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This report is part of the Bertelsmann Stiftung’s Transformation Index (BTI) 2014. It covers the period from 31 January 2011 to 31 January 2013. The BTI assesses the transformation toward democracy and a market economy as well as the quality of political management in 129 countries. More on the BTI at [http://www.bti-project.org](http://www.bti-project.org).


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Key Indicators

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<th>Indicator</th>
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<tr>
<td>Pop. growth(^1)</td>
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<tr>
<td>HDI rank of 187</td>
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<tr>
<td>Gini Index</td>
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<tr>
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<tr>
<td>UN Education Index</td>
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<tr>
<td>Poverty(^3)</td>
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</tr>
<tr>
<td>Urban population</td>
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<tr>
<td>Gender inequality(^2)</td>
<td>0.618</td>
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<tr>
<td>Aid per capita</td>
<td>$49.9</td>
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Sources: The World Bank, World Development Indicators 2013 | UNDP, Human Development Report 2013. 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 principles and with a commitment to strengthening the market economy. However, public disappointment in the Yayi administration increased. 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 several major corruption scandals allegedly implicating ministers. The president used the opportunity of his re-election in 2011 to exchange most of his cabinet. However, negative headlines continued.

The opposition lost the presidential and legislative elections against President Yayi, who won with an absolute majority. It was the first time in the democratic period that a president has been elected in the first round of voting. This incited a post-electoral outcry by the opposition. Second in the presidential race, politician Adrien Houngbédji argued that the election results were fraudulent due to biased preparations and counting. He was the candidate of an alliance of long-standing political leaders. However, after a few months in which Houngbédji’s party lost several leading members, his protest calmed down and speculations rose about the party’s potential entry into Yayi’s government. At that point, the opposition alliance was significantly weakened. One party had left to join the presidential camp and only a number of smaller parties upheld the alliance. This left the country with a very weak opposition and a large but fragile presidential majority. Now, Yayi is in a position where he either has to accommodate multiple political and clientelistic interests or risk fresh disintegration of his camp.

By and large, all political actors are ready to carry out their struggles through legal, constitutional means, though the Constitutional Court’s reputation has been questioned due to allegedly biased appointments of 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 though public support is mixed, this national integration scheme can be considered a stable informal institution. While government critics did
not face severe retaliation, the prosecution of libel increased and press freedom suffered under harsher sanctions. Trust in the autonomy and fairness of the autonomous media authority declined, as many sanctions appeared biased and politically motivated.

Concerning economic matters, Benin has not yet fully recovered from the impact of the global financial crisis. Recent natural disasters and setbacks in cotton production have also stalled economic development. These challenges, together with Benin’s dependence on Nigeria’s fuel subsidies, underline just how vulnerable Benin’s economy is to external and environmental shocks. An increase in fuel prices and the announcement to fight fuel smuggling more effectively incited massive protests. Protesters claimed that the government could not stop fuel smuggling unless it provided more jobs, better wages, improved transport facilities and alternative opportunities for the population to purchase cheaper fuel. Also, mismanagement and corruption continued to be major obstacles on the way to greater and more equally distributed wealth. President Yayi continued to support economic liberalization policies in cooperation with international development partners. However, the president’s ad hoc decisions resulted in a failure to implement policy changes. Allegations that personal retaliatory action by the government interfered with economic decisions persisted.

Concerning socioeconomic progress, cooperation with international donors in the education sector was partly successful. Primary school enrollment rates surged, bringing most boys and girls in urban and rural areas to school. The balance sheet with regard to health services, higher education, and access to justice showed few, if any, advancements. Despite Benin’s socioeconomic challenges, there is, overall, a national consensus on the importance of democratic principles and on values such an anti-violence and inter-ethnic cooperation. The untouched constitution continues to provide the legitimate framework.

**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 by the effects of the global financial crisis that began in 2008 and has since largely recovered from 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
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 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 Beninese 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 contributed 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 Beninese 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 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. 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 the number of violent criminal cross-border assaults on Cotonou markets – presumably launched from Nigerian territory – increased in recent years.

The security situation in Mali may affect all West African states including Benin. Spillovers from insecurity elsewhere in the region has also affected Benin. For example, after the abduction of French citizens in Cameroon, France designated Benin a hazardous destination and cautioned its nationals against traveling to the country.

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 republic 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. However, there is an increasing concern that northerners are privileged and favored by the ruling president. Trade unions have accused the Minister of Public Service of having mismanaged the latest recruitments and purposely substituted some southerners’ names for candidates from the north. If anything, this problem concerns the rule of law rather than citizenship.
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. 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.

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. Due to a lack of recent data, the share of the population living in absolute poverty (less than $1.25 a day) cannot be securely estimated, but probably describes around half of the population. The share of the population with access to basic sanitation services has increased slightly but is still at a low level of about 13%. More than 75% have access to improved water sources. 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 problem. Examples include the state’s inability to enforce import regulations and the enormous delays in public prosecutions, which has led to prolonged pretrial detentions.

2 | Political Participation

Free and fair elections are the norm in Benin. The electoral administration is sufficiently independent but disorganized. The Autonomous National Electoral Commission (CENA) is a non-permanent body that needs support from the government to function correctly. CENA was not responsible when the country introduced a permanent and computerized voters’ roll (LEPI). 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. Contesting the reliability of the LEPI, the opposition delayed recognition of President Yayi’s re-election in 2011. Political tensions caused by his victory in the first round were much higher than usual for Benin, but did not escalate into violence. Although credible reports surfaced that an unknown number of minors voted in northern Benin, and some southern citizens’ were excluded from the voting because their names were left off the register, the real impact of LEPI
mismanagement cannot be determined. In 2012, after pumping millions into the registration process, UNDP officials stated that LEPI would be one of the best voter registers in Africa. Significant parts of Benin’s civil society argue differently and demand a revision of the roll. All in all, the electoral process has been negatively impacted by the LEPI controversy. Therefore, all political parties and civil society groups are petitioning for a revision of LEPI before the upcoming elections.

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. Yet some recent incidents reveal the current government’s fragility. Allegations surfaced that a high profile businessman and former friend of the President Yayi attempted to poison the president. In addition, in March 2013, after the period under review, local media reported rumors of a coup attempt against President Yayi. Several people were detained, and suspicion among the president’s inner circle was heightened.

Political enclaves are more likely to exist at the local level where the elected municipal councilors enter a political terrain already occupied by various chiefs, notables and non-elected actors.

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; for instance, Microfinance Minister Reckya Madougou (appointed to Minister of Justice in February 2013) who was a leader of a civil society coalition that effectively fought a third term for President Kérékou. Although Kérékou used similar co-optation strategies, civil society organizations recently and increasingly complain about the alleged authoritarian behavior of President Yayi (e.g. the LEPI debate). Some criticized denials of public assembly permits during the contested 2011 elections as politically biased. Most civil society leaders are associated with political parties, though this practice does not interfere with freedoms of assembly and association. There are no reports of any denial to create an association. All in all, association and assembly rights are rarely restricted.

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 sharp decline in
press freedom. Thus, at least the perception of media freedom has declined. Reporters Without Borders ranked Benin 91st out of 179 nations in 2012, now behind Burkina Faso, Niger and Togo, which is a massive fall from Benin’s earlier rating as 30th in the world. Freedom House’s Global Press Freedom survey now ranks the country at 73rd out of 197 countries with a value of 34, which puts Benin in the “partly free” category. The government has continued to prosecute journalists for libel. HAAC increasingly censures media outlets for defamation when they expose corruption. In the period under review, Radio France Internationale (RFI) was sanctioned, as were private TV station Canal 3 and numerous newspapers. In addition, political influence and editorial content paid for by a political source undermine the freedom of the press. Regarding balance, the heterogeneity of the press at least off sets biased coverage. Lawyer Lionel Agbo, a former advisor to the president, was sentenced to six months in jail following an interview in which he accused top state officials and aides of President Yayi of corruption related to the construction of Tori-Bossito dry port.

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, in the past, rarely had control of the country’s unicameral legislative body, the National Assembly. Since the 2011 legislative elections, a clear presidential majority has kept the National Assembly from balancing the executive power in a constructive manner. Since these elections, all committee presidents and all members of the National Assembly’s executive committee belong to the ruling party. Highly contested but fully loyal to the head of state, Mathurin Nago was re-elected to the office of assembly president. The pre-electoral opposition alliance, Union fait la Nation (UN), which helped to introduce relative coherence to the otherwise chaotic political landscape, fell apart.

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. Despite the opposition’s concerns, constitutional judges seem generally non-partisan. The seven judges were all replaced at the end of the former councilors’ term in June 2008. The constitution provides for a simultaneous appointment of all judges, three by the president of the republic and four by the executive committee of the National Assembly, which has remained under the control of the ruling party (despite the loss of the majority of the pro-president parties in the legislature at that time). However, during the review period, the Constitutional Court has not demonstrated a bias in favor of the executive.

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). However, corruption remains endemic: 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 promotions. According to reputable domestic analysts, examples of judiciary bias include the Ministry of Justice putting pressure on subordinate departments of public prosecution and the refusal of the executive to enforce verdicts.

Nevertheless, the relationship between the Minister of Justice and the judges has become tense, which has resulted in an increased independence of the judiciary. The executive denounced the magistrates’ failures, which deeply offended them. The magistrates’ union reacted with massive protest and even strikes. At the same time, human rights observers and political opponents fear the executive is meddling in court cases that relate to the president’s interests (e.g. the cases of Lionel Agbo and an alleged poison attack on President Yayi).

Officeholders who break the law and engage in corruption rarely face prosecution. Impunity is a major problem in the country, arising from several factors. For one, courts are understaffed and overloaded. Secondly, the political elite is composed of a tight knit group of friends and even kin, who watch each other’s backs and pull strings to prevent prosecution in cases of individual malfeasance. Certainly, this deeply engrained structure of favoritism hampers the flow of information and opens the door to a biased application of the law. Occasionally, high office holders are prosecuted, but sanctions are even rarer, even in the cases of likely political interests behind the prosecution. Particularly prominent example were the corruption cases 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. However, the cases ended with the charges being dropped against the accused. Major scandals involving the government (e.g., CEN-SAD construction and ICC Services fraud) led to senior ministers being dismissed, but not to prosecution. In January 2013, law enforcement authorities interrogated the former Minister of Urbanization, François Noudégbessi, on allegations of embezzlement of funds related to the National Assembly construction scandal. The legislature’s new building was scheduled for completion in March 2011, but the construction stopped with less than half of the work completed. Nevertheless, the ministry authorized the payment of two-thirds of the contracted costs to the construction firm; in numbers, 12 billion CFA francs or about 18 million euros. Authorities brought in the incumbent minister, Blaise Ahanhanzo-Glèlé, for questioning but released him soon after. On a lower level, unlawful behavior and police corruption are not systematically prosecuted either, allowing widespread impunity to become the norm. By and large, those accused of corruption have rarely faced consequences, and the judicial sector itself is susceptible to corruption. Some Beninese analysts speak of an excess of tolerance for the sake of societal peace.
However, watchdog organizations such as Front des Organisations Nationales Anti-Corruption (FONAC) are doing their best to address the problem.

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

4 | Stability of Democratic Institutions

Democratic institutions in the country perform their functions, 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 head of state’s capacity to press forward with impulsive ad hoc policies underlines the extent of the executive’s power when government is unified. As a result, the image of Benin’s democratic institutions has suffered under the Yayi administration.

The political class accepts democratic institutions as the legitimate form of political organization. The democratic experience since 1991 and the peaceful transfer of power are still major sources of national pride. As a result, President Yayi’s centralized style of governance is under close observation. The political class and civil society have criticized his authoritarian tendencies and his plans for constitutional reforms have been suspended due to push back from the public. Nevertheless, his power has been consolidated since major opposition parties have changed sides to join the presidential movement (Soglo’s Renaissance du Benin, Renaissance of Benin (RB)) or moved closer to reconciliation and cooperation with the government (Houngbédji’s Parti du Renouveau Démocratique, PRD, who stood fiercely against Yayi in and after the presidential elections). Although the remaining opponents to Yayi fear that the president will try to seek a third term in office, there is no evidence that a respective constitutional amendment will be realized. The incumbent Constitutional Court has declared the two-term limit untouchable because it was a core element of the great constitutional consensus of the 1990 National Conference. Only a similar consensus can amend such provisions, the highly respected court has ruled.
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 Forces Cauris pour un Bénin émergent (FCBE) obstruct any determination of the exact number of formally recognized parties in the National Assembly. Having failed to protect its relative majority of 35 seats in the last legislature (2007–2011), FCBE started with close to an absolute majority in the legislature (41 of 83 seats) into the 2011–2015 term. Several more pro-presidential alliances such as Alliance Cauris 2 or Foreign Affairs Minister Bako-Arifari’s Alliance Amana provided Yayi with a safe majority in the period under review. Electoral alliances remain fragile as the opposition alliance Union Makes the Nation (UN; initially 30 seats) shows. It collapsed shortly after the elections, emphasizing that the individual political parties constitute the more relevant organizational units for the party system. The resulting fragmentation is somewhat countered by very moderate polarization, as indicated primarily by few programmatic differences and frequent crossing-the-floor. Yayi’s re-election confirmed the decline of those parties that 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). UN united these and other southern-based parties, but meanwhile RB joined the presidential camp and PRD reinstated its autonomy within the opposition camp. However, 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. However, urban interests are over-represented. 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. The tone of protest harshened during the period under review as more and more civil society groups felt sidelined. However, other parts of civil society are satisfied with the situation.

According to most recent data from Afrobarometer round 5 (referring to 2012), support for democracy is strong and increasing. Respondents strongly reject alternatives such as one-party or military rule (86% and 81% respectively, which means an increase of about 10 percentage points since the last report). Regarding the actual functioning of democracy in the country, 74% rate the 2011 elections free and fair, not exceeding minor problems. Almost everybody in Benin (98%) feels free to
vote without pressure. Eighty-seven percent feel free to express what they think. Despite general acceptance of the logic of democratic rules, cynicism is widespread among voters. The practice of vote buying also remains. Consequently, it is uncertain how long the Beninese will maintain their strong support for democratic processes.

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). Apart from the high number of military takeovers after independence, Benin has a history of peaceful resolution of conflicts and no political violence. 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.

II. Economic Transformation

Still one of the world’s least developed countries (ranked 167th out of 187 with a value of 0.43 on the Human Development Index in 2011), 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 0.27). Almost all relevant indicators, such as income, gender and education, point to severe inequalities, although social indicators have improved over the last years. Primary school enrollment surged, promising a brighter future in this sector in the years to come. 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 the U.S.’s physician-to-patient ratio). 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. 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 comprehensive freedom of choice.
### Economic Indicators

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<td>2.3</td>
<td>2.7</td>
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<td>Unemployment (%)</td>
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<td>Foreign direct investment (as % of GDP)</td>
<td>-0.3</td>
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<td>Import growth (%)</td>
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<td>31.2</td>
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<td>5.3</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Public expnd. on health (as % of GDP)</td>
<td>2.3</td>
<td>2.2</td>
<td>2.4</td>
<td>-</td>
</tr>
<tr>
<td>R&amp;D expenditure (as % of GDP)</td>
<td></td>
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<tr>
<td>Military expenditure (as % of GDP)</td>
<td></td>
<td></td>
<td></td>
<td>1.0</td>
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*Sources: The World Bank, World Development Indicators 2013 | International Monetary Fund (IMF), World Economic Outlook 2013 | Stockholm International Peace Research Institute (SIPRI), Military Expenditure Database 2013.*

## 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), supports market-based competition. However, notwithstanding several efforts such as privatization in the banking, energy and telecommunication sectors, the general framework continues to be weak and the informal sector dominates the economy. Political interference in key sectors has increased in recent years. For example, the private companies of Mr. Patrice Talon have lost markets in the cotton sector and a contract to manage the import-verification...
system at the Port of Cotonou. The government argues this was in the public’s economic interest, but personal rivalry among the rich and the powerful cannot be excluded as an alternative explanation. Benin ranks 101th out of 177 countries (“mostly unfree”) on the 2013 Index of Economic Freedom.

The formation of monopolies and oligopolies is only occasionally regulated. No clear and comprehensive legal provisions against such practices exist. The government recently promised to draft a bill on the basis of West African Economic and Monetary Union (WAEMU) community legislation to lay the framework for competition. Partial privatization has led to the creation of oligopolies, for instance in shipping services for the port of Cotonou. Partially tolerated informal markets, such as the smuggling of bootlegged oil, known as “kpayo”, undermine de facto monopolies on the formal market, such as Sonacop’s fuel marketing. While the general legal framework is insufficient, there are liberalized sectors in which there is competition. For example, the banking sector is highly internationalized with European (e.g. SGBB) and African (e.g., Ecobank) influences. After ad hoc political intervention in earlier years, the mobile communication sector is competitive, with Benin’s parastatal Libercom – announced to be privatized soon – sharing the market with South Africa’s MTN, U.A.E.’s Moov and Nigeria’s Glo. Most citizens of Benin are not very affected by formal market structures or monopolies, however; they rely on subsistence farming or local agricultural markets. Fuel subsidies in Nigeria as well as world cotton prices do, however, affect their daily lives.

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. The newest available 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. 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. Recent difficulties in implementing an import-verification scheme lowered confidence in improvement.

The financial sector has developed considerably, is relatively differentiated, and is aligned, in principle, with 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. In fact, microfinance has grown at such a fast pace with little regulation that some abuses have occurred, and international agencies are recommending improved regulation of the sector. Supervision of the ordinary banking sector is relatively efficient due to regional integration. Benin is not a party of the Basel III Accord. Data on the banking system is not up to date or simply unavailable.

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. Flood damages lifted inflation to 2.7% in 2011. However, the Economist Intelligence Unit expected the inflation to surge to 6.5% in 2012 due to Nigeria’s fuel subsidy reductions. Fuel prices in Benin are highly vulnerable to Nigerian policies. If no further external shocks, analysts estimate the normalization of inflation at about 3% in the coming years as the BCEAO strives to curb inflation.

In close collaboration with the IMF and the 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 (25% pay rise from 2011 to 2014). The dependence on tariffs (one-half of total receipts excluding donor money) did not lead to sharp drops in receipts following the global financial crisis. The recent increase in piracy in the Gulf of Guinea and – particularly – mismanagement appear to be more virulent to import-export operations. 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 third facility expired on June 30, 2009, the IMF granted an Extended Credit Facility (ECF) in 2010. Latest assessment letters make clear, however, that the IMF’s satisfaction with President Yayi’s policies has further decreased. The latest international sovereign credit ratings by S&P and Fitch see Benin at the B level. It should be also noted that Benin recently stopped cooperating with rating agencies.
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. 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. Moreover, inequitable enforcement continues. The IMF and WTO urge reforms. The unequal access to land and the long absence of a comprehensive land reform continues to hinder agricultural production. However, a land tenure law was passed by the National Assembly in 2013.

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 shipping. The current government has been struggling with the many problems created by the ill-conceived 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 be trying to balance interests by keeping more political control of the cotton and harbor sectors while enforcing liberalization of other sectors (e.g., banking, telecom, electricity). The supervision of private enterprises is lax and often politicized. The ICC Services scandal made this particularly visible. The Ponzi scheme, which affected tens of thousands of savers, was carried out openly without any intervention by state authorities. This type of fraud by private enterprises exemplifies a major lack of effective supervision that is inconsistent with fair market principles.

10 | Welfare Regime

General policies for providing social services are minimal, and health spending is insufficient for broad segments of the population. The government has made some progress, but multilateral donors have become impatient with the government’s slow pace of reform, and they have urged improvement of public services in accordance with the PRSP III. 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 employees in the small formal sector can rely on pension funds. Social safety nets are more efficiently
provided by NGOs and traditional clan and family structures, but their contribution to poverty reduction is not measurable.

There are no specific institutions that address gross social differences. While religious and ethnic groups are not systematically discriminated against with regard to job opportunities, the opposition accuses the president of favoring his fellow northerners. Women have limited access to public office, most ordinary women lack access to educational institutions and many experience unequal treatment under traditional laws and customary behavior. Overall, the Beninese education system is still poor, even though a slow improvement can be expected in the medium term due to surging school enrollment rates. However, many poor people, mainly internal migrants to urban areas, do not have equal opportunities and are forced to accept poor working conditions without chances for advancement. National and international NGOs have started to fight the increasing trafficking of children, mostly young girls. The government has made some progress by strengthening the Brigade de Protection des Mineurs, a child protection organization, in an attempt to protect children from violence and other forms of exploitation.

11 | Economic Performance

The economy has largely recovered from losses suffered from the global financial crisis. According to estimates by the Economist Intelligence Unit (EIU), growth rates stood at 3.2% in 2011 and the IMF projects at least temporary stabilization at 3% to 4%. 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 hit economically marginalized Benin indirectly but sharply. While inflation remained moderate in the medium run, softened by a still strong euro, to which the CFA franc is pegged, a general decline in world trade affected the country. Debt is no major concern. Although the IMF projects a moderate absolute rise in debt, the debt to GDP ratio is expected to decline thanks to economic growth, which was at about 3.6% in 2012. However, the overall level of economic performance is still poor due to the low number of exports, a high degree of social inequality and extreme vulnerability to external factors.

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 West African countries. 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. Yet under foreign pressure and assistance, forest preservation efforts in Benin have been successful. Still, environmental issues have no priority over economic and political interests. An eco-tax introduced in 2004 is inadequately applied. Benin is a midfielder on the decline with regard to the Economic Performance Index (EPI).

Benin has a very poor record in terms of education, training and research institutions. As relevant indicators illustrate, basic institutions for education, training, research and development do not function properly, although significant progress with regard to primary and secondary education has been made in recent years. Net enrollment ratio doubled in 20 years to over 80%. Benin also lowered the backlog in rural areas. Formerly known as the “Latin Quarter of Africa,” the country’s academic reputation has suffered considerably due to worsening 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 and Parakou opened campuses in more provincial towns.
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.

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. Though still highly dependent on the public face of well-known leaders and politicians, associational 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. For example, when former head of state Kérékou insinuated that he might want to amend the constitution to add a third term to the office of president, a powerful civil society network called ELAN emerged that successfully fought Kérékou’s plan under the slogan “Touche pas à ma constitution!” (“Don’t touch my constitution!”). In addition, when the 2011 elections approached and substantial distrust concerning the computerized electoral roll (LEPI) heated the debates, a new network called FORS-LEPI, later FORS-ELECTIONS, organized to monitor the process, constructively discuss flaws and develop ideas for improvement.

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 (mainly the provinces of Atakora, Alibori, Borgou and Donga) from the former kingdoms of the south, i.e. Dahomey (Zou and Atlantique provinces), where the political capital,
Porto-Novo, is located. 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. 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. In a poor country like Benin, social conflicts are ubiquitous, but they have rarely manifested 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. However, after the UN’s defeat in the 2011 presidential and assembly elections against incumbent President Yayi and his supporters, who have been stigmatized as “northern,” the southern-based alliance quickly broke up and partially joined the president’s camp.

II. Management Performance

14 | Steering Capability

With a Ph.D. in Economics from a French university, President Yayi clearly has a strong understanding of economic issues. Upon entering office, he articulated a clear agenda prioritizing economic reforms that focused on the cotton sector, the Port of Cotonou, 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. He has a centralized style of governance, hastily makes decisions and has alleged been involvement in serious scandals (e.g., CEN-SAD embezzlement, ICC Services Ponzi scheme, agricultural vehicles, dry port of Tori-Bossito). Analysts thus question whether his government has the will or the capacity to effectively implement longer-term policies such as the PRSP III or Benin Alafia 2025 programs. On the one hand, the government, like any other political actor in the country, relies on good relations with rich businessman. Yayi’s campaign and government was supported by entrepreneurs like Olofindji Rasaki Babatundé and Patric Talon that are active in multiple economic sectors in which they benefit from the status quo. To what extent these relationships interfere with the government’s steering capability is uncertain. It is clear, however, that Benin’s business environment is marked by oligopolist tendencies, and the political and economic elite who benefit from it have no interest in reforms. Not surprisingly, the public administration tends to be weak vis-à-vis powerful businessmen. On the other hand, the state is highly dependent on foreign aid and investment. While ODA is designed
to improve the government’s capacity to prioritize, private foreign actors may prefer preferential or even exclusive assess to Benin’s markets.

The Yayi government has 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 its own 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. Earlier reform programs started with similar government promises but ended with “modest” results as the IMF states in the PRSP I and II.

The political leadership is clearly committed to introducing changes in response to past mistakes and failed policies of earlier governments. President Yayi was elected into office on a campaign that essentially promised further development. However, since many people expect individual material gain from politicians, 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 institutionalized 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 come upon massive resistance. This problem can be attributed to Yayi’s impulsive style of government in which he fails to seek broad-based support, even though inclusive and respectful consultations are a fundamental principle of Benin’s political culture. Abandoning this principle and offending other actors (e.g. in Yayi’s TV interview on 1 August 2012) has hampered reform in the medium run because such behavior provokes resistance.

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 its majority in the legislature, 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. Many young academics are unemployed and seek to leave the country for more promising professional development. They often complain about unfair hierarchies and clientelistic promotions. At the same time, the
education sector, including universities, and the public sector in general is understaffed with qualified workers. While the Yayi government has demonstrated an inclination for increased spending, the IMF recently estimated Benin’s economic growth rate to be two percentage points lower than the government’s estimate. In other words, the government is failing to carry out realistic budget planning, according to the IMF.

The office of the president has tried 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. Official statements from the presidency are usually behind dismissals for so-called underperformance. However, political and personal reasons are often the origin of many reshuffles. In any case, top-level changes, and the concentration of power in the executive, tend to obstruct coordination efforts at lower levels.

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 not as rampant as perceived by the 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 administrators. Corruption is often attributed to the low level of salaries in Benin and the lack of an appropriate results-oriented payroll system. Although the Yayi administration has identified the fight against corruption as a priority, the pursuit and prosecution of those involved has been unsystematic and has lacked credibility, likely because they implicate those in power. For example, major scandals such as the Tori-Bossito dry port, the National Assembly and the CEN-SAD construction issues and the ICC Services fraud case have allegedly involved cabinet ministers. In the case of the National Assembly construction site, the contractors abandoned the building after less than half of the construction work had been completed. However, out of the budget of 18 billion CFA francs, they had already received 12 billion. Ministers have been questioned over the case, but nobody has been convicted as of early 2013. Civil society actors often uncover corruption more effectively than government.
16 | Consensus-Building

There is a broad consensus among all relevant actors concerning the value of Benin’s democratic institutions. Not all major political actors agree upon the goal of building a liberal market economic system that is socially balanced, however. At the same time, there are no major political actors calling for the return to a command economy. However, 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. There is no political consensus regarding important reforms in the socioeconomic system. The government’s will to reform has diminished under the weight of political pressure.

Defying all predictions, President Kérékou, originally the main veto player, abided by the constitution 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 openly 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. However, increasing limitations on freedom of the press and the potential of spillover effects from recent events in Mali underline the fragility of the democratic consensus.

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. The value of constitutional stability is appreciated by all major political actors and by society in general. The constitution has never been amended since a national consensus was reached at the National Conference in 1990. 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 in maintaining a culture of unity.

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. In fact, President Yayi and some of his government ministers have tried to discredit civil society members. Yayi rejected claims to improve the electoral roll (LEPI) and harshly complained about unqualified criticism in a controversial TV interview in 2012. His Minister of Justice called judges corrupt and has remained in permanent conflict with the magistrates’ union. 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 an acknowledgment in government of the need to give civil society actors careful consideration. Some quick dismissals, however, have incited allegations of politically sideling critics.

Although systematic torture was employed under the first 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.

### 17 | International Cooperation

Relations with international donors are good, but Yayi’s government has failed to meet the international community’s high expectations. Overall the government has been willing to cooperate with external supporters and actors. Yet given its dependence on foreign assistance, Benin has limited choices in accepting or refusing international aid. China has become its most important trading partner, and an alternative to traditional development partners. Cooperation with donors has focused on the economic sector and decentralization. Development partners have faith in Benin’s attempts to advance the consolidation of democracy, even though France and other Western partners closely monitor Benin’s vulnerable political system. The confidence of the IMF and the World Bank in governance effectiveness has lessened, but not to the extent of denying Benin a new credit facility, which the IMF granted in 2010 (based on PRPP III). Short-term political interference with long-term development strategies reduces the reliance and effectiveness of such programs.

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 occasional opaque reasons for delay in policy implementation.

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 African Union. President Yayi was the AU chairman in 2012. The country has a good record in the peaceful resolution of border conflicts. The current government
actively worked to improve Benin’s relations with Nigeria, and the two countries developed a common strategy to fight piracy in the Gulf of Guinea. The naval base at Grand-Popo will be equipped for this purpose. Benin has agreed to send 600 troops to Mali in the framework of AFRISMA, the joint ECOWAS military mission to this war-torn regional neighbor.
Strategic Outlook

President Yayi entered the political scene as an outsider promising general change. Apparently, he was able to uphold this image with a majority of the population that supported his re-election. The conflict between the divergent interests of the old rank of political elites and Yayi’s government escalated at first but then dissipated during the period under review. The breakup of the united opposition alliance “Union fait la Nation” (UN) and the shift of key UN players toward the president suggests a further decline of the formerly most important and most stable political parties. Such a development favors further personalization and fragmentation of the political landscape. The presidential alliance FCBE is based on many individual party organizations. Frequent quarrels within the heterogeneous presidential movement in the period before the 2011 elections suggest an unlikely transformation of the FCBE into a stable united party.

Many expect the power struggle for the post-Yayi period to start soon. Presidential elections are due in 2016, one year after the next legislative elections, which should provide an indication of how the presidential elections will be carried out and who the major players will be. Uncertainty about potential successors could further fragment organized politics. The “old guard” of politicians will not be allowed to run for president due to an upper age limit of 70 years for presidential polls. Major political figures such as the second in the race of 2011 and the PRD president, Adrien Houngbédji, will not be allowed to run again. Some of the major southern parties may struggle for survival under their new, less rooted leadership. Personalization of politics could further increase. President Yayi, for instance, will likely promote his brother-in-law, Marcel de Souza, or Prime Minister Pascal Koupaki as his successor.

President Yayi’s party won a larger legislative majority in the 2011 elections. In principle, this should support and improve governance effectiveness as the last legislature opposed Yayi. However, civil society remains unhappy with Yayi’s impulsive and allegedly authoritarian style of government. This image will not change much as long as Yayi’s alliance not only controls the government, but also the National Assembly and the selection of constitutional judges.

The members of the Constitutional Court are to be re-elected or replaced in 2013. Given that political alliances hold, the presidential movement will have the power to select all candidates. The entry of RB and PRD into the government could slightly improve the chances for a more inclusive selection of judges. The court is highly respected and works efficiently. However, the acceptance of the court as a legitimate arbiter in political conflict and as a guardian of the constitution depends on the public’s positive perception of its members.

Some domestic observers fear that Yayi could attempt to run for a third term in office. According to this view, a fully loyal Constitutional Court would confirm an amendment, that could be interpreted as a re-start of the constitution and allow for a third presidential term. A proposal for a constitutional amendment that excluded a third term had been elaborated before 2011 but deferred
due to concerns. The amendment process was officially driven by international efforts to formally abolish the death penalty – which had not been applied for many years – and to establish an audit court for public finances. One argument against the amendment process was that Benin had already ratified constitutionally binding international treaties against the death penalty. Secondly, little is known about the effectiveness of formally autonomous audit courts. And finally, an unchanged constitution that draws its legitimacy from the consensus at the National Conference of February 1990 stabilizes Benin’s democracy.

Further steps must be taken to safeguard the commitment to democracy among the broader population. Despite the generally high quality of the voting system, the government failed to create a consensually recognized computerized voters register (LEPI). A review of potential deficits in the LEPI before the planned municipal elections should help to restore some of the trust in the government. To strengthen the public’s trust in the current political system, the government would also have to more effectively combat the perception and reality of impunity for corruption. In reality, however, the fight against corruption will likely continue to run up against the resistance of the powerful elite.

Benin’s economic outlook has been darkened by the consequences of the global financial crisis, but the country appears to have recovered faster than foreseen. The IMF regards “realistic” budgetary plans that provide for 4% growth. By and large, Benin’s success in economic transformation will be 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. Yayi’s AU presidency has helped to make Benin more visible on the international scene. However, the Mali conflict overshadowed his term. The economic consequences of surging fuel prices in Nigeria and the impact of climate change, such as more extreme weather phenomena, have the potential to hit the country hard in the medium term. The government could face fierce resistance if it seriously tackles the smuggling of fuel (Kpalo) from Nigeria as many depend on the activity for their livelihood. This situation exemplifies the complexity of reforming a fragile but balanced system of formal, informal and illegal economic activities.

Continued development largely depends on the government’s ability to build an agenda with buy-in from a wide swath of political actors and international partners. All the most influential politicians – including Thomas Boni Yayi, Léhady Soglo and Adrien Houngbédji; two economists and a Franco-Beninese business lawyer – are committed to fundamental democratic values and to advancing a market-oriented economy. While the democratic convictions of some younger and politically influential businesspeople are questionable, these figures lack the power to reverse the current trends. In sum, despite the country’s problems, democratic procedures and a basic preference for a market economy are sufficiently rooted. Therefore, it is highly unlikely Benin will see a reversal of its current trajectory in the near future.