to 6 945 in 2019, that is an increase of only 429 for 2020. In 2020, 2 290 over-the-counter transfer orders were signed compared to 312 in 2019. This remarkable performance in 2020 is attributable to incentives illustrated by reductions of up to 50 percent in property taxes and user awareness. In addition, draft texts are being drawn up to reduce the numerous stages (nine) and the duration (more than six months) of the land acquisition procedure, including the building permit, the average issuing time of which is estimated at 90 days, and the issuing of a certificate of ownership at the same time as the decree of transfer by mutual agreement.<sup>7</sup>

In addition to the Office of Land, Registrations and Seals (Direction des Domaines, Enregistrements et Timbres) under the supervision of the Ministry of Finance and Budget, which issues, manages and keeps all land documents, the one-stop shop handles the files. This five-year pilot project (2012-2017) has not produced the expected results. Despite this poor performance, this structure is in the process of being transformed into a permanent public service.

### Policy and legislation

The current national policy on housing is the National Development Programme (2017-2021), which is aimed at producing 30 000 social housing units, but this programme is behind schedule.

The legal and statutory arsenal of housing promotion in Chad is based on the three following laws published in a collection:

- Law No. 004/PR/2010 of 7 January 2010 establishing the Fundamental Principles Applicable to Construction;
- Law No. 006/PR/2010 of 12 January 2010 establishing the Fundamental Principles Applicable to Urban Planning; and
- Law No. 023/PR/2010 of 24 November 2010 establishing the Fundamental Principles of Housing Financing and Promotion.

Also, the creation of SOPOFRIM in 2012, the Observatoire de l'Habitat et du Développement Urbain (OHDU) in 2012 and the BHT in 2017 completed the housing promotion and improvement system, especially social housing. Unfortunately, the four implementing decrees have not been promulgated. These are as follows:

- Decree determining the terms and conditions of operation of the Social Housing Promotion Fund, a fund that will be used to finance social housing production operations;
- Decree determining the terms and conditions of organisation and operation of the FGP;
- Decree determining the organisation and operation of the FBI; and the
- Decree determining the low and intermediate income brackets.<sup>8</sup>

In 2019, the Finance Act had provided for a one percent withholding tax on all public employees' salaries to set up the real estate loan guarantee fund. However, this fund was not made available to the BHT because of the financial strain generated by the war against the Boko Haram fundamentalists in 2020. Prior to this law, any housing subsidy was only indirect through the repeal of certain taxes on the prices of local and imported materials.

The 2020 Finance Law, in its Article 44 (pages 45 and 46) amending the provisions of Article 678, the basic rate for urban land demarcation – which was set in 2019 from CFA50 000 (US\$87.57) to more than CFA150 000 (US\$256.72) according to the surface area of the plot – has simply been abolished whereas for rural land, the rate is standardised at CFA100 000 (US\$171.14) per hectare compared to more than CFA175 000 (US\$299.50) on average previously.

All these incentives to reduce land taxes have accelerated the regularisation of financial documents, the number of which has reached 2 000 decrees for over-the-counter transfers. A 50 percent subsidy on the balance of the fees was granted to files pending on 31 December 2019, according to Circular No. 003/PR/MFB/DGM/DGSB/2020 of 10 January 2020.<sup>9</sup>

### Opportunities

Investment opportunities in social housing are numerous. The country has much virgin land with a large and young population that is poorly housed, despite the considerable natural resources. As mentioned, 53 percent of urban tenants legitimately aspire to housing, which is a compelling reason for the promotion of social housing. Fortunately, wealthy landlords are taking advantage of the current weakness of the state to make up the shortfall. Without them, the housing supply in the country's main cities (Abéché, Moundou and Sarh) would be zero.

The government's efforts and goodwill to provide social housing are also a guarantee for real estate investors. Similarly, the exemptions from taxes on building materials and the effective establishment of the sovereignty fund in favour of the BHT, as well as the possibilities of distributing serviced land, are actions to be pursued to attract local and foreign investors. Furthermore, the damage caused by the torrential rains of August 2020 in Ndjaména, Oum-hadjer and elsewhere



and more than 8 000 households to leave their precarious dwellings, confirming the need and justifying advocacy for housing improvement.

#### Websites

SOPROFIM <https://www.soprofim.com/>

MATDHU [https:// www.muat.gov.com/](https://www.muat.gov.com/)

Institut National des Statistiques et des Etudes Economiques et de

Développement <https://www.inseed.td.net>

Presidency of the Republic of Chad <https://www.presidence.td>

Bank of Central African States <https://www.beac.int>

#### Availability of data on housing finance

Apart from published results, externally funded censuses and government studies accessible on the Internet, it is difficult to obtain reliable primary data from public administrations as some institutions simply refuse to provide data in their possession.

Thus, challenges related to the collection of statistical data and their judicious, rational and beneficial use are persistent. The laxity, even indifference, of the Chadian administration, the reluctance of banks to grant mortgage loans, the lack of reliable statistics on land transactions, the disorderly archiving of the services in charge of land affairs, the lack of National Institute for Statistics, Economic and Demographic Studies (INSEED) working resources to collect, process and publish all of the country's socioeconomic and financial data, and the partial and unpublished activity reports of the MATDHU services are all constraints that need to be addressed.

Direct interviews with key people are the best way to get data.

<sup>1</sup> SOPROFIM. Welcome to SOPROFIM – CHAD: Housing Production. Available at: <https://www.bing.com/search?q=SOPROFIM+TCHAD&cvid=87d25e89f45a4cceb9e740763a64e124&FORM=ANNTAI&PC=HCTS> (Accessed 17 August 2020).

<sup>2</sup> World Bank Group (2020). Doing Business 2020. Economy Profile Chad. [https://www.doingbusiness.org/content/dam/doingBusiness/media/Annual-Reports/English/DB2020-report\\_web-version.pdf](https://www.doingbusiness.org/content/dam/doingBusiness/media/Annual-Reports/English/DB2020-report_web-version.pdf) (Accessed 24 August 2020). Pg. 4.

<sup>3</sup> Al Wihda (2019). Chad: A very significant infrastructure deficit. 5 February 2019. [https://www.alwihdainfo.com/alwihdainfo.com/Tchad-un-deficit-d-infrastructures-tres-prononce\\_a70417.html](https://www.alwihdainfo.com/alwihdainfo.com/Tchad-un-deficit-d-infrastructures-tres-prononce_a70417.html) (Accessed 11 August 2020).

<sup>4</sup> United Nations Programme for Development (2014). About Chad. [www.td.undp.org/content/chad/fr/home/countryinfo.html](http://www.td.undp.org/content/chad/fr/home/countryinfo.html) (Accessed on 22 August 2020).

<sup>5</sup> Telephone interview with Mr Liman, Real Estate Agent, 15 August 2020, N'djamena, Chad.

<sup>6</sup> Face-to-face interview with Zoukalne, P. Direction des Domaines, Enregistrements et Timbres (Directorate of Land, Registrations and Seals), 7 August 2020, N'djamena, Chad.

<sup>7</sup> Face-to-face interview with Zoukalne, P. Direction des Domaines, Enregistrements et Timbres, 7 August 2020, N'djamena, Chad.

<sup>8</sup> Face-to-face interview with Mr Alaina, Y.P. General Management of MATDUH, 6 August 2020, N'djamena, Chad, referring to Law No. 023 of 24 November 2010.

<sup>9</sup> Circular No. 003/PR/MFB/DGM/DGSB/2020 of 10 January 2020 on Instructions relating to the application of the tax provisions of the 2020 Finance Act.

<sup>10</sup> Communiqué No. 127 of the National Coordination of Health Response of 21 August 2020 published on the Internet.

<sup>11</sup> World Health Organization (2020). Covid-19 Situation Update for WHO African Region – External Situation Report 7. 15 April 2020. Pg. 3.