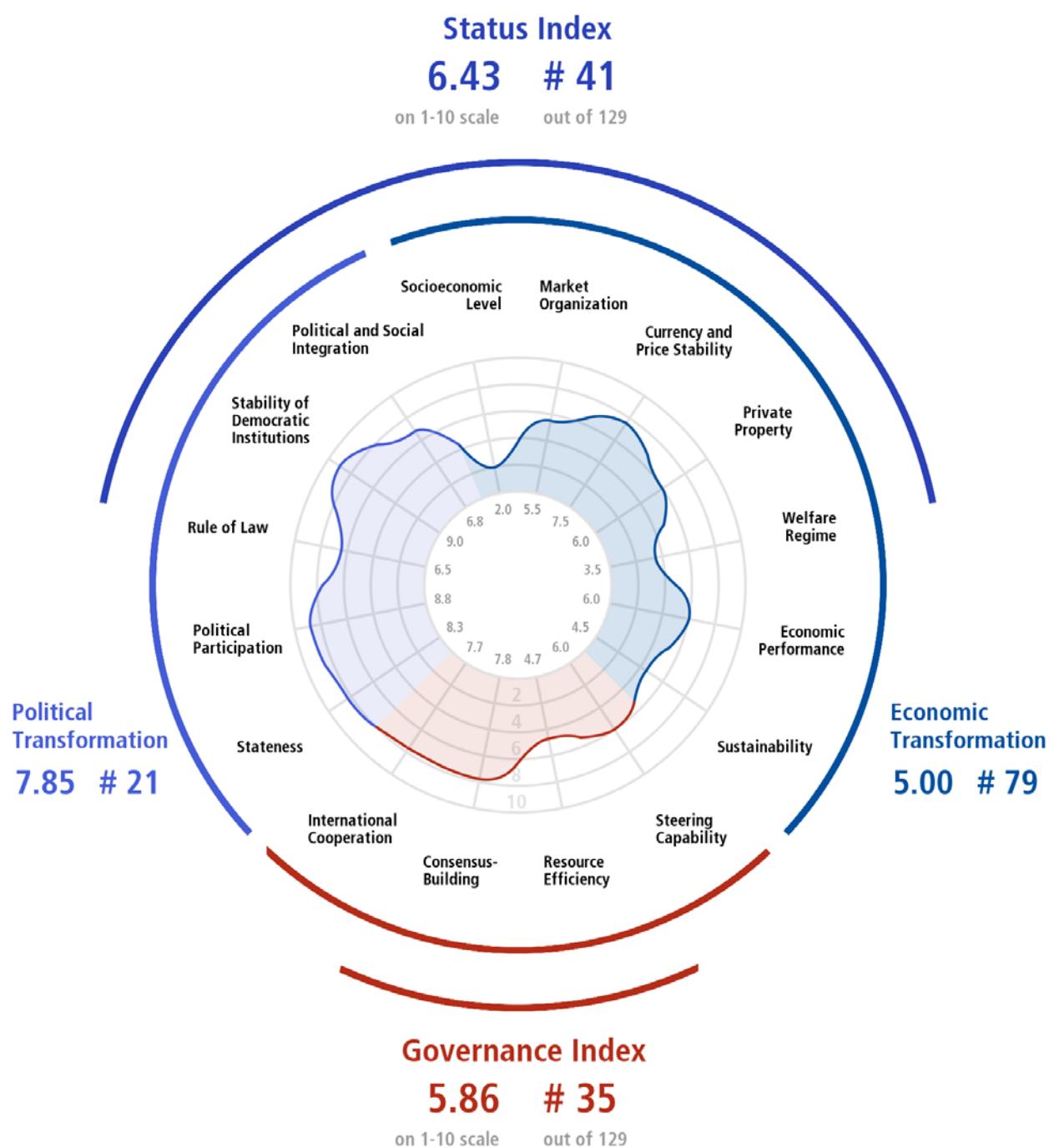


BTI 2018 Country Report

Benin



This report is part of the Bertelsmann Stiftung's Transformation Index (BTI) 2018. It covers the period from February 1, 2015 to January 31, 2017. 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>.

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Key Indicators

Population	M	10.9	HDI	0.485	GDP p.c., PPP \$	2168
Pop. growth ¹	% p.a.	2.8	HDI rank of 188	167	Gini Index	47.8
Life expectancy	years	60.6	UN Education Index	0.454	Poverty ³ %	76.2
Urban population	%	44.4	Gender inequality ²	0.613	Aid per capita \$	40.7

Sources (as of October 2017): The World Bank, World Development Indicators 2017 | UNDP, Human Development Report 2016. Footnotes: (1) Average annual growth rate. (2) Gender Inequality Index (GII). (3) Percentage of population living on less than \$3.20 a day at 2011 international prices.

Executive Summary

The 2016 presidential election has reaffirmed the stability of democracy in Benin. Following the election, the former president, Thomas Boni Yayi, left office, respecting the two-term limit set by the constitution. Independent candidate Patrice Talon was elected president with the support of a large opposition alliance in the second round of the election. The election process, in contrast with Yayi's re-election in 2011, did not produce any major issues of contention.

Talon is one of Benin's most successful businessmen. He has built a business empire by focusing on the country's most profitable sectors, particularly cotton and the Port of Cotonou. His election follows a bitter "affair" between himself and Yayi. The affair escalated during Yayi's second term, when Talon was accused of plotting against the president and having attempted to poison Yayi. To some extent, Talon's election and the broad support that the new president has mobilized have depolarized the political climate.

In contrast with Yayi, who came under increasing criticism from civil society organizations during his second term, Talon received support from civil society organizations and even co-opted several high-profile activists into his ranks. The civil society coalition Citizens' Alternative became a political party and played a major role in Talon's election. Talon also appears to have regained the confidence of the International Monetary Fund (IMF), which strongly criticized Yayi for his opaque fiscal policies during the last year of his presidency.

In his presidential campaign, Talon declared that his presidency would be a break from the politics of Yayi. He insists that Benin needs major reforms across all sectors, and his recently adopted program sets out a long list of political, economic and social reforms to be implemented over the next five years. Talon also advocates constitutional reform to strengthen Benin's democratic institutions. His most popular and controversial proposal is to limit the presidential mandate to a single term. To stress his seriousness, he has announced that he will not run for re-election.

However, two factors could hamper Talon’s reformist ambitions. First, the first ten months of the Talon’s presidency have shown that the president is not immune to contradicting himself. The president has argued that all major appointments will be made on the basis of competence. In practice, however, he has replaced many civil servants appointed by Yayi with his key allies. There is an evident conflict of interest between Talon’s role as president and his business interests. Some of Talon’s first moves seem motivated by his desire to regain control of key sectors of the economy, including the Port of Cotonou, from which Yayi had evicted him, and the cotton sector.

Second and more generally, efforts to implement political and economic reform will conflict with long-standing features of Benin’s political economy. Benin’s democracy continues to be characterized by a weak party system (whose fragility was reconfirmed by the 2016 parliamentary elections), corruption and clientelism, and opaque relationships between key businessmen and politicians. The state administration’s capacity to implement reforms is questionable.

The socioeconomic environment also presents substantial challenges. Benin’s fragile economy has experienced several years of sustained growth. Recently, however, economic growth has slowed down from 6.5% in 2014, to 5.2% in 2015 and is projected to be 4.5% in 2016. This slowdown is primarily a consequence of the crisis in Nigeria. There has been progress with regard to some social indicators, for instance, school enrollment. However, Benin remains a Least Developed Country and rates of extreme poverty have not declined.

In order to implement its development strategy and avoid dependency on international donors, the government hopes to mobilize resources from the private sector. However, the private sector remains small in comparison to the country’s large informal and predominately subsistence economy. The broad support that Talon was able to mobilize in the second round of the 2016 presidential election campaign may not last. Talon’s statements that he will privilege merit over regional equilibrium in office appointments has raised eyebrows in the north of the country, where educational attainment is lower than in the south. In addition, public sector trade unions oppose further privatization.

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

History and Characteristics of Transformation

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

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

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

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

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

After the fall of Kérékou's Marxist-Leninist regime in 1991, economic transformation, promoted by the transition government, won strong support from the international donor community and

was initially successful. During the Soglo presidency, radical reforms were implemented, which contributed to Soglo's electoral defeat in 1996. Kérékou, following Soglo as elected president, did not radically modify this strategy, but economic reforms stagnated under his presidency. The victory of Yayi in the 2006 elections seemed to indicate both a popular will to fight corruption as well as stronger government commitment to economic transformation. However, much of the Beninese public was disappointed by Yayi's performance.

Talon won the 2016 presidential election stating that he would break with Yayi's controversial presidency. He has pledged to defend and reinforce Benin's democratic institutions by, for example, limiting the presidential mandate to a single term, and to modernize the economy. However, his status as a major businessman potentially conflicts with his commitment to advance economic transformation.

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. Isolated incidents of mob justice increased between May and October 2016. This situation is related to the perceived failure of the police to protect the people and of the courts to punish criminals adequately; the government has made no serious attempt to prosecute those involved although it has mobilized the armed forces to support the police. Crime remains a serious problem not adequately combated. The involvement of Benin in the fight against Boko Haram, alongside Nigeria, Niger, Cameroon and Chad, is a potential source of insecurity. The country is on alert for possible terrorist attacks after the May 2016 Islamist shooting in Côte d'Ivoire. Reports on the influx of more radical Islamic preachers have increased.

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

Question
Score

Monopoly on the
use of force

9



1

State identity

9



1

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

The state's basic administrative structure functions throughout the country's entire territory. The biggest accomplishment of the public sector in recent years has arguably been the extension of basic education to near full enrollment. In rural areas, however, the performance of political and judicial decision-making is unsatisfactory, and the allocation of public goods is not very efficient. The largely donor-driven decentralization process, which includes capacity-building and civic education policies, has begun to slowly improve socioeconomic conditions and strengthen the presence of basic administrative infrastructure. Still, legal standards are not enforced and corruption remains a 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.

According to the latest World Bank figures (2015), only 20% of the population have access to sanitation and 78% to a water source (with little improvement over the last years).

2 | Political Participation

Free and fair elections have been the norm in Benin since 1990. The electoral administration is sufficiently independent but disorganized. The Autonomous National Electoral Commission (CENA), initially appointed on a temporary basis, was turned into a permanent body in 2014. CENA successfully organized the last parliamentary elections in 2015 and presidential elections in early 2016. There have been persistent concerns about voter registration since the introduction of a permanent and computerized electoral roll (LEPI) in 2013. During the period under review, the management of the LEPI has been reorganized, a Council of Orientation and Supervision and a center for the treatment of biometric electoral data have been created. However, the process of updating the list and the limited financial resources

No interference of religious dogmas

9



1

Basic administration

6



1

Free and fair elections

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1

allocated to managing the list has created organizational problems, resulting in tensions between the incumbent government and the opposition. In particular, local elections initially scheduled for 2013 were postponed until June 2015 due to the non-availability of an updated list. Hence, the appropriation of elections as decision-making processes is less strong than in most consolidated democracies. Yet, Thomas Boni Yayi deliberately stepped down as president after the end of his second and constitutionally last term in 2016. Yayi accepted the defeat of his preferred candidate, Lionel Zinsou, against one of his most prominent political opponents. The fact that the transfer of power to President Talon took place peacefully is a strong sign of extent of democratic consolidation in Benin, given that Yayi had accused Talon of attempted murder a few years before.

The government has the effective power to govern. The army, formerly a major power player, has receded to the barracks and is largely unwilling to re-emerge on the political scene. The peaceful and democratic transfer of power from Yayi Boni to his rival Patrice Talon is further evidence of the loyalty of the military to the laws of the republic. 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. State capacities at this level are often very low. This makes parts of the population disinterested in elected representatives and encourages them to turn to local actors that render more effective services, including local customary leaders and religious service providers.

Freedom of expression is constitutionally guaranteed and numerous political parties and non-governmental associations act without intervention from the authorities (except for basic registration requirements). There are no reports of any denial to create an association and the political arena is more occupied by civil society than it is by political parties. Trade unions are particularly vocal when it comes to representing the interests of the relatively small formal labor force – mostly public employees – but they cannot always enforce their claims. Minor clashes between associations and police are occasionally reported but, all in all, association and assembly rights are rarely restricted. However, civil society actors who used to play a watchdog role vis-à-vis formal politics are often co-opted by the government. While this was already the case under President Yayi's rule, it has become critical under Patrice Talon, who came to power with strong support from civil society. In particular, Citizens' Alternative, the civil society coalition led by Professor Joseph Djogbénou, has become a political party and has played major role during the last parliamentary, local and presidential elections.

The constitution guarantees freedom of expression and there is also a multitude of private media that provide different opinions. State and numerous private media operate freely, and there is no restriction or limitation to accessing social media networks. The regulation of the media sector combines both a public institution (the High Authority for Audiovisual and Communication, HAAC) and a professional

Effective power to govern

9



Association / assembly rights

9



Freedom of expression

8

association of journalists (the Observatory of Professional Standards and Ethics in the Media, ODEM). Domestic respect for the HAAC, once a model for the region, has suffered in the last few years due to the perception that it has lost its impartiality. The mode of appointment of the HAAC has been controversial, given that the chairman and two other members of the HAAC are nominated by the president of the Benin. Recent sanctions imposed by the HAAC on media outlets are perceived as serious threats to press freedom in Benin, because the HAAC often censures media outlets for defamation when they expose corruption or strongly criticize the government. A controversial case took place in December 2016. Several media outlets, notably radio Soleil FM, Eden TV and E Télévision, close to Sébastien Ajavon (an important businessman and a presidential candidate in the last elections) were closed for the non-respect of the Scope statement with the HAAC. This decision followed Ajavon's arrest for alleged drug trafficking and subsequent release. Reporters Without Borders (RSF) ranked Benin 78 out of 180 countries in 2016, indicating an improvement in recent years from 84 out of 180 countries (2015). However, Benin is still far from its earlier ranking of 30 in the world. Freedom House's Global Press Freedom survey never reported the same sharp backslide, instead consistently assessing Benin as having a lower level, "partly free," press. However, their 2016 report confirms RSF's moderate upward trend.



1

3 | Rule of Law

Separation of powers is not only constitutionally mandated but also implemented in practice. Benin has a pure presidential system in which the president frequently faces periods where the opposition has control of the country's unicameral legislative body, the National Assembly. However, because of the instability of the party system, the individual and personal interests of the member of parliaments often affect the equilibrium between the executive and the parliament. The National Assembly is able to counter-balance the executive, but not always for the systematic democratic reasons that the BTI's normative framework would wish. Judicial review by the Constitutional Court is a cornerstone of the political system and an effective check on actions taken by government and the National Assembly. The constitution provides for a simultaneous appointment of all judges, three by the president and four by the executive committee of the National Assembly. Because of the procedure to appoint the judges, there have been debates over the independence of the court under the Yayi presidency. However, the Constitutional Court has not demonstrated a bias in favor of the executive. In particular, it reiterated that the two-term limit for the presidential mandate would not be amendable. Patrice Talon's proposed constitutional reform would extend the mandate of the constitutional judges from five to nine years to strengthen their independence, while limiting the number of judges eligible for reappointment to a third. Talon's reform project also envisages strengthening the financial independence of the court.

Separation of powers
8



1

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

Officeholders who break the law and engage in corruption rarely face prosecution. Transparency International published in October 2016 a National Integrity System assessment report, which shows how the unfavorable structural economic and political conditions prevent the effective prosecution of corruption. Occasionally, high office holders are prosecuted, but sanctions are even rarer, even in the cases of likely political interests behind the prosecution. Judicial cases involving members of the government have to be dealt with by the Supreme Court of Justice, and the procedure of referral and prosecution is difficult and complicated. Parliamentary immunity is sought for and exploited by public officials involved in corruption. Some Beninese analysts speak of an excess of tolerance for the sake of societal peace. However, watchdog organizations such as the National Authority for Fighting Corruption (ANLC) or the National Front of Anti-Corruption Organizations (FONAC) are doing their best to address the problem.

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

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

Independent judiciary

6

'06 _____ '18 10



1

Prosecution of office abuse

4

'06 _____ '18 10



1

Civil rights

8

'06 _____ '18 10



1

4 | Stability of Democratic Institutions

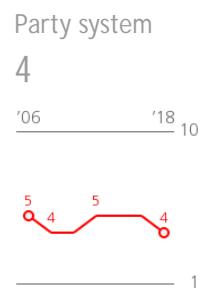
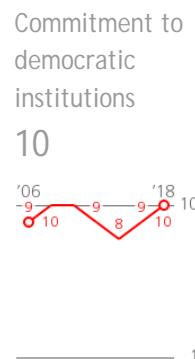
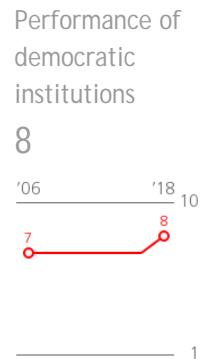
Benin has one of the most stable democratic systems in West Africa. Democratic institutions in the country function well, at least at the national level. Though progress has been made, the local and regional level of government is still characterized by counterproductive frictions between traditional,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

The political class and other major actors accept democratic institutions as the legitimate form of political organization. The country's democratic experience since 1991 and its pattern of peaceful transfer of power are still major sources of national pride. In the last few years, there has been an intense debate about reforming the constitution, which has not been changed in 25 years. Proponents argue that a reform of the constitution would strengthen Benin's democratic system and improve the performance of its institutions. Three different commissions have made proposals but, during Yayi's rule, plans for constitutional reforms were suspended due to public pressure. Talon has endorsed a set of reform proposals that aim to reduce the powers of the president (who will be allowed to serve only a single mandate), and strengthen the system of checks and balances. Until now, consensus over such reforms has been hard to obtain.

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. In the 2016 presidential election, this fragmentation resulted in an increased number of candidates supported by a multitude of political parties. More than 150 political parties are currently registered, although there are not more than 30 relevant parties. Polarization is very low in ideological terms and severe confrontations between parties are rare.

The recent polls and Talon's election have also demonstrated the ease with which party alliances, such as Boni Yayi's former coalition Cowry Forces for an Emerging Benin (FCBE), can fall apart. Lionel Zinsou's decision to run as an FCBE candidate

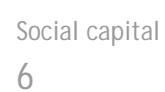
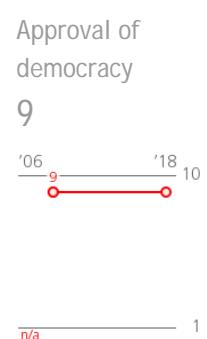
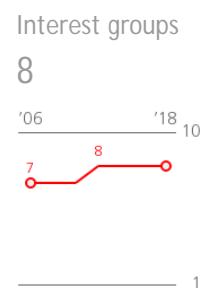


provoked a series of defections with former allies eventually rallying with the opposition. New alliance shifts, fueled by political clientelism, are currently taking place. Overall, while the population is very dissatisfied with the country's volatile and opportunistic party system, the principle of multiparty democracy, in general, is not questioned.

The topography of interest groups is relatively close-knit, though not all interests are equally represented. Rural and urban interests do translate into the party system and explain the astonishingly high number of political parties. However, urban interests combined with personal rent-seeking are over-represented. Institutionalized trade unions have been very strong since the Marxist-Leninist period, but, in a country where the large majority of the population work in the informal economy, they only represent formal employees, mostly from the public sector. In April 2014, the trade unions were able to use strike actions to drive the government into a 26% increase in the minimum wage despite the tight national budget. Some groups of workers from the informal sectors, such as informal traders who account for 70% of non-industrial gasoline consumption (Kpayo), have associations 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 from civil society associations further hardened during the last years of the Yayi presidency. Citizens' Alternative, the most vocal anti-Yayi civil society movement, later became a political party, which supported President Talon in the 2016 elections. Some activists from civil society have been co-opted by the government (i.e., Citizen Alternative leaders Joseph Djogbénou and Orden Alladatin). However, most NGOs are less political and work in the interest of the association's aims, but also often in the material interests of the association's leadership.

According to the most recent data from Afrobarometer round 6 (referring to 2015), support for democracy is stable. 77.67% of respondents consider democracy preferable to any other system of government and only 6.08% argue that in some cases an authoritarian government might be preferable. Moreover, 71.67% of respondents argue that in Benin citizens are "completely free" to vote for whomever. However, many respondents also express dissatisfaction for how democracy functions in practice. 35.00% of respondents define Benin as a democracy "with major problems" and 40.58% a democracy "with minor problems." Only 13.42% argue that Benin is a full democracy. The practice of vote buying also remains a widespread concern. 59.92% of respondents argue that bribes are "always" or "often" a feature of Beninese elections.

Social self-organization and the creation of social capital are strong, although these organizations are often locally limited and, therefore, do not cross the main linguistic and ethnic barriers (more bonding than bridging social capital). Apart from the high number of military takeovers after independence, Benin has a history of peaceful resolution of conflicts and no political violence. This success can be attributed,



among other reasons, to the Beninese's overarching trust in their society's capacity to find consensus as well as a balanced representation of the population in state institutions. Mutual trust suffered to some extent due to President Yayi's less conciliatory rhetoric. Under President Talon tensions have relaxed. Comprehensive data on levels of trust are not available.



II. Economic Transformation

6 | Level of Socioeconomic Development



Benin has experienced sustained economic growth in the last few years. However, it is still one of the world's least developed countries (ranked 166 out of 188 with a value of 0.48 on the Human Development Index 2015). Benin came closer to the level of "medium human development" as defined by the UNDP a few years ago, though it has now stagnated at the same level. The country exhibits social marginalization that is quantitatively and qualitatively extensive and structurally ingrained (inequality-adjusted HDI at 0.3). Some social indicators have improved. Primary school enrollment has surged. Life expectancy at birth for both sexes increased by four years over the period of 2000 to 2012. However, this is still below the regional average increase of seven years. Data recently released by the National Institute for Statistics suggest that most of the population still live in absolute poverty, which has even increased since 2011: 63.5% of the citizens spend less than \$1 per day. In 2011, the Gini coefficient stood at 43.4, a rather moderate figure, more recent data is not available. Moreover, development is not equally distributed regionally, urban and coastal areas benefit significantly more from development than rural areas. Rising inequalities have incited internal migration ("hyper-urbanization") and deepened dissatisfaction among underprivileged people and unemployed young university graduates. Most of the population is engaged in a subsistence economy and the country has one of the largest informal sectors in the world. According to 2011 estimates, 90.4% of the active population were employed in the informal sector. Gender inequality is also deficient, with Benin scoring 0.614 in the 2014 Gender Inequality Index.

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

Economic indicators		2013	2014	2015	2016
GDP	\$ M	9156.7	9707.4	8291.0	8583.0
GDP growth	%	7.2	6.4	2.1	4.0
Inflation (CPI)	%	1.0	-1.1	0.3	-0.9
Unemployment	%	1.0	1.0	1.0	1.0
Foreign direct investment	% of GDP	3.9	4.2	1.8	1.9
Export growth	%	20.7	24.8	-10.1	7.0
Import growth	%	30.0	16.1	-8.4	1.4
Current account balance	\$ M	-673.2	-884.9	-744.7	-
Public debt	% of GDP	25.3	30.5	42.4	50.3
External debt	\$ M	2013.6	2049.9	2189.8	2323.4
Total debt service	\$ M	88.9	83.5	75.6	91.0
Net lending/borrowing	% of GDP	2.7	-	-	-
Tax revenue	% of GDP	15.4	-	-	-
Government consumption	% of GDP	16.5	15.3	17.0	11.9
Public education spending	% of GDP	4.6	4.3	4.4	-
Public health spending	% of GDP	2.2	2.3	-	-
R&D expenditure	% of GDP	-	-	-	-
Military expenditure	% of GDP	0.9	1.0	1.1	1.1

Sources (as of October 2017): The World Bank, World Development Indicators | International Monetary Fund (IMF), World Economic Outlook | Stockholm International Peace Research Institute (SIPRI), Military Expenditure Database.

7 | Organization of the Market and Competition

The basic institutional framework for market competition has been increasingly strengthened in Benin over the last two decades. In the World Bank's Doing Business Report, Benin was among the top 10 reformers in 2015 and improved its ranking further to 158 out of 189 countries in 2016. The improvement reflects a series of initiatives taken by the government in 2014 and 2015, such as the establishment of a one-stop shop for starting or registering a business, and the improvement of customs and port procedures. However, Benin's business environment is still on the whole poor and the informal sector dominates the economy. There has been a remarkable

Market-based competition
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expansion of the formal private sector in the last two decades. However, the formal private sector still faces numerous challenges, such as access to finance, corruption and unfair tax rates. Structural problems lay behind these constraints, according to the IMF. For example, access to credit is hindered by the absence of an effective credit registry and problems in registering property titles, while a weak judiciary prevents effective contract enforcement. Poor energy and transport infrastructure is also a major challenge. The Yayi government presented a plan for infrastructural development in 2014 , although this has not been delivered in a transparent and efficient manner. President Talon presented a new plan to boost the economy. However, implementation is still to come. Positive developments include the confirmation that Benin will benefit from a second U.S. funded MCA compact, which will focus on infrastructure investments in electric generation and distribution between 2015 and 2020.

At least in principle, Benin is committed to implementing West African Economic and Monetary Union (WAEMU) community legislation on competition. The Ministry of Trade is in charge of supervision and the Autorité de Régulation des Communications Électroniques et de la Poste (ARCEP) is mandated to promote concurrence in the communication sector. In some cases, anti-trust legislation is enforced. In October 2016, the operations of the French group Canal Plus, which had breached anti-trust laws, were suspended. However, intervention is usually subordinated to political relations. Patrice Talon's election is problematic given his conflict of interests as a major businessman involved in strategic sectors of the economy. Talon has complete control of the cotton sector, owning 51% of the Société pour le Développement du Coton (SODECO) through his private companies and controlling the remaining 49% of shares held by the state as president. Talon is also getting involved again in the management of the Port of Cotonou. Under the Yayi administration, the contract for providing import and export verification services of Talon's company Bénin Control had been canceled. Since Talon's election, this has been reversed. The conflation of Talon's economic interests and political power will become increasingly problematic over the next few years. Formal anti-trust rules do not affect that country's large informal sector. Although the latter is in general characterized by micro and small businesses, the most profitable informal economic activities, such as the re-export of goods to Nigeria, are controlled by a few powerful economic operators.

Benin has a liberal institutional trade framework, but commercial exchanges are hampered by a lack of modern technical equipment and poor governance. Benin is a member of the World Trade Organization (WTO) and of the West African Economic and Monetary Union (WAEMU), under whose rules trade is largely liberalized. Benin's weighted average tariff rate is 15.6%, according to the Heritage Foundation. Trade liberalization has been further relaunched in West Africa due to progresses toward the adoption of an Economic Partnership Agreement (EPA) with the European Union, Benin's largest trading partner, and the launch of the Economic

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Anti-monopoly policy
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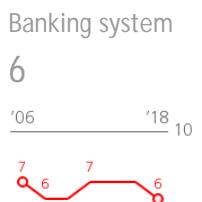
Liberalization of foreign trade
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Community of the West African States (ECOWAS) Common External Tariff (CET). At the time of writing (January 2017), the EPA had not been ratified by all ECOWAS member states. The EPA would commit the European Union and ECOWAS to the progressive and asymmetrical liberalization of trade, in a way that takes into account the difference in levels of development between the two blocks. It also aims to strengthen cooperation in sectors relating to trade and represents a potential positive development for Benin. On the other hand, the implementation of the ECOWAS CET will change little for Benin, since it is already modeled on the implemented WAEMU CET, with four bands (0%, 5%, 10% and 20%). The introduction of the ECOWAS CET could however negatively affect imports to Benin, since it nullifies the advantage of importing goods from outside the ECOWAS region to Benin for re-export to Nigeria, as Nigeria has historically had much higher trade barriers. Exports passing through the Port of Cotonou steadily declined during 2016, registering a decrease of 41% from the first to the second semester. Lack of technical maintenance and corruption have contributed to this decline. Patrice Talon has relaunched the Import Verification Program, which foresees the establishment of an electronic system to facilitate custom procedures. However, the scheme is affected by a conflict of interest, since it will be managed by a company owned by Talon.

The financial sector in Benin has developed considerably, and is relatively differentiated and aligned, in principle, with international standards. However, the sector suffers from institutional weaknesses. Due to the informalization of the economy and the diffusion of poverty, relatively few enterprises have access to the banking system. According to the World Bank Enterprise Survey, about 28% of enterprises in Benin reported having a bank account in 2013 and only 7% had a loan or line of credit. The lack of property titles limits the availability of collateral, and fast and robust contract enforcement mechanisms are not available. Benin is not a party to the Basel Accords but supervision of the ordinary banking sector is relatively efficient due to regional integration. A recent IMF analysis has however highlighted significant vulnerabilities of Beninese banks. Banks' capital adequacy was estimated at 8.8% in June 2015, just above the 8% minimum envisaged by the Basel II agreement and below the WAEMU and sub-Saharan Africa averages. The ratio of non-performing loans was around 20%, placing Benin among the worst WAEMU performers, second only to Guinea-Bissau. Difficulties in lending to the private sector have encouraged banks to lend to the state, a trend that increased in the last period of the Yayi administration. The predominance of the informal and subsistence economy has also encouraged the diffusion of microfinance institutions (MFIs). According to IMF estimates, there were in 2015 over 700 MFIs in Benin, serving about 20% of the Beninese population. However, most Beninese MFIs are not legally authorized. Moreover, MFIs for which data was available in 2014 had a profitability ratio below average WAEMU levels, which could undermine their growth.



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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, and the Central Bank of West African States (Banque Centrale des États de l'Afrique de l'Ouest, BCEAO) is fully independent but heavily influenced by the European Central Bank's anti-inflation policy. After the common currency CFA franc was devalued in 1994, inflation has always been relatively low, dropping sharply to zero in 2013 and 2014. The IMF projects a moderate increase in inflation between 2016 and 2020, which will however remain under the 3% WAEMU convergence criteria.

In close collaboration with the IMF and the World Bank, the Beninese government worked hard to maintain a rigid policy with regard to public expenditure in the first years of the Yayi administration. At the end of 2014, public debt was below the WAEMU average. With the 2016 elections approaching, Yayi Boni pursued a more expansionary policy, with the ostensive objective to boost growth. However, the plan has not been accompanied by strong structural reforms and has been delivered in an opaque manner. The fiscal deficit increased to around 8.5% of GDP in 2015 and continued to increase in the first quarter of 2016, attracting vocal criticism from the IMF. Benin is historically also very dependent on trade taxes. The government has attempted in recent years to raise internal tax collection, but the predominance of the informal sector poses limits to the increase of fiscal revenues. Nevertheless, Benin remains a country at low risk of debt distress. The Talon administration appears to have regained the confidence of the International Financial Institutions, which have praised the 2016 budget. The current account deficit has moderately increased in the last years and is projected to reach 11% of GDP in 2016, but to remain stable thereafter.

9 | Private Property

Property rights are adequately defined but cannot be considered satisfactorily safeguarded because of shortcomings in the rule of law, especially corruption and institutional pluralism. Most land in Benin is customary land and the occupants lack formal documents to prove their ownership. The conventional process for land registration is too expensive and complex for most rural land holders. Moreover, customary practice excludes or limits the access to land ownership to vulnerable groups (women, migrants, pastoralists). Benin has made a series of efforts to reform land tenure. The Rural Land Act of 2007 introduced the Rural Land Plan, a land use and tenure map that registers all rights over land and natural resources. A new land law has been adopted in 2013. The law aims to better define property rights by recognizing only the Certificat de Propriété Foncière (CPF) as a property title. The

Anti-inflation /
forex policy

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Property rights

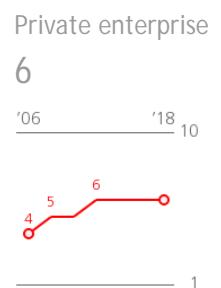
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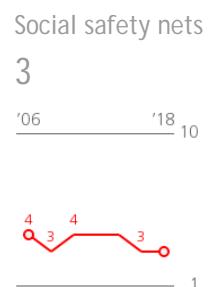
law also establishes the Agence Nationale du Domaine et du Foncier (ANDF), which was officially launched in 2016. The agency is supposed to deliver the CPFs and put in place an electronic system to manage information about land tenure. Although the creation of the ANDF is a positive step, the complexity of the land tenure problem encourages cautious expectations.

Private companies are free to operate, although institutional weaknesses pose substantial constraints on them. The Yayi presidency undertook or relaunched privatization programs in several strategic industries. The Talon administration seems intent on pursuing further privatizations. There are plans to finalize the privatization of Benin Télécom, initiated in 2006 but never completed, and new privatizations of food processing factories and health care services have been announced. Trade unions have voiced their opposition to these programs due to fear of job losses. Privatizations, as well as the award of public tenders, are not always conducted in a transparent manner and there is a considerable confusion between public and private interests. The IMF has reported that during the last six months of Yayi's presidency, contracts were signed for off-budget projects that would have amounted to almost 24% of GDP. Most of these contracts have since been suspended by the Talon administration.

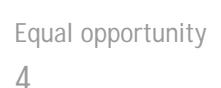


10 | Welfare Regime

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



Differences in opportunities in Benin do not stem from active discrimination of particular groups but from general inequalities, mainly between an educated urban class and the majority of rural poor. Benin's level of socioeconomic inequality is relatively high with respect to other West African countries and, according to World Bank estimates, is on the rise, with the country's Gini index rising from 38.6% in



2003 to 43.4% in 2011 (see also socioeconomic barriers). On the other hand, discrimination based on race, gender, disability, language and social status is legally prohibited. Benin is an ethnically and religiously diverse country, and religious and ethnic groups are not discriminated. Same-sex relationships are legal over the age of 21 and a number of pro-LGBT rights organizations are free to operate. However, women and disabled people continue to experience discrimination. Although updated figures are lacking, evidence points out that gender-based violence is widespread. In January 2012, a new law introducing harsher punishments for violence against women was adopted, but is not consistently enforced. Education gender parity has gone up by 20% over the last 15 years. However, women still have unequal access to secondary and tertiary education, and constituted 59.8% of the illiterate adult population in 2015. In spite of these disadvantages, Beninese women are very engaged in the labor market. According to African Development Bank estimates, between 1991 and 2013 the rate of participation in the labor force for women increased by 10%, while it declined by about the same magnitude for men. The World Bank has estimated that 25.9% of Beninese firms have a senior female manager, compared to a regional average of 16.3%. However, the positive trend mainly refers to small firms (five to 19 employees), while large firms are overwhelmingly managed by men. Disabled people receive no significant help from the state at the moment, but the Talon administration has announced the launch of a project for 2017 to support vulnerable persons and the vote on a draft law strengthening the rights of disabled people.

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11 | Economic Performance

The overall macroeconomic situation of the country appears stable. Benin has experienced sustained GDP growth in the last few years, with rates above 5% from 2013 to 2015. The economic slowdown of Nigeria, Benin's main trading partner, has however affected economic growth, which is expected to be between 4.5% and 5% in 2016. The IMF projects a moderate increase in inflation and public debt between 2016 and 2020, which will however both remain under control, to 3% and 30% of GDP respectively. However, the overall level of economic performance is still poor due to the low level of industrial production and export of goods produced in Benin, a high degree of social inequality and extreme vulnerability to external factors. The overall amount of tax revenues collected (15.5% of GDP in 2013) is adequate for a developing country, but masks Benin's dependency on trade taxes. Foreign Direct Investments (FDI) have showed a positive trend over the last decade, increasing to 4.2% of GDP in 2014, although FDI declined to 2.7% of GDP in 2015. However, the current account balance has remained consistently negative. The nominally low levels of unemployment (1% in 2014) mask the predominance of the informal and subsistence economy, and extremely high levels of underemployment.

Output strength

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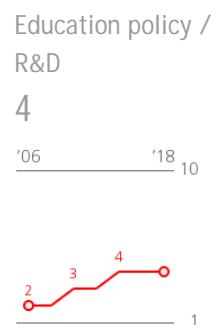
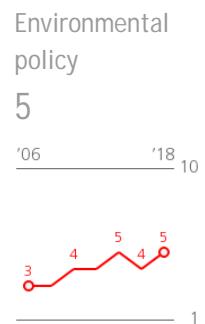


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12 | Sustainability

Benin has had a legislative framework for environmental protection since 1999 and has ratified all major international environmental conventions. Environmentally sustainable economic growth received only sporadic consideration in the past and Benin ranked 166 out of 180 countries in the 2016 Environmental Performance Index (EPI). However, the 2015 Paris Climate Conference and the election of President Talon seem to have led to renewed interest in environmental issues. Environmental protection services in Benin and other cities have improved. Cotonou has historically had one of the highest levels of air pollution among West African cities due to the widespread use of smuggled gasoline from neighboring Nigeria and, until 2016, lax regulation of the maximum quantity of sulfur allowed in fuel (3,500 parts per million (ppm) in Benin compared to 10 ppm in Europe). However, in December 2016, after the publication of a report by Swiss NGO Public Eye accusing Swiss traders of exporting high-sulfur fuels to West Africa, Benin joined an initiative organized by the U.N. Environment Programme to lower permitted levels of sulfur in imported diesel, which will fall to 50 ppm. As in many African countries, population growth increases the use of wood, which in turn deepens the massive problems caused by deforestation and forest degradation. Yet under foreign pressure and assistance, forest preservation efforts in Benin have been successful.

Benin has a very poor record in terms of education, training and research institutions. 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. Gross enrollment surged to 125.6%, indicating that adults are also enrolling. Benin also lowered the backlog in rural areas. Gender inequalities persist, although the female to male ratios in enrollment rates in the secondary sectors of education has improved (from 0.6% in 2011 to 0.7% in 2014). Formerly known as the “Latin Quarter of Africa,” the country’s academic reputation has suffered considerably due to worsening public university facilities. A few private institutes do not compensate for the general decline in quality. Some improvement can be observed, however, in the geographic spread of tertiary education facilities. The existing public universities in Abomey-Calavi and Parakou opened campuses in more provincial towns.

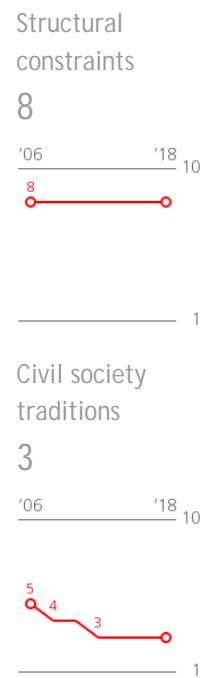


Governance

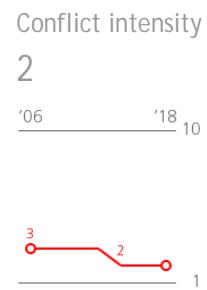
I. Level of Difficulty

The structural constraints on governance are broad and far-reaching. The most significant constraints are extreme poverty, a deficient education system, a lack of administrative as well as transport infrastructure, a critical undersupply of energy, and a dependency on international economic developments (cotton market, shipping and the giant neighbor Nigeria). Whereas the country's sea access is an advantage, the infrastructure at the Port of Cotonou is inadequate though improving. The growing frequency of natural disasters such as heavy rainfalls strain the state's resources, and structural poverty in large non-coastal areas persists.

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



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



II. Governance Performance

14 | Steering Capability

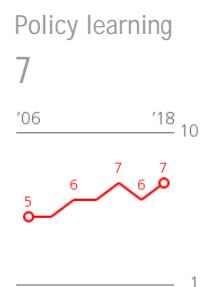
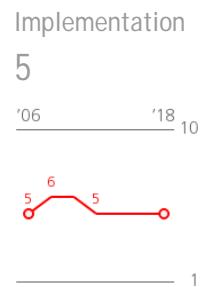
President Talon, who assumed office in April 2016, is one of the country's most successful businessmen. He built his economic empire in the port and cotton industries, the most lucrative economic sectors in Benin. Talon's core presidential program is articulated in the Programme of Action of the Government (PAG), made public at the end of 2016, and deals with the five-year period 2016 to 2021. The plan has three main axes: consolidating democracy, the rule of law and good governance; undertaking structural transformation of the economy; and improving the population's living conditions. The plan supports the United Nations' 2030 Agenda for Sustainable Development, and would strengthen political and economic transformation in line with the BTI normative framework. It sets a series of priorities that envisage 77 political, economic and social reforms, and 299 projects, including the reform of the Beninese constitution, the reorganization of the cotton sector, the modernization of the Port of Cotonou, the improvement of the education sector, and numerous other public investments, especially in the domain energy and physical infrastructure. The plan is however judged over-ambitious by many observers. Financing the planned investments (€13.8 million is envisaged) will be a major challenge. The government hopes to mobilize resources from international donors and especially from the private sector, which should cover around 61% of planned



investments. In addition, a law on public-private partnership was adopted in October 2016. The international economic context and Benin's vulnerability vis-à-vis the Nigerian economy will however influence the implementation of the structural reforms. Some follow-up mechanisms to monitor the execution of the five-year plan have been put in place at the national and sector level.

Numerous projects launched by the Yayi administration have been suspended as they were judged too costly and inefficient by the Talon administration as soon as the latter took office in April 2016. It is too early to evaluate the implementation of Talon's own five-year government program, adopted at the end of 2016. The first measures taken by the government in order to implement its plan of reforms seem to have encountered opposition by the workers of key sectors of the economy (agriculture, finances). Even members of parliament, who had voted almost unanimously for the 2017 budget, have expressed some doubts about the social consequences of privatizations. Given his background as a businessman, President Talon is suspected of taking advantage of privatization programs for his own or associates' interests. On another level, the capacity of the public administration to implement the reforms is weak due to a lack of personnel and specialists. Petty corruption, bureaucratic delays and difficulties in retaining the best professionals in the state administration will most probably slow down the process of implementation of the 77 envisaged reforms in the next five years.

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



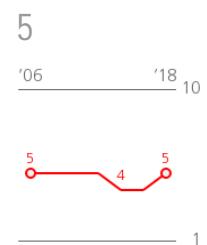
15 | Resource Efficiency

Since it has taken office, the Talon administration has committed to reduce state expenses by lowering the size of the government (from 28 ministers in the last Yayi government to 21 ministers) and suppressing several political positions in the ministerial cabinets (e.g., attachés de cabinet and press officers). Substantial efforts have also been made to reduce the budget deficit in the second semester 2016. The government, which includes a substantial number of technocrats, has pledged to promote merit and depoliticize the administration, by appointing high level civil servants through open competitions. Up to now, however, this procedure is not yet operational and, in practice, there are still numerous clientelistic appointments, especially for highly-sought positions (e.g., directors of public companies). On another level, the creation of six new prefectures has improved central state devolution and ensures a better coordination of public services. Formally, the country moved from six to 12 provinces (départements) several years ago, but the six new entities had never been provided the necessary infrastructure and staff due to disputes around where the prefectures should be located. Talon's government appears capable of overcoming this type of inefficiency.

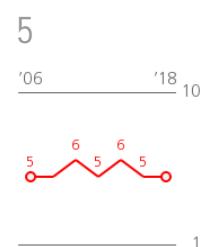
While under the Yayi administration the coordination of public policies was ensured by the Ministry of Planning and Development, the new government has put in place a coordination mechanism attached to the general secretariat of the presidency of the republic. This new body, directed by former presidential candidate Pascal Koupaki, receives information from the sectoral ministries and reports to the president. It is too early to evaluate the effectiveness of this structure. It has been criticized for being administratively burdensome and some observers contend that it unfairly limits the power of the ministers. In the ministries, the directorates for planning and forecasting ensure the follow-up of the implementation of the reforms. In practice, however, there are enormous obstacles to effective coordination, stemming in particular from competition between different branches of the administration.

In principle, the struggle against corruption has been a priority of both the previous and current Beninese government. However, in practice, corruption is still widespread. Efforts to repress large corruption are hampered by the fact that those involved often entertain clientelistic relationships with the incumbent regime. Some prominent corruption cases are publicly revealed only following pressure from foreign donors, such as happened in 2014 with the embezzlement of CFA 2.6 billion (€3.96 million) from a donor-funded project to improve access to clean water and sanitation. A government report indicted several high-ranking figures in the Ministry of Energy and Water, including the then minister and member of parliament Barthélémy Kassa. However, efforts to prosecute Kassa failed because of the refusal of the National Assembly to withdraw parliamentary immunity. Petty corruption, involving low-ranking civil servants and members of the security forces, is endemic

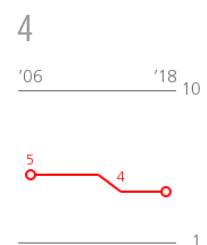
Efficient use of assets



Policy coordination



Anti-corruption policy



and systematic. To date, government measures to tackle corruption have been ineffective. High-ranking politicians and civil servants are in principle obliged by the law to disclose their assets, but in practice this measure is not respected. A report published in May 2016 revealed that only four out of 21 members of the incumbent government had disclosed their assets when they took office and President Talon was not included among these four.

16 | Consensus-Building

There is a broad consensus among all relevant actors concerning the value of Benin's democratic institutions. Despite lively debates on how exactly a democratic government should act, all actors agree that peace and democracy are the country's pride. All actors acknowledge the progress Benin has made since 1990 and the necessity of further deepening democratic governance. The right to vote is broadly ingrained in society and no major political actor would be strategically well-advised to question this fundamental principle. However, in the implementation of democratic procedures, many political actors do not shy away from less than democratic means (vote buying, use of public means for particularistic ends, etc.) to increase their own benefit.

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

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



In stark contrast to neighboring countries, national unity is not an empty phrase in Benin. Credit for this success is attributable to the overall policy stance of all governments since 1990 and the country's political culture. The value of constitutional stability is appreciated by all major political actors and by society in general. During the second term of the Yayi presidency, however, the polarization between supporters and opponents of the president increased, taking at least in part an ethno-regional character. When government critics who believed Yayi intended to stay in power beyond 2016 started protesting, government supporters immediately answered by organizing White Friday marches, instead of approaching the opposition for talks. Yayi's withdrawal from politics at the end of his presidential term and the election of a new president have depolarized the political environment. Patrice Talon's program, which includes the limitation of the power of the president and the reinforcement of the independence of watchdog institutions, has the potential to increase public trust in the democratic system, and encourage the public to resolve conflicts peacefully and constitutionally. However, the president is perceived by some supporters of Yayi as being unfavorable to northern citizens and his commitment to privilege competence over regional equilibrium is seen by them with suspicion. Since his election, moreover, Talon has replaced many Yayi loyalists in the upper levels of the administration with people who supported him from the first round of the election, a practice perceived by other political groups as divisive.

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

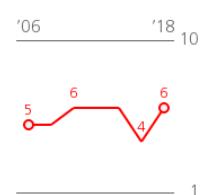
Cleavage / conflict management

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Civil society participation

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

Reconciliation
n/a

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n/a _____ 1

17 | International Cooperation

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

Effective use of support

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Having honored its international commitments, the government is generally considered a credible and stable partner by foreign governments, international organizations and the NGO community. Benin cooperates willingly with the United Nations and the International Court of Justice. It continues to contribute a significant part of its military to U.N. peace operations. However, the country's reliability suffers from occasional opaque reasons for delay in policy implementation. The IMF strongly criticized the management of public finances and the opaque award of public tenders during the last period of the Yayi administration. However, the Talon administration seems to have regained its confidence. Major donors continue to support Benin. The U.S. started in September 2015 a second MCA compact with Benin. The European Union and the Beninese government signed at the end of 2016 a five-year Good Governance and Development Contract for €14 million, of which €103 million will be disbursed as budget support. The European Union insists that its aid should be spent on improving the transparency of public finances, fight corruption and reinforce the rule of law. Inconsistencies in regulation and law enforcement make Benin a difficult investment partner. However, economic cooperation with other southern hemisphere countries is less hampered by these kind of challenges.

Credibility

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

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

Regional cooperation

8



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Strategic Outlook

The 2016 presidential election have reaffirmed the sustainability of Benin's democratic institutions and opened a new political phase. The election led to the defeat of Lionel Zinsou, the dauphin of former president Boni Yayi, and the election of Patrice Talon.

Benin has also remained unaffected by political violence. The election campaign was peaceful and, although the risk of terrorism has been evoked several times in the last few years, radical Islam has remained marginal and religious tolerance continues to prevail. However, the porosity of Benin's borders could lead to the influx of more jihadists from neighboring countries.

Talon won the second round of the 2016 presidential election, obtaining broad political support and has a strong control over the parliament, which voted unanimously for the 2017 government budget. It is improbable that Talon would face strong opposition until the legislative elections, scheduled for April 2019, at the earliest. However, several challenges lie ahead for the new president. Talon presented in his election campaign as the candidate of a "new start" ("nouveau départ"), and vigorously advocated for sweeping political, social and economic reforms. These reforms have the potential to strengthen the country's political and economic development, but their implementation will not be easy.

First, with regards to political transformation, Talon has committed to strengthen the country's democratic institutions, but will need to obtain consensus for the revision of Benin's constitution, which has not been changed since its adoption in 1990. Most of his proposals regarding the reinforcement of the separation of powers, the financing of political parties and the reform of the electoral code have received support from across the political spectrum. However, Talon's proposition to reduce the mandate of the president to one term is hotly debated and risks jeopardizing the success of the whole constitutional reform process. While the president has insisted on the importance of a one term presidential limit during his election campaign, the Djogbénou Commission, which formalized the proposed reforms, has left the issue open. At the time of writing (January 2017), the constitutional reform referendum, initially scheduled for the end of 2016, has been postponed with no new date announced.

The government also aims to advance economic transformation. Having brought the budget deficit under control, the government has announced an ambitious development plan. Talon is promoting a model of public-private partnerships as means of financing 61% of planned investments. Planned investments include programs to improve infrastructure, particularly in the domain of energy, and to improve Benin's underperforming education system.

Macroeconomic indicators have remained positive, but the country continues to be characterized by widespread poverty. Social and regional inequalities are on the rise, the informal sector continues to dominate the labor market and Nigeria's economic slowdown is already affecting economic growth in Benin, which is estimated to be 4.5% for 2016.

There are serious doubts about the capacity of the government to effectively implement public policies to boost economic development and reduce poverty. The administration is under-resourced and corruption remains widespread. Some problems are also linked to Talon's coherence in implementing his policy of "rupture." Nominations under the Talon presidency have continued to be based on political loyalty and some observers suspect the president of using his position to further his private business interests.

Talon's background and personality also affects his capacity to engage with popular constituencies. At the moment, Talon seems to think that a state can be administered as a private enterprise. He has demonstrated a disregard for regional and gender equality in political appointments, and is yet to prove a commitment to social justice. This attitude could undermine the popularity of his presidency, especially among young people, who have high expectations and are most affected by underemployment.

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