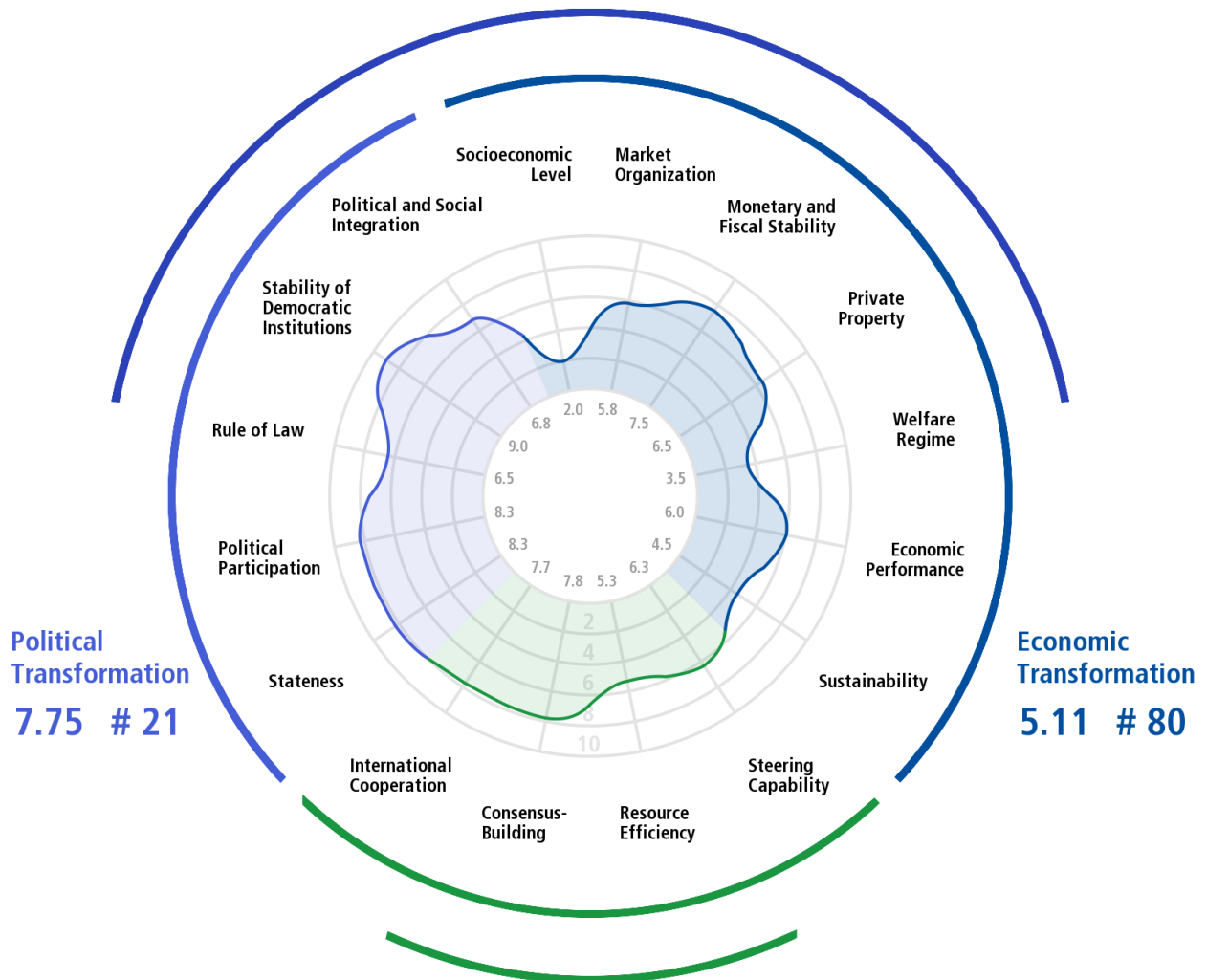


Benin

Status Index

6.43 # 42

on 1-10 scale out of 137



Political Transformation
7.75 # 21

Economic Transformation
5.11 # 80

Governance Index

6.08 # 24

on 1-10 scale out of 137

This report is part of the **Bertelsmann Stiftung's Transformation Index (BTI) 2020**. It covers the period from February 1, 2017 to January 31, 2019. The BTI assesses the transformation toward democracy and a market economy as well as the quality of governance in 137 countries. More on the BTI at <https://www.bti-project.org>.

Please cite as follows: Bertelsmann Stiftung, BTI 2020 Country Report – Benin. Gütersloh: Bertelsmann Stiftung, 2020.

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Key Indicators

Population	M	11.5	HDI	0.520	GDP p.c., PPP \$	2420
Pop. growth ¹	% p.a.	2.7	HDI rank of 189	163	Gini Index	47.8
Life expectancy	years	61.2	UN Education Index	0.476	Poverty ³	% 76.2
Urban population	%	47.3	Gender inequality ²	0.613	Aid per capita \$	60.5

Sources (as of December 2019): The World Bank, World Development Indicators 2019 | UNDP, Human Development Report 2019. Footnotes: (1) Average annual growth rate. (2) Gender Inequality Index (GII). (3) Percentage of population living on less than \$3.20 a day at 2011 international prices.

Executive Summary

The assumption of power by President Talon in April 2016, following a peaceful election, has reaffirmed the stability of democracy in Benin. As soon as he took office, the new president promised to break with the governance of his predecessor, Boni Yayi, and committed himself to a series of institutional, political and economic reforms outlined in the Government's Action Program (PAG), developed for 2016 to 2021. This ambitious program is embraced by civil society, political actors and the international community who have supported from the start.

Nevertheless, early on, the Talon administration faced significant difficulties in the implementation of the PAG. Because of a lack of consensus among politicians, a draft revision of the constitution, which contains the bases for reforming Benin's political model, was rejected by the National Assembly in April 2017 and July 2018. The administration's failure has polarized the political field, which is now composed of a Bloc of the Presidential Majority (BMP), favorable to the actions of the government, and a strong opposition. The government however succeeded in introducing changes in the partisan system through the adoption of derivative and controversial laws, including the new party charter and the electoral code.

However, these top-down reforms could not solve the weaknesses of a party system dominated by corruption, clientelism and opaque relationships between key businessmen and politicians.

There is an evident conflict of interest between Talon's role as president and his business interests. Talon's private companies have regained control of key sectors of the economy, including the Port of Cotonou, from which Yayi had evicted him, and the cotton sector.

More generally, efforts to implement political and economic reform will conflict with long-standing features of Benin's political economy. The state administration's capacity to implement reforms is questionable.

The socioeconomic environment also presents substantial challenges. Benin's fragile economy has experienced several years of sustained growth. Recently, however, economic growth has slowed down from 6.5% in 2014, to 5.2% in 2015 and was estimated to be at 4.5% in 2016 and 6.0% in 2018. This slowdown is primarily a consequence of the crisis in Nigeria. There has been progress with regard to some social indicators, for instance, school enrollment. However, Benin remains a Least Developed Country and rates of extreme poverty have not declined (ranked 166 out of 188 countries with a value of 0.48 on the Human Development Index 2015).

In order to implement its development strategy and avoid dependency on international donors, the government has plans to mobilize resources from the private sector. However, the private sector remains small in comparison to the country's large informal and predominately subsistence economy. The initial support that Talon enjoyed from the private sector seems to be waning. Talon's statements that he will privilege merit over regional equilibrium in office appointments has raised eyebrows in the north of the country, where educational attainment is lower than in the south. In addition, public sector trade unions oppose to further privatization and some proposed sectorial reforms.

In conclusion, Benin continues to exhibit the same strengths and weaknesses as in the past. Consensus on the importance of democratic principles and on the values of non-violence and interethnic cooperation remain ingrained, but Benin's political economy shows little signs of effective transformation toward a socially sustainable market economy despite President Talon's ambitions.

History and Characteristics of Transformation

Benin has, in recent history, undergone simultaneous political and economic transformation. The country has, all in all, made progress in consolidating its political transformation, and is considered very successful by regional and continental standards. Nevertheless, transformation of the economic system has faltered and shows a more uneven track record. On the one hand, Benin numbers among Africa's relative winners in economic growth. On the other hand, Benin remains among the poorest countries of the world and most of its citizens, employed in the subsistence economy, have not reaped the fruits of recent economic growth.

Following independence in 1960, Benin's political development was initially characterized by regime instability and a series of military interventions. The last coup, in October 1972, marked the onset of 17 years of military rule under Commandant (later General) Mathieu Kérékou, who installed one of the few formally Marxist-Leninist regimes in sub-Saharan Africa. Endogenous economic failure and the end of material and ideological support from the Eastern Bloc led to the rapid downfall of the regime. The National Conference of 1990, composed of politicians and civil society leaders, voted overwhelmingly to adopt a multiparty system. Benin thus became the trendsetter for radical democratization processes in the whole of Francophone Africa.

The first free and fair elections in 1991, won by the prime minister of the transition government, Nicéphore Soglo, ratified the new political dispensation outlined in the constitution of 1990. The newly established democratic institutions survived Kérékou's return to power in the presidential elections of 1996, when the former military ruler snatched a surprise victory, and his re-election in 2001.

The electoral victory of outsider Thomas Boni Yayi in the 2006 presidential elections reaffirmed the competitive nature of Beninese politics and the limited relevance of political parties. In 2011, Yayi was unexpectedly re-elected without the need for a run-off, triggering accusations of fraud from the opposition. During his second term, Yayi was increasingly criticized for his real or alleged authoritarianism. In 2012, President Patrice Talon, one of Benin's richest businessmen, was accused of plotting against the president and having attempted to poison him. Talon was eventually pardoned by Yayi in 2014, but the "Talon affair" raised fears about the fragility of democracy in Benin, and further polarized the country between supporters and opponents of Yayi.

Rumors that Yayi intended to modify the constitution to run for a third term proved however wrong. Former prime minister Lionel Zinsou ran as presidential candidate for the Cowry Forces for an Emergent Benin (FCBE), a pro-Yayi political party, in the 2016 elections. Zinsou was defeated in the run-off by Talon, who ran as an independent candidate. Talon received support from presidential candidates defeated in the first round and from defectors from the FCBE.

After the fall of Kérékou's Marxist-Leninist regime in 1991, economic transformation, promoted by the transition government, won strong support from the international donor community and was initially successful. During the Soglo presidency, radical reforms were implemented, which contributed to Soglo's electoral defeat in 1996. Kérékou, following Soglo as elected president, did not radically modify this strategy, but economic reforms stagnated under his presidency. The victory of Yayi in the 2006 elections seemed to indicate both a popular will to fight corruption as well as stronger government commitment to economic transformation. However, much of the Beninese public was disappointed by Yayi's performance.

Talon won the 2016 presidential election stating that he would break with Yayi's controversial presidency. He has pledged to defend and reinforce Benin's democratic institutions by, for example, limiting the presidential mandate to a single term and modernizing the economy. As soon as he took office, he undertook numerous political, institutional and economic reforms, the main lines of which he outlined in the Government's Action Program (PAG 2016-2021). Early, he faced strong opposition from other political actors. In April 2017, the constitutional reform process he initiated in the National Assembly did not receive support from opposition members of parliament. However, the National Assembly adopted a new law that would change the partisan system, the effectiveness of which would only be known at the end of the legislative electoral process scheduled for April 2019. The government also faces many challenges in mobilizing funding for the implementation of the PAG's flagship projects.

The BTI combines text analysis and numerical assessments. The score for each question is provided below its respective title. The scale ranges from 1 (worst) to 10 (best).

Transformation Status

I. Political Transformation

1 | Stateness

The state's monopoly on the use of force is established nationwide. There are no armed rebel groups active inside or outside of the national territory. Mob justice, which increased towards the end of 2016, fell sharply following a government decision to crack down on the perpetrators and bystanders of such acts. In addition, many cases of conflict between herders and farmers have been reported in rural areas, particularly in the lower Ouémé Valley and in the Niger Valley, which hosts transhumant migrants from Niger and Nigeria. Crime is a serious problem insufficiently addressed. Road and armed robberies are occasionally reported, despite the merger in January 2018 of the police and gendarmerie into a larger force called the Republican Police. The involvement of Benin in the fight against Boko Haram, alongside Nigeria, Niger, Cameroon and Chad, is a potential source of insecurity. The country has been on alert for possible terrorist attacks since the May 2016 Islamist shooting in Côte d'Ivoire. Reports of the influx of radical Islamic clerics have increased. The government recently established a National Commission to Combat Radicalization, Violent Extremism and Terrorism (CNLRET).

In stark contrast to other West African coastal states such as Côte d'Ivoire, there are no problems in defining citizenship and who qualifies as a citizen in Benin. Governmental action does not discriminate on ethnic, religious or cultural grounds, and the legitimacy of the republic is not questioned in principle. There is no dominant group that identifies itself as the core group of Benin's heterogeneous society. However, there is a strong historical divide between the northern part of the country (mainly the provinces of Atakora, Alibori, Borgou and Donga) and the southern provinces of Zou, Atlantique and Ouémé. Before colonialism, the latter used to belong to the kingdoms of Dahomey (Zou and Atlantique) and Porto-Novo (Ouémé). While the two kingdoms were involved in slave trading and politically favored in colonial times, they were at odds with each other. As a result, post-colonial Benin was politically divided into three parts representing internally heterogeneous communities. While northerners were perceived to be privileged and favored during President Yayi's rule (2006 – 2016), southerners are now perceived to be privileged by the incumbent president, Patrice Talon. Talon openly stated that he will favor merit

Question
Score

Monopoly on the
use of force



1

State identity



1

and competence over regional equilibrium in office appointments. This might potentially put northerners at disadvantage. The north is the least developed part of the country and has less educated citizens and trained civil servants than the south. Regionalist overtones have become increasingly present, particularly in political speeches. Recently, during a political meeting, a group of young people launched “Nikki’s Initiative” (“l’initiative de Nikki”), angered by the fact that the northerners are marginalized in the appointments made by President Talon’s government. This act has been prosecuted.

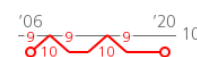
Separation between religion and the state is guaranteed by the secular 1990 constitution, and religious or ethnic extremists command no political influence. Although politics is still defined along ethno-regional cleavages, there is a fundamental national sense of solidarity and an elementary constitutional patriotism. The country has established a platform for inter-religious dialog. Since 2015, Benin has hosted the African Initiative for Peace and Development Education by Inter-religious dialog, which is supported by the African Union (AU). Under the aegis of Professor Albert Tévoedjrè, the country inaugurated in March 2018 a center called Theophania, the African House of Peace, which has become the symbol of inter-religious dialog. Catholics are over-represented in state offices as a result of the role of the church in education. However, this does not transfer into dogmatic interference. Generally, religious pluralism and tolerance are the rule. There are some preoccupations for the rise of evangelic groups and local religions (Voodoo, Banamè church) and their close relationships to politicians. The risk that Muslim extremism might spill over from neighboring countries such as Nigeria or Mali exists, especially in the north of the country. Individual extremist preachers have been reported, though there is no reliable information about the extent of their influence.

The state’s basic administrative structure functions throughout the country’s entire territory. The biggest accomplishment of the public sector in recent years has arguably been the extension of basic education to near full enrollment. In rural areas, however, the performance of political and judicial decision-making is unsatisfactory, and the allocation of public goods is not very efficient. The largely donor-driven decentralization process, which includes capacity-building and civic education policies, has begun to slowly improve socioeconomic conditions and strengthen the presence of basic administrative infrastructure. Still, legal standards are not enforced and corruption remains a systemic problem, despite the Talon government’s efforts at a crackdown. Examples include the state’s inability to enforce import regulations and the enormous delays in public prosecutions, which has led to prolonged pretrial detentions.

According to the latest WHO/UNICEF (2017) joint monitoring program for water, sanitation and hygiene, access to improved water sources is 81% and 71% for urban and rural areas, respectively. Access to sanitation facilities is notably low with only 25% and 5% of the urban and rural population, respectively, having access to such facilities.

No interference of religious dogmas

9



1

Basic administration

6



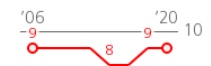
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2 | Political Participation

Free and fair elections have been the norm in Benin since 1990. The electoral administration is sufficiently independent but disorganized. The Autonomous National Electoral Commission (CENA), initially appointed on a temporary basis, was turned into a permanent body in 2014. CENA successfully organized the last parliamentary elections in 2015 and presidential elections in early 2016. It is preparing to organize the next parliamentary elections scheduled for April 2019. There have been persistent concerns about voter registration since the introduction of a permanent and computerized electoral roll (LEPI) in 2013. The management of the LEPI has been reorganized, a Council of Orientation and Supervision and a center for the treatment of biometric electoral data have been created and were transformed in March 2017 into a National Processing Agency (ANT) administratively attached to the civil cabinet of the president. However, the process of updating the list and the limited financial resources allocated to managing the list have often created organizational problems, resulting in tensions between government and the opposition. In particular, under the rule of President Yayi, local elections initially scheduled for 2013 were postponed until June 2015 due to the non-availability of an updated list. Similarly, under President Talon, the installation of COS-LEPI in 2018 was delayed by about 10 months, which had an impact on the legal deadlines for updating the list to be used for the April 2019 parliamentary elections. The use of elections as decision-making processes is not as strong as in most consolidated democracies. The change in the head of state after the president's two consecutive terms of office and the fact that the transfer of power to President Talon took place peacefully after President Thomas Boni Yayi's two terms are strong signs of democratic consolidation in Benin, especially since Yayi accused Talon of attempted murder a few years before he stepped down. At the time of writing, the country was preparing for the upcoming parliamentary elections under the banner of new reforms and a new party charter that has been heavily criticized by the political opposition. This new charter is considered binding by political actors in requiring existing political parties to engage in activity nationally, which is difficult to achieve. As a result, several political parties will not have been able to participate in the March 2019 competition. The same applies to the minimum guaranteed funding for an election, which the new electoral code requires to increase to 149 million. The numerous debates that preceded the adoption of these laws suggest that the upcoming elections represent a major challenge in terms of their transparency, political party participation, et cetera.

Free and fair elections

9



1

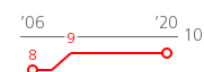
The government has the effective power to govern. The army, formerly a major power player, has receded to the barracks and is largely unwilling to re-emerge on the political scene. The peaceful and democratic transfer of power from Yayi Boni to his rival Patrice Talon is further evidence of the loyalty of the military to the laws of the republic. The appointment of the 12 prefects in accordance with the new organization of the administration into 12 departments has strengthened the capacity of the state to exercise power. However, political enclaves are more likely to exist at the local level where the elected municipal councilors enter a political field already occupied by various chiefs, notables and non-elected actors. State capacities at this level are often very low. This makes parts of the population disinterested in elected representatives and encourages them to turn to local actors that render more effective services, including local customary leaders and religious service providers

Freedom of expression has been constitutionally guaranteed since 1990 and individuals are free to organize into political parties or non-governmental associations. However, the recent political reforms adopted by the Talon regime have introduced a number of restrictions. For example, the new charter of political parties adopted in July 2018 requires the mobilization of at least 1,155 founding members at the national level (15 per commune) as opposed to 120 (10 per department) previously. Although the freedom of association is still recognized, the exercise of these rights has been restricted. Thus, the right to strike was legally denied to health and justice workers. In addition, new restrictions have been placed on workers' right to strike by limiting strikes to a maximum of 10 days per year. These various reforms are considered serious threats to freedom of association and assembly. However, unions continue to operate, representing the interests of the relatively small formal labor force – mostly public employees – albeit with fewer opportunities to counteract the state's authority. At the same time, civil society actors who used to play a watchdog role vis-à-vis formal politics continue to be co-opted by the government. While this was already the case under President Yayi's rule, it has become critical under Patrice Talon, who came to power with strong support from civil society. In particular, Citizens' Alternative, the civil society coalition led by Professor Joseph Djogbénou, has become a political party and has played major role during the last parliamentary, local and presidential elections.

The constitution guarantees freedom of expression and there is also a multitude of private media that provide different opinions. State and numerous private media outlets operate freely. The latter are more constrained by the financial influence of the government's communication services than the former. There are no restrictions or limits on accessing social media networks. Since April 2018, the country has had a digital code that governs digital communication. The new tax on social networks introduced by the government in July 2018 was subsequently cancelled, following strong pressure from the population, which considered the measure a governmental response to popular criticism. The regulation of the media sector combines both a public institution (the High Authority for Audiovisual and Communication, HAAC)

Effective power to govern

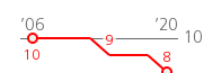
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Association / assembly rights

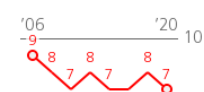
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1

Freedom of expression

7



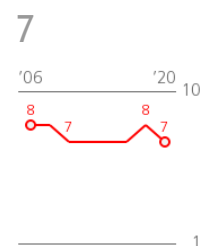
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and a professional association of journalists (the Observatory of Professional Standards and Ethics in the Media, ODEM). Domestic respect for the HAAC, once a model for the region, has suffered in the last few years due to the perception that it has lost its impartiality. The mode of appointment of the HAAC has been controversial, given that the chairman and two other members of the HAAC are nominated by the president of the Benin. Recent sanctions imposed by the HAAC on media outlets are perceived as serious threats to press freedom in Benin, because the HAAC often censures media outlets for defamation when they expose corruption or strongly criticize the government. A controversial case took place in December 2016. Several media outlets, notably radio Soleil FM, SIKI TV, Eden TV, and E Television, close to Sébastien Ajavon (an important businessman and a presidential candidate in the last elections) were closed down for the non-respect of the Scope statement with the HAAC. More than a year later, all but Soleil FM and SIKI TV, which belong to Sébastien Ajavon, were allowed to recommence operations. This decision followed Ajavon's arrest for alleged drug trafficking and subsequent release. The daily newspaper, La Nouvelle Tribune, was also closed in May 2018. Reporters Without Borders (RSF) ranked Benin 84 out of 180 countries in 2018, a decrease from its level in 2016 and 2017 (78 out of 180). However, Benin is still far from its earlier ranking of 30th in the world. Freedom House's Global Press Freedom survey never reported the same sharp backslide, instead consistently assessing Benin as having a lower level, "partly free," press.

3 | Rule of Law

Separation of powers is not only constitutionally mandated but also implemented in practice. Benin has a pure presidential system in which the president frequently faces periods where the opposition has control of the country's unicameral legislative body, the National Assembly. However, because of the instability of the party system, the individual and personal interests of the member of parliaments often affect the equilibrium between the executive and the parliament. The National Assembly is able to counterbalance the executive, but sometimes as part of power politics rather than as part of controlling government (i.e., according to BTI's normative framework). The speed with which the Bloc de la Majorité Parlementaire (BMP) passes laws that are favorable to power and unpopular is seen as an indication of a lack of separation of power between these two institutions. Judicial review by the Constitutional Court is a cornerstone of the political system and an effective check on actions taken by government and the National Assembly. The constitution provides for simultaneous appointments of judges, three by the president and four by the executive committee of the National Assembly. Because of the procedure to appoint the judges, there were debates over the independence of the court under the Yayi presidency. The debate continued with Talon presidency when his lawyer, who became minister of justice in his first government, was appointed president of the Constitutional Court. The subsequent reversals of case law after Djogbénou took office suggest that the court is

Separation of powers

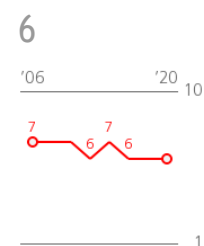


not fully independent. In particular, the court's justices declared several laws to be in compliance with the constitution, including those relating to the denial of health workers' right to strike, which the previous court headed by Robert Dossou had rejected. Patrice Talon's proposed constitutional reform that envisages strengthening the financial independence of the court and the number of judges eligible for appointment was rejected by the parliamentary minority.

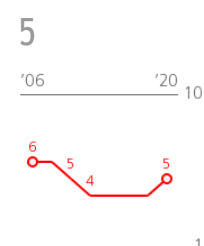
Technically, the judiciary is institutionally distinct and operates independently, but – apart from the Constitutional Court – that independence is undermined by insufficient territorial and functional penetration. Access to courts has improved following assistance by the U.S. led Millennium Challenge Account (MCA) and by the European Union. However, corruption remains endemic: more than one-half of the country's magistrates have been involved in financial scandals. The National Union of Benin Magistrates (UNAMAB), the trade union representing magistrates, has previously complained about a lack of transparency in nominations and promotions. Recently, it issued serious criticism concerning the unconstitutionality of the law establishing the Court for the Suppression of Economic Offenses and Terrorism (CRIET) passed in May 2018 and of its operations. Lobbies, friends, relatives, religious associations and other networks influence the judiciary, undermining its independence. In addition, pressure on judges can come from political authorities or the state apparatus (e.g., the Ministry of Justice or subordinate departments). For instance, in November 2016, following the arrest of Sébastien Ajavon for alleged drug trafficking, the president stated that numerous politicians had pressured him to ensure Ajavon's release.

Prosecutions of abuses of office have increase recently due to President Talon's commitment to fight large-scale and everyday corruption. For example, several security agents (commanders) and school principals who squandered public funds intended for their institutions were relieved of their jobs. In December 2018 and January 2019, several ministers and high authorities involved in a case of illegally placing funds in ICC Services (a pyramid scheme) were prosecuted. However, the fight against corruption among high office holders is perceived as a witch hunt targeted to further the political interests of the ruling power. The parliament authorized the prosecution of members of the government and waived the immunity of deputies in pending legal cases. Several high-profile politicians have fled into exile, making the outcome of the sanctions unclear and weakening their effectiveness. Some Beninese analysts speak of an excess of tolerance for the sake of societal peace. However, watchdog organizations such as the National Authority for Fighting Corruption (ANLC) or the National Front of Anti-Corruption Organizations (FONAC) are doing their best to address the problem.

Independent judiciary



Prosecution of office abuse



Civil liberties are codified and generally guaranteed, but the legal procedures to seek redress for violations often exist only on paper and the poor level of literacy in the countryside makes the effective use of these rights difficult. Existing human rights violations are less the result of deliberate actions by state agents than the consequence of a lack of resources, especially in the prison system, where detainees can spend months or years under deplorable conditions, waiting to go to trial because of the large backlog of court cases within the justice system. Likewise, despite some improvements, children and women's rights are not enforced in most rural areas.

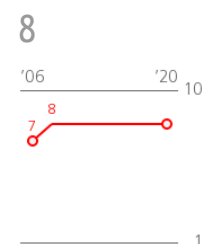
There is a divide between northerners and southerners. The south is generally more developed, but there is no outright discrimination of northerners or of others on the basis of religion, gender and sexual orientation, although homosexuality is widely seen as not fully acceptable.

4 | Stability of Democratic Institutions

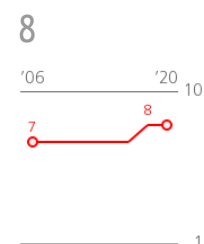
Benin has one of the most stable democratic systems in West Africa. Democratic institutions in the country function well, at least at the national level. Though progress has been made, the local and regional level of government is still characterized by counterproductive frictions between traditional, appointed and elected actors. The overall performance of the administrative and judicial systems is not always efficient due to general administrative weakness and the aforementioned lack of resources. The image of Benin's democratic institutions suffered under the Yayi administration due to his ad hoc politics, which often tried to sideline parliament and other institutions, though rarely with full success. Yayi's respect of presidential term limits, the recent peaceful transfer of power and President Talon's acceptance of the rejection of his constitutional reform have however reconfirmed the solidity of Benin's democratic institutions. President Talon extended government transparency through media campaigns and a clear distribution of labor among his ministers. Parliament sought to improve its independent review procedures.

The political class and other major actors accept democratic institutions as the legitimate form of political organization. The country's democratic experience since 1991 and its pattern of peaceful transfer of power are still major sources of national pride. In the last few years, there has been an intense debate about reforming the constitution, which has not been changed in 28 years. Proponents argue that a reform of the constitution would strengthen Benin's democratic system and improve the performance of its institutions. Three different commissions have made proposals but, during Yayi's rule, plans for constitutional reforms were suspended due to public pressure. Talon has endorsed a set of reform proposals that aim to reduce the powers of the president (who will be allowed to serve only a single mandate) and strengthen the system of checks and balances. The draft of a new constitution submitted to parliament by Talon was declared inadmissible by a sufficient minority of opposition

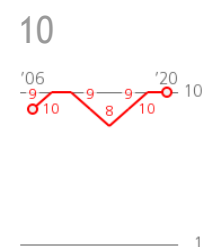
Civil rights



Performance of democratic institutions



Commitment to democratic institutions



members in April 2017. Subsequently, it was declared admissible in July 2018 by three-quarters of them (62 members of parliament voted in favor), an insufficient majority to adopt the new constitution. Faced with this, the only path open to the president was a referendum. But in the absence of consensus on the issue, President Talon abandoned his five-year term's flagship project.

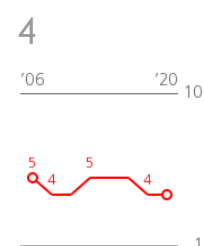
5 | Political and Social Integration

The partisan system has recently undergone a major reform with the vote on a new party charter, adopted in July 2018. This reform constitutes a revolution in the national political field. Ever since the renaissance of multiparty rule in 1990, the party system has been characterized by a low degree of institutionalization and high fragmentation. In the 2016 presidential election, this fragmentation resulted in an increased number of candidates supported by a multitude of political parties. More than 150 political parties were registered before the reform, although there were not more than 30 relevant parties. The innovations to the new legal framework include the required number of founding members (from 120 to 1155) and conditions for public financing of parties. At the time of writing, reconfigurations were underway in the context of the upcoming parliamentary elections. Several parties and party alliances were in the process of bringing their statutes in line with the law in order to create stronger and less volatile blocs. It was too early to assess the impact of this reform on political fragmentation, polarization and party volatility. But since political activism is generally weak, polarization in ideological terms is very slight and severe confrontations between parties rarely occur.

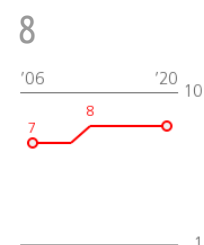
Many observers perceive the new partisan system as a restriction on the principle of a multiparty democracy and a setback for the vitality of Beninese democracy, often cited as an exemplary model.

The topography of interest groups is relatively close-knit, though not all interests are equally represented. Rural and urban interests do translate into the party system and explain the astonishingly high number of political parties. However, urban interests combined with personal rent-seeking are over-represented. Institutionalized trade unions have been very strong since the Marxist-Leninist period, but, in a country where the large majority of the population work in the informal economy, they only represent formal employees, mostly from the public sector. In April 2014, the trade unions were able to use strike actions to drive the government into a 26% increase in the minimum wage despite the tight national budget. However, in June 2018, the Constitutional Court has validated the new law limiting the right to strike. The power of the trade unions was considerably weakened and no strike has taken place to date. Some groups of workers from the informal sectors, such as informal traders who account for 70% of non-industrial gasoline consumption (which is locally called “Kpayo”), have associations whose representatives negotiate with government. The

Party system



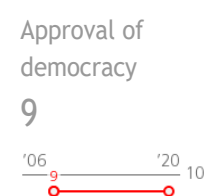
Interest groups



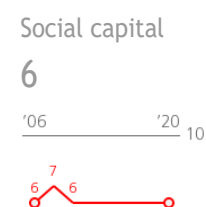
NGO sector is highly dependent on foreign capital, but urban civil society has a considerable impact on the political process. The tone of protest from civil society associations further hardened during the last years of the Yayi presidency. Citizens' Alternative, the most vocal anti-Yayi civil society movement, later became a political party, which supported President Talon in the 2016 elections. The government co-opted some activists from civil society (i.e., Citizen Alternative leaders Joseph Djogbénu and Orden Alladatin). Since then, civil society activists have become less eloquent, with the exception of Social Watch, which has set up an initiative called the PAG Citizens' Watch. However, most NGOs are not political and work in the interest of the association's aims, but also often in the material interests of the association's leadership.

Approval of democracy norms and procedures is very high. According to the most recent data from Afrobarometer (2018), support for democracy is stable: 72% of respondents consider democracy preferable to any other system of governance and 96% of respondents disagree with the idea of abolishing elections and the National Assembly so that the president rules alone. Moreover, 71.67% of respondents argue that in Benin citizens are "completely free" to vote for whomever they wish. However, many respondents also express dissatisfaction with how democracy functions in practice: 29% of respondents define Benin as a democracy "with major problems" and 39% a democracy "with minor problems," while 27% state that Benin is a full democracy. In addition to this, the practice of vote buying remains a widespread concern.

Social self-organization and the creation of social capital are strong, although these organizations are often locally limited and, therefore, do not cross the main linguistic and ethnic barriers (more bonding than bridging social capital). Apart from the high number of military takeovers after independence, Benin has a history of peaceful resolution of conflicts and no political violence. Social tolerance is clearly increasing in Benin, according to Afrobarometer survey results. This success can be attributed, among other reasons, to the Beninese's overarching trust in their society's capacity to find consensus as well as a balanced representation of the population in state institutions. Mutual trust suffered to some extent due to President Yayi's less conciliatory rhetoric. Under President Talon tensions relaxed during his first few months in office. Since then, increasing political divisions and numerous legal actions against state officials have reduced confidence. Comprehensive data on levels of trust are not available.



n/a



1

II. Economic Transformation

6 | Level of Socioeconomic Development

Benin has experienced sustained economic growth in the last few years. However, it is still far from achieving sustainable poverty reduction. It is one of the world's least developed countries with a per capita income \$770 in 2016 (ranked 163th out of 188 countries with a value of 0.515 on the Human Development Index 2017). Benin came closer to the level of “medium human development” as defined by the UNDP a few years ago, though it has now stagnated at the same level. The country exhibits social marginalization that is quantitatively and qualitatively extensive and structurally ingrained (inequality-adjusted HDI at 0.3). Some social indicators have improved: primary school enrollment has surged; life expectancy at birth for both sexes increased by four years over the period of 2000 to 2012. However, this is still below the regional average increase of seven years. Data recently released by the National Institute for Statistics suggest that most of the population still live in absolute poverty, which has even increased since 2011: the proportion of the population living on \$1.90 per day in purchasing power parity (PPP) was estimated at 59.9% in 2015. This proportion with a threshold of \$1 per day in PPP was 53.9% in 2011 compared to 40.8% in 2009 and 51.6% in 2007. The Gini index rose from 47.2 in 2007 to 46.3 in 2009 and 47.8 in 2015. Moreover, development is not equally distributed regionally, urban and coastal areas benefit significantly more from development than rural areas. Rising inequalities have incited internal migration (“hyper-urbanization”) and deepened dissatisfaction among underprivileged people and unemployed young university graduates. Most of the population is engaged in a subsistence economy and the country has one of the largest informal sectors in the world. According to 2011 estimates, 90.4% of the active population were employed in the informal sector. Gender inequality is also deficient, with Benin scoring 0.611 in the 2017 Gender Inequality Index (ranked 146th out of 189 countries).

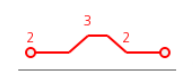
Altogether, Benin lacks the socioeconomic prerequisites for comprehensive freedom of choice.

Question
Score

Socioeconomic
barriers

2

'06 '20 10



Economic indicators		2015	2016	2017	2018
GDP	\$ M	8291.2	8573.2	9246.7	10359.0
GDP growth	%	2.1	4.0	5.8	6.9
Inflation (CPI)	%	0.3	-0.8	0.1	1.0
Unemployment	%	2.5	2.4	2.2	2.1
Foreign direct investment	% of GDP	1.8	1.5	2.2	2.0
Export growth	%	-10.1	14.7	8.2	14.2
Import growth	%	-8.4	5.9	10.8	-4.5
Current account balance	\$ M	-744.7	-808.8	-927.3	-
Public debt	% of GDP	30.9	35.9	39.6	41.1
External debt	\$ M	2178.0	2316.2	2897.8	3690.6
Total debt service	\$ M	76.4	93.3	105.5	214.3
Net lending/borrowing	% of GDP	-	-	-	-
Tax revenue	% of GDP	-	-	-	-
Government consumption	% of GDP	17.0	14.3	13.1	12.6
Public education spending	% of GDP	4.4	4.0	-	-
Public health spending	% of GDP	0.8	0.8	-	-
R&D expenditure	% of GDP	-	-	-	-
Military expenditure	% of GDP	1.1	0.9	1.3	0.9

Sources (as of December 2019): The World Bank, World Development Indicators | International Monetary Fund (IMF), World Economic Outlook | Stockholm International Peace Research Institute (SIPRI), Military Expenditure Database.

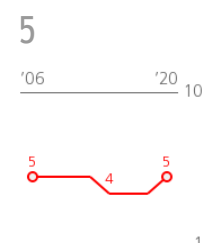
7 | Organization of the Market and Competition

The basic institutional framework for market competition has been increasingly strengthened in Benin over the last two decades. The country continues to improve its ranking of the World Bank's Doing Business Report. Benin has been among the top 10 reformers since 2015 and improved its aggregated ranking further to 153 out of 190 countries in 2019. Starting a business takes eight days and five procedures with a cost of 3.5% of gross national income per capita. The Starting a Business score is 90.6 out of 100 (ranked 61st out of 190 countries). This recent improvement reflects a series of initiatives taken by the government in 2017 and 2018, including the establishment of a one-stop shop for starting or registering a business, resolving insolvency, transparency or dealing with construction permits and fair tax registration on property. However, Benin's business environment is still on the whole poor and the informal sector dominates the economy (the informal employment rate amounts to about 85%). There has been a remarkable expansion of the formal private sector in the last two decades. However, the formal private sector still faces numerous challenges, such as access to finance, corruption and unfair tax rates. Structural problems lay behind these constraints, according to the IMF. For example, access to credit is hindered by the absence of an effective credit registry and problems in registering property titles, while a weak judiciary prevents effective contract enforcement. Despite the progress made, the country's poor energy and transport infrastructure also constitute a major challenge. President Talon presented a new plan to boost the economy through the establishment of a public-private partnership framework that could lead to its expansion. Positive developments include the confirmation that Benin will benefit from a second U.S.-funded MCA compact, which will focus on infrastructure investments in electricity generation and distribution between 2015 and 2020. In October 2017, the country became full participant in the G20 compact as part of the Africa (CWA) initiative in hopes of attracting private sector financing for the PAG.

At least in principle, Benin is committed to implementing the West African Economic and Monetary Union (WAEMU) community legislation on competition. In 2016, Benin adopted a modern competition law which applies to both private and public market participants. It prohibits all anticompetitive practices and unfair competition. However, public price regulations for strategic goods will continue. Moreover, there is no existing agency that reviews transactions for competition-related concerns. Therefore, at this stage, the application of competition rules remains insufficient.

The Ministry of Trade is in charge of supervision and the Authority for the Regulation of Electronic Communications and Post (ARCEP) is mandated to promote concurrence in the communication sector.

Market organization



Competition policy

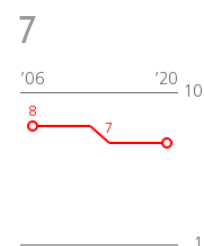


In some cases, anti-trust legislation is enforced. In October 2016, the operations of the French group Canal Plus, which had breached anti-trust laws, were suspended. However, intervention is usually subordinated to political relations. Patrice Talon's rule is problematic given his conflict of interests as a major businessman involved in strategic sectors of the economy. Talon and his family have complete control of the cotton sector, owning 51% of the Society for the Development of Cotton (SODECO) through his private companies and controlling the remaining 49% of shares held by the state as president. Talon is also involved in the management of the Port of Cotonou through the Import Verification Program (PVI) managed by Benin Control SA, since the program cancelled by his predecessor has been reinstated. Formal anti-trust rules do not affect that country's large informal sector. Although the latter is in general characterized by micro and small businesses, the most profitable informal economic activities, such as the re-export of goods to Nigeria, are controlled by a few powerful economic operators.

Benin has a liberal institutional trade framework, but commercial exchanges are hampered by a lack of modern technical equipment and poor governance. Benin is a member of the World Trade Organization (WTO) and of the West African Economic and Monetary Union (WAEMU), under whose rules trade is largely liberalized. Benin's weighted average tariff rate is 15.6%, according to the Heritage Foundation. The simple average most favored nation applied tariff was 11.4% in 2016.

Trade liberalization has been further relaunched in West Africa due to progresses toward the adoption of an Economic Partnership Agreement (EPA) with the European Union, Benin's largest trading partner, and the launch of the Economic Community of the West African States (ECOWAS) Common External Tariff (CET). At the time of writing (January 2019), Nigeria, a neighbor to Benin, remains the only country that has not ratified this agreement. The EPA had not been ratified by all ECOWAS member states. The EPA would commit the European Union and ECOWAS to the progressive and asymmetrical liberalization of trade, in a way that takes into account the difference in levels of development between the two blocks. It also aims to strengthen cooperation in sectors relating to trade and represents a potential positive development for Benin. On the other hand, the implementation of the ECOWAS CET will change little for Benin, since it is already modeled on the implemented WAEMU CET, with four bands (0%, 5%, 10% and 20%). The introduction of the ECOWAS CET could however negatively affect imports to Benin, since it nullifies the advantage of importing goods from outside the ECOWAS region to Benin for re-export to Nigeria, as Nigeria has historically had much higher trade barriers. Exports passing through the Port of Cotonou steadily declined. In 2016, it registered a decrease of 41% from the first to the second semester. Lack of technical maintenance and corruption have contributed to this decline. To boost the profitability of the Port of Cotonou, the government opted for a public-private partnership, delegating management to the Port of Antwerp International (PAI) in January 2018. Patrice Talon has relaunched the Import Verification Program, which

Liberalization of
foreign trade



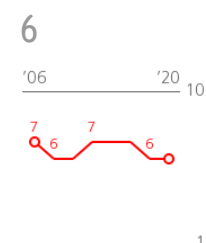
foresees the establishment of an electronic system to facilitate custom procedures. However, the scheme is affected by a conflict of interest, since it will be managed by a company owned by Talon.

The financial sector in Benin has developed considerably, and is relatively differentiated and aligned, in principle, with international standards. However, the sector suffers from institutional weaknesses. Due to the informalization of the economy and the diffusion of poverty, relatively few enterprises have access to the banking system. According to the World Bank Enterprise Survey in 2016, about 92.5% of enterprises in Benin reported having a checking or saving account and only 24.0% had a loan or line of credit. The lack of property titles limits the availability of collateral, and fast and robust contract enforcement mechanisms are not available. Benin is not a party to the Basel Accords but supervision of the ordinary banking sector is relatively efficient due to regional integration. A recent IMF analysis has however highlighted significant vulnerabilities of Beninese banks. Their capital adequacy has increased from 8.8% (in June 2015) to 10.6% (in December 2017), just above the 8% minimum envisaged by the Basel II agreement and still below the WAEMU and sub-Saharan Africa averages. The ratio of non-performing loans remains high (around 20% in 2015), placing Benin among the worst WAEMU performers, second only to Guinea-Bissau. Difficulties in lending to the private sector have encouraged banks to lend to the state, a trend that increased in the last decade. The predominance of the informal and subsistence economy has also encouraged the diffusion of microfinance institutions (MFIs). According to IMF estimates, there were in 2015 over 700 MFIs in Benin, serving about 20% of the Beninese population. However, most Beninese MFIs are not legally authorized and the large number of unauthorized MFIs raises stability risk. Moreover, MFIs for which data was available in 2014 had a profitability ratio below average WAEMU levels, which could undermine their growth.

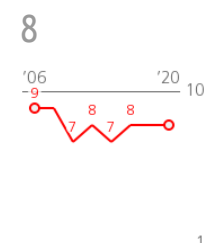
8 | Monetary and fiscal stability

As a member of the West African Economic and Monetary Union (WAEMU), Benin cannot pursue an independent policy on currency and foreign exchange rates. The currency is pegged to the euro, and the Central Bank of West African States (Banque Centrale des États de l'Afrique de l'Ouest, BCEAO) is fully independent but heavily influenced by the European Central Bank's anti-inflation policy. Since the common currency CFA franc was devalued in 1994, inflation has been relatively low, dropping sharply to zero in 2013 and 2014. According to the World Bank, inflation as measured by the CPI was only 0.1% in 2017. The IMF projects a moderate increase in inflation between 2016 and 2020, which will however remain under the 3% WAEMU convergence criteria.

Banking system



Monetary stability

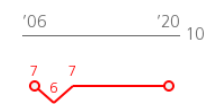


In close collaboration with the IMF and the World Bank, the Beninese government is committed to structurally transforming Benin's economy by scaling rigid policy to public expenditure. At the end of 2016, public debt (internal and external) was estimated at 47.6% of GDP, below the WAEMU average (70%). The debt increase in 2016 reflects the government strategy to use domestic financing for capital investment projects (World Bank public debt figure for 2017: 53.4% of GDP).

The ongoing reforms have created fiscal space by generating larger amounts of domestic revenue. Budget execution in 2017 was better than initially programmed, with the overall fiscal deficit lower by 2.3 percentage points of GDP. A similar performance was observed in the first quarter of 2018. Despite several efforts to improve internal tax collection, the predominance of the informal sector poses a limit upon the increase of fiscal revenues. Nevertheless, Benin remains a country at low risk of debt distress. The current account deficit increased moderately in recent years. It is projected to reach an average of 8.6% of GDP in (2019 – 2022), but to remain stable thereafter. Recent information on net lending/borrowing is not available (latest available World Bank figure is from 2013: 2.7% of GDP).

Fiscal stability

7



9 | Private Property

Property rights are adequately defined but cannot be considered satisfactorily safeguarded because of shortcomings in the rule of law, especially corruption and institutional pluralism. Most land in Benin is customary land and the occupants lack formal documents to prove their ownership. The conventional process for land registration is too expensive and complex for most rural land holders. Moreover, customary practice excludes or limits the access to land ownership to vulnerable groups (women, migrants, pastoralists). Benin has made a series of efforts to reform land tenure. The Rural Land Act of 2007 introduced the Rural Land Plan, a land use and tenure map that registers all rights over land and natural resources. A new land law has been adopted in 2013. The law aims to better define property rights by recognizing only the Certificat de Propriété Foncière (CPF) as a property title. The law also establishes the National Agency of Lands (ANDF), which was officially launched in 2016. The agency is supposed to deliver the CPFs and put in place an electronic system to manage information about land tenure. Although the creation of the ANDF is a positive step, the complexity of the land tenure problem encourages cautious expectations.

Property rights

6



Private companies are free to operate, although institutional weaknesses pose substantial constraints on them. This includes insecurity regarding legal safeguards of property rights. The Yayi presidency undertook or relaunched privatization programs in several strategic industries. The Talon administration seems intent on pursuing further privatizations with greater effectiveness via Public Private Partnership. Finalization of the privatization of Benin Télécoms, initiated in 2006 but

Private enterprise

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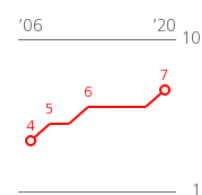
never completed, as well as new privatizations of airport services, food processing factories and health care services have begun. Trade unions have voiced their opposition to these programs due to fear of job losses. Privatizations, as well as the award of public tenders, are not always conducted in a transparent manner and there is a considerable confusion between public and private interests. In addition, many contracts are signed over the counter, raising the problem of their long-term security.

10 | Welfare Regime

General policies for providing social services are minimal, and health spending is insufficient. There is a formal minimum wage, which however hardly surpasses €2 per day (CFA 40,000 per month). Most people do not benefit from this due to their informal employment or dependence on subsistence agriculture. Restrictions on working hours, and health and safety standards are rarely enforced. The government has made some progress, but Benin – as most African countries – failed to achieve all the Millennium Development Goals (MDGs). Individual goals were met, particularly educational goals. However, the overall picture remains miserable, in particular with regard to the rising share of extreme poverty and undernourishment. Only employees in the small formal sector can rely on pension funds. Workers are allowed to unionize (except those in the justice and health sectors) and strike (although limited to a maximum of 10 days per year), but the existing trade unions largely represent public sector employees, who already enjoy better working conditions than the majority of the population. Social safety nets are more efficiently provided by NGOs, and traditional clan and family structures, but their contribution to poverty reduction is not measurable.

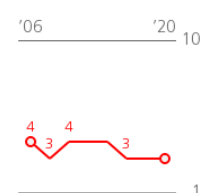
The government has initiated a Human Capital Building Insurance (ARCH) project that is expected to provide better social security, including a health insurance scheme for the population.

Differences in opportunities in Benin do not stem from active discrimination of particular groups but from general inequalities, mainly between an educated urban class and the majority of rural poor. Benin's level of socioeconomic inequality is relatively high with respect to other West African countries. According to World Bank estimates, it is on the rise, with the country's Gini index increasing from 38.6% in 2003 to 43.4% in 2011 to 47.8% in 2015 (see also socioeconomic barriers). At the same time, discrimination based on race, gender, disability, language and social status is legally prohibited. Benin is an ethnically and religiously diverse country, and religious and ethnic groups are not discriminated. There is no recognition of legal rights for same-sex relationships and there are no legal restrictions against the rights of pro-LGBTI organizations to operate. However, women and disabled people continue to experience discrimination. Although updated figures are lacking, evidence points out that gender-based violence is widespread. In January 2012, a new



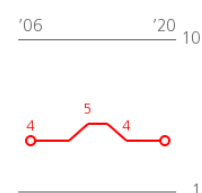
Social safety nets

3



Equal opportunity

4



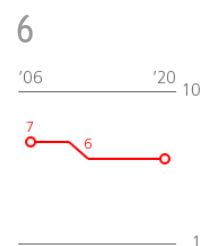
law introducing harsher punishments for violence against women was adopted, but is not consistently enforced. Education gender parity has gone up by 20% over the last 15 years. However, women still have unequal access to secondary and tertiary education and constituted 59.8% of the illiterate adult population in 2015. In spite of these disadvantages, Beninese women are very engaged in the labor market. According to African Development Bank estimates, between 1991 and 2013 the rate of participation in the labor force for women increased by 10%, while it declined by about the same magnitude for men. The World Bank has estimated that 25.9% of Beninese firms have a senior female manager, compared to a regional average of 16.3%. However, the positive trend mainly refers to small firms (five to 19 employees), while large firms are overwhelmingly managed by men. Disabled people receive no significant help from the state at the moment. But the Talon administration has announced the launch of an insurance project (ARCH) to support vulnerable persons and a vote on a draft law to strengthen the rights of disabled people.

11 | Economic Performance

The overall macroeconomic situation of the country appears stable. Benin has experienced sustained GDP growth in the last few years, with rates above 4.9% from 2012 to 2016. The economic slowdown of Nigeria, Benin's main trading partner, has however affected economic growth, which is expected to reach 6.0% in 2018. Growth rates per capita were lower at 2.7% and 1.1% in 2017 and 2016, respectively.

The IMF projects a moderate increase in inflation and public debt between 2016 and 2020, which will however both remain under control, to 3% and 30% of GDP respectively. However, the overall level of economic performance is still poor due to the low level of industrial production and export of goods produced in Benin, a high degree of social inequality and extreme vulnerability to external factors. The overall amount of tax revenues collected (15.5% of GDP in 2013, 13.5% in 2017 and 14.1% in 2018) is adequate for a developing country, but masks Benin's dependency on trade taxes. Foreign Direct Investments (FDI) have showed a positive trend over the last decade (increasing to 4.2% of GDP in 2014), then declining since 2015 (the rate was 2.7% of GDP in 2015, 1.7% of GDP in 2016 and 2017). However, the current account balance has remained consistently negative. The nominally low levels of unemployment (1% in 2014) mask the predominance of the informal and subsistence economy, and extremely high levels of underemployment.

Output strength



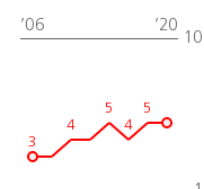
12 | Sustainability

Benin has had a legislative framework for environmental protection since 1999 and has ratified all major international environmental conventions. Environmentally sustainable economic growth received only sporadic consideration in the past and Benin ranked 167 out of 180 countries in the 2018 Environmental Performance Index (EPI). However, the 2015 Paris Climate Conference and the PAG (2016-2021) have led to a renewed interest in environmental issues. Environmental protection services in Benin and other cities have improved. In 2017, the country passed a law banning the use of plastic bags. Cotonou has historically had one of the highest levels of air pollution among West African cities due to the widespread use of smuggled gasoline from neighboring Nigeria and, until 2016, lax regulation of the maximum quantity of sulfur allowed in fuel (3,500 parts per million (ppm) in Benin compared to 10 ppm in Europe). However, in December 2016, after the publication of a report by Swiss NGO Public Eye accusing Swiss traders of exporting high-sulfur fuels to West Africa, Benin joined an initiative organized by the U.N. Environment Program to lower permitted levels of sulfur in imported diesel, which will fall to 50 ppm. As in many African countries, population growth increases the use of wood, which in turn deepens the massive problems caused by deforestation and forest degradation. Yet under foreign pressure and assistance, forest preservation efforts in Benin have been successful.

Benin has a very poor record in terms of education, training and research institutions. Public spending on education was reported at 4.35% of GDP in 2015, according to the World Bank. The U.N. education index was 0.471 (ranked 165 out of 187 countries) in 2017. Basic institutions for education, training, research and development do not function properly due to a lack of government support. Some significant progress with regard to primary and secondary education has been made in recent years. Gross enrollment surged to 125.6%, indicating that adults are also enrolling. Benin also lowered the backlog in rural areas. Gender inequalities persist (GII: 0.611 in 2017), although the female to male ratios in enrollment rates in the secondary sectors of education has improved (from 0.6% in 2011 to 0.8% in 2019). Formerly known as the “Latin Quarter of Africa,” the country’s academic reputation has suffered considerably due to worsening public university facilities. A few private institutes do not compensate for the general decline in quality. Some improvement can be observed, however, in the geographic spread of tertiary education facilities. The existing public universities in Abomey-Calavi, Parakou, Abomey and Porto-Novo opened campuses in more provincial towns.

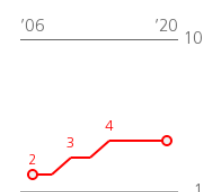
Environmental
policy

5



Education policy /
R&D

4



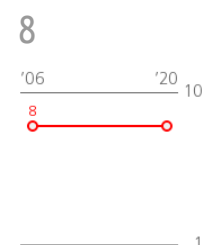
Governance

I. Level of Difficulty

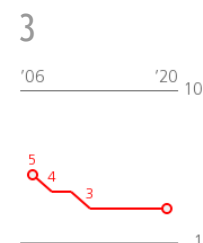
The structural constraints on governance are broad and far-reaching. The most significant constraints are extreme poverty, a deficient education system, a lack of administrative as well as transport infrastructure, a critical undersupply of energy, and a dependency on international economic developments (cotton market, shipping and the giant neighbor Nigeria). Ongoing reforms at the Port of Cotonou aimed at taking advantage of the country's access to the sea have yielded no significant effects. The growing frequency of natural disasters such as heavy rainfalls strain the state's resources, and structural poverty in large non-coastal areas persists.

Traditions of civil society in Benin are fairly strong, at least by African standards. Even the Marxist regime of the past allowed for the operation of semi-independent trade unions and rural development associations, and a wide variety of civic and developmental associations have blossomed since the country came under democratic rule. Trade unions, the Catholic Church, which has always been a significant contributor in building political consensus in Benin, and other civil society actors played a major role during the democratic transition of the early 1990s. Though still highly dependent on the public face of well-known leaders and politicians, associative activity in Benin has been undergoing formalization. Participation in public life is valued culturally and NGOs perform an important watchdog function vis-à-vis the government. In July 2013, when there were rumors that Yayi might try to change presidential term limits, some civil society organizations, united in the Citizens' Alternative coalition, launched the so-called Red Wednesday demonstrations. During the 2016 elections, the platform of civil society organizations deployed 2,285 election observers. Social Watch also set up an initiative called PAG Citizen Watch (2016-2021). In a context of widespread poverty, however, many NGOs are highly dependent on international aid and technical support from international donors and are vulnerable to being co-opted by political actors. Given the lack of comprehensive survey data, the levels of social capital and trust are difficult to measure, but unlike other countries with a record of major violence distrust is less prevalent.

Structural
constraints



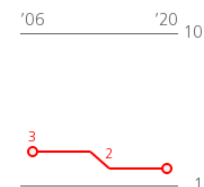
Civil society
traditions



Political violence along ethno-regionalist lines is virtually unknown in Benin. As in nearly all other African countries, however, the country's society is divided along ethnic, regional and religious lines that structure political and social processes. The strongest historical divide separates the northern part of the country from the south, which historically was home to two strong kingdoms (i.e., Dahomey and Porto-Novo). The conflicts between these fragmented groups have traditionally been managed in peaceful ways; political actors trying to capitalize on ethnic or religious sentiments use their personal proximity to the people for political gain but avoid incendiary language. Former president Yayi was frequently accused of favoritism toward "his people" from the north. He sometimes fueled this debate by imprudent statements. However, the north-south cleavage did not play a major role in the 2016 elections. Patrice Talon, while himself a southerner, was elected in the run-off with the support of a broad and multi-ethnic coalition, which included northern politicians, such as Minister for Planning and Development Abdoulaye Bio Tchane. The north-south rivalry has however re-emerged after the elections. In particular, Talon's statement, that in selecting his collaborators he will disregard regional equilibrium in favor of competence, has been perceived by northerners as potentially discriminatory.

Conflict intensity

2



II. Governance Performance

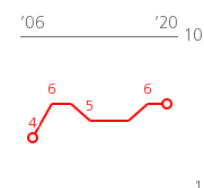
14 | Steering Capability

President Talon, who assumed office in April 2016, is one of the country's most successful businessmen. He built his economic empire in the port and cotton industries, the most lucrative economic sectors in Benin. Talon's core presidential program is articulated in the Program of Action of the Government (PAG), made public at the end of 2016, and deals with the five-year period 2016 to 2021. The plan has three main axes: consolidating democracy, the rule of law and good governance; undertaking structural transformation of the economy; and improving the population's living conditions. The plan supports the United Nations' 2030 Agenda for Sustainable Development and would strengthen political and economic transformation in line with the BTI normative framework. It sets a series of priorities that envisage 77 political, economic and social reforms, and 299 projects, including the reform of the Beninese constitution, the reorganization of the cotton sector, the modernization of the Port of Cotonou, the improvement of the education sector, and numerous other public investments, especially in the domain energy and physical infrastructure. The plan is however judged over-ambitious by many observers. Financing the planned investments (€13.8 million is envisaged) will be a major challenge. To date, many actions programmed, particularly in the field of infrastructure, have been postponed due to a lack of funding. The asphaltting project,

Question
Score

Prioritization

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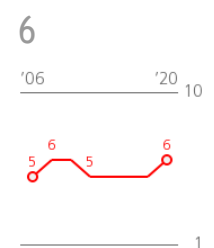


for instance, which aims to build sewerage systems in several cities, and which should have been completed in 2018, has encountered problems that mean the work is not yet started. The government hopes to mobilize resources from international donors and especially from the private sector, which should cover around 61% of planned investments. In addition, a law on public-private partnership was adopted in October 2016 and a National Development Program (PND) for 2025 was drawn up in May 2018 to integrate a long-term vision into the actions of the 2016 to 2021 PAG. The international economic context and Benin's vulnerability vis-à-vis the Nigerian economy will however influence the implementation of the structural reforms. Some follow-up mechanisms to monitor the execution of the five-year plan have been put in place at the national and sector level. An inter-ministerial committee and a permanent secretary reporting to the Council of Ministers were established, with responsibility for its implementation.

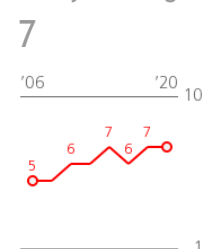
Talon's administration has committed to implementing ambitious reforms. The PAG is based on three pillars: a) the political (i.e., the consolidation of democracy, the rule of law and good governance); b) the economic (i.e., the structural transformation of the economy); and c) the social (i.e., improved social well-being). At the mid-term of his rule, significant progress has been made and several major reforms, such as that to the partisan system and those in the agricultural sector, have begun to have an impact. However, some measures taken by the government in order to implement its plan of reforms seem to have encountered opposition by the workers in key sectors of the economy (agriculture, finances). Talon's major proposals to reform Benin's political model so as to increase accountability and transparency were rejected by parliament in April 2017. There are some doubts regarding the social consequences of privatization. Given his background as a businessman, President Talon is suspected of taking advantage of privatization programs for his own or associates' interests. On another level, the capacity of the public administration to implement the reforms is weak due to a lack of personnel and specialists. Petty corruption, bureaucratic delays and difficulties in retaining the best professionals in the state administration will most probably slow down the process of implementation of the 77 envisaged reforms in the next years.

Some members of the current government were already involved in public affairs under the Yayi's administration. Talon himself introduced the import verification reform at the Port of Cotonou and was involved in past efforts to reform the cotton sector. Pascal Koupaki, secretary-general of the presidency, was prime minister under Yayi Boni. They appear to have learned to some extent from past experiences. At the beginning of 2016, during his electoral campaign, Talon made a gloomy and lucid diagnosis of the state of the country. He compared Benin to a sick man and argued that reforms were needed in all sectors. Talon's presidential program, now formalized, represents in several respects a break with the approach of Yayi and proposes some innovative reforms. However, Talon's reformist intentions are not matched by a parallel evolution in the everyday practices of public officials, both in

Implementation



Policy learning



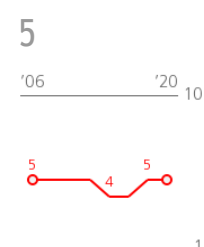
the ministries and in the local administration. The government will have to make substantial efforts to encourage the administration to take ownership of the numerous announced reforms. Reform of the laws regulating the party system aimed at strengthening a system that lacks institutionalization and is hampered by clientelism and the dominance of individuals in leadership roles provides an example of policy learning.

15 | Resource Efficiency

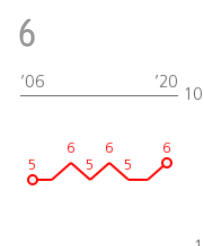
Since taking office, the Talon administration has committed to reduce state expenses by decreasing the size of government (from 28 ministers in the last Yayi government to 22 ministers) and suppressing several political positions in the ministerial cabinets (e.g., attachés de cabinet and press officers). In contrast, the salaries of some cabinet members, particularly Directors of Cabinet (DCs), departmental General Secretaries (SGs) and their deputies, have considerably increased. Substantial efforts were also made to reduce the budget deficit in the second semester 2016. It declined to an estimated 4.7% of GDP in 2018 from 5.9% in 2017, due to a mobilization of revenue (1.2% of GDP) and reduction of current expenditures. The government, which includes a substantial number of technocrats, has pledged to promote merit and depoliticize the administration, by appointing high level civil servants through open competitions. Up to now, however, this procedure is not yet operational and, in practice, there are still numerous clientelistic appointments, especially for highly sought positions (e.g., directors of public companies). On another level, the creation of six new prefectures has improved central state devolution and ensures a better coordination of public services. Formally, the country moved from six to 12 provinces (départements) several years ago, but the six new entities had never been provided the necessary infrastructure and staff due to disputes around where the prefectures should be located. Talon's government appears capable of overcoming this type of inefficiency. In January 2018, there was a merger of police and gendarmerie personnel in order to make more efficient use of the resources and means available to security agents.

While under the Yayi administration the coordination of public policies was ensured by the Ministry of Planning and Development, the new government has put in place a coordination mechanism attached to the general secretariat of the presidency of the republic. This new body, directed by former presidential candidate Pascal Koupaki, receives information from the sectoral ministries and reports to the president. Similarly, an Office of Analysis and Investigation – BAI – (headed by Johannes Dagnon, a cousin of the president) has been set up to monitor the activities of the public services in each sectoral ministry. In this new structure, the coordination of public action has become highly centralized. This change has been criticized for being administratively burdensome. Some observers contend that it unfairly limits the power of the ministers. In the ministries, the directorates for planning and forecasting

Efficient use of assets



Policy coordination



ensure the follow-up of the implementation of reforms. In practice, however, there are enormous obstacles to effective coordination, stemming in particular from competition between different branches of the administration or between the administration and the informal network around the president.

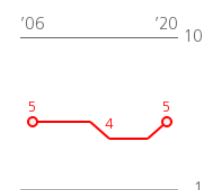
In principle, the struggle against corruption has been a priority of both the previous and current Beninese government. However, in practice, corruption is still widespread. Efforts to repress large corruption are hampered by the fact that those involved often entertain clientelistic relationships with the incumbent regime. During Yayi's rule, some prominent corruption cases were publicly revealed only following pressure from foreign donors, such as in 2014 with the embezzlement of CFA 2.6 billion (€3.96 million) from a donor-funded project to improve access to clean water and sanitation. A government report indicted several high-ranking figures in the Ministry of Energy and Water, including then minister and member of parliament Barthélémy Kassa. However, efforts to prosecute Kassa failed because of the refusal of the National Assembly to withdraw parliamentary immunity. Talon's government has made an effort to fight corruption. Several high-ranking Beninese executives have consequently been prosecuted, as in the Metognon-BIBE case, in which several executives were found guilty of collecting wine deposits and engaging in a risky investment of public money in a bankrupt bank. Similarly, the National Assembly authorized the prosecution of several ministers whom President Yayi accused of corruption and lifted the immunity of deputies accused of corruption. A Court for the Suppression of Economic Crimes and Terrorism (CRIET) was created in August 2018. Petty corruption, involving low-ranking civil servants and members of the security forces, are investigated by the court, along with large-scale crimes and those that have a national impact. But, to date, government measures to tackle corruption have been ineffective. High-ranking politicians and civil servants are in principle obliged by the law to disclose their assets, but in practice this measure is not respected. A report published in May 2016 revealed that only four out of 21 members of the current government disclosed their private assets when they took office. President Talon was not included among these four. A more recent report (2018) indicates that several members of other political institutions did not declare their assets.

16 | Consensus-Building

There is a broad consensus among all relevant actors concerning the value of Benin's democratic institutions. Despite lively debates on how exactly a democratic government should act, all actors agree that peace and democracy are the country's pride. All actors acknowledge the progress Benin has made since 1990 and the necessity of further deepening democratic governance. However, several observers believe that democracy has been weakened since President Talon's arrival, particularly with the adoption of new laws such as those prohibiting health and justice

Anti-corruption
policy

5



Consensus on goals

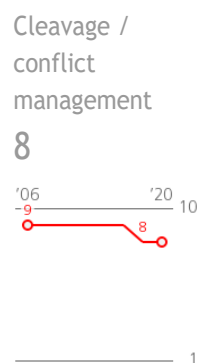
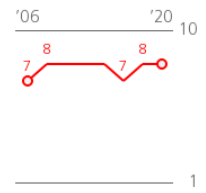
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workers from exercising the right to strike and reforms to the electoral code that increase electoral guarantees in a low-income country. The right to vote is broadly ingrained in society. No major political actor would strategically be well-advised to question this fundamental principle. However, in the implementation of democratic procedures, many political actors appeal to undemocratic means such as vote buying and using public goods for particular and personal ends, for their personal benefit.

Not all major political actors agree upon the goal of building a liberal market economic system that is socially balanced. Motives vary, as part of the population's income is based on illegal smuggling activities, and many political actors hesitate to support privatization and a substantial reform of the civil service. Some entrepreneurs are not eager to create more competition as they enjoy the benefits of near monopolies or oligopolies. Some politicians adhere to the French-inspired idea that crucial industries should be in the hands of the state. At the same time, only the Communist Party of Benin (PCB) is calling for a return to a command economy. The PCB, which is an officially registered party but prefers to act as an informal organization, still has the capacity to mobilize protest, but is ideologically isolated when it comes to economic policies.

In 2006, defying all predictions, President Kérékou, once the main veto player, abided by the constitution and left office. Since then, democratic actors have successfully and permanently co-opted all veto actors. In the period under review, no openly anti-democratic actors have surfaced. Despite accusations from the opposition of having authoritarian aspirations, Boni Yayi has, like Kérékou, kept his commitment to leave office after two mandates. The military, a highly influential veto player throughout the country's history, has apparently developed a more republican spirit and stays out of politics. Patrice Talon decided to reschedule his constitutional review project following the rejection of the draft by parliament in April 2017. However, limitations on freedom of the press, the many court prosecutions that involve oppositional political actors and the potential of spillover effects from Jihadist movements in neighboring countries underline potential fragility in the democratic consensus.

In stark contrast to neighboring countries, national unity is not an empty phrase in Benin. Credit for this success is attributable to the overall policy stance of all governments since 1990 and the country's political culture. The value of constitutional stability is appreciated by all major political actors and by society in general. During the second term of the Yayi presidency, however, the polarization between supporters and opponents of the president increased, taking at least in part an ethno-regional character. When government critics who believed Yayi intended to stay in power beyond 2016 started protesting, government supporters immediately answered by organizing White Friday marches, instead of approaching the opposition for talks. Yayi's withdrawal from politics at the end of his presidential term and the election of a new president have depolarized the political environment. The failure of President Talon's attempt to revise the constitution has confirmed once again that the



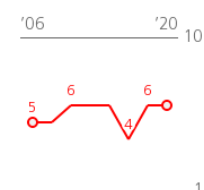
Beninese people are capable of resolving their political differences peacefully and constitutionally. However, the president is perceived by some supporters of Yayi as being unfavorable to northern citizens and his commitment to privilege competence over regional equilibrium is seen by them with suspicion. Since his election, moreover, Talon has replaced many Yayi loyalists in the upper levels of the administration with people who supported him from the first round of the election, a practice perceived by other political groups as divisive.

The political leadership takes into account the interests of civil society actors because of their significant power to mobilize. However, there are few institutional mechanisms for the systematic accommodation of civil society interests within the government's policy-making process. It is a widely shared view in Benin that civil society activists are appointed to cabinet as a means of co-opting them and quelling their criticism. Regardless of the motivating factors involved with their being appointed to cabinet, their presence suggests however an acknowledgment in government of the need to give civil society actors careful consideration. This willingness decreased in the last years of the Yayi presidency, when inclusion was partially substituted by confrontation. In contrast, support from civil society organizations, in particular Citizen Alternative, was an important factor behind Patrice Talon's election. Talon's election has inaugurated a new period of co-optation of prominent civil society leaders, who now occupy positions in the government (e.g., Citizen Alternative leader Joseph Djogbénou was the justice minister and now president of the Constitutional Court) and in the National Assembly (i.e., long-time civil society militant Orden Alladatin is now a member of parliament), potentially weakening the capacity of civil society to perform a watchdog role. Communication with the rest of civil society does not seem a priority for Talon, who, in contrast to Yayi Boni, is known to be secretive and dislike contact with the public. Although the Talon administration signed at the end of August 2016 a Charter of Social Dialog with the non-communist trade unions, Talon's governance style and his privatization reforms seem to have alienated workers' associations, who have expressed vocal criticism.

Although systematic torture was employed under the first Mathieu Kérékou regime, no relevant political actor in the country has expressed a need for large-scale reconciliation. Victims of torture are recognized, however, and they receive a small pension. The National Conference in February 1990 successfully brought an end to Benin's authoritarian period of history. Kérékou was forced to resign from his office and was granted amnesty for acts committed during his rule. There is no way the current leadership can be assessed with regard to this issue.

Civil society participation

6



Reconciliation

n/a

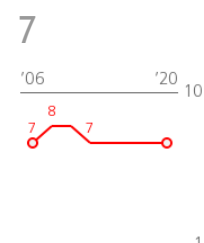


17 | International Cooperation

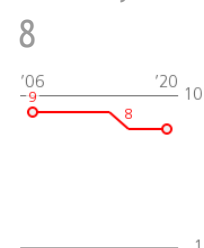
Given its dependence on foreign assistance, Benin has limited choices in accepting or refusing international aid. Development partners have faith in Benin's attempts to advance the consolidation of democracy, but are increasingly alienated by the prevalence of corruption and mismanagement in the state administration. As a poor country without substantial natural resources, Benin has very little negotiation power vis-à-vis its international partners. This means that, although the Beninese leadership has nominally relative discretion on the allocation of aid, which is to a large extent disbursed as budget support, international partners are able to strongly influence the country's policies and priorities. Benin's historical prioritization of macroeconomic stability over other socioeconomic goals can be seen at least in part as a response to external concerns. Moreover, under pressure from international donors, the Beninese leadership often tends to initiate programs without a serious commitment to effective implementation. Benin is trying to diversify its international relations, but, in spite of important trade links with China, India and Thailand, Western countries remain Benin's significant partners. Since 2017, the country has been part of the G20 compact with Africa (CWA) in the hopes of attracting private sector financing for PAG.

Having honored its international commitments, the government is generally considered a credible and stable partner by foreign governments, international organizations and the NGO community. Benin cooperates willingly with the United Nations and the International Court of Justice. It continues to contribute a significant part of its military to U.N. peace operations. However, the country's reliability suffers from occasional opaque reasons for delay in policy implementation. The IMF strongly criticized the management of public finances and the opaque award of public tenders during the last period of the Yayi administration. However, the Talon administration seems to have regained its confidence. Major donors continue to support Benin. In September 2015, the U.S. initiated a second Millennium Challenge Account (MCA) compact (2015-2020) with Benin with a value of about \$375 million, for improving the power supply and boosting economic growth. The European Union and the Beninese government signed at the end of 2016 a five-year Good Governance and Development Contract for €114 million, of which €103 million will be disbursed as budget support. The European Union insists that its aid should be spent on improving the transparency of public finances, fight corruption and reinforce the rule of law. Inconsistencies in regulation and law enforcement make Benin a difficult investment partner. However, economic cooperation with other southern hemisphere countries is less tied to rule-of-law conditions.

Effective use of support



Credibility

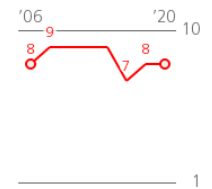


Benin has been a strong supporter of the regional WAEMU convergence schemes and fulfills the required four primary criteria of the planned West African Economic Union. Due to its limited economic and political weight, Benin cannot become a driving force behind increased integration. It strongly supports both ECOWAS and the AU, but, as a small country, Benin is certainly much less influential than players like Nigeria or South Africa. The country has a good record in the peaceful resolution of border conflicts. Border disputes with Burkina Faso, Niger and Nigeria were peacefully settled by international bodies like ECOWAS or the International Court of Justice, or, if still unsettled, do not form a major threat to bilateral relations.

Benin is also participating in regional peace support operations. In 2013, it sent 300 troops to Mali as part of the African-led International Support Mission to Mali (AFISMA). In March 2016, the Yayi administration announced the deployment of 800 soldiers as part of the Multinational Joint Task Force set up to fight Boko Haram in northern Nigeria, but the Talon administration has reduced the number to 200 citing financial and logistic difficulties. However, observers raise serious doubts about the government's capacity to handle the potential influx of Jihadists from Mali and Nigeria, bringing with them the danger of domestic radicalization. In particular, observers are concerned about the more remote and less developed areas of the north of Benin, where the proportion of Muslims is higher.

Regional cooperation

8



Strategic Outlook

The ascendance to power of President Talon in April 2016, following a peaceful election, reaffirmed the stability of democracy in Benin. Benin has also remained unaffected by political violence. Electoral competitions are always peaceful and, although the risk of terrorism has been evoked several times in the last few years, radical Islam has remained marginal and religious tolerance continues to prevail. However, the porosity of Benin's borders could lead to the influx of more jihadists from neighboring countries.

For the first three years of his rule, Talon benefitted from a broad base of political support and had strong control over parliament, which voted for a new party charter and a new electoral code, which have the potential to strengthen the country's political system. However, the legislative elections scheduled for April 2019 remained a challenge in this regard.

As the revision of the constitution is no longer on the agenda, the government, political actors and civil society will each have its own role in ensuring the strengthening of the rule of law, the separation of powers and respect for the rules of the democratic game. The government also aims to advance its economic transformation. Having brought the budget deficit under control, the government is committed to an ambitious development plan. Talon has promoted a model of public-private partnerships as means of financing 61% of planned investments. Planned investments include programs to improve infrastructure, particularly in the domain of energy, and to improve Benin's underperforming education system.

Macroeconomic indicators have remained positive. Economic growth prospects are good but remain vulnerable to external shocks, especially rainfall, global cotton and oil prices and changes in Nigeria's economic situation. The country continues to be characterized by widespread poverty. Social and regional inequalities are on the rise, the informal sector continues to dominate the labor market and Nigeria's economic slowdown is affecting economic growth in Benin, which was estimated at 6.0% in 2018.

There are serious doubts about the capacity of the government to effectively implement public policies to boost economic development and reduce poverty. The administration is under-resourced and corruption remains widespread. The fight against corruption committed to by President Talon will ultimately strengthen good governance and thus create an environment favorable to financing public action. Some problems are also linked to Talon's coherence in implementing his policy of "rupture." Nominations under the Talon presidency have continued to be based on political loyalty and some observers suspect the president of using his position to further his private business interests.

Talon's background and personality also affects his capacity to engage with popular constituencies. At the moment, Talon seems to think that a state can be administered as a private enterprise. He has demonstrated a disregard for regional and gender equality in political

appointments and is yet to prove a commitment to social justice. This attitude could undermine the popularity of his presidency, especially among young people, who have high expectations and are most affected by underemployment.

In conclusion, a reversal of the democratic trajectory appears to be unlikely and the elite consensus about the country's fundamental democratic values will continue to stick. The basic preference for a market economy is sufficiently rooted. However, Benin's extreme economic vulnerability could lead to economic stress and political protest.