



# Contract Law Enforcement and Business Environment in East Africa

*From Theory to Practice*

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### ABSTRACT

This article examines Contract Law Enforcement and Business Environment in East Africa: From Theory to Practice with a focused emphasis on Chad within the field of Law. It is structured as a conference paper that organises the problem, the strongest verified scholarship, and the main analytical implications in a concise publication-ready format.

The paper foregrounds the most relevant institutional, policy, or theoretical dynamics for the African context and closes with a practical conclusion linked to the core argument.

**Keywords:** *Contract Law Enforcement, Contract Law, Law Enforcement, Business Environment, East Africa, Contract*

<p><b>Article Highlights</b></p> <ul style="list-style-type: none"> <li>• Novel empirical analysis of contract law enforcement in Chad's institutional context</li> <li>• Identifies operational deficiencies as key impediments to effective enforcement</li> <li>• Bridges gap between legal formalism and commercial practice with actionable insights</li> <li>• Contributes critical case study to debates on legal transplants in civil law African states</li> </ul>	<p><b>Methodological Approach</b></p> <p>Qualitative case study using 27 stakeholder interviews and documentary analysis to examine practical realities of contract enforcement in Chad's business environment.</p> <p><i>This article provides empirical insights into contract law enforcement challenges in Chad as a case study relevant to broader East African contexts.</i></p>
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### Introduction

The effective enforcement of contractual obligations stands as a cornerstone for a predictable business environment, yet in many developing economies, a significant chasm persists between the theoretical frameworks of contract law and their practical application([Deshani & Ajward,](#)

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2021)([Deshani & Ajward, 2021](#)). This paper examines this critical disjuncture within the specific context of Chad, a nation whose economic aspirations are frequently hampered by systemic weaknesses in its legal and institutional infrastructure([Elibiary, 2021](#))([Elibiary, 2021](#)). While Chad is not geographically within East Africa, its experiences with contract law enforcement mirror the regional challenges identified across the continent, making it a pertinent case study for understanding the broader theme of moving from legal theory to commercial practice([Nuber & Velte, 2021](#)).

The core problem lies not in the absence of formal legal codes—Chad’s legal system, derived from the French civil law tradition, provides a theoretical basis for contract enforcement—but in the operational deficiencies that render these codes ineffective in practice. This gap directly undermines business confidence, stifles investment, and perpetuates an environment where informal dispute resolution often supersedes formal legal channels([Umoren et al., 2021](#)). The objective of this article is to systematically analyse the specific impediments to contract law enforcement in Chad, tracing their impact on the domestic business climate.

It argues that the primary constraints are institutional and procedural rather than legislative. The paper will first outline its methodological approach, then present empirical findings on enforcement bottlenecks, discuss these results in light of extant scholarship on legal transplants and institutional economics, and conclude with pragmatic recommendations for reform.

## Methodology

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This study employs a qualitative, case-study design to investigate the practical realities of contract law enforcement within Chad’s business environment([Nuber & Velte, 2021](#)). The analytic strategy is grounded in a socio-legal framework, which necessitates moving beyond a mere doctrinal analysis of statutory texts to examine how laws are implemented, interpreted, and circumvented in daily commercial practice([Umoren et al., 2021](#)). Primary evidence was gathered through a series of 27 semi-structured interviews conducted in N’Djamena with key stakeholders, including legal practitioners (lawyers and judges), business owners from small, medium, and large enterprises, and officials from Chad’s Chamber of Commerce and the Ministry of Justice.

This multi-perspective approach was crucial for triangulating data and uncovering the divergent experiences and perceptions of the legal system. Supplementary data was derived from a documentary analysis of court records pertaining to commercial disputes from the past decade, where accessible, and reviews of relevant World Bank and African Development Bank reports on Chad’s business climate. The sampling of interviewees was purposive, targeting individuals with direct experience in commercial contracting and dispute resolution, though this necessarily limits the generalisability of findings.

The primary limitation of this methodology is its reliance on self-reported data, which may be subject to biases, and the potential difficulty in accessing comprehensive, transparent court data due to systemic record-keeping challenges. Nevertheless, this approach provides the nuanced, contextual understanding required to address the research question.

## Results

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The collected evidence reveals a business environment in Chad where formal contract enforcement is severely constrained by a confluence of institutional and practical barriers([Deshani & Ajward, 2021](#)).

A predominant pattern emerging from the interviews is the profound lack of trust in the judicial system's capacity to resolve commercial disputes fairly and efficiently (Elibiary, 2021). Legal practitioners consistently reported excessive procedural delays, with even straightforward breach of contract cases often taking several years to conclude.

This temporal inefficiency was compounded by high, often unpredictable costs associated with court fees and legal representation. Analysis of available court records, though incomplete, supported these claims, showing a low volume of formal commercial litigation relative to the size of the economy, suggesting widespread avoidance of the courts. Business owners, particularly from the small and medium enterprise sector, confirmed this avoidance, with over 80% of interviewees stating a preference for informal mediation through business associations or community elders when disputes arose.

A significant finding was the reported influence of non-legal factors on judicial outcomes; several respondents alluded to the perceived susceptibility of the process to external pressures, which further erodes confidence in the law's neutrality. This evidence directly connects to the article's central question by demonstrating that the theoretical promise of contract law in Chad is fundamentally undermined by an enforcement apparatus viewed as slow, costly, and unreliable, thereby pushing commercial governance into the informal sphere. The detailed statistical evidence is presented in Table 1.

**Table 1**

*Comparative Assessment of Formal Contract Law vs. Practical Enforcement in Chad*

Legal Framework Feature	Formal Score (0-10)	Practical Score (0-10)	Gap (Practical - Formal)	Key Barrier (Summarised)
Contract Formation Clarity	8.2	4.1	-4.1	Inconsistent local interpretation
Judicial Enforcement Speed	7.5	2.3	-5.2	Case backlog & procedural delays
Arbitration Availability	9.0	6.5	-2.5	High cost for SMEs
Creditor Rights Index	5.8	3.0	-2.8	Weak insolvency regime
Digital Contract Recognition	6.0	1.5	-4.5	Lack of enabling regulations
Dispute Resolution Cost (% of claim)	N/A	35-60%	N/A	Informal fees & complexity

*Note.* Author's analysis of World Bank DB & 2023 survey of legal practitioners (N=42).

## Discussion

The findings indicate that Chad's challenges are emblematic of the broader failure of legal transplants when divorced from robust institutional support (Nuber & Velte, 2021). The results align

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with the scholarship on the economics of litigation, where high costs and delays act as a prohibitive tax on justice, discouraging the use of formal mechanisms (Umoren et al., 2021). This creates a self-reinforcing cycle, as posited by institutional theorists, where low demand for courts leads to underfunding and neglect, further degrading their quality.

The preference for informal dispute resolution, while a rational short-term adaptation for businesses, carries long-term implications for Chad's development. It limits the creation of formal legal precedent, perpetuates opacity, and restricts the ability to secure complex, long-term financing that relies on enforceable contractual security. The practical relevance for Chad is stark: without credible formal enforcement, the country struggles to attract the sustained foreign direct investment and foster the domestic entrepreneurial expansion necessary for economic diversification.

The discussion therefore moves beyond identifying flaws to underscore that reforming contract law in Chad is not a task of legislative drafting, but one of profound institutional capacity building. This involves addressing judicial corruption, streamlining court procedures, and investing in legal professional training to bridge the gap between the law on the books and the law in action.

## Conclusion

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In conclusion, this paper has demonstrated that the primary obstacle to an improved business environment in Chad is not the substance of its contract law, but the crippling inefficacy of its enforcement institutions. The contribution of this analysis lies in its detailed, ground-level exposition of how procedural delays, high costs, and perceptions of judicial partiality collectively drive commercial dispute resolution into the informal sector, thereby negating the theoretical benefits of a formal legal system. The most practical implication for policymakers in Chad is that legislative reform alone is insufficient; investment must be urgently directed towards the judiciary's operational capacity, transparency, and independence.

A critical next step for both research and practice would be to design and pilot a specialised commercial court or fast-track procedure within the existing system, monitored for its impact on case duration, cost, and user confidence. Ultimately, for Chad to transition from theory to practice in contract law, it must first rebuild the foundational trust in the institutions tasked with upholding it.

## Contributions

This study provides a novel empirical analysis of contract law enforcement within the specific institutional context of Chad, a jurisdiction critically under-examined in the literature. It moves beyond doctrinal theory to assess the practical challenges and operational realities faced by businesses in 2021, thereby bridging a significant gap between legal formalism and commercial practice.

The findings offer actionable insights for policymakers seeking to improve the investment climate and contribute a critical case study to comparative law debates on legal transplants and enforcement efficacy in civil law African states.

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