

Benin

Koffi Alogninou Assogbavi



Overview

The Republic of Benin is a French-speaking country located in West Africa surrounded by the neighbouring countries of Togo, Burkina Faso, Niger and Nigeria. The country has nearly 121 km of coastline along the Gulf of Guinea. With an estimated population of 12 123 198 in 2020, an annual population growth rate of 2.7% and 48.4%,¹ of the population urbanised, access to decent housing is a major challenge for the Beninese authorities.

According to the authorities, 80% of the urban population is in the south of the country and 52% of the total population lives in 10% of the territory.² Density is high in the coastal zone, which benefits from the best water, electricity, health and education infrastructure in the country. The demand for housing and the pressure on land are strong in this coastal zone. Between 2010 and 2020, the housing deficit was estimated at 320 000 units, but only 2 000 units were produced by the market over the same period.³ In response, the authorities launched an ambitious programme to build 20 000 housing units over five years (2017 to 2021) in several phases. This social housing programme is financed by several partners, including the West African Development Bank (BOAD), the National Social Security Fund (CNSS) and the Islamic Development Bank.

Historically, Benin's economy has always been heavily dependent on Nigeria, accounting for nearly 20% of its gross domestic product (GDP)⁴ through informal trade, re-export and transit activities. Officially and based on the decision of Nigeria to combat smuggling, the border between the two countries has been closed since the last quarter of 2019. Despite the adverse effects of COVID-19, Benin's economy registered a GDP growth rate estimated at 2.3% in 2020 against 6.9% in 2019.⁵ The country was able to count on a good cotton harvest with 715 000 tonnes of seed cotton, an increase of 5.4% compared to 2019. The sectors most affected by the COVID-19 pandemic are: the port, catering, transport and hotel sectors, which have been subject to numerous restrictive and preventive measures. The inflation rate was 3% in 2020,⁶ which is at the limit of the convergence criteria of the West African Economic and Monetary Union (WAEMU). This level of inflation is mainly due to the rise in food prices.

KEY FIGURES

Main urban centres	Cotonou, Porto-Novo, Abomey-Calavi, Seme-Kpodji, Parakou
Exchange rate (1 July 2021): 1 USD = [a] 1 PPP\$ = (2020) [b]	553.23 CFA Franc (XOF) 211.97 CFA Franc (XOF)
Total population (2020) [b] Urban population (2020) [b] Population growth rate (2020) [b] Urbanisation rate (2020) [b] GDP per capita (Current US\$) (2020) [b] Percentage of population below national poverty line (2017) [b] Unemployment rate (% of total labour force, national estimate) (2017) [b] Proportion of adult population that borrowed formally (2017) [b] Gini coefficient (2017) [b] HDI country ranking (2019) [c] HDI country score (2019) [c]	12 123 198 5 869 446 2.69% 3.84% US\$1 291 36.6% 2.5% 9.4% 47.8 158 0.55
GDP (Current US\$) (2020) [b] GDP growth rate (2020) [b] Inflation rate (2020) [b] Lending interest rate (2017) [b]	US\$15 652 million 3.85% 3.02% 5.10%
Number of residential mortgages outstanding (2018) [d] Value of residential mortgages outstanding (USD) Prevailing residential mortgage rate Term [e] Maximum LTV on a residential mortgage Ratio of mortgages to GDP Number of residential mortgage providers Number of microfinance loans outstanding Value of microfinance loans (USD) [f] Number of microfinance providers [f]	539 n/a 7-9% 15 years n/a n/a n/a n/a US\$0.26 million 60
Total number of residential properties with a title deed (2019) [g] Number of formal dwellings completed annually Price of the cheapest, newly built house by a formal developer or contractor in an urban area in local currency units (2019) [h] Size of cheapest, newly built house by a formal developer or contractor in an urban area Typical monthly rental for the cheapest, newly built house (2020) [i] Cost of standard 50kg bag of cement in local currency units [j] Type of deeds registry: digital, scanned or paper (2020) [k] World Bank Ease of Doing Business index rank (2020) [k] Number of procedures to register property (2020) [k] Time to register property (2020) [k] Cost to register property as share of property price (2020) [k] World Bank DBI Quality of Land Administration index score (0-30) (2020) [k]	47 000 n/a 20 000 000 XOF n/a 150 000 XOF 3 600 XOF (US\$6.51) Paper 149 4 120 days 3.40% 9.0
Percentage of women who own a house alone and/or jointly (2018) [l] Percentage of female-headed households (2018) [l] Percentage of urban population living in slums (2018) [m] Percentage of households with basic sanitation services (2018) [l] Percentage of households with electricity (2018) [l]	15.2% 24.9% 58.8% 13.3% 35.6%
Cumulative number of COVID deaths per 100 000 as of 1 Oct [n] Percent of population fully vaccinated against COVID-19 as of 1 Oct	1.31 n/a

NB: Figures are for 2021 unless stated otherwise.

[a] Xe.com	[h] Expat.com
[b] World Bank World Development Indicators	[i] Benin-Immo
[c] Human Development Reports, United Nations Development Programme	[j] YACOTA SARL
[d] Ministry of Economy and Finance	[k] World Bank Ease of Doing Business Indicators
[e] Orabank Benin	[l] Demographic and Health Surveys, USAID
[f] Central Bank of West African States (BCEAO)	[m] United Nations Human Settlements Programme (UN-HABITAT)
[g] National Agency of the Domain and the Land	[n] World Health Organization (WHO)

Access to finance

Access to finance is a challenge for most Beninese who want to own a home. Most housing projects are carried out by mobilising personal savings over several years.

According to the latest statistics from the Central Bank of West African States (BCEAO), Benin had 14 banks and one financial institution,⁷ namely the African Guarantee and Bonding Company (AFGC), on 31 December 2020. According to the BCEAO, the percentage of the adult population holding an account in banks, postal services, national savings banks and the Treasury for 2019 was 24.8%.⁸

Housing finance by commercial banks remains marginal. In an economy heavily dominated by the informal sector, few Beninese have recourse to home loans to finance their housing projects. This situation is essentially linked to the restrictive conditions required by banks for granting mortgage loans. For example, Orabank Benin asks its clients to provide a work contract or a pension card and proof of a salary transfer or a direct debit. The client must also have 10% of the amount requested. Another limiting factor is the absence of a guarantee (linked to the land title in most cases), in a context of insecurity of property rights.

The amounts granted by the banks can range from CFA25 million (US\$45 189) to CFA100 million (US\$180 755) depending on the needs of the clients, namely: land acquisition, renovation or new construction. The microfinance sector in Benin is quite dynamic with more than 112 participants listed in 2019.⁹ According to a 2019 BECAO report on decentralised financial systems, total clients numbered 2 633 256.¹⁰ However, microfinance plays a paltry, if not negligible, role in housing finance although some of the credit extended to clients is certainly invested in housing projects. It would be wise for these institutions to explore the possibility of offering financing solutions for the real estate sector.

In recent years and following the impact of COVID-19, financial inclusion via mobile financial services has accelerated rapidly. Two operators are active on the Beninese market, namely MTN and Moov Africa. According to the 2020 report of the Regulatory Authority for Electronic Communications and Post of Benin (ARCEP), 5 253 233 accounts were active in 2020, an increase of 41.7% compared to 2019.¹¹ This is the number of subscribers who use mobile financial services. According to the same report, the number of operators that accept electronic currencies has also increased by 437.7%.¹² The volume of transactions increased from 336 368 074 to 603 737 776 in 2020, an increase of 79.5%. Of the transactions 20% concern money deposits and 23% withdrawals. This clear increase in mobile financial transactions is due to the promotion of digital finance and, in the era of COVID-19, allows for social distancing.

Affordability

In Benin, housing finance by conventional banks is not common for reasons of affordability. Indeed, the average net income per capita is CFA723 094 (US\$1 280) per year according to World Bank figures from 2020. This level of income therefore leaves little opportunity for the majority to have recourse to home loans.

The interest rates of real estate loans vary according to the banks. In the case of NSIA Banque, the rate is 7.9% excluding taxes for a maximum of 20 years. At the Bank of Africa (BOA), the duration of the loan can go up to 20 years and the amount can reach 80 to 100% of the value of the property or the overall construction cost. For some banks, the duration of the loans can be as long as 25 years.

Prices vary in the rental market according to geographical areas and the condition of the accommodation. For example, a two-bedroom plus living room apartment located in the Gbégamey district of Cotonou can cost CFA100 000 (US\$181) in rent, while in a more upscale district such as the Haie Vive, the rent can triple for the same space.

Housing supply

The supply of housing from the state is in full revival after several failed projects. The Société Immobilière et d'Aménagement Urbain (SIMAU) is the operational arm of the state, responsible for realising state real estate ambitions. This company was created in 2017 as part of a partnership between the state, banks and financial institutions and insurance companies. It centralises all projects and coordinates their execution. It is the privileged contact for developers who wish to invest in the real estate sector in Benin. The Cité Ouédo development is one of the flagship projects piloted by the Beninese government as part of the 20 000 social housing project carried out under the Government Action Programme (PAG). This is still the only project piloted by the state in the field of housing production. The construction programme is still underway with the recent launch of tenders for lots 1 and 2 worth CFA16.5 billion (US\$29.8 million) and CFA13.4 (US\$24.3 million) respectively. The first housing units resulting from this project are expected to be built in 2022.

Urban informality

According to World Bank statistics from 2018, 58% of the urban population in Benin live in slums.¹⁹ With an annual population growth rate of around 2.7% and a high urbanisation rate of 3.84% in 2020, solutions must be found quickly to improve the living conditions of the population and anticipate sanitation and social infrastructure needs. With this in mind, the city of Cotonou is the subject of a rainwater sanitation programme which aims to limit the risks of flooding, improve the living environment of the population, and ensure urban mobility during the rainy seasons.

In addition, the Beninese state has also undertaken work to improve access to drinking water. According to official data, nearly 70% of the population now has access to drinking water.²⁰

According to figures from the public statistical agency (INSAE), the proportion of brick houses is 61%, while 24.6% are made of earth in the Atlantic region, where the country's capital is located.

The first batch, of 1 735 housing units, is being built by the Spanish company Pablo and Natalia Holding Group (PNHG) through its local subsidiary, PNBN. With a construction method based on concrete walls instead of traditional bricks, the objective is to provide habitable buildings within 18 months. The financing method does not require any contribution from the buyer before the start of the project. This project aims to be innovative in several respects: the effective improvement of living conditions through delivery of housing equipped with water, electricity and sanitation, on serviced plots and in developed neighbourhoods; the improvement of technical standards and know-how by popularising high-quality mass construction methods; and promotion of new housing methods by combining individual houses and high density units.¹³

A few projects by private developers are developed in a scattered manner. One example is the GCITT Bethel (General Trade, Industry, Transport and Works) city project located in Ouédo. This project started in 2019 in Abomey Calavi and is supported by the state. The city is composed of 600 socio-economic houses built over an area of 30ha. The houses are built with stabilised earth bricks. According to the developers, the advantages of this technology are time and cost of construction, comfort and respect for the environment.¹⁴ The use of stabilised earth for housing in Benin is still marginal. The main material used remains cement, with a local production capacity of approximately 3 200 000 tons per year.

Property markets

The real estate market in Benin is still unstructured. Official and precise data on the prices of rental housing by area are not available. The sale of vacant land, rather than residences and housing rental, constitutes the bulk of transactions. For the rental market and for the acquisition of plots of land, there is a network of poorly trained real estate agents who assist customers with their various needs. Generally, a visit fee of CFA2 000 (US\$3.62) is required.

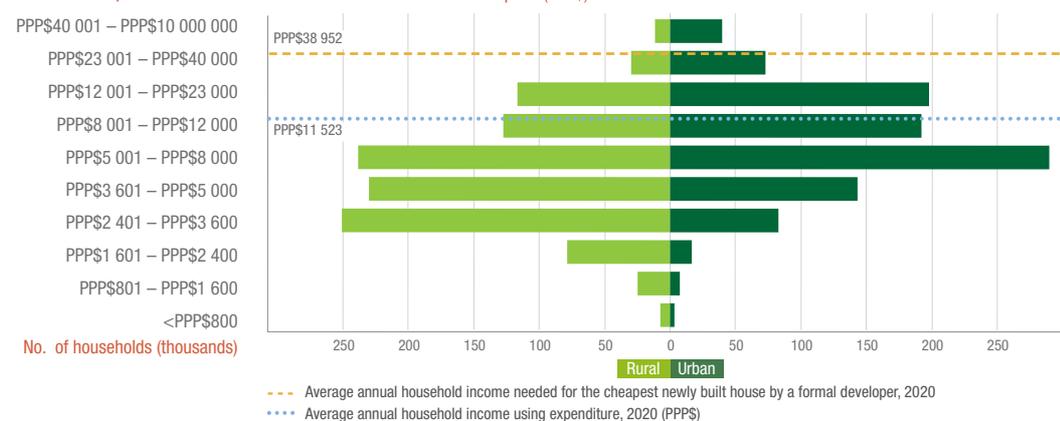
Attempts to better structure the network of real estate agents in Benin have so far been inconclusive. Requests are generally for medium-sized apartments or villas located in the city centre or in peri-urban areas. According to those involved in the sector, an apartment in good condition with two bedrooms and a living room in the populous districts of Cotonou, such as Agla or Gbégamey, is negotiated between CFA100 000 (US\$181) and CFA150 000 (US\$ 271) per month.¹⁵

Law No. 2021-02 amending and supplementing Law No. 2018-12 of 2 July 2018 on the legal regime of domestic lease was adopted in January 2021. It brings some changes to the real estate sector. For example, the commission received by the real estate agent now cannot exceed 50% of the monthly rent.¹⁶

Rapidly expanding areas are located on the outskirts of large urban areas such as Cotonou, Porto Novo, Bohicon or Parakou in the north of the country. The need for drinking water, electricity and even internet connections is increasing.

BENIN

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



Population:	12 123 198
Urbanisation rate:	3.84%
Cost of cheapest newly built house:	20 000 000 XOF
House price PPP\$:	PPP\$94 351
Urban households that could afford this house with finance:	3.78%
1 PPP\$:	211.97 CFA franc

Source: <https://www.cgidd.com/C-GIDD>, 2020

The residential resale market is not dynamic and concerns a minority of Beninese who can mobilise large sums of money. From January to July 2021, 203 requests for property transfers were processed by the Agence Nationale de Domaine et du Foncier (ANDF).¹⁷

The COVID-19 pandemic has had little impact on both formal and informal housing construction. Indeed, real estate is a safe bet for the Beninese. During 2020, the demand for construction materials did not fall. As an example, the price of cement, the main construction material in Benin, saw a double-digit increase, with a growth of approximately 16%, compared to 2019. This trend will continue in 2021. Demand for concrete iron, and other essential construction materials is likely to grow as well.

Policy and legislation

Successive governments have taken action and devised policies to improve the urban areas to cope with the high level of urbanisation unfolding in the country's main cities. Among others, there have been: the drafting, by municipal councils, of planning documents such as the master plan for the development of the municipality (SDAC); the development plan of the municipality (PDC); urban plans in built-up areas; rules relating to the use and allocation of land; detailed plans for urban development and subdivisions; the preparation in 2009 by the Cotonou Agglomeration of an Urban Development Strategy (UDS); and the preparation in 2007 by the development territory known as "Grand Nokoué" (townships of Cotonou, Abomey-Calavi, Ouidah, Sémé-Podji and Porto-Novo) of its Master Plan for Urban Development and Planning (SDAU "Grand Nokoué").¹⁸ However, these strategic documents need to be updated to take into account recent developments.

The state intervenes in the supply of housing in Benin mainly through social housing projects in the form of public-private partnerships. Historically, the projects carried out by the authorities have come up against several obstacles: a defective project framework, poor management or a financing plan out of touch with the realities on the ground, or a non-optimal financing scheme.

The most recent development in the legislative framework concerns the rental market, with Law No. 2021-02 modifying and supplementing law No. 2018-12 of 2 July 2018 on the legal regime of the lease for domestic use in the Republic of Benin, as adopted in January 2021. This new law formalises the activity of real estate agents. Any tenant can also acquire the property he rents.

Opportunities

The only social housing project in the country is that of the 20 000 social housing units. For the current phase, only the lots located in Ouédo are under construction.

The cities in the interior namely Parakou and Porto Novo, are not yet involved. Besides this major project, other initiatives are underway to improve the living environment of the population. One example is the establishment in 2018 of the

Société de Gestion des Déchets de la Salubrité du Grand Nokoué (SGDS-GN), whose mission includes collection, sorting and recycling of waste, helping local authorities to implement waste management solutions, and environmental preservation.

Sanitation and development projects on the outskirts of Cotonou are also underway and represent opportunities for direct and indirect participation. In housing finance, the banks should improve access to real estate loans with more flexible conditions to encourage construction of housing. The state could also, in the sense of promoting access to housing, consider reducing taxes levied on the main construction materials such as cement or concrete iron. The legal framework of land ownership, which has improved in recent years, is also a guarantee of success for the housing sector.

Availability of data on housing finance

The availability of data on the housing market in Benin remains a handicap. There are no regular studies on the housing deficit or on rental supply. Data on housing finance from banks and microfinance institutions are not centralised.

Some financial information is available from the BCEAO. For instance, the amounts of credit granted by microfinance organisations is available – without being able to distinguish the part destined for real estate and statistics on banking transactions, however. However, data deficiencies are not reserved for the housing market.

The data available on the website of the National Agency for Decentralized Financial Systems (ANSFD) was not updated for 2021 for microfinance. Recent studies on the housing deficit in the country cannot be found.

The National Institute of Statistics and Economic Analysis (INSAE) remains the main and most reliable source of information on socio-demographic and economic data.

The official website of the Beninese government provides information on the measures taken to combat COVID-19.

ARCEP's annual report makes it possible to follow the evolution of digital finance and understand its impact on financial inclusion.

Additional sources

The other laws governing land and rental in Benin are the following in chronological order

In 1999, Decree No. 99-313 of 22 June 1999 organised the performance of the real estate sector;

In 2005, Benin's housing policy defined the framework for housing policy and housing finance;

In 2007, law No. 2007-03 January organised the rural land tenure system;

In 2009, Decree No. 2009-693 of 31 December 2009 approved the framework letter for land reform in Benin;

In 2010, Decree No. 2010-329 of 19 July 2010 approved Benin's land policy declaration;

In 2013, the law 2013-01 of 13 August 2013 represents the current land code of Benin, the first of its kind in Benin that organises land property rights ;

In 2015, Decree No. 2015-010 of 29 January 2015 created the l'Agence nationale du foncier et du domaine, to develop and manage Benin's future land registry; and

In 2018, Law No. 2018-12 of 2 July 2018 regulates the rental market.

Websites

Government of the Republic of Benin <https://www.gouv.bj/>

Ministry of Economy and Finance <https://finances.bj/>

Ministry of Living Environment and Sustainable Development <https://www.cadredevie.bj/>

National Land and Property Agency <https://www.andf.bj/>

E-Notary platform <https://www.enotaire.andf.bj/>

National Agency for the Supervision of Decentralized Financial Systems <https://www.anssf.org/>

Government Action Programme Benin Revealed <http://revealingbenin.com/>

Real Estate and Urban Development Company <https://simaubenin.com/>

Benin Cadastre <https://cadastre.bj/>

Application for a building permit online <https://permisdeconstruire.gouv.bj/>

National Agency for Spatial Planning <http://anat.bj/>

Association of Municipalities of Benin <https://www.ancb.bj/>

National Geographic Institute <http://ign.bj/>

Agency for the execution of urban works <http://www.ageturbj/>

Société de Gestion des Déchets de la Salubrité du Grand Nokoué <https://www.sgds-gn.bj/>

¹ La banque Mondiale. <https://data.worldbank.org/indicator/SP.URB.TOTL.IN.ZS?locations=BJ> (consulté le 20/08/2021).

² XINHUA NEWS, (2019), Le Bénin connaît une rapide urbanisation corrélée avec une forte croissance démographique, 11/08/2019, XINHUA NEWS, http://french.xinhuanet.com/2019-11/08/c_138540459.htm (Consulté le 30/08/2021).

³ HOUSSOU Achille (2017), Programme de construction de 20 000 logements sociaux et économiques au BENIN. <https://cmrhuemoa.org/wp-content/uploads/2017/03/Programme-de-Construction-Logements-sociaux-et-%C3%A9conomiques-au-B%C3%A9nin-Achille-HOUSSOU.pdf> (consulté le 20/08/2021) page 3.

⁴ La Banque Mondiale. La banque mondiale au BENIN. <https://www.banquemondiale.org/fr/country/benin/overview> (Consulté le 14/08/2021).

⁵ La Banque Africaine de Développement. Perspectives économiques au Bénin. <https://www.afdb.org/fr/pays-afrique-de-louest-benin/perspectives-economiques-au-benin> (consulté le 20/08/2021).

⁶ La banque Mondiale. <https://data.worldbank.org/indicator/FPCPI.TOTL.ZG?locations=BJ> (consulté le 20/08/2021) (consulté le 20/08/2021).

⁷ Banque Centrale des États de l'Afrique de l'Ouest (BCEAO), (2020), Paysage bancaire au Bénin. <https://www.bceao.int/fr/content/paysage-bancaire> (consulté le 23/08/2021).

⁸ Banque Centrale des États de l'Afrique de l'Ouest (BCEAO), (2020), Rapport annuel sur la situation de l'inclusion financière dans l'UEMOA au titre de l'année 2019, <https://www.bceao.int/sites/default/files/2020-11/Rapport%20annuel%20inclusion%20financie%CC%80re%20UEMOA%20-%202019.pdf> page 14.

⁹ Agence Nationale de surveillance des systèmes financiers décentralisés (2020) Annuaire 2019 des systèmes financiers décentralisés du Benin, Page 3. <https://finances.bj/wp-content/uploads/2020/07/Annuaire-des-SFD-2019-%C3%A9dition-2020.pdf> (Consulté le 30/08/2021).

¹⁰ Banque Centrale des États de l'Afrique de l'Ouest (BCEAO), (2020), Rapport annuel sur la situation de l'inclusion financière dans l'UEMOA au titre de l'année 2019, page 14. <https://www.bceao.int/sites/default/files/2020-11/Rapport%20annuel%20inclusion%20financie%CC%80re%20UEMOA%20-%202019.pdf> (consulté le 30/08/2021)

¹¹ Autorité de régulation des communications électroniques et de la poste BENIN, (ARCEP BENIN) Rapport annuel 2020, Page 49. <https://arcep.bj/wp-content/uploads/2021/06/Rapport-Annuel-dactivit%C3%A9s-2020-de-ARCEP-BENIN.pdf> (Consulté le 30/08/2021).

¹² Autorité de régulation des communications électroniques et de la poste BENIN, (ARCEP BENIN) Rapport annuel 2020, Page 47. <https://arcep.bj/wp-content/uploads/2021/06/Rapport-Annuel-dactivit%C3%A9s-2020-de-ARCEP-BENIN.pdf> (Consulté le 30/08/2021).

¹³ IRC SARL, Rapport final EIES du projet de construction des 8 900 logements sociaux et économiques à Ouédo, <https://www.boad.org/wp-content/uploads/2019/08/EIES-8900-version-finale-030418.pdf>. Page 17. (consulté le 23/08/2021).

¹⁴ RESODOMIA, l'essentiel de l'immobilier panafricain. <https://residomia.com/bien/voirprog/87>. (Consulté le 22/08/2021).

¹⁵ Enquête de terrain de l'auteur, Aout 2021, Cotonou, BENIN

¹⁶ Martial Agoli-Agbo, Modification de la loi sur le bail à usage domestique au Bénin : La commission des démarcheurs fixée à 50% du loyer mensuel, 11 Janvier 2021, Actu BENIN. <https://actubenin.com/modification-de-la-loi-sur-le-bail-a-usage-domestique-au-benin-la-commission-des-demarcheurs-fixee-a-50-du-loyer-mensuel> (consulté le 10/08/2021).

¹⁷ Agence Nationale de Domaine et du Foncier (ANDF), Statistiques. <https://www.andf.bj/index.php/le-foncier-au-benin/statistiques/statistiques-bcdf> (consulté le 10/08/2021).

¹⁸ Rapport National du Bénin pour HABITAT III à Quito (Equateur) (Octobre 2016), page 16, David HOUSSOU

¹⁹ La banque Mondiale. <https://donnees.banquemondiale.org/indicateur/EN.POPSLUM.UR.ZS?locations=BJ>, (Consulté le 31/08/2021).

²⁰ <https://www.afrik21.africa/benin-le-gouvernement-favorise-l'extension-rapide-de-l'accès-a-leau-en-zone-rurale/> (Consulté le 17/08/2021).