

BTI 2010 | Benin Country Report

Status Index	1-10	6.31	# 44 of 128	
Democracy	1-10	7.70	# 29 of 128	➔
Market Economy	1-10	4.93	# 84 of 128	➔
Management Index	1-10	6.42	# 22 of 128	

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

This report is part of the Transformation Index (BTI) 2010. 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 128 transformation and developing countries are evaluated.

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Key Indicators

Population	mn.	8.4	HDI	0.49	GDP p.c.	\$	1411
Pop. growth	% p.a.	3.2	HDI rank of 182	161	Gini Index		38.6
Life expectancy	years	61	UN Education Index	0.45	Poverty ²	%	75.3
Urban population	%	40.8	Gender equality ¹	-	Aid per capita	\$	52.1

Sources: UNDP, Human Development Report 2009 | The World Bank, World Development Indicators 2009.

Footnotes: (1) Gender Empowerment Measure (GEM). (2) Percentage of population living on less than \$2 a day.

Executive Summary

A new political landscape emerged in Benin during the period under review. With the election of political outsider Thomas Boni Yayi to the presidency, the political establishment appeared to be sidelined, regardless of whether its members were former supporters or opponents of Mathieu Kérékou, the former military ruler (1991-1992) who led the previous democratic government (1996-2006). Incumbent politicians found it difficult to face this new political reality, but they accepted their democratic defeat. However, Benin's fragmented political scene has been characterized in recent years by various erratic moves and crossovers by and between numerous political parties and personalized camps.

With regard to economic development, President Yayi was unable to deliver the rapid change that he had promised during his 2006 campaign. Hasty cabinet reshuffles due to alleged incompetence or insufficient activities were not always effective, nor very credible. Yayi turned from a largely technocratic to a more political strategy of nominations; by co-opting influential politicians, Yayi has attempted to shield his administration from too much opposition and prevent political blockades in parliament. However, not all of his opponents allowed themselves to be co-opted. Before this gradual turn in attitude, he lost the safe majority in the National Assembly – won in the March 2007 elections – due to the defection of several deputies who obviously felt that they had been inadequately compensated for their political support. However, a general political consensus on democratic values has been maintained.

Moreover, a core team of technocrats has continuously remained in office, organizing significant economic progress according to international appraisal. Fuel and food prices increased due to external factors and the full consequences of the world financial crisis have not yet arrived in Benin. However, the government's reactions to these challenges were more prudent than the general appearance of Beninese politics in recent times might suggest. One indicator is that Benin has not seen violent consumer protest like in other African countries. A relatively consolidated democracy and the peaceful social record contributed to this moderate progress in political and economic transformation.

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. In the course of the general economic recovery in Africa that has been observed during the last few years, Benin belongs to the relative winners. Economic observers see the country on a better track than some years ago.

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 main opponents complained of irregularities in the electoral process.

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

Marxist-Leninist rule throughout the 1970s and 1980s included the nationalization of industries and banks. Corruption and economic decline took their toll, and by the end of the 1980s, the government was no longer able to pay civil servants' salaries. Economic transformation, tackled by the transition government, found strong support in financial assistance from the donor

community and was successful, initially. Trade liberalization, lower public expenditures, 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. Kérékou did not radically modify this strategy, but economic reforms have stagnated and corruption proliferated under his presidency. The victory of former long-time West African Development Bank (WADP) Chairman Yayi in the 2006 elections seemed to indicate both a popular will to fight corruption as well as a more thorough commitment of government to tackle the remaining steps in the program of economic transformation and poverty alleviation.

Transformation Status

I. Democracy

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 isolated incidents of mob justice due to the perceived failure of police to protect the people and the perceived failure of the courts to punish criminals adequately; the government has made no serious attempt to prosecute those involved. Moreover, several armed robberies that challenged police and military forces in 2008 triggered speculation that organized criminal groups were growing in the country.

Monopoly on the use of force

In stark contrast to other West African coastal states such as the Cote d'Ivoire, there are no problems in defining citizenship and who qualifies as a citizen in Benin. Governmental action does not discriminate on ethnic, religious or cultural grounds, and the legitimacy of the Beninese state is not questioned in principle. There is no dominant group that identifies itself as the core group of Benin's heterogeneous society. Smaller groups are adequately represented in governmental bodies and the army.

State identity

The separation of church and state is guaranteed by the secular 1990 constitution, and religious or ethnic extremists command no political influence. Although politics is still defined along ethno-regional cleavages, there is a fundamental national sense of solidarity and an elementary constitutional patriotism. Minor concerns about rising favoritism for evangelical Christians by President Yayi have not been substantiated. Religious pluralism and tolerance are the rule.

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 is not very efficient. The largely donor-driven decentralization process, which includes capacity-building and civic education policies, has not fundamentally altered this state of affairs. Legal standards are not enforced: one example is the inability of the state to enforce the abolition of female genital mutilation (FGM); another example is the chaotic organization of elections, particularly local council elections, despite a pronounced and serious commitment to democracy.

Basic administration

2 | Political Participation

Key political offices are determined in free and fair elections. The electoral administration is sufficiently independent but deficiently organized. However, organizational support from the government – as far as it improves the body’s work – has not interfered with democratic standards in recent elections. The latest presidential election of 2006, resulting in the victory of an outsider and technocratic candidate, and the parliamentary elections of 2007 are proofs 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 not advancing to the satisfaction of domestic observers. However, this does not question the general democratic character of the elections. Most importantly, electoral defeat is recognized. Local elections were constitutionally contested in front of courts and the administration in numerous cases. This never led to serious outbreaks of violent protest.

Free and fair elections

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

Effective power to govern

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

Association / assembly rights

State and numerous private media operate freely, and the regulation of the media sector combines both a state institution (HAAC) and a voluntary body of journalistic self-control (ODEM). However, surveys released in 2008 indicate a decline in press freedom. Reporters Without Borders ranked Benin at only 70th out of 173 nations, which is a massive regression from Benin’s earlier rating as 30th in the world, ahead of several Western states. Freedom House downgraded Benin much more moderately. The organization’s Global Press Freedom survey now ranks the country at 73rd out of 195 with a value of 31 which, however, only signifies a loss of two ranks and an increase by one value point, but nevertheless made Benin slip from “free” to “partly free.” The government continued to prosecute journalists for libel. Andoche Amegnisse, a political activist who created a newspaper entitled “Tout Sauf Yayi Boni en 2011” (All but Yayi Boni in 2011), has been imprisoned on the grounds of offense against the Head of State. However, punishments are generally moderate. Non-transparent political influence on the media and editorial content paid for by a political source undermine the freedom of the press more seriously. All in all, the heterogeneity of the press extensively counterbalances biased coverage.

Freedom of expression

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, even though it is not a very efficient or consistent platform of debate. Since the 2007 parliamentary elections, capricious and erratic alliance formation kept the National Assembly from assuming a constructive role. However, the president's attempts to use constitutional means in order to circumvent a parliamentary blockade met with harsh criticism, thereby confirming the effective separation of powers. Judicial review by the Constitutional Court is a cornerstone of the political system and an effective check on government and on parliamentary action. The constitutional judges' behavior, despite the opposition's concerns, seems generally non-partisan. The eight judges were all replaced at the regular end of the former councilors' term in June 2008. The constitution provides for a simultaneous appointment of four judges each by the president of the Republic and the National Assembly, which was, at the time, under the control of the presidential movement. Since then, one crucial decision on the lawfulness of a parliamentary procedure was in favor of the president. However, this decision was made within the constitutional framework and was not an obvious abuse of judicial powers.

Separation of powers

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

Independent judiciary

In the final phase of the Kérékou administration, the fight against corruption seemed to regain strength and a number of trials have been held against corrupt officeholders in the administration and judiciary. One example is the prosecution against Séfou Fagbohoun, said to be Benin's richest businessman, for alleged mismanagement and embezzlement from the parastatal company Sonacop. The prosecution was launched immediately after Yayi's arrival in office. Fagbohoun was first imprisoned and then released for health reasons, and the case came to a halt when Fagbohoun was elected to parliament in 2007 as a candidate of Madep, a party of which he is the president and the main financier. Two other deputies have also been the target of anti-corruption measures. On a lower level, unlawful behavior and police corruption are not systematically prosecuted. Presidential guards who opened fire and shot dead two taxi drivers in the heart of Ouidah in

Prosecution of office abuse

May 2007 were sanctioned only because the event attracted significant public attention. By and large, those accused of corruption have rarely been condemned, and the judicial sector itself is susceptible to corruption. However, watchdog organizations such as FONAC do their best to promote improvement.

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

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 traditional, appointed and elected actors. The overall performance of the administrative and judicial system is not always efficient due to general administrative weakness and the aforementioned lack of resources. Erratic alliances in parliament and hasty cabinet reshuffles weaken the prerequisites for good performance.

Performance of democratic institutions

The elites accept the democratic institutions. The democratic experience since 1991 and the peaceful change of government are still major sources of national pride. President Yayi's plans for constitutional reforms and his centralized style of governance are under close observation and have been strongly criticized by the political class and civil society. However, there are no serious signs that Yayi aims to undermine democracy.

Commitment to democratic institutions

5 | Political and Social Integration

Ever since the recommencement of multiparty rule in 1990, the party system has been characterized by a low degree of institutionalization and high fragmentation. Changing coalitions and the large number of parties which back the presidential alliance Forces Cauris pour un Bénin émergent (FCBE) obstruct any determination of the exact number of formally recognized parties in parliament after the 2007 elections. (In January 2007, 66 political parties signed a “protocole d’accord” on the FCBE structure. The FCBE lists have won 35 seats.) This fragmentation is somewhat countered by very moderate polarization, as indicated primarily by few programmatic differences and frequent crossing-the-floor. Yayi’s election to the presidency confirmed the overall weakness of parties accused of being responsible for the inefficient and corrupt Kérékou rule from 1996 to 2006, even those which are seen as part of a relatively stable core party system, such as the Party of Democratic Renewal (PRD), Renaissance of Benin (RB) and the Social Democratic Party (PSD). However, while the population is very dissatisfied with the current party system, the principle of multiparty democracy, in general, is not questioned at all.

Party system

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

Interest groups

According to data from Afrobarometer and the GIGA Institute of African Affairs, support for democracy is strong (>70%), but satisfaction with the actual implementation of the democratic system is weak (17% satisfactory, 31% rather satisfactory). Despite general acceptance of the logic of democratic rules, there still exists a very cynical and probably widely distributed instrumentalist attitude among voters, as well as the practice of vote buying.

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

6 | Level of Socioeconomic Development

As one of the world's least developed countries (ranked 163rd out of 177 on the Human Development Index in 2007/8), 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. Three out of four citizens live under the poverty line of \$2 income a day. Access to basic health care is tremendously poor with four physicians per 100,000 people (about 100 times lower than Italy's physician-to-patient ratio). Moreover, development is not homogeneously distributed. Urban and coastal areas benefit significantly more from development than rural and northern areas. Rising inequalities incite internal migration and deepen dissatisfaction within a certain social strata of underprivileged people. Even by African standards, a considerable percentage of the population is engaged in a subsistence economy and practice informal trade activities (especially with Nigeria). Altogether, Benin lacks the socioeconomic prerequisites for an adequate freedom of choice.

Socioeconomic
barriers

Economic indicators		2004	2005	2006	2007
GDP	\$ mn.	4047.4	4287.5	4623.4	5427.6
Growth of GDP	%	3.1	2.9	3.8	4.6
Inflation (CPI)	%	0.9	5.4	3.8	1.3
Unemployment	%	-	-	-	-
Foreign direct investment	% of GDP	1.6	1.2	1.2	0.9
Export growth	%	0.4	5.0	-	-
Import growth	%	1.3	4.1	-	-
Current account balance	\$ mn.	-288.5	-226.1	-217.0	-

		2004	2005	2006	2007
Public debt	\$ mn.	1831.1	1744.7	768.6	851.9
External debt	\$ mn.	1920.4	1837.0	810.7	856.6
Total debt service	% of GNI	1.6	1.6	1.8	1.3
Cash surplus or deficit	% of GDP	0.9	-0.6	0.3	-
Tax Revenue	% of GDP	16.3	15.5	16.3	-
Government consumption	% of GDP	13.6	15.0	-	-
Public expnd. on edu.	% of GDP	4.4	-	3.9	-
Public expnd. on health	% of GDP	2.5	2.3	2.4	-
R&D expenditure	% of GDP	-	-	-	-
Military expenditure	% of GDP	1.0	1.1	1.1	-

Sources: The World Bank, World Development Indicators 2009 | UNESCO Institute for Statistics | International Labour Organization, Key Indicators of the Labour Market Database | 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 increasingly strengthened over the last two decades. The government generally does not formally intervene in the economic process. President Yayi, the former head of the West African Development Bank (WADP), supports market-based competition more credibly than his marxist-turned-capitalist predecessor Kérékou. However, notwithstanding several efforts such as privatization in the banking sector, the general framework continues to be weak and the informal sector dominates the economy. Benin ranks 115th out of 179 countries (“mostly unfree”) on the Index of Economic Freedom 2009.

Market-based competition

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

Anti-monopoly policy

Foreign trade is largely liberalized according to West African Economic and Monetary Union (WAEMU) rules, and Benin has the lowest barriers to foreign direct investments among Francophone West African states, indicating an open economy. However, much of the trade with Nigeria is not reported and an accurate assessment of trade flows is thus difficult. The IMF approved of the government’s liberal price policy in reaction to the world economic crisis (“vérité des prix”) as an effective contribution to prevent more drastic consequences.

Liberalization of foreign trade

The financial sector has developed considerably, is relatively differentiated and is oriented in principle toward international standards. The sector is characterized by short- and medium-term loans, reflecting the predominance of trade and transit activities and the lack of an efficient loan recovery mechanism for long-term investment projects. Private banks dominate the financial sector. Micro-finance institutions are also taking an increasing role in financing small- and medium-sized enterprises. 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 Bank of Central African States (Banque des États de l'Afrique Centrale, BEAC) is fully independent. After the CFA franc was devalued in 1994, inflation was relatively low all over the monetary union, and particularly in Benin. Due to its high external vulnerability, inflation soared to 12% in 2008, but core inflation remained moderate.

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) and goods traffic across the Port of Cotonou may lead to sharp drops in receipts. Although a culture of stability-oriented policy may have emerged among policymakers, there are no institutional safeguards except for the targets set by regional integration schemes and strict monitoring by international donors. The government's good performance has been rewarded with several PRGFs, with the third facility (2005-2007) approved in August 2005 and later extended until August 2009. The fifth review under the PRGF in November 2008 was conducted to the satisfaction of the IMF. International sovereign credit ratings by S&P and Fitch remained stable, with Benin receiving a B rating. S&P indicated a positive trend whereas Fitch Ratings projected stability.

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

Property rights

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

Private enterprise

10 | Welfare Regime

General policies for averting and alleviating social risks are minimal, and health spending is deficient for broad segments of the population, but the government has made considerable progress, as reflected by IMF appraisals of the preparation of a new PRGF. However, Benin is off track with regard to Millennium Development Goal (MDG) 1 (eradicate extreme poverty and hunger), as well as MDG 5 (improve maternal health) according to the UN's August 2008 progress report. Only the employees in the small formal sector can rely on pension funds. Social safety nets are more efficiently managed by NGOs and traditional clan and family structures, but their contribution to poverty reduction is not measurable.

Social safety nets

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. However, women have limited access to public office (although the Constitutional Court has been headed by female presidents until 2008), and the bulk of ordinary women lack access to educational institutions and experience unequal treatment under traditional laws. National and international

Equal opportunity

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 and other forms of exploitation.

11 | Economic Performance

The economy has recovered from a loss in strong growth (as measured by GDP) in the early years of the decade. According to estimates by the Economist Intelligence Unit (EIU), growth rates stood at 5.9 and 6.9% in 2007 and 2008 respectively and the IMF projects stable rates at the 5-6% level. Growth was accompanied and made possible by low inflation, control of public expenditure and debt, and sound macroeconomic management. Growth is highly dependent on external factors, such as price developments in the world market and in neighboring Nigeria, but domestic reform is on the right track to support sustainable progress. Due to the recent world economic problems, inflation will be the main challenge in the coming years, as suggested by the surge to 12% in 2008.

Output strength

12 | Sustainability

Ecologically sustainable 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. Also, coastal erosion is a major problem. In 2008, the government launched an anti-erosion campaign that is aimed at making substantive investments in preventing further ocean encroachment and the destruction of homes. As in many African countries, population growth increases the use of wood as the main fuel, which in turn deepens the massive problems caused by deforestation. Without foreign pressure and assistance, environmental issues would not have been seriously taken into account in policy formulation.

Environmental policy

Benin has a very poor record in terms of education, training and research institutions. As relevant indicators illustrate, even basic institutions for education, training, research and development still work inadequately, although some progress with regard to primary and secondary education has been made in recent years. However, the latest U.N. assessment reports that Benin must change its policy in order to achieve MDG 2 (universal primary education). Formerly known as the “Quartier Latin de l’Afrique,” the country has virtually lost its academic reputation due to worsening university facilities. A few private institutes cannot compensate for the general situation.

Education policy / R&D

Transformation Management

I. Level of Difficulty

The structural constraints on governance are very high. The most important constraints are extreme poverty, a deficient education system, a lack of administrative infrastructure, and dependency on international economic developments (cotton market, shipping, Nigeria). Access to the sea is an advantage. However, the infrastructure at the Port of Cotonou is insufficient. Ingrained corruption practices hamper development, increasingly frequent natural disasters such as heavy rainfalls overstrain the state, and the structural poverty of large non-coastal areas continues.

Structural
constraints

Traditions of civil society are moderate, at least by African standards. Even the Marxist regimes allowed for the operation of rural development associations, and a plethora of civic and developmental associations have blossomed in the democratic era. Most of these actors are, however, poorly institutionalized and lack the resources to develop a continuous presence. The Beninese population has a culture of participating in public life and NGOs perform an important watchdog function vis-à-vis the government.

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 use their personal proximity to the people but avoid polarization of inter-ethnic relations. In a poor country like Benin, social conflicts are ubiquitous, but they have rarely been manifest in the political process. President Yayi's mixed personal background, though often identified with northerners, may further moderate the North-South antagonism that has shaped Benin's politics for decades.

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 has improved the government's commitment to strategic reform goals but acted ineptly in political terms. His centralized style of governance and some hasty decisions (e.g. frequent cabinet reshuffles) have irritated the political elite outside the presidency. This has led to the rapid loss of his safe majority in parliament, which he had won in March 2007. Legislative blockades were the result. Some observers described this state of affairs as a political crisis, but in reality, governance priorities are less affected than were the image of the constitutional institutions.

Prioritization

The Yayi government has made it clear that it seriously wants to move forward with reforming the civil service's pay structure and the privatization of key economic 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 its 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. However, implementation remains slow and is hampered by corruption and lack of capacity. Difficulties usually arise as soon as there is no direct supervision by the presidency. In 2008, Yayi installed a constitutional reform commission in order to propose amendments to make the political system more efficient. If the reform proposal, which is to be presented to the public in the first half of 2009, appears to excessively favor presidential power, Yayi will risk harsh criticism and further blockades in parliament, which could stall the whole reform.

Implementation

The political leadership is clearly committed to respond with change to mistakes and failed policies of earlier governments. President Yayi was elected into office on a campaign that sent the very simple message of change (“we want change!”). However, since many people expect individual material gain from change, actual and sometimes painful reforms, including subsidy cuts, may produce disappointment. Thus, learning from past errors is only the first step; developing innovative solutions is the second and breaking (informally) institutionalized routines is the third. The political leadership was able to advance with regard to steps one and two, but has encountered massive difficulties in taking step three. Change has not yet arrived to a significant degree at lower levels of the administration.

Policy learning

15 | Resource Efficiency

The government uses only some of its available resources efficiently. The government’s latitude is restricted by the tight control of multilateral and bilateral donors on the use of economic aid. Inefficiency, however, was a political instrument in the past. President Yayi proclaimed to launch an era of change, staffing key cabinet posts with technocrats. However, when faced with losing control of parliament, he has adapted his behavior and “politicized” the cabinet. Yayi appointed and dismissed representatives of political parties and the civil society several times in order to co-opt key players and comfort the de facto opposition. However, his sometimes frantic behavior wasted human resources as ongoing debates about personnel have suppressed policy issues. Moreover, the Yayi Boni government has demonstrated a great preference for extra-budgetary spending. For example, taxes on second-hand vehicles were not included in the budget submitted to parliament until 2009. The government is accused of having misused about CFA 20 billion while about CFA 25 billion have been allocated to state-run micro-finance programs.

Efficient use of assets

The government, more precisely the office of the president, tries to coordinate between conflicting objectives and interests, but has achieved only limited success. Personalized communication is preferred over the coherent use of formal procedures. In the economic sphere, coordination efforts have been strengthened by policy support from donor organizations. Coordination of political affairs is undermined by constant personnel changes in government and administration. The president, however, did not push for a replacement of Mathurin Nago, the president of the National Assembly, who is a representative of the presidential movement FCBE and has lost the confidence of many deputies.

Policy coordination

Diversion of funds is a severe problem in Benin and deters foreign investment. State resources are distributed on the basis of patronage networks, and corruption is a fundamental characteristic of the political system. According to international assessments by the World Bank and the Economist Intelligence Unit, corruption is endemic, but in comparative perspective is not as rampant as perceived by the local public. Still, attempts to stem the tide of dishonesty, such as the creation of special commissions and even the judicial prosecution of embezzlers, have so far failed to significantly improve the integrity of officeholders and public administration, given the low level of salaries in Benin and the lack of an appropriate result-oriented payroll system. The Yayi administration has prioritized the fight against corruption. However, the prosecution of this fight has appeared unsystematic, sometimes resulting in allegations of political instrumentalization (particularly disputed in the case of Fagbohoun). Also, the wisdom of a controversial decision to regularly publish the names of tax debtors in the newspapers has been called into question. Civil society often reveals corruption more effectively than government.

Anti-corruption
policy

16 | Consensus-Building

There is a broad consensus among all relevant actors concerning the consolidation of democratic institutions in Benin. It is more questionable, however, whether all major political actors agree upon building a market economic system. While part of the population lives from illegal smuggling across the border, many political actors hesitate to support privatization and a substantial reform of the civil service. Notwithstanding the technocratic Yayi's overwhelming electoral victory, there is no political consensus regarding important reforms in the socioeconomic system.

Consensus on goals

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

Anti-democratic
veto actors

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

Cleavage /
conflict
management

The political leadership takes interests of civil society actors into account because of their significant mobilization power. However, there are few institutional mechanisms for the systematic accommodation of civil society interests within the decision-making process, although President Yayi Boni subsequently appointed several prominent civil society leaders to his cabinet (e.g. Moussa Okanla, Roger Gbégnonvi, Reckya Madougou). However, co-optation of civil society activists was a strategy already used in the Kérékou era. It is a widely shared view in Benin that civil society activists are being appointed in order to quell their criticism. Yet regardless of whether these strategies are applied for the purposes of cooptation or to truly address policy issues, their existence suggests the necessity of giving civil society actors careful consideration.

Civil society participation

Although there was a type of concentration camp during the first Kérékou regime, 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 acts committed during his rule. The issue was settled and 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 its most important trading partner. Cooperation with donors focuses on the economic sector. International trust in the consolidation of democracy is strong, even though France and other Western partners closely monitor political developments because the political system remains vulnerable due to structural constraints. Relations with the IMF and the World Bank have been positive and have improved further. Cotton sector reform continues to be a major problem area. The 2005 PRGF was extended and there is no doubt that a new facility will be agreed to in 2009.

Effective use of support

Having honored its international commitments, the government is widely considered a credible and stable partner by foreign governments, international organizations and the NGO community. Before the period under investigation, Benin was elected in January 2004 to the U.N. 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. However, the country's reliability suffers from occasionally opaque reasons for delay with regard to policy implementation.

Credibility

Benin has been a strong supporter of the regional WAEMU convergence schemes and fulfils the required four primary criteria of the planned West African Economic Union. Due to its limited economic and political weight, Benin cannot become a driving force behind increased integration. It strongly supports the ECOWAS and the African Union. The country has a good record of peaceful resolution of border conflicts. The current government actively attended to the improvement of Benin's relations with Nigeria. It also promised to support the democratization process in Togo.

Regional
cooperation

Strategic Outlook

President Yayi entered the political scene as an outsider promising general change. The BTI 2008 predicted conflict between the divergent interests of elder political elites, who are largely rooted in a redistributive and patrimonial style of politics, and Yayi's technocratic approach. This conflict has materialized during the period under review and is a central issue with regard to further development. Many perceive the current political situation as chaotic, with some even describing it as a political crisis.

The resolution of this perceived institutional crisis will shape the country's political development over the next few years. Either the president will continue to compensate the opposition by means of further co-optation, or he will risk further parliamentary blockades and continue to implement his policies by executive decrees. Given that the behavior of both the presidential movement and the heterogeneous opposition (which is and will be reluctant against formally accepting this *de facto* role) is likely to remain erratic with regard to coalition formation, political support and management of politics, democratic institutions may suffer a loss of confidence among the population. If the government fails to achieve a broad consensus on the awaited constitutional reform proposal, as well as on the process and shape of decentralization, political crisis is likely to deepen.

Additionally, further steps for safeguarding democratic consent in the broader population are necessary. Apart from the generally high quality of the voting system, it will be important to improve the organization of elections in order to avoid delays and organizational turmoil prior to the 2011 general elections of the head of state and parliament. Second, the government must more effectively combat the perception and reality of impunity. However, the fight against corruption will affect members of the political and economic elite who have a great interest in preventing effective efforts.

Benin's economic outlook is darkened by the global consequences of the world financial crisis, but the country appears to be better managed than recent political irritations would suggest. The basically technocratic and market-oriented approach to economic policy will endure as long as international donors continue to provide support. However, progress is already projected to slow down, primarily for external reasons. By and large, Benin's success in economic transformation is fundamentally dependent on regional and world economic factors. Thus, the government will continue to work on enhancing relations to Nigeria and the donor community.

The upcoming presidential election in 2011, however, could tempt the government to soften its reformist policy and to resort to redistributive politics for the immediate material benefit of the electorate. The president could be reluctant to implement unpopular measures, such as the abatement of subsidies (as recently with regard to fuel and food) or further privatization in key labor sectors that are highly influenced by trade unions (cotton, electricity, water, port management), in order to prevent electoral defeat. Market-oriented international observers regard

these measures as important for confining the negative impact of the world economic crisis and for maintaining sustainable growth. An early start to the electoral campaigns – as suggested by speculations about the candidacy of Abdoulaye Bio Tchane, a former minister under Kérékou and Yayi's successor at the helm of the West African Development Bank (WADP) – would likely delay structural reforms. Despite all of these difficulties, democratic procedures and a basic preference for a market economy are sufficiently rooted so that a general reversal is very unlikely in the near future.