

BTI 2008 | Benin Country Report

Status Index	1-10	6.34	# 43 of 125	
Democracy	1-10	7.90	# 25 of 125	➔
Market Economy	1-10	4.79	# 87 of 125	➔
Management Index	1-10	6.20	# 28 of 125	

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

This report is part of the Bertelsmann Transformation Index (BTI) 2008. The BTI is a global ranking of transition processes in which the state of democracy and market economic systems as well as the quality of political management in 125 transformation and developing countries are evaluated.

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Key Indicators

Population	mn.	8.4	HDI	0.43	GDP p.c.	\$	1,015
Pop. growth ¹	% p.a.	3.1	HDI rank of 177	163	Gini Index		36.5
Life expectancy	years	55	UN Education Index	0.40	Poverty ³	%	73.3
Urban population	%	40.1	Gender equality ²	-	Aid per capita	\$	41.5

Sources: UNDP, Human Development Report 2006 | The World Bank, World Development Indicators 2007 | OECD Development Assistance Committee 2006. Footnotes: (1) Average annual growth rate 1990-2005. (2) Gender Empowerment Measure (GEM). (3) Percentage of population living on less than \$2 a day.

Executive Summary

Benin has seen some turbulent debates and events during the period under review, but the key gains made in democratic and economic transformation have been confirmed. The departure of Mathieu Kérékou, Benin's president from 1971 to 1991, and then again from 1996 to 2006, represents a watershed event. Doubts about his willingness to leave office remained until the very last day, but the various debates about term extensions and modifications of eligibility rules have strengthened the country's democratic institutions. Kérékou's successor, Yayi Boni, is a technocrat and political outsider who benefited from the poor reputation of political parties and their leaders, but who certainly did not sail into office with cheap populist slogans. As former governor of the West African Development Bank (BOAD) and previous advisor of the Soglo government, few might be inclined to see in him an African Chavez. The first months in office have been marked by a concentration on the economic reform agenda, and the political party leaders are still in the process of licking their wounds. There are many hopes among the international community that President Yayi Boni will speed up economic reforms and get the cotton sector back on track, as Benin has fallen to third place in the West African region behind Burkina Faso and Mali. The IMF approved a third Poverty Reduction and Growth facility in August 2005 and the preparation of a second Poverty Reduction Strategic Paper, originally scheduled for the end of 2006, has been extended to 2007 due to the elections and the introduction of an entirely new government.

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.

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. He installed one of the few formally Marxist-Leninist regimes in sub-Saharan Africa. 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 reject the Marxist one-party state and 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 constellation (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 (such as the Constitutional Court, the Independent Electoral Commission and the Audiovisual and Communications Regulation Authority). The new democratic institutions also survived Kérékou's return to power. He snatched a surprise victory in the 1996 presidential elections after parts of the former anti-regime coalition crossed the aisle and joined Kérékou. The latter was reconfirmed in the 2001 presidential elections, although his opponents complained about irregularities in the electoral process. The presence of the former Marxist military ruler Mathieu Kérékou at the helm of the state has not seriously compromised the democratic credentials of Benin as a showcase state. The opposition made a comeback in the 1999 parliamentary elections and subsequently held local elections. Kérékou could not, in contrast to some of his peers in the West African regions, count on the support of a single dominant party and did not make any serious attempt to modify the constitution to permit him to stand for another term after 2006. The electoral victory of outsider Yayi Boni in the 2006 presidential elections reconfirmed the competitive nature of Beninese politics and the low relevance of political parties.

Marxist-Leninist rule included the nationalization of industries and banks. Still, 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 successful, initially. Liberalization of trade, control of public expenditure, and a strong commitment to macroeconomic growth were complemented by sector investments for social infrastructure. During the Soglo presidency, these reforms were implemented in a radical way, which most probably led to Soglo's electoral defeat in 1996. President Kérékou did not radically modify this strategy, but economic reforms have stagnated over the last years. The victory of former long-time West African Development Bank (BOAD) Chairman Yayi Boni in the 2006 elections seemed to indicate both a popular will to fight corruption and a more thorough commitment of government to tackle the remaining steps in the program of economic transformation and poverty alleviation. Yayi's election has sparked confusion in the country's political elite, with most parties yet to clearly define their position.

Transformation Status

I. Democracy

Democracy is firmly established in Benin sixteen years after the first free and fair elections of the *renouveau democratique*. Elections have become a normal feature of political life and both the elites and the population accept the logic of democratic politics. The main challenges for the further consolidation of the democratic system are the development of more responsive and accountable administrative structures and an efficient judicial infrastructure, especially at the local level, as well as the establishment of a more institutionalized party system.

1 | Stateness

The state's monopoly on the use of force is established nationwide. There are no Beninese armed rebel groups active inside or outside of the national territory. There have been singular 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.

Monopoly on the use of force

In stark contrast to most other West African coastal states, 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 Beninese state is not questioned in principle. Minority groups are well represented in governmental bodies and the army.

State identity

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 ethnic politics is relevant primarily for electoral reasons and access to public office. The religious journey of thirty-year President Mathieu Kérékou from Christian to Muslim and finally to the Pentecostal Church is proof of the Beninese society's religious pluralism and tolerance.

No interference of religious dogmas

The state's basic administrative structure works throughout the entire territory of the country. Political and especially judicial decision-making in the countryside is, however, somewhat deficient, and the allocation of public goods not very

Basic administration

efficient. The largely donor-driven decentralization process, which includes capacity-building and civic education policies (and 77 elected municipalities since late 2002), has not fundamentally altered this state of affairs. Administrative standards are not enforced; one example is the emergence of clandestine clinics, run by personnel without proper training, that offer health services at dumping prices.

2 | Political Participation

All political offices are determined in free and fair elections. The overall good quality of independent electoral administration had been questioned by the presidential (2001), parliamentary (2003) and local (2002) polls, especially with regard to the late publication of electoral results and complaints about related organizational aspects. The latest presidential election of 2006, resulting in the victory of an outsider and technocratic candidate, is again proof of a remarkably transparent and fair electoral process, and not only by African standards. Remaining deficiencies in the electoral process concern efforts to create a permanent and reliable computerized voters' roll (LEPI). These efforts are still in the early stages, since political actors fail to agree on the legal framework, and three million people (out of a population of 7.5 million) are included on electoral registers on the basis of simple testimony in the absence of any official birth certificate.

Free and fair elections

The government has effective power to govern. The army, formerly a major power player (seven military coups between 1960 and 1972, military rule between 1972 and 1989) has receded to the barracks and is unlikely to re-emerge on the political scene. Political enclaves are more likely to exist at the local level where the newly elected municipal councilors enter a political terrain already occupied by various chiefs, notables and non-elected actors.

Effective power to govern

Benin is characterized by a multitude of social and political associations. There are 129 political parties and numerous non-governmental associations that act without intervention from the authorities (except for basic registration requirements).

Association / assembly rights

State and numerous private media operate freely, and the regulation of the media sector combines both a state institution and a voluntary body of journalistic self-control (ODEM). In the 2005 survey performed by the French organization Reporters sans Frontieres, Benin ranked 25th out of 167 (best on the African continent and ahead of France, the United States and Italy). Benin ranks 71st out of 194 countries ("free," value 30) in the Global Press Freedom Survey 2005 by Freedom House. The new government reacted harshly to several private media organs, and, for the first time since 2004, incarcerated three journalists after they

Freedom of expression

had produced a story about the new president and his allegedly mentally disadvantaged son. Two journalists were eventually jailed for six months for libel in December 2006 after they had published allegations of rape and sexual misbehavior of a high public official that could not be proven in court.

3 | Rule of Law

Separation of powers is not only constitutionally mandated but also implemented in practice. Benin has a pure presidential system, and until early 2004 the president rarely had control of parliament. Parliament thus became a major political battlefield. After the 2006 elections, most parties declared their willingness to work with the president, with only Houngbedji's PRD staying in the opposition. This situation, however, is not going to last for very long, since the president cannot accommodate all interests in government. Judicial review by the Constitutional Court is a cornerstone of the political system and an effective check on government and on parliamentary action. In July 2006, the court invalidated a law voted by the parliament with a majority of 71 votes (out of 83) providing for a revision of Article 80 of the constitution. The deputies had tried to extend the parliamentary term from four to five years (thereby prolonging their mandate from March 2007 to March 2008), pretending that the concurrent organization of parliamentary and municipal elections in 2008 would help the state to minimize the cost of holding elections.

Separation of powers

Formally, the judiciary is institutionally distinct and operates independently, but its role is seriously hampered by insufficient territorial and functional penetration, and by corruption; more than one half of the country's magistrates have been involved in financial scandals. In November 2005, Severin Coovi, the president of the Cour d'Appel in the northern city of Parakou, was murdered. The outspoken judge had handed down several decisions concerning the management of the town market. A week after the assassination, Rachidi Gbadamassi, the mayor of Parakou and a close ally of President Kérékou, was imprisoned and accused of involvement in the murder.

Independent judiciary

In the final phase of the Kérékou administration, the fight against corruption seemed to regain strength and a number of trials against corrupt officeholders in the administration and judiciary have been held. One example is the trial of the former General Director of the National Police and two of his commissioners in February 2006. Foreign Minister Rogatien Biaou (in office since 2003) was dismissed on 16 February 2006 in order to appear in court for his alleged involvement in the clandestine sale of land belonging to Benin's embassy in the United States in 2002. Several specialized agencies have been created with the explicit purpose of tracing corruption and "cleaning up the political process" (cellule de moralisation de la vie publique, observatoire de lutte contre la

Prosecution of office abuse

corruption). However, those accused of corruption have rarely been condemned, and the judicial sector itself is prey to corrupt practices. Newly elected President Yayi Boni made the fight against the corruption the main theme of his 2006 electoral campaign.

Civil liberties are generally guaranteed, but the legal procedures to seek redress for violations often exist on paper only 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 willful behavior from 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.

Civil rights

4 | Stability of Democratic Institutions

The democratic institutions in the country perform their functions, at least at the national level. Local and regional tiers of government are still characterized by counterproductive frictions between appointed district governors and elected councils and mayors. The overall performance of the administrative and judicial system is not always efficient, for the reasons of general administrative weakness and lack of resources also cited above.

Performance of democratic institutions

The elites accept the democratic institutions. The democratic experience since 1991 and the peaceful change of government are still major sources of national pride. A large majority of the elites, including some of Kérékou's longstanding allies, rejected attempts by some Kérékou loyalists to propose constitutional revisions in order to allow the incumbent president another term in office. When Finance Minister Cosme Sêhlin declared in November 2005 that the government did not have sufficient funds to organize the presidential elections scheduled for March 2006, a collective outcry of opposition parties and civil society prompted the collection of voluntary contributions to fund the elections. A general strike in January also made the government change its mind about the availability of funds.

Commitment to democratic institutions

5 | Political and Social Integration

Ever since the restart of multiparty rule in 1990, the party system has been characterized by a low degree of institutionalization and high fragmentation (although the number of parties represented in parliament was reduced from 20 to 12 in the 2003 elections). This fragmentation is somehow countered by very moderate polarization (few programmatic differences and frequent crossing-the-floor as main indicators) and decreasing voter volatility, especially in the south,

Party system

where Renaissance Benin and PRD have maintained a relatively stable voter base throughout the decade and strong although clientelistic roots in society. Although the government has modified the party law to bring down the number of political parties (129 in 2002) by increasing the necessary qualifications, there are still more than 80 legalized political parties. The weakness of the party system was revealed again in 2006 when all major parties failed to produce a winning candidate in the presidential elections, and the voters' trust in Yayi Boni was apparently strengthened by a general disappointment with the existing parties' performance.

The topography of interest groups is relatively close-knit. Rural and urban social interests do translate into the party system and explain the astonishingly high number of political parties. Trade unions have been very strong since the Marxist-Leninist period, and they have brought the economy to a halt several times during the last decade: once in October-November 2003, again in November 2004, and there was a warning strike in January 2006. Even the informal traders who account for 70% of private petrol consumption (Kpayo) have a sort of trade union whose representatives negotiated with government in March 2005 after several crackdowns by the local police. The NGO sector is highly dependent on foreign capital, but urban civil society has a considerable impact on the political process, as seen both in the short third term debate (2005, no majority in parliament) and the storm of protest over the extension of the parliamentary term (2006, annulled by Constitutional Court).

Interest groups

According to data from Afrobarometer, the support for democracy is strong (70%), but satisfaction with the actual implementation of the democratic system weak (17% satisfactory, 31% rather satisfactory). The general acceptance of the logic of democratic rules does not exclude a very cynical and probably widely distributed instrumentalist attitude among voters and the practice of vote buying.

Consent to democratic norms

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

Associational activities

II. Market Economy

Benin's track record is somehow typical for the mixed success of Bretton Woods macroeconomic policies in the socioeconomic contexts of the least developed countries. Benin has followed IMF programs for more than a decade, but macroeconomic growth has slowed down since around 2001. The Kérékou government lacked the political will to tackle the necessary structural reforms, and donor money alone did not create broad-based social development. Most farmers did not benefit from the partial privatization of the cotton sector and the public perception of the market economy is broadly negative (as measured by strikes and public opinion). The reform of the civil service has stalled because the National Assembly has not introduced the necessary legislation.

6 | Level of Socioeconomic Development

As one of the world's least developed countries (ranked 163rd out of 177 on the Human Development Index), Benin exhibits social marginalization that is quantitatively and qualitatively extensive and structurally ingrained. Almost all relevant indicators (income, gender, education) point to severe problems, although social indicators have improved over the last years. The UN estimates adult illiteracy at 65.3% (2004) and 45% of the rural population have no access to drinking water. Gross enrollment rates of pupils have, however, increased spectacularly during the last decade. Even by African standards, a considerable percentage of the population is involved in subsistence economy and informal trade activities (especially with Nigeria). Religion and ethnicity have no socioeconomic relevance. Altogether, Benin lacks the socioeconomic prerequisites for an adequate freedom of choice.

Socioeconomic
barriers

Economic indicators		2002	2003	2004	2005
GDP	\$ mn.	2,807	3,558	4,047	4,287
Growth of GDP	%	4.5	3.9	3.1	3.9
Inflation (CPI)	%	2.5	1.5	0.9	5.4
Unemployment	%	-	-	-	-
Foreign direct investment	% of GDP	0.6	1.4	2.7	0.5

		2002	2003	2004	2005
Export growth	%	-0.2	5	0.4	5
Import growth	%	1.1	0.3	1.3	4.1
Current account balance	\$ mn.	-156.2	-331.2	-288.5	-
Public debt	\$ mn.	1,689.2	1,726.2	1,827.1	1,762.4
External debt	\$ mn.	1,836.1	1,828.3	1,916.4	1,854.7
External debt service	% of GNI	2.1	1.7	1.6	1.6
Cash surplus or deficit	% of GDP	-	-	-	-10.3
Tax Revenue	% of GDP	-	-	-	14.6
Government consumption	% of GDP	12.5	13.3	13.6	15.0
Public expnd. on edu.	% of GDP	3.1	-	4.4	3.5
Public expnd. on health	% of GDP	2.2	2.2	2.5	-
R&D expenditure	% of GDP	-	-	-	-
Military expenditure	% of GDP	-	-	-	-

Sources: The World Bank, World Development Indicators 2007 | UNESCO Institute for Statistics | Stockholm International Peace Research Institute (SIPRI), Yearbook: Armaments, Disarmament and International Security

7 | Organization of the Market and Competition

The basic institutional framework for market competition has been strengthened increasingly over the last 15 years. Although the government generally does not intervene in the economic process, there is a resistance to the further privatization of companies. The privatization of the cotton sector was managed so inefficiently that most growers prefer a return to a fully public and centralized marketing board system. Benin's relatively considerable informal sector is not an indication of an inappropriate institutional framework. It is, rather, a product of the succession of economic crises faced by the country since the mid-1980s and the incentives created by the difference in trade and currency regimes between Benin and its neighbor, Nigeria. Benin ranks 114th out of 157 countries ("mostly unfree") on the Index of Economic Freedom 2007.

Market-based competition

Formation of monopolies and oligopolies is regulated only occasionally. No clear and comprehensive legal provisions exist. Privatization has led to the creation of oligopolies, especially in the telecommunications sector.

Anti-monopoly policy

Foreign trade is largely liberalized according to WAEMU rules and Benin has the lowest barriers to foreign direct investments among Francophone West African states, indicating an open economy. Much of the trade with Nigeria is not reported and an accurate assessment of trade flows is thus difficult.

Liberalization of foreign trade

The financial sector has developed considerably, is relatively differentiated and oriented in principle toward international standards. The sector is characterized by short- and medium-term loans, reflecting the predominance of trade and transit activities and the lack of an efficient loan recovery mechanism for long-term investment projects. Private banks dominate the financial sector. Micro-finance institutions are also taking an increasing role in financing small- and medium-sized enterprises and account for 1.8% of GDP. Supervision of the banking sector is relatively efficient.

Banking system

8 | Currency and Price Stability

As a member of the CFA-franc monetary union, 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 BEAC is fully independent. With some exceptions, such as a spurt of inflation after the CFA franc was devalued in 1994, this has led to relatively low inflation (consistently below 5% since 2000; 2.8% on average from 2002 to 2006).

Anti-inflation / forex policy

In close collaboration with the Bretton Woods Institutions, the government has worked hard to maintain a rigid policy with regard to public expenditure. Reducing the budget deficit has been one of the government's core missions, although the payroll of civil servants has repeatedly created problems (especially since the government gave in to strike-related demands) and the dependence on customs (one-half of total receipts excluding grants) may lead to sharp drops in receipts. The fiscal deficit has hovered around 5% since 2003. Although a correspondent culture of stability-oriented policy may have emerged among policymakers, there are no institutional safeguards except for the targets set by the regional integration schemes and the strict monitoring by international donors. The government's good performance has been rewarded by several PRGF, with the third facility (2005-2007) approved in August 2005. In December 2003, Benin became the sixth sub-Saharan African country to be awarded an international sovereign credit rating by S&P. Benin was given a B+ long-term and B short-term sovereign rating. Positive factors cited by S&P include the prudent fiscal stance of the government. In September 2006, however, anticipating the financial audit by the new government, Benin's long-term sovereign credit rating was downgraded to B again.

Macrostability

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. In addition, Benin's cultural history, marked by both French-educated elites and Marxist-inspired policies, has often been at odds with capitalist property law. In fact, this lack of enforcement might also favor the accumulation of huge individual properties. Benin scores only 3.0 on the Index of Economic Freedoms (2007) with regard to the environment for property rights.

Property rights

Some sectors are dominated by private companies, while the further privatization of parastatals (in the strategic electricity, water, and telecommunications sector and the Cotonou Port) has made little progress since Kérékou took over in 1996. Concerns have been raised over the transparency of divestments – such as the 1999 sale of 55% of the national petroleum distribution company Sonacop to Sefou Fagbohoun, a close political supporter of then President Kérékou, who was arrested after the formation of the new government in July 2006. The liberalization of the mobile phone sector (since 2001) has been marked by apparent deals between foreign companies and high-level government officials, which were revealed by the local press. The partly privatized petroleum distribution (Sonacop) and cotton sectors (Sonapra) have created so many problems that the government was forced to temporarily re-seize control of both sectors in 2005 and 2006. Private companies are not seen as the primary engines of economic production and further delays with privatization seem likely in view of the unpopularity of the program with trade unions and the vested interests of politicians and bureaucrats.

Private enterprise

10 | Welfare Regime

General policies to avert and alleviate social risks are minimal, and health spending is deficient for broad segments of the population, but the government has made considerable progress with the publication and approval of the much delayed poverty reduction strategy paper in March 2003. A new PRSP should have been completed by the end of 2006. Only the employees in the formal sector can rely on pension funds. Social safety nets are more efficiently managed by NGOs and traditional clan and family structures but their contribution to poverty reduction is not measurable.

Social safety nets

There are no specific institutions to compensate for gross social differences. Religious or ethnic groups are not systematically discriminated against with regard to job opportunities. Women have limited access to public office (although the Constitutional Court has been headed by female presidents ever since its

Equal opportunity

establishment), and the bulk of ordinary women lack access to educational institutions. 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 in an attempt to protect children from violence or other forms of exploitation.

11 | Economic Performance

The economy has lost the momentum of strong growth (as measured by GDP) which it had sustained over the decade between 1992 and 2002, although early data for 2006 indicate a slight recovery. This growth had been accompanied and made possible by low inflation, control of public expenditure and debt, and sound macroeconomic management. This good performance had remained, however, almost entirely dependent upon variables beyond the control of the government, such as the development of cotton prices on the world market, strong support by the donor community, and the policies of Benin's giant neighbor, Nigeria. Nigeria's stronger stance against cross-border smuggling of oil and imported goods, and a more rigid policy of import control, resulted automatically in lower growth rates for Benin (2.7% in 2004, down from 6.0% in 2002). Poor management of the cotton sector had an impact as well (see 14.2).

Output strength

12 | Sustainability

Ecologically compatible growth receives only sporadic consideration and has only a rudimentary framework, but the lack of any significant industrial sector or mineral resource extraction makes government intervention less urgent. Cotonou is considered one of the West African capitals with the highest level of air pollution. This is caused by the widespread import of second-hand engines from Europe; since this sector faces no restrictions, and there is no urban transport policy, this has led to a mushrooming of moto taxis called Zemidjan.

Environmental policy

In terms of institutions for education, training and research, Benin has a very poor record. As relevant indicators illustrate, even lower levels of institutions for education, training, research and development still work inadequately, although some progress with regard to primary and secondary education has been made during the last years, in particular by allowing private schools to operate. Continuous teacher and student strikes at schools and universities have led to several "annees blanches," that is, lost academic years.

Education policy / R&D

Transformation Management

I. Level of Difficulty

The structural constraints on governance are high. The most important constraints are extreme poverty, a deficient education system, a lack of administrative infrastructure, and the dependency on international economic developments (cotton market, Nigeria). Although President Yayi Boni was elected as a non-party candidate, he could count on the support of the majority of members of parliament. Such political obstacles will, however, be removed only by holding parliamentary elections in 2007 and the likely emergence of a majority bloc of presidential supporters in parliament.

Structural
constraints

Traditions of civil society are moderate by African standards. Even the Marxist regimes allowed for the operation of rural development associations, and the democratic era has seen a plethora of civic and developmental associations blossom. Most of these actors are, however, poorly institutionalized and lack the resources to develop a continuous presence (see Political participation). The Beninese population has a culture of participating in public life.

Civil society
traditions

As in nearly all other African countries, Beninese society is divided along ethnic, regional and religious cleavages that structure political and social processes. The conflicts between these groups have traditionally been managed in peaceful ways, and political actors trying to capitalize on ethnic or religious sentiments have been absent from the political landscape during the last fifteen years. In a poor country like Benin, social conflicts are ubiquitous, but they have rarely been manifest in the political process. The groups that are most vocal in pressing social issues (such as state company workers and teachers) are not necessarily those who suffer most. It is the rural poor rather, who have no political voice and suffer the most.

Conflict intensity

II. Management Performance

14 | Steering Capability

The new president is an economist by training, with a Ph.D. from a Parisian university, and his personal ability to understand economic issues is beyond doubt. After his election, he articulated a clear agenda of economic reform (the political system needs much less reform) that focuses on the cotton sector, the reform of the autonomous port of Cotonou and relationships with Nigeria. Yayi Boni has cleverly won the conflict with the parliament concerning the extension of parliament's term, but it has remained unclear whether parliament will allow him to prioritize and organize the governmental policies according to strategic aims beyond immediate concerns of political competition. Kérékou's commitment to economic reforms was weak, especially during his second term, as seen in the government's record of privatization.

Prioritization

While the Kérékou government did not focus enough attention on the necessary reforms of the legal and institutional framework for economic transformation, the new government has made it clear that it seriously wants to move forward with reforming the civil service's pay structure and the privatization of the electricity, water and cotton sectors. In the case of the civil service reforms, the government faces 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. Following the electoral victory, the government has issued four decrees providing for a new organizational framework, setting out new roles for producers, ginners and input importers and distributors. It has also cleared arrears due to producers, thereby creating incentives for a return to official purchasing channels. The real test of steering capacity will be, however, the strict application of sanctions for non-compliance. In this regard, President Yayi Boni sent a clear message of zero tolerance by firing three ministers in 2006.

Implementation

The political leadership has shown little flexibility over the last decade in learning with regard to the goal of a socially responsible market economy. The whole notion of policy innovation assumes, however, a degree of ownership of economic policies, which was absent in the case of this government. Flexibility means, in this case, steering a course between internal demands and external requests. The government has proved largely successful over the last two years

Policy learning

in doing so. Still, the net result is not proactive policy innovation, but reactive policy blockage and adaptation.

15 | Resource Efficiency

The government uses only some of the available resources efficiently. While the organization of government in the Kérékou era was dictated purely by political motivations, and government formation after the parliamentary elections of March 2003 took several months in order to accommodate all ethnic and political interests, President Yayi Boni presented a new cabinet two weeks after his electoral victory. He opted for a cabinet of technocrats who had not held any ministerial post in previous governments, which excluded all political heavyweights and party leaders. In the last two years of the Kérékou government, there has been no efficient use of budget resources, as seen in its tendency to agree to unbudgeted concessions to trade unions amounting to 0.5% of GDP, forcing cuts in other areas of non-priority spending in 2004 and 2005.

Efficient use of assets

The government partly fails to coordinate conflicting objectives and interests. In the economic sphere, coordination efforts have been strengthened by policy support from donor organizations. Coordination of political affairs is conducted according to mostly informal and personal styles, but lacks coherence. In dealing with the trade unions, the government promised unbudgeted pay increases, which left the new government with payment arrears equivalent to just under 50% of government's annual revenue.

Policy coordination

Diversion of funds is a severe problem in Benin and deters foreign investment. Resources of the state are distributed on the basis of patronage networks, and corruption is a fundamental characteristic of the political system. According to the Corruption Perception Index 2006 (Benin ranks 121st out of 163, with an average value of 2.5, down from 3.2 in 2004), corruption is endemic, but in comparative perspective not as rampant as perceived by the local public. Still, the attempts to stem the tide of dishonesty, such as the creation of special commissions and even the judicial prosecution of embezzlers, have so far failed to significantly improve the integrity of officeholders and public administration, given the low level of salaries in Benin and the lack of an appropriate result-oriented payroll system. An official financial audit of all ministries and the 60 main parastatals in December 2006, commissioned by Yayi Boni after his electoral victory, revealed various malpractices and embezzlement, and a general lack of transparency in public expenses. Finance Minister Koukpaki underlined that "the general rule in the management of government remains the systematic abuse of public goods."

Anti-corruption policy

16 | Consensus-Building

As highlighted in previous items, there is a broad consensus among all relevant actors concerning the consolidation of the democratic institutions in Benin. It is more questionable, however, whether there are any major political actors who want to build a market economic system. While part of the population lives from illegal smuggling across the border, all major political actors hesitate to support privatization and a substantial reform of the civil service. Notwithstanding the overwhelming vote for the technocratic Yayi, there is no political consensus regarding important reforms in the socioeconomic system.

Consensus on goals

Against all predictions, President Kérékou, originally the main veto player himself, abided by the constitutional rules and left office in April 2006. Since then, democratic actors have successfully and permanently co-opted all veto actors.

Anti-democratic veto actors

The political leadership is able to successfully manage the ethnic and religious heterogeneity of the country. In stark contrast to its neighboring countries, national unity is not an empty phrase in Benin. The credit for this success is, however, not due to any policy of the current government, but rather to the overall policy stance of all governments since 1991 and the political culture of the country.

Cleavage / conflict management

Most efforts to include civil society, as with the formulation of the PRSP, result from outside pressure. There are few institutional mechanisms of systematic accommodation of civil society interests within the decision-making process, although President Yayi Boni appointed two prominent civil society leaders to his cabinet in May 2006.

Civil society participation

Although there was a kind of concentration camp during the first Kérékou rule, no relevant political actor in the country would see any need for reconciliation. The National Conference in February 1990 did bring an end to this authoritarian period of history. Kérékou was forced to resign from his office and was granted amnesty for his rule. The issue was settled, Kérékou was re-admitted to politics along with his previous comrades. There is no way the current leadership can be assessed with regard to this item.

Reconciliation

17 | International Cooperation

Relations with international donors are good. Subject to certain limitations, the government is willing to cooperate with external supporters and actors. Given its dependence on foreign assistance, Benin has limited choice in accepting or refusing international cooperation, although China has become the most

Effective use of support

important trading partner. The cooperation with donors is limited to the economic sector; foreign observers no longer see a need to observe elections in Benin or monitor political developments. Relations with the IMF and the World Bank have been positive. Benin became the eighth country to reach the completion point under the Enhanced Heavily Indebted Poor Countries Initiative in 2003, and in 2005 a new PRGF was approved.

Having honored its international commitments, the government is widely considered a credible and stable partner by foreign governments, international organizations and the NGO community. Benin was elected in January 2004 to the UN Security Council as a non-permanent member for two years. Benin submitted its long-standing border conflict with Niger to the International Court of Justice (ICJ) in 2002, and reiterated its commitment to respect and implement the decision, even when the ICJ actually decided in favor of Niger in July 2005.

Credibility

Benin has been a strong supporter of the regional convergence schemes of the WAEMU (regional economic body) and fulfils the required four primary criteria of the planned West African Economic Union. Due to its limited economic and political weight, Benin cannot become a driving force behind increased integration. It strongly supports the ECOWAS and the African Union. Newly elected President Yayi Boni has pledged to improve relations with neighboring Nigeria, which have been more strained since 2003.

Regional cooperation

Strategic Outlook

There are two main strategic challenges, one political and the other of a more economic nature. The presidential elections of 2006 constituted a fresh start for Beninese politics. A generation of political leaders that were marked by the battles of *renouveau democratique* (and beyond) have left the scene, and a new group has arrived that takes a democratic political framework for granted. At the same time, the elections have propelled an outsider – without any experience in domestic politics and without his own party base – to the helm of the state. Further debilitated, the already weak parties and the established *classe politique* are torn between their skepticism of the outsider who has ignored them in government and their desire to be included in the distribution of rents and favors. The crucial question is not only whether Yayi Boni will succeed in implementing a more technocratic government or lapse into more conventional patrimonial politics like his technocrat predecessor Nicephore Soglo 1991-1996, but whether the political regime will remain stable. Most likely, the parliamentary elections will lead to the formation of a coalition, the Presidential Movement, in the new parliament, which will allow the president to govern as long as he does not touch the economic interests of established social groups, in particular the trade unions. Advocates of reform have every interest in supporting the new government in its program, and this has been the case so far for all major international donors. Although Yayi Boni has been enjoying popular support for his reform agenda, the *classe politique* is increasingly wary due to the fight against corruption.

Benin's economic challenges are long term and have to do with the difficult structural context of reform. The failure of the Soglo government to win re-election and the lack of progress made on structural reforms (civil services, privatization, Cotonou Port) under Kérékou have little to do with a lack of leadership, with the possible exception of the last two years of Kérékou's rule. A large informal sector, the cotton sector as the main export earner, and a long tradition of vocal and politically powerful trade unions are not the ideal terrain for policies born of the Washington Consensus. The new government has already begun recalibrating the cotton and fuel sectors, and it should be supported in its attempt to get these institutions right. Still, farmers will retain the option of selling their crops in neighboring countries, and expect the government to stabilize prices above the world market. Corruption is endemic, and no external actor should expect rapid progress. The important question is whether the new government will not only bring some of the political heavyweights of the previous regime before tribunals, but whether it will also

tackle corruption across the board and implement its own tough new rules. Finally, Benin's success in political and economic transformation will continue to depend on developments in its giant neighbor, Nigeria, and it will depend on the fate of regional cooperation. Nigeria sets a number of economic parameters (inter alia import and export of manufactured goods and fuel prices) that are of more direct relevance for economic transformation than the policies chosen in Cotonou.