

BTI 2012 | Benin Country Report

Status Index	1-10	6.44	# 38 of 128	
Political Transformation	1-10	7.70	# 25 of 128	➔
Economic Transformation	1-10	5.18	# 75 of 128	➔
Management Index	1-10	6.07	# 29 of 128	

scale: 1 (lowest) to 10 (highest) score rank trend

This report is part of the Bertelsmann Stiftung’s Transformation Index (BTI) 2012. The BTI is a global assessment of transition processes in which the state of democracy and market economy as well as the quality of political management in 128 transformation and developing countries are evaluated.

More on the BTI at <http://www.bti-project.org>

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Key Indicators

Population	mn.	8.8	HDI	0.427	GDP p.c.	\$	1587
Pop. growth ¹	% p.a.	2.8	HDI rank of 187	167	Gini Index		38.6
Life expectancy	years	55	UN Education Index	0.365	Poverty ³	%	75.3
Urban population	%	42.0	Gender inequality ²	0.634	Aid per capita	\$	76.4

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

Executive Summary

Benin's third democratically elected head of state, Thomas Boni Yayi, continued to rule throughout the period under review with respect for democratic rules and with a commitment to strengthening market-economic principles. However, there were signs of increasing disappointment in the Yayi administration. Many consider his hasty style of decision-making – lacking much in the way of consultation – as too authoritarian. Additionally, the government has been weakened by two major financial scandals in which ministers have been accused of involvement. The president dismissed two.

Several opposition parties have formed an alliance against President Yayi, promoting the former president of the National Assembly and senior minister Adrien Houngbédji as its presidential candidate for 2011. The new alliance has contributed to a greater coherence in the political opposition and, therefore, given a clear democratic alternative to the current government. However, due to the history of relations of its member parties the alliance must be considered fragile. It has been criticized for implicitly revoking the country's political north-south divide.

After the end of the period under investigation – and thus not considered in this report – Yayi Boni won the presidential elections in mid-March 2011 in the first round, prompting accusations of electoral fraud.

However, by and large, both the Yayi administration and the opposition have carried out their political struggle through legal, constitutional means. The opposition has used its parliamentary majority to block legislation, and the president has responded by ruling with legal decrees. The Constitutional Court's reputation has been questioned somewhat due to allegedly biased appointments of new judges. Nonetheless, all relevant actors have continued to respect the court's decisions. Most crucially, President Yayi continued to integrate ministers and public

servants from across the country into his administration. Even if perceived differently among the public, this national integration scheme can be considered a stable informal institution.

Concerning economic matters, a core team of technocrats has remained in office even though President Yayi increased the number of political appointments. He continued to support economic liberalization policies in cooperation with international organizations. However, the global financial crisis, combined with the downturn in the cotton sector, has halved Benin's economic growth. These developments, together with major natural disasters, underline just how vulnerable Benin's economy is to external and environmental shocks.

History and Characteristics of Transformation

Benin has, in recent history, undergone simultaneous political and economic transformation. While the country has made significant progress in consolidating its political transformation and is considered very successful by regional and continental standards, transformation of the economic system has faltered and shows a more uneven track record. On the one hand, Benin numbers among the relative winners in the economic growth observed in Africa. On the other hand, Benin has been hit hard by the effects of the global financial crisis that began in 2008 and has since suffered a severe setback in 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 by Lieutenant (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. As a consequence, the regime dropped Marxism-Leninism in late 1989. 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 ratified the new political dispensation outlined in the constitution of 1990. The prime minister of the transition government, Nicephore Soglo, won the presidency in a run-off against Kérékou. During the Soglo presidency, additional democratic institutions were established (e.g., the Constitutional Court, the Independent Electoral Commission and the Audiovisual and Communications Regulation Authority). These newly established democratic institutions also survived Kérékou's return to power in the presidential elections of 1996, when Kérékou snatched a surprise victory after some members of the Soglo coalition crossed the aisle to join him. Kérékou also won the 2001 presidential elections, although his main opponents, complaining of irregularities in the electoral process, boycotted the election.

The presence of former military ruler Kérékou at the helm of the state has not seriously compromised Benin's democratic credentials as a showcase state. Unlike some of his peers in other parts of West Africa, Kérékou could not count on the support of a single dominant party and, facing the unequivocal criticism of a robust civil society and key international players, he quickly abandoned attempts to modify the constitution so as to permit him to run for another term after 2006. The electoral victory of outsider Boni Yayi in the 2006 presidential elections reconfirmed the competitive nature of Beninois politics and the low relevance of political parties.

Marxist-Leninist rule throughout the 1970s and 1980s included the nationalization of industries and banks. Corruption and economic decline took their toll, and by the end of the 1980s, the government was no longer able to pay civil servants' salaries. Economic transformation, tackled by the transition government, found strong support in financial assistance from the donor community and was initially successful. Trade liberalization, lower public expenditures, and a strong commitment to macroeconomic growth were accompanied by sectoral investment in social infrastructure. During the Soglo presidency, these reforms were implemented in a radical way, which most probably led to Soglo's electoral defeat in 1996. Kérékou did not radically modify this strategy, but economic reforms have stagnated, and corruption proliferated under his presidency. The victory of former long-time West African Development Bank (WADP) Chairman Yayi in the 2006 elections seemed to indicate both a popular will to fight corruption as well as stronger government commitment to tackling poverty alleviation and carrying out economic transformation. However, much of the Beninois public have been disappointed by Yayi's performance.

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

Transformation Status

I. Political Transformation

1 | Stateness

Question
Score

The state's monopoly on the use of force is established nationwide. There are no Beninois armed rebel groups active inside or outside of the national territory. There have been isolated incidents of mob justice due to the perceived failure of police to protect the people and the perceived failure of the courts to punish criminals adequately; the government has made no serious attempt to prosecute those involved although it has mobilized armed forces to support the police. Crime remains a serious problem not adequately combated by the police. The demand for drastic measures has grown, as was demonstrated by the widespread approval of an incident in May 2010 in Cotonou when policemen shot two robbers at a marketplace.

Monopoly on the
use of force
9

In stark contrast to other West African coastal states such as Cote 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 Beninois state is not questioned in principle. There is no dominant group that identifies itself as the core group of Benin's heterogeneous society. Smaller groups are adequately represented in governmental bodies and the army.

State identity
9

The separation of church and 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. Concerns about President Yayi exhibiting growing favoritism for evangelical Christians have not been substantiated. President Yayi also maintains contacts among the voodoo community for electoral purposes. His former interior minister, who was sacked following Benin's biggest financial scandal involving the country's Investment Consultancy and Computing Services (ICC Services) institution, was also officially in charge

No interference of
religious dogmas
9

of liaising with all religious circles. Generally, religious pluralism and tolerance are the rule.

The state's basic administrative structure works throughout the country's entire territory. In rural areas, the performance of political and judicial decision-making in particular is unsatisfactory, and the allocation of public goods is not very efficient. Some 51.6% of the population live on less than \$1 a day, and only 12% of the population have access to basic sanitation services. The largely donor-driven decentralization process, which includes capacity-building and civic education policies, has only begun to slowly alter this state of affairs. Legal standards are not enforced. Examples include the state's inability to enforce the abolition of female genital mutilation (FGM) and the enormous delays in public prosecution processes, which has led to prolonged pretrial detentions.

Basic
administration
6

2 | Political Participation

Key political offices are determined in free and fair elections. The electoral administration is sufficiently independent but not well-organized. However, organizational support from the government – as far as it improves the body's work – has not interfered with democratic standards in recent elections. The presidential election of 2006, which resulted in the victory of an outsider technocrat, and the parliamentary elections of 2007 point to a remarkably transparent and fair electoral process, and not only by African standards. Remaining deficiencies in the electoral process concern efforts to create a permanent and reliable computerized voters' roll (LEPI). The LEPI registration process prompted the opposition to express serious concerns regarding its usage in run-up to the general elections of 2011. However, the LEPI was subject to controversy primarily because the management bodies were ill-defined by the law. The technical body (MIRENA) was meant to be supervised by the political oversight body (CPS) but the CPS did not have the means to perform the supervision in technical terms.

Free and fair
elections
9

Yet, most importantly, electoral defeat is accepted by all participants. In several cases, local election results were contested in court and through administrative processes, though these never led to serious outbreaks of violent protest.

The government has the effective power to govern. The army, formerly a major power player, has receded to the barracks and is unlikely to re-emerge on the political scene. Political enclaves are more likely to exist at the local level where the newly elected municipal councilors enter a political terrain already occupied by various chiefs, notables and non-elected actors. However, national political power is in the hands of elected rulers. Those seeking direct political influence (e.g., big businessmen) try to maneuver into the democratic bodies of representation.

Effective power to
govern
9

Benin is characterized by a multitude of social and political associations. There are numerous political parties and non-governmental associations that act without intervention from the authorities (except for basic registration requirements). They continued to play an effective watchdog role vis-à-vis formal politics although President Yayi has (temporarily) co-opted several prominent civil society leaders into the cabinet. Co-optation of civil society leaders into government is also a very old practice initiated by Kérékou in 2001 when two heads of election watchdog bodies, Dorothée Sossa, Claire Houngan Ayemonna, were appointed as ministers, with several other examples following. The solid watchdog reputation of civil society organizations has deteriorated significantly. Most civil society leaders are associated with political parties, though this practice does not interfere with the freedoms of assembly and association.

Association /
assembly rights
10

State and numerous private media operate freely, and the regulation of the media sector combines both a state institution (HAAC) and a voluntary body of journalistic self-control (ODEM). Domestic respect for the highly prestigious HAAC, a regional showcase model, has suffered somewhat due to President Yayi's appointment policies. Fully according to his constitutional powers, the president has appointed a new HAAC chairman. However, the selection process was not transparent and unlike previous processes, not consensus-based. The opposition therefore considered this process to be partisan. Surveys released in recent years indicate a decline in press freedom. Reporters Without Borders ranked Benin 70th out of 178 nations in 2010, which is a massive fall from Benin's earlier rating as 30th in the world, ahead of several Western states. Freedom House's Global Press Freedom survey now ranks the country at 72nd out of 196 total countries with a value of 31, which puts Benin in the "partly free" category, (though still very close to "free"), in 7th place on the African continent. Yet, the government has continued to prosecute journalists for libel. Because the judiciary tends to be more tolerant and lax, punishment for libel is generally moderate. Non-transparent political influence on the media and editorial content paid for by a political source undermine the freedom of the press more seriously. On balance, the heterogeneity of the press extensively counterbalances the existence of biased coverage.

Freedom of
expression
8

3 | Rule of Law

Separation of powers is not only constitutionally mandated but also implemented in practice. Benin has a pure presidential system, and until now the president rarely had control of parliament. Parliament thus became a major site of political battlefields, even though it is not a very efficient platform for debate, though it was during the 1991–1995 term. Since the 2007 parliamentary elections, capricious and erratic alliance formations kept the National Assembly from assuming a constructive role. Approaching elections urged the opposition into a new alliance

Separation of
powers
7

(Union fait la Nation, UN), which helped introduce relative coherence to the otherwise chaotic landscape of political. Judicial review by the Constitutional Court is a cornerstone of the political system and an effective check on government and on parliamentary action. Despite the opposition's concerns, constitutional judges seem generally non-partisan. The eight judges were all replaced at the regular end of the former councilors' term in June 2008. The constitution provides for a simultaneous appointment of eight judges, four by the president of the Republic and four by the executive committee of the National Assembly, which has remained under the control of the presidential movement (despite the loss of the majority of the pro-president parties in parliament). However, no obvious bias of the Constitutional Court in favor of the executive was observed. In contrast, the opposition constantly censured the President of the National Assembly Mathurin Nago for alleged abuse of power. Nago's statement of accounts failed to pass five times in the observation period.

Formally, the judiciary is institutionally distinct and operates independently, but – apart from the very visible role of the Constitutional Court – its role is seriously hampered by insufficient territorial and functional penetration, and by corruption; more than one half of the country's magistrates have been involved in financial scandals. The executive has massive and durable influence on judicial nominations and career opportunities. According to prestigious domestic commentators, the dependence of the judiciary begins with the pressure that the Ministry of Justice is able to exercise on subordinate departments of public prosecution and ends with the refusal of the executive to enforce judgments.

Independent
judiciary

6

The prosecution of high office abuse regressed in prominence if not in numbers after the de facto drop of charges against Séfou Fagbohoun, the president of the African Movement for Democracy and Progress (MADEP), former Minister of Foreign Affairs Biaou Rogatien and former Minister of Institutional Relations Alain Adihou. Major scandals involving the government (e.g., CEN-SAD construction and ICC Services fraud) led to senior ministers being dismissed, but not to efficient prosecution. On a lower level, unlawful behavior and police corruption are not systematically prosecuted, allowing widespread impunity to gain traction. By and large, those accused of corruption have rarely been condemned, and the judicial sector itself is susceptible to corruption. However, watchdog organizations such as Front des Organisations Nationales Anti-Corruption (FONAC) do their best to promote improvement.

Prosecution of
office abuse

4

Civil liberties are 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

Civil rights

8

of court cases within the justice system. Equally, women's rights are not enforced in most rural areas; traditionalists widely practice FGM, for instance.

4 | Stability of Democratic Institutions

The democratic institutions in the country perform their functions, at least at the national level. Local and regional tiers of government are still characterized by counterproductive frictions between traditional, appointed and elected actors. The overall performance of the administrative and judicial system is not always efficient due to general administrative weakness and the aforementioned lack of resources. Erratic alliances in parliament and hasty cabinet reshuffles weaken the prerequisites for good performance.

Performance of
democratic
institutions

7

The elites accept democratic institutions as a legitimate form of political organization. The democratic experience since 1991 and the peaceful change of government are still major sources of national pride. President Yayi's plans for constitutional reforms have been suspended due to the incipient pre-campaigning situation. Yayi's centralized style of governance is under close observation. The political class and civil society have criticized his authoritarian tendencies. However, there are no serious signs that Yayi aims to seriously undermine democracy.

Commitment to
democratic
institutions

9

5 | Political and Social Integration

Ever since the renaissance of multiparty rule in 1990, the party system has been characterized by a low degree of institutionalization and high fragmentation. Changing coalitions and the large number of small parties which have backed the presidential alliance Union pour la majorité présidentielle plurielle (UMPP) and its predecessor Forces Cauris pour un Bénin émergent (FCBE) obstruct any determination of the exact number of formally recognized parties in parliament. (FCBE initially had won 35 seats in the 2007 elections, but split several times leaving the successor alliance UMPP with a constantly changing, lower number of seats. This fragmentation is somewhat countered by very moderate polarization, as indicated primarily by few programmatic differences and frequent crossing-the-floor. Yayi's election to the presidency confirmed the overall weakness of parties accused of being responsible for the inefficient and corrupt Kérékou rule from 1996 to 2006, even those which are seen as part of a relatively stable core party system, such as the Party of Democratic Renewal (PRD), Renaissance of Benin (RB) and the Social Democratic Party (PSD). Political enemies under Kérékou, the so called G4+1 (PRD, RB, PSD, MADEP, and Force Clé) formed the opposition alliance Union fait la Nation (UN), which has its stronghold in the south of Benin. The northern-based opposition group G13 did not join this fragile alliance. However,

Party system

5

while the population is very dissatisfied with the current party system, the principle of multiparty democracy, in general, is not questioned at all.

The topography of interest groups is relatively close-knit. Rural and urban social interests do translate into the party system and explain the astonishingly high number of political parties. Trade unions have been very strong since the Marxist-Leninist period. Even the informal traders who account for 70% of non-commercial gasoline consumption (Kpayo) have a kind of trade union whose representatives negotiate with government. The NGO sector is highly dependent on foreign capital, but urban civil society has a considerable impact on the political process even though radical protest was not considered necessary during the period under review.

Interest groups
8

According to most recent data from Afrobarometer, support for democracy is strong (>80%) and respondents strongly reject alternatives such as one-party or military rule (76% and 73% respectively). Regarding the actual functioning of democracy in the country, 37% consider Benin a full democracy and 38% a democracy with minor problems. Only 18% think that there are major problems (and 1% maintain that Benin is not a democracy). A majority (69%) of the respondents are very or fairly satisfied with the political system (28% are not). Despite general acceptance of the logic of democratic rules, there still exists a very cynical and probably widely distributed instrumentalist attitude among voters, as well as the practice of vote buying.

Approval of
democracy
9

Social self-organization and the creation of social capital are strong, although these organizations normally do not cross the main linguistic and ethnic barriers (more bonding than bridging social capital). Notwithstanding the high number of military takeovers after independence, Benin has a history of peaceful resolution of conflicts (and no political violence), and it is plausible to argue that enough trust among the different population groups as well as a balanced representation in all state institutions comprise some of the main reasons for this particular success.

Social capital
6

II. Economic Transformation

6 | Level of Socioeconomic Development

Question
Score

Still one of the world's least developed countries (ranked 134th out of 169 with a value of 0.43 on the Human Development Index in 2010), Benin has recently come close to the level of "medium human development" as defined by the UNDP. However, the country exhibits social marginalization that is quantitatively and qualitatively extensive and structurally ingrained. Almost all relevant indicators (income, gender, education) point to severe problems, although social indicators

Socioeconomic
barriers
3

have improved over the last years. The latest available data (2003) suggest that up to three quarters of the population live on an income of less than \$2 a day. Access to basic health care is tremendously poor with four physicians per 100,000 people (about 100 times lower than Italy's physician-to-patient ratio). Moreover, development is not homogeneously distributed. Urban and coastal areas benefit significantly more from development than rural areas. Rising inequalities incite internal migration and deepen dissatisfaction within a certain social strata of underprivileged people. A considerable percentage of the population is engaged in a subsistence economy and practice informal trade activities (especially with Nigeria). Altogether, Benin lacks the socioeconomic prerequisites for an adequate freedom of choice.

Economic indicators		2007	2008	2009	2010
GDP	\$ mn.	5546.2	6682.7	6638.1	6633.1
GDP growth	%	4.6	5.1	3.8	3.0
Inflation (CPI)	%	1.3	7.9	2.2	2.3
Unemployment	%	-	-	-	-
Foreign direct investment	% of GDP	4.6	2.5	2.0	1.7
Export growth	%	-	-	-	-
Import growth	%	-	-	-	-
Current account balance	\$ mn.	-534.1	-536.0	-648.9	-
Public debt	% of GDP	20.9	26.7	28.1	30.6
External debt	\$ mn.	764.2	916.8	1072.4	1221.3
Total debt service	\$ mn.	29.7	58.3	36.9	42.5

Economic indicators		2007	2008	2009	2010
Cash surplus or deficit	% of GDP	-	-0.3	-4.5	-
Tax revenue	% of GDP	-	17.2	16.1	-
Government consumption	% of GDP	-	-	-	-
Public expnd. on edu.	% of GDP	3.5	-	-	-
Public expnd. on health	% of GDP	4.5	4.1	4.2	-
R&D expenditure	% of GDP	-	-	-	-
Military expenditure	% of GDP	-	1.0	-	-

Sources: The World Bank, World Development Indicators 2011 | International Monetary Fund (IMF), World Economic Outlook 2011 | Stockholm International Peace Research Institute (SIPRI), Military Expenditure Database 2011.

7 | Organization of the Market and Competition

The basic institutional framework for market competition has been increasingly strengthened over the last two decades. The government generally does not formally intervene in the economic process. President Yayi, the former head of the West African Development Bank (WADP), credibly supports market-based competition. However, notwithstanding several efforts such as privatization in the banking and telecommunication sectors, the general framework continues to be weak and the informal sector dominates the economy. Benin ranks 117th out of 179 countries (“mostly unfree”) on the 2011 Index of Economic Freedom.

Market-based
competition
5

Formation of monopolies and oligopolies is only occasionally regulated. No clear and comprehensive legal provisions exist. Partial privatization has led to the creation of oligopolies in the cotton sector and in shipping services for the port of Cotonou. The renegotiation of GSM operator contracts was an occasional exception from the rule, with mixed outcomes for consumers and the state.

Anti-monopoly
policy
5

Foreign trade is largely liberalized according to West African Economic and Monetary Union (WAEMU) rules, and Benin has the lowest barriers to foreign direct investments among Francophone West African states. However, much of the trade with Nigeria is not reported and an accurate assessment of trade flows is thus difficult. Benin has several agreements with the European Union within the ACP-EU framework and the EU is the country’s largest trading partner. Benin has also been a WTO member state since 1996. A WTO trade policy review published in late 2010 commends Benin for its significant progress. However, it also criticizes that many rates of the WAEMU Common External Tariff exceed the WTO bound levels. (The tariff has four bands of zero, 5%, 10% and 20%. Benin’s weighted average tariff rate was 15.6% in 2009, according to the Heritage Foundation.

Liberalization of
foreign trade
8

WAEMU has planned a fifth band of 35%, which the WTO has advised it not to introduce. Non-tariff barriers have additionally depressed trade freedom.) Regional trade is hampered by a lack of modern technical equipment and poor governance, in particular at the port of Cotonou. A partial privatization effort undertaken in late 2010 could potentially improve the situation.

The financial sector has developed considerably, is relatively differentiated and is oriented in principle toward international standards. The sector is characterized by short- and medium-term loans, reflecting the predominance of trade and transit activities and the lack of an efficient loan recovery mechanism for long-term investment projects. Private banks dominate the financial sector. Microfinance institutions are also taking on a greater role in financing small- and medium-sized enterprises, and the government invested in 2010 CFA 20.4 billion in the microfinance sector. Supervision of the banking sector is relatively efficient due to regional integration.

Banking system

7

8 | Currency and Price 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 (formerly pegged to the French franc), and the Central Bank of West African States (Banque Centrale des États de l'Afrique de l'Ouest, BCEAO) is fully independent. After the common currency CFA franc was devalued in 1994, inflation was relatively low all over the monetary union, and particularly in Benin. Core inflation remained moderate. According to Economist Intelligence Unit estimates, the inflation rate stood at 2.2% in 2009 and 2010.

Anti-inflation /
forex policy

8

In close collaboration with the IMF and World Bank, the government has worked hard to maintain a rigid policy with regard to public expenditure. Reducing the budget deficit has been one of the government's core missions, although the payroll of civil servants has repeatedly created problems (especially since the government frequently gave in to strike-related demands). The dependence on customs (one-half of total receipts excluding grants) and goods traffic across the port of Cotonou did not lead to sharp drops in receipts following the global financial crisis. Although a culture of stability-oriented policy may have emerged among policymakers, there are no institutional safeguards in place except for the targets set by regional integration schemes and strict monitoring by international donors. The government's performance was rewarded with several PRGFs. After the 3rd facility expired on June 30, 2009, the IMF granted an Extended Credit Facility (ECF) in 2010. Latest assessment letters, however, make clear that the Fund's satisfaction with President Yayi's policies has decreased. The latest international sovereign credit ratings by S&P and Fitch see Benin at the B level.

Macrostability

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. Particularly in rural areas, traditional law conflicts with modern property rights. A recent law on rural land tenure (2007) has faced difficulties in implementation. Women, for instance, are traditionally excluded from land rights in most ethnic groups. Thus, the property rights of the poor are very vulnerable to traditional intervention. In contrast, the property rights of rich investors have benefited from the pro-market policies of President Yayi. However, inequitable enforcement persists.

Property rights
5

Some sectors are already dominated by private companies, and President Yayi has re-launched and reinforced further privatization programs in the strategic industries of cotton, banking, electricity, water, the telecommunications sector and the Cotonou port. The current government has been struggling with the many problems created by the ill-prepared and politically manipulated privatization programs of the past (e.g., Sonacop). Trade unions are opposed to such programs due to fear of job losses. Privileged shareholders have feared losing government protection during the period under review. Thus, the government appears to have an interest in balancing interests by keeping more political control of the cotton and harbor sectors while enforcing liberalization of other sectors (e.g., the banking, telecom, to some extent, the port).

Private enterprise
6

10 | Welfare Regime

General policies for averting and alleviating social risks are minimal, and health spending is insufficient for broad segments of the population, but the government has made considerable progress, as reflected by IMF appraisals of the preparation of a new PRGF. However, Benin is off track with regard to Millennium Development Goal (MDG) 1 (eradicate extreme poverty and hunger), as well as MDG 5 (improve maternal health) according to the latest U.N. progress report. Only the employees in the small formal sector can rely on pension funds. Social safety nets are more efficiently managed by NGOs and traditional clan and family structures, but their contribution to poverty reduction is not measurable.

Social safety nets
4

There are no specific institutions to compensate for gross social differences. Religious or ethnic groups are not systematically discriminated against with regard to job opportunities, although the opposition accuses the president of favoring his fellow Northerners. However, women have limited access to public office and most ordinary women lack access to educational institutions and experience unequal treatment under traditional laws. National and international NGOs have started to

Equal opportunity
5

fight the increasing trafficking of children, mostly young girls. The government has made some progress by strengthening the Brigade de Protection des Mineurs in an attempt to protect children from violence and other forms of exploitation.

11 | Economic Performance

The economy has recovered from a loss in strong growth (as measured by GDP) in the early years of the decade. According to estimates by the Economist Intelligence Unit (EIU), growth rates stood at 2.7% and 1.3% in 2009 and 2010 respectively and the IMF projects at least temporary stabilization at lower levels (2% -3%), following the global economic setback. Growth is highly dependent on external factors, such as price developments in the world market and in neighboring Nigeria. This is why the global financial crisis has hit economically marginalized Benin indirectly but sharply. While inflation quickly returned to a moderate level (2.2% in 2009 and 2010), rising costs for essential imports and a general decline in world trade (port) affect the country. Debt has also been on the rise. While debt stood at \$1 billion in 2008, it increased to \$1.8 and \$2.4 in 2009 and 2010 respectively.

Output strength
6

12 | Sustainability

Ecologically sustainable growth receives only sporadic consideration and is pursued within a rudimentary framework, but the lack of any significant industrial sector or mineral resource extraction makes government intervention less urgent. However, Cotonou has one of the highest levels of air pollution among all West African. Also, coastal erosion is a major problem. As in many African countries, population growth increases the use of wood as the main fuel, which in turn deepens the massive problems caused by deforestation and forest degradation. Without foreign pressure and assistance, environmental issues would not have been seriously taken into account in policy formulation. Many ecological problems, however, have a regional or even global dimension. Dramatic flooding in September and October 2010 – suspected by many to be a consequence of climate change – rendered tens of thousands homeless and led to a major humanitarian crisis that is expected to have a negative impact on food prices during the next season.

Environmental
policy
4

Benin has a very poor record in terms of education, training and research institutions. As relevant indicators illustrate, even basic institutions for education, training, research and development do not function properly, although some progress with regard to primary and secondary education has been made in recent years. President Yayi's policy of public-funded primary education has not achieved much since schools have not received sufficient funds, prompting them to charge parents instead. The latest U.N. assessment has identified this problem, stating that Benin must change its policy in order to achieve MDG 2 (universal primary

Education policy /
R&D
3

education). Formerly known as the “Quartier Latin de l’Afrique,” the country’s academic reputation has suffered considerably due to worsening university facilities. A few private institutes cannot compensate for the general situation.

Transformation Management

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 infrastructure, and a dependency on international economic developments (cotton market, shipping, Nigeria). Also, overall productivity in Benin has decreased 0.02% annually over the past decade. Whereas the country's sea access is an advantage, the infrastructure at the port of Cotonou is inadequate. Widespread corruption hampers development, the growing frequency of natural disasters such as heavy rainfalls strain the state's resources, and structural poverty in large non-coastal areas persists.

Structural
constraints
8

Traditions of civil society in Benin are fairly strong, at least by African standards. Even the Marxist regimes 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 has come under democratic rule. Though still highly dependent on the public face of well-known leaders and politicians, associational activity in

Civil society
traditions
3

Benin has been undergoing formalization. Participation in public life is valued culturally and NGOs perform an important watchdog function vis-à-vis the government.

As in nearly all other African countries, Beninois society is divided along ethnic, regional and religious cleavages that structure political and social processes. The conflicts between these groups have traditionally been managed in peaceful ways, and political actors trying to capitalize on ethnic or religious sentiments use their personal proximity to the people but avoid polarization of inter-ethnic relations. In a poor country like Benin, social conflicts are ubiquitous, but they have rarely been manifest in the political process. Newly created electoral alliances have revived the sentiment of political polarization between north and south due to the virtually exclusive southern base of the Union fait la Nation (UN) alliance. The UN alliance supports Adrien Houngbédji from the coastal area as presidential candidate against

Conflict intensity
3

incumbent President Yayi who has implicitly, but increasingly, been stigmatized as a “Northerner.” However, this has not led to violence.

II. Management Performance

14 | Steering Capability

Question
Score

As a trained economist with a Ph.D. from a Parisian university, President Yayi has a strong understanding of economic issues. Upon entering office, he articulated a clear agenda prioritizing economic over political reforms that focused on the cotton sector, the autonomous port of Cotonou, and improving the business environment and relationships with Nigeria. President Yayi has improved the government’s commitment to strategic reform goals but has also made several political mistakes. His centralized style of governance, hastily made decisions (e.g., frequent cabinet reshuffles) and involvement in serious scandals (e.g., CEN-SAD embezzlement, ICC Services Ponzi scheme) have upset substantial parts of the political elite. In addition, legislative blockades have grown in frequency since his party lost its parliamentary majority in 2008. Some observers consider this state of affairs a political crisis, but in reality, the government’s priorities have suffered less than the image of constitutional institutions.

Prioritization
5

The Yayi government has made clearly stated its will to reform the civil service’s pay structure and privative key economic sectors. In the case of the civil service reforms, the government continued to face strong resistance from all political parties (including the governing parties) and the trade unions. The reform of the cotton sector is of particular importance, given its direct effects on employment and economic growth. However, reforms have stalled as governance is hampered by corruption and the government’s weak operational capacity. Difficulties usually arise as soon as there is no direct presidential decision. President Yayi became increasingly involved in power struggles at the cost of driving his policies forward. Planned constitutional reforms to improve efficiency in governance have been abandoned.

Implementation
5

The political leadership is clearly committed to introducing changes as a response to past mistakes and failed policies of earlier governments. President Yayi was elected into office on a campaign that sent the very simple message of a need for change. However, since many people expect individual material gain from change, the reality of actual (and sometimes painful) reforms, including subsidy cuts, leads to disappointment. Thus, learning from past errors is only the first step; developing innovative solutions is the second and breaking (informally) institutionalized

Policy learning
6

routines is the third. The political leadership was able to advance the goals of the first step but attempts to advance beyond this stage have stalled and/or faced massive resistance. Change at the lower levels of administration has been minimal.

15 | Resource Efficiency

The government uses only some of its available resources efficiently. The government's capacity to act is restricted by multilateral and bilateral donors' tight control over the use of economic aid. Expectations that President Yayi would improve efficiency in government have not been met. When President Yayi assumed office, he staffed key cabinet posts with technocrats. However, once faced with the prospect of his party losing control of parliament, he reshuffled his cabinet to bring in appointees more palatable to the opposition. This (at times frantic) behavior resulted in a waste of human resources as ongoing debates about personnel have marginalized action on policy issues. Moreover, the Yayi government has demonstrated a strong preference for increased spending. The IMF recently called "optimistic" the decreed budget that failed to receive National Assembly support. The government forecast a 37% increase in revenues, whereas international bodies foresee a growth rate of 2% - 3%, which is one-half of that seen in the pre-crisis era.

Efficient use of assets

5

The government, more precisely the office of the president, tries to coordinate conflicting objectives and interests, but has been only partially successful in doing so. Government actors generally prefer personal communication channels over the use of formal procedures. Coordination efforts on economic issues have been strengthened by donor organizations' support for the government's economic policy. Coordination of political affairs, however, is undermined by constant personnel changes in government and administration.

Policy coordination

5

The diversion of funds from their intended purpose is a severe problem in Benin and deters foreign investment. State resources are distributed on the basis of patronage networks, and corruption is a fundamental characteristic of the political system. According to international assessments by the World Bank and the Economist Intelligence Unit, corruption is endemic, but it is not as rampant as is perceived by the local public. Still, attempts to stem the tide of dishonesty, such as the creation of special commissions and even the judicial prosecution of embezzlers, have so far failed to significantly improve the integrity of officeholders and public administration, given the low level of salaries in Benin and the lack of an appropriate results-oriented payroll system. Although the Yayi administration has identified battling corruption as a priority, the pursuit and prosecution of those suspected of corruption appears to be unsystematic and less credible since major scandals such as the CEN-SAD construction issue or the ICC Services fraud case

Anti-corruption policy

5

have presumably involved cabinet ministers. Civil society actors often uncover corruption more effectively than government.

16 | Consensus-Building

There is a broad consensus among all relevant actors concerning the consolidation of democratic institutions in Benin. Less clear is whether or not all major political actors agree upon the goal of building a liberal market economic system that is socially balanced. However, there are no major political actors calling for the return to a command economy. While part of the population's income is based on illegal smuggling activities, many political actors hesitate to support privatization and a substantial reform of the civil service. There is no political consensus regarding important reforms in the socioeconomic system. The government's will to reform has diminished under the weight of multiple political pressures.

Consensus on goals
8

Defying all predictions, President Kérékou, originally the main veto player, abided by the constitutional rules and left office in April 2006. Since then, democratic actors have successfully and permanently co-opted all veto actors. In the period under review, no anti-democratic actors have surfaced. The military, a highly influential veto player throughout the country's history, has apparently developed a more republican spirit and stays out of politics.

Anti-democratic
actors
9

The political leadership is able to successfully manage the ethnic and religious heterogeneity of the country. In stark contrast to neighboring countries, national unity is not an empty phrase in Benin. Credit for this success, however, is not attributable to current government policy, but to the overall policy stance of all governments since 1990 and the country's political culture. Moreover, the Catholic Church has always been a significant contributor in building political consensus in Benin. Since the National Conference, the Catholic Church (through the late Mgr. Isidore de Souza) has been seen as a neutral body that continues to play a credible role. During the political stalemate in January-February of 2011, the Church organized a series of prayers where all political actors convened and a consistent message on national unity and consensus-building was sent.

Cleavage /
conflict
management
9

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 decision-making process. In fact, President Yayi dismissed several prominent civil society leaders that he had appointed to his cabinet (e.g., Moussa Okanla, Roger Gbégnonvi, Reckya Madougou). This is not necessarily a new development; the Kérékou administration also sought to co-opt civil society activists through appointments. 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.

Civil society
participation
6

Regardless of the motivating factors involved with their being appointed to cabinet, their presence suggests an acknowledgment in government of the need to give civil society actors careful consideration.

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

Reconciliation
n/a

17 | International Cooperation

Relations with international donors are good, but have deteriorated slightly during the period under review. Subject to certain limitations, the government is willing to cooperate with external supporters and actors. Given its dependence on foreign assistance, Benin has limited choices in accepting or refusing international cooperation, although China has become its most important trading partner. Cooperation with donors focuses on the economic sector. International faith in attempts to advance the consolidation of democracy is strong, even though France and other Western partners closely monitor political developments because the political system remains vulnerable. The confidence of the IMF and the World Bank in governance effectiveness has lessened, but a new credit facility was not jeopardized and, thus, granted in 2010.

Effective use of
support
7

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 United Nations bodies and the International Court of Justice (ICJ). It has accepted defeat before the ICJ in border demarcation cases. It continues to contribute a significant part of its military to United Nations peace missions. However, the country's reliability suffers from occasionally opaque reasons for delay with regard to policy implementation.

Credibility
9

Benin has been a strong supporter of the regional WAEMU convergence schemes and fulfils 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 the ECOWAS and the African Union. The country has a good record in the peaceful resolution of border conflicts. The current government actively attended to the improvement of

Regional
cooperation
9

Benin's relations with Nigeria. President Yayi has been a member of the ECOWAS mediation troika for Côte d'Ivoire's post-electoral conflict in late 2010.

Strategic Outlook

President Yayi entered the political scene as an outsider promising general change. The BTI 2010 confirmed the emergence of an even earlier predicted conflict between the divergent interests of elder political elites and Yayi's government. This conflict has increased during the period under review and is a central issue with regard to further development. Many perceive the current political situation as chaotic, with some even describing it as a political crisis.

President Yayi failed to maintain a parliamentary majority in part because he did not respect political agreements signed during the 2006 elections. Since then, a growing number of MPs have distanced themselves from the president and parliament continued to block the implementation of policies, prompting President Yayi to govern by issuing budgetary decrees. This situation will continue at least until the presidential and parliamentary elections in March and April 2011.

The outcome of this election (which was won by Yayi in March 2011) will largely shape the prospects for improved governance. Who wins will prove less important than whether or not the results permit a greater balance in institutional relations, in particular those between parliament and government. Most probably, inner-parliament relations will improve, especially if National Assembly President Nago removed from his post. During the review period, Nago stubbornly clung to his position despite having lost the confidence of most deputies.

Further steps must be taken to safeguard the consent to democracy among the broader population. Despite the generally high quality of the voting system, the government failed to complete the urgently needed electoral organization reforms. Voter registration should have been modernized and completed to the satisfaction of all parties before the 2011 elections. Observers generally agree that the process has been deeply flawed, as the government has failed to establish the Autonomous National Electoral Commission (CENA) within the provided for timeline. Independent of the actual degree of damage, the sharp criticism arising from opponents and civil society actors emphasizes the missed opportunities in enhancing the electoral process and improving or protecting the country's advanced level of democratization. This will remain a major task for the future government. The government must also combat more effectively the perception and reality of impunity. However, the fight against corruption will likely run up against the powerful resistance of the elite.

Benin's economic outlook has been darkened by the consequences of the global financial crisis, but the country appears to have reasonably high chances of a quick recovery should favorable developments continue and international donors continue to provide support. By and large, Benin's success in economic transformation is fundamentally dependent on regional and world economic factors. The government will therefore continue to work on improving relations with Nigeria and the donor community. But it must also improve its ability to assert Benin's interests

on the global level. The economic consequences of surging food prices on global markets and climate change effects such as more extreme weather phenomena have the potential to hit the country harder than anything else in the medium term.

The electoral process of 2011 will delay reforms. Further development largely depends on the strategy, majorities and the level of confidence on which the next government must build its agenda. All three candidates in the presidential race – Abdoulayé Bio-Tchané, Thomas Boni Yayi, and Adrien Houngbédji; two economists and a Franco-Beninois business lawyer – are principally committed to fundamental democratic values and advancing a market-oriented economy. In other words, despite the country's problems, democratic procedures and a basic preference for a market economy are sufficiently rooted, making a general reversal in the near future highly unlikely.