



**APRM REPORT  
NO. 6**

**AFRICAN PEER REVIEW MECHANISM**

# **APRM COUNTRY REVIEW REPORT**

**REPUBLIC OF BENIN**



**JANUARY 2008**



# COUNTRIES PARTICIPATING IN THE AFRICAN PEER REVIEW MECHANISM (APRM) AND PANEL OF EMINENT PERSONS

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## ACKNOWLEDGEMENTS

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The APR Panel of Eminent persons is pleased to present its Review Report on Benin. An undertaking such as this is clearly impossible without the extraordinary goodwill and contribution of a large number of people.

The Panel would therefore like to acknowledge the unfailing support of the Beninese People and, in particular the personal involvement and availability of His Excellency Dr Thomas Boni Yayi, President of the Republic of Benin, and, before him, to his predecessor His Excellency Mr. Mathieu Kérékou, who set the country on the APRM path.

The Panel would also like to express its thanks to the national APR Focal Point Focal, Mr. Okanla Moussa, Minister of Foreign Affairs, African Integration, Francophony and the Beninese Diaspora, to Madame Mariam Diallo, special advisor to the President and ex-Minister of Foreign Affairs, to Mr. Séraphin Lissassi, Director of African Integration, to Professor Honorat Aguessy, President of the National Commission for the Implementation of the APRM, and to all the other members of the Commission who carried out the self-assessment exercise with such diligence and meticulousness and who, with the same skill and determination, facilitated the assessment of the country by the APR team.

Representatives of the government and state institutions, the private sector and civil society sensitized the grassroots communities, popularized the APRM and gathered extremely useful comments for the Review Mission. The local office of the UNDP provided logistical support to the Mission. The APR Panel would like to take this opportunity to express their warm appreciation and acknowledgement.

This report, the sixth of its kind, is the product of five months of work and effort on by a team of high-level African experts who have worked patiently and relentlessly under the intellectual leadership of Marie-Angélique Savané, member of the APR Panel of Eminent Persons, and under the enlightened leadership of the Panel, with the administrative support of the APR Secretariat. This team was made up of Mr. Mbaya J Kankwenda, Mr. Donatien Bihute, Mr. Ousmane Diallo, Mr. Yenikoye Ismael Aboubacar, Mr. Karim Ben Kahla, Mr. Léopold Donfack Sokeng, Mr. Racine Kane, Mrs. Souad Abdennebi-Abderrahim, Mr. Daniel Gbetnkom, Mr. Gaston Bushayija, Mr. Moise Nembot, Mr. Sudir Chuckun, and Mr. Dalmar Jama. The APR Panel would like to express their deep gratitude to them and to emphasize the debt that is owed to them.

It would not have been possible to assess the four focus areas of the APRM in Benin without the decisive and unconditional support of the APRM'S strategic partners. These are the African Development Bank (ADB), the United Nations Development Programme (UNDP), and the United Nations Economic Commission for Africa (UNECA). The APR Panel also undoubtedly owes its grateful thanks to its respective heads and would like to pay homage to: Donald Kaberuka, Gilbert Fossoun HOUNGBO and Abdoulie Janneh, for their unfailing support of the APRM since its inception.

Finally, the APR Panel would like to express its heartfelt thanks to all those who, behind the scenes, have translated, revised, improved, amended and corrected the initial documents and thanks to whom you now hold the final product in your hands. Their devotion and the time that they have devoted to this report are hugely appreciated.

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## GOOD PRACTICES

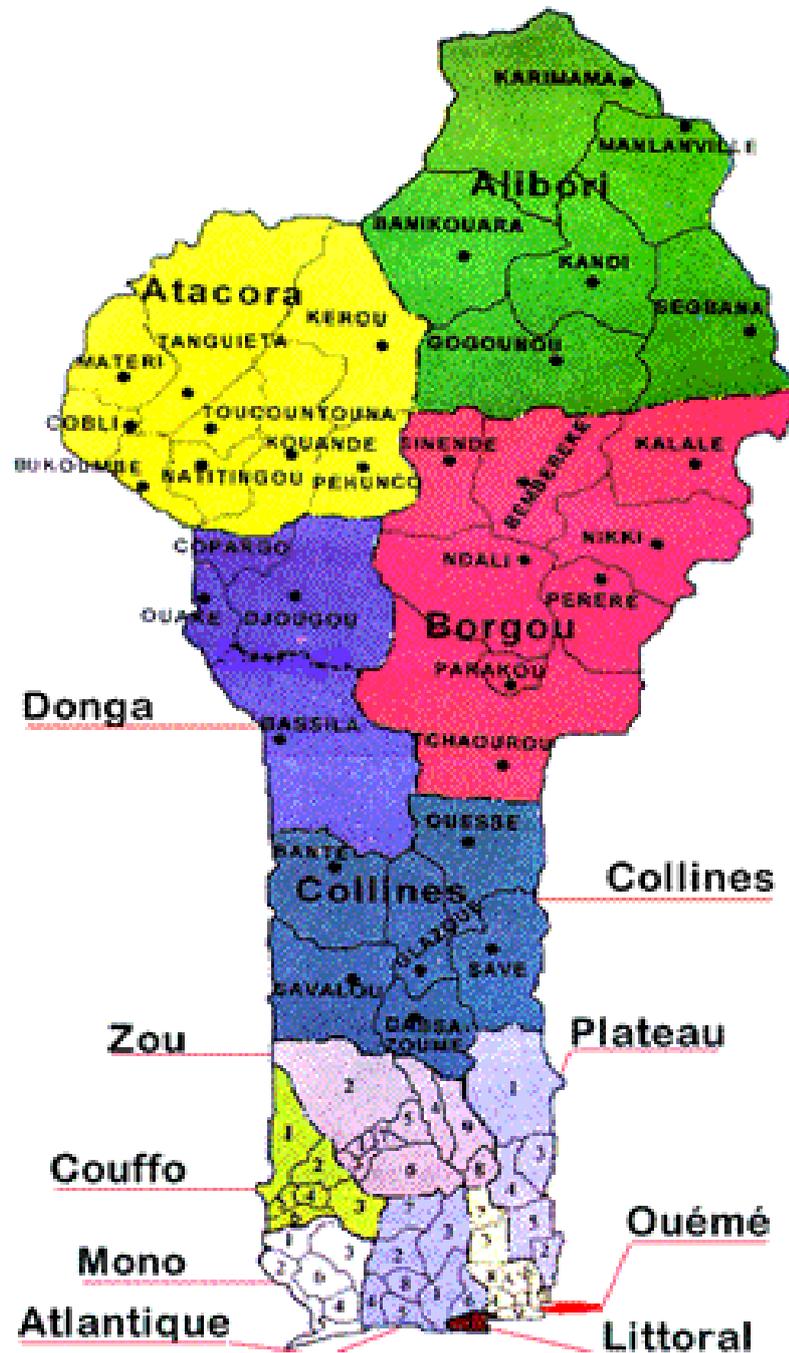
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# MAP OF BENIN



Source: Benin Development Gateway 2004-2008; <http://www.developpementbenin.org/>

*Administrative map of the Republic of Benin showing the geographical boundaries of the 77 Communes and the territorial areas of the country's 12 Departments.*

## COUNTRY FACT SHEET

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<b>Location:</b>	West Africa
<b>Surface Area:</b>	114,763 Km <sup>2</sup>
<b>Population:</b>	8,053,690 inhabitants (2007) Life expectancy: 55 (2005, UNICEF) Annual population growth rate (%):31990-2006 3.3 (UNICEF) Estimate of HIV prevalence rate in adults (15-49 years), end 2005: 1.8 (UNICEF)
<b>Main cities:</b>	Cotonou, Porto-Novo, Parakou, Abomey, Bohicon, Natitingou, Djougou, Lokossa. Administrative Capital: Porto-Novo Economic Capital: Cotonou
<b>Independence:</b>	1958: Independent State within the French Community 1st August 1960: Independence under the name of the Republic of Dahomey
<b>Constitution:</b>	2 December 1990: Adoption by Referendum of the draft Constitution establishing a presidential regime, multiparty politics
<b>Administrative divisions:</b>	12 Departments and 77 Communes, 546 Districts and 3,743 villages or city neighbourhoods
<b>Political Governance:</b>	Presidential Regime, Multi-party Democracy Political Parties: 1xx President: since 6 April 2006, H.E. Dr Thomas Boni YAYI
<b>Electoral system:</b>	Two fundamental laws govern elections in Benin: Law 2000-18 of 3 January 2001 concerning the general rules on elections in the Republic of Benin and Law 98-006 of 9 March 2000 on the municipal and communal electoral regime in Benin. <i>Voting method:</i> There are two rounds of election in the Presidential election and election is by majority vote, The legislative elections are based on voting lists drawn up in the department (12 Departments) and on the largest remainder proportional representation method. The single-chamber Parliament (National Assembly) has 83 seats.
<b>Macro-economic indicators:</b>	Gross Domestic Product at current prices (CFA F 2,459.4 Billion; 2006); Real GDP (CFA F 1021.8 Billion; 2006)

<b>Trade:</b>	<p><i>Main Export Products:</i> Cotton, Unbleached Fabric, Oil, Cashew Nuts, Pineapples</p> <p><i>Export Countries:</i> Morocco, Nigeria, France, Germany, Portugal, Belgium, Italy, China, India, Indonesia, Hong Kong, United States, Brazil, Gabon</p> <p><i>Main Import Products:</i> Various Equipment</p> <p><i>Import Countries:</i> France, Netherlands, United Kingdom, Germany, Italy, Belgium, Spain, Côte d'Ivoire, Senegal, Nigeria, Mauritania, Ghana, Togo, Niger, Burkina Faso, Thailand, China, Japan, Pakistan</p>
<b>External debt:</b>	<p>Foreign debt after relief: CFA F 345.7 Billion (2006), or 14.1% of GDP.</p>
<b>Currency: exchange Rate:</b>	<p>Currency: CFA Franc. Rate of exchange in relation to the Euro: 655.957</p>

Sources: INSTITUT NATIONAL DE LA STATISTIQUE ET DE L'ANALYSE ECONOMIQUE (National Institute of Statistics and Economic Analysis) (<http://www.insae-bj.org/>), *RAPPORT FINAL: BASE DE DONNEES GEOREFERENCEES SUR L'UTILISATION AGRICOLE DES TERRES AU BENIN*: Centre National de Télédétection et de Surveillance du Couvert Forestier (National Centre of Remote Sensing and Forest Cover Surveillance) (<http://www.fao.org/AG/agl/agll/landuse/docs/benin.doc>)

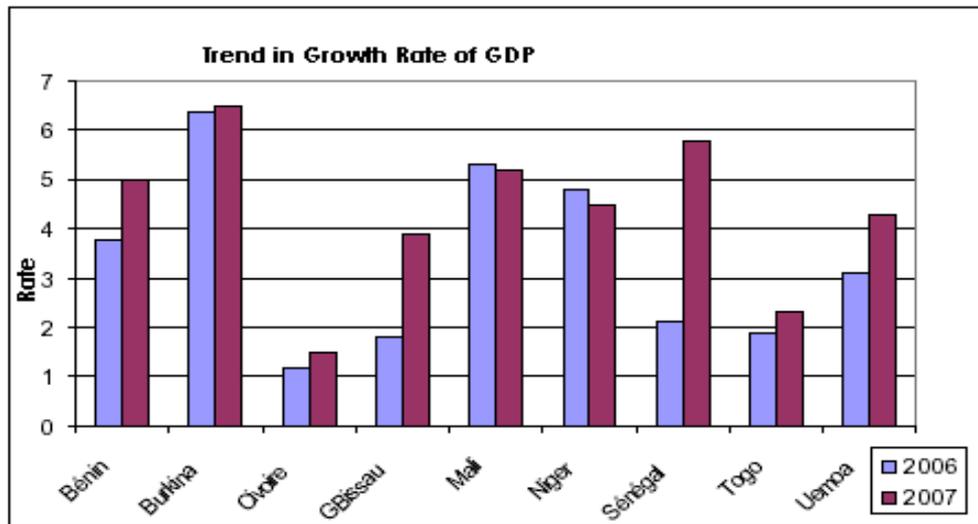
## SOME ECONOMIC AND FINANCIAL INDICATORS OF BENIN

YEAR	2003	2004	2005	2006	2007 (provisional)
<b>NATIONAL ACCOUNTS</b>					
Nominal GDP (in billions of CFA francs)	2067.5	2140.0	2298.7	2459.4	2644.5
GDP in Volume (constant price 85)	928.5	957.4	984.9	1021.8	1072.8
GDP Growth Rate in volume	3.9	3.1	2.9	3.8	5.0
<b>BUDGET INDICATORS</b>					
Basic Budget Balance on Nominal GDP	-0.4	-0.4	-0.2	0.1	-1.7
Ex-HIPC Basic Budget Balance and Budget Grants/Nominal GDP (in %)	0.7	0.6	0.5	0.9	-1.2
Annual Rate of Inflation (trend of average indicators in %)	1.5	0.9	5.4	3.8	0.5
Total Outstanding Public Debt added to the nominal GDP (in %)	41.1	40.0	41.1	14.9	19.9
Tax Revenue on GDP in %	15.2	14.6	14.5	15.4	15.8
Current ex-Grant Balance over GDP in %	-9.7	-7.7	-6.2	-6.5	-6.1
Total ex-Grant Balance over GDP in %	-3.7	-3.6	-3.1	-2.5	-4.5
Total Balance over GDP in %	-1.9	-1.0	-0.9	-0.7	-2.1
Basic Cash Total Balance over GDP in %	-2.0	-1.4	-1.8	-0.4	-3.6
Basic Primary Balance in % of T.R.	1.2	-0.2	0.5	2.4	-9.3
<b>MONETARY SITUATION</b>					
Net External Assets	390.0	329.0	375.7	520.2	n.d.
• Central Bank	321.3	252.0	320.5	436.7	n.d.
• Banks	68.7	77.0	55.2	83.5	n.d.
Domestic Loans	197.4	213.2	279.5	255.0	n.d.
• Government's Net Position	-96.5	-98.8	-95.6	-160.8	n.d.

• Loans to the Economy	293.9	312.1	375.1	415.8	n.d.
Money Supply	554.7	502.8	615.5	726.1	n.d.
<b>EXTERNAL TRADE AND BALANCE OF PAYMENTS</b>					
FOB Imports	475.9	444.8	456.6	504.1	513.4
FOB Exports	314.3	300.4	305.0	297.0	302.3
FOB-FOB Trade Balance	-161.5	-144.5	-151.6	-207.1	-211.1
Balance of Services	-47.4	-37.8	-45.0	-35.8	-36.0
Current Balance	-192.5	-152.4	-119.3	-121.7	-135.9
Current Ex-Grant Balance	-201.3	-165.7	-142.4	-159.9	-160.5
Total Balance	-24.1	-61.6	49.2	144.5	25.0
Coverage Rate: Exports/Imports in %	66.1	67.5	66.8	58.9	58.9
Total Balance in % GDP	-9.3	-7.1	-5.2	-4.9	-5.1
<b>FOREIGN DEBT</b>					
Outstanding Foreign Debt	832.6	838.0	925.6	345.7	507.3
Foreign Debt Servicing	29.2	15.1	15.5	15.2	23.1
Outstanding Foreign Debt in % of GDP	40.3	39.2	40.3	14.1	19.2
Outstanding Foreign Debt Servicing in % Total Exports (1)	6.7	3.5	3.1	3.3	4.5
Outstanding Foreign Debt Servicing in % of ext-Grant Revenue	8.3	4.3	4.1	3.6	4.6

(1) source: National Accounts Department / Table 1, Statistical Annex, Quarterly report on Execution of Multilateral Surveillance, June 2007 – West African Economic and Monetary Union (UEMOA)

## Prospects for Economic Growth in Member States of the West African Economic and Monetary Union (UEMOA)



Source: Quarterly report on **Execution of Multilateral Surveillance, June 2007 – West African Economic and Monetary Union (UEMOA)**

## ABBREVIATIONS AND ACRONYMS

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AAV	Anti-Amaril Vaccine
ABE	Beninese Environmental Agency
ABOA	Accounting Bodies in West Africa
ACBF	African Capacity Building Foundation
ACGD	African Centre for Gender and Development
ADB	African Development Bank
ADEX	Export Development Association
AFD	French Development Agency
AFJB	Association of Women Jurists in Benin
AFROSAI	African branch of INTOSAI
AGOA	Africa Growth and Opportunity Act
AIC	Inter-professional Cotton Association
AIDS	Acquired Immunodeficiency Syndrome
ANPE	National Employment Agency
APE	Permanent State Agents
ARV	Anti-retroviral
ARV	Anti-Rubella Vaccine
AU	African Union
BBDRA	Beninese Copyright Office
BCEAO	Central Bank of West African States
BEAT	Certificate in Tropical Agricultural Studies
BOAD	West African Development Bank
BPM	Brigade for the protection of minors
BRVM	Regional Stock Exchange
BTP	Building, public works and construction materials
BTS	Higher Technician Certificate
CAP	Certificate of Professional Competence
CCIB	Chamber of Commerce and Industry of Benin
CDPF	Departmental Commissions for the Promotion of Women
CEDAW	Convention on the Elimination of all forms of Discrimination against Women
CENAFOC	National Centre of Accounting Training
CENSAD	Community of Sahel-Saharan States
CENTIF	National division for the processing of financial information
CET	Common External Tariff
CFDAR	Women's Division of Rural Agricultural Development
CFE	Centre for Company Procedures
CIMA	International Conference on Insurance Markets
CMVP	Department of Moralization and Public Life
CAN	National Independent Electoral Commission

CNCS	National Coordination and Monitoring Committee on the Reform of Public Contracts
CNDE	National Commission on the Rights of Children
CNDLP	National Commission for the Development and Fight against Poverty
CNIB	National Council of Investors in Benin
CNPF	National Commission for the Protection of Women
CNPMP	Departments of Public Contract Agreements
CNSEA	National Centre for the Protection of the Child and the Adolescent
CNSS	National Social Security Fund
CNSST	National Council for Health and Occupational Safety
CoGeCS R	Health Centre Management Committees
COGES	Health Centre Management Committees
CPSS	Committee on Payment and Settlement Systems of the G10 Central Banks
CRM	Country Review Mission
CRNMP	National Commission for the Regulation of Public Contracts
CSAR	Country Self-Assessment Report
CSM	Higher Council of the Judiciary
CSO	Civil Society Organizations
CSR	Company Social Responsibility
CSST	Security and Occupational Safety Committees
DANIDA	Danish Agency for International Development
DCRE	Department for the Coordination of External Resources
DEPOLIPO	Population Policy Declaration
DEVESCO	Social Development Support Programme
DFI	Direct Foreign Investment
DGAE	General Directorate of Economic Affairs
DGIP	General Directorate of Taxes and Domains
DGTCP	General Directorate of the Treasury and Public Accounting
DIVI	Department of Inspection and Internal Verification
DNMP	National Department on Public Contracts
DPFG	Department on the Promotion of Women and Gender
DPP	Programme and Planning Department
DT	Technician's Certificate
DTCP	Diphtheria Tetanus Whooping Cough and Poliomyelitis
ECOWAS	Economic Community of West African States
ECS	Economic and Social Council
EDS	Health Survey
EPA/EU	Economic Partnership Agreements
EPO	Expanded Programme on Immunization
FAO	United Organization for Food and Agriculture
FCFA	Free African Financial Community
FONAC	National Organizations Front for the Fight against Corruption

FUR	Single Reference Fiche
GAVI	Global Alliance for Vaccines and Immunization
GDDS	General Data Dissemination System of the IMF/World Bank
GDP	Gross Domestic Product
GIABA	Interregional Group for the Fight against Money Laundering
GPRS	Growth and Poverty Reduction Strategy
HAAC	High Authority on Audiovisual and Communications
HIPC	Heavily-Indebted Poor Countries
IAC	Inter-African Committee on Traditional Practices affecting the Health of Women and children
IASB	International Accounting Standards Board
ICFTU	International Confederation of Free Trade Unions
ICP	Industrial and Commercial Profit
ICRC	International Committee of the Red Cross
ICT	Information and Communications Technology
IFHR	International Federation of Human Rights
IGE	General State Inspectorate
IGF	General Finance Inspectorate
ILO	International Labour Organization
IMF	International Monetary Fund
IMFC	International Monetary and Financial Committee
INSAE	National Institute of Statistics and Economic Analysis
INTOSAI	International Organization of Supreme Audit Institutions
IRVM	Tax on Income from Securities
KFW	German Public Development Bank
LAC	Least Advanced Country
LEPI	Permanent Electronic Electoral List
MAEP	Ministry of Agriculture, Stock and Fishing
MDG	Millennium Development Goal
MEHU	Ministry of the Environment, the Habitat and Urban Planning
MEPS	Ministry of Primary and Secondary Education
MESFTP	Ministry of Secondary Education and Technical and Vocational Training
MESRS	Ministry of Higher Education and Scientific Research
MFE	Ministry of the Family and the Child
MFI	Micro-Finance Institutions
MTEF	Medium-Term Expenditure Framework
NAWMP	Network of African Women Ministers and Parliamentarians
NEPAD	New Partnership for African Development
NGO	Non-Governmental Organization
NICT	New Information and Communications Technologies
NIF	Tax Identification Number
NLTPS	Long-Term National Studies
NST	Note on the Rural Transport Strategy

O.E.C.C.A-Bénin	Order of Chartered Accountants and Registered Accountants in the Republic of Benin
OAU	Organization of African Unity
OCBN	Joint Benin-Niger Railway and Transport Organisation
OCS	Observatory on Social Change
ODEM	Code of Conduct and Ethics in the Media
OECD	Organization for Economic Cooperation and Development
OHADA	Organization for the Harmonization of Business Law in Africa
OLC	Observatory on the Fight against Corruption
OPEC	Organization of Oil Exporting Countries
OPM	Presidential Mediation Organisation
OPT	Posts and Telecommunications Organisation
PAC	Credit Access Project
PADEAR	Programme for the sanitation and development of the water sector and Sanitation of the rural milieu
PADSP	Programme to support development in the Private Sector
PAG	Programmes of Action of the Government
PARSC	Project to Support Reform of the Cotton Sector
PDA	Public Development Aid
PESF	Programme to Evaluate the Financial Sector within the framework of Cooperation with the World Bank and the International Monetary Fund
PIRSJ	Integrated Programme to Support the Judicial and Judiciary System
PNGEN	National Programme for the Management of the Environment
PNLS	National Programme for the Fight against AIDS
PNPF	National Policy on the Promotion of Women
PPP	Private Public Partnership
PRSP	Poverty Reduction Strategy Paper
PRSP	Programme to relaunch the Private Sector
PST	Transport sectoral projects
RGPH	General Census of the Population and Housing
RIFONGA	Network for the Integration of African Women Working in NGO and African Associations
ROSC	Report on the Observance of Standards and Codes within the framework of cooperation with the World Bank/International Monetary Fund
SBEE	Beninese Electricity Company
SD	Sustainable development
SDDS	Special Data Dissemination Standard of the IMF/World Bank
SED	Socio-economic development
SICA	Interbank Automated Payment System of the UEMOA
SIGFIP	Public Finance Information Management System
SME	Small and medium enterprises
SMI	Small and Medium Industry
SMIG	Guaranteed interprofessional minimum wage

SOBEBRA	Beninese Brewing Company
SOBEMAP	Beninese Shipping Company
SONACOP	National Company for the Marketing of Oil Products
SONAPRA	National Company for Agricultural Promotion
SONEB	Benin National Water Company
SPI	Single Property Tax
STAR	Automated Payment System in the UEMOA
STI	Sexually transmitted infection
SYSCOA	West African Accounting System
SYSCOHADA	OHADA Accounting system
TBS	Gross Schooling Rate
TFP	Technical and Financial Partners
TPU	Single Professional Tax
UEMOA	West African Economic and Monetary Union
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Programme on Development
UNESCO	United Nations Educational, Scientific and Cultural Organisation
UNFPA	United Nations Population Fund
UNHCR	United Nations High Commission for Refugees
UNICEF	United Nations Children's Fund
UNO	United Nations Organization
USA	United States of America
USAID	United States Agency for International Development
VAT	Value Added Tax
VIH	Human immunodeficiency virus
WILDAF	Non governmental organisation in West Africa on the rights of women and Development
WTO	World Trade Organization

## EXECUTIVE SUMMARY

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### 1. INTRODUCTION: IMPLEMENTATION OF THE APRM PROCESS IN BENIN

#### 1.1 Benin's commitment and the launch of the review

- 1.1 Benin signed the Memorandum of Understanding on 31 March 2004, indicating to citizens and the international community the commitment of Benin's political leaders to observe the principles of democracy, socio-economic development and good political, economic and corporate governance by means of periodic reviews by the country's African peers.
- 1.2 Initially, the African Peer Review (APR) Panel envisaged that the process would be launched in the fourth quarter of 2006. However, the President of the Republic of Benin, whose last term in office was to finish at the beginning of 2006, wished the process to begin prior to his leaving office. This would allow him the opportunity to provide his successor with strategic guidelines on those questions of governance deemed a priority in the eyes of the people of Benin. It was, therefore, in response to this request by the Head of State that from 14 to 17 November 2005, Mrs. Marie-Angélique Savané – Member of the APR Panel of Eminent Persons – visited Benin as the head of a delegation of seven persons, in order to provide support for the implementation of the assessment process. It was at this time that the Memorandum of Understanding on the Technical Assessment Mission and on the Country Review Mission (CRM) was signed by the Benin authorities and the APR Forum.
- 1.3 The sensitisation campaign began immediately after this, in December 2005, but had to be suspended in February and March 2006 to avoid any confusion in peoples' general perceptions during the presidential election campaign. The self-assessment started immediately after the election fever. Although the first draft of the Country Self-Assessment Report (CSAR) was available in December 2006 – following a period of uncertainty after the presidential elections – there was a further delay in its release and authentication by the public due to the legislative elections, which were to take place in March 2007. Thus, the final CSAR was not available until the end of June 2007. As the programme of action had not been validated by the relevant authorities, the CRM requested the Focal Point and the National Commission to review the report before submitting it to the Head of State for ratification and approval by the Government.
- 1.4 Some time after the APRM process had begun, the country experienced a change in government with the election of Dr Thomas Boni Yayi as President of the Republic in March 2006. The APR Panel was delighted at the personal determination of the new Head of State to continue and reaffirm Benin's commitment to make itself available for assessment by its African peers. He

indeed decided to invite the APR Panel to dispatch a review mission in July 2007 in order to present the report on Benin at the Forum Summit of Heads of State and Government to be held in January 2008. This invitation was renewed publicly by the President during the 8<sup>th</sup> Forum Summit of Heads of State and Government (APR Forum) held in Accra, Ghana, in July 2007. **This commitment on the part of the Head of State was a major factor in the success of the exercise in Benin.**

- 1.5 *It is important to emphasise a unique feature of the APRM process in Benin: the process does not really focus on the state of governance in Benin during the mandate of the current administration. This administration has a relatively free hand in that the process provides it with a review of the state of governance in Benin at the time at which it assumed power. All those who take up the reins of power are encouraged to obtain a clear idea of the condition of the state, and the stakes and challenges of governance, before they enter office.*

## 1.2 The progress of the CRM

- 1.6 The Benin CRM was conducted by Madame Marie-Angélique Savané, Member of the APR Panel of Eminent Persons, from 15 July to 5 August 2007. Benin thus became the sixth country to be assessed, and the first non-member country of the New Partnership for Africa's Development (NEPAD) Implementation Committee, which meant that it was less informed on the APRM and less prepared for the process, and in particular, the first francophone country in sub-Saharan Africa.
- 1.7 The CRM managed to meet all those involved in the APRM process in Benin, particularly the President of the Republic; the institutions of the Republic; members of government; the decentralised communities in certain of the country's communes; political parties; civil society; opinion leaders, including traditional authorities, youth movements and women's organisations; groups of disadvantaged persons; as well as the media. It was to carry out the widest possible consultations with all stakeholders in order to deepen and supplement the CSAR and to formulate recommendations to reinforce and improve the programme of action.
- 1.8 The work of the CRM began with an audience granted by the Head of State to the President of the CRM, followed by the official launch of the review during a ceremony attended by the institutional leaders of the Republic, members of government, members of the diplomatic and consular corps, traditional leaders, civil society, the private sector, and the entire APRM delegation. The President of the Republic reiterated his support and personal involvement in facilitating the review process in his country. He urged all citizens of Benin – especially opinion leaders and decision makers at all levels – to assist the CRM wherever necessary, and especially to provide any requested information frankly and independently.

- 1.9 The CRM conducted its work in three stages: the first in Cotonou, the economic capital and a major city in Benin, where the majority of governmental and diplomatic services are based; the second at the level of the departments, with the CRM visiting all six departmental prefectures; and the third in Port Novo, the administrative capital of Benin, and home to the National Assembly and the Mediator of the Republic.
- 1.10 For the first time in the history of the APRM, a ‘recap’ meeting was held at the end of the visit during a dinner presided over by the President of the Republic and attended by members of government and the highest officers of the administration, as well as representatives of civil society and the corporate world. During this meeting, the CRM team presented the main provisional results of its consultations, highlighting the great achievements made in Benin but also pointing out the challenges identified during the review. In his presentation, the Head of State reaffirmed his willingness to make the APRM an instrument of good governance in his country. He emphasised the fact that the people of Benin were committed to developing a robust programme of action in order to take up the challenges observed, and to implementing the recommendations of the APRM assessment.

## **2. HISTORICAL CONTEXT AND CURRENT CHALLENGES**

- 2.1 A Protectorate in 1894, and then the French Colony of Dahomey, Benin achieved independence on 1 August 1960 under the name Republic of Dahomey. The following month, it was admitted to the United Nations (UN). In 1975, the country assumed its current name. Dahomey was integrated into French West Africa (AOF) in 1899, and its borders were fixed in an agreement with Great Britain (which had established itself in neighbouring Nigeria) and with Germany (established in Togo). During the interwar period, Dahomey was one of the main political and intellectual centres of the AOF – largely due to the importance (thanks to religious missions) bestowed on education, particularly in the south. Numerous political parties were founded during this era, along with newspapers opposing the colonial system. Aligned with free France during the Second World War, Dahomey became an autonomous state within the French community in 1958.

### **2.1 From independence to the National Sovereign Conference**

- 2.2 The years following independence were marked by great political instability, a series of coups d’état, and successive changes in political regime. The country has known two Constitutions, four military coups d’état, and 10 Presidents of the Republic or Heads of State – both civilian and military – in ten (10) years. In 1970, a three-member Presidential Council assumed the reins of power and two years later, in 1972, the council was deposed by a military coup d’état, bringing Major Mathieu Kérékou to power. From 1974 onwards, the latter established a political system based on a Marxist-Leninist ideology.

- 2.3 During the 1980s, the economic situation of Benin continued to decline. In 1987, an International Monetary Fund (IMF) programme imposed drastic measures: an additional 10% salary deduction, a hiring freeze, and the forced retirement of civil servants. In 1989, a new agreement signed with the IMF regarding a macro-economic stabilisation and structural adjustment programme provoked a massive generalised strike among civil servants and students, who were demanding payment of salaries and grants.
- 2.4 The social and political unrest led President Mathieu Kérékou to renounce the Marxist-Leninist ideology and accept to convene a National and Sovereign Conference of the Bone and Sinew of the Nation, the first of its kind in Africa. Convened in Cotonou in February 1990, this conference put the organs of transition in place: a President of the Republic, a Prime-Minister head of government, and a High Council of the Republic (HCR) – serving as both Legislative Assembly and Constitutional Court. Finally, a constitutional commission was set up, the aim of which was to draft a new fundamental law – the Constitution – which was to be approved by referendum on 2 December 1990.

## **2.2 The Democratic Renewal Period**

- 2.5 Following the National Sovereign Conference, a transitional government was put in place in 1990, and this paved the way for a return to democracy and a multiparty political system. In the presidential election of March 1991, the Prime Minister, Nicéphore Soglo, beat President Kérékou. Nevertheless, the structural-adjustment and public-expenditure restrictions recommended by the IMF, coupled with the deepening of the economic crisis in the wake of the devaluation of the Central African CFA franc in 1994, revived the discontent. After having lost his majority within the Legislative Assembly, President Soglo was beaten by Mathieu Kérékou in the presidential election of 17 March 1996. Five years later, in March 2001, Kérékou was re-elected as President of the Republic. In 2006, the fourth presidential ballot since the advent of democracy and the multiparty system in 1990 was won – in the second round and by a large margin – by Dr Thomas Boni Yayi, who received 74.52% of the votes cast.
- 2.6 Politically speaking, and following the National Sovereign Conference held in February 1990 (see point 2.4), Benin opted for a multi-party democracy based on the promotion of human rights and fundamental freedom. Gradual political transformation has enabled the country to consolidate its democratic foundations. As a result, the electoral process has been maintained since the elections in 1991, thereby favouring the changeover of political power and wide participation of the population in electing those in power in presidential, legislative and local elections. Today, Benin is often cited as a model for democracy in Africa.
- 2.7 In economic terms, during the course of the 1990s Benin recorded satisfactory macro-economic results, with an annual growth rate in the region of 5% and a controlled rate of inflation. However, since 2001 the pillars of the Beninese

economy have shown signs of weakness, leading to a slowing of economic activity between 2003 and 2005. The real growth rate of the economy kept declining, reaching 3.4% in 2004 compared to 3.9% in 2005. At this rate, with a population growth rate of 3.1%, poverty reduction can be only very slow. Nevertheless, growth resumed in 2006, reaching a rate of 4.1%, with optimistic prospects for 2007 and 2008.

## **2.3 Benin and the challenges facing its Government**

- 2.8 Despite its encouraging and rapid economic recovery since 2006, Benin has experienced severe and persistent problems, including significant poverty (one-third of the population is on the poverty threshold); corruption; the major role played by the informal economy; a lack of infrastructure; and a scarcely competitive agricultural and industrial sector. Moreover, the importance of trade with its neighbouring countries makes Benin vulnerable to changes in the region.
- 2.9 Nevertheless, the national authorities remain optimistic about the inevitable emergence of Benin in the years to come. To this end, the policy of the current government is based on four priorities: (i) human resources; (ii) consultative governance; (iii) the development of an entrepreneurial spirit; and (iv) the construction of new infrastructure. In the framework of ‘Alafia Bénin 2025’ defined by the country, the government’s ambition is to eventually make Benin an emerging country. This vision is highlighted in a strategic policy document for the period 2006-2011 that has been adopted, whose main strategic thrusts are the reconstruction of the administration; promotion of economic recovery; resolute continuation of structural reforms (harbours, telecommunications, electrical energy and water); development of human capital (making primary education free); and the promotion of fundamental development through decentralisation. These thrusts have underpinned the Growth and Poverty Reduction Strategy (second-generation) for the 2007-2009 period, which constitutes the frame of reference for dialogue with the country’s technical and financial partners with a view to mobilising and co-ordinating resources.
- 2.10 Efficient public administration and its capacity to fulfil the functions of being a responsible public service and the preferred tool for implementing developmental policies and programmes – therefore remains a major challenge to democracy and development in Benin. Fully cognisant of this situation, the government’s developmental policy proposes to rehabilitate the administration in its entirety through the effective implementation of a series of reforms.
- 2.11 When all is said and done, Benin has no shortage of assets to provide a basis for its development. In fact, despite its modest economic weight in the sub-region, Benin plays a central role as a trade centre for Niger, and particularly for its neighbour Nigeria. The global business environment is also favourable since the country’s implementation of a modern commercial legal system and a new investment code with related tax incentives. The political stability of the

country also adds to the potential as one of the factors to promote the private sector and attract foreign investors.

### **3. MAIN OBSERVATIONS AND FINDINGS ON THE FOCUS AREAS**

#### **3.1 Democracy and political governance**

3.1 **On the issue of codes and standards**, the CRM noted that efforts have been made to ratify international legal instruments, but the same is not true of the legal standards of the African Union (AU). Indeed, to date, Benin has still not *promulgated the Convention of the African Union on the Prevention and Fight against Corruption adopted in July 2003 in Maputo*. The CRM congratulates the new Beninese authorities for their determination to accelerate the process of adopting and ratifying international instruments, and invites them to adopt all the legislative and regulatory measures necessary to ensure that internal laws comply with the international standards and codes ratified by Benin.

3.2 **From the point of view of internal and external conflict management**, the CRM congratulates the authorities and the people of Benin for maintaining the climate of peace and political stability, which has characterized Benin over the past two decades. Indeed, although internal conflicts do exist, they are not serious enough to place the political and social stability of the country in jeopardy. There are nonetheless a number of aspects that warrant special attention and that call for the elaboration and implementation of a national strategy for the prevention, management and resolution of conflicts. In terms of relations with neighbouring countries, the CRM was pleased to note the peaceful settlement of the dispute between Benin and Niger on the subject of the Island of Lété, and the Government's declared willingness to find suitable solutions to the border dispute between Benin and certain of its neighbours (notably Burkina) through dialogue and negotiation.

3.3 **In the sphere of constitutional democracy**, the CRM noted that, since the National Sovereign Conference of 1990, Benin has shown proof of an effective and vital democracy characterized by a return to democratic pluralism. The right of all Beninese citizens to participate in the management of public affairs is recognised by the Constitution, in compliance with relevant international conventions. In addition, political parties enjoy constitutional recognition. The framework for the organisation and action of the opposition is governed by the Act of 2001. A particularly flexible regulatory mechanism favours the creation of numerous political parties: there are today, over 150 officially registered parties. The CRM nonetheless noted that the proliferation of political parties, favoured by the integral multiparty option, has sometimes been the cause of a certain degree of dysfunctionality in Benin's democracy. This type of situation calls for the effective application of the Charter for Political Parties.

- 3.4 **The electoral system in Benin** is not exempt from suspicion, and has been the subject of a number of controversies in relation to its capacity to guarantee just and equitable competition within the context of free and transparent elections. The CRM nonetheless noted, with great satisfaction, the organisation of regular elections according to a fixed electoral calendar. This state of affairs would seem to be one of good practice, which helps to entrench a culture of democracy within political mores. Presidential elections were in effect held in 1991, 1996, 2001 and 2006, and the democratic transition of the Head of State (1991, 1996 and 2006) is to be welcomed as an example to be followed by others.
- 3.5 **Decentralisation and local governance** are major challenges to democracy and political governance in Benin, given the expectations of the grassroots population – especially in terms of an improvement in their standard of living. The CRM noted the marked gap between the need for greater decentralization, which was strongly articulated by the parties and the limited human and material resources and legally recognised competencies in the hands of the communes. The latter are especially significant given the task of decentralised authorities to encourage local development.
- 3.6 **In the area of economic, social and cultural, civil and political rights**, the CRM was able to observe the effectiveness of the constitutional guarantees in respect of human rights and fundamental liberties. **The civil and political rights** enshrined in the most important international instruments are included in the body of the Constitution. The CRM was also gratified to note the effective freedom of worship and religious tolerance. In Benin, many different Christian denominations, Islam and traditional religions co-exist peacefully with one another. **Economic, social and cultural rights** are also enshrined in the Constitution: the right to education, to health, to work and to strike. The same is true of solidarity rights (the so-called third-generation rights), which concern the rights to development, and to a healthy, satisfying and sustainable environment. The CRM nonetheless noted that this declaration remained one of form rather than substance, and that it was incomplete.
- 3.7 **Access to justice** was also perceived by the CRM to be a major challenge to establishing democracy and social equilibrium. Although Benin is a country that upholds the rule of law and one in which every effort is made to promote and popularise fundamental rights, it is also true that these rights must be effectively protected by the institutions responsible for them – which is not always the case. The issue of reforming and providing greater access to the justice system remains a critical task in consolidating the rule of law, the legal security of citizens and investment.
- 3.8 **Insofar as the constitutional provisions enshrining the separation of powers are concerned**, the CRM noted the wealth of constitutional and legislative provisions on the separation and balance of powers of the Republic. From a formal perspective, it was noted that each of these powers is dealt with under a separate chapter in the Constitution and that complementary provisions governing these powers are enshrined in organic laws. These laws are adopted by a majority that is different from that necessary for the adoption

of ordinary laws, and the Constitutional Court automatically monitors these laws to ensure that they conform to the Constitution. In other words, the principle of the separation of powers is ensured by elaborate judicial mechanisms. Nevertheless, the issue of effective separation of powers and control mechanisms is not obvious given the institutional environment, and given that other structures have limited powers in relation to the Executive.

- 3.9 **In the case of public office**, many problem areas were identified in relation to the administration and to public office in general, thus confirming what was highlighted in the CSAR. These problem areas include a waste of resources and politicisation of the administration. The CRM also noted the shortcomings of the system with regard to assessing, promoting and disciplining civil servants, which are largely the result of the politicisation of the Beninese administration and its lack of transparency. This accentuates the gap between the administration and the administered, and so reduces the legitimacy of the public service. Finally, low salaries and disparities in remuneration represent another important problem area.
- 3.10 **The CRM noted that corruption** had a serious impact on the proper functioning of the Beninese state. The White Paper on corruption in Benin underlines that “the opportunities that lend themselves the most to corruption are in large part administrative procedures or the demand for goods and services: one citizen out of every two (51%) falls foul of corruption; the most corrupt sectors are health, education, tax services, the treasury, public procurements, customs, the justice system, mayoral offices, etc. Customs is at the top of the list, having the highest incidence of corruption with 98% of people stating that this sector was corrupt”.
- 3.11 The CRM noted with satisfaction the stated intention of the new authorities to fight the scourge of corruption. The ‘green march against corruption’, in which the Head of State himself participated, is proof of the severity of the phenomenon, which is considered to be a social cancer. To give an indication of the extent of the problem, the Observatory for the Fight against Corruption – quoting the Minister of Finance, Irénée Koupaki – notes that “the Treasury’s losses in taxation revenue owing to fraudulent practices, combined with the actions of taxpayers and tax and customs officials, are estimated to be over some one hundred billion CFA francs each year”. According to the same source, exceptional expenditure of approximately 201 billion CFA francs between 2001 and April 2006 still had to be properly audited – in other words, justified on the basis of proper documentation. This sum is approximately one-third of the national budget. The effectiveness of the fight against corruption has not progressed beyond the realm of formal documents. There is indeed unanimous agreement that there is very little political will to fight corruption, and even fewer reliable and significant results in this area. However, since the appointment of President Boni Yayi, the political will to combat corruption has improved and the country has witnessed the indictment of one minister and another political figure. Moreover, some 30 judges have also been indicted on the same matter in cases related to criminal justice costs entailing a loss of several hundred million CFA francs for the Beninese state. Nonetheless, people remain sceptical about the government’s chances of winning this

necessary and beneficial battle. The vision and strategy for eradication of corruption exist, and are being managed by the institutional tools for combating corruption. However, the problem lies in the determination and efficiency of the implementation of this vision and the strategies for fighting corruption.

- 3.12 On the issue of **the promotion of women**, the CRM observed that significant progress had been made in this area. At the institutional level, the CRM noted that Benin had introduced equality of the sexes in the Constitution. In effect, this fundamental law has adopted the provisions of the African Charter on Human and Peoples' Rights, which provides for the equality of the sexes as well as total and equal protection for all before the law. Furthermore, section 26 of the Constitution lays down the principle of the equality of men and women. Benin also ratified, without reservations, the Convention on the Elimination of all forms of Discrimination against Women (CEDAW) on 12 March 1992, in accordance with section 144 of the Constitution. Laws have been adopted on sexual and reproductive health, on the elimination of the practice of female mutilation, and on the Code of Persons and the Family. In terms of policies, a national policy on women was adopted on 31 January 2001, aiming – among other things – to improve the social and legal position of women, to ensure their education and training, and to improve their economic capacity. A multi-sectoral programme of action was adopted to implement this policy.
- 3.13 Despite these laudable efforts, there is much that remains to be done, especially in terms of the legal status of women, their access to justice and to resources, their presence in decision-making positions, and in terms of the assumption of responsibility for the situation of women and their integration into developmental policies and programmes. The CRM also noted that the contents of the Family Code were not widely known among the population, which seems to continue to adhere to customary practices that are unfavourable to women.
- 3.14 **On the question of the youth**, the CRM noted with satisfaction that Benin had adhered to many of the international and regional instruments protecting the rights of children, such as the Convention on the Rights of the Child, published on 5 September 2006. Appropriate national laws complying with the principles and the provisions of the convention had been adopted. However, the CRM noted that Beninese children still face a number of major issues, such as the non-declaration of births, malnutrition, poor schooling, having to work from a young age, child trafficking, access to health services, and sexual exploitation. The CRM also noted certain gaps in Benin's legislative and institutional mechanisms. The Code of the Child has not materialised, nor have the amendment of the Criminal Code and of the Criminal Code of Procedure been finalised. Moreover, since births are not automatically registered, not all children have a recognised civil status.
- 3.15 **Ten years after the National Sovereign Conference**, Benin is seen as a haven of peace and stability in the sub-region of West Africa. The CRM was pleased to note Benin's strengths in the areas of political governance and

democratic development. These strengths include a climate of peace and stability; the effectiveness of fundamental liberties and, in particular, civil and political rights; the supremacy of the Constitution and concern for strict respect of this fundamental law (which ensured the democratic transition of the Head of State on many occasions – events that occurred smoothly and without conflict, making Benin one of the few African countries in which democratic principles have been fully realised and have found real and effective expression); respect for the electoral calendar; respect for the principle that the defence and security forces are subject to a legitimate government (which has also contributed to the entrenchment of a culture of citizenship, a crucial factor for the promotion of democracy and survival of the Republic); and a climate of tolerance, characterized by the harmonious and peaceful co-existence of all religions and forms of worship, making Benin an example to be emulated by the rest of Africa.

- 3.16 The critical question is whether Benin’s political system has the capacity to guarantee political and civil liberties while ensuring the economic and social development of the people. The second part of this challenge is analysed in the report in the sections on economic governance and socio-economic development. Concerning the first aspect, the CRM observed that Benin – notwithstanding the strengths that have been mentioned and the progress seen – is faced with a number of challenges. To this effect, the implementation of the Charter for Political Parties is strongly recommended in order to contribute to the advent of a governance system based on republican principles and the public interest. Moreover, the role, place and status of traditional governance within the Republic are also important elements of the challenges facing Benin. Challenges that will have to be given serious attention include institutional efficiency; promoting and consolidating the rule of law; providing access to the justice system and ensuring its efficiency; promoting full enjoyment of economic and social rights; and consolidating the role and place of women in the economy, society and in particular in decision-making bodies and their representation therein. Finally, corruption at all government and society levels represents a major challenge that affects all the political, economic and social actors, and this calls for the implementation of measures that are at the same time rigorous, appropriate and beneficial.
- 3.17 In order to consolidate what has been achieved and to deal with the major challenges of political governance, the APR Panel would like to recommend the following: (i) pursue the ratification of relevant international instruments, including the Convention of the African Union on the Prevention and Fight Against Corruption; (ii) elaborate and implement a national strategy for the prevention, management and resolution of conflicts without delay; (iii) reinforce the capacity and effectiveness of institutions, accelerate the process of decentralisation, and proceed with the effective transfer of competencies and resources to communes by implementing the laws on decentralisation; (iv) strengthen the functional guarantees on the separation and balance of powers by building capacity in the National Assembly; (v) ensure the strict adherence to the Charter for Political Parties; (vi) consolidate the independence of the judiciary and the autonomy of judicial authority, and accelerate the implementation of the Integrated Programme to Support the Judicial and

Judiciary System (PIRSJ) in all its aspects; (vii) implement the relevant provisions on administrative reform, while ensuring the development of a new administrative culture based on an appreciation of the value of work, merit, respect for the public service, and correct remuneration and regular monitoring of all levels of administrative management, reporting, results and sanctions (positive or negative); (viii) implement a national strategic plan for the fight against corruption with a policy of ‘zero tolerance’ for the corruptors and the corrupted; (ix) elaborate and adopt a national gender policy to provide a frame of reference and a guideline for all sectors of development; and (x) elaborate and implement a code on the protection of the child and a national strategy with appropriate measures to effectively combat any kind of exploitation – especially economic and sexual exploitation and child trafficking.

## **3.2 Economic governance and management**

- 3.18 **Stakes and challenges of governance and economic management.** In light of its nature, Benin’s post-colonial economic history can be divided into three major periods. Economic governance and management policies have followed these three periods, and these have influenced both the focus and challenges of the country’s economic structuring history.
- 3.19 *The first period* (1960-1972) was marked by great instability, with a series of coups d’état and the frequent change of leaders (more than 15 Heads of State) and political regimes. Benin was known as the sick child of West Africa, and the political management of independence was constantly in crisis. The coup d’état of October 1972 put an end to this period. The focus and challenge of transforming an economic structure based on colonial objectives into an integrated economic structure aimed at national development were not taken into account during this period.
- 3.20 *The second period* (1972-1990), that of the construction of socialism, was marked by the nationalisation of some private enterprises, as well as by the creation of new state enterprises and semi-public companies. Economic policy in the socialist development system – which mainly advocated industrialization – encouraged massive state industrial investment, for which the country may have lacked the necessary management capacity. This resulted in a serious economic crisis.
- 3.21 *The third period* (1990 to date), known as the Democratic New Deal, began after the National Sovereign Conference. The return to liberalism and governance of a multiparty democracy form the basis of economic management. Then came international aid. Economic governance in this period has been marked by the need for macro-economic stabilisation in order to create conditions for economic recovery. The macro-economic results were satisfactory, but the issues of development and structural change boiled down to the quest for financial balances, which replaced development policy. The economic governance model could not last long, and the country became increasingly incapable of effectively playing its role as a transit economy and, especially, of reducing poverty.

- 3.22 The country has defined its long-term vision in the “*Alafia Bénin 2025*” project and this is a praiseworthy step – especially since the *Alafia Bénin 2025* vision seeks to construct an emerging Benin by that year. Furthermore, the government recently translated the vision into ‘Strategic orientations’. However, co-ordination of the implementation of these orientations, and particularly their translation into sectoral policies, suffer from certain weaknesses that constitute other challenges for economic governance. These weaknesses are widespread corruption, which has become a culture and a more or less internalised method/instrument of governance, and lack of accountability in the implementation of macro-economic and sectoral development policies and poor co-ordination in this regard.
- 3.23 Economic growth seems to be picking up again, but poverty remains at a very alarming level. Economic governance should deal with the fundamental structural problems of Benin’s economy, and spare the country the long-term risk of being rooted in satellization and being a transit economy without a solid productive base. It should also, in a realistic manner, deal with the problem of the position of the informal sector, which plays an important economic, social and even political role. Since the informal sector will continue to play this role for a long time in Benin’s economy and society, it is necessary to ‘use it well’ in solving the country’s problems, and make it a recognised component of the economy without trying to formalise it forcefully or keeping only a watchful fiscal eye on it. Chapter 4 of the report discusses these issues and proposes ways of addressing the challenges observed.
- 3.24 **Ratification and implementation of standards and codes:** Benin has adopted most of the standards, codes and principles relating to economic governance and management, with a few exceptions – which are noted in the report – particularly in the areas of corruption, money laundering and regional integration. In this regard, the APR Panel makes recommendations, particularly for the adoption of standards and codes that have not yet been adopted; the strengthening of transparency and the dissemination of economic, budgetary and financial information in general; modernisation of the statistics system; dissemination of prudent data on the financial sector; and capacity-building for the organs concerned.
- 3.25 **Promotion of macro-economic policies that support sustainable development:** The government’s efforts towards improving the macro-economic framework are indisputable and, consequently, Benin has a good image among its development partners. However, the expected results have not increased production in a sustainable manner, nor significantly reduced the level of poverty. Production remains undiversified and cotton accounts for more than 50% of exports. For several reasons, progress in economic activity has remained below the projected performance indicators.
- 3.26 In its *Growth and Poverty Reduction Strategy* (2007-2009), the government has defined a baseline scenario with a costed reflection of the various sectoral strategies to be implemented to accelerate growth and reduce poverty, while simultaneously maintaining macro-economic stability. In the strategy, the acceleration of growth will be based on diversification of production,

economic liberalisation, support to the private sector, reinforcement of economic and social infrastructures, and strengthening of good governance.

- 3.27 **Public finance management** has certainly made some progress, particularly in results-based management and the preparation of Medium Term Expenditure Frameworks (MTEFs). However, there are still major constraints on the auditing of public expenditures. The government is implementing a vast programme on revenue collection, is broadening the tax base, and is taking measures to address the constraints noted – particularly with regard to the external sector, the financial system, debt relief and privatisations.
- 3.28 **Sectoral and micro-economic policies:** It was noted that the implementation of programme budgets in the *agricultural sector* encountered difficulties of resource mobilisation and mastery of budgetary procedures by the actors. In the *industrial sector*, administrative delays and barriers to investment and privatisation contribute significantly to increasing operating costs, and affect the pace of growth and competitiveness of enterprises.
- 3.29 The major obstacles to economic growth and poverty reduction are structural. They concern the rigidity of the production machinery and structure, the low level of investment, and the limited diversity of exports (dominated by cotton), the non-inclusiveness of growth, and the low level of job creation. This situation makes the economy very vulnerable to external shocks and weakens the country's balances.
- 3.30 With this in mind, the **APR Panel recommends** measures and actions that would take up the challenges and address the constraints, particularly in: (i) macro-economic and sectoral governance; (ii) forecasts and statistics; and (iii) the reduction of vulnerability to exogenous shocks.
- 3.31 **Implementation of sound, transparent and predictable economic policies:** Benin has defined a long-term vision – *Alafia Bénin 2025* – which has been translated into the strategic orientations of Benin and which will be implemented under the Growth and Poverty Reduction Strategy (2007-2011). The vision seeks to build a “leading nation, a well-governed, united and peaceful country, with a prosperous and competitive economy, cultural influence and social well-being”. The country has made significant efforts in cleaning up the macro-economic framework, defining sectoral strategies and allocating budgetary resources. However, the projection of an emerging Benin requires a number of economic policies that are not yet clear. These include the nature and model of economic growth, its sustainability, its inclusiveness and the diversification of its productive base; the reconfiguration of the national space and its adaptation to the strategy of growth poles; the country's capacity to address the focus and challenges of the current and emerging Benin; and finally, the translation of the vision and its six strategic orientations into appropriate sectoral policies and programmes.
- 3.32 Transparency and predictability of economic policies require that the control of economic governance and public resource management should be effective and firm. This function suffers from serious weaknesses in Benin, thereby

fostering a general climate of financial misappropriation, illegal enrichment, corruption and impunity. It was noted that there are no detailed reports on budget implementation – in terms of concrete results in the implementation of development programmes – that would facilitate assessment of the effectiveness, optimality and quality of public expenditures in development programmes. The CRM also noted that the cleaning up of the macro-economic framework is not development-oriented, since it does not contribute to poverty reduction. Given the importance of the informal sector and the transit economy, if the country's economy is left open to the external forces of globalisation, the configuration in the West African Economic and Monetary Union (WAEMU) and the future of the Nigerian economy, there would (in the long term) be a risky process of satellization and informalization of Benin's economy.

- 3.33 The CRM was pleased to note that the country had defined policies in economic sectors such as agriculture, industry, transport, energy and so forth. However, these policies need to be coherent and co-ordinated so as to realise the Alafia Bénin 2025 vision and address the challenges and focus, as well as to ensure that the development poles are accompanied by a spatial distribution of economic functions so as to create links of complementarity – and thereby construct an integrated and reconfigured economic space that contributes to poverty reduction. Generally speaking, efficient economic governance requires a state machinery with institutional capacities adapted to the responsibilities of constructing the emerging Benin, and the effective co-ordination of economic policies, which are difficulties that are still encountered on the ground.
- 3.34 At the end of its analysis, the CRM makes recommendations on pursuing the cleaning up of the macro-economic framework in line with the objectives of poverty reduction, and on translating the vision into appropriate sectoral strategies consistent with the policy of growth poles and constructive integration of the informal sector, and in response to the ongoing and emerging focus and challenges in the construction of the Alafia Bénin 2025 vision.
- 3.35 **Promotion of sound public finance management:** The CRM noted the efforts made by the government in the key areas of reform of results-based management – namely budgetary and accounting management, internal and external auditing, and the public procurement system. However, the management of public expenditures still encounters constraints in these three areas. An action plan for the results-based budget management strategic framework was adopted in December 2005, and its implementation should be reinforced. In order for budgetary reform to achieve sustainable success and have a positive impact on the efficiency of public expenditure and the ensuing results, it needs to form part of an administrative reform and an appropriate reform of the public service. In this respect, the reforms carried out by the government still suffer from a number of constraints and weaknesses relating to the pace and timeframe of effective transfer of areas of competence, the modalities for assigning competent human resources, and the overall council budget financing policy.

- 3.36 **Concerning the improvement of budget implementation**, the extension of the Public Finance Information Management System (SIGFIP) to all the ministries helped to reduce the payment period to less than 25 days in 2004, and to improve project implementation. However, the system suffers from poor auditing of public expenditures. Audit institutions encounter many constraints in the performance of their duties, particularly in the internal audit, external audit and public procurement system. Lastly, the scourge of corruption also affects the sound management of public finance.
- 3.37 In light of these findings, the APR Panel makes relevant recommendations on results-based budget monitoring, the public procurement system, as well as the internal and external auditing of public expenditures.
- 3.38 **Fight against corruption and money laundering:** Corruption has become a dreadful scourge that affects the entire political, economic and social fabric of the country. The areas most affected are the public administration (in general) and the financial administration of the state, in particular (taxation, customs and public procurement) as well as politics and justice. The causes of corruption in Benin are many, and range from the struggle for survival to make ends meet at the end of the month due to meagre salaries, through to the political culture that turns political parties and the state machinery into niches for individual success through illegal enrichment, corruption and mismanagement. The practice is culturally entrenched in the behaviour of managers, leading to a weakness in the audit function and organs, and a culture of impunity for economic crimes.
- 3.39 Efforts have been made, and instruments for moralising public life and combating corruption put in place, by the authorities and civil society organisations. However, their effectiveness remains doubtful or even non-existent. The consequences of the scourge are felt in politics; public resource management; worsening poverty and increased social inequalities; loss of competitiveness of the public administration and the private sector; deterioration of the quality of human capital; and progress in the area of socio-economic development. Furthermore, the CRM noted that Benin had not yet ratified all the international conventions on combating corruption and money laundering. The CRM also noted that the bill on preventing and combating corruption and money laundering – initiated by the government in November 2006 and brought before the National Assembly – has not yet been discussed in order for the law to be adopted. Furthermore, WAEMU directives on combating money laundering in member countries have not yet been implemented in Benin.
- 3.40 The recommendations of the APR Panel call for strengthening the audit function and organs responsible for the adoption and effective application of the relevant standards and codes; zero-tolerance measures, with examples in the fight against impunity provided by the highest leadership; improvement of the working conditions of civil servants; and studies on the phenomenon and revision of the text on the declaration of assets of senior political officials.

- 3.41 **Acceleration of regional integration by participating in the harmonisation of monetary, trade and investment policies:** Benin is a member of major regional integration groupings in West Africa, and it has also signed the treaty establishing the Organisation for the Harmonisation of Business Law in Africa (OHADA). It has also signed and ratified most of the standards and conventions listed in the CSAR questionnaire. The CRM also noted that, since 1999, Benin's performance in terms of compliance with the WAEMU primary convergence criteria is noteworthy. However, the situation is not always the same with regard to the secondary criteria, where efforts still need to be made.
- 3.42 In another connection, it is also useful to consider the implementation of the WAEMU Common External Tariff (CET), which Benin brought into force in 2000 over all its territory. As regards the tax system, the CRM noted that the tax pressure on the corporate sector in Benin is around the average of taxes in WAEMU, but is high in comparison to the country's level of development. In particular, the Value Added Tax (VAT) and corporate tax penalise the private sector excessively. On the other hand, the community legislation on anti-competition practices adopted by WAEMU in 2002 is not yet in force in Benin. These provisions, which bind all WAEMU member states, seem not to be effectively implemented by some countries in the sub-region, including Benin.
- 3.43 It was noted that Benin is still taxing its exports – be they intra-WAEMU, intra- Economic Community of West African States (ECOWAS) or to the world market – which shows non-conformity of Benin's national trade policies with regional integration community standards. Similarly, the WAEMU directive on transparency in the privatisation process is not yet applied in Benin. This shows lack of compliance with commitments made at the regional level, and means that access to the phase of free trade zone has not yet been achieved.
- 3.44 Based on these findings, the APR Panel makes suggestions for compliance with the secondary convergence criteria; ECOWAS and WAEMU provisions and directives not yet applied or implemented; acceleration of progress to the establishment of a free trade zone; improvement of transparency in the privatisation process, in accordance with WAEMU directives; and consultation with countries in the region and other less developed countries (LDCs).

### **3.3 Corporate governance**

- 3.45 After a long period of political instability and a state-controlled economy, Benin in December 1990 adopted a new Constitution that established democracy, the rule of law and political freedoms, as well as the right of free enterprise. However, despite this success (leading to the country being presented as a model of democracy in Africa), Benin has recorded limited progress in poverty reduction and sustainable development. The democratic institutions that arose as a result of elections have not played their role in

promoting corporate good governance and establishing mechanisms that can stimulate growth and investment.

- 3.46 **Standards and codes relating to corporate governance in Benin:** Although Benin has ratified most of the international conventions, and the public authorities are making efforts to make the conventions and laws known, their implementation does not always follow. This applies mainly to the uniform acts of OHADA, which Benin's legal system is increasingly trying to integrate but which are not yet completely internalised by all the economic actors in Benin. The same applies to the international accounting and audit standards, which encounter problems of regional co-ordination, the relatively young age of the Association of Chartered and Certified Accountants of Benin, and practices that are not in line with the texts in force (the SYSCOHADA).
- 3.47 Benefiting from assistance from independent regional structures, Benin's banks are governed by a prudential mechanism defined by the WAEMU Council of Ministers in June 1999, and are about to implement the pillars of the Basel Agreement 2. As for enterprises, they hardly adapt their activities and products to international standards in terms of quality or respect for the environment, and there is no code or charter for corporate governance in Benin.
- 3.48 **Evolution of enterprises in Benin:** Although the creation of enterprises was facilitated by the establishment of the Enterprise Formalities Centre (Single Window) managed by the Chamber of Commerce and Industry of Benin (CCIB), much still remains to be done to simplify procedures and help youths to assess and cope with corporate risks within a formal framework. One of the key stumbling blocks seems to be tax pressure, which causes many economic and social distortions – including hypertrophy of the informal sector. The informal sector is multifaceted and multidimensional, and is the greatest generator of wealth and employment in Benin. Accused of being a source of corruption, tax evasion and money laundering, this sector is a safety valve for social unrest and one of the pillars of family solidarity – especially as no formal support is given to citizens in general, and to businesspeople in particular.
- 3.49 In other respects, the results of privatisations in Benin are mixed: while they contributed a total of 33.6 billion CFA francs (UNCTAD, 2005) to the state, these privatisation operations did not concern public utility services, and were sometimes discriminatory or non-transparent. Furthermore, even though the privatisation programme was behind schedule and efforts still have to be made to stabilise the enterprises for privatisation and evaluate their assets, the government has prepared a brochure that defines the terms and conditions of the privatisations, and has announced a programme for the next two years.
- 3.50 **The business environment in Benin:** The formal sector in Benin suffers from unfair competition from the informal sector and from the relatively narrow domestic market. Due to the absence of a national legal competition regulation structure that has the required skills, independence and material resources, as

well as the relatively weak structures in place to defend consumers, there are often cases of violations and serious breach of the rules of fair competition.

- 3.51 Penalised by low domestic demand, the growing size of the informal sector and the illegal ('underground') practices of some well-established enterprises, businesspeople of the formal sector in Benin often depend on public sector demand, which is difficult to obtain. Indeed, public procurement suffers from many problems that affect the entire national economy (both the public and the private sectors). In addition to the scourge of corruption, there is also the lack of training in public procurement procedures, the dysfunction of the competent authorities, as well as delays in contract awards and payment of suppliers.
- 3.52 The difficulties of the formal sector enterprises are compounded by the uncooperative attitude of the administration (particularly taxation services) and by some lack of support from the banking sector. Indeed, although the banks are in a situation of over-liquidity and do not encounter any serious problems of unpaid loans, they only partially meet the needs of Benin's economy and investors. The relatively low credits to the economy, limited geographic coverage of the country and penetration of markets, as well as the low medium- and long-term credits, demonstrate the progress that still needs to be made and accounts for the rapid decline of bank financing in the face of informal finance and micro-finance, which only partially meet the needs of modernisation of the economy and enterprises in Benin. While the banking sector deplores the lack of entrepreneurial spirit and bankable projects, it seems that the issue of guarantees (especially with regard to land) and complex formalities underlie a sort of self-rationing on the part of the firms due to difficulties in dealing with the formal banking sector.
- 3.53 The other main constraints and weaknesses of the business environment in Benin include:
- Corruption that, according to official estimates, costs the country about 3% of its Gross Domestic Product (GDP), and costs enterprises 8.4 % of their turnover.
  - Lack of confidence in the efficiency of the administration and judicial system: 54% of Benin's enterprises consider the administration to be inefficient or ineffective, and in the event of dispute, 55% of the businesspeople prefer to collect their debts out of court.
  - The burden of regulations: The administrative structures seem to have maintained the habits of the socialist management system. Indeed, the managers of manufacturing firms declare that they devote about 8.3% of their time to fulfilling administrative formalities, while 65% of export and/or import firms consider that customs clearance operations are bad or very bad.
  - The lack of well trained, specialised and competent human resources and human-resources supervision.

- The state of infrastructure: Electricity, water and roads, as well as insecurity and information and communication technologies pose difficulties.

3.54 **Legality of actions by enterprises and businesspeople in Benin:** Wherever the CRM held discussions with stakeholders, the inefficiency of the judicial system was mentioned as an obstacle to the development of enterprises. Consequently, the shortcomings of Benin's legal framework and fear of endless proceedings in courts force some economic actors to settle their disputes through family networks or traditional authorities deemed more reliable, faster and less corrupt than the 'modern' networks.

3.55 With little confidence in their legal environment, Beninese enterprises only partially fulfil their obligations to the various stakeholders in their environment:

- Tax evasion is very significant since taxes constitute a heavy burden on the formal sector. This sector, though not always convinced of the equity of the exercise, has to cope with competition from actors of the informal sector and the huge 'parallel tax' of corruption.
- Child labour seems to be a widespread practice: The United Nations Children's Fund (UNICEF) estimates that 480,000 children between the ages of 6 and 12 years are working. The International Confederation of Free Trade Unions (ICFTU) indicates that this problem is due to the lack of inspection, particularly in rural areas and in the informal economy.
- Only a small percentage of employees (estimated at less than 10% of the labour market) are covered by the social security system. Indeed, the formal sector does not always declare all its staff members, in an attempt to avoid administrative problems and related costs.
- The notion of corporate social responsibility (CSR) is not widely understood in Benin. According to Benin's CSAR, the state has not put in place an attractive framework that encourages enterprises to better assume their social responsibility towards the grassroots communities.
- Although Benin has legislation and a number of mechanisms for protecting the natural environment, and although environmental impact assessments are required for promoters who want to invest in activities that can have an impact on the environment, there is no respect for the environment and no enterprise in Benin has ISO 14 000 certification.

3.56 **Business ethics in Benin:** Several cases of bad governance – including embezzlement of public funds, forgery and the use of forgeries – were identified in the CSAR, which specifies that the said cases caused huge losses for the state. *Ad hoc* committees were set up or claims filed in the courts for these cases. However, very few of these cases end up with a sentence from the courts. Furthermore, money laundering is a major problem in Benin. The

Intergovernmental Action Group against Money Laundering<sup>1</sup> (GIABA) has a correspondent point in Benin, but at this point only files are transmitted to the economic squad, as GIABA is not as yet operational in the country.

- 3.57 Among the constraints on the prosperity of enterprises, corruption ranks fourth in formal enterprises and sixth in informal enterprises. What is alarming is that most of the stakeholders seem to be fatalistic with respect to this scourge, which they consider to be an integral part of daily life in Benin. In the same vein, the CRM noted that Benin's media, though many in number and active, is not used in objective economic investigation of economic misappropriations, fraud and other acts of tax evasion that are rampant among public and private sector actors in Benin.
- 3.58 Lastly, although Benin is a member of the African Intellectual Property Organization, the CRM noted that the Beninese Copyright Office (BBDRA) is still unable to address the problem of counterfeiting. It suffers from a lack of resources and a bad image, which have the effect of turning the structure into an auxiliary of the taxation services rather than a body that defends the interests of creative artists and innovation.
- 3.59 **Transparency and information on and in Benin's enterprises:** Generally speaking, there seems to be a lack of information on and in Benin's enterprises. At the macro-economic level, there are no sectoral studies or information on the various markets, thereby depriving enterprises of knowledge of their environment and threatening the survival of a number of enterprises. At the micro-economic level, very few enterprises in Benin have internal audit structures.
- 3.60 In addition to the lack of transparency in enterprises operating in the formal sector, of the obscurity of enterprises in the informal sector, as well as the governance problems of the state-owned enterprises, the conditions in which the chartered accounting profession is practiced are not yet conducive to providing reliable accounting and financial information.

### **3.4 Socio-economic development**

- 3.61 **The socio-economic development challenges** currently faced by Benin are many. The economy is still dominated by the exploitation of agricultural resources (primarily cotton) and the activities of Cotonou Port. Growth driven by these sectors remains inadequate to reverse the negative trends in poverty, which still affects more than 30% of the population. This situation could, if it persists, undermine the attainment by 2015 of the key Millennium Development Goals (MDGs), particularly in education, health, access to drinking water and poverty reduction. The response to this situation requires a development framework that is conducive to the creation of decent and sustainable employment in urban and rural areas, and that is driven by strong economic growth.

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<sup>1</sup> In West Africa

- 3.62 However, in view of the small size of the domestic market (about 7.6 million inhabitants), the generation of an annual average growth of more than 7% requires greater integration into the world market so as to boost and diversify the exports of goods and services. The improvement of the overall and sectoral competitiveness of the economy remains the lifeblood of this new strategy, and it is an important challenge that has to be accepted. This requires the creation of an economic and institutional environment of international standards.
- 3.63 **Concerning international commitments**, the CRM noted with satisfaction that Benin has ratified all the conventions and adhered to the standards and codes recommended by the CSAR. However, much effort still has to be made in publishing these documents in the Official Gazette of the Republic of Benin, disseminating them to the populations who would benefit from them, and including them in the national legislation.
- 3.64 **Promotion of self-reliance in development and capacity-building for self-reliant development:** Ownership of the socio-economic development process, and less dependence on external aid and policies to effectively initiate socio-economic development, constitute major challenges in the development democratisation process. Meanwhile, the influence of Technical and Financial Partners (TFPs) in development programmes and policies is strong. Overseas Development Assistance (ODA) accounts for more than 60% of the financing of development programmes. Benin has, for a long time, benefited from the Heavily Indebted Poor Countries (HIPC) initiative, and is one of the Cotton 4 (C4) LDCs in the World Trade Organization (WTO) cotton initiative – along with all its commitments at the sub-regional level (WAEMU, ECOWAS). All these considerations undermine autonomy in effective socio-economic development.
- 3.65 Furthermore, **the eradication of poverty** and improvement of the quality of life constitute major challenges that the authorities will need to address as soon as possible. Indeed, the authorities need to address the concerns of the population, which in March 2006 expressed the need to have a renovated political class that can provide concrete answers to its problems as soon as possible. Economic dynamism is one way of achieving this objective. To that end, the new authorities set the target date of 2011 for poverty reduction and improvement in the quality of life of the society, projecting that the incidence of poverty would be reduced from 27% in 2005 to 19% in 2011, and to 15% in 2015.
- 3.66 This ambition falls within the vision expressed in “Alafia Bénin 2025”. The achievement of such a vision requires implementation of reforms centred on good governance, which will help to consolidate the institutional bases of democracy; streamline the management of human, financial and institutional resources; formulate and implement relevant economic and social policies; and ensure accountability of local authorities through effective decentralisation.
- 3.67 Another dimension and challenge in the socio-economic development ownership process concerns **the participation of all stakeholders**. Generally

speaking, such participation is deemed to be inadequate – particularly at the local level – by the actors concerned, who do not always feel that they are included in the preparation and implementation of projects and programmes that concern them. However, the CRM feels that the conditions for enhancing such participation exist in Benin, since civil society is already relatively active and committed to defending human rights and improving the conditions of the most underprivileged social groups. The government should take appropriate measures to put in place a legal and regulatory framework that is conducive to more active participation of civil society, political parties, the private sector, all economic actors, and all the regions of the country. Finalisation of the decentralisation process is a way towards the promotion of such participation.

- 3.68 All these measures should be accompanied by the effective enhancement of the participation of all stakeholders in the socio-economic development process through broadening the consultation space, accelerating of finalisation of the decentralisation process to foster participation at the decentralised level, and establishing joint consultation organs between the government and the major development partners of Benin. The broadening and sustainability of participation spaces could also be fostered by transforming or even institutionalising the self-evaluation exercise as a national practice. This will help to foster a spirit of co-ownership and mutual accountability between the state, its private sector partners and civil society. An observatory or any other institution for monitoring governance in Benin would be appropriated for this mission.
- 3.69 **As regards access to basic social services**, the CRM is pleased with the efforts made by the government of Benin to provide affordable access for the poor – especially those in rural areas – to essential services such as education, health, social security, drinking water, sanitation, electricity, arable land, housing and micro-finance. This encouraging observation should, however, not conceal the difficulties that continue to be encountered in these sectors, and which will continue to slow down progress if some relevant measures are not taken in time.
- 3.70 *Concerning education*, it should be noted that in primary and secondary education, the gross enrolment rates increased at all levels of the education system over the past two decades. With respect to the girls-boys ratio at primary and secondary levels, the indicators showed a ratio of 0.75% (3:4) in 2004 for an MDG target of 1 (1:1) in 2015. The level remains low, and the causes are generally socio-cultural traditions concerning the role of girls in the family unit (house help); problems of sexual delinquency, which often leads to early pregnancies and therefore drop-out from school; and problems of poverty, which make parents prefer to send boys to school rather than girls if the family has many children. This demonstrates that poverty remains the backdrop of some problems in the school system.
- 3.71 Another serious problem in education is that of an insufficient number of teachers whose level of training is simultaneously steadily declining. This trend is mainly a result of the freeze on recruitment into the public service, which arose due to structural adjustment measures. This shortage, despite the

use of teachers on contract, was estimated at more than 8,000 teachers for public primary education for the 2004-2005 academic year. Lastly, the productivity of the education system is considered very low by the stakeholders.

- 3.72 *Concerning health*, the health status in Benin is marked by a high morbidity rate and a steadily deteriorating environment. Although there are several programmes, and progress has been made, the health sector still has several weaknesses that seriously undermine its performance. This can be seen in a few key indicators, such as the gross death rate, which ranged from 12.3/1000 to 10.5/1000 between 2002 and 2005, the infant mortality rate of 90/1000 to 65.6/1000, the child mortality rate of 146.4/1000 to 102.9/1000; the maternal mortality rate of 474.4 deaths for 100,000 live births to 485 for 100,000 live births – all estimated over the 2002-2005 period (according to INSAE /DED/ RGPH3 2002 and population projections 2005).
- 3.73 Furthermore, the health infrastructure coverage rate is 82%, with wide regional disparities, low quality of services in rural centres and a low utilisation rate of infrastructures (34% of the population in 2002), reflecting the inadequacy of services offered as well as the obstacles – particularly economic – to access (occasional expenses). This is alarming within a context of widespread poverty for large categories of the population. Consequently, access by women to obstetrical services remains limited, and adequate management of communicable diseases is also difficult. Malnutrition is also a key health problem, and maternal and infant mortality rates are high. If current trends persist and there are no well-targeted and strong corrective measures, the MDGs in health could be difficult to achieve in terms of the reduction of infant mortality, improvement of maternal health, and control of major diseases such as malaria and HIV/Aids.
- 3.74 **As regards vaccinations**, it could be said that special attention is being paid to this issue by the public authorities in Benin, with the development of the Extended Programme of Immunization (EPI) over the past 10 years. At the national level, in 2003 the vaccination coverage throughout the national territory recorded encouraging rates. Benin recently adopted the introduction of new vaccines such as the Hepatitis B (Hep B) vaccine and the anti-amaril vaccine (AAV or vaccine against yellow fever) for effective inclusion in routine EPI.
- 3.75 **Concerning access to other basic social services**. The CRM noted that despite noteworthy progress in some sectors that provide essential services such as water, energy, micro-finance, markets, information and communication technologies (ITC) and land – there are still several aspects on which efforts should be concentrated in order to promote social well-being. Recent statistics show that about two-thirds of the rural population in Benin does not yet have access to *drinking water* in particular. Meanwhile, *sanitation* problems in rural and urban areas are still causes for concern. Electrical *energy* is scarcely accessible, with frequent power cuts. *Micro-finance* is widespread, and delivers good services in the promotion of income-generating activities, particularly for poor women in rural areas. *Access to markets* for agricultural

products is difficult and is seriously affected by a shortage of communication facilities in rural areas, particularly the availability or quality of rural roads. Lastly, ICT systems are still poorly organised in the country.

- 3.76 **Access to farmland and urban land** is a key concern throughout the country and it clearly appears that land ownership problems slow down investment in the country. Actions to lift these obstacles have been envisaged; they mainly concern the dissemination and implementation of the Rural Land Plan (PFR); the preparation and dissemination of texts regulating and providing security for land in urban areas; the establishment and operationalization of decentralised land conservation centres; the adoption by the National Assembly of the law on the Rural Land Code; and pursuance of operations to introduce the Urban Land Register.
- 3.77 **As regards progress made in gender equality in all crucial areas, including girls' education at all levels**, the CSAR noted that women account for 52% of the population of Benin (51.5% according to the last census in 2002). Their contribution to the country's development is significant and is recognised by all. However, sociological, cultural and other stigmas continue to push them into the background. Nonetheless, in the traditional society of Dahomey (present-day Benin), women were free to do the jobs of men: they could participate in government and participated in the army as the very famous amazons who, with swords, valiantly defended the fatherland against colonisation.
- 3.78 However, a new Family Code was adapted to reflect the Constitution in 2004, and establishes gender equality, prohibits genital mutilations and does not recognise polygamy. The code also allows women to possess means of production. Other measures taken in favour of gender equality include the abolition of school fees for girls. However, despite attempts to increase the participation of women in political life since the National Sovereign Conference of 1990, their representation in high state offices and elective positions remains insufficient. This marginalisation of women in Benin seems to be due to local ancestral customs, which have always kept women away from certain activities and functions. Restoring gender balance remains a major challenge to the socio-economic development of Benin.
- 3.79 In the light of the weaknesses and challenges noted by the CRM with regard to gender equality in Benin, the APR Panel made a number of recommendations on translating the government's political will into concrete action by considering the issue of gender equality as a national priority and as a prerequisite for sustainable development. The APR Panel also recommended capacity-building (organisational, human and financial) for government structures responsible for promoting gender equality, and for the private sector and civil society. Finally, it was recommended that a recruitment policy be adopted in the public service, requiring that in cases of equal qualifications for the same employment, priority should be given to women. The private sector should be encouraged to do same in a voluntary positive discrimination policy that favours women and to be clearly defined by government.

## **3.5 Cross-cutting issues**

### **3.5.1 Corruption**

- 3.80 There is unanimous agreement that corruption has become a way of life and a certain way of governance. Corruption is generally accepted as an instrument of power and a means to achieving personal success in society. Public opinion in Benin is of the view that there has never been any real political will to combat corruption, and very little evidence of results in this area. Despondency about the ability to eradicate corruption has reached such a peak that all people seem to want to do is to wait for a ‘messiah’ to deal with the problem. When an evil like corruption is so endemic in society, it is no longer possible to identify any one cause and deal with it appropriately. The roots can only be dealt with by a high-level example. This is because a gangrene that affects the entire social body begins with the head. Although measures have been adopted, and instruments put into place, their effectiveness is in doubt. The CRM observed two things in this regard: on the one hand, there is the stated and determined political will of the new authorities to stamp out this evil with (at times) bold measures; and, on the other hand, there are the reservations, expressed by many of the participants, about the effective capacity of the authorities and of Benin society to eradicate the ‘tentacles of corruption’.
- 3.81 The APR Panel recommends that the scourge be dealt with on different levels through teaching by example at the high levels of state and public administration; regular and unannounced monitoring of all levels of state administration, followed by appropriate sanction; and the enshrinement of republican values and morality and their restoration to their rightful place.

### **3.5.2 Decentralisation and the role of traditional institutions**

- 3.82 Increased decentralisation is necessary not only to ensure greater participation by the grassroots population, but also to allow for fuller expression and better management of socio-cultural diversity. However, there is always a gap between the desire expressed in the plans and programme, and the reality. Some of the weaknesses of the decentralisation process include the lack of clarity in the definition of local affairs; inadequate human and material resources and competencies in the communes; the hesitation in the effective transfer of these competences; the ambiguous status of local administrative units; political conflict; poor understanding of texts by locally elected officials; racketeering; inappropriate intervention by supervisory authorities; poor co-operation between the decentralised services and locally elected officials; texts not reflecting local realities; and the lack of involvement of traditional authorities and ‘royal members’ who are often at the centre of power in rural communities. This situation points to the urgent need for a decentralisation policy.

- 3.83 Given all of these considerations, the APR Panel recommends that the Beninese authorities adopt measures to ensure the effective transfer of competencies to the communes, including more rigorous requirements for locally elected officials (such as morality, integrity and training), improve capacity at this level and especially involve traditional institutions in the process of decentralisation.

### **3.5.3 The issue of gender and the equality of the sexes**

- 3.84 Women constitute more than half of the population of Benin (approximately 52%). This cannot be ignored, first, in terms of socio-economic development and, second, in terms of the goal of constructing an emerging Benin. This is proved by women's dynamism in their way of doing business in Benin. Women therefore need to be considered when addressing the question of governance, as examined by this review process. Significant progress in improving the legal and institutional framework of Benin has been made over the past few years, but the political, economic and social rights of women and their autonomy continue to be subject to certain restrictions – especially in relation to socio-cultural traditions, which remain strong in the country. In a country where women represent over half of the population, the political, economic and social effects of gender inequality impede the development of an emerging Benin and the realisation of sustainable human development.
- 3.85 The APR Panel believes that legislative amendments, information, intercultural exchange and practical measures, as well as positive discriminatory measures, need to be used as levers to change the socio-economic and psycho-cultural institutional structures that continue to support these inequalities. Public authorities, territorial communities, traditional authorities, non-governmental associations and organisations, and unions all have a major role to play in this regard. The APR Panel, therefore, recommends that the Beninese authorities and other stakeholders, in their respective spheres and at their respective levels of authority, work as quickly as possible towards creating an environment that enables women to play a role in, and to benefit from, development. This can be done by building their capacity through education and health, as well as through equitable access to employment and other sources of wealth.

### **3.5.4 Training, assessment and involvement of the youth**

- 3.86 Benin is a country with a very young population. In 2002, approximately 46.8% of the population was under 15 years of age<sup>2</sup>. The youth are the role players in the building of the Benin of tomorrow. They are the agents of change necessary for the development of the country. If they are to play this role, they need to believe in, and have a place in, society – in political, economic and socio-cultural terms. As soon as they lose confidence in society and no longer see their future as lying within it, they begin to question the

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<sup>2</sup> Pg. 7, Summary of Analyses, Third General Census of the Population and Habitation., Demographic education Division, National Institute of Statistics and Economic Analysis. Cotonou, October 2003.

society and could even lead to its demise. The government has made significant efforts in terms of education in traditional schools and in technical and specialised professional schools in the major centres of the country, as well as in terms of employment. However, these efforts are not adequate in the face of strong demand for both training and employment.

- 3.87 The APR Panel recommends that the government should pursue the financing of primary school education, and continue to raise public awareness on the advantages of sending children to school, especially in the departments of the north, such as Alibori, Atacora and Borgou. It is also recommended that the government finance apprenticeships and technical and vocational training schools in all departments, so as to reduce the costs of these training programmes. These measures will contribute to the preparation of the youth for their insertion into the Beninese society of tomorrow.

### **3.5.5 Poverty and access to resources**

- 3.88 Poverty continues to be endemic, and even continues to grow in respect of vulnerable sectors of society and in certain geographical areas, especially in rural areas. Access to basic social services – such as education, health, drinking water and sanitation, reproductive health, energy and decent housing – still represent an enormous problem for the majority of the population.
- 3.89 Policies and programmes have been implemented to improve the access of the Beninese to basic social services. Progress has been made, but the results were inadequate in the face of the actual needs of the population. This was due notably to the fact that these policies have generally been carried out in the context of financial austerity, dictated by policies of stabilisation and structural adjustment. The state has remained solely ‘responsible’ for the supply of development services and resources. This situation makes it difficult to ensure their provision in the long term, given the limited resources of the State.
- 3.90 Access of the people to resources plays an important role in peace and political stability, and therefore in building and consolidating democracy. It promotes social cohesion, and facilitates the building of consensus and the mobilisation of the Bone and Sinew of the nation around the development model chosen under the guidance of the authorities. It is acknowledged that the State cannot be the sole provider of development resources and services, even though they are called social resources and services. The private sector and civil society are important partners in this process, as well as in the process of improving the access of citizens to resources.

### **3.5.6 The informal sector**

- 3.91 Born out of the weaknesses of the formal sector – in its fostering of marginality and impoverishment – the informal sector took root and developed as an integral part of the economic, social and even political life of the Beninese society. The policies and attitudes to the informal sector in Benin are dictated by two types of considerations: positive and negative. On the positive

side, the informal sector is acknowledged from the point of view of its economic and social importance. As a major creator of wealth and jobs, the informal sector contributes to poverty reduction and acts as a safety valve for social problems associated with lack of jobs, and especially for the social tensions that could result from unemployment. On the other hand, the informal sector stands accused of many economic ills and abuses. It is the cause of the high, heavy and complex taxation of the formal sector, which is penalising this sector and discouraging investment. The policies and relations of the informal sector with the state are marked by the ‘fiscal *gendarme*’ attitude adopted by the State towards this sector.

- 3.92 The current and foreseeable reality of Benin’s economy is that the informal sector plays, and will continue to play, an important role at all levels of social and economic life in the country. The informal sector should therefore be the object of special attention both from the government and from its development partners. The CRM is of the opinion that a strategy combining these approaches would be the best option for Benin. Such a strategy would have a three-fold effect: it would promote the complementary nature of the formal and informal sectors through sub-contracting and consequent tax incentives; it would identify ways of extending the tax base without this becoming a form of ‘harassment’ of the informal sector; and finally it would promote an aid programme in response to the needs of the informal sector.

### **3.5.7 Reform and modernisation of the State**

- 3.93 The issue of the reform and modernisation of the State amounts to defining the very nature of the State model that would ideally be established in the Benin of tomorrow, as well as the reforms to be undertaken to move from the present consumer State to the facilitating State – which will be the pillar of transformation and the leader in constructing the vision of an emerging Benin. The result is the transformation of the State apparatus into a machine of change. Consequently, major reforms have been initiated over the past few years, concerning notably the modernisation of the State *stricto sensu* with the ultimate goal of enhancing democracy and especially improving the effectiveness and efficiency of public services.
- 3.94 The results continue to be mixed and raise the problem of State and societal capacity to carry out the desired reforms in the proper rhythm and sequences, modalities and so forth. In order to increase the success of these reforms, it would be in the interest of the government to clarify the nature and operational modalities of the State that are called upon to construct the vision of an emerging Benin, as well as the priorities, the sequences and resources that could be mobilised to that end. These are all challenges that seriously affect the pragmatism of the leadership, notably in its capacity to mobilise, federate and co-ordinate initiatives around a realistic project.

### 3.5.8 Citizenship and legal insecurity under the Rule of law

- 3.95 The rights of the person have been at the heart of Benin's democracy since the National Sovereign Conference in 1990. Benin's Constitution of 11 December 1990 devotes 33 articles to the rights and duties of the human person. The fact still remains that the effectiveness of the protection of these basic rights and legal protection of the citizens depend on the efficiency of the institutions that are responsible for them. In this regard, one of the major concerns of the Beninese is the issue of civil status: how the individual can obtain a legal identity he/she can use to establish his/her status as a citizen. Without a legal identity, the individual can neither move around freely (freedom of movement), nor exercise his/her voting right (freedom of choice), nor establish a trade nor create a company (freedom of business establishment), nor have access to basic services (education, health, water and electricity), nor acquire property (request for a land title and property inheritance), open a bank account or find a job (right to work); nor legally form a union (right to marry).
- 3.96 Efforts undertaken by the State in this regard remain hesitant and are not reassuring. The reluctance to implement an electronic electoral register is clear evidence of this. Although Benin is no exception in this regard compared to some African countries, it is nonetheless extremely urgent that the public authorities accelerate the public hearings organised by the Department of Justice to deal with this problem, and especially to put in place an efficient civil status system that will allow citizens to establish their legal status through appropriate means.

<b>Good Practices</b>
<ul style="list-style-type: none"> <li>• Personal involvement of the President of the Republic in implementing the APRM process.</li> <li>• Compliance with the electoral timetable for presidential and legislative elections.</li> <li>• Democratic changeover at the helm of affairs.</li> <li>• The Constitutional Court of Benin, efficiency in the service of democracy, the rule of law and fundamental liberties.</li> <li>• The Directory of Reference Prices.</li> <li>• Women in the Beninese armed forces.</li> <li>• Songhai, an alternative manner of development.</li> <li>• The presidential programme in micro finance.</li> <li>• The Framework for inter-faith consultation.</li> <li>• The association "Qui dit Mieux": Employment promotion and environmental protection.</li> <li>• The Extensive APRM National Consultation Process.</li> </ul>

## 4. CONCLUSION

- 4.1 Benin has made enormous progress in the four focus areas of the APRM assessment, particularly since the Democratic Renewal phase. But it still has to meet *a number of major challenges* given the deficits in its achievements, and the requirements of its future by 2025 (see Challenges).
- 4.2 The authorities in place are well aware of these stakes and challenges and seem determined to meet them, given the lessons of the history of the country, and to get the latter to achieve its ambition of becoming an emerging country by 2025. That is why together with the bone and sinew of the nation, the authorities have defined a long-term vision of the country, and translated them into Strategic Development Orientations, which constitute the framework for the definition of GPRS policies or sector policies.
- 4.3 Benin *does have strengths in political terms, in the economic sphere, and at the social level (see Strengths)*. All these resources enable the country to develop a strong productive base, prepare its entry into the club of Africa's emergent countries, and allow it to benefit from the opportunities offered by the globalisation process.

### Strengths

1. The resolve to change for the better and the personal involvement of the president in this regard.
2. Benin is today a country enjoying peace and stability after years of military regimes and political instability.
3. The entrenchment of the values and culture of democracy in society.
4. Benin is an untouched country endowed with vast potential with regard to agriculture (4.8 million hectares of arable land, of which less than 1 million hectares is currently being cultivated), fishery resources, forestry, tourism, and livestock breeding, which is inadequately exploited but capable of attracting investment.
5. A favourable geographical location (a 125-kilometre coastline equipped with an important port, sharing a common border of about 700 kilometres with Nigeria – which constitutes a market of nearly 140 million potential consumers – and sharing other borders with landlocked countries such as Niger and Burkina Faso).
6. The dynamism of the country's informal sector, particularly in the trading sector that is dominated by women.
7. Membership in regional economic and monetary entities.
8. The youthfulness and dynamism of the population.
9. The competence of the local labour force.

10. The capacity to adapt cultural values to face current challenges.

#### Challenges

1. The effectiveness and primacy of the law, guarantor of the legal protection of the citizens and their property.
2. The depoliticisation of the bureaucracy, and the reform and modernisation of the State and Benin's public administration.
3. The fight against corruption, which affects the entire nation at a disturbingly high level.
4. The poor level of participation by women in decision making and in political representation.
5. The trafficking and exploitation of children.
6. The transformation from a colonial-based economic structure to an integrated economic structure for growth and sustainable national development.
7. The fight against rising poverty levels through the effective implementation of the vision of Benin as an emerging nation.
8. The transformation of the informal sector to a recognized component of the economy.
9. The promotion of a new partnership and entrepreneurial culture in order to revive the private sector.
10. The improvement of the business climate, particularly the competitiveness of enterprises.
11. The development and modernisation of infrastructure especially in the education, health, energy and telecommunications sectors and ensuring quality service delivery.
12. Economic diversification especially in the agricultural sector so as to minimise dependence on the cotton sector.
13. The conservation of the environment and reduction of regional imbalances.

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# CHAPTER ONE

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## 1. INTRODUCTION: THE APRM PROCESS AND ITS IMPLEMENTATION IN BENIN

"The mandate of the African Peer Review Mechanism is to ensure that policies and practices of participating States are in conformity with the agreed political, economic and corporate governance values, codes and standards. The APRM is a mutually agreed mechanism for self-evaluation of countries by Heads of State and Government of the participating countries."

*NEPAD/HSGIC/03-2003/APRM/MOU/Annex II*

### 1.1 The APRM and its Implementation

1. During the inaugural Summit of the African Union (AU), held in Durban, South Africa in July 2002, the NEPAD Implementation Committee adopted the Declaration on Democracy, Political, Economic and Corporate Governance. In a bid to improve the quality of governance in Africa, the Sixth Summit of the Heads of State and Government Implementation Committee (HSGIC) of the New Partnership for Africa's Development (NEPAD), held in March 2003 in Abuja, Nigeria, endorsed the Durban Declaration and adopted the Memorandum of Understanding (MOU) on the African Peer Review Mechanism (APRM). Subsequently, the main documents outlining the core principles, processes and objectives of the APRM, including the *APRM Base Document*, the document on *Organization and Processes (O & P)* of the APRM, as well as the document on *Objectives, Standards, Criteria and Indicators for the APRM (OSCI Document)* were also adopted by the Heads of State.
2. Member-States of the AU may voluntarily accede to the APRM, which is a mechanism for self-evaluation by Africans for Africans. The main objective of the African Peer Review Mechanism is to ensure that policies and practices of participating States are in conformity with the values, codes and standards of political, economic and corporate governance and socio-economic development as contained in the Declaration on Democracy and Political, Economic and Corporate Governance. The ultimate goal is, therefore, to encourage participating States to adopt policies, standards and practices that lead to political stability, high economic growth, sustainable development and accelerated sub-regional and continental integration through the sharing experiences and consolidation of successful and best practices, including identifying deficiencies and assessing the requisites for capacity building.

**Box 1.1: The APRM progress report**

Widely proclaimed as the jewel in NEPAD's crown, the APRM is a unique exercise facilitating the exchange of information and best practices among peers, based on mutual trust and shared confidence in the process. It is also a commitment to African governance standards in Africa serves as a tool for implementing the codes and standards enshrined in the Declaration on Democracy, Political, Economic and Corporate Governance and socio-economic development.

National ownership and leadership by the participating countries are essential for the effectiveness of such a process. This includes leadership as practised in other existing national processes, such as the Poverty Reduction Strategy Papers (PRSP), the Medium-Term Expenditure Framework (MTEF), National Human Rights Action Plans, Strategies for the Millennium Development Goals (MDGs), ongoing institutional reforms and other poverty reduction strategies, as well as other relevant governance and socio-economic development strategies, programmes and projects.

Twenty-seven member-countries of the AU have so far voluntarily acceded to the APRM. Algeria, Burkina Faso, Cameroon, Democratic Republic of Congo, Ethiopia, Gabon, Ghana, Mali, Mauritius, Mozambique, Nigeria, Rwanda, Senegal, South Africa and Uganda were the first sixteen countries to accede. Benin and Egypt signed the MOU of accession at the AU Extraordinary Summit held in Syrte, Libya, in February 2004. In July 2004, five other countries – Angola, Lesotho, Malawi, Sierra Leone and Tanzania – acceded during the AU Summit held in Addis Ababa, Ethiopia. Later, two more countries – Sudan and Zambia – acceded during the APRM Forum Summit in Khartoum, Sudan in January 2006. Sao Tome and Principe signed the MOU during the NEPAD Implementation Committee Meeting, held in Addis Ababa in January 2007, and Djibouti acceded during the Forum Summit held in Accra, Ghana, in July 2007.

Ghana, Kenya, Mauritius and Rwanda became the first countries in which reviews were launched in 2004. So far, Country Review Missions have been carried out in six countries: Ghana, Rwanda, Kenya, South Africa, Algeria and Benin. Ghana, Rwanda, Kenya, South Africa and Algeria were peer-reviewed at the APRM Forum Summits in Khartoum, Banjul and Accra.

3. So far, 27 African member-countries of the AU have voluntarily acceded. Accession signifies the commitment of the signing State to subject itself to periodical peer-review, and to be guided by the agreed mechanisms with the aim of applying good political, economic and corporate governance, and socio-economic development in its Programme of Action.
4. The APRM process comprises five successive phases, which are defined in the APRM Base Document. They are briefly described below.
5. **Phase One** is a preparatory phase, both at the level of the APRM Secretariat and at national level. Under the direction of the APRM panel, the Secretariat forwards a questionnaire to the country to be reviewed, covering the four focus areas of the APRM. The country conducts a self-assessment exercise on the basis of the questionnaire, and with the assistance, if necessary, of the APR Secretariat and/or relevant partner institutions. Having completed the self-assessment, the country formulates a preliminary Programme of Action (POA) that builds on existing policies, programmes and projects. Both the Country

Self-Assessment Report (CSAR) and the preliminary POA are submitted to the APR Secretariat. During the same period, the APR Secretariat develops a background document on the country. This document is drafted on the basis of documentary research and the collection of recent and relevant information on the status of governance and development in the country in the four focus areas.

6. **Phase Two** is the country review visit. Under the direction of the APR Panel, the Country Review Mission (CRM) visits the country concerned. Its priority is to carry out, further to the Country Self-Assessment Report (CSAR), as many consultations as possible consultations with the Government, officials, political parties, parliamentarians and representatives of civil society organizations, including the media, the academia, trade unions, business and professional bodies. Its main objectives are to:
  - learn about the perspectives of the different stakeholders on governance in the country;
  - clarify the challenges identified in the documents on issues not addressed in the country's preliminary POA; and to
  - build consensus on how such issues could be addressed.
7. It is important to note that the country mainly plays a facilitating role during the visit, to ensure that the CRM can efficiently carry out its review. The CRM has full access to all sources of information and the stakeholders, as provided for in the MOU for Technical Assessment and the Country Review Visit signed by the country and the APRM.
8. During **Phase Three, the report of the Review Mission** is drafted. It is based on the CAR, the background documents and questions prepared by the APRM Secretariat, as well as on information obtained from both official and unofficial sources during the wide-ranging consultations with stakeholders during the review visit.
9. The Draft Report:
  - considers the applicable political, economic, corporate governance and socio-economic development commitments made in the preliminary POA;
  - identifies any remaining weaknesses; and
  - recommends further actions to be included in the final Programme of Action.
10. The Draft Report is first of all examined by the Panel, its official author. It should be clear about the specific actions to be taken in cases major issues are identified. Because, the Draft Report is first discussed with the Government concerned so as to ensure the accuracy of the information contained in it. It is, therefore, an opportunity for the Government to react to the CRM's findings and to formulate its own views on identification of the weaknesses to be

corrected. The Government's responses should be appended to the CRM's Report together with the Plan of Action finalised by the country on the basis of the CRM's findings and the recommendations made in the Draft Report by the APRM.

11. **Phase Four** begins when the CRM's Final Report and the country's final POA are sent to the APR Secretariat and the APR Panel. The Panel then submits these to the APR Forum of participating Heads of State as well as to the Government under review for consideration and formulation of actions deemed necessary in accordance with the Forum's mandate. If the country shows a demonstrable will to rectify the identified shortcomings, it will be incumbent upon participating Governments to provide whatever assistance they can, and to urge donor governments and agencies to come to the assistance of the country under review.
12. **Phase Five** is the final phase of the APR process. Six months after the report has been considered by the Heads of State and Government of the participating member-countries, the report is formally and publicly tabled in key regional and sub-regional structures. These include the Regional Economic Community to which the country belongs, the Pan-African Parliament, the African Commission on Human and Peoples' Rights, the Peace and Security Council, and the Economic, Social and Cultural Council (ECOSOCC) of the AU.
13. The time-line for these processes may vary considerably depending on the country, and according to the specificity of each country. The anticipated duration of each peer review from the Phase One to the end of Phase Four is between six and nine months.
14. This Country Report marks the third phase of the APR process in Benin. It presents the findings of the CRM to Benin, as well as the Panel's recommendations.

## **1.2 Implementation of the APRM Process in Benin**

15. Benin signed the Memorandum of Understanding on 31 March 2004, indicating to the people and the international community the commitment of Benin's political leaders to observe the principles of democracy, socio-economic development and good political, economic and corporate governance through periodic reviews by their African peers.
16. After acceding to the APRM, President Mathieu Kérékou immediately designated the Ministry of Foreign Affairs and African Integration as a Focal Point. It then established an Independent National Commission, which was officially launched on 11 November 2005, supervised by a representative from the Civil Society. The Independent National Commission for the Implementation of the APRM in Benin (INCI-APRM) comprises 97 members, including 27 from public authorities – Government, Parliament, and the

Judiciary Service -, 13 from the private sector – employers' associations and independent economic operators – and 57 from the Civil Society.

17. The mission of the INCI-APRM in Benin is to:
- popularize the principles, processes, objectives and actions of the APRM in terms of their adoption by the different stakeholders in the development process,
  - sensitize national opinion on issues and challenges of the APRM,
  - popularize the Memorandum of Understanding and the Declaration on the APRM,
  - ensure Benin's influence on the international scene as a result of the implementation of the APRM,
  - monitor the implementation of national policies introduced within the framework of the APRM,
  - promote better integration of national policies introduced within the framework of the APRM,
  - periodically produce reports on the progress of implementation of the APRM,
  - define the methodologies envisaged for the self-assessment exercise.
18. In order to effectively fulfil its mission, the INCI-APRM elected an Executive Committee, supported by an Advisory Committee consisting of the chairperson of the technical sub-committees in charge of defining the methodology for the self-assessment exercise and accompanying the whole process in consultation with the Technical Research Institutes (TRIs) in the four APRM focus areas.

**Good practice 1.1 : The extensive APRM National Consultation Process**

In order to foster ownership of the review mechanism by the citizens of Benin and to ensure that data is collected effectively through national investigations and consultations, the National Commission established Focal Points in the country's 22 ministries, the 6 Prefectures of the 12 Departments, the 77 Communes, and thirteen (13) Focal Points in Cotonou given its demographic importance, as well as in employers' organizations. These Focal Points, which are an extension of the National Commission, invariably include a representative from the public authorities, a representative from the private sector and a representative from the civil society.

19. The self-assessment exercise cannot succeed without competent, credible and trustworthy technical institutions. Consequently, Benin recruited four institutions, each covering one of the four APRM focus areas. To that end, and on the recommendation of the Support Mission, a recruitment panel was established in order to ensure transparency in the selection procedure.
20. Initially, the time-table for the work of the APRM Panel envisaged that the process would be launched in the 4<sup>th</sup> quarter of 2006. However, the President of the Republic of Benin, whose last term of office was to finish at the beginning of 2006, wanted the process to begin before he left office in order to give his successor some strategic guidelines on governance issues considered as a priority by the people of Benin.
21. It was, therefore, in response to this request by the Benin Head of State that from 14 to 17 November 2005, Mrs. Marie-Angélique Savané, a Member of the Panel of the APRM Panel of Eminent Personalities, visited Benin as head of a delegation of seven persons, to provide support for the implementation of the assessment process.
22. The main objective of the Support Mission was to launch the self-assessment process in Benin. The specific objectives were:
  - to sign the Technical Memorandum of Understanding on the African Review Mechanism (APRM);
  - to evaluate the procedures and mechanisms put in place by Benin for carrying out its self-assessment exercise;
  - to meet with the National Commission and the technical research institutions in order to assess the potential of researchers to be involved in the process;
  - to agree on an implementation plan for the National Commission with the aim of accelerating the various self-assessment activities;
23. The Mission was received by His Excellency the President of the Republic of Benin, the President of the Constitutional Court, and the Minister of Foreign Affairs and African Integration, who is also the Focal Point of the APRM in Benin, and who closely monitored the work of the mission.
24. The Mission worked intensively with the members of the APRM National Commission. It also held several working sessions with representatives from the civil society and the private sector, the Unit for Moral Standards in public life, and the Technical Research Institutions (TRIs) to explain the principles, organization and procedures of the APRM.
25. The Mission also explained to members of the Diplomatic Corps and international organizations the objectives of the APRM and the results expected in Africa in general, and Benin in particular, the progress of the review mechanism, and the role to be played by the different international organizations as partners in the development of the Republic of Benin.

26. The sensitization activities started immediately in December 2005. but had to be suspended in February and March 2006 to avoid any confusion in the minds of the populations, in the heat of the campaign for the presidential election. Although the first draft self-assessment report was available in December 2006, its release and validation by the populations, was once again delayed by the legislative elections scheduled for March 2007. Hence, the self-assessment report was not ready until at the end of June 2007. However, since the action programme could not be validated by the competent authorities, the Mission requested the Focal Point and the National Commission to finalize the report before submitting it to the Head of State for validation and approval by the Government.
27. It should be emphasized that some time after start of the APRM process in Benin, the country experienced a change in Government at the top leadership of the country with the election of Dr. Thomas Boni Yayi as President of the Republic in March 2006. The APRM Panel was delighted at the personal determination of the new Head of State to continue and reaffirm Benin's commitment to make itself available for assessment by its African Peers. He consequently decided to invite the APRM Panel to dispatch a review mission in July 2007 in order to present the report on Benin at the January 2008 Forum. This invitation was publicly reiterated during the Summit of Heads of State and Government held in Accra, Ghana, in July 2007.

### **1.3 Country Review Mission (CRM)**

28. The Benin Review Mission was conducted by Mrs. Marie Angélique Savané, Member of the APRM Panel of Eminent Personalities, from 15 July to 5 August 2007. Benin thus became the sixth country to be assessed, and the first non-member country of the NEPAD Implementation Committee, which meant that it was less informed on the APRM and less prepared for the process, and especially the first Francophone country in sub-Saharan Africa to be assessed. This represents a new experience of its kind, which will definitely interest by other countries experiencing the same realities in the sub-region and elsewhere on the continent.
29. The Mission comprised fourteen (14) African Experts from about ten AU member-States selected by virtue of their competence and experience in the field of governance in the different focus areas covered by the APRM. They are:

30. For the Panel and the APRM Secretariat:

Mrs. Marie Angélique Savané, Head of Mission, Member of the APRM Panel of Eminent Personalities; Mr. Gaston M. Bushayija, Coordinator: Socio-Economic Development; Mr. Moise Nembot, Coordinator: Democracy and Political Governance; Mr. Sudir Chuckun, Communications Officer at the APRM Secretariat and Mr. Dalmar Jama, Research Analyst: Corporate Governance.

## 31. For Partner Institutions:

Mrs. Souad Abdennebi, Regional Adviser for the Promotion of Women's Rights at the Economic Commission for Africa (ECA); Mr. Daniel Gbetnkom, Economic Affairs Officer at the ECA, West African sub-region; Mr. Donatien Bihute, Former Vice-President of the African Development Bank, International Consultant, representing the ADB; and Mr. Racine Kane, Country Economist at the ADB.

## 32. For Independent Experts at the APRM Secretariat:

*Democracy and Political Governance:* Mr. Yenikoye Ismael Aboubacar, International Consultant, Former Dean of the Faculty of Human Sciences in Niamey; and Mr. Léopold Donfack Sokeng, Professor of Public Law at the University of Douala.

*Economic Governance and Management:* Mr. Mbaya J. Kankwenda, International Consultant, Executive Director of ICREDES, Former Resident Representative of the United Nations Development Programme (UNDP), and former Minister of Planning in the Democratic Republic of Congo.

*Corporate Governance:* Mr. Karim Ben Kahla, Professor of Business Management, University of Tunis.

*Socio-economic Development:* Mr. Ousmane Diallo, International Consultant, former Minister of Planning of Mali.

## 33. In accordance with the APRM mandate, the Review Mission further investigated and authenticated the results of the self-assessment by the Independent APRM Commission in Benin on efforts made by Benin in the field of governance. In more concrete terms, the Mission:

- Held extensive consultations with all stakeholders in order to deepen and complete the self-assessment report
- Evaluated the draft Programme of Action submitted by the country and made appropriate proposals
- Ensured as much as possible that the self-assessment process carried out by Benin was technically satisfactory, credible manner and devoid of any political manipulation
- Established a consensus with the stakeholders on the remaining issues and challenges and made recommendations likely to improve governance in the country.

## 34. Hence, the Mission met with all actors involved in the APRM process in Benin, particularly the President of the Republic, representatives of the legislative and the judiciary authorities, institutions of the Republic, members of Government, decentralized communities of the Departments and certain communes of the country, political parties, traditional authorities, employers'

and private sector organizations, the civil society, opinion leaders, youth movements and women's organizations, groups of disadvantaged persons, as well as the media.

#### **1.4 Activities conducted during the Review Mission**

35. The work of the Mission started with an audience granted by the Head of State to the President of the Mission, followed by the official launch of the review during a ceremony attended by the Presidents of Institutions of the Republic, members of the Government, members of the Diplomatic Corps, the Consulate and International Organizations, traditional leaders, the civil society, the private sector, and the entire APRM delegation.
36. The Mission conducted its work in several stages: the first stage was in Cotonou, economic capital and major city in Benin, where the majority of government departments and diplomatic missions are located; the second stage was in the Departments, where the Mission visited all six departmental prefectures; and the third stage was in Port Novo, the administrative capital of Benin, and home to the National Assembly and the Mediator of the Republic.
37. In Cotonou, the Mission first met with the Focal Point of the APRM and the National Independent Commission for Implementation of the APRM to discuss the self-assessment report. Then, during the first three days, it met with all stakeholders, including the civil society and the private sector, in a plenary session and then in working groups. The Mission subsequently met with all the Presidents of Institutions of the Republic, namely: the Constitutional Court, the High Court of Justice, the Supreme Court, the Social and Economic Council and the High Audiovisual and Communication Authority. The Mission also met with a total of 22 Ministers, and their close collaborators.
38. The Mission met with several Civil Society organizations, including the league of Associations for the Protection of Human Rights, the Bar Association, and the Anti-Corruption Watchdog. Within the same framework, the Mission organized a women's forum, a youth forum, a forum for executives and intellectuals, and a media forum. The Mission finally held thematic meetings with several groups, including: the Chamber of Commerce and Industry; the National Employers' Council; the National Council of Private Investors; the National Employers' Organization; the National Federation of Artisans; the Association of Young Entrepreneurs; the Association of Women Entrepreneurs; the Association of Exporters; the Association of Banks; and several financial institutions, including notably the Central Bank of West African States (BCEAO).
39. During the second stage, the review team visited Departments in the North, the Centre and the South of the country. It met with all stakeholders, first in a plenary session, and then in working groups and again in a plenary session to present and validate the reports of the working groups. Wherever it went, the Mission observed with great satisfaction that the populations had not only responded massively to the invitation of the APRM, but they had also met the

- expectations of the evaluators, by analysing the situation with mastery and in an articulate manner.
40. The third and final stage took the Mission to Porto Novo, where it had the opportunity to interact at length with the Bureau of the National Assembly and Presidents of the various Parliamentary Committees. On this occasion, the MPs informed the CRM about some difficult and complex issues like full multiparty politics, corruption, the functioning of institutions and separation of powers, as well as cross-cutting issues such as gender inequality, the land issue, etc.. Later on the same day, the Mission had discussions with the Mediator of the Republic, the newly created institution which is based in Porto Novo and entrusted with the mandate to resolve disputes arising between the State and the citizen.
  41. For the first time in the history of the APRM, a “recap” meeting was held at the end of the visit at a dinner, chaired by the President of the Republic, and which was attended by Members of Government and top officials of the Administration, as well as representatives of the Civil Society and the business community. During this meeting, the review team presented the main provisional results of the consultations, highlighting the great achievements by Benin, as well as the challenges identified by the review. In his address, the Head of State of Benin reaffirmed his willingness to make the APRM a tool for good governance in his country. He emphasized the fact that the people of Benin were committed to developing a robust programme of action for implementing the recommendations of the APRM assessment.
  42. At the end of the first mission, the review team could not produce an initial draft report, given the limited time set for the mission, which was mainly devoted to the discussion characterized by massive and inclusive participation of all sections of the Beninese society. However, the activities were carried at an accelerated pace during the three weeks that followed review mission. In order to finalise the report and seek clarity on the relevance of some documents provided to the Country Review Team, a follow up mission was fielded from 4<sup>th</sup> to 12<sup>th</sup> October 2007. During this visit, the CRM had the honour of attending a cabinet meeting at the invitation of the President of the Republic, which is also the first of its kind in the history of the APRM. During this memorable session, personally chaired by the Head of State, the APRM the opportunity to exchanged views with the entire members of the Government on issues or information of concern. The CRM also visited the Songhai Centre, which is internationally renowned as a an agricultural training, production extension centre for young Beninese and Africans, based on the principle of “Don’t Loose Anything” either in agriculture or stock breeding.
  43. The outcome of this intensive work is organized as follows. This introductory Chapter is followed by the presentation, in Chapter Two, of some historical landmarks. Chapters Three to Six present the findings of the Review Mission in the four focus areas of the APRM: Democracy and Political Governance; Economic Governance and Management; Corporate Governance; and Socio-Economic Development. Each of these four focus chapters begins with an

analysis of the situation in Benin concerning the signing and ratification of the codes and standards contained in the APRM methodology. The analysis of each objective begins with a brief summary of the country self-assessment report on the said objective. It is followed by the findings of the meetings between the Review Mission and stakeholders at both national and departmental levels. The analysis of each objective starts with a brief summary of the country self-assessment report on the said objective. It is followed by the conclusions of the assessment mission, conclusions based on its documentary research and its meetings with the stakeholders at both the national and departmental levels. The analysis ends with the recommendations by the APRM Panel on issues of governance considered important for the completion of measures that the authorities themselves are already taking or intend to take, following the self-assessment exercise. Since one of the objectives of the APRM is to foster better practices on the continent, the best practices of Benin are also mentioned and the boxes present aspects of governance specific to Benin that deserve to be highlighted.

44. Chapter Seven presents an analysis of cross-cutting issues concerning two or more focus areas and require general action, while Chapter Eight is devoted to the constraints and general perspectives.

## **1.5 Commitment of the Head of State in the APRM Process**

45. One of the basic conditions for ensuring the success of the APRM exercise in a given country is the high level of collaboration between the national authorities and the CRM. In this perspective, the personal commitment of the Head of State is a strong signal that the Government, and, through it, the entire are a party to the exercise and expect results. In the case of Benin, the APRM Mission is particularly pleased with the commitment at a very high level from the top Beninese authorities. In fact the Mission constantly enjoyed the personal support of His Excellency Dr. Boni Yayi, President of the Republic of Benin and his entire Government. This exceptional involvement from such a high level augured well for the success of the assessment process in Benin. It should, therefore, be commended and highlighted as a best practice.

### **Good practice 1.2: Personal involvement of the President of the Republic**

The country assessment process in Benin was conducted under excellent working conditions, which were perceptible in terms of both the quality of the commitment of all stakeholders to succeed the exercise and the quality of the material and logistical resources put at the disposal of the Assessment Mission in the field.

The results achieved by the Assessment Mission were largely facilitated by the personal involvement of His Excellence Dr. Boni Yayi, President of the Republic of Benin and his entire Government. Since he assumed office, President Boni Yayi has constantly shown keen interest and unflinching commitment to see the APRM process conducted in his country as quickly as possible.

Hence, since the process started, the President of the Republic has provided firm support, inspired by his passion for the improvement of Governance in his country, to the APRM exercise. This constant support is evidenced, among other things, by:

- the many encouragements to the eminent personalities of the APRM to urge them to carry out the process in Benin as early as possible;
- The official launch of the Review Mission during a televised solemn ceremony attended by the national institutions
- not less five audiences were granted with the Head of the mission;
- the audience granted to the delegation of the country assessment mission on 18 July 2007, for the discussions that helped to give orientations to ensure the success of the mission. During this meeting, the President of the Republic, while insisting on his personal commitment and that of the Beninese authorities to ensure the efficient conduct of the mission in the most total transparency, assured the Head of the Mission that Benin can take up the challenge, that there is nothing to hide and no subject will be a taboo. He took the opportunity to speak of the importance of this assessment for the changes in policies that he would like to implement.
- the enlarged session for presentation of the preliminary conclusions of the mission during a discussion-followed dinner, which grouped around the President of the Republic the entire Government and institutions of the Republic;
- the invitation of members of the Assessment Mission, during the second stay of the latter for finalization of the Report, at the Cabinet meeting of Wednesday 10 October 2007, personally chaired by the President of the Republic, with a view to holding direct discussions with all the Members of the Government. This rare and exceptional fact in Africa deserves to be underlined and adequately highlighted. This meeting enabled the mission to realize the progress of its activities and to obtain from the President of the Republic and all the Ministers the necessary information for finalizing the report before its second consideration by the Panel.

A firm, personal commitment at such a high level is currently rare on the continent that it deserves to be cited as an example. It may also be affirmed that it gave the Benin exercise an exemplary character, as it communicated a participation enthusiasm to all the stakeholders at the central level and at the level of prefectures and communes.

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## CHAPTER TWO

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### 2. HISTORICAL CONTEXT AND CURRENT CHALLENGES

#### 2.1 First Kingdoms in Independent Dahomey

46. The Republic of Benin is a West African country situated on the Gulf of Benin and surrounded by the Atlantic Ocean in the South, Burkina Faso and Niger in the North, Togo in the West, and Nigeria in the East. It stretches 700 km from the Atlantic Ocean to River Niger, and its widest point measuring 325 km. According to the National Geographic Institute (*IGN*), Benin covers a surface area of 14,763 km<sup>2</sup>. According to the last general census in 2002, Benin had a population of 6,753,060 inhabitants, estimated to have risen to 8,078,314 in 2007. Almost half the population of Benin is aged below 15 years, and young aged 15-35 years represent about 30% of the country's population. Men represent 48.6% and women, 51.4% [*RGPH-INSAE*, 2002 (General Population and Housing Census - National Institute of Statistics and Economic Analysis)].
47. Benin is not a mountainous country. It is constituted by plains, plateaus and mountains of 800 m high. With its three climatic zones (a humid tropical climate in the South, a semi-humid tropical climate in the Centre, a dry tropical climate in the North), its geomorphology and numerous estuaries and fluvio-lagoon systems, Benin is endowed with great agricultural potential. It also boasts of a great diversity of flora and fauna, as well as several sites that constitute an asset for the development of the tourist industry. Moreover, the pivotal position of Benin and its coastline are favourable for commercial and transit activities with Nigeria and the land-locked countries like Niger, Burkina Faso and Mali.
48. Before the colonization, Dahomey (present-day Benin) was composed of three vast groups of kingdoms. The North was dominated by States founded by the Baatombu warrior dynasties (the Wasangari) from the East, who had settled in Nikki, Kouandé, Kandi, Parakou ..... In string of small Nago-Yoruba kingdoms (including those of Kétou and Sàbé) existed across Southern Dahomey, between River Ouémé and the border of present-day Nigeria, kingdoms that were gradually subjected to the hegemony of their powerful neighbour Abomey. Finally, the South was dominated by the great monarchies of the Adja-Fon era. These monarchies exerted the greatest influence over the country, with the two powerful kingdoms of Danxomé (spelt 'Dahomey' by the colonists) and Porto-Novo<sup>3</sup>.
49. According to oral tradition, at the beginning of the XVIth Century, the Adja left the town of Tado, situated on the banks of River Mono in Togo, to settle in Savé and Allada, in the South. In the XVII Century, a split among the heirs of

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<sup>3</sup> *Encyclopædia Universalis France S.A. (1998): The Republic of Benin.*

the Allada Kingdom resulted in the formation of the Adjatché Kingdom in the South-East, and further North, under the direction of Houegbadja (1645-1689), the Dahomey Kingdom, and this from Abomey onwards, which became the capital of the Kingdom.

50. However, it was Agadja the Conqueror (1708-1732), one of the sons of Houegbadja, and his successors, including Guézo (1818-1858), who succeeded in transforming Danxomé into a powerful pro-slavery kingdom, which prospered through resources from international trade. Besides his warrior campaigns, Guézo also successfully modernized the Kingdom: the Monarchy was reorganized through improvement of the provincial structures and institution of a real fiscal administration; the army was strengthened with modern arms and institution of a permanent military corps (including a special 'brigade', the *Amazones*).
51. Finally, Guézo also succeeded in negotiating the major watershed in the kingdom's political economy in the middle of the XIXth Century, with abolition of the slave trade. Gradually, the export of palm oil replaced that of ebony wood (black slaves), resulting profound socio-economic changes in the Kingdom. His successor, Glélé (1858-1889) continued the policy-centralization and economic-modernization work.
52. The colonization profoundly disrupted this modernization process. At the end of a protracted war of resistance, King Béhanzin (1889-1894), the son of Glélé, was actually dethroned and Dahomey was placed under French protectorate. Relying on the rivalry between Abomey and King Toffa of Porto-Novo, France conquered the rebel Kingdom without any difficulty.
53. In 1851, France signed a trade and friendship treaty with King Guézo. Under the treaties signed in 1868 and 1878, King Glélé transferred the Cotonou region, situated between Ouidah and Porto-Novo, to France. In 1883, King Toffa of Porto-Novo, who wanted to protect himself against the expansionist aims of Dahomey, signed a protectorate treaty with France.
54. In 1899, Dahomey was integrated into French West Africa (AOF). Its borders were determined in agreement with Great Britain, established in Nigeria and Germany, present in Togo. During the period between the two wars, Dahomey, where, thanks to the religious missions, education was considered important, particularly in the South, was one of the main political and intellectual centres of the AOF.
55. Political activities and even the birth of political parties developed quite early, while a press opposed to the colonial system developed. Aligned with free France during the Second World War, Dahomey became an autonomous State within the French Community in 1958. The country attained independence on 1 August 1960 and entered the United Nations the following month.

## 2.2 From Independent Dahomey to the National Sovereign Conference

56. The years following independence were marked by great political instability, by a series of coups, and consequently by successive changes in government. The country has known two Constitutions, four military coups d'état, and ten Presidents of the Republic or Heads of State, civilian and/or military. During this period, no political or military leader was in power for more than three years. To remedy this instability, the military leaders of the time instituted a Presidential Council, a 'revolving' chairmanship involving three (3) former Heads of State or Government: Hubert Maga, Justin Tométin Ahomadegbe and Sourou Migan Apithy.
57. On 26 October 1972, Major Mathieu Kérékou put an end to this anachronistic political system through a military coup, the fifth of its kind in the history of independent Benin. From 1974 onwards, he implemented a Marxist-Leninist-inspired policy and in 1975, in order to reduce the political weight of the South, the name 'Dahomey' was symbolically abandoned for that of 'Benin', a name inspired by the Bight of Benin (on the Atlantic Ocean), where Cotonou is situated. The name 'Bight of Benin' itself probably derives from the Kingdom of Benin, which, in the past, covered part of the country and neighbouring Nigeria.
58. Similarly, Kérékou banned the voodoo, the traditional religion well entrenched in the South. A new Constitution, instituting a single-party regime (the *PRPB*, The People's Revolution Party of Benin), was promulgated in 1977. In the same year, an attempted coup d'état, supported by mercenaries, failed, with further hardened the regime. The three former Presidents, imprisoned in 1972, were released in 1981.
59. During the eighties, the economic situation of Benin continued to decline. In 1987, an economic recovery programme under the auspices of the International Monetary Fund (IMF) imposed drastic measures on the country: an additional 10% deduction on salaries, freezing of recruitments, and forced retirements. A new structural-adjustment agreement signed with the IMF in 1989 led to massive and unlimited strike by students and civil servants, to back demands for payment of salaries and scholarships grants, which had been frozen.
60. Despite the appeasement measures taken by the Government (payment of salary arrears; setting up of a human rights commission; amnesty for political prisoners; and formation of a broad-based Government), the protest action intensified under the combined influence of the newly-formed trade unions and the Communist Party of Dahomey, which had been secretly organizing a resistance movement since the 1970s.
61. Corporatist claims rapidly led to political criticism of the regime and the movement strengthened further with the involvement of the Catholic Church, which published a pastoral letter condemning the abuse of power. The police

uneasily concealed their discontent, and were divided as to what attitude to adopt towards the protestors and opponents. The whole country was paralyzed.

62. The social and political unrest compelled President Mathieu Kérékou to abandon the Marxist-Leninist ideology and accept the institution of a National and Sovereign Conference of the Bone and Sinew the Nation, the first of its kind in Africa. Convened in Cotonou in February 1990, the Conference put in place transitional bodies: a President of the Republic, a Prime Minister, Head of Government, and a High Council of the Republic (HCR), which served at the same time as a Legislative Assembly and a Constitutional Court. Finally, a Constitutional Committee was set up to draft a new fundamental law, the Constitution, which was approved by referendum on 2 December 1990.
63. Long considered as “the sick child of Africa”, because of its chronic instability, the Republic of Benin thus became a pioneer country of the democratization movement in Africa. Indeed, Benin had just initiated the wave of national conferences, which was experimented by about twelve countries of the continent, after seventeen years of Marxist-Leninist military regime.

### **2.3 The Period of the Democratic Renewal of the 1990s<sup>4</sup>**

64. Following the National Conference, a transitional Government, formed in 1990, paved the way for a return to democracy and multiparty politics. Prime Minister Nicéphore Soglo defeated Kérékou in the presidential election of March 1991. He reinstated the voodoo in order to win the support of the traditional authorities, and made 10 January of each year a National Voodoo Day.
65. However, the structural adjustment programme and reduction in public expenditure recommended by the IMF, coupled with the deepening of the economic crisis in the wake of the devaluation of the CFA franc in 1994, revived the popular discontent. After losing his majority at the Legislative Assembly, President Soglo, accused of nepotism by his opponents, was defeated by Mathieu Kérékou in the presidential election of 17 March 1996. Following the resignation of Prime Minister Adrien Hougnbédji in May 1998, President Kérékou accumulated the functions of Head of State and Prime Minister. In any case, he had created the post of Prime Minister more for reasons of political expediency at the time than for constitutional reasons, since the Constitution makes no provision it.
66. During the 2001 elections at the end of his mandate, President Kérékou had won the first ballot, ahead of his predecessor Nicéphore Soglo. With the withdrawal of Soglo and that of the other two candidates, who described the ballot as a “farce”, Mathieu Kérékou was re-elected President of the Republic, with 84.06% of the votes in March 2001.

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<sup>4</sup> Text adapted from the article by the National Institute of Statistics and Economic Analysis (*INSAE*): “History of Benin”, <http://www.insae-bj.org>

67. Aged 73 and 72 years respectively, the outgoing Head of State Mathieu Kérékou and his great rival Nicéphore Soglo, had already exceeded the age limit of 70 years set by the Constitution to stand for election in 2006. This fourth presidential ballot since the advent of democracy and multiparty politics in 1990, was won by a vast margin in the second round by Thomas Boni Yayi, who obtained 74.52% of the votes cast.

<b>Box 2.1: Chronology of the main political events in Benin</b>	
1960 (1 August)	Independence of the Republic of Dahomey Hubert Maga is elected the first President of Dahomey on 26 July 1960 and proclaims the independence of Dahomey on 1 August of the same year.
1960 (25 November)	Adoption of the Constitution.
1960 (11 December)	Legislative elections; victory of the Dahomey Unity Party ( <i>PDU</i> ), meeting of Sourou Migan Apithy's Dahomey Nationalist Party ( <i>PND</i> ), and Hubert Maga's Dahomey Democratic Rally ( <i>RDD</i> )
1963 (October)	Strikes and protests.
1963 (28 October)	Hubert Maga is removed from office; power goes to Colonel Christophe Soglo.
1963 (December)	In December 1963, the Army hands over power to Apithy, who becomes President of the Republic; Justin Ahomadegbé becomes Prime Minister and Vice-President.
1964 (5 January)	Adoption of the new Constitution by referendum.
1965 (29 November)	On 27 November, the Dahomey Democratic Party ( <i>PDD</i> ), in power, relieves Apithy of his duties and appoints Ahomadegbe as Head of State. On 29 November, Christophe Soglo puts an end to the institutional freeze by forcing Apithy and Ahomadegbe to resign. The formation of a new Government is entrusted to the President of the National Assembly Tahirou Congacou.
1965 (22 December)	Coup d'état led by Christophe Soglo Army Chief of Staff.
1967 (17 December)	Military coup d'état led by Commander Kouandété, who hands over power to Lieutenant-Colonel Alphonse Alley.
1968 (26 June)	Following the boycott of the elections, the Revolutionary Military Committee ( <i>CMR</i> ) swears in powers in Dr. Emile Derlin Zinsou.
1969 (10 December)	Coup d'état led by Maurice Kouandété, Sinzogan and Paul Emile de Souza; a Military Council appoints de Souza as Head of State.
1970 (7 May)	Lieutenant-Colonel Paul Emile de Souza hands over to a civilian Government. Maga is appointed Head of a troika, including Apithy and Ahomadegbe. It is envisaged that power will be rotated every two years. Maga inaugurates the system for two years, to be followed by Ahomadegbé.
1972 (26 October)	A new military coup d'état brings to power Major Mathieu Kérékou.
1973 (December)	Creation of the National Revolutionary Council ( <i>CNR</i> ).
1974 (30 November)	Official declaration of adherence to Marxism-Leninism ideology.

1975 (30 November)	Proclamation of the People's Republic of Benin; institution of a single party, the People's Revolutionary Party of Benin ( <i>PRPB</i> ).
1977 (16 January)	Air attack of Cotonou Airport by a group of mercenaries (including Bob Denard)
1977 (26 August)	Adoption of the fundamental law.
1979 (November)	Legislative elections; strong majority in favour of the candidates of the ruling party.
1980 (6 February)	The revolutionary Assembly elects Mathieu Kérékou as President of the Republic.
1984 (31 August)	Re-election of Mathieu Kérékou.
1987	Economic crisis, student unrests, protests by the Army.
1988 (March-June)	Two military plots are foiled.
1988 (September)	Setting up of a State Security Court.
1989 (2 August)	Re-election of Mathieu Kérékou.
1989 (November)	General strike.
1989 (December)	Benin abandons its Marxist-Leninist ideology.
1990 (February)	The Constitution is suspended.
1990 (19-28 February)	National Conference in Cotonou (488 delegates) lays down the principles of the future Constitution
1990 (9 March)	Setting up of the High Council of the Republic ( <i>HCR</i> ), which includes four ex-Presidents: Hubert Maga, Justin Ahomadegbé, Emile Derlin Zindou, and Tahirou Congacou. The <i>HCR</i> holds legislative power.
1990 (12 March)	The <i>HCR</i> appoints Nicéphore Soglo as Prime Minister.
1990 (2 December)	Adoption, by referendum, of the draft Constitution instituting a presidential regime and multiparty system.
1991 (2 February)	Legislative elections
1991 (24 March)	Nicéphore Soglo is elected President of the Republic.
1993 (7 June)	Setting up of the Constitutional Court.
1995 (28 March)	Legislative elections; victory of Nicéphore Soglo's opponents (Democratic Renewal Party, <i>PRD</i> )
1995 (November)	Military arrests; rumours of an attempted coup d'état.
1996 (3/18 March)	Presidential election; General Mathieu Kérékou is elected with 52.49% of the votes, against Nicéphore Soglo.
1996 (9 April)	Formation of the Government, composed of 18 members from different political groups; Adrien Houngbédji is appointed Prime Minister (a post not provided for in the Constitution).
1998 (8 May)	Resignation of Prime Minister Adrien Houngbédji and the other 3 ministers from his party, the <i>PRD</i>
1998 (15 May)	Formation of the second Kérékou Government composed of 18 Ministers, 13 of whom were not part of the previous team. There are 4 women in the Government, but no Prime Minister.

1998 (7 June)	Installation of the new Constitutional Court by the Head of State
1999 (30 March)	Legislative elections; the opposition wins 42 seats out of 83.
1999 (22 June)	Mathieu Kérékou forms a new Government.
2000 (19 December)	Adoption of two new electoral laws.
2001 (8 March)	The Independent National Electoral Commission ( <i>CENA</i> ) fails to publish the results of the first round of the presidential election of 4 March. It entrusts this responsibility of officializing the results to the Constitutional Court.
2001 (20 March)	9 of the 25 members of the <i>CENA</i> resign in protest against the conditions under which the second round of the elections was organized.
2001 (24 March)	Mathieu Kérékou is re-elected for a second mandate of 5 years.
2001 (6 April)	Mathieu Kérékou is sworn in for his last mandate as President of Benin.
2002 (15 December)	Municipal and local elections.
2003 (30 March)	Legislative elections.
5 March 2006	Organization of the first round of the 4th presidential elections (26 candidates are authorized to participate in the race).
19 March 2006	Organization of the second round of the 4th presidential elections (Mr. Thomas Boni Yayi is elected as President of the Republic in the second round).
2006 (6 April)	Swearing in of the newly-elected President, Boni Yayi
2007 (31 March)	Legislative elections

## 2.4 The Current Dynamic Drive and its Sluggishness: the Strong Points and Weaknesses of the Advent of an Emerging Benin

68. The apprehension of the stakes and challenges to be met in terms of governance depends, on the one hand, on the analysis of the history of Benin, and on the other, on the nature of the transformations that the country would like to make, given its future vision.
69. In the French colonial system, the coastal countries had clearly defined functions. Apart from the supply to the Metropolis of raw agricultural and/or mining products, and markets for finished products from the latter, they accomplished especially the function of transit from and two towns in the interior of the country without access to the sea. Benin's economy was, therefore, structured to accomplish these functions and to serve as transit tour for land-locked countries like Niger, present day Burkina Faso and part of Mali. The main mission of the politico-administrative machinery was to ensure the effective accomplishment of this function. The construction of an integrated economic fabric and an integrated economic space at the national level was not part of the concerns of the colonial method of structuring. That

required another State machinery, and constitutes both a stake and a challenge for the future of the independent country.

70. The political history as presented above shows that Benin's economic development was achieved in three major stages: the first stage was from the attainment of independence in 1960 to the 1972 coup d'état. It was the period of the decolonization crisis or the independent management crisis. The second period, 1972 to 1990, was marked by the institution of the revolutionary political regime, and, therefore, by the implementation of a socialist-oriented development policy. The third period, called the Democratic Renewal, was from 1990 to date. The governance and economic management policies therefore followed these three periods and influenced both the stakes and challenges during the history of the economic restructuring of the country.
71. *The first period* was politically marked by great instability, as explained above, instability that did not facilitate constant and direct direction of governance and structural transformations for socioeconomic development, despite the affirmation of the desire of the State "correct" the bad deeds of colonization, by recommending and implementing State investments in the economic sector. Building a development economy meant taking up another challenge, namely the construction of a State capable of conducting the development processes, given the weakness of the national private capital.
72. The efforts of the State in this regard were remarkable, but were surely limited. Without really trying get out of the colonial structure as inherited from the French economic empire in Africa, governance at the time developed a public sector, without shutting the door to private investments, aware that it was the real weight of the French capital in the economy, especially of the weak resources of the State. This means that the stake and challenge of the transformation from an economic structure modelled in the colonial logic into an integrated economic structure with a view to national development but open to the world, remained in place, given the fact that the post-colonial economic governance and management could not define, and much less implement an economic policy of structural transformations.
73. *The second period* – the construction of socialism – (1972-1990), was marked by the strengthening of the State apparatus and by nationalization of some private enterprises, the creation of new State-owned enterprises and sometimes also mixed economy enterprises. In fact, it was difficult for a State without real economic weight, and sitting on an economic heritage managed from the outside in its neo-colonial form of the French Empire, to consolidate socialist development logic. It had neither the resources nor capacities. It was fought both from within and outside the country. In reality, the country was already characterized by bankrupt economic governance from the first half of the decade. Aware of the fact that Benin was seriously affected by economic crisis and the drought, the leaders ultimately declared Benin a "disaster country" in early 1984, and solicited international aid.
74. The end of the period was, therefore, marked by the interventions of the Bretton Woods Institutions. Strict economic stabilization and structural

adjustment programmes in their classical version were “negotiated” and implemented through different agreements. The results were not successful, either in terms of growth or in terms of the social welfare of the populations. This resulted in social agitations, which soon became political demands. The economic and social crisis was in fact a reflection of the political crisis of the system and demands for democracy. The entrenchment of the latter became another stake and challenge for modern Benin, and that it very well succeeded since the National Conference of the Bone and Sinew of the Nation.

75. ***The third period (1990 to date)*** – Democratic Renewal – is characterized by the return to liberalism, to multi-party politics and democratic governance. A broad-based social political stability is established and is increasingly affirming itself. International aid is being provided to support the economic stabilization efforts. The economic governance of this period is marked not by the concern for structural transformations, but much more by that of stabilization with a view to creating the conditions for economic recovery.
76. The macroeconomic results are satisfactory, but the breathlessness of a mode of economic governance focused on the management of day-to-day affairs could not last in a context of devaluation of the CFAF in 1994. The SAP and other PRSP I could not solve the economic difficulties facing the country. The vulnerability to both internal and external shocks and the weakness of the mode of economic management in force were expressed notably in terms of decline in growth and especially of the standard of living of the populations. The issue of socioeconomic development and structural transformations of the economy is reduced to that of the frantic search for financial equilibriums that serves as a development policy. The challenge is to define another vision and the relevant strategies in this sense, but especially to put in place a State machinery capable of implementing them in partnership with the other actors. And this is all the more urgent since Benin, facing a reduced competitiveness, a decline of its transitional economy function, and an increase in its economic orbit insertion, is obliged to take up the challenge of the building of an emerging economy capable of benefiting from the regional integration and globalization. The challenge is, therefore, to avoid entrenching itself in the dynamics of orbit insertion and transit economy without a solid productive base.
77. In other words, the challenge of consolidation of the democracy acquired since the holding of the National Conference depends on the democratic governance of Benin to improve the conditions and quality of life of the citizens, and ensure for all Beninese nationals the right to a common social minimum, beyond the basic freedoms and other political and civil rights.
78. The authorities are well aware of these stakes and challenges and seem determined to confront them, given the lessons learnt from the history of the country.
79. Indeed, between 1960 and 1972, there were many good intentions in favour of industrial development, but not often not translated into reality because of the recurrent political instability. A few State companies were created before this

period, including notably: the *Société Nationale des Huileries du Dahomey* (SNAHDA), the *Société Nationale pour le Développement Rural* (SONADER), the *Industrie Dahoméenne des Textiles* (IDATEX), the *Industrie Cotonnière du Dahomey*, which later became the *Société Dahoméenne des Textiles* (SODATEX), and the *Société des Ciments du Dahomey* (SCD).

80. These initiatives, which were subject to the willingness of the authorities of the new independent State to take charge of the country's colonial heritage, were completed by private industrial initiatives, particularly in the sectors of soap production, manufacture of metal structures, assembly of Citroën vehicles, production of pasta, assembly of bicycles and motorized bikes and manufacture of *Bata* shoes. Despite these initiatives, the industry had little weight in the economy of this period.
81. Significant industrial investments were made from 1972 to 1989, with a move towards nationalization and creation of State-owned and mixed-economy enterprises. Within the industry, accumulated investments totalled 17.5 billion CFA francs in 1979, a figure never attained before. The years 1974 and 1975 benefited most from these investments. The industrial fabric was never as dense as during this period and comprised more than twenty production plants of all kinds. Nevertheless, the country was severely affected by economic crisis and drought, which led its leaders to declare Benin a "disaster country" in January 1984, and to insistently solicit international aid as a matter of urgency.
82. During the 1990s, Benin recorded satisfactory macro-economic results with an annual growth rate of around 5% and a contained rate of inflation. Indeed, the average growth recorded during the 1991-1996 period was 4.1%, and 5.2 during the period 1997 to 2001<sup>5</sup>. However, from 2001, the pillars of the economy of Benin showed signs of weakness, which slowed down economic activity between 2003 and 2004.
83. Extremely dependent on trade with Nigeria, the Beninese economy is particularly vulnerable to decisions taken by its neighbour to tighten restrictions on imports from the end of 2003: the actual growth rate of the economy continued to decline, reaching 3.4% in 2004 as against 3.9% in 2003<sup>6</sup>. With the population growing at a rate of 3.1%, poverty reduction can only be very slow.
84. The economic slowdown may be attributed to both economic and structural factors. Indeed, the year 2004 was characterized by a difficult regional and international environment. The most notable of these difficulties was the maintenance of trade restrictions imposed by Nigeria on re-exportation of goods from Benin and the unfavourable oil and cotton prices. This vulnerability of the Beninese economy to external shocks also resulted from the delay in implementing the structural reforms initiated in the 1990s<sup>4</sup>.

<sup>5</sup> INSAE, National Accounts.

<sup>6</sup> OCDE: *Perspectives économiques en Afrique 2005/2006 - Etudes par pays: Bénin* (OECD: Economic prospects in Africa 2005/2006 – Country Studies: Benin)

85. This slowdown continued in 2005, with a growth rate of 2.9%, according to data released by the IMF<sup>7</sup>. Nevertheless, there was a slight but sustained recovery in growth in 2006, with a growth rate of 4.1%, and optimistic forecasts for 2007 and 2008, estimated at 4.7% and 5.2% respectively, according to the same source.
86. However, despite this encouraging economic recovery, Benin is facing other persistent problems: considerable poverty (a third of the population lives below the poverty line), corruption, major role played by the informal economy, a lack of infrastructures, and uncompetitive agricultural and industrial sector, .... Furthermore, the importance of trade with the neighbouring countries makes Benin vulnerable to changes in the region.
87. Although the programme signed with the IMF in August 2005 under the Poverty Reduction and Growth Facility (*FRPC*) can help Benin to revive its structural reforms, while maintaining its focus on the priority social sectors, it seem unlikely that the Millennium Development Goals (MDGs) will be achieved by 2015, even if significant progress will have been made in some social sectors by then (see Chapter 6).
88. Nevertheless, the national authorities are optimistic about the inevitable emergence of Benin in the years to come. To this end, the policy of the present Government is based on four priorities: (i) human resources; (ii) consultative governance; (iii) promotion of entrepreneurial spirit; and (iv) construction of new infrastructure. The Government's ultimate ambition is to transform Benin into Benin an emerging country.
89. As mentioned earlier, the vision of emerging Benin – Benin Alafia 2025 – has been translated into strategic development orientations for the period 2006-2011. The latter have been adopted and concern the following main strategic: reconstruction of the administration; promotion of economic recovery; resolute pursuit of the structural reforms (harbours, telecommunications, water and electricity); development of the human capital (free primary education); and the promotion of grassroots development through decentralization. These orientations served as basis of the formulation of a growth and poverty reduction strategy (second-generation) for the period 2007-2009. This document constitutes the reference framework for dialogue with the technical and financial partners with a view to the mobilization and coordination of resources.
90. At the political level, following the National Conference of the Bone and Sinew of the Nation in February 1990 (see Box No. 2-2), Benin opted for a multiparty democracy based on the promotion of human rights and basic freedom. The political transformations gradually helped to the democratic foundations. Consequently, since the elections of 1991, the electoral process was affirmed, thereby facilitating the changeover of political power and wide participation of the population in presidential, legislative and local elections. Today, Benin is often cited as a model of democracy in Africa.

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<sup>7</sup> IMF: World Economic Outlook. April 2007.

**Box 2.2: The National Conference of the Bone and Sinew of the Nation (La Conférence Nationale des Forces Vives de la Nation)**

In a context of unprecedented economic and political crisis in Benin, President Kérékou accepted at the end of 1989 to convene a national conference of the bone and sinew of the nation, to which the soldiers subscribed. In the course of the proceedings, the Conference proclaimed itself “sovereign”.

The National Conference of the Bone and Sinew of the Nation (CNFVN), which was held in Cotonou from 19 to 28 February 1990, was certainly the peak of Benin’s transitional process, the time the change was decided. Within only ten days, this institution of a new kind in Africa caused a profound upheaval of the political life and conceptions in the country. Indeed, the 493 delegates from both the opposition and Government circles agreed to lay the foundations of a new order.

The Conference first of all suspended the 1977 “Marxist-Leninist” Constitution, and entrusted to a committee of jurists the task of drafting a new Constitution, which was submitted to popular referendum in December 1990. It then limited the powers of the President of the Republic. President Mathieu Kérékou was maintained in power, but he lost most of his attributions, including the Defence portfolio. Transitional institutions were put in place: creation of the post of Prime Minister (entrusted by a vast majority vote to Mr. Nicéphore Soglo, who was later elected President of the Republic) and a legislative body, the High Council of the Republic, composed of the 13 members of the Presidium of the Conference, former Presidents of the Republic, the three Chairpersons of the (Constitutional, Economic and Cultural) Committees, six delegates from the provinces and 25 elected members.

A multi-party presidential election was organized in March 1991. Defeated in the second round by Nicéphore Soglo, Mathieu Kérékou accepted his defeat, and came back to power, five years later, through the ballot box. Hence, through its decisions, the National Conference had a considerable impact, by ushering in a new regime and establishing a new political system.

Many African countries followed Benin’s example, including notably Burkina Faso, Congo-Brazzaville, Gabon, Madagascar, Mali, Niger, Togo, and Zaïre (now Democratic Republic of Congo). However, none of the other national conferences was as successful as that of Benin, in terms of both the efficiency and the scope of the decisions adopted

91. However, the large number of ethnic and regional political parties (approximately 150), the unreliability of electoral lists and the Independent National Electoral Commission (*CENA*), among other problems, are in danger of weakening Benin’s democracy. If, for some actors, “freedom cannot be cut up”, many Beninese are questioning the opportunities provided by, and the efficiency of, Benin’s integral multiparty system, arguing that it favours personal ambitions more than the common search the supreme interest of the country. Political parties are, in reality, “political enterprises”, machines created to produce political “gains” as well as economic and financial benefits for their founders and active members.
92. Suffering from an inadequate workforce in certain spheres (the education and/or health sectors, for example), Benin’s administrative productivity is low. The efficiency of public administration and its capacity to provide a responsible public service and implement developmental policies and

programmes remain a major challenge in consolidating democracy and development in Benin. Fully cognisant of the situation, the Government's developmental policy proposes to rehabilitate the entire administration through effective implementation of a series of reforms. The stated objective is to transform the Administration into a modern "Development Administration" in response to the needs of an emerging Benin.

93. The poor capacity of Benin's legal system, with regard to both access and efficacy, is another major issue of concern. Indeed, despite the relative independence it enjoys, the judicial system lacks (human, financial and material) resources to fulfil its role. This is the reason behind the long delays in the courts.
94. In addition to these structural problems, the persistence of corruption at all levels weakens and will continue to weaken the process of consolidating democracy, and jeopardize economic and social development efforts. Will the personal commitment and determination of the current Head of State facilitate the eradication all these difficulties? Only the future will tell. The clearly displayed political will and the vigorous actions already undertaken may inspire hope in this essential area.
95. In the face of this sluggishness, these challenges and stakes of the future of the nation, it should be acknowledged that Benin has assets that can enable it to realize its ambition of becoming an emerging country. These assets include: political will, which has helped to define a long-term vision of the country and to translate it into Strategic Development Orientations, which form the framework for definition of SCRP policies or sectoral policies. They are also the entrenchment of the values and cultures of democracy, human rights and socio-political stability, a vast agricultural potential (4.8 million hectares of arable lands, of which hardly 1 million hectares are cultivated), as well as fishing, stockbreeding, forestry and even mining and tourism potential inadequately exploited; the geographical position (125 km coastal front equipped with a major port, about 700 km common border with Nigeria, which represents a market of nearly 140 million potential consumers, and borders with landlocked countries like Niger and Burkina), the youth and the dynamism of the population, as well as the skills of the local labour force, the dynamism of the informal sector, and finally membership of regional monetary and economic groups. All these assets are helping the country to develop a solid productive base and prepare its entry into the club of emerging countries of Africa. In that regard, Benin should ensure the coordination of the implementation of these strategic orientations and their translation into sector policies, while struggling with determination, notably against the general canker of corruption, which has become a culture and mode/instrument of governance more or less internalized and against the absence of imputability in the implementation of development policies.

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## CHAPTER THREE

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### 3. DEMOCRACY AND POLITICAL GOVERNANCE

#### 3.1 Introduction: The Challenges for Democracy and Political Governance

96. The political history of independent Benin is characterized by three major periods: the first, from 1960 to 1972, was beset by political instability and successive coups d'Etat. The second so-called revolutionary period covered 1972 to 1989. This was a somewhat stable period, with the country becoming a one-party State under the autocratic rule of General Mathieu Kerekou. Political stability however, did not lead to development and economic and social recovery for Benin. From the year 1990 to date is the third period of democratic renewal, which commenced with the National Conference of the Bone and Sinew of the Nation.
97. Benin turned from a dictatorial one-party military regime, into a multi-party democracy that ensued from a national conference that was spearheaded by lawyers and other constitutional experts. Neither the former military dictatorship and one-party system, nor the well-patterned multi-party democracy instituted by the country's constitutional experts under the 1991 Constitution, succeeded in laying the ground for economic recovery and sustainable development.
98. The major challenge for good political governance in Benin is forging true democracy, based on efficient institutions capable of instituting?) sound initiatives for economic development and the building of a prosperous nation, in line with the vision of an "emerging Benin".
99. The very essence of multi-party democracy is to improve the livelihood of the people. It is not sufficient to have freedom of expression, the right to vote and other civil rights for the people; they need access to food, health care and education, indeed the basic human rights. The challenge at hand is for all Beninese to have a common minimum social life!
100. Fortunately, the current leaders seem to recognize this challenge and have resolutely geared their programmes toward sustainable development aimed at the material, spiritual and cultural advancement of the nation as a whole. Great strides have been made in this direction.
101. Some major achievements and assets of Benin in this respect are as follows:
- The existence of a peaceful climate and political and institutional stability, making the country an oasis in a region of violence and conflict;

- Adherence to the principle of subjecting the Defence and security forces to the legally established civil authorities;
  - Deepening of a democratic culture that fosters the enjoyment of civil and political rights;
  - Respect of the Constitution and affirmation of its supremacy guaranteed by an independent Constitutional Court;
  - Respect of the principle of democratic change over of governments;
  - Great concern for the strict respect of the electoral time-table;
  - Government's positive willingness to change clearly identified;
  - Adequate human resource potential within and outside Benin to drive development activities.
102. These gains notwithstanding, a critical review of political governance and democracy in Benin brings several issues of concern to the fore, some deserving special attention. They are:
- The issue of the quest for efficiency of the political institutions: how do we manage constitutional powers with a view to promoting democracy, justice and the well-being of the citizens? How do we strengthen the separation of powers and ensure that their respective responsibilities are clearly defined?
  - The issue of credibility and efficiency of the partisan system, in the light of the proliferation of political parties in Benin – over 150 parties (for three million voters), of which, only 30 or so meet the Party Charter requirements.
  - The challenge of transparency, the sincerity, and the credibility of the elections, which is a factor of peace and stability. Can we and how do we guarantee free and fair elections in the absence of a consensual and secure voters' register, and when two million Benin nationals do not possess birth certificates or identity cards?
  - The issue of the effectiveness of the Rule of Law, the application of and compliance with the law by everyone, so as to ensure the legal security of the country's citizens and assets. How do we ensure that freedom and democracy do not degenerate into indiscipline, disturbances or even anarchy?
  - The issue of the efficiency of the justice system, which, notwithstanding the current reforms, still falls short of satisfying plaintiffs and investors in terms of access, speed, integrity, efficiency and credibility of the decisions taken, among others;

- Modernizing, depoliticizing and ensuring efficiency in Benin’s public administration, so that it can play the dual role of public service provider and development tool;
  - The fight against corruption, a canker that has permeated all dimensions of society - political, administrative, economic, social and even family;
  - The bid to put in place an efficient and effective decentralization and local governance process to foster socio-economic development and advancement of the citizens (this makes it important to reorganize the State machinery, representation, taking the people’s concerns into account, accountability right from the base, transfer of skills and resources, and quality of basic services rendered);
  - The issue of the mounting insecurity, the fight against crime and indeed, organized crime in a transit economy, is yet another challenge for the Benin authorities;
  - Clarifying the relationship between modern governance and traditional governance, to ensure increased participatory democracy, with the active and official involvement of the traditional authorities within Benin society;
  - The gender issue, both in terms of its political dimension and how it ties in with sustainable development. Is it possible to become an emerging economy, while 52% of the country’s population remains marginalized?
  - The issue of the country’s youth, which could be termed as a virtual “time-bomb”. Can we reasonably aspire to sustainable development with a demoralized youth that faces poverty, unemployment and lack of professional prospects?
  - The continuing trafficking, exploitation and abuse of children, which has taken such alarming proportions that the resistance to the eradication of this scourge seems to be now ingrained in local custom.
103. The ability of the political and democratic governance system to meet the above challenges in the short and medium terms depends largely on how the people adhere to the project to build an “Emerging Benin” – a free and democratic society, where everyone prospers. This chapter deals with these issues and recommends concrete actions to be taken to overcome the numerous challenges.
104. It is without doubt in this spirit that the new President of the Republic has launched the “Consultative Governance concept – an approach based on regular consultation between all the active sectors of the nation, that is to say the authorities of State, the diverse forms of civil society, and the private sector, through a periodic consultation forum.

## 3.2 Ratification and implementation of standards and codes

### i. Summary of the Country Self-assessment Report (CSAR)

105. In compliance with the APRM questionnaire, the Self-assessment Report does not deal with the international and regional instruments that Benin adheres to. It does not also make reference to the African Union Constituent Treaty or the NEPAD Framework Document. The sectoral document on political governance shows, however, that Benin has ratified most international conventions and treaties on human rights, but does not give the full list of these. This document makes mention of the ratified instruments in some passages for illustrative purposes only, as basis for the rights in question. The document mentions for instance, the 1992 convention on slavery, the 1974 Convention on Apartheid and the 1986 African Charter on Human and People's Rights.
106. The sectoral document on political governance rightly underlines the fact that the publication of a ratified instrument in the official gazette is a condition for it to be valid legal basis for the statement to be made before a judge. It cites cases where the grounds given by the plaintiff (albeit based on a treaty ratified by Benin), are rejected because the instrument has not been published in the Government Gazette.

### ii. Conclusions of the Country Review Mission

107. The Mission noted that the Benin Government has signed and ratified a number of international legal instruments as well as those initiated by the African Union. The status of ratification is shown in the tables below:

**Table 3.1: UNO**

Description and date adopted	Date of coming into force	Date of succession, ratification or membership by Benin
International Covenant on Economic, Social and Cultural Rights 16 December 1966	3 January 1976	12 March 1992
International Covenant on Civil and Political Rights 16 December 1966	23 March 1976	22 March 1992

Optional Protocol to the International Covenant on Civil and Political Rights 16 December 1966	23 March 1976	12 March 1992
The Slavery Convention 25 September 1926 as amended by the 7 September 1953 Protocol	7 July 1995	12 March 1992
Convention Relating to the Status of Refugees 28 July 1951	22 April 1954	4 April 1962
Protocol Relating to the Status of Refugees 31 January 1967	4 October 1967	9 December 1969
Convention on the Consent to Marriage, Minimum Age for Marriage and Registration of Marriages 10 December 1962	9 December 1964	23 June 1965
Convention on the Elimination of all Forms of Racial Discrimination 21 December 1965	4 January 1969	30 November 2001
Convention on the Elimination of all Forms of Discrimination Against Women 18 December 1979	3 September 1981	12 March 1992
Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment 10 December 1984	26 June 1976	12 March 1992
International Convention on the Suppression and Punishment of the Crime of Apartheid 10 December 1973	18 July 1976	21 November 1974
Convention on the Rights of the Child 20 November 1989	2 September 1990	30 August 1990
Optional Protocol to the Convention on the Rights of the Child on the involvement of children in armed conflict.		Ratified 30 March 2004
Optional Protocol to the Convention on the Rights of the Child on the Sale of Children, Child Prostitution and Child Pornography		Ratified 30 March 2004

Statute of the International Criminal Court 18 June 1998	1 July 2002	22 February 2002
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**Table 3.2 : ILO**

Convention concerning Forced or Compulsory Labour 28 June 1930	1 May 1932	12 December 1960
Convention concerning Freedom of Association and Protection of the Right to Organize 9 July 1948	4 April 1950	16 May 1968
Convention concerning the Application of the Principles of the Right to Organize and to Bargain Collectively 1 <sup>st</sup> July 1949	18 July 1951	16 May 1968
Convention concerning Equal Remuneration for Men and Women Workers for Work of Equal Value 29 June 1951	23 May 1953	16 May 1968
Convention concerning the Abolition of Forced Labour 25 June 1957	17 January 1959	22 May 1961
Convention concerning Discrimination in respect of Employment and Occupation 25 June 1958	15 June 1960	22 May 1961
Convention concerning Protection and Facilities to be Afforded to Workers' Representatives 23 June 1971	30 June 1973	11 June 2001

**Table 3.3: UNESCO**

Convention concerning the Fight against Discrimination in Education 14 December 1960	22 May 1962	9 May 1963
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**Table 3.4: International human rights**

Geneva Convention for the Amelioration of the Condition of Wounded, Sick and Shipwrecked Members of Armed Forces at Sea 12 August 1949	21 October 1950	14 December 1961
Geneva Convention (III) Relative to the Treatment of Prisoners of War 12 August 1949	21 August 1950	14 October 1961
Geneva Convention for the protection of civilian persons in time of war. 12 August 1949	21 October 1950	14 December 1961
Protocol concerning the Protection of Victims of International Armed Conflicts 10 June 1977	7 December 1978	12 November 1984
Protocol concerning the Protection of Victims of non-International Armed Conflicts 10 June 1977	7 December 1978	12 November 1984
Convention on Certain Conventional Weapons 10 October 1980	2 December 1983	27 March 1989
Protocol 1 to the 1980 Convention on Fragmentation Weapons 10 October 1980	2 December 1983	27 March 1989
Protocol III to the 1980 Convention of 1980 on Incendiary Weapons 10 October 1990	2 December 1983	27 March 1989
Ottawa Treaty on the Banning of Anti-personal Mines 16 September 1997	1 May 1999	21 September 1998

**African Union**

108. Status of ratification by Benin of Treaties/Conventions, of which the Commission is a depositary:

**Table 3.5: African Union**

<b>Title, Date and Venue of adoption</b>	<b>Date of coming into force</b>	<b>Date of submission of ratification instruments by Benin</b>
African Union Convention Governing the Specific Aspects of Refugee Problems in Africa, Addis Ababa, Ethiopia, 10 September 1969.	20 June 1974	12 March 1973
African Union Convention for the Elimination of Mercenaries in Africa: 3 July 1977, Libreville	22 April 1985	3 May 1982
Cultural Charter for Africa: 5 July 1976, Port Louis (Mauritius)	19 September 1990	19 February 1982
African Charter on Human and People's Rights: June 1981, Nairobi	21 October 1986	25 February 1986
Treaty establishing the African Economic Community: 3 June 1991, Abuja	12 May 1994	31 May 1999
African Charter on the Rights and Welfare of the Child: adopted in July in Addis Ababa	29 November 1999	30 May 1997
African Union Constituent Act: 11 July 2000, Lome	26 May 2001	11 July 2001
Protocol to the Treaty establishing the African Economic Community, relative to the Pan-African Parliament: 2 March 2001 in Syrte	14 December 2003	27 November 2003
Protocol Relating to the Establishment of the Peace and Security Council of the African Union: 9 July 2002, Durban	26 December 2003	7 December 2004
Protocol to the African Charter on Human and People's Rights relative to Women's Rights in Africa: July 2003 in Maputo	In force	8 March 2005
Protocol to the Amendments to the African Union Constituent Act: July 2003, in Maputo	Not in force	8 March 2005
African Civil Aviation Commission Constitution: 17 January 1969, Addis-Ababa	15 March 1972	6 December 2006
African Union Convention on Prevention and Combating of Terrorism: July 1999 in Algiers	6 December 2002	11 February 2004 in Addis-Ababa

African Charter on Elections, Democracy and Governance: 30 January 2007, Addis-Ababa	Not in force	
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### **African Union Treaties/Conventions not yet ratified by Benin**

109. To date, Benin has signed all the Treaties/Conventions of the OAU/AU. However, a number of standards have not yet been ratified and adaptation of most of these instruments to national law has been dragging, as shown in the tables below:

**Table 3.6: African Union treaties/conventions not yet ratified by Benin**

<b>Title, date and venue of adoption</b>	<b>Date and venue of signing by Benin</b>	<b>Observations</b>
Additional Protocol to the OAU General Convention on Privileges and Immunities: June 1980 in Freetown	11 February 2004 in Addis-Ababa	Ratification pending
African Union Convention on Preventing and Combating Corruption: July 2003 in Maputo	11 February 2004, Addis-Ababa	Adopted but not yet enacted and published in the official Gazette
The African Nuclear Weapons Free Zone Treaty: 11 April 1996 in Cairo	11 February 2004 in Addis-Ababa	Not ratified by Benin
Protocol to the OAU Convention on the Prevention and Combating of Terrorism: 8 July 2004 in Addis-Ababa		Not ratified by Benin
The African Union Non-Aggression and Common Defence Pact : January 2005 in Abuja	11 February 2004 in Addis-Ababa	Not ratified by Benin
Protocol of the Court of Justice of the African Union: July 2003 in Maputo	11 February 2004 in Addis-Ababa	Not ratified by Benin
African Charter for Democracy, Elections and Governance: 30 January 2007 in Addis-Ababa	Not in force	Not ratified by Benin

110. The Review Mission noted that while efforts had been made to ratify the international legal instruments, the same could not be said for the legal standards set by the African Union. Efforts by the ruling government to combat corruption would have an import if the commitments made by Benin on this issue start materializing, following the enactment and publication in the government gazette of the law on the ratification of the African Union Convention on Prevention and Combating of Corruption, July 2003. All

services of writs and sentences by the courts for corruption would depend on the enactment and publication of this Convention by Benin.

111. The Mission was informed that a large number of ratification authorizations are still pending at the offices of the Parliament. The official explanation given for these delays is the fact that the Commissions to which these projects are submitted need to organize awareness workshops on the issues, in order for Members of Parliament to understand the texts and vote responsibly.
112. With regard to child protection, Law 61-20 of 5 July 1961 on the displacement of minors under 18 out of the territory and Decree 73-37 of 17 April on trafficking and abduction of minors were never enforced. A new law on the conditions of displacement of minors and punishment for child trafficking in the Republic of Benin was voted on 30 January 2006. This text, just like others already ratified by Benin, must be enacted, disseminated and enforced throughout the country.
113. The effectiveness of the implementation of these instruments can be assessed by the regularity with which the National Human Rights Consultative Council submits reports on human rights violations to the relevant United Nations bodies and the African Union. This body is attached to the Ministry of Justice and replaces the Benin Commission on Human Rights, which, having been over-politicized no longer exists. In this regard, it is important to stress the fact that the delay in submitting these reports is worrying to say the least. The report on the implementation of the Optional Protocol on the International Covenant on Civil and Political Rights, which should have been submitted in 1993, was only submitted in 2004. The same goes for the report on the implementation of the Convention on the Elimination of all Forms of Discrimination against Women, which was due in November 2005, but was never submitted. The report on the Convention on the Rights of the Child, due in January 2002, also suffered similar fate.

### **iii. Recommendations**

114. Based on this, the Panel recommends that:

Government should:

- Ratify all pending international instruments, including the African Union Convention on the Prevention and Combating of Corruption;
- Issue the implementing decrees of all pending international legal instruments, especially those on child protection and the promotion and protection of women;
- Take all the necessary legislative and regulatory measures to ensure that national laws are consistent with the international standards and codes that Benin has ratified, and inform the public about these laws;

- Ensure timely submission of reports on the implementation of international instruments to the United Nations organs.

The National Assembly should accelerate the vote on the authorizations for the ratification of instruments, submitted to it, while remaining vigilant about government's commitment opportunities under certain international agreements.

The National Consultative Council on Human Rights in Benin and Civil Society Organizations should carry out information campaigns about the instruments ratified and conduct civic education to facilitate the implementation of the instruments protecting the rights of citizens.

### 3.3 Assessment of APR objectives

**Objective 1: Prevention and reduction of intra and inter-state conflict**

#### i. Summary of the Country Self-Assessment Report (CSAR)

115. The self-assessment report notes a common ground in terms of information from all sources (literature, focus groups, surveys, national consultation and validation workshop). The various sources of information all point to the existence of internal conflicts as well as conflicts between Benin and its neighbours.
116. **Internally**, the country's self-assessment report distinguishes between two types of conflicts:
  - First, conflicts at the national level such as economic inequalities, organized crime, inter-communal conflicts, ethnic and religious divisions, land cases, and social dialogue (claims by unions); and
  - Secondly, commune-specific conflicts peculiar. These have to do with the regional features and the sociological and cultural realities of each commune. The report notes that in many rural communities, conflicts often erupt between herdsmen and farmers, whose cattle damage the crops of farmers.
117. **In terms of relations with neighbouring countries**, the CSAR raises the issue of border disputes between Benin and Niger; a recent example being the Lete Island dispute, which was decided in favour of Niger by the International Court of Justice.
118. A major potential source of conflict is the difference in political regimes between Benin and some of its neighbouring countries. This could affect

relations between the government of Benin and that of those countries. The CSAR notes that contacts with the Benin population and those of the neighbouring countries concerned (e.g., Togo) reveal the highly sensitive nature of the issue. With other countries (Nigeria, Burkina Faso), the report notes some friction stemming from the intense commercial activities that has led to uncontrolled immigration and settlement of people from neighbouring countries in border areas. The report makes the following recommendations to help resolve the problems:

- Update/clarify border demarcations;
  - Establish public administrations and build infrastructures in these border areas, to show the presence of government;
  - Establish dialogue with governments of border countries;
  - The demarcation committee should consult the documents and make proposals to Government.
119. The self-assessment report puts emphasis on the existence of regulations and mechanisms to prevent, reduce and manage conflicts.
120. According to the report, Benin has been trying to maintain good relations through permanent consultations. However, it deplores the lack of preparedness of the countries to hold joint parity commissions for demarcating the borders, and also the unilateral decisions taken by some border countries to close their borders.

## ii. **Conclusions of the Country Review Mission (CRM)**

121. The Country Review Mission noted that while domestic conflicts existed, they had not reached proportions that would compromise the political and social stability of the country. The review mission focused their attention on the typology of the conflicts, analysis of their causes and the mechanisms for managing and resolving them.
122. **In terms of the typology of the internal conflicts**, the CRM noted, in meetings with the stakeholders that:
- **The land issue** remained a major cause of conflict in the country's rural areas. This is due to the flaws in the legal mechanisms governing land;
  - **Conflicts between sedentary farmers and nomadic herdsman** are a second source of concern, exacerbated by the absence of a rural code and an appropriate strategy for managing and preventing conflicts;
  - **Work-related conflicts** include strike actions in sectors such as education and the justice system. This hampers the work and performance of the administration;

- **The issue of the demarcation of communal borders** is equally a source of conflict, often fanned by envy aroused by the wealth or potential wealth of one region or the other:
  - **The absence of a proper physical planning policy**, regional imbalances in terms of infrastructure, services and wealth redistribution also constitute a source of worry, because they affect peace and stability.
123. The CRM also noted the lack of preparedness of the country and stakeholders to cope with the sheer magnitude of the conflicts. Coupled with the problem of weak modern and traditional conflict management mechanisms, is the lack of a national strategy for conflict prevention, management and resolution.
124. **From the point of view of conflict management and prevention mechanisms** one can distinguish:
- Traditional mechanisms
  - Modern mechanisms
125. The CRM noted the existence of **traditional mechanisms** for managing and resolving conflicts that are particularly rampant in the rural areas. The defiant attitude of most Benin nationals toward the country's justice system, which is fraught with delays, corruption and the lack of decentralization of modern services, compel most citizens to take their cases before the traditional authorities, despite their shortcomings. Some of these are:
- The absence of a legal framework that sets out the role and status of traditional authorities in society, and which formalizes the decisions taken by these traditional institutions;
  - Traditional authorities' ignorance about relevant provisions of the constitutional, legislative and regulatory framework and more specifically, the provisions of the civil code and penal procedure code. Some traditional chiefs have been taken to court for imposing sanctions that may have been allowed by custom, but considered by the law as cruel and degrading treatment (for example: tying and beating up persons found guilty).

**Box 3.1: Towards harmonious coexistence between traditional and modern governance**

One of the challenges facing Benin today is the need to create a modern system of governance based on both the observance of the international legal instruments to which Benin subscribes and respect of the country's own cultural and social values. This brings into sharp focus the issue of the place and role of customs and traditions in the building of a democratic system. Furthermore, there is the need to pave way for harmonious relationships between traditional institutions of governance and the modern republican institutions.

The administrative organization of Benin in the pre-colonial period was characterized by chieftaincies, which in turn were structured into nomadic and sedentary chieftaincies.

Kingdoms were born when some powerful chiefs were able to extend their territories. Traditionally, the King was seen as a political figure, family head, religious leader and judge all rolled in one. The colonial period saw absolute power handed over to the governors and area commandants, stripping the Chiefs and Kings of their powers, and conferring on them menial functions.

The post-independence era did not see any significant change in the status of traditional chiefs. Indeed, many experts<sup>8</sup> believe that, following the colonial era, chiefs lost their power and status, parallel to their growing numbers, with the creation of new townships and villages. The status of chiefs diminished in the eyes of the people. This notwithstanding, many observers are of the view that, in Benin, chiefs have a huge influence on the people, especially rural folk; they influence the polls, are capable of resisting institutional attacks, and adapt to political and institutional change.

Against this backdrop, some hard thinking must be done to ensure that modern governance and traditional governance co-exist peacefully and complement each other. The aim here is to create a legal framework to set out the role and position of traditional chiefs in a Constitutional State like Benin. This statute will set forth the rights and duties of kings and traditional authorities, who would play the role of contributing to nation building in areas such as: peace-keeping, social harmony and cohesion, promoting justice and equity, mobilizing for the economic and social progress of grassroots communities: women, children, the youth, the old, etc.

Indeed, democracy in Benin would stand to gain by creating this harmonious setting to ensure joint and efficient co-existence between modern governance and traditional governance. The Panel would like to urge the Benin authorities to seriously take up this necessary action to salvage the nation.

126. **Modern mechanisms** also have shortcomings, which affect several areas such as:

- *Political and institutional conflicts*

127. The Country Review Mission welcomes the climate of social peace reigning in Benin, and the absence of disputes between political parties or among the various Institutions of the Republic. However, conflicts between traditional institutions (long-standing dispute between two Abomey kings) or modern institutions (dispute about the competence of the Constitutional Court or the Supreme Court, which has an impact on the proper administration of justice) deserve attention. Modern mechanisms seem to fare no better in this regard.

128. In this respect, the CRM welcomed with satisfaction the creation of the Presidential and Mediation Organ, and the appointment of the country's Mediator. However, the issue of the legal framework of this institution requires close attention. A law should be passed to govern the conditions for the appointment, functioning and duties, and the material, human and financial resources needed to run this organ.

129. The CRM further observed that while the drafting, adoption and implementation of a statute by the opposition on its role in the political, economic and social context may be a requirement by Benin's political class,

<sup>8</sup> Dagbénon Mathias GOGAN, Sokêhoun Prisca GOGAN

its completion and actual implementation are long in coming. In this regard, it would be advisable to enact application decrees that would give concrete effect to the status of the opposition.

- *Work-related conflicts*

130. The CRM noted with concern flaws in the management and conflict resolution mechanisms, **especially with regard to work-related conflicts**. Recurrent strike actions in the education sector, which have come under condemnation by education sector stakeholders because of their disastrous effect on the education of the youth, the long drawn-out strike by judicial service workers (two months during which things came to a standstill within this important State institution) illustrate these weaknesses. In this regard, the CRM observed that there is no specific institution responsible for this type of conflict management and resolution.

- *Conflicts between Farmers and Herdsmen*

131. The country review mission noted the scale and recurrence of conflicts between farmers and herdsmen in the rural areas, where nomads bring their cattle to graze. These conflicts have, in many cases, led to deaths. This really calls for the introduction of a policy to create awareness, prevent and resolve the conflicts.

- *Conflicts in rural areas in general, and land-related disputes in particular*

132. An FIDH report notes that in the rural areas, “most citizens resort to traditional courts to settle their cases according to custom. These courts that were first developed in the rural areas are beginning to gain ground countrywide. While they are seen as a relief for the country’s congested courts, the decisions taken by those courts are often in violation to human rights. These courts are presided over by village chiefs, elders or retirees with no formal legal training. The decisions they take are often contrary to the cases and jurisdiction of common law<sup>9</sup>”.
133. The CRM observed that most of the disputes in rural areas are land-related. Stakeholders are of the view that over 60% of cases pending at the courts are land-related. The sluggish justice system has often been condemned, as well as the corruption of the judges, who keep on adjourning cases. Indeed, in many cases, an ordinary citizen could request for the final decision on the ownership of a plot of land or field to be adjourned. This creates a state of judicial insecurity.
134. The rural folk have been increasingly resorting to traditional authorities to manage and settle their disputes. However, in most cases, the decisions taken by the traditional justice system is referred to the country’s courts by plaintiffs whose suits are dismissed by the traditional courts. If this situation is not regulated and controlled, it could degenerate and undermine local investment,

<sup>9</sup> FIDH, July 2004: *La justice au Bénin : corruption et arbitraire*

the climate needed for economic investment and development and social peace in general.

- ***Faith-related Conflicts***

135. The CRM noted with satisfaction, the setting up of the **Faith-based consultation framework**, some of whose objectives are:
- Contribute significantly to the entrenchment of democracy in Benin;
  - As part of the national policy on change, work towards good governance, poverty reduction, under-development and corruption;
  - Foster peaceful co-existence of all religious denominations in Benin for peace and understanding.
136. The CRM welcomes this laudable initiative, given that in many West African countries, religious conflicts are a source of great concern because of their magnitude and disastrous effect on peace and economic and social development.
137. **Conflicts with neighbouring countries.** While the CSAR noted the existence of border and crossborder disputes, one recent example being the dispute between Benin and Niger concerning the claim of ownership to Lete Island (decided by the International Court of Justice in favour Niger), it does not state the names of other countries like Nigeria and Burkina, which also have similar disputes.
138. According to local government officials some of the causes of these conflicts are:
- Government's failure to protect the integrity of the national territory and the shortcomings in Benin's diplomatic system;
  - Lack of clarity and failure to update colonial texts, thereby calling current border demarcations into question;
  - Vibrant trading along and across the borders, making it difficult to police them; porous borders, uncontrolled immigration and settlement of populations from neighbouring countries in the border areas;
  - Balkanization and poor parceling of the continent by colonial powers;
  - Fertile soils and land abounding in natural resources is a source of envy by populations of neighbouring countries;
  - Negligence of border populations by the State; lack of administration or infrastructures in the border regions, whose people are often marginalized.
139. Conflicts with neighbouring countries mainly stem from the difference in their political regimes. Meetings with stakeholders revealed that Benin's dispute is

mainly with Togo. Information gathered on the ground corroborates the results of the survey on the origin of border conflicts. The CRM noted with satisfaction that the two countries have approached the problem on the basis of a policy of good neighbourliness, responsibility, and above all, willingness to seek favourable solutions through dialogue and consultations.

140. Generally, following the documentary analysis and review of the self-assessment report and meetings with stakeholders, the ARPM Panel is happy to note the climate of peace reigning in Benin over the last 17 years. The Panel further welcomes the setting up of the framework for inter-faith consultation in Benin. It encourages stakeholders to continue playing their saving role to promote peace and inter-faith harmony, as well as efforts to ensure a larger representation of religious denominations.

### **iii. Recommendations of the Panel**

141. The APRM Panel generally recommends that Government and all stakeholders (civil society, political parties, the public and private media, private sector, etc.) should:

- Pursue and consolidate the policy of peace and social dialogue, which is indispensable for entrenching democracy, political governance and economic and social development.

142. Specifically, the Panel recommends that Government should:

- Draw up and adopt a legal framework to determine the role of traditional authorities in society, as well as their duties and rights, and create awareness among them about human rights;
- Adopt and implement the statute of the opposition, so that they may fully play their role and contribute to the advent of an Emerging Benin;
- Draw up and implement the Rural Code, so as to avoid conflicts in this sector, which is inhabited by the majority of the population;
- Strengthen and re-energize the village committees on conflict resolution, to ensure the peaceful and amicable settlement of rural conflicts;
- In terms of conflict management and resolution, continue to work in conjunction with neighbouring countries to seek solutions through dialogue, consultation and negotiation;
- Provide help and support to the framework for inter-faith consultation, which is an exemplary initiative in West Africa, to encourage its stakeholders to continue their saving role and to foster peace and inter-faith harmony in Benin.

### Good practice 3.1: Framework for inter-faith consultation

The framework for inter-faith consultation is an original and exemplary initiative, whose main objectives are as follows:

- Maintain peaceful co-existence among all religious faiths in Benin for peace and harmony;
- Facilitate inter-faith dialogue;
- Work toward the peaceful co-existence of the institutions of State and the various civil society stakeholders in Benin.

The framework, which only came into being on 25 May 2007, organized an inter-faith national council in August 2007.

The Panel welcomes this laudable initiative and tasks the government to provide constant support to this framework that is contributing to the enhancement of peace and tolerance in Benin.

**Objective 2: Constitutional democracy, including political contests and the opportunity to freely make choices, the rule of law, the declaration of human rights and the primacy of the constitution**

#### i. Summary of the Country Self-Assessment Report (CSAR)

143. **Democracy and Electoral Contests.** Constitutional and electoral democracy has made great strides in Benin. Political parties and associations are governed by legislation. There is also improvement in the electoral system to ensure transparent elections. Democratic changeover of power is being respected because elections are held regularly. However, elections must be more transparent to ensure that they are free and fair. The CSAR however highlights a few cases of dysfunction or flaws: the excessive number of political parties, political migration, weak electoral system (high cost of elections, lack of voters' register, bribery, late establishment of the independent national electoral commission (CENA) and its politization). This is where there is a need to propose solutions or actions to improve governance. These include revising the Charter of Political Parties, drawing up the permanent computerized voters' register (LEPI), introduction of a permanent independent national electoral commission, and applying sanctions in the event of a drift off course.
144. **Constitutional Supremacy.** The Government of Benin has the Constitution as its fundamental law. The Constitution sets forth constitutional rights and human rights, which are both well-respected. Benin has several republican

institutions responsible for ensuring compliance with the constitutional texts. Some of these are the Constitutional Court, the High Court of Justice and the Supreme Court. However, implementation of the economic and socio-cultural rights of citizens is limited, interpretation of some provisions of the Constitution is poor, and some of the decisions of the Constitutional Court are not implemented. This makes it necessary to revise the Constitution to adapt it to the country's peculiar situation; as well as restore the State's authority.

145. **Decentralization.** Decentralization has started and is ongoing, albeit timidly. For now, the communes are the sole decentralization levels. They are beset with problems such as poor grassroots participation in the development process, delays in transfer of powers from Government to the communes, the people's lack of involvement in the formulation of policy guidelines for the communes, inadequate resources for the development of the communes and the lack of communication between the communal administration and the people. There is therefore the need to take the decentralization process to the village level, and improve communication between the local administration and the grassroots population, to ensure greater involvement in the implementation of communal development plans, and transfer of powers to the communes by the central administration.

## ii. **Conclusions of the CRM**

146. **Democracy and Electoral Contests.** The use of basic self-assessment documents and many other documentary sources (the Constitution, laws, studies and various reports) and information gathered by the field missions have helped to show the effectiveness and vitality of democracy in Benin since the National Conference held in 1990 and the return to multi-party democracy.
147. *The Constitution recognizes the right by all Benin citizens to participate in the management of public affairs*, in compliance with relevant international conventions such as the United Nations Charter, 1945, the Universal Declaration on Human Rights, 1948 and the African Charter on Human and People's Rights, 1981. These conventions are all part and parcel of the Constitution and have supremacy over the laws of the land.
148. *Political parties* are recognized by the Constitution. They are mainly governed by the law of 21 February 2001 on the Charter of Political Parties and that of 23 November 2001 on the statute of the opposition. The framework for the organization and activities of the opposition is governed by the law of 2001 on the statute of the opposition. The opposition comprises all parties, party alliances or groups of political parties, which choose to voice opinions other than those of the ruling party and give concrete expression to their ideas, in anticipation of a democratic changeover of power.
149. This flexible body of legislation led to the creation of many political parties - indeed, over 150 officially registered parties. However, the proliferation of political parties has caused democratic dysfunction. Stakeholders have identified and even denounced many flaws: fictitious membership, lack of

feasibility of parties, lack of conviction and a manifesto, strong ethnocentric and regionalist leanings of political parties, existence of many insignificant parties that are only driven by selfish ambitions. The issue of political “migration” should also be condemned; likewise the lack of internal democracy within the parties. The same goes for the secret financing of parties and campaigning, the politization of the public administration, money-making and corruption, among other vices.

150. Political parties that meet the conditions to operate and have at least one MP, receive financial aid from the State. However, the lack of systematization of the modalities for *public financing and control of party expenditure* hampers the efficiency of the democratic process. Indeed, there is a drift towards the “privatization” of the more endowed parties. This has led to many calls for government to strengthen the legal framework and strictly apply the provisions of the Charter of political parties on sanctions against political parties that do not adhere to the regulations in force. This would drastically reduce the number of political parties.

### **Box 3.2: The Charter of Political Parties: A suitable but ineffective legal framework**

Although Article 5 of the Constitution provides that “*Political parties shall contribute to the voting process, they shall be formed and shall exercise their activities freely per the terms of the Charter of Political Parties*”, it is the legislators who have the duty to organize the formal framework within which political parties can operate.

In 1990, a first law on the Charter of political parties (Law 90-023 of 13 August 1990), provided for political pluralism, in accordance with the integral multi-party system. However, promoters of political parties do not always respect the required standards resulting in the current proliferation of parties that are operating outside the confines of the law.

Drawing lessons from the anarchical and cacophonous development of the partisan system, the public authorities reformulated the Charter of Parties per law 2001-21 of February 2001.

This law defines political parties as groups of citizens trained to promote and defend their plans for society and political programmes per the Constitution of 11 December 1990 (Art. 2). The law assigns to them a well-defined responsibility.

The Charter of Parties compels all parties to have their manifesto (Article 4) and to play a role in political life. To this end, “parties or groups of political parties may express their opinions on any issue of local, national or international interest” (Article 11). Among others, they are called upon to (i) participate actively in raising awareness about morals in all aspects of public life; (ii) defend and respect public property; (iii) contribute to the depoliticization of public administration; (iv) help to safeguard cohesion and national unity; (v) work toward the promotion of fundamental freedoms and a person’s human rights. They must further contribute to the training of citizens, and be actively involved in parliamentary affairs and the control of the Government’s activities.

To be recognized, all political parties must respect certain criteria, and the State guarantees them the full enjoyment of public freedoms while respecting constitutional regulations (Article 9).

The new Charter compels existing political parties to comply with its provisions within a period of 12 months, or else lose their legal status. Only 28 parties have met this requirement within

the timeframe set by the law. Strict application of the provisions of this Charter should have led to the dissolution of defaulting parties. This would have clarified the country's political scene, brought an end to the confusion and strengthened the State's authority.

151. From another standpoint, the *issue of the legal status of the opposition* remains a great source of concern. Although the law on this issue was voted in 2001, it has never been truly applied. The regulatory and material guarantees of the opposition and their heads have remained ineffective. This has so weakened the position that today there is no true official opposition in Parliament to hold the ruling party in check. This brings up the issue of sustaining constitutional democracy in the absence of strong opposition.
152. *Benin's electoral system* is not free of suspicion, and has become controversial as to its ability to guarantee free, fair and transparent elections. In 1995, an independent institution, the independent national electoral commission (CENA), was set up to oversee all elections, and has since become the central point of the country's electoral process. Its status ought to be guaranteed by the Constitution to enhance its legitimacy.
153. With 25 members, 19 of whom are appointed by the parties, two by civil society and four by Government; the electoral system is responsible for preparing, organizing, running and supervising the presidential and legislative elections and centralizing results, which it transmits to the Constitutional Court for verification, control and declaration of the results. However, the commission declares the results of the communal and municipal polls itself. The commission has been active in all the elections and has branches in the departments and communes. Its term of office ends with the completion of the elections. Despite the existence of a permanent administrative secretariat, this irregularity poses a problem since the need to establish the CENA before each election seems like *reinventing the wheel each time*. Setting up these CENAs are often fraught with much delay and dilly dallying, and it is often difficult to build on the experiences of the previous ones.

**Good practice 3.2: Compliance with the electoral timetable for presidential and legislative elections**

**The challenge of good democratic governance**

The regular organization of elections on the basis of an elections timetable set in advance is a good practice, which will help in inculcating the democratic culture in the country's habits. Presidential elections were held in 1991, 1996, 2001 and 2006; and the changeover in power each time (1991, 1996 and 2006) is a laudable example to be emulated by other countries on the continent. Legislative elections were held in 1991, 1995, 1999, 2003 and 2007. Following the municipal elections in 2002-2003, local elections will be held in early 2008, i.e., five years after the current municipal councils have taken office.

However, the elections timetable should be planned more rationally. The country seems to be permanently mobilized for costly election campaigns, while the people are suffering. These unending electoral campaigns may very well lead to voter apathy. Can a poor country in a

constant state of electioneering meet the challenges of economic development?

154. With the absence of an electoral code per se, specific electoral laws voted for each type of elections are adopted and amended prior to the polls. The presidential elections are by a two-round majority system, while the legislative elections are list-based proportional voting. This system actually helps the small parties to thrive. The stakeholders pointed out the lack of equity in the representation of the communes (no MPs for some, over-representation for others) in Parliament, due to the regional-based listing. This was why some people put forward the idea to have constituency divisions or a representation system that would guarantee the presence of at least one MP per district.
155. With each elections and change in government, the lack of a transparent and secure voters' register has raised concerns about the *issue of the reliability of the voters' list*. Efforts at putting together a permanent computerized voters' register based on a thorough electoral census, have yielded nothing. Several reasons have been given for this: exorbitant cost, obstruction by unscrupulous politicians, who capitalize on the loopholes in the system to manipulate the register for fraudulent ends, practical difficulties linked to the lack of legal identity of a large number of potential voters. Informal sources report that *At least, 50% of Benin citizens of voting age do not have a birth certificate, less so a national identity card*. The rallies held to remedy the situation were not successful, because of the high cost of the procedure for rural folk. Promises by various governments to solve the situation have also been in vain, and the status quo seems to suit everyone. It has become urgent to solve the problem to enhance the credibility of the elections and democracy in Benin.
156. The audiovisuals and communication authority (HAAC) *ensures equal access to the public media by all parties*. Each candidate is given equal airtime for its activities, and all parties believe that they are given equal access during elections. Outside elections however, feelings are mixed about such access, as there are no regulations to that effect. It would be advisable to compel the media – especially the audiovisual houses, public and private alike, to cover the party events on an equal basis throughout the year, by according them airtime to express themselves directly to the public.
157. *Electoral campaigns* provide candidates the opportunity to freely meet with the electorate and solicit their votes. There have been many discrepancies during elections, casting doubt on the efficiency of the electoral system. These include, clandestine financing of campaigns and money-making, mass circulation of monies, lobbying, interference by traditional leaders and religious bodies in the campaigns to influence choices, vote bargaining and alliances, politicization and failure by CENA and the public administration to remain neutral, shortcomings in the organization of the elections and various fraudulent acts, etc.

**Box 3.3: Mastering the financing of elections**

Mastering the financing of elections in Benin has become an issue of concerns, especially against a backdrop of economic crisis and endemic poverty. Indeed, since the advent of the democratic renewal, the cost of elections has been rising at an alarming rate. From 3.2 billion CFA in 1996 to 9.7 billion CFA in 2001, it climbed to 31.7 billion CFA (48.78 million Euros) in 2006. These figures are only for the presidential elections, and account for two and six times the combined cost of the last presidential and legislative elections held in Mali and Niger respectively, which have larger populations. The organization of elections has become a quick way of making money, and many are cashing in. Over-invoicing, corruption, embezzlement and all forms of excesses have become the order of the day. These practices were recently denounced by the Council of Ministers, which has become aware of this electoral waste. The Panel is calling on the authorities to rapidly consider ways and means of controlling the financing of future elections.

158. The Constitutional Court is responsible *for the control of electoral disputes* during presidential and legislative elections. It ruled on 18 cases for the presidential elections in 1996, 67 cases in 2001 and 26 cases in 2006. The Supreme Court rules on electoral disputes during municipal elections. These courts have made many rulings independently, although such rulings may have caused considerable controversy. The Constitutional Court's power over national elections, including presidential elections, has been contested by certain stakeholders, who condemn it for being a judge in its own cause, because of its involvement in the supervision of the electoral process.
159. A survey published in June 2007 shows 60.3% of respondents expressing satisfaction at how elections are run in Benin, with 27.09% saying they are not satisfied. This means that most people are happy with the country's electoral system and democracy.
160. This, however, does not denote people's satisfaction with the political parties (whose actions have come under considerable criticism), or with politicians for that matter. Rather, it is the culture of tolerance of the country's citizens and the important role of democratic vigilance *and citizen participation* of a very dynamic *civil society*, interested in the management of public affairs (over 6,000 registered NGOs, some of which are highly rated). Civil society plays an important role in promoting and entrenching democratic culture, and seems to be taking the place of political parties in their constitutional role as organizers of the country's political life. They also contribute greatly to the fight against poverty at the grassroots level.
161. Civil society would stand to gain by organizing itself better and federating its activities into national networks, so as to become more visible and be more efficient, especially in the rural areas. Several stakeholders have condemned civil society for being more present in conference halls than on the ground. They are said to be quick at diverting partner funds for their own ends. Hence, the need to build its institutional capacities.

**Good practice 3.3: Democratic changeover at the helm of affairs: expression of a shared culture of democracy, tolerance and fair-play**

In years gone by, Benin was at the mercy of military takeovers, which led to revolutionary dictatorships that forbade power sharing in any form. The democratic transition of the period 1989-1991 led to an exemplary democratic process, where everyone accepted the verdict of the ballot box, as a sign of sovereignty of the people.

At the end of the highly contested presidential elections of 1991, which ended the transition to multi-party democracy, General Mathieu Kerekou, who had until then, directed affairs with an iron fist, handed over the seat of power to Mr. Nicephore Soglo.

Five years later, he re-conquered the seat through the ballot box, in a remarkable comeback as Head of State. This was proof enough that the multiparty system and democracy in Africa has become an open field to all, even to former proponents of a one-party system, provided they adopt the culture of tolerance and join in the democratic process.

Ten years on, President Kerekou, who had reached the age limit for being President, and whose second and final term of office had come to an end, withdrew from the political scene. Elections were held and Dr. Thomas Boni Yayi was elected President, following presidential elections.

In a region, where some countries try to change the Constitution to extend the term of office of the Head of State, with the aim of holding onto power, the Benin example is quite significant. It shows fair-play and a high sense of the superior interest of the State that African people expect from their leaders. It should be highlighted as an exemplary practice to be emulated by others.

162. **Constitutional Supremacy.** The CSAR is rather silent on this issue. However, the report by the technical research institutes, the Constitution and other documentary resources show that the people of Benin favour a Constitutional State based on the supremacy of the Constitution.
163. The preamble to the Constitution states that *The Constitution is the supreme law of the State, before which the people of Benin pledge their "loyalty, fidelity and respect"*. Articles 154 to 156 of the constitutional text set forth a rather rigid revision procedure: the draft or proposal initiated by the President of the Republic or Speaker of Parliament must be voted by a qualified three-quarter's majority of members of Parliament. The revision only becomes valid after a referendum, except if there is a parliamentary vote by a four-fifth's majority of Members of Parliament.
164. Amendment of the Constitution requires wide consensus among the political class, or if need be, the direct agreement of the people. The Constitutional Court develops a very daring case law on the protection of the Constitution and its basic laws. The case law requires all future revisions to the Constitution to respect the spirit of the resolutions of the National Conference, from which the Constitution emanates. Indeed, in Benin, the Constitution is generally respected, except for a few minor cases of violation of some of its provisions.

165. *The contribution of the Constitutional Court to the building of a Rule of Law* and the subjection of public authorities (including other jurisdictions) to the Constitution, ought to be highlighted as a good practice worth emulating by other African countries. Also laudable is civil society's vigilance and strong mobilization to protect the Constitution ("Don't touch my Constitution!"), 2005-2006, as well as the loyalty of the previous Presidents, who complied with the Constitution by stepping down rather than attempting a constitutional or military takeover. It appears that 73.98% of people surveyed feel that the Constitution is respected in their country. This should be encouraged in a sub-region fraught with conflicts, coups d'Etat, and unconstitutional regime change.
166. Generally, the CRM is very much concerned about the *pervasive indiscipline within the society*, at an individual, collective and even institutional level, and the high tendency by people to *circumvent the norm*, be it laws or procedures. Refusal to comply with the law, as well as indiscipline and apathy, are serious constraints that need to be addressed, through sound and participatory leadership that extols the respect for the Rule of Law and freedoms.
167. **Decentralization.** Decentralization and local governance appear to be the major challenges of democracy and political governance in Benin, because of the expectations of the grassroots populations, to see an improvement in their livelihoods. Chapter X (Articles 150-153) of the 11 December 1990 Constitution sets forth the foundations for Decentralization. However, it only became effective from February 2003, following the first local elections. At least, six distinct laws, 26 decrees and 5 inter-ministerial orders govern the various aspects of decentralization in Benin. This high number of legislative and regulatory texts has contributed to mystifying an already complex issue, making its ownership difficult for all stakeholders (the central government, deconcentrated and decentralized authorities, and elected local councillors at all levels and the grassroots populations), a difficulty that was not adequately highlighted by the CSAR.
168. While it may seem premature to take stock of the decentralization process in Benin, a few observations can still be made on the basis of existing documents, relevant legal texts and information gathered on the ground.
169. *There is the need for increased decentralization* to ensure greater participation by grassroots populations, better focus on cultural specifics and improved management of Benin's socio-cultural diversity. However, the constitutional and legislative foundations laid for decentralization do not seem to be solid enough. Indeed, the Constitution does not explicitly set forth the autonomy of the decentralized communities, and only provides for the principle of free administration, national solidarity and inter-regional balance. Moreover, the fact that decentralization should be geared toward local development and meeting the needs of the people, is not clearly stated.
170. It is important to highlight *the lack of clarity in the definition of local affairs*: there is still much ambiguity about the State relinquishing its powers to the decentralized local government. Besides, the central government is unwilling

to let go of its powers. A case in point is the refusal to transfer the Tantokpa market to Cotonou. Transfer of powers and resources is a major problem, and there seems to be total confusion on the ground about the areas of competence of the State's decentralized services and those of the decentralized local authorities.

171. *The human and material resources do not measure up to the legally recognized skills that the communes ought to have.* The elected local councillors are often not well- educated or well-trained, the staff is aging, unqualified, politicized and inadequate; material resources are insufficient, in quantity and in quality; financial resources are inadequate, both in terms of net worth and transfers from the State. *It has become critical to rethink the issue of financing for the communes and local taxation* in order to make them viable and independent. These communes seem to have inherited the flaws and defects of the Sub-prefectures they succeeded.
172. *Institutional organization and intra-communal relations* are not the best, and many constraints need to be overcome if democracy is to be deepened and local governance strengthened. There is much ambiguity also about the local administrative units, namely the districts, villages and neighbourhoods in the cities. The law does not grant them legal status or financial autonomy. Their councils are elected and required to work together with the Mayor. Their operational capacities are often by courtesy of the Mayor; and this has led to misunderstandings, tensions and even conflicts. The same is true for the district councils, which are not operational in the communes under special scheme, and whose neighbourhood and village chiefs, were not elected, and yet have been at their positions for over 15 years. However, there are plans to renew them at the forthcoming local elections in early 2008.
173. Another important issue is the high tendency to sack Mayors at whim. There are also many internal conflicts, fuelled by political intrigues and quarrels, *lack of knowledge of the legal texts*, exacerbated by the incompetence and sometimes illiteracy among many elected councillors, money-making, interference by the supervisory authority, poor collaboration between the deconcentrated services present on the communal territory and elected councillors, etc. *There is the need to teach people about decentralization* to enhance local governance.
174. There is a *lack of or inadequate communication* between elected officers and the grassroots communities, who do not understand why they are consulted only when they have to pay taxes and levies, even though they never benefit from quality services or assistance, nor are their requests heeded. The dysfunction in the management of the markets and other commercial spaces, especially in terms of paying of taxes and levies are a constant source of concern for stakeholders who complain about being “*ripped off*” by municipal and central government workers alike. There is therefore the need for more coordinated action by the relevant departments.
175. These constraints have a real impact on *local governance*, and call into question the efficiency of Benin's decentralization system. Analysis of the

findings of a survey organized by the technical research institutes show that most people - citizens and elected officers alike - are not satisfied with the decentralization system in place or with the quality of services and the autonomy granted the communes. Only 19.57% of those surveyed said they were satisfied with the autonomy granted the communes for local development, while 39.13% felt otherwise, and 41.3% had no opinion on the issue. Only 13.33% of respondents said they were satisfied with the assistance from government to the communes, while 35.63% said this was inadequate, and 51.11% were undecided. Lastly, 43.75% of respondents believe that decentralization has not been a success, with 35.63% thinking otherwise, and 20.63% undecided. 50% of respondents believe that governance at the grassroots level is a failure, while 29.31% think otherwise and 20.69% undecided.

176. There is concern over the fact that *legal texts have not been adapted to local realities*. Traditional authorities, namely the *chiefs*, are not involved in local governance, although these are the people responsible for setting social regulations. In a country with a large number of rural folk, these authorities play an important role in the communes, districts and villages, which are the main areas covered by the decentralization.
177. From another standpoint, the numerous deconcentrated services (prefectoral administrations and sectoral departmental services) compete for power with the decentralized ones within the same space, poses three types of problems; first, *conflict of powers and responsibilities*; secondly, *the not-so-efficient administrative coordination*, and thirdly, the *weak institutional capacities* of these administrations, owing to the dispersion of already inadequate human and material resources. These resources could be pooled, using regional centres that have administrative and technical capacities to ensure more efficient management of the local authorities.

### iii. Recommendations of the Panel

178. To improve democratic governance, the Panel recommends the following:

1. For electoral democracy and political competition:

*In the short-term:*

- Strictly implement all relevant provisions of the Charter of Political Parties, especially those on the sanctions imposed on parties that do not comply with the said provision (Government and competent jurisdictions), with the help of civil society and Parliament);
- Redefine the framework for the modalities of financing of political parties and electoral campaigns, to ensure rigorous control of electoral expenditure. Also, greater sanctions should be imposed (Government and competent jurisdictions, with the support of civil society and Parliament);

- Regroup the elections to ensure better control over the elections timetable and expenditure, which has become a source of corruption and money-making (Government, Parliament, the Constitutional Court);
- Put in place a reliable voters' register based on a permanent computerized electoral list. It is important to urgently release funds to conduct meetings in the countryside and villages, to resolve once and for all, the problem of identification for many Benin nationals who do not possess identity cards (Government and competent jurisdictions, traditional authorities, elected local councillors, religious leaders, other civil society members and Parliament);
- Establish the CENA for a fixed period of time, to be renewable once. There may be no need to establish its branches so as to streamline expenditure (Government, Parliament).

*In the medium-term*

- Revise electoral laws to help improve the quality of voters represented at the various assemblies. One solution is to be less stringent with the list system of voting by introducing the preferential voting system, and in certain cases, the single member system. (Government, in consultation with political parties, Parliament, associations and civil society movements, in consultation with political parties and the competent jurisdictions);
  - Create a favourable legal framework for independent candidates (Government, in consultation with political parties, Parliament, Associations and civil society movements);
  - Ensure a more equitable representation of the communes and districts in Parliament. One solution would be to guarantee at least one seat for each district. (Government in consultation with political parties, Parliament).
2. To speed up the ongoing decentralization process,

*In the short-term:*

- Set up district, village and neighbourhood councils, pursuant to relevant legal provisions;
- Pursuant to decentralization laws, transfer powers to the communes, based on the principle of progressiveness, and subsidiarity, and in line with the financial and institutional capacities of the communes.
- Clarify and share resources between the communes and the State, as well as between the communes and their administrative units. This should take into account the need to grant the communes their financial autonomy (See Chapter IV on fiscal decentralization);

- Clearly demarcate the territorial borders of each commune to curb inter-communal conflicts (Government);
- Set out more stringent requirements for candidates for the position of Mayor. They must be people of integrity with a good moral background, possessing at least, a high school leaving certificate (Government, Parliament, Municipal Councils, voters);
- Sensitize and train government workers and elected local councillors and their staff on decentralization issues and local governance. Disseminate information about legal texts on decentralization to ensure ownership and efficient implementation of the process (Government, Mayors, development partners);
- Promote decentralized cooperation to help develop the municipalities (Government, Mayors, elected offices, the elite, people of the Diaspora, associations);
- In collaboration with development partners, promote institutional capacity building in the communes to ensure better institutional balance between the decentralized administrations and the deconcentrated services (Government, Mayors, development partners);
- Reduce supervisory control over the local assemblies and institute judicial control, to foster better accountability by elected local councillors (Government, Parliament).

*In the medium and long-term:*

- Introduce significant decentralization reforms to promote the autonomy of the decentralized local authorities. (Government, Parliament, decentralized authorities, development partners);
- Involve traditional authorities in local governance, and draw up a legal framework to govern their participation in the activities of the decentralized local authorities (rights, obligations, conflict mediation activities, decision-making advisory services, consultancy, etc.) (Government, Parliament, association of traditional kings and chiefs);
- Involve elected local councillors, traditional authorities, associations and other civil society representatives in the preparation of draft reforms to ensure wide consensus on the laws governing these reforms. (Government, Parliament, and all stakeholders);
- Facilitate the participation of civil society in decision-making by creating an enabling environment for activities. (Government, Parliament, Civil society, development partners).

**Objective 3: Promoting and protecting economic, social, cultural, civil and political rights as contained in all the African and international human rights instruments**

**i. Summary of the Country Self-Assessment Report (CSAR)**

179. **In terms of Economic, Social, Cultural, Civil and Political rights**, many provisions recognize and protect the economic, socio-cultural, civil and political rights of citizens, starting with the Constitution. Apart from this basic law, there is the African Charter on Human and People's Rights, the laws governing Female Genital Mutilation, sexual harassment and provisions on the principles and fundamental right to work. The fundamental freedoms of expression, association, religion and of the press, among others, are respected in Benin. While it is possible to find cases of violation of these constitutional rights, they are generally minimal.
180. On a day-to-day basis, however, the people do not always enjoy these rights. On the socio-economic front, large-scale inequalities persist in the society; many citizens are unable to satisfy their basic needs in spite of efforts deployed by the Government, especially in the area of education (although there is free education at the pre-school and primary levels), health coverage, etc. In addition, one can see the lack of respect for the rights of citizens, as well as lack of drive in the promotion of economic, social and cultural rights. Thus, it is necessary to ensure a better review of the laws and the provisions guaranteeing these rights, including increased sensitization on human rights.
181. **In terms of access to justice and guarantees for rights and freedoms**, the justice system in Benin can hardly be accessed by the majority of citizens, in spite of giant steps taken to establish Courts of First Instance in several communes and an Appeal Court in Parakou to reduce the pressure on the one in Cotonou. There is acute lack of information for the citizens in terms of mechanisms for referral of cases to courts. Most people who come under the jurisdiction of the court therefore do not know the procedures to follow to seek redress in the event of a conflict. The bureaucratic bottlenecks and corruption in the judiciary create a lack of confidence in the justice delivery system, contributing thus to the alienation of citizens from the courts. Most people therefore resort to other dispute resolution mechanisms such as settlement at the family level, village councils, arbitration and mediation by traditional authorities (Chiefs) or religious authorities, etc. However, others resort to violent, illegal or underhand means such as mob trial and casting of spells.
182. The CSAR mentions several proposals aimed at improving the situation. These include proper judicial independence vis-à-vis the executive, requiring quality service from the justice system in the short term; establishing a mechanism for performance appraisal, including surveys to determine whether the parties in a case are satisfied by the courts, undertaking judicial reforms in order to restore

a positive image within the judiciary and lastly, keeping up the sensitization drive among the population on procedures of case referral to the courts.

## ii. **Conclusions of the CRM**

### 183. **Economic, Socio-Cultural, Civil and Political Rights.**

An analysis of several documentary sources confirms the effectiveness of the three dimensions of the constitutional guarantees of human rights and fundamental freedoms:

184. *The civil and political rights* enshrined in major international instruments are incorporated in the body of the Constitution, particularly the rights to life (Article 15), personal integrity (Article 18), and the right to elect and be elected (Article 6), the right to the freedom of thought and of conscience, religion and opinion (Article 23), etc.
185. Freedom of worship is a daily experience and religious tolerance, the hallmark of a religious Benin society, seems to be a value that must be highlighted as it constitutes a virtue worth emulating by other sub-regional countries that are often torn apart by interdenominational conflicts. In Benin, a large number of Christian Churches, Islam, traditional religions (in particular Voodoo) co-exist in harmony, with all of them contributing to the spiritual upliftment of the people. Some apprehensions have however emerged in respect of possible attempts by certain religious groups to influence political choices.
186. Freedom of the press deserves particular attention in view of its highly appreciated pluralism (a multitude of newspapers including several dailies, a large number of private television and radio stations as well as community radio stations etc.) and the excesses frequently observed were highlighted during the forum organized by the CRM for journalists. From the so-called revolutionary era characterized by lack of freedom, the press has moved on to total freedom that is akin to anarchy as abuses abound: many cases of defamation, rumour mongering, corruption, the manipulation of the press to achieve political ends and articles written on the orders of people.
187. Lack of professionalism of new journalists, failure to observe ethical and professional standards, the pervading impunity, wage-incomes and inadequate regulation of the profession were criticized. One might as well say that freedom of the press in Benin is threatened more by internal sources than external ones; though control, including “censorship” of the public media, seems to give cause for concern. The efforts of the National Audiovisual and Communication Authority (HAAC) aimed at addressing the shortcomings have not yet yielded any positive results; therein lies the need for better organization and effective self-regulation of the profession.
188. The CRM took note of efforts made by the public authorities to allocate grants to the private media (an average of 300 million CFA francs per annum) and lauded the efforts made by journalists to address their own problems within the framework of the National Professional Journalists Association. However,

these efforts need to be consolidated and the support of development partners would be greatly beneficial.

189. The same situation applies to the exercise of other civil rights, which is often thwarted by ignorance and the enthusiasm of the security agencies (many cases of violence and degrading treatment have been reported), the poor state of the prisons and excessive deterioration of living conditions in the penitentiary institutions, corruption and the pervading wheeling and dealing and the pervading legal insecurity.
190. *Economic and socio-cultural rights* are also enshrined in the Constitution: the right to education (Article 8, paragraph 13), the right to health (Article 8), the right to work (Article 30), the right to embark on an industrial action (Article 31), etc. The same applies to *solidarity rights* (so-called third-generation rights) in respect of development rights (Article 9), rights to a secure, satisfactory and sustainable environment (Articles 27, 28, 29, 74).
191. This official statement notwithstanding, *the actual implementation of these rights leaves much to be desired*. The work of the focus groups organized by the technical research institutes ties in well with the observations made by the CRM. The participants of the focus groups are of the view that, “the failure to respect the economic and socio-cultural rights of the citizens of Benin is the major consequence of bad governance, particularly during all three previous presidential terms. In these conditions, the respect for legal and constitutional rights is losing its value in the face of insecurity caused by the failure to ensure the provision of the basic needs of the population”.
192. Indeed, it is not sufficient to have freedom of expression, the right to vote and other civil rights for the people; they need access to food, health care, education and accommodation, in short, the right to live. This is an “area where Benin has fallen short in terms of governance, since the beginning of the democratic era”. Thus, it is imperative to address the issue as a matter of priority to ensure the right of all nationals to a common minimum social life.
193. The issue of the right to education seems to be the most critical under the Millennium Development Goals (MDGs). The government seems to be conscious of it as it has made pre-school and primary education free for all (See Chapter VI). The right to education in the mother tongue seemed to be of concern to government, in line with the right to cultural identity. Its implementation is however beset with a host of constraints, and could only be envisaged in the long term, as the current priorities are focused on the fight against illiteracy and poverty.
194. **Access to justice and guarantee in the respect of rights and freedoms.** This issue seems to be of utmost concern *and the effectiveness of measures to promote and protect human rights* depends on it. While Benin respects the rule of law, and efforts are actually made to promote and disseminate information on fundamental rights, the fact still remains that these rights must also be effectively protected by institutions that are charged with that responsibility. The effectiveness of promoting fundamental rights and the credibility of

justice are perceptible especially through respect for the law by the appropriate jurisdictions.

195. From this standpoint, it is important to highlight actions taken by institutions such as the National Consultative Commission for Human Rights and the Benin Commission for Human Rights, as well as the Supreme Court and the Constitutional Court towards the protection of human rights. Even Government is also subjected to the jurisdiction of the courts, which do not hesitate to sentence it, although its actions may sometimes be flawed.
196. There are many examples of such actions: the most notable of these sentences include those passed by the Constitutional Court, though other competent authorities also pronounce judgments and cause arrests to be effected in order to protect the rights of citizens from violations by public institutions (the lawmakers, the Executive, including the actions of the Head of State himself, central and local governments) as well as individual citizens. However, this laudable action aimed at consolidating the rule of law and the protection of human rights is basically the prerogative of the elite who generally live in the urban areas.
197. Access to justice is still a problem for a large majority of Beninese, due to diverse reasons. The first is the inadequate national coverage, the limited number of courts, which are saddled with too much work. With the paucity of courts in the country, and pending the establishment of additional ones, a person with a court case must travel about 200 kilometres to reach a court of first instance and about 300 kilometres to reach an Appeal Court – a daunting task for an already deprived population.
198. The second issue is no doubt a cultural one, on account of the remoteness of what is considered to be “justice for white people and the rich”, by the rural folk, who are less educated and more often than not deprived of their legal identity but still remain rooted in their culture and traditional values. Another concern for participants is the dual nature of Benin’s legal system, which is both modern and traditional, although the courts are not “technically” qualified to handle issues concerning witchcraft and casting of spells. On this score, participants rightly felt that it would be an issue of governance to find ways and means of addressing the issue, as was done in Cameroon. They refer to the need for a better internalization of the traditional justice system with all the solutions that it offers to the citizens. From this particular standpoint, the mediation role played by traditional chiefs could be better appropriated in the short and medium terms on condition that it is human rights-friendly.
199. The third reason is the resources and institutional capacities of the judicial system. In November 1996, the Forum on the justice system in Benin pinpointed this constraint as an impediment to the effectiveness of justice delivery, and as a consequence, legal and judicial security for citizens. These impediments include complex procedures, bureaucracy, congestion in the court rooms, prohibitive costs, shortage of manpower, insufficient training for judges and support staff in spite of all the efforts made in recent times, lack of

motivation for the staff, outmoded equipment and dilapidated buildings, influence peddling and corruption.

200. Moreover, although the law provides for legal aid, it is not effectively implemented for the benefit of those who need it. It is only when a person is committed to trial that the State provides him with a counsel. A 10-year and entirely funded Integrated Programme for the Consolidation of the Legal and Judicial Systems (PIRSJJ) was eventually introduced following a broad participatory process to seek appropriate solutions to the issue of equal access to an independent and efficient justice system that guarantees the fundamental rights of all citizens of Benin.
201. Indeed, the issue of judicial reform remains a major challenge for the consolidation of the rule of law and legal security of citizens and investments. Unfortunately, in spite of the pervading and recurring discourse on the need for an effective and secure justice that is accessible to all, the ongoing reform is slow in yielding results. It is thus clear why 64.21% of the respondents believe that justice in Benin is not close to citizens as against 19.06% who felt otherwise and 16.72% of persons who had no opinion.
202. Is the position occupied by the Attorney-General and Minister of Justice on the protocol list of members of the current government symptomatic of the little importance given to the justice system? It is the same for the budgetary outlay allocated to the judiciary. It is therefore imperative to hasten the reform process with the view to ensuring better access to justice, a guarantee for the effectiveness of fundamental rights.

**Good practice 3.4: The Constitutional Court of Benin, efficiency in the service of democracy, the rule of law and fundamental liberties**

In an institutional environment that is strongly marked by corruption and greed, the Constitutional Court of Benin is the guarantee of the rule of law and the protector of fundamental rights and public freedoms. Established by Articles 114 – 124 of the 11 December 1999 Constitution, the Constitutional Court has, since its inception, been used to consolidate democracy and the rule of law, principles whose foundations were laid during the transition to democracy in the 1990s.

The Constitutional Court derives its authority from the Constitution and is the backbone of the rule of law and constitutional democracy in Benin. It enforces rigorous compliance with the provisions of the Constitution by always interpreting the law in such a manner as to give priority to the Constitution, the separation of powers and to protecting the rights and freedoms of the citizen.

An example of this was the Court's objection to extending the term of office for parliamentarians from four to five years, with the explanation that any bill seeking to amend that provision in the Constitution would be contrary to the resolutions of the February 1990 National Conference, which, in the Court's opinion, are supra constitutional and are binding ipso facto on all public authorities. The Court also ordered the postponement of the swearing-in of the President-elect of the Republic in 1996 for infringement of the relevant constitutional provisions. Furthermore, the President was made to comply with the decision of the Judicial Service Commission on the appointment of judges, it being made clear to him that any

decision to the contrary would constitute a violation of the Constitution. (Decision no. 2002-012 of 19 February 2002).

The Court's decisions are enforceable and binding on all authorities, be they political, administrative, military or judicial, and this gives rise to occasional protests.

That notwithstanding, the Court plays a vital role in regulating the institutional and judicial life of Benin, and merits commendation.

### iii. Recommendations of the Panel

203. In order to promote the exercise and enjoyment of all aspects of human rights, the Panel makes the following recommendations:

1. Provide better control of and promote press freedom through the following actions:
  - Negotiate an industry-wide agreement for journalists from both the public and private media. (Journalists, media chiefs, Government).
  - Draw up and codify statutes for journalists using the participatory approach. (Journalists, media chiefs, Government).
  - Organize and finance initial and further training for journalists (Journalists unions, media chiefs, development partners, Government).
  - Build the capacity (training, equipping, human resource, etc) of the HAAC, Benin's official media regulator, and journalists associations and unions in terms of organisation and self-censorship in media activities with respect to evaluation, control and strict discipline in cases of lapses in professional responsibilities. (Journalists unions, media chiefs, development partners, Government).
2. Promote basic human rights in neighbourhoods and villages by:
  - Initiating and/or enhancing educational programmes on citizenship, republican values and human rights at basic school level [Government, National Consultative Committee on human rights].
  - Regularly organizing awareness-raising and educational campaigns on human rights in the media (TV, radio, newspapers, training seminars, etc). [National Consultative Committee on Human Rights, human rights associations, HAAC].
  - Developing specialist training courses for security forces and judicial officers in compliance with and for the protection of human rights, including economic, cultural and social rights [National consultative Committee on Human Rights, human rights associations, NGO's].

**Objective 4: Separation of powers, including protection of the independence of the judiciary and an efficient Parliament**

**i. Summary of the Country Self-Assessment Report (CSAR)**

204. **With regard to constitutional provisions establishing the separation of powers,** several provisions in the Constitution of Benin establish the separation of powers, which takes concrete form in the institutions created under the Constitution. These institutions are functioning quite well except for a few internal and external problems. Data collected during the study shows that the separation of powers does not work perfectly in Benin.
205. The Executive in Benin is particularly powerful because the President of the Republic, who is both the Head of State and Head of Government, has a significant number of functions. Consequently, the Executive has a marked influence over the other two powers, the Legislative and the Judiciary, leading to some interference among the powers, which brings in its wake corruption, politicization and bribery.
206. **With regard to independence of the Legislature,** The National Assembly is certainly independent. The Constitution even accords it one section (Section IV) just as it does the Executive. Its functions – the exercise of legislative power and control of Government activities – are set out in the Constitution. The Assembly passes its own by-laws but is controlled by the Constitutional Court as stipulated in the Constitution. However, a large number of Benin nationals believe that the Assembly is not playing its role of watchdog over Government activities effectively, giving rise to the need to enhance the functions of the National Assembly to include monitoring the implementation of the national comprehensive budget.
207. **With regard to independence of the Judiciary,** most Benin citizens see the Judiciary as an extension of the Executive because the Executive wields some influence over the Judiciary despite the existence of a law establishing its independence. The CSAR focuses on a number of problems plaguing the judicial system such as corruption, disputes about jurisdiction, and the weakness of the Judiciary. To strengthen the Judiciary and make it independent, it has become necessary to make the President of the Supreme Court the chairman of the Judicial Service Commission, dismiss unscrupulous judges and encourage the honest ones, and highlight best practices for the Judiciary to enhance the confidence of the citizens in their justice system.

**ii. Conclusions of the CRM****Constitutional provisions establishing the separation of powers**

208. Available documents provide a wealth of information about the *existing constitutional and legislative provisions on the separation and balance of powers in the country*. Each of the powers is dealt with in a separate section of the Constitution. The supplementary provisions on each power are set out in the establishment acts, which were adopted by a different majority than the majority that passes ordinary laws. The Constitutional Court must ensure that the establishment acts are in conformity with the Constitution.
209. Several of the provisions of the 1990 Constitution deal with the independence of each power and the differences between the executive, legislative and judiciary functions in a presidential system of government where separation of powers is strictly observed.
210. Article 54 of the Constitution states that executive power lies with the President of the Republic. He is the Head of Government and as such, he determines and implements national policy. Paragraph five of the same article says that the duties of the members of Government are different from parliamentary duties... Under article 79, Parliament is formed by a National Assembly whose members are called members of Parliament (MP) (...). It has legislative power and monitors Government activities. Article 92 states that a member of parliament appointed to a ministerial position shall lose the right to sit in parliament. Similar provisions on the Judiciary deal with the differences and independence of Supreme Court and Constitutional Court members and members of Government or Parliament. Article 125 provides that the Judiciary is independent of the Legislative and the Executive. Judicial power is exercised by the Supreme Court, the courts and tribunals established in accordance with this Constitution.
211. Two establishment acts set out the conditions for this independence and the accompanying guarantees. The separation of powers is thus established by very detailed legal provisions.
212. The Constitutional Court, the principal court in constitutional matters, is the main conflict resolution mechanism for Government institutions. On the basis of article 114 of the Constitution, which stipulates that the Court is the body that regulates the operations of institutions and activities of public authorities, the Court develops precedents to support the independence of each of the powers.
213. The President of the Republic, who is both Head of State and Head of Government, is the only member of the Executive to whom cases of conflict among government bodies can be referred. However, a practice has evolved whereby one of the ministers has the position of coordinator of Government activities and is the first port of call for resolving the problems that come up within the Government set-up.

**Box 3.4: The Government's working charter****Preaching good governance from the top by example**

The Government's working charter, recently initiated by Dr Boni Yayi's Government and signed by all members of the Council of Ministers on 19 June 2007, demonstrates the commitment of the president and his ministers to implementing the provisions of the preamble to the Constitution, which states that conscience, competence, probity, sacrifice and loyalty in the interest of the common good are essential if the legitimate aspirations of the people of Benin are to be realized.

Members of Government must declare faith in the ten cardinal values listed below as a demonstration of their total commitment to the success of the President's programme: i) public interest takes priority in every decision or action; ii) liability in the performance of duties in accordance with the principle of accountability; iii) integrity, as people who are role models in the society and champions of public morals; iv) equity, demonstrated by a desire for social justice and fairness; v) solidarity in Government action; vi) transparency as a symbol of good governance and a reflection of the legitimacy of decisions and actions ; vii) open-mindedness, characterised by objective dialogue based on "republican concepts"; viii) civility reflected by administrative decorum and courteousness, and respect for the President of the Republic; ix) confidence in self, colleagues and partners, without losing sight of the importance of checking oneself and others; x) accountability with regard to the right of the people to information.

In a society characterized by high levels of corruption, which it is seeking solutions for, political leaders would set a clear example if they translated their commitment into action, a characteristic of dynamic and honest leadership.

214. The issue of whether the separation of powers and its related control mechanisms are effective is of major interest in this institutional environment. Since the 1990 Constitution came into effect, each of the powers has carried out its function relatively well. Looking at the CSAR and the TRI reports, very rarely has the public or even the CRM had occasion to blame the separation of powers for a serious problem in a Government institution. Parliament regularly exercises its control over government activities through written or verbal questions. The Constitutional Court also regularly and independently performs its function of regulating political life.
215. However, the poor institutional capacity of some authorities such as the National Assembly – as the parliamentarians themselves admit – the Supreme Court, the High Court of Justice, and the courts and tribunals, must be condemned, for it undermines the power of the Executive and its Head, who is at once the Head of State and Head of Government. This could result in the abuse and personalization of the power of the President.
216. The work of focus groups and the information gathered by the CRM during its field work attest to this. An opinion poll conducted in June 2007 revealed that 34.78% of those polled believe that the current constitutional mechanisms promote the separation and balance of powers. 15.05% did not agree. This leaves a very high number of people who were non-committal (50.17%, more than half of interviewees) because they had no knowledge of the issues. .

217. However, many of those interviewed were of the opinion that the prerogatives accorded the Executive by the Constitution has made the latter so strong that the other powers, particularly the Legislative, do not have real influence. Many others were emphatic that there is some collusion among the powers, so that it would seem as if there was one power instead of several. It has become imperative to institute better checks of the functions and strengthen control of the actions of the Executive through a stronger Parliament and independent courts. These checks and controls, together with a better organised civil society, will help prevent any tendency towards personalizing State power.

### Box 3.5: Presidential leadership

#### Participatory support for the vision of an emerging Benin

Under a presidential system of government, the issue of leadership seems to be of utmost concern. The President of the Republic is regarded as “the purveyor of prosperity and development”. The election of a new President, ripe with campaign promises raises the hopes of a people beset by endemic poverty and bereft of freedom.

In Benin, the issue of how to transform the presidential vision of an emerging Benin into a common shared vision, implemented by all components of society is a real challenge.

The solution is to draw up and implement an effective institutional communications strategy that will draw the active support of all citizens. Consequently, more sustained attention should be paid to the information flow between the base and the top. A greater chance of success is assured if the vision is defined, appropriated and implemented using the participatory approach.

The mission is pleased to note the determination of the Head of State to explain and share his vision with the people who elected him. It is hoped that beyond the President’s commitment and passion to explain his vision and actions, the concept of “concerted governance” will be established as part of the dynamic of a pragmatic and truly participatory leadership.

218. **Independence of the Legislature.** The independence of the Legislature in Benin is guaranteed by law and in practise, and the institutional machinery, which is both constitutional and legislative, conforms to the required standards in more than name only. The same is true of the immunities and material guarantees, which come with the work of Parliament.
219. Benin’s Parliament is also financially independent. Interference by the Executive in the work of Parliament and conflicts caused by the Government being brought before Parliament to answer for its actions are rare in Benin. Because the Executive does not have the right to dissolve Parliament, which is a feature of presidential governments, Parliament performs its duties in peace. The institutional stability of the legislature in Benin is certainly due to democracy in that country.
220. This does not mean, though, that Benin is free from the weakness and decline of African Parliaments. The National Assembly is weak and under-equipped,

MPs are not always well trained and they do not have proper assistance, the administrative staff is poorly trained and highly politicized, there is a lack of initiative in legislative matters, there are not enough staff and experts to ensure effective control of government action, deliberations are slow, the intellectual and technical quality of debates is poor, etc. Since multiple legislatures were established in 1991, only five out of 12 parliamentary commissions of inquiry have submitted reports which have been considered in plenary; only three parliamentary questions made it to the floor for a full debate, fewer than 500 laws have been passed for about 200 questions addressed to the Government (written, verbal, with or without debate, topical issues included). Recourse to foreign expertise will, for the moment, hardly help the Benin National Assembly find solutions to its problems. The lack of official opposition in this administration does not augur well for democracy.

221. The greatest weakness of Benin's Parliament, according to the observers and stakeholders, is the fact that it is extremely money-minded. The National Assembly seems to crystallize the weaknesses and defects of the democratic system in Benin which is eaten through and through by corruption. The list system ensures the election of wealthy candidates who can finance the party's campaign and bribe voters, even if such candidates are illiterate and suspected of corruption or embezzling public funds or are of doubtful morals. Only money – except in a few cases – ensures a place on the privileged party list, a guarantee of winning any election. The result of this is the large presence of MP's of doubtful character or who are implicated in corruption scandals, numerous and persistent rumours of corruption in the national Parliament, and allegations of the blocking of important anti-corruption laws and laws to restore the authority of the State. There is hardly any doubt about the urgent need for a programme to restore the image of Parliament and build its capacities.
222. **Independence of the Judiciary.** The independence of the Judiciary should be understood as the independence of all the courts. This includes special courts like the High Court of Justice and the Constitutional Court, which tries cases of human rights violations.
223. The independence of judges in Benin is guaranteed in law by such important documents as the Constitution, Establishment Act no. 94-027 of 15 June 1999 on the Judicial Service Commission, Law 2001-35 of 21 February 2003 establishing the Judiciary and the establishment acts setting up the Constitutional Court, the High Court of Justice and the Supreme Court, including the new statutes for members of the Supreme Court, which are in the process of being adopted.
224. Judges in Benin, for the most part, are not subjected to a temporary mandate in the exercise of their functions. They are appointed for life. Only the President of the Supreme Court, the members of the Constitutional Court and the High Court of Justice are appointed for a fixed term. Judges of the Constitutional Court and the High Court of Justice are not necessarily members of the national legal service, but their job security is guaranteed by the principle of irremovability. This is one feature that is accepted by all legal systems as

evidence of the independence of the Judiciary of a country. It is enshrined in Articles 115 paragraph 4, 126 paragraph 2 and 133 paragraph 2 of the Constitution.

225. Pursuant to law 2001-35 of 21 February 2003 establishing the Judiciary, the appointment of a judge can only be terminated on disciplinary grounds and in accordance with laid down procedure (also used for state prosecutors) before the Judicial Service Commission.
226. Some provisions of the Constitution, however, render the independence of the Judiciary relative. By Articles 127 – 130, the President of the Republic is also the Head of the Executive, who guarantees the independence of the courts and is the appointing authority of judges. The Constitution gives the Judicial Service Commission (JSC) – which is the body that disciplines judges – the role of assistant and adviser to the President. The Minister of Justice shares the vice-Chairmanship of the Commission together with the President of the Supreme Court. He nominates judges for appointment and initiates and conducts investigations in disciplinary matters concerning judges brought before the JSC. The strong presence of the Executive within the JSC and the subordinate role of the JSC – the body that guarantees and preserves the independence of the Judiciary – vis-à-vis the Executive are serious violations of the separation of powers and the independence of the Judiciary.
227. It is thus very appropriate that the Constitutional Court, using the courts, has endeavoured to make up for the gaps in the conditions and modalities governing the independence and irremovability of judges. The Court has ruled that the approval of the Judicial Services Commission be sought for the appointment of judges (Decision 2002-012 of 19 February 2002). By so doing it has forced the President of the Republic and his Council of Ministers to endorse the decision of the Judicial Services Commission with regard to the appointment of judges, or else be in violation of the Constitution. This is very significant and demonstrates the full extent and meaning of the independence of the Judiciary from the legal point of view.
228. It must, however, be stated that the independence of the Judiciary is rather undermined by poor working conditions – despite the recent increase in the salaries of judges – and the crying need for staff at all levels of judicial administration. Court officials have to file and investigate hundreds of cases each week. The Accounts Department is more than four years behind with the inspection of accounts, whilst the prisons are dilapidated, overcrowded (the population is more than three times the number originally meant for), full of remand prisoners awaiting trial (more than 2/3 of the prison population) often held under inhuman conditions.
229. The High Court of Justice is paralysed by a complex and highly-politicized procedure, and an inability to decide on what sanctions to apply in the cases before it. The ambiguities and loopholes in the applicable laws sometimes lead to different interpretations by the Constitutional Court and the Supreme Court, causing them to accuse each other of going beyond their respective jurisdictions.

**Box 3.6: The case of the embezzled legal fees****A pointer to the poor conditions of Benin's justice system**

A case of the embezzled legal fees, in which about a hundred legal officers, court registrars and tax revenue collectors were accused of embezzling legal fees is an indication of the woeful working conditions of judicial staff.

Investigations revealed the existence of a network of shady officers who had worked out a way to improve their working conditions and make a little extra on the side using illegal methods such as quoting higher charges when claiming transportation costs incurred in the discharge of their duties.

63 of them (including several judges) were given sentences of varying degrees, several sentenced to prison terms. When they appealed, the judges were clearly treated less harshly. Many of them received lighter sentences and several subsequently got their jobs back. This leniency did not go down well with the public, who are generally not very well informed about the subtleties of legal cases, and who therefore quickly concluded that the judges had been favoured because of their "connections".

The positive fallout from this case is that justice was seen to be done, impunity was not entertained, and the judges did not hesitate to try and convict their peers. This sends a message of hope as regards the ability of the Judiciary to resolutely tackle corruption and the embezzlement of public funds in Benin (on condition that members of the judiciary are adequately remunerated!).

230. The public perception of the independence of the Judiciary vis-à-vis the Executive and the economic leaders is largely negative. Personal ambitions, social pressures, which give rise to interference in legal proceedings, corruption and greed, uncertainties and conflicts among jurisdictions or within one jurisdiction all greatly undermine the independence and prestige of the Judiciary, which is seen by the public as being very "sick", notwithstanding the efforts of several honest and competent judges.

**iii. Recommendations of the Panel**

231. With a view to strengthening the functional guarantees of the separation and balance of powers, the Panel recommends the following:

- Institutional capacity-building for the National Assembly by recruiting and training parliamentary staff [Parliament];
- Improve the status and service conditions of parliamentary staff by introducing a career development plan, salary increments, etc. [Parliament];
- Depoliticize the staff to make them work as public officials in the service of the nation and not for any particular political group [Parliament];
- Open parliamentary offices in every district [Parliament];

- Provide further training for MP's in the work of Parliament, in methods of Executive control, parliamentary missions and the need to be answerable to the electorate [Parliament, possibly with the cooperation of development partners];
  - Review the establishment laws and the Electoral Provisions Act on the appointment of members of Parliament for better representation (at least one MP for each district), and to take into account gender balance and age [Parliament, Government].
232. In order to consolidate the independence of the courts and the Judiciary, the Panel recommends the following:
- Greater autonomy for the Judicial Services Commission from the Executive (the President of the Republic and the Minister of Justice are also the Chairman and 2nd Vice-Chairman respectively of the Commission). (Government, Parliament, Constitutional Court, Judicial Services Commission, Judicial workers unions);
  - Accelerate the implementation of the integrated programme for enhancing the legal and judicial system and update the data on the various components if need be (government, Parliament, with assistance from development partners);
  - Set up an ad hoc inspection, performance evaluation and anti-corruption task force within the Judiciary, made up of representatives from all sectors of the judicial system selected for their integrity and intelligence (Judicial Services Commission, Supreme Court, Government, Bar Association, corporate groups);
  - Institute a national day of the judiciary to celebrate the institution and members of the justice system who have distinguished themselves during the year [Government, JSC, Supreme Courts, with the assistance of all the other national institutions, civil society];
  - Assess the capacities of the High Court and take the necessary legislative and institutional measures for the effective functioning of this important court (Government, Parliament).

**Objective 5:   Guaranteeing an efficient, capable, effective and responsible public service**

**i.   Summary of the Country Self-Assessment Report (CSAR)**

233. According to the CSAR, since the public service and administrative modernisation meeting was held in 1994, numerous measures have been taken to reform Benin's public service, enhance its performance and make it the

spearhead of development by creating awareness among public servants of their responsibilities. It must however be admitted that most of the lapses identified during the conference are still entrenched today. They include ageing public officers, arrogance; indifference, and even scorn towards illiterate users of public services; the high cost of services; lack of a sense of professionalism among public servants; impunity; not taking advantage of the knowledge and skills of workers (officers put in the garage); poor time management; politicisation of the Civil Service; the recruitment quotas policy, an avenue for discrimination and tribalism.

234. The national consultation conducted by the National Commission led to a number of actions to strengthen the institutions and make the public service efficient and effective. The CSAR mentions some of these actions:
- The creation of a General Secretariat in all the ministries to help separate political functions from technical functions and safeguard the reputation of the ministries;
  - The creation of one-stop shops in sensitive sectors such as the port and customs, and the beginning of administrative decentralization;
  - The creation of customer services bureaus in the ministries and public institutions;
  - The creation of a single reference file for public officials.
235. Some problems and failures were, however, recorded, notably: the draft bill on promotion by merit was rejected; the staffing problem is acute; recruitment by quotas is a check on capacity building and social development; the government still does not have effective tools for assessing public officials; the status of local authority officials is still not very well defined; impunity and inadequate control make public officials lazy and incompetent.
236. The majority of the population expressed doubts about the transparency of recruitments, advancing reasons such as the extreme politicisation of the Public Service, corruption, favouritism and all kinds of irregularities. The procedures for staff promotions, training, management and assessment were also said to lack transparency.

## **ii. Conclusions of the CRM**

237. At the end of the stakeholders meetings and after studying the documents, the CRM noted several problems in the Public Service, which confirmed the points raised by the CSAR.
238. The CRM found real problems in the implementation of the administrative reforms. An opinion poll revealed that 70.69% of the officials and local councillors interviewed think the reforms are unsatisfactory. The stakeholders thought that the results of the reforms are not very visible.

**Box 3.7: An efficient public service****A prerequisite for economic and social development**

The condition of the civil service led the Government to compile an initial register of Government employees in December 1986, which flushed out fictitious employees and helped in the computerization of the personnel management. The public service and administrative modernization meetings held in December 1994 kick started Benin's administrative reform (2000).

This reform was an expression of the need to make the Service development oriented by taking appropriate measures. Today, an analysis of the situation in the civil service reveals that the operations and quality of public services call for vigorous action particularly in the area of promotions and human resource development with special emphasis on gender-balance in top positions and a transparent and attractive career management plan. In the same vein, considerable efforts should be made to depoliticize the public service, fight corruption and ensure transparent and effective management of human and financial resources in order to reduce the yawning gap between citizens and the civil service. Thus, the few successes chalked by the reform are hardly felt, and the political will expressed time and time again is overshadowed by poor understanding of the reform activities, due largely to their implementation strategy, and the redtape within the institutional mechanism of the reforms implemented.

In order to meet the challenge of a developing administration, the Panel recommends that the Government should find solutions to the following problems: delays in the implementation of the reform programme, lack of information and low level of involvement of the Ministry of Public Services and Administrative Reform in the reforms initiated by the ministries themselves; loss of confidence by public service users and civil society; lack of clarity in job descriptions; ignorance of the reforms by technical sector organizations and the public; politicization of the public service.

239. The CRM noted a recurring criticism by stakeholders during meetings: *the politicization of the public service*. This buttressed the observation made by the focus groups to the effect that interpersonal relations in the service are governed by patronage based on political affiliation and nepotism. Consequently, competent officers are not promoted whilst those appointed are often not competent. Politicization of the service will lead to *low capacity and performance, and to the demotivation of numerous workers and staff*, frustrated and disappointed to discover that experience, integrity, hard work and merit no longer constitute the principles for advancement in a sector that is so crucial for economic and social development.
240. *The weakness of the evaluation, promotion and disciplinary process also came up during meetings*; this problem was attributed largely to the politicisation of the public service. The CRM also noted that Benin's Public Service is ageing. Several speakers at the meetings were of the opinion that the austerity measures adopted with regard to public service recruitments following the implementation of the Structural Adjustment Programme of the 1990's did not encourage new recruitment. Some ministries have not done any recruiting since 1986. The participants also expressed their disappointment with the

quota system of recruitment, which promotes mediocrity within the public service.

241. The stakeholders mentioned the *lack of transparency* in the public service. Public officials always claim confidentiality to keep from releasing relevant and reliable information. In the name of secrecy, officials keep back a lot of information. The lack of information hinders the smooth operation of the State machinery, widens the gap between the Public service and consumers and reduces the legitimacy of public services.
242. *Another weakness in the Public Service mentioned during the meetings was poor and disparate salaries.* In all the regions visited, participants at the meetings agreed that salary increases would improve living conditions and help fight corruption. *Corruption* is, indeed, in the opinion of several observers, one of the most serious vices plaguing the public service.
243. The participants stressed the inefficiency of Benin's Public Service and confirmed consumers' dissatisfaction with the quality of services rendered, also a confirmation of the observation in the preliminary study where 58.22% of people interviewed said they were not satisfied with the reception and the quality of the services rendered them in government institutions. It must also be noted that the problem of capacity is caused in part by the brain drain afflicting certain key sectors such as health.

### **Box 3.8: Towards effective contribution by the diaspora to development projects**

It is estimated that about three million Benin citizens live abroad (in 2007 the total population of Benin was estimated at 8,053,690). The contribution of this large number living in the Diaspora to Benin's development needs to be organized and managed. After three decades of political instability, the « democratic renewal » established by the national conference awakened interest in this group of citizens and in getting them to participate more in the economic development of their home country. Successive governments thus created various management and support institutions for the Diaspora: Ministry of Foreign affairs in charge of relations with Benin nationals living abroad; high commission for Benin nationals living abroad; National Agency for Benin nationals living abroad.

The Benin nationals in the Diaspora, on their part, mobilized themselves to create three types of structures; the short visit home, the return home to seek out a development project in a village, etc. to contribute to, and the permanent return home to establish development projects. In addition to repatriation of funds by individuals, the diaspora also launched the microfinance project to grant loans to women and other creators of micro and small enterprises.

But Benin, like the rest of Africa, faces another challenge – the brain drain. The Panel encourages the Benin Government to implement a national policy on effectively including its nationals in the Diaspora in the process of drafting and implementing economic and social development policies and programmes for the country.

244. Participants at country meetings also discussed the outdated tools and poor performance of decentralized institutions due to the unwillingness of the central authorities to transfer human and financial resources to local authorities and even to transfer some powers and competences to the decentralized agencies.

### **iii. Recommendations of the Panel**

245. In order to improve the performance of the civil service, in the light of the preliminary findings and the recommendations of the public service reform strategy paper of July 1999, and administrative reform framework document of June 2000, the Panel wishes to recommend that Government should:

- Give clearer job descriptions in order to enhance the role of the public service in the judicial system and in the fight against judicial insecurity, in human resource development, in the rule of law, in training, in education and health, in the security of citizens, and to ensure an efficient and effective public service ;
- Promote the development of a new administrative culture centred on the values of hard work, merit, respect for the public service, routine control at all levels, administrative management, accountability, commitment to achieving results and discipline (positive or negative) ;
- Enhance the status of and motivate (including financially) its human resources through the implementation of a new salary structure aimed at improving working and living conditions ;
- Implement capacity-building measures for management and administrative institutions at the local, regional and national levels ;
- Set up a rational and efficient information management system that is transparent and uses modern information and communication techniques.
- draw up and implement a regulatory mechanism to tackle the problems mentioned in this report (lateness, laziness etc.), starting with a review of the legal framework on public service personnel (Parliament, Government) ;
- Pass a law on the depoliticisation of the public service. The objectives of this law would be the clarification, description and strict separation of technical and political functions so as to guarantee the continuity of the state and ensure and enhance integrity, efficiency and republicanism in the public service.
- Implement and promote the policy of consultation and political association to ensure greater participation by the various professionals in the Diaspora in the task of national development, and create attractive conditions to encourage such professionals to return to Benin ;

- Strengthen the mechanisms for the control and assessment of services and service provision through the establishment of appropriate channels of information under the control of representatives of government, the public sector and civil society.

**Objective 6: Tackling corruption in the political world**

**i. Summary of the Country Self-Assessment Report (CSAR)**

246. According to the CSAR, corruption is rife both in the private as well as the public sectors. The following structures, measures and actions are recommended in the fight against corruption: Auditor-General's Department; Internal audit departments at the ministries; The anti-corruption observatory (OLC) and, recently, the unit for the improvement of public morals, Pressure from civil society groups such as unions, NGO's and institutions like FONAC, Transparency International, ALCRER, ELAN, the Auditor-General's Department, etc.; Institution of a national anti-corruption day (8 December); Audits ordered by the new government, which unfortunately failed to satisfy the public; Some "showy" sanctions like demotions and seizure of property.
247. The anti-corruption campaign is, however, hampered by the superficial nature of some of the measures taken, which do not take into account the socio-cultural dimension of corruption; the extreme politicization of the public service coupled with the system of patronage, which is the root cause of impunity and the lack of firmness; the lack of convictions in major corruption cases; The absence of conviction that corruption can be eliminated and of real political will to do so.

**ii. CRM Conclusions**

248. The Country Review Mission (CRM) noted during meetings with the stakeholders that an alarming number of Benin nationals are involved in corrupt practices. This was traced to many years of delayed salaries during the socialist era. The lapses and inability of the government to guarantee salaries has led to people finding ways of surviving, the adoption of a philosophy that says "the goat grazes where it is tethered", to a culture of corruption that has become endemic over the years. Whilst the meetings with the stakeholders highlighted the widespread nature of corruption, the key players of governance in the country brought to the fore the alarmingly high level of corruption in top Government circles in recent decades. The expression "The fish starts to rot from the head" kept cropping up at country meetings to emphasize the gravity of the problem and to point a finger at the perpetrators.
249. **Incidence of corruption in Benin.** A recent European Development Fund study, "Benin's Governance Profile", found that corruption affects all sectors

of the public service, especially customs, procurement, the Cotonou Port Authority, the Inland Revenue service, etc. In addition, a survey by the unit for the improvement of public morals revealed that 80 - 90% of customs revenue was lost to the State between 1996 and 1997.

250. The anti-corruption watchdog, quoting Irénée Koupaki, the Minister of Finance, noted that the losses in tax revenues to the State through fraudulent practices by both taxpayers and tax and customs officials are valued at one hundred billion CFA francs annually. The document continues, quoting the same source, that about 201 billion CFA francs worth of expenses made by payment order between 2001 and April 2006 are yet to be regularized with authentic supporting documents. This amount represents about a third of the national budget.
251. A UNDP study conducted as far back as 2000 showed that:
- 78.8% of Benin nationals think that the public service is corrupt;
  - 80% of Benin nationals have no confidence in the justice system;
  - 83.6% think that the campaign to raise moral standards in public life was not effective.
252. The report of the anti-corruption watchdog (OLC) mentions the following corrupt practices:
- Payment of huge bribes to top Government officials;
  - Tax and customs fraud;
  - Over-invoicing of services provided to the State;
  - Under-invoicing of fees owed to the State;
  - Misappropriation of administrative, financial and material assets;
  - Swindling citizens and companies;
  - Influence-peddling, misappropriation of funds, favouritism in procurement procedures;
  - Election fraud characterised by the buying off of people.
253. **Legal framework for the anti-corruption campaign in Benin.** *At the local level*, the draft anti-corruption bill has not yet been adopted. The bill was sent to the National assembly by decree on 31 March 2006, and although this was done by the emergency procedure, the bill is yet to be passed.
254. The money-laundering law, on the other hand, was passed by the Assembly in May 2006.

255. *At the international level*, the African Union Anti-corruption Convention has been signed but not yet ratified.
256. The United Nations Convention against Corruption (Mérida) was ratified on 12 August 2004. According to the report “Benin’s Governance Profile”, it is proving difficult to integrate this instrument into Benin’s laws.
257. **Institutional framework for the anti-corruption campaign.** Several structures and institutions have been put in place by the Government or at the initiative of the civil society as part of the anti-corruption campaign. They include:
- Assets verification committee;
  - Anti-corruption committee;
  - SOS corruption committee;
  - The unit for the improvement of public morals placed under the office of the President of the republic (1996);
  - The forum for the mobilisation of civil society against corruption, which gave birth to the coalition of national anti-corruption organisations (FONAC) in 1998;
  - The Ahanhanzo Glèlè commission, created in April 1999 to compile all cases of embezzlement and misappropriation of public funds from 1996 to 1999. Out of 294 cases, 120 have been taken to court.
  - Development projects implementation control unit (2004);
  - The anti-corruption observatory (OLC) (2004);
  - The Auditor-General’s Department, created in 2006.
258. It should be noted, as part of the anti-corruption activities of the civil society, the existence of structures to fight corruption, the most prominent being the Coalition of National Anti-corruption Organizations (FONAC), created in 1998. Its activities focused on advocacy for an anti-corruption law, awareness creation, the citizens taking cases of corruption to court, whistle blowing, investigations etc.
259. The OLC was created on 21 April 2004. It comprises 17 members drawn from different sectors (the National Assembly, Ministries of Justice, Finance and Interior, the judiciary, auditors, civil society). The OLC’s functions are to:
- Supervise the implementation and control of the national anti-corruption strategy and the action plan;
  - Evaluate the anti-corruption programmes from time to time;

- Create educational and awareness-raising programmes, and encourage anti-corruption campaigns;
  - Collect data on corruption and follow corruption cases;
  - Ensure that the necessary witness-protection measures are put in place;
  - Support any action intended to strengthen the anti-corruption drive, particularly the adoption of an anti-corruption law and the imprescriptibility of economic crimes.
260. **Effectiveness of the anti-corruption campaign in Benin.** People interviewed on the ground and bibliographical data both agree that there has hardly been any real political will to tackle corruption, much less to achieve any significant and convincing results. Corruption has become a culture and the tool of a certain type of governance. Hope of the elimination of this vice is low and people are waiting for some kind of messiah to turn up and turn things around.
261. Since President Boni Yayi came to power, the political will to fight corruption is evident. A minister and a politician have already been indicted and about 30 judges have been charged in the criminal court fees saga, which caused financial loss to the state valued at several hundred million francs.
262. The white paper on corruption mentions other cases of corruption such as the SONACOP transfer or the Ministry of Energy and Water tender for the sinking of 147 boreholes in Mono, Couffo, Ouémé and Plateau. The results of the anti-corruption drive are generally insignificant and especially when placed against the high incidence of corruption in Benin.
263. Three years after the official launching on 16 September 2004 of the OLC, which refers to itself as the anti-corruption frame of reference, the country visits and meetings with the stakeholders show that the vice is still alive and poisoning all sectors of economic activity and social life, and is rampant in the top echelons of Government.
264. The green march against corruption, in which the Head of State himself participated, is a sign of the gravity of the situation, described by Minister Koupaki P.I. in the following terms: Corruption is one of the greatest evils in our society. Over the years it has become endemic, undermining development, eroding our sense of civic responsibility and upsetting our values. Despite the efforts made over the past fifteen years to combat corruption, many Benin nationals continue to engage without scruples in misappropriation of funds, in tax fraud and in dubious transactions. The extent of corruption is such that today the people have the impression that everyone is tainted, which impacts negatively on their commitment<sup>10</sup>.
265. At the end of several discussions with the stakeholders, two conclusions were arrived at:

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<sup>10</sup> Preface to the National Anti-Corruption Strategic Plan

- the existence of an affirmed and obvious political will on the part of the new leadership to fight corruption;
  - mixed feelings among many of the participants as to the actual capacity of the authorities and the society to eliminate corruption from their midst.
266. The CRM is aware of the gravity of corruption in Benin and the immeasurable damage it wreaks on peace and harmony, on the morals and values of the citizens and on national development and prosperity. It needs actions and measures that are tough, bold, daring and exemplary. It demands, most of all, a sense of patriotism at the highest levels of government and at other management levels in state institutions that will place the welfare of the people and the national interest above selfish individual interests. The people must be made to hope again through concrete measures put in place as part of a national policy of equipping them morally to wage effective war against corruption.

### **iii. Recommendations**

267. On the basis of the above, the Panel strongly recommends to the Government, Parliament, Judicial Service officials and judges, traditional authorities, political parties, NGO's and civil society associations, as well as to the citizens at large to swear the citizenship oath to fight corruption by every means. To this end, the Panel specifically recommends that the Government should implement a big awareness-raising campaign on this important issue.

The Panel recommends the following to the National Assembly, in strict compliance with the relevant constitutional provisions:

- Adopt the anti-corruption law as soon as possible;
- Fully perform its function of effective and regular control of public resources by adopting, for each year, the law on the preceding year, to make for effective control of public expenditure.

To the Government and the institutions tasked with fighting corruption, the Panel recommends:

- Effectively implement the nine-point national anti-corruption strategy: i) demonstrate the political will and determination of the Government in the fight against corruption to give hope and encouragement to the people; ii) implement the required administrative and institutional reforms; iii) set up a legal and effective anti-corruption framework; iv) stabilise public finances and increase the return on public funds; v) consolidate and strengthen the rule of law; vi) improve the transport sector; vii) support the activities of civil society; viii) improve the attitudes and work ethics of public servants and improve their salaries; ix) adopt a pragmatic approach in the implementation of anti-corruption policies.

- In addition to the strategic plan, i) make the anti-corruption control system and control in general more dynamic; ii) create a corruption-intolerant environment ; and iii) enhance the certainty of detection and sanctioning of corruption.
- Draw up, as soon as possible, a civic and moral education programme for implementation in primary and secondary schools.
- Strengthen and make effective the administrative and financial controls in all state institutions and their branches beginning with the National Assembly and the Chamber of Accounts, and make accountability a culture and a natural reflex in the administration and management of public assets.
- Build the material and human capacities of the various control bodies and increase their role this difficult but salutary task.
- Build human and material capacities for the judicial system and review the status of judges.
- Amend the Constitution by creating an audit bench, and build its capacity to discharge its function of judicial control of the use of public resources.
- Implement a policy of zero tolerance for the corrupters and the corrupted so as to eradicate the culture of connivance and impunity, which breeds corruption.

To the Audit Bench of the Supreme Court, the Panel recommends that it should:

- Fully perform its function of control of the accounts of Government and the other public institutions under its authority in all transparency and respecting deadlines;
- Prioritize its activities, aligning them with those of the Government, taking into consideration its limited means and capacities, and combining its efforts with those of the National Assembly.

**Objective 7: Promotion and protection of women's rights**

**i. Summary of the Country Self-Assessment Report (CSAR)**

268. The CSAR mentions in brief, measures that were taken to promote and protect women's rights and their participation in building society, such as the Individual and Family Code, Law on Sexual Harassment, Law on discrimination against women as well as the inclusion of gender in several development programmes and projects. Benin has also ratified the additional

Protocol on the African Charter on Human Rights and Women's rights on 6th March 2005. The CSAR also mentions the opinions expressed during focus group meetings held as part of the preliminary study and the results of the sample survey carried out for drafting the CSAR.

269. Regarding obstacles hindering the promotion of women and protection of their rights, the CSAR mentions illiteracy, which constitutes a serious handicap for the social affirmation of women, socio-cultural impediments linked to tradition, weak representation of women in national decision making bodies, as well as mutual solidarity. There is also the issue of inadequate internalisation of conventional laws on national statute law, and their dissemination, due to the low amount of resources allocated, lack of follow-up, break up of structures and departments to see to the promotion and protection of women's rights, lack of knowledge about laws, non application of sanctions when laws are not observed in the area of promotion and protection of women's rights, flexibility in conditions for granting loans and the lack of subsidies for girls enrolled in private establishments.
270. It states recommendations made by people interviewed in the above-mentioned survey. These people proposed as remedy for these dysfunctions or gaps, the restructuring of organizations responsible for the promotion and protection of women's rights for better coordination of activities to this end, ratification of the Convention on the Political Rights of Women, mobilisation of women on women's issues, sanctioning of violators of laws relating to the promotion and protection of women's rights, subsidy for girls enrolled in private establishments and lastly ease conditions for granting loans to women.

## ii. Conclusions of the CRM

271. The Country Review Mission experts observed the considerable progress made in women's promotion in Benin, although much still remains to be done.
272. Regarding **measures taken to promote and protect women's rights**, the CRM states that Benin has introduced gender equality at the Constitutional level. The basic law has included the provisions of the African Charter on Human and Peoples' Rights, which stipulates in Articles 2, 3, 4, 5, gender equality and total and equal protection for all under the law. Meanwhile, Article 26 of the Constitution highlights the principle of gender equality by specifying: "*the State ensures equality under the law for all irrespective of origin, race, sex, religion, political opinion or social position.*" On 12th March 1992, per Article 144 of the same Constitution, Benin also ratified unreservedly the Convention on the Elimination of all Forms of Discrimination against Women (CEDAW), as well as several other international and regional instruments<sup>1</sup>.

<sup>1</sup> Legal instruments on Women's rights: Ratification status (WILDAF website)

- Protocole to the African Charter on Human and People's Rights relative to Women's Rights (30 September 2005)

273. Regarding legal provisions guaranteeing women's rights, laws such as Law 2003-04 of 3<sup>rd</sup> March 2003 on sexual and reproductive health, Law 2003-03 of 3<sup>rd</sup> March 2003 on the elimination of female genital mutilation and Law 2002-07 of 7<sup>th</sup> June 2004 on Personal and Family Code<sup>2</sup>.
274. From the institutional point of view, the strengthening of this willingness for the promotion of women in Benin led to the creation of the National Commission for the Integration of Women in Development in 1993, Department for Women's Affairs in 1996, Women's Department in Rural Agricultural Development (CFDAR) at the Ministry of Agriculture, Livestock and Fisheries (MAEP) in 1995 and a ministry responsible for the promotion of women, now called the Ministry of Family and Child (MFE) in 1998. In addition, two gender focal points have been designated in other ministries.
275. The Government of Benin also established a National Commission for the Promotion of Women (CNPF) in 2002, followed by Departmental Commissions for the Promotion of Women (CDPF) in 2003, and other operational provisions like the creation of a department of coordination, monitoring and evaluation for Gender Integration Approach, and the

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- Convention on the elimination of all forms of discrimination against women (CEDAW) 12 March 1992.
  - International Covenant on Economic, Social and Cultural Rights, 12 March 1992.
  - International Covenant of Civil and Political Rights, 22 March 1992.
  - The African Charter on Human and People's Rights, 20 January 1986.
  - Convention concerning Equal Remuneration for Men and Women Workers for Work of Equal Value, 16 May 1968.
  - Convention on the Consent to Marriage, Minimum Age for Marriage and Registration of Marriages, 23 June 1965.

<sup>2</sup> Laws on Women's Rights ( WILDAF website)

- Constitution of 11<sup>th</sup> December 1990 adopted in the Referendum of 2<sup>nd</sup> December 1990, into which the African Charter of Human and People's Rights of 1981 is integrated.
- Civil Law: legal duality as regards the family (application of laws since independence: Customary law of Dahomey of 1931 and Napoleonic Code of 1958).
- BOUVENET Penal Code of 6<sup>th</sup> May 1877.
- General collective labour agreement.
- Labour legislation adopted by Law 98-004 of 27<sup>th</sup> February 1998.
- Law 86-013 giving the general status of Permanent Government Officials (APE or government employees) of 26<sup>th</sup> February 1986.
- Law 86-014 spelling out the legislation on civil and military retirement pensions of 26<sup>th</sup> September 1986.
- Law cracking down on incitement in favour of abortion and birth-control propaganda of 31<sup>st</sup> July 1920.
- Nationality code (law 65-17 of 23<sup>rd</sup> June 1965).
- Law 65-25 of 14<sup>th</sup> August 1965 relating to the organisation of the land ownership system in Dahomey.
- Law 2003-04 of 3<sup>rd</sup> March 2003 relating to sexual and reproductive health.
- Law 2003-03 of 3<sup>rd</sup> March 2003 cracking down on the practice of female genital mutilation.
- Law 2002-07 of 7<sup>th</sup> June 2004 relating to Individual and Family Code

Department of Statistics and Information on Women, within the Department for the Promotion of Women and Gender (DPFG).

276. Regarding policies, a National Policy Document on Women was adopted on 31<sup>st</sup> January 2001 and aims among others at improving the social and legal status of women, ensuring their education and training and strengthening their economic capabilities. A multi-sectorial Plan of Action was adopted to implement the above-mentioned policy.
277. *Effectiveness of measures taken.* After considering the great efforts made, and the considerable progress recorded the promotion of women in Benin, the CRM pointed out that the situation of women is still uncertain. There are still problems, particularly regarding the enjoyment of human and legal rights, protection against violence, access to justice, presence at the decision-making level as well as taking responsibility for the state of women and mainstreaming gender in development policies and programmes through institutional mechanisms.
278. The CRM pointed out that the content of the Family Code is not well known by the population, which is still attached to customary practices unfavourable to women. In fact, though the legal status of Beninese women may have developed *de jure* thanks to the different laws adopted and cited above, the *de facto* situation is still not satisfactory. The application of new laws is still problematic. There are various levels depending on whether persons concerned are educated or not, whether they live in the town or village, or whether customary and traditional customs have a strong or moderate influence in the family.
279. It is worth emphasizing Article 127 of the Customary Law of Dahomey, which stipulates that “a woman has no legal power (...) she is part of the man’s assets”<sup>12</sup>. Thus in the Dahomey custom, only in practice does the woman have some importance. She is often valued in relation to procreation. Through marriage, she is considered in certain localities as the heritage of the husband who could be willed to a third member of the family in marriage, against her will<sup>13</sup>. She inherits neither from her direct ancestry nor from her husband and is denied all rights except that of the management of the home.
280. Apart from the violation of their economic rights, women also undergo serious attacks to their physical and moral integrity. Early and forced marriages, genital mutilation, widowhood rites, physical violence, non respect of succession rights are still going on. According to the men and women interviewed, these old practices are still prevalent in towns and villages in modern Benin.
281. The victims of these violations are awaiting the application of new provisions and expecting that offences will be appropriately punished by the Penal Code. Meanwhile the Penal Code, which is supposed to be in line with these new

<sup>12</sup> Dr Elisabeth Fourn (2005): *Entrepreneuriat féminin: Étude des fondements sociologiques de la promotion des femmes au Bénin*, Forum Socio-économique Cotonou, 19 Novembre 2005.

<sup>13</sup> INSAE (2003): *Characteristics of Vulnerable People in Benin*

laws, is still pending at the National Assembly. Furthermore, the dysfunction of justice (complexity, cost, influence), discourages women to resort to it. Also, in cases of family conflict, it is the traditional judges who generally intervene, and apply the customary law, which is characterised by socio-cultural impediments, not favourable for women. As mentioned in Objective 1 of this chapter, traditional authorities ignore the relevant provisions of the constitutional, legislative and regulatory framework and more specifically provisions of the civil code, the penal code and the penal code of procedure.

282. Concerning the participation of women in governance, the CRM pointed out that they are under-represented in the decision-making structures at all levels. While women account for more than half of the population (51.5%, according to the last census in 2002), there are only six women ministers, five women parliamentarians out of 83 at the National Assembly, two women out of seven at the Constitutional Court (i.e., 28.57%), although this Court has always been headed by women since it was set up. 26.8% of women in the civil service, and 61% in the social ministries, two women prefects out of six (33.33%) in 2006, three women. Three out of 77 mayors elected in 2003 (3.9%) were women, there were 46 women community councillors out of 1,199 (3.84%), 47 women out of 327 members of the executive bureaux of parties, in 2003, i.e., 14.4%. According to the study carried out by a team of Consultants, led by Adrien Glele Ahanhanzo, “*the highest proportion of women within the executive bureaux of political parties is 23.8% (5 out of 21), 20% (three out of 15)*” etc. These figures indicate that Benin is far from the objective set in the Beijing programme of action, which aims at having at least one third (33%) of women members of decision-making bodies. This majority cannot be reached in so far as political parties do not present enough candidates. This situation was revealed by the interested parties and participants at the different meetings of the CRM especially those who were present at the Forum on Women in Cotonou. They called for the adoption of a law on quotas, which would be applied temporarily and abolished once the expected effect is obtained. Besides the law on quotas, that the CRM deems very important for addressing this imbalance between men and women in politics, there are also economic, social and cultural obstacles, which must be removed.

**Box 3.9: Reasons for the low representation of women in the principal decision-making bodies**

The documentary review and the persons interviewed by the CRM experts have helped to identify the causes of the low representation of women in the principal decision-making bodies. These factors are notably, the influence of tradition (a woman cannot be a chief), and resistance and distrust of men regarding the involvement of their spouses in politics; violence against women. Illiteracy, which is widespread among women, low rate of schooling of girls, (see the Chapter on socio-economic governance), the heavy work load on them, with the unequal distribution of paid and unpaid work between men and women, lack of structures to take care of them from childhood, such as child-care centres as well as the means and systems that facilitate domestic duties are also serious obstacles. Moreover, the low level of awareness of women to fight for their participation in the political administration of the country, lack of confidence of women in themselves, lack of training in leadership in certain regions of

the country are also barriers. In addition to these factors, “the conduct of political life nowadays requires substantial resources, which women in general do not have. Out of 121 political parties registered in 2002 in Benin, only two parties were led by a woman. More than 60% of members of The Renaissance Party of Benin led by a woman are women. Paradoxically, its National Management Committee has only 8 women out of a total of 30 members.”<sup>4</sup>

283. Violence against women is also a issue of concern. This phenomenon has been raised by stakeholders and also by studies and research undertaken on the issue. The report by Benin on the Development Index and Gender Inequalities in Africa (IDISA) that the Economic Commission for Africa (ECA) has developed, reveals that Benin women are subjected to numerous acts of violence both within the family and in society in general. The reasons given to justify this violence are variable. Within the family context, they are linked to basic education. The woman is a being whose only duties are that of keeping silent, being devoted, docile, submissive, and ready to carry out the will and decision of men. There is also the issue of financial autonomy. Poverty affects mainly women and makes them financially dependent on men. Besides, as concerns domestic violence itself, women who fear to see themselves separated from their children, prefer to remain and suffer violence. This violence, which is an infringement on the personality of the woman with serious physical and psychological consequences is not appropriately dealt with by the Government. In fact, despite the adoption of certain measures such as the International Day for Violence against women, which is celebrated on 1<sup>st</sup> December by Benin, like many countries, the creation of a favourable framework for the development of structures to protect and care for victims of domestic violence, the establishment of an SOS green number for battered women on the initiative of the Justice Ministry, Human Rights laws, there is no strategy or action plan for the elimination of domestic violence with the allocation of an appropriate budget.<sup>14</sup>

#### Box 3.10: Women and politics

Beninese women make up over 51% of the population and are poorly represented on the political scene. A study of the situation shows that beyond the rights conferred by legal instruments at national, regional and international levels, they are very few in decision-making bodies. In fact political responsibilities are considered as the private domain of men particularly the highest responsibility of the State, i.e. the Presidency of the Republic. Yet a lady Lawyer Marie Elise Gbedo has gone far and ran for president twice in 2001 and 2006. President of the Association of Women Lawyers of Benin, Lawyer Gbedo had to face with a number of cultural and material obstacles not forgetting the different forms of violence she suffered from both men and women.

“In politics, women are often treated in a diabolical manner. Almost all women who try to work their way up in politics are referred to as women of low morals especially when they succeed.

<sup>4</sup> Alternative Report “Benin and the UN Convention of November 1979 on the Elimination of all Forms of Discrimination against Women”» Wildaf-Benin, Cotonou May 2005.

<sup>14</sup> Benin’s Report on IDISA UNECA (March 2007)

The discriminatory and untruthful remarks sometimes relayed by the press or radio and television are often weapons used to destabilize women in politics. The numerous attacks against the few women leaders in our countries are tangible proof of the means used by men to fight them in the field...Our African societies are rife with such practices owing to the influence of certain outmoded traditions, which have to be rejected at all costs, the repugnant illiteracy, the ill-digested religious concepts, the disguised poor moral and material standards.”

*Extract of an article by Mrs. Ramatou Baba Moussa, President of REFAMP Benin presented at the Seminar “Role of Women in the Consolidation of Democracy and Peace”, Cotonou 28-30 January 2003.*

284. With regard to the Ministerial department responsible for women and gender promotion, the CRM has revealed that this structure has undergone several name changes since its inception. Today, it is known as the Ministry responsible for Family and Children, a name devoid of the word “woman”. The removal of the term “women’s affairs” or “woman” has received diverse reactions from people. Some consider it as a backward movement in the promotion of women while others explain it by the fact that the woman is a full member of the family and must not be dissociated from this entity. Many participants at the Forum on Women organised in collaboration with the CRM in July 2007, criticized the removal of the word women from the new name of the ministry. They also mentioned the weaknesses and inadequacies of this structure.
285. The majority of its personnel are made up of implementing agents and the very few staff who draw up programmes are highly mobile. The number and level of staff, the change in personnel, which occurs after each ministerial reshuffle, the very low budget allocated to it, all account for the very little clout the department has within government. “Gender equality in Benin is still perceived as a technocratic objective and the woman is not yet considered an essential agent of change. The State does not invest enough in the promotion of women although they constitute a crucial factor (nearly 52% of the population) in its development strategy”. They have declared that it is crucial, considering the difficulties in this area, for Benin to have a structure that is provided with a clear mandate, adequate political influence, human and financial resources as well as the required skills and capabilities for carrying out its tasks. Thus they demanded the creation of a structure to handle gender and development issues that will report directly to the President of the Republic and which would have branches within all other ministerial departments.
286. The CRM has also noted the absence of a national gender policy that serves as a basis for all intervening parties and departments of the sector in the integration of the gender dimension in policies and programmes. The CRM experts also noted the efforts made by bilateral and multilateral partners to support Benin in its women and gender promotion policy. They learned, following discussions held with representatives of the Swiss and Danish Cooperation Agencies and UNDP that efforts are underway to take the gender approach (women/men equality) into account in basic strategic documents and budgets/programmes. In 2005, the approach was integrated into certain sectors

during the re-reading of the budget/programme of the Ministry of Agriculture, of the Population Policy Statement (DEPOLIPO), and in the formulation of the 10-year Strategic Plan of the Ministry of Works and Public Service. However these same partners found weaknesses and a lack of coherent planning regarding the strategic options adopted in the budgets/programmes and annual work plans of the other ministries, as well as the lack of an appropriate budgetary allocation for carrying out activities for greater equality and equity.

287. The analysis of the performances of most sectors revealed that the major activities carried out under the gender theme boils down to awareness campaigns and training<sup>6</sup>.”These conclusions were reinforced by the National Study on the Development Index and Gender Inequalities in Africa conducted by some national researchers mentioned above. This study has highlighted the challenges, weaknesses and areas requiring intervention. It particularly highlighted the low budgets allocated to gender issues. Women’s promotion is not limited solely to the reform of its legal status, it is therefore imperative to ensure equity for women in the allocation of public funds through adequate budget for gender issues. Examining budgets through a gender approach helps to identify gaps and discrepancies between access and distribution of public resources. It is not a question of preparing separate budgets for women and men; quite the opposite, the objective of the gender analysis of budgets is to redefine the priorities and allocate adequate resources that meet the needs of all sections of the population, explicitly taking into account the disadvantaged position of women.

### **iii. Recommendations**

288. The APRM Panel recommends that the Government:
- Adopt a national gender policy that will serve as a reference and orientation framework for all sectors of development
  - Ensure the effectiveness of women’s rights by enforcing the laws adopted.
  - Translate into local languages and disseminate the Family Code as well as all laws relating to the rights of women and the family
  - Provide the ministry responsible for women’s and family affairs and gender focal points attached to the sector departments, with the necessary authority and human and financial resources to enable them perform their task
  - Allocate adequate budget to the integration of gender issues in the policies and programmes of action of all sector departments

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<sup>6</sup> Budgetary support joint mission and joint implementation of budgetary support review and implementation of PRSP – Gender approach in the joint mission.

- Ensure the systematic education and training in human and legal rights of women for all professional groups linked to judicial and extrajudicial activities, judges, doctors, lawyers, court clerks, bailiffs, judges and traditional chiefs, etc.
- Strengthen education on the human rights of women in the primary and secondary education curriculum
- Take all measures aimed at ensuring equal access of women in elective and non-elective responsibilities, in political and administrative positions as well as in political organisations and associations through the adoption of positive measures of action such as quotas and the revision of electoral laws and legal texts.

Civil society and the media are urged to strengthen awareness of the human and legal rights of women with adults and children

The private sector and civil society should promote the creation of an enabling environment for women to combine work and family life.

**Objective 8: Promotion and protection of children's rights**

**i. Summary of the CSAR**

289. The CSAR gives a very brief account of the measures taken to protect children and young people, such as the creation of a minor's brigade and a Children's Ministry, the creation of a Children's Parliament, the ratification of the Convention on the Rights of the Child, the law against trafficking and exploitation of children, free nursery and primary education, training programmes for the youth in entrepreneurship, and NGO action of international institutions like Aide et Action, Terre des Hommes, Plan Benin, UNICEF, RIFONGA Benin, etc. Several activities have been undertaken such as the organisation of a seminar on youth employment, the promotion of civic education and citizenship; the creation of the Ministry of Youth and Sports and Leisure, as well as recreation centres in the departments of the country, the establishment within this same ministry of a press group for the sensitization of the youth by the youth, especially in reproductive health, the establishment of Youth Centres in the communities and the training of the youth in entrepreneurship.
290. It mentions that in spite of these measures, there are still many problems like child trafficking, illegal work and economic exploitation particularly through the phenomenon of child labour as well as unemployment and the massive underemployment of the youth.

291. With regard to weaknesses, the CSAR notes the lack of dissemination of laws on the rights of children and the youth, the absence of incentive measures concerning structures that should take due account of the youth, the general lack of civic responsibility, and the lack of human and material resources to run the recreation centres.
292. After this review, the CSAR proposes solutions or actions to improve governance. These include the dissemination of texts of laws on the rights of children, the creation of employment for integration of the youth through the promotion of local radio stations.

## **ii. Conclusions of the CRM**

293. The CRM notes that Benin has acceded to a large number of international and regional instruments that protect the rights of children. One such instrument is the Convention on the Rights of the Child, which was published on 5th September 2006. It has also ratified the following documents:
- The Optional Protocol to the Convention on the rights of children, concerning the sale of children, prostitution of children and pornography involving children, on 25th May 2000
  - The Optional Protocol to the Convention on the rights of children, concerning the involvement of children in armed conflicts, on 25th May 2000
  - Convention 138 of the International Labour Organisation (ILO) of 1973 on the minimum age of admission to employment, on 11th June 2001
  - Convention 182 of the ILO concerning the banning of the worst forms of child labour and immediate action for their elimination on 28th May 2001
  - The United Nations Convention against organised Transnational Crime and its Additional Protocol aimed at preventing, curbing and punishing the trafficking of persons, in particular women and children; Protocol against the illicit trafficking of migrants by land, air and sea, additional to the Convention, and the Protocol against the manufacture and illicit trafficking of fire arms, their parts, elements and munitions, additional to the Convention, on 6th November 2003
  - The Optional Protocol relating to the Convention against torture and other cruel, inhuman or degrading sentences or treatment, on 20th September 2006.
294. At the regional level, Benin has acceded to the African Charter on the Rights and Welfare of Children (adopted by the OAU, which became the African Union in July 1990) signed on 27th February 1992 and ratified on 17th April 1997, as well as the following sub-regional agreements:

- The Cooperation Agreement against the trafficking of children between Benin and Nigeria (June 2005)
  - The Cooperation Agreement against the trafficking of children signed between nine countries in the region: Benin, Burkina, Cote d'Ivoire, Guinea, Liberia, Niger, Mali, Nigeria, Togo on 27th July 2005
  - The Protocol against the illicit trafficking of migrants by land, air and sea, additional to the United Nations Convention on Organised Transnational Crime, called the Palermo Protocol.
295. With regard to national rights, the Constitution of 11th December 1990 remains the reference framework as far as human rights are concerned. Its article 147 stipulates that "Upon publication, treaties or agreements that have been lawfully ratified take precedence over laws, and for each agreement or treaty, subject, to its application by the other party".
296. Articles 12 and 13 of the Constitution specifically concern children and in particular the education of children. Article 12 demands the guarantee of education of children and the necessary conditions to achieve this end, and article 13 lays down the principles by which the State should provide for the education of children through public schools, while primary school is compulsory and public education is free.
297. In the context of the principle of non discrimination, Article 26 establishes that "the State should protect the family, especially the mother and child". Other provisions, even when not specifically aimed at children, concern human rights and certain rights enumerated in the Convention on the Rights of the Child, as part of human rights: the right to life, to freedom, to security and integrity of persons (Article 15); the presumption of innocence and the rights of defence (Article 17); the banning of torture and cruel, inhuman or degrading treatment, the right to medical assistance during police custody or detention (Article 18) and equality before the law (Article 26). Article 40 states that the "State must integrate the rights of the human being into literacy and education programmes in various school cycles and universities and in all programmes of the Armed Forces, Public Security and Allied Forces".
298. At the legislative level, Benin has taken the measures below to strengthen the legal framework on the rights of the child, and to harmonise national legislation with international instruments:
- Law 2006-04 of 5th April 2006 stating the conditions of the displacement of minors and abolition of child trafficking in the Republic of Benin
  - Law 2006-31 of 5th April 2006 relating to the prevention, responsibility and control of HIV/AIDS
  - Law 2002-07 of 24th August 2004 relating to the Individual and Family Code and to female genital mutilation

- Law 2003-04 of 3rd March 2003 on sexual and reproductive health
  - Inter-ministerial decree 16/MEPS/METFP/CAB/DC/SGM/SA of 1st October 2003 setting forth sanctions to be imposed on the perpetrators of sexual violence in schools and general, technical and professional, public and private secondary educational establishments.
299. The *Individual and Family Code in force since 24th August 2004*. Based on the principle of equality, this new legislation improves the legal status of children in several aspects notably concerning the question of succession by all children, be they legitimate or natural, girls or boys, the right to inherit from their parents, and concerning marriage, by permitting girls to freely choose their future husbands.
300. Moreover, Articles 438 and 439 provide for the loss of parental authority when the parents have been convicted under criminal law for having committed a crime or an offence against their child, and when they endanger the safety, health and morality of their child “by ill-treatment, pernicious instances of constant drunkenness, acknowledged misconduct or criminality, lack of care or lack of guidance”.
301. *Law 2003-04 of 3<sup>rd</sup> March 2003 relating to sexual and reproductive health*. This law states in particular the conditions under which contraception and voluntary termination of pregnancy can be done as well as the conditions for taking care of persons living with HIV-AIDS.
302. *Law 2003-03 of 3 March 2003 relating to the abolition of female genital mutilation practices*. This law abolishes the practice of female genital mutilations.
303. The Law on child labour and trafficking (voted by Parliament on 30<sup>th</sup> January 2006 and awaiting promulgation by the President of the Republic). This law is aimed at protecting the conditions for movement of children within and outside Benin and punishes the traffickers.
304. The CRM also noted that new institutions designed to protect and promote the rights of the child, such as the National Committee on the Rights of the Child and the National Unit for Monitoring and Coordinating Activities for the Protection of the Child, have been set up. It takes note of a number of action plans and programmes adopted by the State organs concerned with the promotion and protection of the rights of the child. It also notes that Benin has prepared a draft national policy and strategy for the protection of the child.
305. *At the institutional level*, several governmental and non-governmental, national and international bodies are in charge of children<sup>15</sup>. At governmental level, many ministries deal with issues relating to the rights of children. First, there is the Ministry of Justice, Legislation and Human Rights that coordinates the monitoring of the Convention on the Rights of the Child in the different governmental and local structures and between the various relevant ministries.

<sup>15</sup> Benin’s Report CRC/BEN/2 Paragraph 46

The mission of the Ministry of the Family, Social Protection and Solidarity is to attend, through the Directorate of the Family, Children and Adolescence, to the effective application of laws on the family and protection of the child, which is the Individual and Family Code, and the Convention on the Rights of the Child and other instruments in favour of the rights of children ratified by Benin.

306. The Ministry of Interior, Security and Decentralization has a Brigade for the Protection of Minors (BPM) responsible for both the protection of children and adolescence through the prevention of social maladjustment and investigation into the crimes and offences committed by minors under than 18 years. The Ministry of Primary and Secondary Education has as one of its missions to initiate, prepare and propose policies, strategies and plans of action relating to the implementation of national education policies, and to see to their application. It also coordinates various actions in favour of the promotion of girls' education.
307. The National Commission on the Rights of Children – CNDE - (Decree 99-559 of 22<sup>nd</sup> November 1999) whose mission is to coordinate all actions for implementing the Convention on the Rights of the Child with other Ministries and public organisations. In 2001, six departmental committees on the rights of the child were set up. The National Centre for Safeguarding Children and Adolescents – CNSEA – which is charged with the re-education and social reintegration of minors in difficulty. Besides its primary function of receiving minors in conflict with the law and in “moral danger”, the CNSEA is becoming a reception centre for children who are victims of trafficking. Established by presidential decree 67-316/PR/MGM of 9<sup>th</sup> September 1967, the National Centre has been closed and reopened several times between 1967 and 1995, the date of its last reopening. The centre has been closed for 10 years owing to the implementation of the decentralisation process. Moreover, apart from the National Centre located in Cotonou, two regional Centres have been in existence since 2000 in Parakou and Aplahoué. The gradual construction of additional regional centres has been planned for each department. With regard to health, Benin has put in place a vaccination programme and taken responsibility for orphans who are victims of HIV-AIDS, as well as the education of girls and handicapped children (see the sections dealing with socio-economic governance).
308. The CRM notes, in the light of all measures and provisions mentioned above, that some progress has been made by Benin to promote the welfare of the children by guaranteeing them better legal protection. Some relevant national laws in conformity with the principles and provisions of the Convention have been adopted. Thanks to the support of international organisations and NGOs, the country mobilized itself to fight child trafficking and exploitation in child labour, and has sought to sensitize the population on violence perpetrated against children and on the role of the Brigade for the Protection of Minors and the children's judge.
309. The CRM observed, in discussions with stakeholders, participants of workshops organised in the prefectures visited, members of NGOs, and also

from newspapers, that despite all these efforts, Benin's children still face serious problems such as the failure to register births, malnutrition, education, the socio-economic environment, work at an early age, trafficking, health, sexual exploitation, etc.

310. The CRM noted that legislative and institutional provisions are still incomplete. The legal provisions aimed at guaranteeing better legal protection for children are inadequate. The *Children's Code* has still not seen the light of day, nor has the revision of the Penal Code and the penal procedure code succeeded. Besides, the fact that the declaration of births is not automatic or widespread throughout the country means that not all the children have a birth certificate. Those who do not register their newborn babies do not run the risk of being punished. Moreover, there are neither control mechanisms nor structures for registration of children at birth in the remote areas. This situation perpetuates forbidden practices such as ritual infanticide perpetrated against children accused of being wizards or witches<sup>16</sup>. It also gives rise to the production of false identity papers, as well as numerous acts of abuses particularly when it involves fixing the age of a child for work or marriage, etc.
311. At the institutional level, the main weaknesses come from inadequate structures and material and personal resources made available to the departments concerned. The Ministry of the Family and Children's Affairs in particular suffers from a lack of staff and adequate budgetary resources. Moreover, monitoring of projects is relatively weak and actions envisaged are not sustainable.
312. As regards education, free primary education particularly in favour of girls seems to be a myth. Stakeholders have observed that measures taken to offer tuition-free education have not been accompanied by support measures such as the provision of school stationery, uniform, transport, and accommodation in community centres guaranteeing the control and supervision of rural children. The lack of supervision of these children has led many parents to withdraw their girls from school, for fear of their becoming pregnant.
313. Faced with a very high population growth (see the chapter on economic governance) and a difficult socio-economic environment, many children continue to be deprived of education, and girls are worse off than boys. Their living conditions are determined by those of their parents and any one responsible for their upkeep. Thus despite the laws in force, many parents are compelled to make their children work at an early age in order to survive. They expose these children to physical and moral dangers. "A large number of children still work in cotton plantations, handle pesticides and insecticides, and are obliged to work in the fishing sector, work on heaps of refuse in search of scraps, cans and bottles. On cotton plantations in the hinterland (Banikoara), children are exposed to insect bites, chemicals and dehydration

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<sup>16</sup> Some regions in Benin that have strong animist tradition still consider some children as "witches". According to this tradition, children born with an anomaly, i.e., whose mothers die through childbirth, who are delivered by breach, whose first teeth cut through the upper jaw, who are born prematurely, or who do not cry at birth are almost always condemned to death.

products. Many of them suffer from respiratory disorders. Other children have back problems from carrying heavy loads in the markets of the cities of Benin particularly Dantokpa, Malanville, Ouando, Bohicon, Savalou, etc.<sup>17</sup> Those who indulge in street peddling at road intersections of the major cities of the country are exposed to all sorts of abuses (indecent proposals to girls, sexual fondling, rape, sequestrations, road accidents, etc.).

314. Children placed in apprenticeship do not enjoy effective protection despite the laws in force. Working in inhuman conditions, they are not only exploited economically but also very often are victims of violence, which incidentally appears to be a common phenomenon in Benin. Besides apprenticeship, the children are also victims of trafficking. Despite the measures taken by the government, Benin continues to be the hub of child trafficking in West Africa. It is a country of origin, of destination and of transit for child trafficking.<sup>18</sup>

#### **Box 3.11: Combating child trafficking in Benin**

Child trafficking is today a major topical issue in Benin. The fight for its eradication is of concern to the authorities, international organisations as well as national and international non-governmental organisations working in the area of human rights. Child trafficking has serious consequences on children. Its effects are multiple, diverse and destructive, on the physical, moral and psychological health of children, their families, and the society. The children lose in general all opportunities for education and vocational training and their chances for equitable access to employment are reduced. This lack of education reduces their chances of survival for their present life and for the future. It also influences their capacities to participate in national life, in taking family and work-related decisions. The pitfalls facing the children sent to foreign countries (cross-border trafficking) or to other regions of the same country and the situation in which they are plunged are a new form of slavery unacceptable to humanity.

The number of children who are victims of trafficking is not officially established. It varies from one source to another due to the choice of criteria of definition of what is meant by child trafficking. According to the ILO, the number is 161,428 while for UNICEF officials met by CRM, it could be around 40,000. Whatever the number of victims, this trafficking constitutes a grave violation of the rights of the child and must be eradicated at all costs. (See the document of the Ministry of the Family and Children's Affairs "National Plan of Action to combat child trafficking for purposes of exploitation in child labour" validated in October 2007).

315. With regard to girls, a massive mobilization of the civil society, particularly NGOs and women, and various awareness campaigns have led to recent progress made notably in the area of female circumcision. However, it seems that in certain regions, little girls continue to be subjected to this practice despite the law of 2003. Many of them are victims of early and forced marriages. In addition, some are exposed to harassment and sexual violence or made prostitutes with the aim of supporting their family financially. Some

<sup>17</sup> See about trafficking, placement and work of children at the following site: [developpementbenin.org/traficenfant.php](http://developpementbenin.org/traficenfant.php)

<sup>18</sup> The Protection Project, A Human Rights Report on Trafficking of Persons, Especially Women and Children. A country-by-country report on a contemporary form of slavery, March 2002, p. 61.

State officials often take advantage of their position to sexually abuse girls. It is reported that certain teachers “sexually” negotiate the passage of girl pupils to a higher class.

316. **The youth and its participation in governance.** The youth constitute the largest segment of the Benin’s population. They face multiple socio-economic and cultural constraints including chronic illiteracy, school dropouts, maladjustment and inappropriateness of education, absence of a suitable support policy at the educational, cultural, leisure level and unemployment. Encountered at the Youth Forum on 28th July in Cotonou, many of them demanded greater involvement in decision-making. Besides, faced with the lack of a National Youth Council, they availed themselves of the opportunity of their meeting with the CRM to request a second meeting on Sunday 29th July to continue their work on the four thematic areas of the MAEP, make proposals and recommendations, and initiate reflection on the creation of the Council in question.
317. With regard to good political governance, they hoped for the reduction in the number of political parties, demanded that the High Court become operational and for magistrates to be elected rather than appointed. Their demands also dealt with the development of African and Benin culture. They called for the reform of the Constitution in order to take better account of these values, and introduce national languages in the education system. Considering that education in citizenship and democracy is a priority, they demanded the integration of civic education in schools. This education promotes the learning of human rights and democratic values, such as dialogue, pluralism, tolerance, and the respect of others. They hoped that education, which provides the means to gain knowledge acquire necessary skills and qualifications for future life, can train citizens who can have their say as far as their present and their future are concerned.

### iii. **Recommendations**

318. The Panel recommends that:

the Government:

- Adopt the Child Protection Code as well as a strategy to combat violence.
- Ensure the implementation of the Family Code.
- Accelerate the adoption of the Penal Code and penal procedure.
- Take adequate measures to combat all forms of exploitation of children particularly economic and sexual, and trafficking.
- Ensure the effectiveness of the rights of the child by enforcing laws adopted to conform to the Convention on the Rights of the Child.

- Allow the youth to exercise their political rights and participate in governance.
- Give effect to free primary education especially for girls.
- Strengthen education in democracy in schools.
- Provide the Ministry of Family and Children's Affairs with the necessary authority as well as human and financial resources to enable it to carry out its functions.

the civil society and the media should strengthen awareness of the human and legal rights of children among adults, to curb the phenomenon of economic exploitation of children and maltreatment.

**Objective 9: Promotion and protection of the rights of vulnerable persons, including internally-displaced people and refugees**

#### **i. Summary of the CSAR**

319. In order to promote and protect the rights of refugees and vulnerable groups including the disabled, the CSAR listed measures that were taken, such as the presence and institutionalization of the High Commissioner for Refugees, the signature of the Geneva Convention by Benin, the creation of the Department of Social Protection, the presence of the Red Cross and Red Crescent through the International Committee of the Red Cross and Red Crescent (CICR), actions towards refugees taken by organizations like UNDP, FAO and Action Aid, to provide food, health, shelter, etc., the Charter on Refugees, care provided by the Ministry of Family, Women, Children and the Disabled, the Community-based Rehabilitation Centre for the Disabled.
320. In spite of these measures, the CSAR noted that the plight of the vulnerable groups remains somewhat critical. Notable shortcomings were: lack of education for the youth, relocation of adults or refugees to facilitate their integration into the community, the lack of hospitality structures for the aged and limited number of associations for senior citizens. The CSAR recommended the formulation of an efficient action plan for disaster management (training of stakeholders, adequate equipment...), the construction of retirement homes, and all measures aimed at promoting self-fulfilment of senior citizens.

#### **ii. Conclusions of the CRM**

321. The CRM complemented information on the refugees following meetings with stakeholders, the Representative of the United Nations High Commissioner for

Refugees as well as the website of the United Nations system. In April 2005 and several months following that, over 26,500 people from Togo sought refuge in Benin. 10,300 of these settled in Comé and Agamé, while 15,000 were received by local communities. Apart from the Togolese refugees, citizens from different nationalities have also found a safe haven in Benin.

322. The law grants the right of asylum to refugees in accordance with the United Nations Convention on the status of refugees and its 1967 protocol. In collaboration with the United Nations High Commissioner for Refugees and other humanitarian organizations, the government has put in place a system to protect the refugees and provide assistance to these asylum seekers.
323. In Benin, refugees and nationals have equal access to common law rights and services such as: the right-to-work, right to education and access to social services. However, employment is difficult to find and remains the biggest obstruction to their integration, given the economic environment of the host country. This still remains a challenge. In recent years, additional emphasis has been placed on capacity building to advance the process. In order to promote the local integration of the refugees, the UNHCR is implementing projects in education, vocational training and income-generating activities.<sup>19</sup>
324. Women are particularly vulnerable. Together with young girls, they make up approximately 50% of the refugee population, deprived of shelter, their civic rights and sometimes a family structure, ultimately exposing them to sexual harassment and abuse. UNHCR has developed specific series of programmes to ensure their protection as well as equitable access to the basic goods and services required to rebuild their lives.
325. As far as children and adolescents under the age of 18 are concerned, they constitute half of the refugees and their protection is the priority of UNHCR activities. Particular attention is placed on this, so that their basic rights such as the right to education would be respected. Through sensitization and information campaigns, UNHCR has been making efforts to ensure that child refugees are not involved in child trafficking.
326. **People living with disabilities.** According to the stakeholders, there is little information concerning the disabled and extensive studies conducted on this issue have often ignored that segment of the population. In the socio-cultural context of Benin, disability is considered a curse, a punishment for violating a taboo by the victim or his parents, or quite simply the penalty for bad character or poor behaviour. Disability is perceived as an evil spell. A newborn with abnormalities is a sign of the gods' displeasure with a community accused of deviant behaviour. The newborn must be duly sent back to the gods to appease them. This indeed encourages the disguised murder of malformed children. In some tribes, these children are simply eliminated by drowning.

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<sup>19</sup> [www.onubenin.org](http://www.onubenin.org)

However, disability that occurs during the course of one's life is better tolerated.<sup>20</sup>

327. Efforts deployed by the Department of Social Protection of the Ministry of Family and Social Welfare to sensitize the people and present a message of a less demeaning interpretation of disability is helping to change people's attitudes.
328. However, in some parts of the country, disabled newborn babies are still murdered at birth. The handicapped must therefore keep a low profile within the family, and avoid any contact with strangers. Society's unwillingness to accept the disabled is sometimes so acute that these people are compelled to leave their family and try to make ends meet usually by begging on the streets. This marginalization is also seen in the family, educational environment and workplace.
329. In its attempt to alleviate this situation, the government has promoted this category of the population by increasing public awareness about this group. Benin has introduced a few questions concerning the disabled (PH) in its 2002 general census survey. Under the census, 2.55 % of Benin's populations was seen to be disabled, accounting for 172,870 disabled persons. This figure is said to be low compared to observations made elsewhere in the developing world of around 4 %. Presumably, the methodology used in the census missed some disabled persons, given the fact that they do not easily want to be counted. A more accurate reading of their number may be close to 271,000. Moreover, the disabled persons in Benin are unequally divided between the north and the south. The prevalence of disability is on average two times higher in the south (3.04 %) than in the four northern regions (1.6 %). It is likely that the more difficult socio-economic conditions of the northern regions do not favour the survival of disabled persons.<sup>21</sup>
330. **Senior citizens.** The CRM noted that according to the various census surveys in Benin, the number of senior citizens is increasing tremendously. The numbers have gone up from 302,283 in 1979 to 477,697 in 2002, representing than a 50% increase. The vast majority of the senior citizens are illiterate and live in very poor conditions.
331. The social conditions of women seem more unfavourable. They live on average longer than the men, and are more likely to be widowed as well as compounded by the issue of polygamy. Two elderly women out of five are widows as against one man out of twenty. However, it is a belief in Benin that the transmission of witchcraft is matrilineal, which is why every aged woman

<sup>20</sup> The disabled in Benin, Justine Adkounle, Odjoube and Memounath Zounon born in Bissiriou, Tome, Vol. 5, Characteristics of vulnerable people in Benin published by the National Institute of Statistics and Economic Analysis.

<sup>21</sup> Policy and development strategy for Physiotherapy in 2006-2010 in Benin, a working paper presented during the national workshop on validation of October 2005.

is suspected to be a witch. All of this contributes to the isolation of aged women<sup>22</sup>.

332. Until 1996, the authorities had not shown real interest in the situation of elderly people. It was in that year that some measures were taken and a Ministry in charge of the family was created. This ministry has a department in charge of the aged but the lack of human and material resources remain a challenge. Owing to these constraints, it is often difficult to identify the needs, concerns and specific problems of old people.
333. On a legal basis, the new persons and family code has made significant strides in the inheritance law for widows and widowers. It has also made provision for the improvement of the widow's lot. Generally, however, social practices are very different from legislative enactment. In order to address these deficiencies, in 2006 the government developed a national action plan for the "active ageing" with the collaboration of UNFPA. The objectives of this plan is to promote good health and welfare of the aged, the reduction of the level of poverty from 33.4% to 17% by 2016, discourage the social exclusion of aged people, and improve the socio-economic and demographic awareness of aged people as well as their needs by gender. Implementation of this plan requires human and material resources, which seem to be lacking.

### iii. Recommendations of the Panel

334. On the basis on these conclusions, the APRM Panel wishes to propose the following to Government:
  - Promote more active integration of refugees, in partnership with the United Nations system;
  - Develop a strategy for the promotion and protection of the disabled;
  - Strengthen the fight against the culture of rejection of the disabled child through sensitization and education, and take severe action against the murderers of newborns;
  - Strengthen health structures in terms of diagnosis and early screening of diseases likely to lead to a disability, with multiple medical tests during ante-natal care;
  - Ensure decent living conditions for the disabled, whose reduced intellectual or physical capabilities hampers their self-sufficiency, and favours their upkeep in the family environment ;
  - Strengthen community life and revitalize associations fighting for the promotion and protection of the disabled;

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<sup>22</sup> National Action Plan for active ageing (2007-2016) developed by the Ministry of Family, Women and Children's Affairs.

- Speed up the implementation of the “National Action Plan for active ageing”;
- Put in place a system of health care, and adequate social and economic security;
- Encourage social and medical mentoring of elderly people;
- Put in place a system of social support to facilitate care of the elderly within their own families.

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## CHAPTER FOUR

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### 4. ECONOMIC GOVERNANCE AND MANAGEMENT

#### 4.1 Introduction: The Challenges for Economic Governance and Management

335. The apprehension of the stakes and challenges to be met in terms of economic governance depends on the analysis of the economic history of Benin and also on the nature of the transformations that the country would like to undertake in view of realizing its future vision.
336. In the light of its post-colonial economic history, Benin's economic history could be divided into three major periods: the first, which runs from 1960 to 1972, that is from the proclamation of independence to the coup d'Etat of 1972. This is the decolonization or independent management crisis period. The second period runs from 1972 to 1990. It is marked by the establishment of a revolutionary political regime, and therefore by the implementation of a socialist development policy. The third period, known as the Democratic New Deal, runs from 1990 to date. The economic governance and management policies have, therefore, followed these three periods and influenced the focus and challenges throughout the country's economic structuring history.
337. *The first period* was marked, at the political level, by great instability with a series of coups d'Etat (five in all) and frequent change of leaders (more than fifteen Heads of State) and political regimes. Benin was known as the sick child of West Africa, and the political management of independence was constantly in crisis. The coup d'Etat of October 1972 put an end to this period, at the political and economic levels.
338. Despite this political instability, which did not facilitate steady and clear direction for economic governance with deep structural changes, the first period was, however, marked at the economic level by the Government's will to "correct" the evils of colonization by adopting and implementing a policy of State investments in the economic sector. In line with the ideology of the struggle for independence, the population was mobilized, mainly on the basis of promises for change of the colonial system to another economic structure. This other structure could be established only through State intervention, in view of the limited national private capital. In this respect, Benin was not an exception.
339. Without seeking to really abandon the colonial structure inherited from the French economic empire in Africa, economic governance at that time felt accountable to the Beninese people for their commitment to the struggle for independence, and it, therefore, demonstrated good intentions in that direction. Initiatives to create public enterprises, promote industrial development and

support agricultural development were launched during this period. However, their sound management, in line with the set objectives, became difficult in political instability marked by twelve years of crisis in the management of national independence.

340. Undoubtedly aware of the key importance of French capital in the economy, and in particular, the limited State resources, economic governance during this period was never closed to private investment. Rather, the new State's colonial heritage, without effectively being transformed, was made to function along with private initiatives, such as industries and businesses, to foster Benin's economy and the economies of landlocked neighbouring countries.
341. This means that the focus and challenge of transforming an economic structure based on colonial objectives into an integrated economic structure aimed at national development, though open, continued to pose problems since post-colonial economic governance and management could not define, and even less so, implement an economic policy of structural changes. The management of Benin's position in the empire continued to be crucial in the economic governance of this period. This was understandable, especially as the country, which was handling its political instability with difficulty, could not have the time to define a vision for the Benin (Dahomey at that time) that it wanted to construct for the future, or mobilize the human, material and financial resources required for the purpose.
342. *The second period*, that of the construction of socialism, was marked, as expected, by the nationalization of some private enterprises, as well as the creation of new State enterprises, and sometimes of semi-public companies also. Since the economic policy in socialist development systems mainly advocates industrialization, it encouraged massive State industrial investments, but the country lacked the capacity to manage them.
343. Furthermore, it was difficult for a State, without any real economic weight and relying on an economic heritage that was externally managed in its neo-colonial form, to establish a socialist development policy. It had neither the resources nor the capacities. It was attacked both within and outside the country. Consequently, the economic governance of the country continued, even during this second period, to manage, or rather mismanage, the colonial heritage. The economic and social consequences were soon felt. The half-measures of socialist governance and poor economic and financial management within a context of economic crisis led to social and political unrest, which ultimately destroyed the socialist development option towards the end of the eighties.
344. In fact, the country was already suffering from a failed economic governance by the first half of the decade. Aware of the fact that Benin was hard hit by economic crisis and drought, the leaders finally declared Benin a "disaster country" by the beginning of 1984, and sought international aid. The macro-economic situation, that of the core sectors of the economy, and particularly the economic and social conditions of the population, worsened drastically.

The State was unable to pay the meagre salaries of its civil servants, and poverty increased.

345. The end of the period was, therefore, marked by the interventions of the Bretton Woods institutions. Drastic conventional stabilization and structural adjustment programmes were “negotiated” and implemented under various agreements. The results were not positive, either in terms of growth or social welfare of the population. Then came social unrest, which soon turned into political demonstrations. The end of the Soviet regime during the same period only helped to push away the country from the socialist policy of development to the single party system. The National Conference of the Vital Forces of the Nation marked the end of this period, and ushered in another.
346. *The third period* (1990 to date), known as the Democratic New Deal, therefore started with the end of the National Conference. The return to liberalism, and the related governance, forms the basis of economic management. Then international aid came, as a result of internal social and political cohesion, and especially the newfound confidence in managing and mitigating social evils, and making the efforts required for macroeconomic stability. The economic governance of this period was marked not by the need for structural changes, but rather by the need for stabilization in order to create conditions for economic recovery. The day-to-day economic management ignored the vital importance of constructing another economic vision to solve the basic problems of Benin’s economy.
347. The macroeconomic results were satisfactory in terms of economic growth, external trade, public finance and/or inflation. The newfound democratic framework was of enormous help. However, this method of economic governance, based on routine management, soon ran out of steam following the devaluation of the CFAF in 1994. The SAPs and PRSP I could not stop the country’s economic difficulties. Vulnerability to internal and external shocks and the weaknesses of the current method of economic management were evident, particularly in the decline in growth and standard of living of the populations. The issue of economic development and structural change boiled down to the frantic search for financial balances, which then served as development policy.
348. Although the country had championed compliance with the macroeconomic convergence criteria adopted in WAEMU, at least most of them, its competitiveness continued to decline. It became increasingly incapable of effectively playing its role as a transit economy. Benin’s heavy dependence, not only on the world economy, but also on the economy of its powerful neighbour, Nigeria, did not facilitate the definition, and less so, the implementation of governance other than in terms of routine economic management or within a short- term perspective, since there was no policy on structural changes to meet the needs of constructing an alternative long-term vision. It is here that we find another focus and another core challenge for economic governance in Benin: define and implement a vision for the Benin of tomorrow, for sustained and equitable growth, poverty reduction, and transformation of economic structures into an integrated economy at the

national level, but open at the regional and world levels, and capable of resisting internal and external shocks.

349. It is true that the country has defined its long-term vision in the “Alafia Benin 2025” project, and this a praiseworthy step in that direction, especially as Alafia Benin 2025 vision seeks to construct an emerging Benin by that time. Furthermore, the Government recently translated the vision into “Strategic Orientations”. However, coordination of the implementation of these strategic orientations, and particularly their translation into sectoral policies, suffer from certain weaknesses that constitute other challenges for economic governance. These weaknesses are widespread corruption, which has become a culture and more or less internalized method/instrument of governance, as well as lack of accountability in the implementation of macroeconomic and sectoral development policies, and poor coordination in this area.
350. Economic growth seems to be picking up again, but poverty remains at a very alarming level and it is increasing. Furthermore, it is high time for the country’s economic governance to address basic structural problems of the economy, and avoid the long-term risk of being rooted in dependence and transit economy without a solid productive base. Lastly, economic governance should also be able to deal with an important economic phenomenon in Benin: the position and role of the informal sector, which should be integrated as a component in economic policies. Indeed, this sector plays an important economic, social and even political role, and it will not disappear soon. Since it will continue to play a key role for a long time in Benin’s economy and society, it is necessary to see how it could be “well used” to solve its problems and make it a recognized component of the economy, without trying to formalize it forcefully or keeping only a watchful fiscal eye on it for the State. The authorities need to strike a balance. Indeed, this sector has developed mainly as a result of the failure of integrating the so-called formal economy into the country’s socioeconomic development policy.

## **4.2 Ratification and implementation of standards and codes**

### **i. Summary of the Country Self-Assessment Report (CSAR)**

351. Benin has adhered to or ratified several legal international and African economic standards and codes. This also shows the country’s determination to adopt governance standards approved at the international level to ensure better economic governance and management for the country.
352. However, the CSAR of Benin did not go into details on compliance with Standards and Codes as required by the APRM questionnaire. The CRM thus noted that the CSAR does not provide enough information on a number of codes and standards, or simply that it passes over them in silence. Consequently, the CSAR’s analysis of several standards and codes is not detailed and clear, or does not even exist. This applies to the following Codes and Standards:

- The Code of Good Practices in Fiscal and Budgetary Transparency;
  - Guidelines for Public Debt Management and Sustainability;
  - Accounting and Auditing Standards;
  - Core Principles for Payments and Settlement Systems. The CSAR indicates that these Principles are '*prepared by the Bank and approved by the Ministers*' whereas the Principles are defined by the Committee on Payments and Settlement Systems (CPSS) of the central banks of G10 countries and the Bank for International Settlements based in Basel, Switzerland.
  - The Core Principles for Effective Banking Supervision;
  - The Basic Supervisory and Regulatory Principles in the area of Insurance and Regulation;
  - The AU Convention on Preventing and Combating Corruption and the United Nations Convention on Corruption.
353. A number of these Standards and Principles are also considered in Chapter 5 on Corporate Governance, while the implementation of those relating to regional integration is considered in Objective 5 of this chapter.

## ii. Findings of the CRM

354. Joint IMF/World Bank missions have conducted assessments in Benin on some standards and codes under the Finance Sector Assessment Programme (FSAP) in collaboration with the World Bank and the International Monetary Fund. The CSAR should, as far as possible, have indicated the level of conformity of each section or principle of the Standards and Codes. The Mission found that in many cases these very standards and codes are reviewed by the Central Bank of West African States (BCEAO) in various community programmes.
355. **Code of Good Practices on Fiscal and Budgetary Transparency:** The FSAP of the IMF/World Bank recognizes a series of internationally accepted standards on transparency policy laid down by the IMF. These standards can be divided into three groups: (i) Transparency of data, with the IMF Special Data Dissemination Standard (SDDS) and General Data Dissemination System (GDDS); (ii) Budgetary transparency, with the IMF Code of Good Practices on Transparency in Public Finance. The CRM noted that the authorities of Benin participate in the SDDS and GDDS under the aegis of the FSAP and under BCEAO.
356. However, the CRM noted that even though there were no official limitations to prevent the dissemination of economic and financial information, there was no communication strategy to regularly announce the Government's macroeconomic policies.

357. **Guidelines for Public Debt Management and Sustainability:** All these guidelines, introduced by the IMF/World Bank at the request of the International Monetary and Finance Committee (IMFC), are aimed at helping countries to improve the quality of their public debt management and reduce their vulnerability to internal and external financial shocks.
358. **Core Principles for Payment Systems:** The core principles for payment systems were defined by the Committee on Payments and Settlement Systems (CPSS) of the central banks of G10 countries and the Bank for International Settlements based in Basel, Switzerland. There are ten such core principles for payment systems, and four central bank responsibilities concerning their implementation.
359. The Central Bank of West African States (BCEAO), in March 1999, initiated a regional project to modernize payment systems in the eight countries of the West African Economic and Monetary Union (WAEMU), namely Benin, Burkina Faso, Côte d'Ivoire, Guinea Bissau, Mali, Niger, Senegal and Togo. This Reform of the Payment Systems in WAEMU falls within the general framework of deepening the financial system, improving the monetary policy framework, and accelerating the regional economic integration process.
360. Consequently, interbank payments in Benin are made through the Computerized Interbank Clearing System in WAEMU (SICA-UEMOA), which is a computerized exchange and settlement tool for massive payment operations between participating institutions at the WAEMU national and sub-regional levels, launched on 17 November 2005. The SICA-UEMOA participants are commercial banks, the BCEAO, the Post Office and the Treasury. Following effective launching of the Computerized Settlement System in WAEMU (STAR-UEMOA) on 25 June 2004 and of SICA-UEMOA, teleclearing went operational on 9 November 2006 in Benin.
361. This new mechanism enables banks in Benin to rapidly send electronic files of their clearing operations (cheques, transfers and bills of exchange) to their fellow members. This exchange is done from their different branches via the Main Branch in Cotonou or the Subsidiary Branch in Parakou, irrespective of whether the bills are to be paid in the town, in another town or another bank in the country. The CRM noted that interbank payments are generally made within the prescribed period, and that the payment systems are currently being modernized.
362. **Basic Supervisory and Regulatory Principles in the area of Insurance and Regulations:** These Principles, defined by the International Association for Insurance Supervisors, have the following objectives: to protect investors, guarantee a fair, equitable and transparent market, and reduce systemic risks. These aspects are considered in more detail in Chapter 5 on Corporate Governance.
363. **Accounting and Auditing Standards:** *The International Accounting Standards Board* (IASB) is the body responsible for developing international accounting and auditing standards. The IASB carried out modifications on

standards with an emphasis on fair values in accounting. In general, the CRM noted that internal auditing and other internal and external control measures in public enterprises are not very developed and not applied systematically. These aspects are considered in more detail in Chapter 5 on Corporate Governance.

364. **Core Principles for Effective Banking Supervision:** These Principles were drawn up by the Basel Committee for Banking Supervision, and define 25 core principles covering the following areas: preconditions for effective banking supervision, licensing and structure, prudential regulations and requirements, methods for ongoing banking supervision, accounting and disclosure, institutional powers of prudential authorities, and cross-border banking activities. In Benin, the BCEAO is responsible for this important control and supervision exercise.
365. **AU Convention on Preventing and Combating Corruption and the United Nations Convention on Corruption.** The CRM noted that Benin has signed and ratified these Conventions, but has not yet incorporated the Conventions into the country's legal system, and that the relevant implementing decrees have not yet been issued. The CRM also learned that there was a WAEMU Directive No. 07/2002/CM/UEMOA of 19 September 2002 on combating money laundering in WAEMU member countries. However, Benin has not yet instituted the regulatory framework, which has already been established in Guinea-Bissau, Niger and Senegal.

**Table 4.1: Situation of standards and codes for economic governance and management in Benin**

Standards and Codes	Signed	Ratified
Constitutive Act of the African Union (2000)	11 July 2000	3 July 2001
NEPAD Strategic Framework Document (2001)	Adhered automatically since October 2001	Adhered automatically since October 2001
Code of Good Practices on Fiscal and Budgetary Transparency	FSAP/BCEAO	FSAP/BCEAO
Guidelines for Public Debt Management	FSAP/BCEAO	FSAP/BCEAO
International Accounting and Auditing Standards	BECEAO	BECEAO
Code of Good Practices in Money and Finance Transparency	FSAP/BCEAO/RONC	FSAP/BCEAO/RONC
Core Principles for Payments and Settlement Systems	FSAP/BCEAO/RONC	FSAP/BCEAO/RONC

Core Principles for Effective Banking Supervision	FSAP/BCEAO/ROSC	SAP/BCEAO/ROSC
Basic Supervisory and Regulatory Principles in Insurance	See Chapter 5	See Chapter 5
African Union Convention on Preventing and Combating Corruption and Money Laundering	11 February 2004	March 2006
United Nations Convention on Corruption	Adopted in 2005	Adopted in 2005
Treaty on the West African Economic and Monetary Union	10 January 1994	
Treaty on the Economic Community of West African States [ECOWAS]	24 July 1993	
Abuja Treaty on the Creation of the African Economic Community (1991)	3 June 1991	31 May 1999

BCEAO: Central Bank of West African States

FSAP: Finance Sector Assessment Programme under World Bank and IMF collaboration

ROSC: Report on the Observance of Standards and Codes under World Bank and IMF collaboration

### iii. Recommendations

366. The APR Panel would like to recommend the following corrective measures to the competent Beninese authorities (Government, BCEAO, National Assembly):

- Finalize a detailed assessment, principle by principle or section by section, for each standard and code listed in the APRM Questionnaire. Wherever standards and codes have not been met, a Programme of Action should be prepared, specifying measures to be put in place to fill the gaps observed, and to ratify the required standards and codes as soon as possible.

On transparency in economic and financial information:

- Have a defined information disclosure policy, by all means, including the use of new information and communication technologies (NICT);
- Continue developing and modernizing the statistics system for the dissemination of prudential data in the financial sector, and for speedy dissemination to the Parliament and to the public in general;

- Encourage the disclosure of information on the budget process, to enable citizens and particularly the civil society, to participate in budget preparation and in the monitoring of its implementation.

Develop the capacities of the organs concerned, so as to ensure effective monitoring of existing measures and laws.

### 4.3 Assessment of APR objectives

**Objective 1: Promotion of macroeconomic policies that support sustainable development**

#### i. Summary of the APRM

367. **Macro-economic Context and Quality of Development:** The self-assessment report indicates that the performance of Benin's economy was mixed over the past five years. However, 2006 confirmed economic recovery, with a GDP growth rate of 4.5% as against 2.9% in 2005. This recovery was sustained by improvement in trade with Nigeria and a 26% increase in the port traffic.
368. The vulnerability of the economy continues to be affected by: (i) trade restrictions imposed by Nigeria, (ii) competition from Lome Port, which increased following a decline in the performance of Cotonou Port, (iii) cotton production below projections, and (iii) appreciation of the Euro in comparison to the American dollar, which impacted negatively on economic activity, particularly cotton exports to the Asian market. Production remains undiversified and cotton continues to be Benin's major export product. Even though the inflation rate was contained within the limits of the Community standard between 2003 and 2004, general price levels started rising as from 2005, to nearly 5% as against a target of 3%.
369. The Government has pursued public finance reform, with however, results that need to be consolidated. The overall budget deficit, authorization base and excluding grants, increased from 3.3% of GDP in 2004 to 4.3% of GDP in 2005, because of significant decline in budgetary revenue and increase in total expenditure and net loans. This deficit was reduced in 2006, and stood at less than 3% in 2006.
370. **Public debt has become sustainable:** Public debt started declining, particularly in 2003, when Benin benefited from the HIPC Debt Relief Initiative. Indeed, the debt service/revenue ratio started declining as from 2004, thereby reflecting the overall efforts made by the country to remain below the 15% level defined as the International Standard. Outstanding payments have been reducing significantly since 2001, as a result of debt cancellation obtained by the country under the HIPC Initiative after reaching the decision point in July 2000 and the completion point in March 2003.

371. As regards capital budget implementation, public resources allocated to the social sectors increased significantly between 2003 and 2004. However, as from 2005, the capital budget implementation rate for the social sectors declined. The rate was below 30% in July 2007. Benin has repaid the debts owed to BCEAO, and no deficit was financed by BCEAO over the past five (5) years.
372. ***Formulation of the Government's macroeconomic forecasts:*** The CSAR mentions that these forecasts are based on the Finance Law. Other data are also used in formulating macroeconomic forecasts, in particular demographic statistics, trend of cotton prices, value of the dollar and oil prices, the Government's objectives in terms of real growth, containment of inflation to about 3%, and compliance with community standards. Macroeconomic forecasts are formulated on the basis of the trend of agricultural production (especially cotton), the international environment and the Government's objectives in the PRS. Lastly, the report mentions that sector studies have been initiated in the various ministries. The results will be transmitted to the Ministry of Finance, which will analyze them and propose resource allocations that take into account the preceding budget year, macroeconomic forecasts, and the allocation absorptive capacity of the ministries.
373. The CSAR also underscores the reasons why the current projections for GDP real growth and income for next year are higher than for the past 5-10 years. This optimism is based on the new method of governance with the change of regime following the last presidential elections in March 2006.
374. ***Sectoral or macro-economic policies that promote economic growth and sustainable development:*** The Government has adopted various sectoral policies, and carried out cross-cutting reforms. The cross-cutting reforms focus on the fiduciary framework and auditing of public expenditure and administrative management, and mainly help to strengthen the macro-economic framework. These reforms are aimed at improving the level and quality of public expenditure. Each Ministry, through medium term expenditure frameworks, implements a policy based on poverty reduction.
375. *As regards sectoral programmes,* the CSAR indicates that several sectoral reforms have been implemented in most areas that contribute to growth and socioeconomic well-being, particularly in health, education, agriculture, the environment, transport, justice, decentralization, deconcentration, etc.
376. ***Access to Land:*** In order to promote private investment, the Government has taken measures to reduce land insecurity and create assets convertible into cash. The measures focus mainly on formal registration of lands, authentication of title deeds, simplification of procedures, and reduction of costs for granting land certificates.
377. ***Access to Credit:*** The Government of Benin considers micro-credit as an important tool for poverty reduction. Consequently, a number of measures have been adopted under the "***Access to Credit***" Project, which aims at sustaining the contribution of MFIs to the financing of the economy through

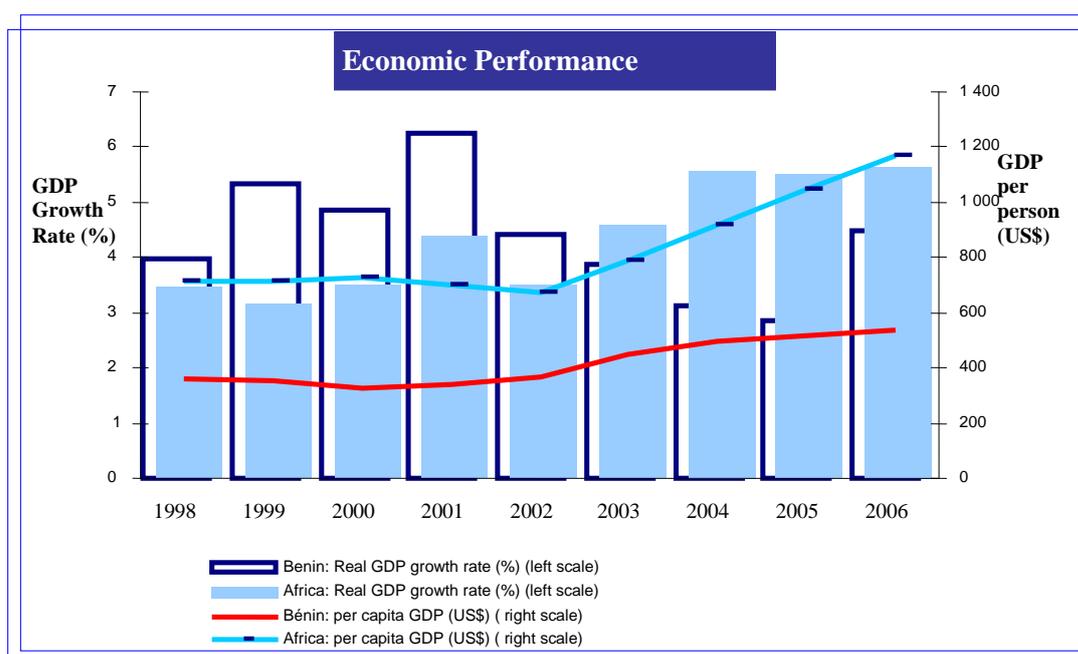
substantial reduction of the cost of credit and diversification of financial services. These measures are aimed at: (i) improving sustainable access of MFIs to bank resources and other low-cost private financing, (ii) supporting MFIs in the diversification of credit supply and reduction of its cost, and (iii) improving the quality of demand.

378. *Access to the Market:* It should be noted that since more than 90% of Benin's trade is by sea, the Government's objectives in this area are to (i) construction and rehabilitate port infrastructures, (ii) procure and install an integrated security system to adapt PAC to international standards, (iii) construct a compulsory control base for fishery products, and (iv) build the capacity of stakeholders.
379. *Improvement of the Business Environment:* The measures taken in this area essentially aim at improving the legal and judicial framework. The measures should build a justice system that is accessible, credible and efficient, and that contributes to the consolidation of the rule of law, protection of human rights and guarantee for security in socio-economic activities.
380. The CSAR describes the measures taken to ensure gender equality, sustainability of the environment and job creation in sectoral and micro-economic policies and programmes. It also describes efforts towards mobilization of domestic resources, including public and private savings, as well as towards public capital formation and reduction of capital flight.
381. *Vulnerability to internal and external shocks:* At the external level, vulnerability of Benin's economy is mainly linked to cotton and oil prices, and its trade dependence on Nigeria. At the internal level, limited diversification of production is a major handicap. In addition to these constraints, mention should also be made of the decline of port activity, low productivity of local labour, antiquated production facilities, failure to modernize agriculture, and low production volume, which does not allow for economies of scale.

## ii. Findings of the CRM

382. *Macro-economic Framework:* The description of the macro-economic framework in the CSAR does not adequately reflect the macro-economic management constraints, or the efforts made by the current Government to address these constraints. However, the growth strategy, which is aimed at reducing poverty over the period 2007-2009, indicates the alternative scenarios and prospects for achieving the MDGs.

Figure 4.1: Economic performance



383. *Production remains undiversified and cotton accounts for more than 50% of exports.* The increase in economic activity (4.5%) has remained below the performance indicators, which projected GDP growth at nearly 7% in 2006. The low economic growth is mainly due to significant delays in implementing structural reforms, particularly in the cotton sector, which is the country's main source of foreign exchange, as well as from the low competitiveness of Benin's enterprises, which are handicapped by the poor performance of the electricity and telecommunications sector and the Cotonou Port. Concerning the cotton sector, the implementation of reforms, which started in 2002, has not yet been completed: the bases for sustainable management of the sector involving all the stakeholders, particularly the Cotton Inter-professional Association (AIC), have not yet been laid, and the privatization of the industrial tool of SONAPRA is not yet effective. Nevertheless, it must be underlined that the sector is turning in a new direction, since, as part of its policy of privatization, the Government recently decided to cede partial control over the *Societe Nationale pour la Promotion Agricole*, SONAPRA<sup>23</sup>, to a new organization, the *Societe Commune de Participation*, which would hold 45% of the shares of SONAPRA. The Beninese State would remain with 35% of the shares of SONAPRA, while cotton producers, SONAPRA employees and domestic as well as foreign investors would together hold 20% of the shares.

<sup>23</sup> The Nation (La Nation), No. 4342 of 8 October 2007. The Cabinet. Creation of a New Society for Developing the Cotton Sector.

**Box 4.1: The cotton sector**

Benin's economy is highly dependent on cotton, which contributes about 40% to the country's exports and about 90% to agricultural revenue. During the past ten years, production hovered around 334,000 tons, with a record production of 427,000 tons during the 2004-2005 farming season. The lowest production of 191,000 tons was recorded in 2006-2007.

The cotton sector is managed by three private associations, namely, the *Association Interprofessionnelle du Coton* (AIC), the *Association Professionnelle des Egreneurs du Bénin* (APEB), and the *Groupement Professionnel des Distributeurs d'Intrants Agricoles* (GPDIA). The partnership ties among these three associations were often marred by inter-association conflicts and financial scandals to the extent that the State recently had to intervene to compensate many cotton producers, settle cases of financial litigations between the partners, while disbursing considerable sums of money.

The Government's programme aims at increasing production levels over the next two years to 320,000 tons and 500,000 tons respectively and, in the medium-term, increasing the rate of cotton processing from 3% to 30%, through rehabilitation of the textile factories.

Benin was commended for the excellent quality of its cotton fibre, estimated respectively at 98.17% of the production in 2005-2006, and 97.91 in 2006-2007<sup>24</sup>. Private sector actions carried out at various levels comprise the increase in the fraction of income for producers, from 2% to 25%, support from some technical and financial partners, including the World Bank, the French Development Agency and the European Union.

However, the world cotton market is crippled by the fact that the industry is heavily subsidized by major producers from industrialized and emerging countries, and in the case of Benin, through smuggling of materials from neighbouring and far away countries, which is weakening cotton processing industries established on the national territory. In the view of the CRM, obstacles to the survival of the cotton sector in Benin can only be eliminated through the creation of a predominantly private sub-regional partnership, focused notably on the creation of a regional cotton stock market, and the institution of a special tax on cotton, applicable by all the countries concerned.

384. The Government has, in its new growth and poverty reduction strategy for the period 2007-2009, defined a baseline scenario, which is a costed reflection of the various sectoral strategies to be implemented to accelerate growth and reduce poverty during the said period, while maintaining macro-economic stability (level of inflation, and of targeted and sustainable deficits). In the said strategy, the acceleration of growth will be based on diversification of production, reinforcement of economic and social infrastructures, and strengthening of good governance.
385. Even though the CSAR has not explicitly indicated so, it should be noted that as regards liberalization, the Government has adopted a more attractive Investment Code and has tried to improve the business environment. However, these measures have not attracted significant direct foreign investments mainly due to constraints relating to the legal and judicial framework and administrative barriers to private investment.

<sup>24</sup> Source: Strategic Development Orientations of Benin for 2006-2011. The Emerging Benin.

386. ***Situation of Public Finance.*** It should be noted that the performance of the Taxation Services has suffered over the past five years from the upsurge in fraud through under-evaluation of imports and abusive granting of exemptions, and slowdown of economic activities following restriction of re-exports to Nigeria. In order to increase tax revenue, the current Government is implementing a vast programme of revenue collection and broadening of the tax base.
387. ***External Sector.*** Over the period 2000-2005, the decline in cotton production and unfavourable trends of cotton prices, were the two main factors that weakened the country's external position. Furthermore, the rise of the Euro against the US dollar favoured an over-evaluation of the CFAF, thereby reducing the competitiveness of Benin's cotton. These difficulties were compounded by the increase in oil prices and a decline in current public transfers from re-export operations. Consequently, the current account deficit (excluding grants) stood at 7.2% of GDP in 2004. The deficit improved slightly to 6.4% of GDP in 2005 as a result of improvement in the balance of services.

**Table 4.2: Trends in the main aggregates by scenario**

	2007			2008			2009		
	Baseline Scenario	MDG Scenario	Trend Scenario	Baseline Scenario	MDG Scenario	Trend Scenario	Baseline Scenario	MDG Scenario	Trend Scenario
GDP Growth Rate %	6.0	7.3	4.1	6.8	8.1	4.5	7.5	8.7	5.0
Investment Rate	23.6	26.4	22.9	24.4	27.2	23.2	25.2	27.6	23.6
Total Expenditure in % GDP	24.4	30.2	22.4	25.0	29.2	22.3	24.6	27.5	21.8
Budget Deficit in % GDP	-6.8	-12.7	-4.8	-6.9	-11.5	-4.2	-6.3	-9.9	-3.4
Financing Gap (CFAF billion)	49.6	216.6	0.0	93.8	246.2	12.0	72.2	212.5	30.2
<i>Current Deficit in % GDP</i>	-5.8	-6.1	-6.1	-5.5	-5.8	-6.2	-4.9	-5.2	-5.5

Source: INSAE and Department of Economic Analysis and Forecasting (DAEP).

388. *Financial System:* The performance of the banking system, assessed in terms of compliance with prudential ratios, is sound on the whole, despite an increase in bad debts from 4.7% to 7.2% of private sector credits due to difficulties experienced by the National Agricultural Promotion Company (*Société nationale de promotion agricole*) (SONAPRA). Furthermore, the micro-finance sector has developed enormously over the past ten years throughout the country, particularly in the poorest regions where banking penetration is low. With nearly 500,000 customers, the micro-finance sector in Benin is the most developed in the WAEMU. However, efforts should be pursued in building the capacities of MFIs.
389. *Debt Relief:* Benin has been benefiting from the HIPC Initiative since 2003, as well as from the Multilateral Debt Relief Initiative. Over the past three years, Benin has not accumulated any internal or external payment arrears. However, it should be pointed out that the sustainability of Benin's public debt depends on several factors, which can sometimes be unfavourable to the country. They include notably the heavy dependence on the volatility of cotton prices, the unfavourable changes in Nigeria's trade policy towards Benin, and the appreciation in the value the Euro against the dollar. Lastly, Benin is one of the 18 countries that will benefit from debt cancellation from multilateral creditors.

**Table 4.3: Macroeconomic indicators (% of GDP unless otherwise indicated)**

	Period before DSRP I			DSRP I Period			
	1990-94	1995-99	2000-02	2003	2004	2005	Average 2003-2005
Population (million)	4.9	5.8	6.6	7.0	7.2	7.4	7.2
Population Growth Rate (in %)	3.3	3.3	3.3	3.0	3.0	3.0	3.0
GDP (in CFAF billion)	644	1319	1823	2067	2140	2299	2169
Per capita GDP (in CFAF thousand)	131	228	277	296	298	310	302
Real GDP Growth Rate (in %)	3.7	5.1	5.2	3.9	3.1	2.9	3.3
Per capita Growth Rate (in %)	0.4	1.8	1.9	0.8	0.2	-0.1	0.3
Gross Investment	14.4	18.2	18.9	20.3	20.7	17.0	19.3
Gross Public Investment	4.9	6.1	5.8	6.6	5.4	5.3	5.8
Gross Private Investment	9.5	12.1	13.2	13.7	15.3	11.6	13.5

Gross Domestic Savings	10.1	9.6	10.0	10.2	12.2	8.8	10.4
Total Revenue	11.2	14.3	15.8	16.6	16.4	16.7	16.6
Tax Revenue	9.2	12.2	14.0	14.9	14.6	14.5	14.7
Total Expenditure	17.7	17.7	18.6	22.0	19.8	19.8	20.6
Wage Bill	6.2	4.7	4.4	5.1	5.8	5.7	5.5
Primary Basic Balance	0.9	3.5	1.6	-1.4	-0.3	0.1	-0.5
Exports	16.3	17.6	15.8	15.2	14.0	13.0	14.1
Imports	24.7	24.2	22.7	23.0	20.8	19.9	21.2
Overall Balance	6.9	-0.1	2.8	-1.2	-2.9	2.1	-0.7
Net External Assets (in months of imports)	4	7	12	11	7	10	9
Outstanding Debt	52.8	59.4	51.8	40.3	40.3	40.3	40.3
Debt Service	1.8	2.0	1.3	0.8	0.7	0.6	0.7
Debt Service (in % of exports)	11.9	8.6	5.9	3.8	3.6	3.1	3.5

Source: DSCRPM MDEF

390. *Privatization*: Some new orientations have just been introduced in the cotton sector under the privatization denationalization policy. The Government decided to partially transfer the industrial tool of the *Société Nationale pour la Promotion Agricole*, SONAPRA<sup>25</sup>, to the *Société Commune de Participation*, which will hold 45% of the capital of SONAPRA. The State will hold 35% of the capital, while 20% of the shares will be held by the producers, the staff of SONAPRA and the Beninese and foreign public. The PAC and the SBEE have had their privatization programme postponed several times. The cotton sector was given a new boost, thanks to the entry into its capital of a Beninese professional in the trade, who already had three cotton spinning factories. Moreover, the Government has initiated the privatization of the *Office des postes et télécommunications* (OPT) and passed decrees<sup>26</sup> creating the *Poste du Bénin*. Besides, in the logic of the pursuit of the process, the *Société béninoise d'électricité et d'eau* (SBE) into two entities: the *Société nationale des eaux du Bénin* (SONEB) in June 2003, and the *Société béninoise d'énergie électrique* (SBEE) in March 2004. For the year 2007, the privatization operations also concerned the transfer to the private sector of the shares of the SBEE, the telecommunications and the management of the Cotonou Port. The new Government plans to redefine a new privatization option for these enterprises.

<sup>25</sup> *La Nation* Issue n° 4342 of 8 October 2007. Cabinet Meeting. Creation of a new company to develop the cotton sector.

<sup>26</sup> Decree 2004-260 of 5 May 2004 on the creation of *Bénin télécom* and 2004-365 of 28 June 2004

391. However, it is important to note that the exchanges with the stakeholders helped to observe that this privatization was perceived more as a condition imposed by the multilateral development banks than a real need in the area of economic management. The level of ownership of the structural reforms has remained low.
392. Admittedly, public finance management has made some progress, particularly in results-based management and preparation of Medium Term Expenditure Frameworks (MTEF), but there are still some major constraints in the auditing of public expenditure. Concerning reform of the public service, a new strategy is being finalized. With respect to good governance in this area, a National Anti-Corruption Plan was adopted in 2002, and the new Authorities have confirmed their approval to conduct a new survey on corruption.
393. ***Basis for macro-economic forecasts:*** Macro-economic forecasts are based on the Harrod Domar projection model. The macro-economic forecast model is used for preparing the budgetary framework and indicates the maximum resources for each sector at the time of preparing the MTEFs. This static model needs to be improved to take into account programme budget requirements, and made more exhaustive to cover all sectors of activity. Furthermore, the Government should have dynamic models to facilitate the analysis of behaviour and assessment of the impacts of implementation policies.
394. ***Sectoral and micro-economic policies:*** The efforts made to improve the macro-economic framework are indisputable. However, the expected results could not achieve sustainable increase in market output, which is mainly based on cotton, nor significantly reduce the level of poverty.
395. In the *agriculture and forestry* sector, the implementation of the Programme Budget for the agricultural sector encountered difficulties in resource mobilization, and mastery of budgetary procedures by the stakeholders. This alarming situation also exists in the social sectors (health and education), which are priority areas of intervention in poverty reduction. The rate of execution of public expenditure for the social sectors remained low. However, the new decisions taken for the 2007-2008 academic year (see chapter 6) open new prospects for a well-deserved hope.
396. In the *industrial sector*, administrative sluggishness and obstacles to investment greatly contribute to the increase in operational costs and risks facing the formal sector. More than 80% of the 400 formal enterprises interviewed in the **World Bank** survey on investment climates consider *corruption* in Benin, the functioning of the justice system as well as customs and fiscal procedures as constituting a very serious impediment to their development. Similarly, delays in implementation of the reforms in the *electricity sector* in the SBEE privatization process reduce the competitiveness of enterprises due to frequent outages and the high cost of electricity.

**Box 4.2: Current practice in development of the medium term expenditure framework (MTEF) in Benin**

The MTEF practice in budget preparation started in 2002. At the beginning of the process, the General Directorate of Economic Affairs (DGAE), in consultation with the General Directorate of the Budget (DGB) and the Permanent Secretariat of the National Development and Poverty Reduction Board (SP/CNDLP) presents guidelines that indicate, for the medium term, the Government's objectives as regards economic growth, inflation, tax pressure and budget deficit. The guidelines, which define the macro-economic framework of the Government's policy and analyzes recent developments at the national level and in light of the economic policies of countries in the sub-region, give an approximate idea of the resources expected by Benin over the next three years, so as to assess expenditure projections within reasonable proportions.

Based on these overall allocations according to type, the sectoral allocations are determined in light of criteria such as: (i) increasing the relative proportion of priority sectors, and (ii) limiting the increase in allocations to their absorptive capacity. To apply these criteria, the data on effective expenditure by Ministry play a very important role. After this stage of determining sectoral allocations, the amounts of expenditure in the initial overall allocations are discussed and reviewed.

The process ends with the compilation of proposals from all the sectoral Ministries to prepare the country's MTEF, which is ready for approval by the Government. Consequently, it could be said that MTEF preparation is a repetitive process, which could be divided into six phases:

- Phase 1: Macro-economic framework and estimate of mobilizable resources
- Phase 2: Preparation of preliminary sectoral budget ceilings
- Phase 3: Discussions and review of the sectoral budget ceilings
- Phase 4: Approval of ministerial ceilings and mechanisms by the Government
- Phase 5: Finalization of CDS-MT
- Phase 6: Finalization of the MTEF and approval by the Government

The Government's ultimate goal is to make the MTEF a tool not only of budgetary discipline, but also of forecasts of future financing of sectoral policies. The MTEF also makes it possible to rationalize the allocation of resources by taking into account development priorities and poverty reduction; it also helps to strengthen *a priori* control of public expenditure and establish *a posteriori* control. Consequently, it facilitates assessment of the impact of the budget on the population, and constitutes a budget efficiency assessment tool.

397. Benin has a good image with its development partners. However, the progress made at the macro-economic level has not significantly reduced poverty, which affects nearly 30% of the population. The major obstacles to economic growth and poverty reduction are structural. They concern the rigidity of the production machinery and structure, the low investments and the limited diversity of exports dominated by cotton. This situation makes the economy very vulnerable to external shocks, and weakens the country's balances. The country also experiences other constraints, particularly with respect to land, legal protection of business, taxation and customs tariffs, the management of

public utility services, and infrastructure development. These barriers considerably affect the competitiveness of enterprises.

398. In conclusion, it should be pointed out that the Government faces two key challenges that need to be addressed: (i) improvement of the overall and sectoral competitiveness of the economy to provide a macro-economic framework for promoting development; and (ii) eradication of poverty and improvement of the quality of life of the populations.

### **iii. Recommendations**

399. In this perspective, the APR Panel would like to make the following recommendations:

#### ***In the area of Macro-economic and Sectoral Governance***

- Improving the global and sectoral competitiveness of the economy through the development of infrastructures to provide a macro-economic framework in support of development.
- Intensifying poverty reduction in order to improve the quality of life of the populations.
- Pursuing broadening of the tax base and improving of the efficiency of revenue offices by reorganizing and modernizing the taxation and customs services;
- Improving the efficiency of public expenditure by introducing results-based public affairs management;
- Broadening the production base by diversifying production;
- Finalizing the privatization process, particularly in the cotton sector and the Posts and Telecommunications Authority, and putting in place the telecommunications regulatory authority;
- Establishing a land market to enhance tax revenue and reduce the cost of bank loans through mortgage guarantees;
- Enhancing the improvement of the business climate and production support structures by intensifying the fight against corruption;
- Adopting a regulatory framework, and create a regulatory body for the water and electricity sectors;
- Accelerating reforms in the Cotonou Port to improve its competitiveness.

#### ***In the area of Forecasts and Statistics***

- Pursuing the reform of the national statistics system;

- Improving economic framework and forecasting tools so as to take into account the problems of programme budgets.

***In the area of Reduction of Vulnerability to Exogenous Shocks***

- Establishing sectoral policies to facilitate the development of growth-oriented project clusters and promote high value added production, as well as a policy for promoting exports, particularly in the agro-industrial sector;
- Developing alternative energy sources like solar and biomass;
- Promoting the instrument for economic and financial surveillance of the environment as regards the main sectors of activity, and ensuring coordination at the national level in collaboration with the private sector.

**Objective 2: Implementation of sound, transparent and predictable government economic policies**

**i. Summary of the Country Self-Assessment Report (CSAR)**

**400. Improvement of efficiency and transparency in public administration, parliament and taxation services**

As regards public administration, the CSAR feels that “the smooth and transparent functioning of the public administration requires an appropriate institutional framework to coordinate and integrate administrative reform activities so as to better meet the needs”. As this framework does not exist nor operate efficiently, the CSAR recommends a number of measures to make it operational and efficient.

401. As regards the taxation services, the CSAR indicates two categories of tax reform measures that have been implemented. They are notably: the reform of tax assessment and collection procedures; the reform of procedures relating to land documents. In both cases, the objective is to increase internal revenue through modernization of the tool and better knowledge of the taxable good.

402. Similarly, the CSAR recalls the reforms introduced in the customs procedures, particularly for strengthening the control capacities of the customs services. The reform measures mainly concern modernization of the computer system, streamlining customs operations, control and monitoring of operations in connection with both payment and collection of customs revenue.

403. However, the CSAR points out that there are difficulties in implementing all these reform measures. This is due, in particular, to the country’s economic situation. Furthermore, the customs and taxation services are not spared by the general lax attitude in the country, notably as regards impunity. The CSAR

also considers that most of the texts in force are obsolete and need to be updated.

404. **Implementation of Predictable Economic Policies.** The country's Self-Assessment Report indicates a number of measures and processes put in place to facilitate consultation with the stakeholders in decision-making. These measures were followed particularly in the formulation of the second generation growth and poverty reduction strategy (PRSP II). The participation and personal commitment of the stakeholders were based on the nature of the process and the multidimensional nature of the issue of poverty in Benin.
405. As regards the preparation and monitoring of other economic policies, the CSAR is of the view that since the latter is generally entrusted to renowned competent international structures, predictability is ensured. Similarly, the audit measures taken by the new Government will contribute to rehabilitating management in the public economic and financial sector.
406. Furthermore, the CSAR feels that since the economic policies are contained in the Government's Programme of Action and in the various generations of the Poverty Reduction Strategy Papers, which are generally backed by the Medium Term Expenditure Framework (MTEF), this "indeed demonstrates the predictability of economic policies".
407. **Coordination of Efforts of the Various Departments.** The CSAR affirms that, at the horizontal level, the Government "instills some synergy among the Ministries, while enhancing the framework for participatory dialogue between the public sector and the private sector". Similarly, the award of Government contracts is controlled by the National Public Procurement Board, which defines the rules of procedure.
408. At the vertical level, the administrative organization of Ministries provides for decentralized structures in departments and regions, in particular, and under the authority of Prefects. The central bodies, such as the National Development and Poverty Reduction Committee (CNDLP), are functional at the departmental level through their respective decentralized services, thereby reflecting collaboration between the Ministries and the departmental authorities in the implementation of economic policies and programmes at the sub-national level.
409. However, the CSAR stresses the operational difficulties encountered by these mechanisms in ensuring effective coordination of the implementation of economic policies, mainly due to administrative red tape and non-transparent audit procedures.

## ii. Findings of the Mission

410. **On the General Plan of sound Predictable and Transparent Policies.** The mission commends the existence of a vision translated into Strategic Development Orientations of Benin, which should be "operationalized" under the second generation Growth and Poverty Reduction Strategy (GPRS II). The

vision of Benin 2025, plans, since 2000, to construct a “leading nation, a well-governed, united and peaceful country, with a prosperous and competitive economy, cultural influence and social well-being”. The Government should be congratulated in this regard, all the more since it shows in that regard its determination to pursue the action in relation to what the Beninese defined prior to its assumption of office. It should be expected that the construction of this vision will not be reduced to the poverty reduction strategy, because the stakes are well beyond that.

411. Furthermore, the mission expressed satisfaction with the ongoing clean-up efforts, and notably:
- Those of the macro-economic framework for creating favourable conditions for the other economic policies, investments and the general socio-economic development framework. However, we hope that the absolute quest for macro-economic balances, recommended mainly by development partners will not create obstacles to economic and social progress, because, as shown by the experience of PRS I, the results were not really positive;
  - the definition of sectoral strategies and, in some cases, of their operational programmes of action, with indication of priorities. It is, therefore, necessary to consider economic strategies and policies that go beyond poverty reduction;
  - the allocation of budgetary resources, which, from the 2006 Budget to the budget guidelines defined for 2008 through the 2006 revised budget and 2007 budget, shows efforts towards improvement in the budgetary allocations in line with the new priorities of Government action.
412. The mission felt that having a vision and projecting into the future is an excellent way of giving a line of action to the Government and all the national stakeholders. And the mission congratulated the Government for this initiative. However, the Benin 2025 projection requires a number of economic policies on which the CSAR was silent. These include notably:
- the (re)definition of the nature and model of economic growth<sup>27</sup>, which should be clarified from the onset so as to identify the bases, growth-oriented sectors during the period, and their focus;
  - taking into the sustainability of the growth model, inclusiveness (of the rural poor, in particular), and the diversification of its productive base, whose factors are indicated in the Strategic Development Orientations of Benin and the GPRS, but, which require further exploration, particular for their structuring;

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<sup>27</sup> Reference is made here to the pro-poor growth model, as in the case of China as opposed to the Indian model, which is based on state-of-the-art technology and which remain sterile in the face of the increase in poverty.

- the reconfiguration of the national space, its transport networks, its economic (agricultural, industrial and commercial) geography, and its demographic geography. This reconfiguration should, on the one hand, make the latter consistent with each other and, on the other, adapt them not only to the Benin of today with the configuration of its current economic, social and demographic bottlenecks, but also to the projected emerging Benin. It should take into account, among others, the position that the country wants to occupy, as well as the role it wants to play in agriculture, industry and trade in the sub-region of tomorrow;
  - the adaptation of the growth poles strategy, or better still, the development strategy – not yet well defined with respect to its content and spatial organization – to the strategies of project and programme clusters in this reconfiguration of the economic and demographic geography requires more efforts in its definition, as well as in the policy and programmes for its implementation.
413. This is all the more true since sound, predictable and transparent policies are also construed in terms of their relevance to the focus, challenges and development objectives, or construction of the nation towards the projected emerging Benin of 2025.
414. At this level, it is not certain that the translation of the vision and its six strategic orientations (which are well defined) into sectoral policies and programmes will be effective and positive in the intended direction. The lack of quantified data on the requisite human and financial capacities is the forewarning of the gaps between the bold views expressed by the leadership and their translation into judiciously calculated concrete actions, given the sluggishness of the dysfunctional networks in the Beninese society.
415. Given the importance of the informal sector and in particular the transit economy in Benin, if the country's (the Benin of tomorrow) economy is left open to the forces of globalization, the configuration in WAEMU controlled by external economic forces, and the Nigerian economy, there would, in the long term, be a risky process of "satellization" and "informalization" of Benin's economy. That is why it is imperative to implement a clear vision, in which the populations of Benin will see their way through and translate it into appropriate and voluntarist policies and programmes so as to realize the dream of an emerging Benin by 2025.
416. Another point that requires attention is the need to adapt the major challenges of economic governance and management to the (macro and sectoral) economic policies, and the method of effective resource allocation to development policies. On this aspect, the Finance Law should reflect the implementation of the annual component of the development plan, which is an expression of the vision and strategic orientations. Although efforts have been made in this direction since last year (2006), the mission is of the opinion that Benin is still far from the target in this area.

417. Since the emerging Benin intends to be “a country that attracts investments, accelerates its economic growth and redistributes the benefits equitably, a country which successfully integrates into the world economy thanks to its export capacities”, it is obvious that the economic policies, particularly in terms of fiscal policies, will play a significant role in efforts to improve the business environment. This issue is being discussed, but no appropriate response policy seems to have been found.
418. For more predictability and transparency of policies, the audit function of economic governance and management of public resources should be effective and strong. However, it seems that this function is very weak in Benin. This observation is valid for the internal and external audit organs, the Chamber of Accounts, as well as the National Assembly. It was at the specific request of the Head of State that for the first time the Chamber of Accounts produced its first report on the 2002 accounts last July, hence with a delay of five years. Consequently, it can no longer be used to define and implement appropriate corrective or preventive measures, much less, the required sanctions.
419. The weakness and inefficiency of this function sustains the general climate of financial misappropriation, illicit enrichment, the much denounced scourge of corruption, and impunity that is widespread in the Beninese society. This has a very negative impact on the performance of economic governance and management, and, therefore, on the effectiveness of the implementation of development budgets.
420. The budget policy should be based, among other things, on the implementation of previous budgets. Yet, the mission noted that there were no detailed reports on budget implementation not in terms of figures spent under such and such a budget line, but rather in terms of concrete results of the implementation of development programmes for which the expenditures were incurred, thereby making it possible to assess the effectiveness, optimality, and, therefore, the quality of public expenditure in the different development programmes. However, these reports are required for monitoring the outputs, achievements and progress made or shortcomings in this area.
421. The mission was informed that the lack of transparency in economic policies is even more crucial in public procurement and public finance. As regards the latter, apart from the revenue and expenditure channels, which remain opaque for the majority of Beninese people and even their control bodies, there are still today revenues that are not budgeted. This is notably the case of revenue from the circuit of second-hand vehicles, particularly from the escort of these vehicles to neighbouring countries. These revenues are said to provide Benin with nearly CFAF 1.2 billion per month, allegedly acknowledged by the Ministry of Finance, but which are not budgeted. This seems applicable to funds looted sometime ago and recuperated in one way or the other, but their budget allocation was not brought to the attention of public opinion.
422. Despite campaigns initiated personally by the Head of State against corruption, and therefore for the promotion of transparency and accountability in the management of public resources, the opinion of stakeholders seems to

be that the ideology of each Government that comes to power is: “it is our turn to eat also”. With the entrenchment of the culture of corruption and climate of impunity, the populations are virtually sceptical about the chances of success of the fight against corruption. Corruption seems to have become a culture of success in life. Fighting against a practice that has been entrenched as a culture calls for exemplary and systematic sanctions for economic crimes, committed especially from the top.

423. This seems all the more true since the legal texts make no provision for the publication of budget statements for wide dissemination and participation of the people in the allocation of public resources and monitoring of budget implementation. The current slow budget implementation is also perceived by the public opinion as part of the same network of corruption and illicit enrichment. It should, however, be noted that for some people, the slow consumption of budget allocations is due mainly to the sluggishness of the disbursement mechanisms, the levels of competence in budgetary authorizations, splitting up of the expenditure procedure, and the practice of making demands outside the specifications.
424. Compliance with most of the WAEMU macro-economic convergence criteria is a performance to be commended on the part of Benin. However, this performance is achieved in a climate of widespread corruption and development of poverty. Macro-economic performance in the impoverishment of the population is an obvious sign that stabilization of the macro-economic framework is not development stabilization, unlike the objectives of the current APRM exercise.
425. The mission noted that the macro-economic convergence criteria of the WAEMU, as well as the requirements and conditionalities of programmes with international financial institutions (IMF and World Bank, in particular) also limit the country’s room for manoeuvre. However, it seems that the issue of low salaries is one of the causes of “petty” corruption. Each person tries to take advantage of State tools at their disposal to supplement their income. Some people even affirm that it is morally acceptable. Since the macro-economic convergence criterion in this area is that the tax pressure should not exceed 17% of GDP, and Benin is at 14.4%, it would be possible for the country to increase its revenues – beyond the current efforts to broaden the tax base – to reach the level of the WAEMU convergence criterion. This will enable the country to increase its revenues and possibly envisage an increase in the incomes of the citizens (civil servants). The Ministry of Finance seems to be sceptical about that, arguing that the burden of arrears, the lack of career prospects, etc. are all factors that help to mitigate the impact of the increase in State revenues as a result of this performance. However, the mission is of the view that this argument does not carry much weight compared to losses incurred by the State through corruption, financial misappropriation and illicit enrichment, notably due to the low salaries of civil servants. The State of Benin should find ways and means of combating any form of corruption, be it within “the lower categories” or especially “in high places”.

426. Still at the level of macro-economic policies, the policy of transfer and privatization of public enterprises seems to take sinuous and opaque ways, thus indicating a non-transparent and unpredictable policy. This is another area of corruption and illicit enrichment.
427. Generally speaking, and with the exception of the preparation process for GPRS II recently adopted, the participation of stakeholders in the preparation of economic policies and their implementation remains low in Benin. Very often, the bone and sinew of the nation do not identify with these policies, and are often required to bear the consequences of policies in which they did not participate, and which, therefore, seem to be imposed on them. This tends to generate in the people behaviours and feelings of rejection, or at least resignation. It is expected that the initiative by the President of the Republic to institutionalize permanent dialogue in the form of “concerted governance” will solve this problem, and pave the way for the consolidation of the consensus around economic and social policies.
428. Another challenge in the GGE concerns the weight and place of the informal sector in Benin’s economy and society. This sector is recognized as playing an important role – figures vary but all confirm its importance – in the economy, employment, mobilization of savings, investment in some favourite sectors, social peace, etc. It is, therefore, important at the economic, social and even political levels. The country’s economic policies tend to develop an attitude of “fiscal police” towards this important sector, or/and consequently seek to “formalize” it by force. It is necessary to develop a constructive policy that meets the needs of this sector and makes it a partner in economic efforts towards the construction of the Benin of tomorrow. The objective is to study constructive ways and means of streamlining the informal sector into economic policies, for it is obvious that the sector will not disappear soon, so long as major economic efforts lead to marginalization, exclusion and development of survival activities.
429. The effective implementation of sound, transparent and predictable economic policies also requires State machinery whose institutional capacities are commensurate with the possibilities of building the emerging Benin of 2025. Apart from the problems of human, technical, material and organizational capacities, there is also the level of commitment and functional efficiency of this machinery for it to really become a “development administration” capable of conducting and implementing appropriate economic policies for the construction of the emerging Benin.

**Box 4.3: Emerging Benin: An original vision**

Emerging Benin, which is in keeping with the continuity of “Benin-Alafia 2025”, is an economic vision that is organized around the acceleration of economic growth and equitable redistribution of the fruits in order to substantially reduce poverty by 2011. This ambition is mainly based on six strategic orientations, which are analyzed in detail in the “Growth and Poverty Reduction Strategy” (GPRS) Document for the period 2007-2009. The document is followed by a Priority Action Programme for the same period. The originality of the “Emerging

Benin" vision is not only the coherence of the three documents mentioned above, but also the innovative nature of the content of the GPRS. Beyond the desire to restore major macroeconomic balances, common to all "Poverty Reduction Strategy Papers (PRSP)" in many developing countries, the GPRS of Benin addresses the long-term planning issues, that indicating a continuity of the spirit of Alafia 2025 and wealth creation. This constitutes a good practice.

It should be noted, however, that the lack of quantified data in the diagnosis preceding the presentation of the strategic orientations will create distortions in the fluidity of the strategic programming plan. As an illustration, to support the health sector, which is essential for economic growth, it is important to estimate the number of doctors and hospitals needed to achieve this sectoral objective. It is also important to know how many the country had at the time of the diagnosis. Hence, the gap that will be quantified should be gradually filled until the end of the period covered. Such projection minimizes ad hoc recruitments and reduces the difficulties in aligning the budget with the objectives of the Sectoral Ministries. It also gives a clear idea of the financial resources needed to realize the vision, the part of the resources that the country can generate and the contribution from development partners.

430. The issue of coordination in economic governance and management policies seems to be understood in government circles. However, it encounters difficulties in implementation and operational effectiveness as admitted by the authorities and stakeholders. The mission could not clearly define the nature of the coordination weaknesses. The difficulties seem to stem from previous practices, which made each official of the ministries or institutions feel "directly accountable" to the Head of State. This also results in some inflexibility in the implementation of reforms, especially policies that would aim at structural transformations. Delays in the implementation of budget decentralization are also due to this state of affairs.
431. **At the level of Sectoral Economic Policies.** The mission was also pleased to note that *agriculture* is recognized as the basis of the country's economy and development. However, agricultural policies do not seem to reflect this recognition. There is rather a tendency to "informalize" agriculture. In this respect, there has been talk of agricultural diversification for a long time, but it is long in coming, whereas according to stakeholders and some officials of the Ministry concerned, the Government continues to subsidize cotton production with billions of CFA francs without any clear prospects for this enterprise, given the sub-regional and world situation. The strategy currently adopted for the sectors is obviously welcome, but it should not be driven mainly by export concerns. Food insecurity another significant challenge. Similarly, rain-fed agriculture – in the absence of a water control policy - has limits, which should be taken into account if the Government wants to make the sector the basis of the country's economy.
432. The objectives of the *industrial and trade strategies* are well defined: development of raw materials, broadening of the industrial base, and meeting the needs of the populations in the case of the first concern, and participation in regional policy, compliance with WTO rules, and regulation of the domestic market in the case of the second. These strategies are supposed to be conducted mainly through the policy of growth poles. The mission is pleased with the existence of these two sectoral strategies, whose objectives,

which seem to be well defined. The mission is of the view that the policy of growth poles requires that the definition and location of these poles should be accompanied by a spatial distribution of economic functions so as to create links between the different poles and their respective hinterlands, on the one hand, and among the poles themselves, on the other. This will establish an integrated and reconfigured economic space, without being isolated. This is because it is intended to open up to WAEMU and ECOWAS, in particular. In this respect, the mission noted the genuine concerns of the Government regarding the country's energy deficit, which contributes to limit Benin's industrial prospects and it appreciates the solutions envisaged by the authorities.

433. As regards the *transport* strategy, its objective is to construct and maintain means of transport and communication. At this level, the transport geography should be adapted to the current economic and population geography, and especially to the geography being constructed for the Benin of 2025. The mission was pleased to note the policy of road toll stations so that the road user can contribute to the road infrastructure maintenance and development programme.
434. In this perspective, the mission finds that it is not obvious that the sectoral policies will contribute fully and harmoniously to the construction of Benin 2025. For example, it is not sure that the industrial strategy of growth or development poles will be in conformity with those of transport and agriculture in the future, especially as it is said that the major concern of the transport policy is the transportation of agricultural products out of the country. Consequently, efforts should be made to ensure that the overlapping of sectoral strategic frameworks reflects coherence among the policies, on the one hand, and between the policies and the emerging Benin scenario, on the other.

### iii. Recommendations of the Panel

435. At the end of this analysis, the Panel wishes to make the following recommendations to the Government:
- Pursuing the efforts towards stabilization of the macro-economic policies, and in particular of the public finance framework and sectoral strategies;
  - Clarifying the nature and model of growth derived from the vision of an emerging Benin by 2025, by providing it with a solid, sustainable and largely inclusive productive base;
  - Defining clearly the desired reconfiguration of the national space for the same target date, by ensuring consistency between industrial strategy of the growth poles, the economic (agricultural, industrial, commercial and transport) geography, and the population geography projected for 2025, with a view to establishing an integrated fabric and economic space;

- Defining a policy and constructive programme of action (not absolute formalization or taxation police) for the informal sector in view of the role played by the latter and still called upon to play, including in the Benin of the future;
- Strengthening the “Control” function of economic governance and management of public resources, particularly by strengthening the mandates, authority and capacities of bodies with the statutory responsibility, as well as implementing appropriate sanctions to fight against the climate of impunity;
- Integrating the requirement of detailed budget implementation (results) reports in the formulation of the Finance Law;
- Harmonizing the respect of macro-economic convergence criteria with the requirements of development, social peace and the fight against corruption;
- Strengthening government coordination in the implementation of economic policies leading to the construction of the Benin of 2025;
- Ensuring the translation of the Strategic Development Orientations of the emerging Benin into appropriate, coherent and quantified sectoral policies and programmes of action, as well as their implementation.

**Objective 3: Promotion of sound public finance management**

**i. Summary of the Country Self-Assessment Report (CSAR)**

436. The CSAR focuses on: (i) measures taken concerning laws, policies and programmes, institutional development and resource allocation for a predictable medium-term tax framework, and (ii) actions to develop an efficient tax decentralization system. With respect to taxation, these measures draw on WAEMU directives, and were implemented from 1991 within a context of structural adjustment. They mainly aim at controlling public expenditures and increasing revenue so as to restore budget balance.
437. As regards the taxation services, the Government has simplified the fiscal system and extended the taxation system to the informal sector. At the institutional level, most of the responsibility for collection of direct taxes has been transferred from the Treasury and Public Accounting Department (DGTCP) to the Directorate General of Taxation and Lands (DGID). Several types of taxes have been abolished and replaced with the VAT, with a broad base and a single rate of 18% since 1991, in accordance with WAEMU directives. Other equally important measures ranging from the establishment of a taxpayers’ file to the updating of the General Tax Code have helped to enhance Government performance in public finance management.

438. The customs services have been reorganized in order to improve administrative management and border controls, and to simplify customs tariffs. The measures taken also concern: (i) further improvement of the computerized management of customs clearance operations (SYDNIA, ASYCUDA++), (ii) reduction of custom duty exemptions and tax evasion, (iii) automatic transfer of manifests, (iv) reorganization and computerization of several customs services (KRAKE, Cotonou Port) and (v) DGDDI/DGID computer connection.
439. The assessment of the current situation of public funds management in the CSAR is based solely on: (i) the frequency of reports and public monitoring of all government revenues and expenditures, (ii) the time given to parliamentarians to consider and approve the draft budget and the number of amendments to the draft budget adopted by Parliament.
440. As regards fiscal decentralization, the CSAR indicates that the Council will henceforth have its own budget, comprising recurrent revenue, capital revenue, recurrent expenditure and capital expenditure. The law defines the revenue spread of Councils, as well as the related expenditures to be borne by them (cf. the provisions of Sections 9 to 23 of Law 98-007 of 15 January 1999, defining the financial regulations of Councils in the Republic of Benin).
441. Paragraph “d” of Article 10 of the same Law 98-007 of 15 January 1999 presents the revenue spread of the State, from which deductions must be made for the Councils. The CSAR indicates that to ensure efficiency of the financial decentralization for the economic and socio-cultural promotion of Councils, the provisions of Section 57 of Law 98-007 of 15 January 1999 instituted: cooperation between the Councils on the one hand, and between them and national or foreign Non-Governmental Organizations (NGOs) and Decentralized Authorities of other States on the other hand, and financing assistance from other Local Authorities. In this respect, a Local Authorities Financing Institution has been established.
442. ***Transfer of financial resources to support transfer of areas of competence.*** In accordance with Law 97-029 of 15 January 1999 organizing the Republic of Benin, the Council now has its own areas of competence in its capacity as a decentralized local authority. Furthermore, under the control of the responsible authority, it has other attributions that fall within the competence of the State. The Council is responsible for building, equipping and repairing government primary and nursery schools, as well as the maintenance of these institutions. To that end, the Government transfers the required resources to the Council. With respect to health, the Council is responsible for building, equipping and repairing public health centres and social welfare centres, as well as public cultural, youth, sports and recreational facilities in the district, village or neighbourhoods. To that end, the Government transfers the necessary resources to the Council.
443. ***An assessment of the efficiency of this system*** indicates that the capacity of the local authorities to manage (if necessary) tax resources, as well as to plan and implement economic policies is relatively limited. The major problems

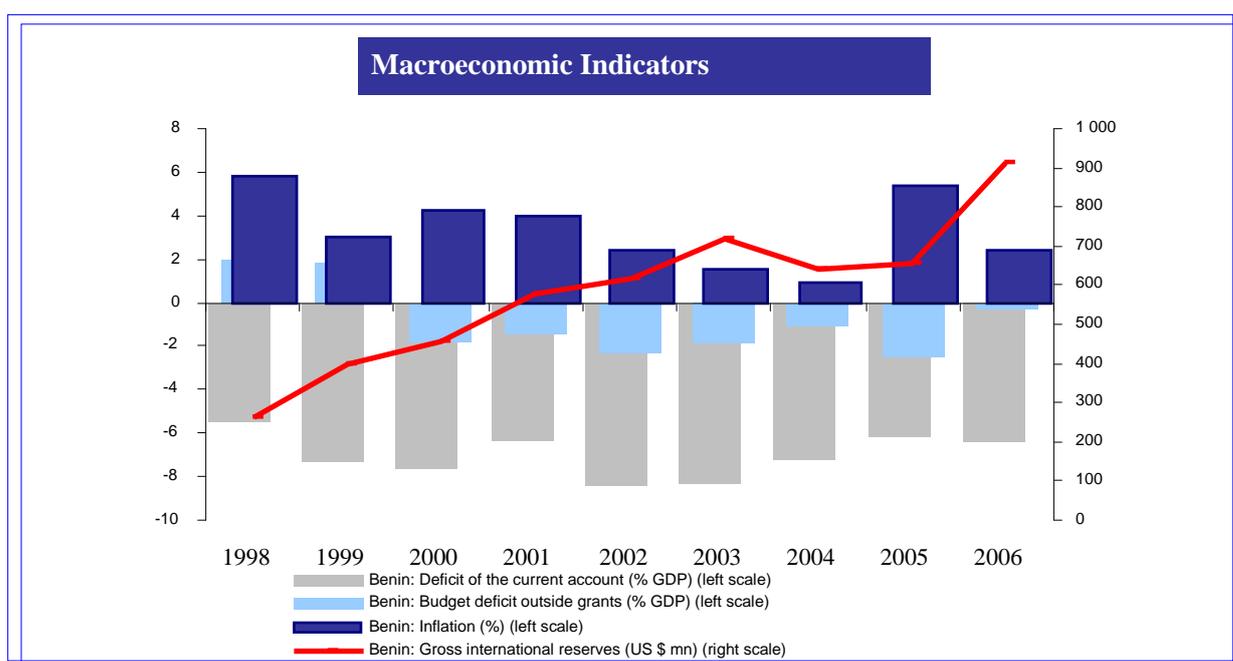
encountered by the country in implementing an efficient decentralization system are as follows: (i) lack of leadership in the decentralization process, (ii) absence of a clearly formalized strategy, (iii) lack of commitment on the part of ministries to the decentralization process, (iv) delays in the transfer of areas of competence and the corresponding resources, (v) inadequate resources in councils, (vi) inadequate Government transfers, (vii) failure by some local elected officers to assimilate their role, and (viii) the magnitude of fiduciary risks.

444. In the light of these constraints, the CSAR concludes that decentralization is not yet effective. Finally, as regards strengthening of institutional mechanisms to ensure effectiveness of budget decentralization, the CSAR indicates that the Ministry of Finance and Economy has developed a procedure for utilizing the decentralized resources made available to city councils and credit managers in the Central Administration.

## **ii. Findings of the CRM**

445. The CSAR limits itself mainly to an analysis of reforms carried out to improve the level of tax revenue. The report contains no analysis of the management of public expenditures. Consequently, the section on the objective relating to public finance management is quite incomplete. Reforms introduced in this area by the Government, which are essentially aimed at improving governance, are not treated in the report. The section on public revenue management is limited essentially to an incomplete presentation of the institutional and regulatory framework of public finance management.
446. As regards improvement of public revenue, the CSAR does not lay emphasis on the programme to improve the local tax system. However, the mission was pleased to note the efforts made by the Government in introducing budgetary and accounting management, as well as reform of internal and external audit and the public procurement system, which are the main areas of reform for results-based management. Indeed, in the concern to pursue the modernization of management in Public Administration, the Government has prepared a Reform Strategy for results-based management of public resources. This strategy, which reflects the vision of the Government of Benin concerning the new method of public management, aims essentially at establishing a public resource management system that helps to substantially reduce poverty through greater efficiency and transparency in public expenditures.

Figure 4.2: Macroeconomic indicators



447. In the same vein, and although this is not mentioned in the CSAR, the CRM also noted the efforts made by the Government to establish programme budgets in the various sectors of activity. In this respect, the mission noted the budget support given by development partners to support the implementation of the poverty reduction strategy. Indeed, since Benin reached the completion point under the HIPC Initiative, the implementation of the PRSP benefited from four budget support programmes between 2003 and 2006. Considering the budget support guidelines, Benin fulfils the general preconditions, namely: (i) political and economic stability and the Government's commitment to adopt the development budget support loan (DBSL) approach; and (ii) the technical prerequisites relating mainly to the fiduciary framework and establishment of MTEFs. Indeed, Benin has made significant progress in the establishment of Medium Term Expenditure Frameworks. These frameworks, which describe the programmes in each sector, are based on the pillars of the Poverty Reduction Strategy and are implemented through a results-based approach. However, the capacities within the technical ministries, particularly in the Programmes and Projects Departments and Public Procurement Units should be strengthened.
448. In Benin, public expenditure management still faces constraints in the establishment of budgetary and accounting management, reform of internal and external audit and the public procurement system, which constitute the main areas of reform for results-based management. This reform has been slowed down mainly as a result of low human and institutional capacities. There are still some inadequacies, particularly with respect to disparities in the mastery of new tools, the decentralized procedures for preparing the overall budget, and the monitoring-evaluation system in the sector ministries. As regards budget implementation, the Public Finance Computerized

Management System (SIGFIP) is still far from being exhaustive, since investments financed from abroad are not included and there is no interface with the Treasury Department. Furthermore, the agents have not mastered the use of the SIGFIP software.

449. In the area of control, there is multiplicity of organs with overlapping functions, which considerably affects the efficiency and effectiveness of the control, and encourages corruption. Furthermore, the low human and material resources capacity also reduces the efficiency of internal control. Lastly, the functioning of the public procurement system still suffers from major constraints, which require that the initiated reforms be pursued and consolidated. These constraints include: (i) the persistence of non-transparent procurement procedures, (ii) the existence of a very cumbersome public procurement procedure in which responsibilities are inadequately or poorly defined, and (iii) delays in the implementation of the new institutional framework of the public procurement system. Furthermore, the sector ministries still suffer from low institutional capacities in the management and award of public contracts. To that are added the lack of qualified human resources and equipment, the lack of auditing of public contracts, and dissemination of the procedures manual.
450. In the area of public finance, results-based management presupposes the existence of greater management autonomy and implies greater accountability on the part of programme managers. On the other hand, the programmes managers are obliged to report, not only to the Management, but also to the Chamber of Accounts, through performance reports. The Chamber of Accounts, in turn, reports to the Parliament through its performance audits and Opinion Letters. However, the mission noted that the effectiveness of this beautiful mechanism and its functionality are really doubtful given the experience in the country.
451. Budgetary reform can only be successful and have a significant impact on the effectiveness of public expenditures and their output if it is integrated into an administrative reform and appropriate reform of the public service. In this respect, the Government has undertaken a reform of the public service, which is yet to be implemented. In addition to the budgetary reform and the reform of the public service, the reform of the local administration (or territorial administration), which has started, should be intensified by improving its capacity to offer basic services to the local populations and managing the economic development of the decentralized authorities. The principle of accountability (identification of the persons responsible) should be reaffirmed. All these reforms require a new organization of the public administration, a new vision of public management, and new distribution of responsibilities.
452. The deconcentration and decentralization strategy should also specify the pace and time frame for the effective transfer of competences, the modalities for assigning competent human resources, as well as the overall policy on financing council budgets.

453. **Concerning improvement of public finance management and results-based budget management**, an assessment of public finance management (CFAA) was conducted in 2005 by the key development partners in close collaboration with the Government. An action plan for the results-based budget management strategic framework was adopted in December 2005. Its implementation should be reinforced to adopt clear guidelines to be included in the macro-economic strategic direction note and in budget circulars of the Ministry of Finance during preparation of the draft sectoral budgets and the finance bill.
454. **Concerning improvement of budget implementation**, the extension of SIGFIP to all ministries helped to reduce the payment period to less than 25 days in 2004 and improve project implementation. The Government should ultimately obtain more exhaustive expenditure commitments in the SIGFIP (financial commitment before legal commitment), as well as payments by money order, which will be put in the system in real time. As for grants, administrative and financial clauses defining the actors concerned and the operations entry procedures will be included in State accounting system. The Government intends to gradually abandon the use of payment orders and take appropriate measures to ensure compliance with budget allocation limits in the consumption of credits. Furthermore, despite these good intentions of sound public finance management, the existence of special procedures for expenditures from external resources continues to be a major risk of mismanagement of public finance and an obstacle to the preparation of sectoral strategies.
455. The auditing of public expenditures plays a key role in any public finance management system. In Benin, this system is made up of internal and external audits. Internal audit comprises the Financial Control and General Inspectorate of Finance both within MFE, specific general inspectorates in some ministries, as well as the Inspection and Internal Audit Departments (DIVI), which are internal audit structures of the sectoral ministries. External audits are conducted by the Chamber of Accounts and the National Assembly. The major constraints facing the audit institutions in the performance of their duties are:
456. **As regards Internal Audit:** (i) well-known inadequacy of human and material resources put at the disposal of these institutions for efficient accomplishment of their mission; (ii) the multiplicity, apart from the General Inspectorate of Finance, of national *a posteriori* audit bodies, as most of the ministries have as general control inspectorate and an Inspection and Internal Audit Department (DIVI), which is another *a posteriori* internal audit body; and (iii) lack of coordination between the various audit bodies in the performance of their duties, resulting in the same of structure being audited by several audit institutions at the same time.
457. Furthermore, the independence or, at a minimum, the autonomy of action of the Inspection and Internal Audit Department (DIVI) within sectoral ministries *vis à vis* the Line Authority is not always respected, and the fact that these bodies do not have their own resources increases their dependence and significantly reduces the scope of their investigations. Regulatory texts that clearly define the rules and regulations governing Auditors are non-existent,

which further weakens their position in the performance of their auditing duties, and also encourages their great mobility through other structures of the Administration. Apart from the financial and accounting audit guide, the Inspection and Internal Audit Department in the ministries do not have at their disposal a Guide on Technical and Organizational Audit adapted to their own ministry, thereby reducing the scope of their investigations in the field.

458. In the absence of adequate data entry resources, the confidentiality of DIVI audit reports are not always ensured, thereby favouring blockages in the subsequent implementation of recommendations contained in these reports, especially where the competent authorities have to take disciplinary action against the offenders. Despite the multiplicity of audit bodies put in place, misappropriations are on constant increase due to the non-application of sanctions, thus creating a climate of impunity within the Administration. Finally, it should be noted that inadequate on-the-job training programmes for Auditors to help them constantly improve their technical skills, as well as the lack of follow-up of the recommendations from the audits render the existing internal audit system unsuitable for the ongoing results-based budget reform.
459. *As regards external audit*, Benin is one of the rare WAEMU countries that have not yet established an Audit Office. The Chamber of Accounts continues to be based within the Supreme Court. Consequently, it does not have all the autonomy required and the necessary competences to carry out audits and establish in good time the Law and Regulations, guarantee of sound execution of public expenditures, especially in a country that receives most of its government assistance in the form of budget support. It should be noted that the constitutional amendment bill on creation of a Chamber of Accounts has received the legal opinion of the Supreme Court, and was sent to the Presidency a year ago. It would be desirable that, as part of the planned constitutional review, the Presidency of the Republic transmits the bill on the creation of the Audit Office to the National Assembly. If not, it could be interpreted as lack of political will to create a Chamber of Accounts, and, therefore, resistance to the strengthening of the audit function of the institution in the fight against corruption and mismanagement of State resources.
460. The other constraints concern: (i) inadequate staff of the Chamber of Accounts in comparison to the scope of duties in judicial auditing of State Accounts; this causes delays in the auditing of management accounts transmitted to this institution; (ii) the low archiving capacity of the Chamber of Accounts to conserve under its control support documents of the management accounts of public accountants, and finally (iii) inadequate financial training of members of the Finance Committee of the National Assembly, and generally, the majority of Parliamentarians, to exercise effective control over budget implementation.
461. The inadequate resources of the Chamber of Accounts in comparison to its mandate significantly reduce its independent and effective external audit role in public finance. This situation does not foster accountability. Each year, the work programme records significant delays, which compromise transmission

to the National Assembly of reports on application of the Rules and Regulations. Those for the period 2003-2006 have not yet been transmitted.

462. The change from the Chamber of Accounts to an Audit Office implies an amendment of the Constitution. In this respect, a legal opinion was given by the Supreme Court and transmitted to the Ministry of Justice. The transformation of the Chamber of Accounts into an Audit Office will not only ensure compliance with WAEMU Directives, but also confer total independence on the Chamber of Accounts.
463. **Public Procurement System:** The Government is pursuing the strengthening of the public procurement system by carrying out reforms aimed at: (i) improving the transparency of the public procurement system; and (ii) simplifying and modernizing the internal and external audit systems. Thanks to an amendment of the Public Procurement Code in August 2004, the Government has started to put in place a new institutional framework for the public procurement system, which is now based on the National Public Procurement Regulation Committee (CNRMP), the National Public Procurement Directorates (DNMP) and Public Procurement Units (CNPMP). The Public Procurement Code is being revised, in accordance with WAEMU Directives. However, the actors involved in the public procurement chain should receive appropriate training. To that end, the programme implemented by the Government also provides for training for senior staff of Procurement Units and the conduct of public procurement audits.

#### Box 4.4: Legal and institutional framework of public procurement

##### *(i) Legal and Regulatory Framework*

Public procurement in Benin is governed mainly by Order 96-04 of 31 January 1996 instituting the Public Procurement Code applicable in the Republic of Benin, as well as by the three (3) regulations, in particular: (i) Decree 99-288 of 2 June 1999 on the functioning of the various commissions involved in controlling and monitoring the application of public procurement regulations, (ii) Decree 99-311 of 22 June 1999 introducing a Code of Ethics and Moralization of Public Procurement, and (iii) Decree 99-312 of 22 June 1999 fixing the ceilings of direct negotiation and competitive bidding procedures and rules applicable to public procurement.

##### *(ii) Institutional Framework of Public Procurement Management*

It mainly comprises, on the one hand, project owners (deconcentrated and decentralized administrative units), which are responsible for programming, planning and monitoring the implementation of public procurements, and on the other, committees whose responsibility is to control and monitor the proper application of procurement regulations. The responsibilities, organization and functioning of these different public units have weaknesses that impede the efficiency, and even transparency, of the execution of public procurements.

##### *(iii) Contract Award Operations and Performance of the Private Sector/Public Order*

Public contract award and management operations are entirely managed by the respective project owners (Ministries or other public institutions and local authorities). The actual execution of public procurement is entirely carried out by the private sector in Benin. This sector is organized through an independent private entity, "le Conseil national du Patronat du

*Bénin*” and a public entity “*la Chambre de Commerce et d’Industrie*”.

*(iv) Integrity of the Public Procurement System*

The Chamber of Accounts based at the Supreme Court is responsible for auditing public expenditures, in particular public procurements. This institution should<sup>28</sup>, in accordance with a WAEMU guideline, be transformed into an Audit Office to enhance its efficiency and enable it to fully play its legal and regulatory role. The Order instituting the Public Procurement Code does not provide for any appeal mechanism for bidders during the contract award stage. Finally, Benin has a regulatory and institutional framework<sup>29</sup> to fight against corruption. This framework has, since June 1999, made it possible to prepare a Code of Ethics and Moralization of Public Procurement. Although there is an organized and operational framework to fight against corruption in public procurement, there are still some significant weaknesses in the mechanisms for prevention and independent *a posteriori* audit of public procurements.

### iii. Recommendations of the Panel

464. The Panel would like to make the following recommendations to the authorities (Government, National Assembly, Chamber of Accounts):

#### **Concerning Results-based Budget Monitoring:**

- Preparing an annual report on implementation of the programme budget, and implementing a programme budget monitoring-evaluation programme by providing the monitoring-evaluation units with staff and equipment;
- Making better budgetary classifications;
- Pursuing the implementation of a programme on improvement of the internal tax system, particularly by broadening the tax base and intensifying tax audit with a view to eradicating tax evasion.

#### **Concerning the Public Procurement System**

- Finalizing the adaptation of the Public Procurement Code to WAEMU Directives;
- Strengthening the capacities of the National Public Procurement Directorate and National Public Procurement Units;
- Conducting regular public procurement audits and pursuing implementation of the action plan for improving the public procurement system.

#### **Concerning Internal Audit of Public Expenditures**

- Reorganizing the audit and inspection bodies of the Administration;

<sup>28</sup> The deadline in Benin for application of this WAEMU directive was 31 December 2002.

<sup>29</sup> The Anti-corruption Strategic Plan in Benin was prepared in October 2001, following reflection between the public sector, the private sector and civil society.

- Strengthening, streamlining and enhancing the efficiency of the internal audit with simplified procedures and better definition of responsibilities of the various audit structures;
- Defining professional norms and standards;
- Implementing a training programme for internal auditors in life annuity debt, public finance management, financial and accounting audit, as well as administrative and financial management of local authorities.

#### **Concerning External Audit of Public Expenditures**

- Transforming the Chamber of Accounts into an Audit Office by providing it with adequate resources, and enhancing the independence and autonomy of external audit institutions;
- Strengthening the technical capacities of parliamentary control over the management of the Government, and strengthening, streamlining and enhancing the efficiency of external audit.

<p><b>Objective 4: Fighting against corruption and money laundering</b></p>
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#### **i. Summary of the Country Self-Assessment Report (CSAR)**

465. The CSAR indicates that corruption is a real scourge rooted in all the sectors of Benin's society. It is a constant source of concern for the authorities, the civil society and development partners in the political and economic development of Benin. According to representatives of Trade Unions, the spread of this scourge is due to a number of factors, including notably:
- low salaries, especially in the Administration, which are below the cost of living and force workers to supplement their income by all possible means;
  - loss of State authority;
  - non-recognition of the real merit of workers; and
  - politicization of the Administration.
466. Corruption has been set up as a system in public administrations and in local authorities. It is so widespread that its effects have extended to the semi-public and private sectors. The phenomenon is multidimensional.
467. To fight against this scourge, the Government of Benin has taken both legal and institutional measures. The CSAR mentions that there are legal provisions defining clear regulations and their application in public sector procurement, for example the Public Procurement Code. However, despite the prohibition to

award contracts by direct negotiation, when the purchases exceed a certain amount, this prohibition is often evaded by dividing the procurement into packages so as to remain below the set ceiling. Hence, these provisions are yet to demonstrate their efficiency. There are certainly institutions to fight corruption, but the results have been meager.

468. The report also underscores the existence of legal provisions establishing a Code of Conduct, including public declaration of assets. The President and Ministers declare their assets on assumption of office and also on leaving office. However, these declarations are not known to the citizens, so that the latter could exercise social control.
469. The report also mentions that with the swearing in of the new Government, Benin now has an ombudsperson to evaluate cases of corruption in the public sector. However, the constitutionality of the appointment of an ombudsperson has been challenged by the Constitutional Court. Furthermore, no parliamentary committee was set up to evaluate cases of corruption. The CSAR also notes that whenever measures are taken to fight corruption, every effort is made to evade them. It could, therefore, be said that the past five (5) years have been rather disappointing on this score, and we have to start all over again.
470. Concerning the follow-up, and eventually prosecution, of cases of corruption over the past five (5) years, the Government has established two types of mechanisms. The first was the creation of the Public Life Moralization Unit (CMVP), comprising civil servants and attached directly to the Presidency of the Republic. However, such a Unit is wrongly or rightly seen by the majority of citizens as a structure that could not moralize anything. According to its detractors, its main task was to serve as an attractive window dressing for the authorities and to divert public attention.
471. The report notes that, in reality, these criticisms against the CMVP are exaggerated, because while it is true that the structure did not have adequate resources to achieve its ambitions, it took enormous risks in moralizing public life. And more than once, it showed the desire to make a significant contribution to the improvement of morals. The CMVP was dissolved, and replaced by the General State Inspectorate and an Anti-Corruption Watchdog (OLC).
472. The second measure was the creation of the National Front of Anti-Corruption Organizations (FONAC) by the Government under pressure from civil society organizations, which expressed the urgent need for one. Independent of the authorities, FONAC became famous for its commitment in a severe and merciless fight against corruption, as evidenced by the numerous operations that hit the headlines and created difficulties even for Ministers in office. But, here too, it should be recognized that FONAC and OLC did not have a positive impact in the anti-corruption drive.
473. Lastly, the report notes that the fight against corruption in the Benin public service encounters some problems, in particular:

- difficulties relating to social pressure;
  - difficulties relating to the development of State involvement in wheeler-dealing;
  - difficulties relating to politicization of the Administration;
  - difficulties of making a clear distinction between politics and the judiciary;
  - difficulties relating to the very functioning of the administration, marked by the existence of service relations, a situation of dependence resulting from its excessive ranking;
  - deep-rooted nepotism;
  - favouritism at all levels: appointments are reserved for those who can serve interests.
474. As regards money laundering in the country, the CSAR mentions that its prevalence rate is not known. However, some key measures have been taken in terms of legislation, policy, programme, development institution and allocation of resources to combat money laundering in the country. For example, the Directive and the Single Law on the fight against money laundering in WAEMU member- States were adopted by the Council of Ministers of the Union. Benin recently adopted this law in Parliament. However, the entry into force of the law is subject to its promulgation by the Head of State.

## ii. Findings of the CRM

475. The CRM notes that the CSAR does not analyze the categories of corruption in Benin in a manner that would enable the recommendations to address the specific forms and modalities of corruption. However, the discussions with stakeholders and additional reading helped to show that the most common forms of corruption are bribes, tax and customs evasion, over-invoicing of services provided to the State through government contracts, under-invoicing of debts owed to the State, misappropriation, influence peddling, favouritism and vote-buying during elections. The areas most affected by these practices are the public administration, in general, and State financial administration (Taxation, Customs and Government Contracts), the political arena and justice department (also see Chapters 3 and 5).
476. The CRM also notes that the CSAR enumerates the causes of corruption in Benin, but forgets the weakness and dependence of control bodies on politicians and top officials in public administration. This lack of independent strict control confers the monopoly of decision-making on workers performing sovereign duties. On the other hand, the ignorance and illiteracy of the population, impunity, delays in the offer of public services, excessive centralization of public administration, politicization of the appointment of top officials due to the absence of a job description and a career plan, and finally

cultural acceptance of the practice of gifts and favouritism are factors that foster discretion in decision-making, and consequently the spread of corruption.

477. As regards the fight against corruption in its different forms, the CSAR is silent on some commendable efforts made by the Government of Benin since the 1990s, although the efforts are ineffective in view of the magnitude of the scourge. Over and above the establishment of the CMVP and FONAC, noted in the CSAR, it is important to note that in 1990 the recommendations of the National Conference placed particular emphasis on moralization of public life, and the SOS CORRUPTION Committee was set up in 1995. After the CMVP in 1996, the Government of Benin in 1997 requested assistance from the World Bank to develop a mechanism to fight against corruption in the award of public contract. FONAC was established in 1999, and in that same year, the Government of Benin and nine other African countries adopted 25 principles for combating corruption at a conference organized in Washington on that subject. Another significant action was taken by the Finance Minister when, following doubtful procedures in the privatization of the National Petroleum Products Marketing Corporation (SONACOP), he referred the matter to the courts. The failure of all these initiatives casts doubt on the diagnosis of the causes of corruption in Benin, and how it spreads.
478. At another level, the CRM notes that despite the negative but mutual effects of corruption on the worsening poverty, the increase in social inequalities, the loss of competitiveness of the public administration and private sector (see Chapter 5), and, finally, the deterioration of the quality of human capital formation (see Chapter 6), no effort has been made by the Government of Benin to ratify and implement all the international conventions on the fight against corruption and money laundering. These conventions include:
- The United Nations convention on repression of the funding of terrorism adopted in 1999.
  - The convention against trans-national organized crime adopted in 2000,
  - The African Union conventions on the prevention and fight against corruption adopted in 2005
  - The United Nations convention on corruption adopted in 2005.
479. Furthermore, the CRM noted other facts, such as the delay in the decentralization process and excessive tax burden (See Chapter 5), as causes or at least mechanisms for the spread of corruption in the Beninese administration. It emerged from the discussions the CRM had with stakeholders and elected officers in all the Departments covered by the mission that the resources allocated for the decentralization process have not yet been disbursed. This delay, like other delays in Government services, either in the central administration or the decentralized services, compel rural and urban users who want to shorten the time for obtaining the services requested, to bribe State employees. In return, some public agents make it a

practice and even a condition for issuing an official document or authorizing payment on time.

480. As regards the tax burden, a comparison with the other WAEMU countries shows that it is relatively heavy in Benin. For example, the corporate tax ranges from 55% for enterprises engaged in the exploration, exploitation, production and sale of natural hydrocarbons to 38% for the majority of industrial and commercial enterprises. The rate of the same tax is 30% in Côte d'Ivoire, 35% in Mali, Senegal, Burkina Faso and Guinea-Bissau ([www.bceao.org](http://www.bceao.org)). Similarly, the tax on dividends is 18% in Benin as against 10% in Côte d'Ivoire, Mali and Senegal. Such over-taxation encourages the expansion of the informal sector and sharpens the appetite of businessmen and traders to bribe tax officers, either to postpone the deadline for payment or not to pay at all.
481. The mission also noted, after discussions with the authorities and stakeholders, that tax and customs evasion is deep-rooted in Benin because of the lack of a clear mechanism and control institutions. The multiplicity of audit structures and overlapping of tasks destroy the effectiveness and efficiency of auditing, and promote corrupt practices. The Chamber of Accounts, which is not yet autonomous, is characterized by blatant inadequacy of the audit resources provided by the Government, compared to the volume of work it has to accomplish. The Chamber is still attached to the Supreme Court, whereas WAEMU texts provided for the transformation of Chambers of Accounts in member States into Audit Offices by the end of the year 2002. These provisions have so far not been implemented in Benin. The Chamber of Accounts suffers from blatant shortage of human resources, and inappropriate training of its staff. Though it started with 2 Magistrates, it has only 8 today. For example, there are only 2 Magistrates to audit the accounts of 77 towns. This staff shortage creates excessive delays and postponement of the audits of State accounts. The obvious consequence is that the findings of the auditing of accounts ultimately become obsolete and useless. During the discussions with the staff of this institution in July 2007, the CRM noted that the Magistrates were still working on the 2003 accounts. The shortage of staff at the Chamber of Accounts is partly attributable to the cumbersome procedure for appointing Magistrates to this institution, which is justified by the Constitution.
482. On the other hand, the separation of executive and legislative powers is not effective (see Chapter 3), thereby creating an imbalance, which limits the National Assembly in exercising control over public finance. According to from the discussions with members of the National Assembly, there seems to be a system of “communicating vessels”, and, therefore, a negative complicity between the executive and the presidential majority in Parliament when it comes to voting the budget and auditing its execution.
483. The internal audit bodies are also many and act in a disorganized manner. The General State Inspectorate (IGE), which replaced the CMVP and comprises mainly representatives of the State and Ministries, does not associate the civil society. This body is, in the eyes of the population, not credible enough to conduct a real campaign against corruption. There are also the Departments of

Audit and Internal Inspection, which are internal audit structures in the sectoral Ministries. All these internal control bodies suffer from shortage of human and material resources, thus making them vulnerable to corruption attempts.

484. From another angle, the additional reading and consultations organized during the mission with both the authorities and stakeholders from all economic sectors showed that there are no reliable studies and data on corruption in Benin, although the phenomenon is described as a scourge that is eating into the society and economy of Benin. The only references that the CRM noted in the basic document of Economic Management and Governance concern the position of Benin<sup>30</sup> in the Transparency International ranking in 2004. Due to the aggregated nature of the corruption perception index, this ranking provides little information on the relation between corruption and individual economic operators. Other references noted in the additional readings concern the World Bank survey on a limited sampling of enterprises to analyze the investment climate in Benin. Furthermore, the activity report of the Anti-Corruption Watchdog (OLC) notes, quoting the statement by the Minister of Finance and Economy in a lecture-discussion organized in January 2000 by Transparency International in Cotonou, that corruption in Benin reduces the GDP and State revenue each year by three points, in comparison to other countries in the sub-region, which represents the equivalent of about 50 billion CFA francs (OLC report, p.16). The last OLC “White Paper” being finalized considers the issue, but without data that can give an accurate idea of the extent and scope of the phenomenon. This shortage of study and data limits the Government’s capacity to adopt appropriate measures at the macro-economic and sectoral levels to effectively fight against corruption.
485. The CRM also notes that the bill on the prevention and fight against corruption and money laundering initiated by the Government in November 2006 and tabled before the National Assembly has not yet been discussed for the law to be passed. According to the discussions with the Bureau of the National Assembly, the delay is due to the fact that the bill should be examined by the other institutions of the judiciary authorities, particularly the Supreme Court and the Constitutional Court, before it is considered by the Parliamentarians and eventually passed.
486. The CSAR underscores the Government’s efforts in identifying cases of corruption and sanctioning them. These efforts concerned the creation of the Public Life Moralization Unit (CMVP), the National Front of Anti-Corruption Organizations (FONAC) and the Anti-Corruption Watchdog (OLC). However, no analysis is made on the effectiveness of this institutional mechanism. The CRM noted that the CMVP no longer exists and that the efforts made by FONAC and OLC are ineffective, in the face of the spread of corruption. The limited efficiency two bodies could be due to the fact that not only are their services not decentralized to the other Departments, but also that they do not have the power to sanction people identified as being involved in corruption cases. Furthermore, the staff of these two institutions have no financial

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<sup>30</sup> Benin was ranked 74th out of 145 countries covered by the survey.

compensation in terms of remuneration or incentive for their work. Only OLC staff are paid allowances for their transportation and participation in meetings. This may discourage staff to personally engage in investigations, and make them vulnerable to attempts by people involved in various forms of corruption to offer them bribes. Finally, the staff are threatened by government employees identified as being involved in corruption cases, and do not have any protective measures against possible physical attacks or destruction of their careers.

#### **Good practice 4.1: The Directory of Reference Prices**

In the face of the difficulties to appreciate objectively the prices proposed by suppliers for their transactions with the administration, the Ministry of Development, Economy and Finance instituted in May 2007 a directory of reference prices for the purchase of goods for public administration. Over and above the concern to optimize public expenditure and improve its quality, the directory of reference prices, which covers 2,840 products, is an original initiative in the fight against corruption. Its application will help to minimize cases of over-invoicing, charging of fictitious prices and make considerable savings for the State.

In the same vein, the elaboration and adoption of the code on public declaration of assets by top civil servants (government officials), notably the President of the Republic and Ministers, to the Supreme Court on their assumption of office and on leaving office, is a commendable effort by the Government to dissuade those with malicious intentions. Unfortunately, according to the stakeholders, the application of this code is not effective. They revealed that the present Government only presented a common document for all its members, a document that was, in any case, inaccessible to the civil society in a concern for transparency.

487. At a completely different level, it would be useful to go beyond the aspect of corruption relating to the abuse of public office by government employees for their own personnel profit, as noted by the CSAR. In this respect, the CRM noted during discussions with stakeholders that corruption in the form of vote buying during elections was rampant in the society. Parliamentarians accept bribes to have laws adopted that could be favourable to certain social categories. The CRM had confirmation of the existence of this form of corruption during its discussions with the Bureau of the National Assembly. The argument put forward to justify this deviance is that during several Legislatures, no political party managed to obtain a majority in Parliament. Consequently, the formation of a Government and adoption of laws become difficult in the absence of negotiations between the political parties represented at the National Assembly. In these negotiations, the minority political parties, aware of their importance for the functioning of the Assembly, demand bribes to support bills proposed by the major parties.
488. One of the dimensions of corruption that should be underlined is the issue of favouritism and the predominance of family, ethnic or religious ties over merit, which is also a form of moral corruption that creates an environment of

frustration and also eating into Benin's society, as revealed by the discussions between the CRM and the stakeholders.

489. As regards money laundering, it is given very little attention in the CSAR. The CRM notes the absence of both institutional and legal provisions at the national level for combating this scourge, which is also an obstacle to economic development and increases social inequalities and situations of frustration. Furthermore, Guideline 07/2002/CM/UEMOA of 19/09/2002 on the fight against money laundering in WAEMU member-countries has not yet been implemented in Benin.

### **iii. Recommendations of the Panel**

490. In view of the negative impacts of corruption, its eradication has become a major component of Government policies and a key challenge to long-term development in Benin. Consequently, in the light of the findings presented above, the CSAR Panel would like to make the following recommendations for reducing the magnitude of all forms of corruption:

- Signing, ratifying and implementing all international and regional conventions on the fight against corruption and money laundering, starting with those mentioned above. It is also necessary for Benin to develop effective institutional and legal frameworks to combat money laundering (Government).
- Effectively implementing the component of the decentralization process regarding the allocation of financial resources (Government).
- Commissioning a simulation study on the tax relief required to reduce the tax burden and maintain the level of State revenue, as well as disseminating the texts in force in this sector (Government).
- Implementing WAEMU texts on the transformation of the Chamber of Accounts into an autonomous Audit Office, and providing this control body with adequate and well-trained staff, and, consequently, implementing Guideline 07/2002/CM/UEMOA of 19/09/2002 on the fight against money laundering (Government and National Assembly).
- Strengthening the audit bodies of the State apparatus, through the fight against impunity of economic crimes, instituting incentive bonuses for the staff of these bodies, and enhancing the value of the control function of the legislative power (Government, National Assembly, and Supreme Court).
- Commissioning an independent survey on corruption and money laundering to obtain quantified data on their scope and characteristics in Benin.
- Accelerating the examination and adoption, as a matter of priority, of the law on corruption pending in Parliament to ensure its application (Government, National Assembly).

- Reviewing the text on declaration of assets by Government officials so as to make its effective implementation effective and public (Government, National Assembly).
- Strengthening the capacities of State revenue offices, in terms of staff, working facilities and modernization of the technical tools, while, at the same time, simplifying their procedures (Government).

**Objective 5: Accelerating regional integration by participating in the harmonization of monetary, trade and investment policies**

#### **i. Summary of the Country Self-Assessment Report (CSAR)**

491. Benin is a member of several regional integration groups, including the West African Economic and Monetary Union (WAEMU), the Economic Community of West African States (ECOWAS) and the Community of Sahel-Saharan States (CEN-SAD). It is also a member of the African Union. In the framework of promotion of trade, the CSAR notes that Benin's national policy draws on WAEMU and ECOWAS trade policies. The key objectives of these two organizations are to increase intra-community trade and open up the sub-regional market to world trade. In addition to these two instruments, Benin organizes other trade promotion activities, such as trade fairs and other events to introduce Benin's products to the outside world.
492. Concerning the level of conformity of policies with regional integration objectives, the report notes that Benin's national policy is fully consistent with WAEMU and ECOWAS objectives. However, according to recent WAEMU simulations, this indicator is not very satisfactory. There is still need for greater efforts in order to eliminate the many trade barriers in some member-States. Hence, the report indicates that the process of integration into the two groups mentioned above is facing problems associated mainly with extortions on the roads and at the borders, the non-application by some States of the signed community texts, and, finally, the adoption of measures that are contrary to integration programmes and policies.
493. The report notes that in order to promote regional monetary harmonization, cooperation and coordination, Benin has approved all the measures adopted by WAMU and WAEMU. These measures cover a number of texts, conventions and laws including:
- the treaty instituting the West African Monetary Union;
  - the WAEMU Treaty revised in 2003;
  - the Cooperation Agreement between the French Republic and members of the West African Monetary Union;

- the Agreement establishing the West African Development Bank;
  - the Convention establishing the Banking Commission;
  - a set of conventions relating to *STAR UEMOA*; and
  - the law on banking regulation.
494. Finally, the report notes that there is no element that evaluates the progress made in compliance with the agreements, treaties and memoranda of understanding on regional monetary harmonization, cooperation and coordination. However, in the light of the functioning of the institutions of the Union, significant developments have been registered as regards compliance with commitments made by the States (BCEAO).
- ii. Findings of the CRM**
495. Discussions organized with stakeholders and the Ministry of Foreign Affairs enabled the CRM to note that, in addition to what is mentioned in the CSAR, Benin is a member of the major regional integration groups in West Africa, and that it has also signed the Treaty of the Organization for the Harmonization of Business Law in Africa (OHADA), which focuses on the harmonization of Business Laws in CFAF zone countries. It has also signed and ratified most of the standards and conventions indicated in the CSAR questionnaire. However, the Self-Assessment Report remained silent on adherence or ratification and implementation of the CIMA (Inter-African Conference on Insurance Markets) Code for insurance in African countries of the franc zone.
496. Although the CSAR does not mention Benin's performance in multilateral surveillance and more particularly the convergence criteria aimed at harmonizing national economic systems, additional readings by the CRM showed that since 1999, Benin's performance in terms of compliance with the primary convergence criteria in WAEMU is noteworthy, as indicated in Table 4.6 below. However, this performance is less good as regards the secondary convergence criteria. Between 1999 and 2005, the criteria relating to "Wage bill/tax revenue" and "Tax revenue/GDP" ratios were rarely consistent with established standards. The expansion of the informal sector, as well as tax and customs evasion as a result of corruption, could account for the chronic non-compliance with these two criteria.
497. On the account of successes, special mention should be made of the successes achieved by private investors, including Benin nationals, through the creation of ECOBANK, a private banking institution established in 18 West and Central African countries, and which intends to extend its activities as far as to East and Southern Africa. It has a network of 320 Agencies dispersed in the member-countries. ECOBANK is an example of the success of private regional cooperation for the promotion of trans-national investments and regional integration on the Continent.

498. At another level, it is useful to also consider the implementation of the WAEMU Common External Tariff (CET), which Benin enforced in 2000 on its territory. Discussions with stakeholders revealed that Benin continues to adapt some national taxes to the CET community plan, which is a deviation from the texts governing imports within the WAEMU space. This deviation makes imports more expensive in Benin than in the other member-countries.
499. As regards the tax system, the CRM noted that the tax pressure on the corporate sector in Benin is around the average of taxes in WAEMU, but high in comparison to the country's level of development. In particular, the VAT and corporate tax excessively penalize the private sector, and turning Benin's economy into an economy characterized by a high proportion of underground activity.
500. On the other hand, the Community Legislation (Law 2/2002/7CM/UEMOA) on anti-competition practices, adopted by WAEMU in 2002 is not yet in force in Benin. A competition consultative committee was set up in May 2002 to implement this community regulation. However, this structure seems to lack expertise, independence and financial resources. To date, it has not yet made any decision on cases of violation of the competition legislation.

<b>Box 4.5: Status of Benin's adherence to the convergence plan in the WAEMU zone</b>								
	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>Standards in 2005</b>
<b>Primary Criteria</b>								
Budget Deficit/GDP (%)	3.1	1.8	1.0	0.8	-0.2	0.5	1.1	≥ 0.0 %
Inflation Rate (average annual %)	0.3	4.2	4.0	2.4	1.5	0.9	2.3	≤ 3.0 %
Ceiling of Total Public Debt/GDP (%)	62.3	60.6	59.1	49.4	41.1	41.1	45.8	≤ 70.0 %
Domestic and Foreign Arrears	0.0	0.0	0.0	0.0	0.0	0.0	0.0	Non-accumulation
<i>Number of Criteria Met</i>	<b>4</b>	<b>3</b>	<b>3</b>	<b>4</b>	<b>3</b>	<b>4</b>	<b>4</b>	
	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>Standards in 2002</b>
<b>Secondary Criteria</b>								
Wage Bill/Tax Revenue	33.2	31.1	32.7	31.9	33.5	38.0	36.1	≤ 35.0 %
Public Investment/Tax Revenue (%)	11.0	12.4	22.4	19.3	23.2	21.5	24.1	≥ 20.0 %

Tax Revenue/GDP (%)	13.6	14.6	14.2	14.4	14.9	14.6	15.6	≥ 17.0 %
Current Account Deficit/GDP (%)	-8.0	-7.2	-7.5	-8.3	-9.7	-6.3	-5.3	≤ -5.0 %
Number of Criteria Met	1	1	2	2	3	2	2	

**Source:** WAEMU, *Multilateral Implementation Supervision Report, December 1999, 2000, 2001, 2002, and 30 June 2005.*

501. In order to harmonize trade within WAEMU, a preferential trade system was instituted in 1996 to intensify inter-community trade. The system defines the customs duties and taxes applicable to products originating from the Union. These products are put on a short list, and should be exempted from all import duties and taxes in member-States, excluding, if necessary, the VAT and other domestic taxes. These provisions, which bind all WAEMU member-States, seem not to be effectively implemented by some countries in the sub-region, including Benin. The stakeholders, who had discussions with the CRM in Benin's border departments and within the country, systematically complained about harassment by the security forces and customs officers at the borders, even for products covered by the preferential system. This is a violation of the principle of free movement of goods, which is a prerequisite for access to the stage of free trade zone through regional integration grouping.
502. On the other hand, thanks to unilateral and multilateral trade reforms, West African countries have completely liberalized their exports. However, discussions with businessmen and traders revealed that Benin is still taxing its exports, be they intra-WAEMU, intra-ECOWAS or to the world market. The CRM noted that all this indicates non-conformity of national trade policies of Benin to regional integration community standards. This tax is all the more harmful as Benin, following its adherence to WTO in 1996, benefits as a LDC from special and different treatment and from maximum flexibility in the application of the rules and principles of this institution. Accordingly, several WTO member-States have unilaterally abolished import duties and quotas applicable to all LDC exports.
503. Thanks to additional reading, the CRM noted that the WAEMU Directive on transparency in privatization is not yet applied in Benin. This shows lack of compliance with commitments made at the sub-regional level.
504. As regards ECOWAS, additional reading by the CRM and discussions with the authorities and stakeholders showed that access to the stage of free trade zone has not yet been achieved. Considerable efforts need to be made to liberalize and formalize trade between Benin and Nigeria. On the other hand, the transition to a single currency within the ECOWAS space is marking time. All member-States need to make efforts.

**iii. Recommendations of the Panel**

505. Based on the findings, the APRM Panel would like to make the following recommendations:

- Making efforts to increase tax revenue so as to also comply with the secondary convergence criteria defined by WAEMU. These efforts will focus on improvement of tax collection, reduction of tax peaks, and broadening of the tax base (Government);
- Removing specific national taxes from the CET so as to comply with community standards and create a climate of competition on Benin's market (Government);
- Effectively implementing the preferential trade system and the principle of free movement and establishment of persons within WAEMU so as to consolidate the transition to the common market. This will help to eliminate harassment of traders and businessmen at the borders of the country (Government);
- Completely liberalizing exports in accordance with WAEMU, ECOWAS and WTO standards (Government).
- Enforcing community legislation of the West African Economic and Monetary Union (WAEMU) in anti-competition practices (Government);
- Improving transparency in the privatization process in accordance with WAEMU Directive on competition in privatizations and notify the commission of any privatization project (Government).
- Reconsidering and accelerating the exports diversification programme to enjoy the benefits offered by preferential liberalization in regional integration groups, the WTO system for access to markets of other member-States, and the AGOA provisions, which facilitate access to the American market until September 2008 (Government);
- Acting in consultation with other LDCs to change WTO rules concerning subsidies to the agricultural sector, more particularly cotton production, by Western countries (Government);
- Acting in consultation with other member-countries in accordance with Article 3 paragraph 2a of Chapter II of the ECOWAS Treaty for accelerating the integration by the market and facilitating progress towards the institution of a single currency for this economic group (Government).

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## CHAPTER FIVE

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### 5. CORPORATE GOVERNANCE

#### 5.1 Introduction: The Challenges for Corporate Governance

506. After a long period of political instability and State-controlled economy, Benin in December 1990, adopted a new Constitution, which established democracy, the rule of law and political freedoms, as well as the right of free enterprise. However, despite this success presented as a model of democracy in Africa, Benin has recorded only little progress in poverty reduction and sustainable development. The democratic institutions resulting from the break with the Marxist-Leninist ideology have not played their role in promoting good corporate governance. This compelled the new regime to initiate a policy aimed at stabilizing the management of State property, ridding the Beninese society of the scourge of corruption and creating the necessary conditions for boosting the private sector. Over and above its poverty reduction strategy, Benin nurses the legitimate ambition of becoming an emerging country, which entails the mobilization of all the forces of the nation to carry out a vast programme of appropriate investments and reforms.

##### 5.1.1 Review of Priorities in the Political and Economic Agendas

507. Addressing the challenges of poverty reduction and construction of an emerging nation require not only huge investments, but also substantial reforms to create an enabling environment to attract national and foreign private investors. However, it should be noted that 16 years after adoption of the Constitution proposed by the National Conference, the political debate following this exercise of democracy seems to have taken precedence over development priorities. Indeed, the adoption, by the competent organs, of many legal texts indispensable for pursuance of economic reforms, was delayed by political manoeuvres to protect or strengthen individual political positions, or by internal struggles between institutions over their prerogatives. Important bills such as those relating to the creation of a Chamber of Accounts and tax reform are still waiting to be approved by the competent institutions. Accordingly, for example, the Private Sector Recovery Programme (PSRP), adopted in 2000, is behind schedule in implementation because the legal texts have not been adopted and the mechanisms for its effective implementation have not been put in place. In order to take up the challenge of becoming a hub for the economies of the region, Benin needs to give priority to the adoption and implementation of appropriate measures, and avoid situations where debate and political manoeuvres delay economic reforms to promote the private sector.

### **5.1.2 Promoting a new Partnership and Entrepreneurial Culture**

508. Having inherited planned economy policies from French presence and experience of about twenty years of socialism, Benin needs a new partnership and entrepreneurial culture that can boost the private sector, which has lost its direction, as well as traditions and institutions conducive to its development. To that end, there is a need for cultural change:
509. As regards administrative culture, which should be replaced by a new conception of the public service and new relations, based on mutual trust. The relations of mistrust and defiance, which make businessmen hide the performance of their enterprises and juggle with or postpone their corporate commitments for fear of excessive taxes, cannot foster real development of enterprises. Only a partnership culture that places the administration at the service of all the citizens, and considers the private sector and entrepreneurs as neither the enemies, corrupters, nor the corrupted, but imperfect and necessary partners, will help to construct an emerging economy. This new administrative and partnership culture should be the basis of not only relations between the private and public sectors, but also between the formal and informal sectors, the civil society and the private sector.
510. As regards assistance culture in which no one is responsible and which leads to a policy of wait and see, and even widespread sluggishness. In a sort of chain movement, international institutions assist the State and the society, the State assists the civil society, enterprises and citizens, the civil society assists the citizens, the enterprises assist the workers, etc. In by-passing traditional solidarity relations and making favouritism legitimate, such assistance only enables some institutions to barely cope with modernity, without allowing them to establish and make effective efforts towards progress.

### **5.1.3 Improving the Business Climate**

511. The current business climate is not conducive to the achievement of Benin's ambition of reducing poverty and becoming an emerging country by 2025. It is, therefore, urgent to establish and ensure the smooth functioning of a legal, legislative and regulatory framework that is attractive and competitive compared to those of other countries in the region. Benin should draw maximum benefit from the potential offered by its WAEMU and ECOWAS membership to improve the competitiveness of its enterprises, and take up the challenges of its adherence to Economic Partnership Agreements with the European Union and World Trade Organization. It is therefore necessary and urgent to implement programmes to upgrade Benin's enterprises so as to improve their competitiveness at the regional and world levels. The public authorities should quickly review the Investment Code so as to make it more attractive, knowing that over and above the benefits granted by the Investment Code, potential investors are sensitive to the tax system to be applied to them when their enterprises are reclassified under the common law system.

#### **5.1.4 Modernizing Infrastructure**

512. The challenges resulting from the ambition of the country to become a haven for investors and a hub for trade in the region have very little chance of being met, if Benin does not quickly implement programmes for rehabilitation and modernization of the basic infrastructures in order to facilitate the functioning of the economy. It will notably involve investing in the energy and telecommunications sectors, whose dysfunction constitute for the moment major obstacles to the development of enterprises. Considerable investments have been made in the road construction, energy and telecommunications sectors, including the laying of an optical fibre cable all the way to Cotonou. However, Benin suffers from chronic energy shortage, while the costs of telephone communications are among the highest in the WAEMU region. All these factors penalize enterprises and have a negative impact on their competitiveness.

#### **5.1.5 Implementing a Development Tax System**

513. All stakeholders of corporate governance in Benin, including representatives of the public authorities, insisted on the urgent need to change from a repressive tax system to a system that is more favourable for development. This tax reform should concern four main areas: (i) substantial reduction of the tax burden, starting with the Tax on Industrial and Trade Profits (BIC), (ii) broadening the tax base, which, among other things, will pave the way for greater participation of the informal sector in the increase of the tax revenue, and would be encouraged by the reduction of the rate of taxation on BIC, (iii) computerization and decentralization of the central revenue department, (iv) simplification and substantial reduction in multiple duties, fees and taxes, which constitute the arsenal of Benin's tax system.

514. The successful establishment of this development-oriented tax system will depend on the capacity of the Government to promote a new tax culture and establish new relationships of confidence between taxpayers and the central revenue department.

#### **5.1.6 Restructuring and Establishing a new Governance of the Cotton Sector**

515. Special attention should be paid to Benin's cotton sector, whose production and processing systems seem to be disrupted and in disarray. Following the loss of many jobs, the privatization or closure of spinning plants did not achieve the expected results, but rather, caused frustration among many partners of the cotton sector. Resistance of the cotton sector to world competition is possible only within a regional private partnership, including the creation of a private regional company and a cotton stock market. It is only on this condition that agreements with foreign technical partners could be envisaged. The partnership could centre on modernization of the production tool and search for growth-oriented markets.

### 5.1.7 Organizing the Informal Sector

516. Present in all African economies, the informal sector has benefited from the inefficiency of Benin's systems for production and distribution of products and services, as well as some suspicion towards the "modern" system to assume considerable proportions<sup>31</sup>. Fraud and tax evasion, which are rampant in the underground economy and part of the informal sector, have led to tax harassment of a narrow formal sector, which has to bear, in a disproportionate manner, the tax burden of enterprises. The informal sector in Benin seems to be well known to the public authorities, since it is estimated that there are 170,000 enterprises, and it participated in opinion surveys organized during the preparation of the CSAR.
517. While constituting an economic and social development challenge, the level of formalization of the private sector is the result of the particular modalities of merging the social and economic aspects, on the one hand, and the modern and traditional economies, on the other. The persistent resistance to the passage from a family and domestic economy (primary liberalism) to a modern economy leads one to ask a number of questions:
- Is the formal or "modern" organization not adapted to the African culture and consequently poverty (re)producer?
  - Is the informal sector the result of a traditional reaction to the transition to modern economy? Resistance to the State regulatory authorities, or even a reaction of women (the majority in this sector) to the economic order of men?
  - How can the behaviour of actors of the informal sector be "rationalized"? How can the sector be organized without compelling it to enter the mould of formalization?
518. By asking these questions, the CRM considers that the issue is less an issue of formalization of the Beninese informal sector than the capacity of the latter to create wealth, to participate in the welfare of the populations and development of the nation. In other words, the objective is not to compel economic actors to formalize their activities in the hope of entering any economic modernity, but to assist them to transfer from a low investment activity, whose ultimate goal is subsistence or domestic consumption, to an enterprise of creation, accumulation and reinvestment of the wealth created.
519. The integration of the informal sector into economic policies should, therefore, be an issue of concern to the public authorities, notably by creating links between the formal and informal sectors, so as to also contribute to increase the country's tax revenue. It should be noted, however, that tax reform is not the miracle solution that will enable the informal sector to contribute more to economic growth, or accelerate the transition to the formal economy. Other

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<sup>31</sup> The formal or "modern" sector is sometimes accused of being incapable of dissociating itself from the colonial economy, of partially meeting the needs of the populations and perpetuating economic dependency on the West.

measures are necessary, notably the creation of an institutional and regulatory framework that is conducive to investment and trade.

## 5.2 Ratification and implementation of standards and codes

### i. Summary of the CSAR

520. The Country Self Assessment Report (CSAR) confirms that Benin has signed, adopted, ratified and published in the Official Gazette the following international standards and codes, with various levels of implementation:

- The African Charter of Human Rights;
- The Constitution of the African Union (2000);
- The International Pact on Economic, Social and Cultural Rights (2006);
- NEPAD Framework Document (2001);
- The International Accounting Standards as a result of Benin's adherence to INTOSAI;
- The International Audit Standards, following Benin's adherence to INTOSAI;
- Core Principles for Effective Banking Supervision, following Benin's adherence to WAEMU;
- Core Principles in the area of Securities and Insurance Supervision and Regulation; and
- The Twenty-six ILO Conventions on Labour and Social Security.

521. While indicating that the country has not adopted the OECD and Commonwealth principles of corporate governance, the CSAR presents "legal, political and institutional alternatives to corporate governance" and underscores the legal and administrative provisions containing minimum prospects on labour safety and hygiene, as well as other measures taken to better guarantee the safety of workers.

522. **Ratification by the State and compliance with International Audit and Accounting Standards by Enterprises established in Benin.** As a WAEMU member, Benin applies Article 95 of the WAEMU Treaty on Harmonization of national provisions regulating the exercise of certain economic activities or professions, as well as Regulation 04/96/CM/UEMOA of 20 December 1996 on adoption of a common accounting referential within WAEMU known as the West African Accounting System (SYSCOA). Consequently, the accounting and audit standards in force in Benin are those in force in the WAEMU space and in conformity with international practices.

523. Furthermore, it should be pointed out that Benin is a member of AFROSAI, which is the African branch of INTOSAI, an international organization of Supreme Audit Institutions for Public Finance, which seeks to continuously improve the auditing of public accounts and promote sound public management throughout the world. Active participation in AFROSAI meetings obliges Benin to comply with the code of ethics and international audit standards.
524. It is within this context that the Association of Chartered and Certified Accountants of the Republic of Benin (*O.E.C.C.A-Bénin*) was created by Law 2004-03. The objective is to ensure compliance with the code of ethics applicable to chartered and certified accountants. Under this law, a chartered account is a person who is registered in the Roll of the Order of Chartered Accountant, and whose usual profession entails the following:
- verifying, assessing, reviewing and correcting the accounts of enterprises and organizations to which he is not bound by a service contract;
  - certifying the regularity and accuracy of the summary financial statements required of enterprises by the laws and regulations in force;
  - conducting accounting and financial audits.
- A chartered accountant may also:
- keep, organize, close off and supervise all types of accounting;
  - analyze, through accounting procedures, the situation and operation of enterprises in terms of their economic, data processing, legal and financial aspects;
  - exercise the mandate of judicial expertise in accounting, and as licensed trustee, official receiver, or provisional administrator; and
  - generally, give any advice and make all recommendations in corporate organization and taxation.
525. The Chartered Accountant prepares, in his/her name and under his/her responsibility, a report on the observations, findings and recommendations. While quality human resources are available thanks to the establishment of the Association, it is unfortunate to note that very few enterprises, particularly in the private sector, resort to authorized professionals for the audit and control of their financial reports.
526. To solve this problem in small enterprises and particularly those in the informal sector, the Government of Benin has, by Decree 2001-271 of 27 July 2001 and pursuant to Directive 04/97/CM/UEMOA adopting a legal status for approved management centres in member States of the West African Economic and Monetary Union (WAEMU), to assist members in management and book-keeping. These centres mainly prepare the annual financial statements and tax returns for their customers. However, they cannot replace

the authorized chartered accountants to carry out auditing and control assignments, because Article 6 of the aforementioned decree specifies that the approved management centre cannot carry out financial audit assignments for members whose accounts it keeps. However, it may carry out for them sectoral studies and project appraisal assignments.

## ii. Findings of the CRM

527. **Disclosure of Texts.** Even though Benin has ratified most of the international conventions and the public authorities are making efforts to make the conventions and laws known, their application does not always follow. This applies mainly to the Single Acts of the Organization for the Harmonization of Business Law in Africa (OHADA), which Benin's legal system is increasingly trying to integrate, but which is not yet completely internalized by all economic actors in Benin.
528. **Accounting Standards.** Concerning accounting standards, Benin recently created a Chartered and Certified Accountants Association, which should organize the profession and guarantee the accuracy of accounts of enterprises. The Auditors swear an oath, after which they are authorized by the courts to operate. Despite the efforts to harmonize the accounting and auditing standards with international standards through SYSCOHADA, the practices are not in line with the texts in force.
529. Efforts to comply with IAS standards<sup>32</sup> are thwarted by problems of regional coordination. Indeed, West and Central Africa is divided into two "accounting blocks" and three "legal blocks":
- the first block is that of West African countries, members of WAEMU: the National Accounting Firms Association plays a supra national role in it, and is expected to reflect on evolution towards international standards.
  - The second block, that of Central African countries, has not adopted this supra national approach.
530. The three legal blocks, which overlap and concern Benin are: the block comprising WAEMU countries, the block of countries that have adhered to OHADA (regrouping Central and West African countries and has components that go beyond the accounting system) and lastly, the block of ECOWAS countries (regrouping West African Francophone and Anglophone countries, the ECOWAS).
531. The West African Accounting System (SYSCOA) has been applied in WAEMU since 1 January 1998, and, therefore, concerns only West Africa. With the creation of OHADA – which covers a much wider regional framework – a new OHADA Single Act was adopted on 24 March 2000 to organize and harmonize corporate accounting systems (SYSCOHADA). However, unlike SYSCOA, which hinges on BCEAO, a specific supra-

<sup>32</sup> International Accounting Standards.

national body was not created; such a body would have been of enormous assistance to the 16 Francophone countries of OHADA. According to a representative of the Association of Chartered Accountants of Benin, the promoters of OHADA merely took the French accounting system and introduced some innovations to SYSCOA, and in so doing, they paid more attention to relations with France than the concerns of the economic union. The OHADA accounting system, which is used in Francophone Africa, is, therefore, not quite suitable and the 16 countries of Francophone Africa have not yet taken appropriate measures to move from SYSCOA to SYSCOHADA.

532. This situation has created a stalemate, as evidenced since 2001 by the absence of meetings to review the accounting system. Each country has developed its own reflection on future accounting developments, losing sight of the need to harmonize the different systems. Hence, the Benin Association received CFAF 685 million to move towards the IAS standards under the Accounting Bodies in West Africa (ABWA), which regroups 12 countries. The two leading countries (Nigeria and Ghana) have started adapting to some of the standards, whereas the Francophone countries still seem to be dragging their feet.
533. Benin's accounting system, therefore, seems to be torn between the OHADA system and the ABWA system (prepared only for WAEMU). A CENAFOC official reported several cases of revision of the budgets of enterprises or public companies prepared on the basis of SYSCOA in order to transfer them to the OHADA system. The need to harmonize accounting systems is all the more important since the development of the regional stock exchange depends on quality financial and accounting information. However, even if IFAC<sup>33</sup> were to contribute to harmonize the standards and behaviours of all the accords of the sub-region, it would be necessary to hold meetings to plan notably the establishment of a Pan-African accounting institution.
534. **Banking Standards.** Benin banks are governed by a prudential mechanism defined by the WAEMU Council of Ministers in June 1999. The mechanism has two main objectives:
- to enhance the solvency and stability of the banking system;
  - to provide greater protection for depositors within a context of liberalization of monetary, banking and financial activities.
535. These rules, harmonized with the definitions of the WAEMU Bank Accounting Plan, also take into consideration the prescriptions of the Basel Committee on assessment of risks and commitments of the banking system under the 1988 Capital Agreement. Three key standards are used in assessing the solvency of banks of the Union: representation of minimum capital, rules of risk coverage and limitation of fixed assets and equity participations, in conjunction with the level of statutory equity capital of each institution. Three other prudential standards mainly concern setting the ceiling for individual risks: limitation of loans to major shareholders, managers and staff; coverage

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<sup>33</sup> International Federation of Accountants.

of medium and long-term employments with stable resources; liquidity and portfolio structure. Apart from two banks, Benin's banking sector seems to comply with all these standards and rules.

536. Furthermore, according to the annual report of the WAEMU Banking Commission (2005), the countries of the Union have embarked on improving the conformity of their regulatory and supervision frameworks to the twenty-five core principles for effective banking supervision, which is the main prerequisite for transition to the implementation of Basel II. This development in Benin's banking system should start in 2008.
537. Several texts to guarantee a more enabling environment for investments and economic activities are still pending. Such as, for example, the Single Law on payment instruments in WAEMU, Rule R09/98/CM UEMOA on external financial relations of WAEMU member-States or Instruction 93/RO of 1/10/93 on the institution of a mandatory reserve system, etc.
538. **Quality Standards.** According to the stakeholders met, even though Benin has established, since 1995, a quality standardization centre, and organized many training courses on quality control and management, only a few rare enterprises in Benin can boast of being certified for the quality of their procedures and products. The public organizations and laboratories in charge of controlling the hygiene or quality of certain sensitive products - agricultural products in particular – lack resources and play a totally limited role. This is notably the case of the Quality Control Unit of the Ministry of Fisheries, whose limited resources makes it impossible to conduct regular checks, which could significantly improve the standards of catches. Similarly the Benin Centre for Standardization and Quality Management seems to seriously lack the necessary resources for developing its activities.

### iii. Recommendations

539. On this basis, the Panel would like to make the following recommendations:
- Establishing a legal and fiscal framework to further encourage enterprises to comply with the standards in the certification of their accounts, and, especially, the banks to adhere to the Basel I and II standards (Government);
  - Accelerating and ensuring widespread compliance with OHADA standards (Government, Professional Associations);
  - Implement a participatory process that will result in the preparation of a Corporate Governance Code or Charter for Benin. Stakeholders participating in this process should take inspiration from the King II Governance Code of South Africa as well as the corporate governance principles approved by the OECD. (Government, Professional Associations).

- Establishing a quality control programme aimed at encouraging and assisting Beninese enterprises to adhere to international standards on the quality of products and procedures (such as those of the International Standards Organization ISO) (Government, Professional Associations)

### 5.3 Assessment of APR objectives

**Objective 1: Promoting an enabling environment and effective regulatory framework for economic activity**

#### i. Summary of the Country Self-Assessment Report (CSAR)

540. **Main categories of Enterprises and their Roles in the Economy.** The Corporate Formalities Centre (CFE) has registered about fifty public enterprises, 17,000 private enterprises in the formal sector, and more than 172,000 enterprises in the informal sector. The CSAR analyzes the contribution by enterprises to the creation of wealth in Benin. Indeed, it contains useful information on sectoral distribution of enterprises, as well as their contribution to receipts of the Central Revenue Department and job creation. The informal sector also includes many Non-Governmental Organizations (NGOs), which implement and manage productive projects in partnership with the local population. These enterprises are many and are generally located in the interior the country. Their disappearance often follows the departure of the NGO.
541. *Cotton Sector.* The CSAR affirms that cotton remains the country's major export commodity, and recalls the vast reform programme of the sector, which resulted in the transfer of a number of responsibilities from the State to the private sector<sup>34</sup>. The report acknowledges that there are some management problems in each of the associations, that dysfunctions were observed in some professional families, that the operating rules are not respected, and deplors the lack of vision for the sector by partners in the Inter-professional Cotton Association (AIC). The report underscores the importance of support received by AIC from development partners, particularly the World Bank and French Development Agency, the European Union and the Swiss Cooperation Agency, through the Cotton Sector Reform Support Project (PARSC).
542. *Informal Sector.* The informal sector enterprises comprise farms, cottage industries, socio-denominational units, petty trade and service enterprises: barbers, mechanics, dry cleaners, welders, tailors, shipping agents and port sub-contractors, drivers, etc.
543. **Tax Burden and its Impact on Enterprises.** The CSAR recalls that the revenues of the Government of Benin are to a large extent derived from taxes.

<sup>34</sup> Organized mainly into three farmers' associations, ginneries and input distributors.

Commercial taxes account for more than half of the fiscal revenue and about half of the State revenue. The national tax system has been considerably simplified and streamlined as part of the harmonization process within WAEMU. The tax system, in some respects, constitutes an obstacle to the development of economic activities. The CSAR acknowledges that this system is characterized by a relatively heavy tax burden, focused on the collection of public revenue from a narrow taxable base. Enterprises operating in Benin pay various taxes: (i) Corporate Tax (BIC), (ii) Stock Exchange Tax (IRVM), (iii) Dividend Tax, (iv) Value Added Tax (VAT), (v) Employer's Contribution to Staff salaries, (vi) Single Professional Tax (SPT), and (vii) Single Land Tax (TFU).

544. **Corporate Funding.** Bank funding and the status of the Banking Sector and Microfinance. Domestic funding is ensured by both the public sector and the private sector. Domestic contribution to the funding of the economy in 2004 was estimated at CFAF 104.12 billion, compared to CFAF 132.88 billion in 2003, representing a decline of 21.6%. This fall is attributable to the primary banks, which granted to the national economy only CFAF 19.29 billion as investment credits, whereas their contributions amounted to CFAF 42.34 billion in 2003 (DCRE, 2006). In 2004, the contribution of the private sector to development funding was estimated at CFAF 47.98 billion and that of the public sector at CFAF 56.14 billion. Despite the cash surplus at the disposal of the banks, loans granted to the economy were inadequate, compared to other WAEMU countries. Actors of the banking sector impute the responsibility for this situation to the enterprises, whom they accused of not submitting to them sufficient quality projects. Furthermore, long-term loans were quite inadequate, representing less than 1% of all bank credits granted during the past years. Short-term loans represented between 70 and 80% of all credits (World Bank, 2005).
545. *Stock Market and Enterprises in Benin.* The *Bourse Régionale des Valeurs Mobilières* (BRVM), based in Abidjan, which has a country office in each member-State to popularize the market and reach the maximum number of potential customers, started its activities in Benin in September 1998. The delay in comparison to the tentative timetable is due to technological difficulties, particularly in the area of computerization information technology and telecommunications.. During these past years, the BCEAO continued to encourage the issue of new financial instruments to the monetary policy. In this perspective, a local commercial bank issued deposit certificates for an amount CFAF 2 billion, while the West African Development Bank (BOAD) floated treasure bonds on the WAEMU money market for an amount of CFAF 25 billion at the nominal tax-free rate of 6%. Recently, investment certificates were issued occasionally by some private companies (e.g. SOBEBRA Breweries) and directly bought, without being registered on a stock market, by institutional investors in France.
546. **Business Climate in the Country.** As regards the legal and regulatory framework governing industrial and commercial activities in the country, the CSAR gives the list of conventions ratified by Benin, as a member of WAEMU or international organizations. They concern notably the reform of

the judicial system by creating special Chambers in the Courts and Tribunals, and ratification of the Treaty on the Organization for the Harmonization of Business Law in Africa (OHADA). The report acknowledges, however, that Benin's judicial system is considered by the private sector as corrupt.

547. Public and private enterprises assess the economic environment and current regulatory framework differently: 50% of the public enterprises against about 40% of the private enterprises feel that the economic environment and current regulatory framework are bad for the prosperity of business. About 44% of the private enterprises against 25% of the public enterprises are of the opinion that the economic environment is fairly good.
548. **Assets with significant Impact on Prosperity of Enterprises.** Nearly all public (94%) and private (89%) enterprises unanimously agree on the fact that political stability in Benin is a major asset for the development and prosperity of their businesses. The strategic geographic location of Benin in comparison to the landlocked countries benefits only half of the public enterprises and about 44% of the private enterprises. Even though half of the public enterprises feel that Benin's membership in WAEMU has a positive impact on the prosperity of their activities, most private enterprises (about 66%) think otherwise.
549. The stabilization and capacity building measures taken for the benefit of the Cotonou Port Authority over the past few years have not yet borne any fruit. Indeed, 81% of public enterprises and 80% of private enterprises surveyed feel that the regulatory framework for port activities is one of the factors that have a negative impact on their operations.
550. **Key Obstacles to Private investment and Prosperity of Enterprises.** These obstacles comprise notably, for the public sector, the lack of a policy and favourable economic environment, the inadequacy of the legislative and regulatory framework, the high fiscal pressure. For the private sector, the CSAR identifies cultural burdens, lack of business. At the level of the banking system, the report deplores the absence of a specialized structure for medium and long-term funding. Finally, the report deplores the lack of a permanent framework for dialogue between the public and private sectors.
551. *Access to land.* According to public and private enterprises, difficulties of access to land are also factors that impede their prosperity. The land tenure system in Benin is governed by modern and customary laws. Only 10% of the landed property is registered. The lack of title deeds by applicants for bank loans is an obstacle to access to bank credit, due to lack of mortgage guarantees. Many owners of buildings construct them with residential permits. Several stakeholders claimed that some banks or micro-credit institutions accept to grant loans on the basis of mortgages of lands granted with residential permits.
552. *State of the infrastructures.* Infrastructures pose problems in Benin. The main types of infrastructure services perceived as being of poor quality are: electricity supply, transport and telecommunications. Indeed, the frequency of

power cuts in Benin is one of the highest for the group of countries for which recent data on the investment climate are available. The power cuts occurred for 44 days in 2003/2004. The cuts led to an average production loss of 7.4% in value since only 25% of enterprises have electric generators to solve this problem. Furthermore, even though according to World Bank data, 2005, electric power rates in Benin are close to those of most countries in the WAEMU zone, a number of enterprises cannot benefit from the preferential rates offered in principle by the “*Société Béninoise d’Energie Electrique*” (SBEE) to manufacturing industries, because the definition of this category of firms is unclear in the regulations. Benin also suffers from the poor state of means of communication to the hinterland and to neighbouring countries. In addition, the CSAR mentions harassment at many check points put up by the police, customs and municipal council services along the major highways. These problems generate additional costs and delays for the transport enterprises, as well as increase the risks of deterioration of the transported goods. Furthermore, problems in the telecommunications sector are rather serious in Benin, because fixed telephone services are considered to be of poor quality and it takes more than 200 days to obtain a telephone connection. Lastly, according to World Bank data, 2005, telecommunication prices in Benin are generally high in comparison to those in the countries of the sub-region (World Bank, 2005).

## ii. Findings of the CRM

### 553. Enterprise Creation

#### Box 5.1: Creation of enterprises by young people

Young people suffer from highly unfavourable conditions for entrepreneurial spirit and low propensity for self-employment. According to these young people, the inadequacy between training programmes and job market demands, administrative sluggishness, poor academic orientation and state of the business environment (including the weight of the tax system and uncooperative attitude of the banks), penalize enterprise creation in Benin.

The CRM, nevertheless, observed that enterprise creation has been facilitated by the establishment of the *Centre de Formalités des Entreprises* (One-stop Service) managed by the CCIB. This centre issues provisional attestations to any applicant for enterprise creation and takes charge of obtaining the authorizations from the competent authorities. All the stakeholders affirmed that it takes about a month to obtain these documents, which represents significant progress compared to the situations in the past. The economic actors affirmed, however, that the problems start as soon as the enterprise starts its activities, as the tax services immediately demand payment of a tax advance from anyone who launches his commercial or industrial activities. This is notably the case with young enterprise creators, who complain that the tax authorities require that promoters pay their contributions in advance, even before the enterprise starts its activities, and that quite often the amounts demanded largely exceed the capital mobilized by the promoter. These demands by the tax authorities are often at the origin of the defection of promoters to the informal sector. Several businessmen feel that these provisional taxes should be abolished and that enterprises created by young people should be granted tax exemptions and levies for at least two years. In view of the challenges facing young people in the creation of jobs, the CRM supports this

proposal.

Sources: UNDP, CRM

554. **Main categories of enterprises and their roles in the economy.** The CSAR estimates the number of formal sector enterprises at 17,000. The enterprises are mainly sole proprietorships (which account for 67% of the total), followed by limited liability companies, which account for about 30%, and companies (1.5%). All the country's tax burden is borne by the formal sector enterprises, thereby stifling any enterprise that fulfils its legal obligations and discouraging investments. The CSAR admits that a pragmatic solution needs to be found to promote the contribution of this sector to the country's tax burden with the regular enterprises. It is obvious that the risk of very high tax pressure concerns the economic and social distortions it may generate. There is, therefore, an optimal level of taxation, which, if exceeded, leads to evasion and reduction in tax revenues. Yet, investors are not only concerned about the returns on their investments, but also, and above all, the guarantee of the perpetuation and sustainability of the economic activity, which is adversely affected by high tax pressure.
555. **The Cotton Sector.** In the view of the CRM, partial privatization of the cotton sector may not resolve the many difficulties confronting this sector. For Benin and other cotton-producing countries in West Africa, this privatization should be accompanied by the adoption of a new common strategy based on cost reduction thanks to the realization of economies of scale, the processing of cotton into textile products and the creation of cotton stock market capable of mobilizing financial resources for modernizing the cotton-based textile industry.
556. In view of the complexity and cross-border nature of the problems posed by the sector, Benin cannot hope to win the battle alone. The sector needs a legal and regulatory environment involving all cotton producer countries (like the Coal and Steel Economic Community created in the aftermath of the Second World War), under an overall strategy to rehabilitate and develop the cotton sector. One of the possible solutions would be that the States of the region accept to transfer their cotton sector, including the textile factories on their territories, to one (or a few) regional company (companies) with private national operators forming the vast majority of the shareholders. The new multinational company (companies) would have the possibility of restructuring the industrial fabric through economies of scale. It (They) would sign partnership agreements with producers' associations in the region. A specific Stock Exchange for the sector would be created to mobilize resources for upgrading and modernizing some of the textile factories whose maintenance and location would be justified only by efficiency and performance considerations. The existence of a common currency is a major asset for turning around the sector and mobilizing financial resources so as to rehabilitate it and upgrade the textile factories. It is on this condition that the West African cotton sector could survive and enter into competition with the Asian industries on national and international markets. Such is the line of

thought proposed by the CRM. It is also on this condition that the regional company (companies) could negotiate partnership agreements with foreign technical partners to upgrade and modernize textile plants so as to make their products more competitive on the world market.

557. **Informal Sector.** This sector is multifaceted and multidimensional. It is the greatest generator of wealth and jobs in Benin. The sector, which concerns mainly multifaceted retail trade, also covers a wide range of activities, from motorcycle taxi riders to transit agents for products to neighbouring countries, including craftsmen, and productive projects of NGOs.
558. During the meeting with the Minister of State in charge of the Economy, Planning, Development and Assessment of Public Action, the Minister informed the mission that the informal sector accounted for about 65% of Benin's economy. Accused of generating corruption, tax evasion and money laundering, this sector is a safety valve for social unrest and one of the pillars of family solidarity, especially as no formal support is given to citizens, in general, and businessmen, in particular.
559. The informal sector has two categories of actors and practices, which may cut across each other, without merging. Indeed, one category consists of enterprises that decide not to declare their activities and, which, since they pay neither registration fees nor corporate tax, can pay for a business licence and local taxes; the other category consists of illegal operations (trade or other) which can neither be billed or declared, which are often the work of enterprises that are prosperous and highly respected and belong to the underground economy (rather than the purely informal economy).

**Table 5.1: The main categories of enterprises and their roles in the economy**

	<b>Informal Economy</b>	<b>Underground Economy</b>
<b>Origins</b>	<ul style="list-style-type: none"> <li>Deal with the weaknesses of the State and stagnation of the modern economy (unemployment, precariousness of employment in the formal sector, etc.)</li> <li>The fear of being exposed to the formal structures of the State and the administration (notably fiscal pressure and social regulation, The slow pace and complexity of the administrative procedures)</li> <li>Incapacity or inability to formalize one's business (absence of administrative structures, illiteracy<sup>35</sup>, low level of education or lack of certificates, lack of identity cards, scarcity of capital)</li> </ul>	<ul style="list-style-type: none"> <li>Taking advantage of the weaknesses of the State (delinquency, or even more or less organized criminality)</li> <li>The differentials of the customs regime, speculation, shortages.</li> <li>Possibility of operating in the informal sector</li> <li>The vagueness of certain texts and procedures</li> <li>Banning of certain activities and certain businesses and difficulties of controls</li> <li>Possibilities of corruption</li> </ul>

<sup>35</sup> It concerns nearly 70% of the population and prevents it from having an easy report.

	<p>and inadequate technical knowledge)</p> <ul style="list-style-type: none"> <li>• Lack of information on aids from the State and advantages of formalization</li> </ul>	
<b>Action Logics</b>	<ul style="list-style-type: none"> <li>• Self-sufficiency, subsistence and survival</li> <li>• (A) Legality and sometimes illegality (but legitimacy)</li> <li>• Corruption as “cost” incurred and to be minimized</li> <li>• Social and family constraints (at the level of markets, selling prices, recruitments, etc.)</li> <li>• The logic of accumulation and reinvestment of (development) profits is ineffective, for: <ul style="list-style-type: none"> <li>○ a major change or technique would give the enterprise greater visibility</li> <li>○ apprentices should be replaced by workers who are more educated and therefore better paid and defended</li> <li>○ the surplus are consumed to engage other members of the family or to the family consumption</li> <li>○ lack of visibility, uncertainty and weak purchasing power of clients (refusal to invest and tie up money in the enterprise).</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Predation, quick profits</li> <li>• Illegality and illegitimacy (anti-social activities)</li> <li>• Corruption as “investment” to be managed/optimized</li> <li>• Vertical organization and clan support</li> </ul>

560. The CSAR affirms that the number of enterprises of the informal sector stands at 172,000. In another survey, 201,160 informal production units were identified for the sole agglomeration of Cotonou<sup>36</sup> alone. By providing employment to 95% of the labour force in Benin, this sector seems to contribute to the “right of the poor to create and manage enterprises”. The Benin authorities seem to be totally aware of the importance of enterprises of the informal sector, since they manage to identify them, charge stall levies (for those with stalls in markets), create instruments to help them in their development (approved management centres), and authorize a general trade union for the informal sector.

561. **The underground economy.** Due to the major differences existing between the customs regime applied in the UEMOA zone and the regime in force in

<sup>36</sup> “The informal sector in the agglomeration of Cotonou. ‘Performances, insertion, prospects’ Survey results 1.2.3: Phase 2-2001 quoted in Conde Aboubacar (2007), « *Le secteur informel et les recettes fiscales au Bénin : cas du commerce illicite des produits pétroliers*. Internship Report for *Magistère II* ». International Centre for Studies and Research on Development.

Nigeria, a vast informal import-export market for all kinds of products mainly to Benin's neighbour Nigeria has been developed and training considerable revenue from State coffers. Informal trade seems to represent about a quarter of the exports, particularly to Nigeria<sup>37</sup>.

562. Trade – particularly with Nigeria – contributes to expanding the trade sector in Benin and provides customs revenue for the State. Indeed, goods in transit through Benin are often imported legally, but re-exported in an informal manner. It is estimated that non-official re-exports account for 6% of GDP and contribute one-third of customs revenue (World Bank, 2005). However, these re-export operations are also associated with informal imports and sale of products on the Beninese market<sup>38</sup>. This constitutes unfair competition by informal operators, who avoid all regulations and taxes.
563. The poor mounting of bids in the public sector is another source of fraudulent practices. In fact, the terms of reference of public contracts are not often realistic and do not take into account neither the importance of the contracts in question nor the situation of the possible bidders. By trying to standardize and scrupulously respect the procedure, some officials neglect the nature, the specificity or simply the size of the contracts in question. This excess formalism leads to aberrations such as the one observed by a stakeholder who affirmed having spent CFAF 2 million to prepare a bid document (three certified balance sheets, different attestations and commitments, etc.) for participation in a public contract which, in the final analysis, concerned an envelope of CFAF 5 million.
564. **Criticisms levelled against the informal sector.** According the 2005 World Bank Report on the investment climate in Benin, about 82% of enterprises of the trade sector consider the competition from the informal sector as a "major" or "very serious" problem. Besides, nearly 84% of firms in the trade sector consider themselves as competing directly with the informal sector. The estimated market share of informal firms in the trade sector is high (about 43%). The main advantages of informal firms, according to informal enterprises of the trade sector, are that they pay fewer or no taxes at all (for 97.7% of the firms), do not apply the regulations (for 93% of the firms) and sell inferior quality or fake product (for 78% of the firms).
565. According to some stakeholders, it is not rare to find a formal enterprise in the centre of a network of informal entities. This would enable them to participate in public procurement without necessarily being obliged to register all the economic operations of the network/group of enterprises thus constituted. Furthermore, some public enterprises or organizations within the country are sometimes obliged to procure supplies from the informal sector and regularize their situation by "finding" invoices. This is particularly the case when the entity in question does not have suppliers in the formal sector. These transactions are not without benefits, since the prices charged by the informal

<sup>37</sup> French Embassy in Benin, Economic Mission, "*Le commerce extérieur béninois en 2002*", 2003, <http://www.commerceexterieur.gouv.fr/economie/documents.asp>

<sup>38</sup> Including oil products.

sector are attractive even for a public enterprise. Paradoxically, the transactions of these enterprises in the interior of the country, which do not deal with the informal sector, are therefore penalized as regards their competitiveness.

566. While being legitimized by the difficulties of the State to put in place an adequate institutional framework for the survival and development of enterprises, by the pace it occupies in the economy<sup>39</sup>, the dazzling success of some traders<sup>40</sup>, the low prices charged and jobs it created, the informal sector is accused of being at the same time:

- At the origin of the shortfall for the State and a fiscal burden for the formal sector. Even if it is largely supported by actors of the formal sector, this accusation ignores the complex relations between the tax rate and the tax base and presupposes that the State accords greater importance to the collection of taxes than the growth of the economy (in its two aspects, formal and informal);
- The source of unfair competition: this criticism is levelled against enterprises of the public sector, also those, which, in the private formal sector, receive aid from the State. In reality, the formal and informal sectors do not generally have the same clients and do not use the same resources. The result is that where there is competition, it is rather between the formal economy and the underground economy<sup>41</sup>.
- Non compliance with the legislations governing working conditions, the respect of the environment and spatial planning.
- A cause of the invasion of the national market by foreign products, especially from Nigeria;
- An obstacle to the development of the industry, which is also affected by the reduced size of the local and sub-regional market and by the over-production observed in Nigeria<sup>42</sup>.

#### **Box 5.2: Difficulties of the informal sector**

- Low profitability (compared to the high profitability of the underground economy) due to lack of resources, training and information. Actors of the informal sector do not benefit from the economies of scale nor from the flexibility that should be associated with their small size;

<sup>39</sup> 68% of GDP according to INSAE, (2004)

<sup>40</sup> Notably the famous “*Mama-Benz*”, who are traders in the market and have become rich through petty trading and informal activities.

<sup>41</sup> Marchand Geneviève (2005), *L'économie informelle au Sénégal. Logique de fonctionnement de quelques entreprises informelles à Saint-Louis*. Doctoral Dissertation, University of Laval.

<sup>42</sup> Including the market of nearly 120 million inhabitants and the economic potential are not comparable with those of its neighbours.

- Management problems: these actors lack resources (which, eventually, are no reinvested in the enterprise), prefer the short-term and make no distinction between the accounts of the enterprise and that of the owner;
- Confusions with the underground economy and possibilities opened to the latter. This implies that the efforts should be concentrated on the repression of the underground economy, taking care not to confuse one with the other;
- Dependence on the formal sector: the informal sector develops thanks to the difficulties facing the formal economy, but needs it in order to survive.
- Incapacity of the State to assist the actors to develop and plan its own actions in the framework of a coherent economic policy.

567. The system of direct taxation of informal activities relies on the occupation and business tax. The latter is generally in the form of a lump sum payment. Besides, this tax, which is managed by Government services, there are also local taxes whose share in tax pressure of informal activities is generally important. The lump sum procedure, which is normally a contradictory procedure, is most often transformed into a unilateral procedure of automatic assessment where the tax payer is cheated. Indeed, the tax is claimed either at the end of the year, during the festive period, which is not representative of normal activities to determine the lump sum to be paid, or on the basis of the potential revenue estimated from the value of the capital of the enterprise, or of the physical items such as the size of the premises.
568. **Support for the Informal Sector.** In the face of the scope and importance of the informal sector in Benin, the APR considers that a realistic and pragmatic attitude helps to avoid the following three extreme:
- ignoring the informal sector and focusing solely the tip of the iceberg;
  - believing that the growth of the formal sector will necessarily be achieved through the fight against the informal sector;
  - considering that the informal sector constitutes the “natural” expression (or reaction) of the real economy and making it the solution, or even the panacea to the problems of under-development.
569. The informal sector is the creator of wealth and rather than “breaking the thermometer thinking it will cure the fever”, we should investigate the profound causes of the magnitude of this sector and develop tools and a policy aimed at organizing it so as to:
- avoid its exploitation by actors of the underground economy;
  - assist it to better play its role of creator of wealth and a shield against poverty;
  - assist it to succeed the transition to the formal economy;

- promote partnership between the informal sector and the formal sector. And avoid unfair competition.

**Box 5.3: Benin's famous women traders, the "Mamas Benz"**

From humble beginnings, today, these women are well-off and have become high-time entrepreneurs, commanding turnovers that run into hundreds of millions of CFA francs, for those in the formal sector and tens of millions of CFA francs for their less well-off counterparts in the informal sector. Most of these women mastered their trade right on the job, understudying their mothers, sisters, just by chance, or just by having caught "the trading virus" beside their spouses, who are traders or importers. Others may have started because they could not find anything better after their secondary or higher education. There are many Baccalauréat holders or even holders of post-graduate diplomas in education. These are the new crop of businesswomen.

They started slowly with very little capital - less than 25,000 CFA francs for some of them. Some even mortgaged their accommodation permits. Some bought on credit from their suppliers and sold the items at a profit. Gradually, they built their own little empires and managed to put together the capital to modernize their business. Others sought the services of local savings and credit banks that provide credit to small entrepreneurs who have been ignored by the institutional financial sector.

The activities carried out by these women are varied. Some are retailers who sell diverse items. Others have specialized in the sale of all kinds of alcoholic or non-alcoholic drinks (from wine to champagne, from whisky to canned beer and other similar products), Others are into textiles or leatherwear; while others sell food items like rice. They resell what they buy from wholesalers in Cotonou, but they also go as far as to Lome, Abidjan, Paris, or far from the African continent. They are also familiar with the Middle East and Asia routes. The goods are purchased and shipped in large containers to be sold to wholesaler or retailers in Cotonou and Lome.

Many of them refuse to deal with the banks because of problems withdrawing money. They prefer to keep their money at home so as to always have ready cash to be used whenever needed.

Today, these businesswomen have graduated from the informal to the formal sector. Those who still remain in the informal sector are prevented by tax and customs problems from moving to the formal sector. The major handicap, though, for most of these women, is illiteracy and lack of training.

570. The Government of Benin and the country's donors should, therefore, pay greater attention to the informal sector in the analyses of the development strategies of Benin. Among actions that could get it to better contribute to the of tax revenues, the Government could envisage reducing substantially the tax burden weighing heavily on enterprises, starting with the tax on Industrial and Commercial Profits (BIC). But, a strategy based essentially on taxation of the informal sector will only have a marginal impact and the results expected by enterprises of the formal sector cannot be attained. To ensure sustainability and perpetuation of the economic activity, it is important to put in place a global strategy and a gradual approach for broadening the tax base rather than

vainly seeking to propose a taxation of the informal sector and to keep the actors there.

#### **Box 5.4: The Jeune Chambre Internationale Soleil Benin**

This young dynamic chamber won the “Top Young Chamber” award at the Congress of Young Chambers (2001) for its Enterprising Youth School Project

##### *Objectives of the Project*

- To develop the individual and creative capacities of artisans and train them in the techniques of design and development of income-generating projects
- To enable participants to acquire the techniques to ensure efficient management of their production units
- To promote leadership aptitudes in artisans and assist them to professionalize their activities
- To assist artisans to create their mutual association

Partners of the project are the *Jeune Chambre Internationale Soleil Bénin*, the Hanns Seidel Foundation and the *Fédération Nationale des Artisans du Bénin* (FENAB). To ensure adequate follow-up of the participants, each class shall comprise 25 artisans duly selected by the competent structures of the FENAB in such manner as to ensure that all trades are validly represented.

The seminar will be held in the country and the period of training will be 5 days, with an average of 6 - 8 hours of work per day. The teaching approach will focus on active participation of the participants in an interactive process involving group work, role plays and creativity exercises.

##### *Topics discussed*

- Bookkeeping in the enterprise
- Financial management of a cottage-type enterprise
- Micro or small enterprise and the law
- Management of apprentices and workers
- Management of production in a cottage-type enterprise
- Management of materials and equipment
- Commercial activities
- Marketing activities
- Mental programming
- Information system and development of the cottage-type enterprise.

The project will be implemented annually and the total budget per training seminar is CFA 1,694,175.

571. **Foreign enterprise.** With the exception of a peak in 1991, the flow of direct investments to Benin remains relatively low. The CSAR indicates a GDP rate of 1.46% between 1994 and 2003, as against 1.6% for WAEMU and 2.33% for the entire Sub-Saharan Africa. This flow is linked mainly to privatization operations. According to UNCTAD (2005)<sup>43</sup>, the low absorptive capacities of the country, due mainly to the low level of education and training of the workers, are such that DFI inflows seem to have had limited impact on the transfer of technologies and skills to Benin, with the exception of the new information and communication technologies sector and the banking sector.
572. **Goods and Services Markets.** Although Benin's domestic market is quite small, the fact that the country lacks a genuine national legal competition regulatory body with the necessary expertise, independence and material resources<sup>44</sup>, coupled with the relative weakness of consumer defence associations has often led to serious violations and infringements of the rules of fair competition. This can be seen in the sale of poor quality and even dangerous products, false advertising, under- or over-invoicing, non respect of trade marks, below-cost pricing<sup>45</sup>, related sales and concerted price fixing, etc.
573. All these are commonplace practices, especially in towns further inland, where markets are often poorly organized and lack even the minimum infrastructure needed for their proper functioning. Furthermore, some manufacturers complain about the influx of Chinese goods into markets in Benin and the failure of Chamber of Commerce to sensitize the citizens on the need to consume home-made products.
574. Despite the existence of community anti-trust legislation adopted by WAEMU, no specific internal legislation regulates competition within the country, such that all lawsuits concerning unfair competition brought before the courts are tried on the basis of the law of contracts or civil law. The only sector to have recently been organized and endowed with specific, albeit provisional, regulations is the telecommunications sector.
575. **Public Procurement.** There seems to be confusion in the minds of many of the people interviewed by the CRM between the notions of contract and public procurement. This shows the influence and ripple – or inhibitory – effect that the State of Benin exerts on the rest of the economy. In public procurement, the Public Procurement Code of 30 January 1996 lays down the rules for free competition. This instrument was supplemented by Decree 99-311 of 22 June 1999 instituting a Code of Ethics and Moralization of Public Procurement and Decree 99-312 of 22 June 1999 fixing the thresholds, procedures for direct negotiation and competitive bidding, and the rules applicable to public procurement. Following an evaluation of the public procurement system in 2002, the Government set up a National Committee for the Coordination and

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<sup>43</sup> UNCTAD (2005), « *Examen de la politique de l'investissement, Bénin* », Nations Unies, New York et Genève.

<sup>44</sup> The Foreign Trade Department, which depends on the Ministry of Trade cannot replace a real national committee on competition.

<sup>45</sup> These sales are often associated with the lack of cost accounting and in the specific case of the informal sector with social and community aspect of price fixing.

Follow-up of Public Procurement Sector Reform (CNCS) in Benin, and started putting in place a new institutional framework, pursuant to the provisions of the law amending the Public Procurement Code adopted in August 2004.

576. Several stakeholders and levels of control are involved in the public procurement process:
- the National Public Procurement Regulatory Board,
  - the National Public Procurement Department;
  - directors in charge of planning and forecasting: who are often appointed late and change with each Cabinet reshuffle;
  - the procurement units within technical ministries: whose members are often seasoned officials;
  - project managers, whose appointment or replacement is often arbitrary and who lack training;
  - the Anti-Corruption Watchdog (OLC); and
  - the Chamber of Accounts of the Supreme Court, which audits public expenditure and, in particular, public procurement.
577. Apart from the fact that compliance with the procedures and rules of expenditure does not in any way solve the issue of expenditure quality, the public procurement system in Benin still fails to offer all the necessary guarantees of transparency and integrity. According to the country's governance profile report prepared in 2005 by ADB, UNDP and ACBF<sup>46</sup>, this shortcoming is due to the absence of: (i) an out-of-court control mechanism through systematic annual technical audits of public procurement and the obligation of accountability to the law in this regard; (ii) an independent redress mechanism suspending the procurement process to enable bidders defend their interests, invest and confidently participate in the bidding process; (iii) specific provisions in the anti-corruption institutional and regulatory framework designed to avoid or eliminate conflicts of interest in public procurement; and (iv) performance criteria to measure transparency in public procurement and effectively punish offences committed by stakeholders in the public service or private sector during public procurement.
578. With regard to speed and efficiency in the execution of public procurement, officials always have to turn to the Ministry of Finance for the necessary authorizations to commit expenditure, whereas the Budget has already been adopted. Although project coordinators have a global budget, some of them do not know how to initiate the procurement procedure. For instance:
- they very often split project contracts, which makes them resort to the procurement procedure several times;

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<sup>46</sup> African Capacity Building Foundation.

- it is only when the project is selected and approved that concrete modalities of execution are considered, thereby retarding project implementation;
  - the “capacity building” component is often used for the purchase of vehicles, hence, the proliferation of large-capacity vehicles; and
  - the executing agencies face difficulties adapting the annual expenditure procedure with the duration of multi-year projects.
579. These difficulties, coupled with the lack of training in public procurement procedures and the malfunctioning of the competent services, account for the abnormally slow award of these contracts and contribute to the delays in the execution of State budgets.
580. Furthermore, some of the people who discussed with the CRM affirmed that the State is a bad risk. Often, the holder of a government financial claim for a public procurement is obliged to bribe a government employee to be paid in turn. To protect themselves against late payments, which can exceed two years in certain cases, some suppliers inflate their bills (doubling or tripling their prices) and/or bribe government employees. Other stakeholders mentioned the case of *ad hoc* enterprises created solely for the purpose of bidding for a public contract, often at the suggestion of a friend or relative who is well placed in the administration.
581. Concurrently, while the instruments provide for the appointment of Secretaries-General of Ministries for a period of 5 years and the Director of Planning and Forecasts for 3 years, the mobility of these senior officials, which accompanies each cabinet reshuffle, also affects the efficiency of procurement procedures (and the functioning of the administration in general).
582. In its Growth and Poverty Reduction Strategy for 2007-2009, the Government of Benin plans to: (i) organize joint capacity-building workshops in public procurement for public services, local authorities and civil society organizations; (ii) draw up an official price list for the purchase of goods and services by sector, accompanied by an outreach plan for all communication channels and languages of Benin; (iii) assess the effectiveness and impact of State audit services, as well as the behaviour of State auditors; and (iv) institute a national label for Government service providers and suppliers who comply with the non-corruption and non over-invoicing clause through a national distinction entitling them to exceptional tax facilities over a given period.
583. **Bank Financing and Status of the Banking Sector.** After the serious crisis that rocked State-owned banks in 1989, the privatization of almost all the banks and the arrival of many foreign banks and subsidiaries led to a significant improvement in the quality of banking services in Benin. Except for one bank under liquidation, the banking sector is controlled mainly by foreign private interests.

584. The sector is characterized by:
- the low presence of formal financial intermediation commensurate with the size of the economy;
  - the low credits granted to the economy despite over-liquidity of banks;
  - a limited geographic coverage of the country and a sparse network of bank branch offices<sup>47</sup>;
  - limited market penetration: according to the World Bank (2005), only 38% of manufacturing industries declare that they have access to bank financing. There are about 2 million bank accounts in Benin for a population of more than 7 million inhabitants. SMEs are virtually denied access to financing mechanisms;
  - high market concentration: two banks control close to two-thirds of deposits and the credit market;
  - relative dependence on the cotton sector: most banks are exposed to a few enterprises, and loans to the cotton sector may account for up to 40% of the portfolio of banks<sup>48</sup>;
  - predominance of short-term credits: credits for less than one year account for between 70% and 80% of all credits, while long-term credits are rather few and account for less than 1% of all bank credits (World Bank Report 2005)<sup>49</sup>;
  - hooked or non-performing loans, which remain at a reasonable level: between 10% and 12%, according to information gathered by the CRM;
  - relatively high intermediation margins and interest rate margins;
  - the presence of an informal finance sector in the form of tontines and a parallel exchange market; and
  - relatively high wages: whereas banks face declining turnovers, the wage bill in 2005 increased by 53.7 %.
585. Although bank credit is a minor source of financing for corporate investments and operations in Benin, enterprises are financed mainly with equity capital, and the micro- finance sector is expanding quite rapidly. However, this does not seem to overly bother the bankers whom CRM met. Indeed, the stakeholders of the banking sector affirmed that there was no bank governance problem in Benin, and that they did not have any difficulties managing their risks. They indicated that the main cause of the relative decline in bank

<sup>47</sup> The banks have offices only in a few big towns like Cotonou, Porto-Novo and Parakou.

<sup>48</sup> The World Bank Financial Sector Unit (2005) Benin Financial Sector Review, Report N° : 33440-BJ

<sup>49</sup> As they have short-term resources and cannot control the risks of medium and long-term credits, commercial banks could not fill the gap left after the disappearance of development banks.

financing is the absence of truly bankable projects. According to the World Bank Report (2005) on the investment climate, this limited use of Benin's banking system could be interpreted as the outcome of self-rationing by firms, since they face difficulties in dealing with the formal banking system. In turn, this self-rationing could be due to:

- the formalities required for dealing with banks, especially recourse to an external auditor to audit accounts;
- financing costs: on average, the average real interest rate for bank loans is 10.9 % in the manufacturing sector; and
- the required guarantees: the value of the required guarantees represents on average 126% of the value of the credit. For several people who met the mission, the bank guarantees demanded are often unrealistic. This problem of guarantees is all the more serious because land ownership rights in Benin are a thorny issue, and several enterprises tend to mark down their initial capital in order to minimize the business licence fee that they have to pay even before the start of their business.

586. Other private sector representatives were highly critical of the banking sector. In fact, with regard to the solidity of the sector, although the West African Central Bank requires that 60% of bank commitments be taken on enterprises whose accounts are audited and rated by it, enterprises of Benin's formal sector in this situation do not exceed 30%. Furthermore, banks in Benin are criticized for limiting themselves to financing commercial or short-term transactions and managing deposits, and for failing to encourage investments. Accordingly, they demand that 30% of the investment amount be blocked before they can assist a potential businessman. International banks, on their part, finance mostly foreign enterprises.
587. The CRM also noted that banks in Benin lagged behind in the development of traditional means of payment (especially the use of cheques) and electronic banking. Thus, there is an obligation for enterprises whose water or electricity bills exceed CFAF 100,000 to pay by certified cheque, which often entails that a worker is assigned for the whole day for this operation, which costs CFAF 2,000. The increasingly less frequent use of cheques in commercial transactions is due to lack of trust in this instrument of payment. Representatives of the National Investors' Council of Benin (CNIB) deplored the fact that fund transfers between a Benin-based bank and another based in Nigeria take six times longer because Nigeria refuses paper clearance. The fee deducted by banks in Benin for this service is 2%, and a possible acceleration of the procedure would cost the client enterprise 5%. Even though banks claim to have invested in the development of their internal information system, electronic banking is still in its infancy, and the parallel exchange market is fairly developed.
588. **Micro-finance.** Despite their over-liquidity, the primary banks of Benin seem not to be equipped to offer adequate services to SMEs, and especially to informal sector enterprises. They mainly finance large local enterprises..

Consequently, the share of primary banks' financing of the private sector fell from CFAF 54.65 billion in 2001 to CFAF 19.29 billion in 2004, representing financing granted by micro-finance institutions (MFIs) whose operations in favour of the private sector went from CFAF 6.05 billion to CFAF 28.69 billion over the same period, and benefited over 8,000 persons as shown in Table 5.1.

**Table 5.2: Private sector financing trends from 2001 to 2004 (in CFAF billion)**

Sources	2001	%	2002	%	2003	%	2004	%
Primary Banks	54.65	90	15.59	43.8	42.34	63.3	19.29	40.2
Micro-finance Institutions	6.05	10	19.99	56.2	24.59	36.7	28.69	59.8
<b>TOTAL</b>	<b>60.70</b>	<b>100</b>	<b>35.58</b>	<b>100</b>	<b>66.93</b>	<b>100</b>	<b>47.98</b>	<b>100</b>

Source: DCRE/MDEF

589. There has been an upsurge in micro-finance institutions in Benin over the past decade to address the shortcomings of primary banks. At the end of 2002, there were 1,192 MFIs in Benin, of which only 36 were officially recognized. However, their penetration rate is still relatively low because only 15% of the working population has access to their services. Serving mainly small enterprises of the formal and informal sectors, their growth is perceived as an answer to the inadequacies observed in traditional bank credits accessible only to large enterprises.
590. A national Micro-Finance Fund was created by Decree 2006-301 of 27 June 2006. Its mission consists in (i) refinancing and establishment of lines of credit for micro-finance institutions operating in favour of the poor population groups, (ii) offering loan guarantees, and (iii) providing interest rate subsidies for the target populations, including the youth and women. It is managed by a national coordination, orientation and monitoring committee, CNOS, window monitoring committees, a general management, and an internal and external audit mechanism. The intervention rates of the fund are 5% for the initial phase, of which 3% is meant to constitute strategic savings, and 8% for the second phase, of which 5% will serve as strategic savings. The CRM commends Government's initiative to create this Fund, as well as the performances of the latter in such a short time. Indeed, the Fund has intervened in all the 77 communes of the country and about 135,000 persons have received financial support. The Panel, however, feels that it is necessary to update the monitoring legislative and regulatory framework of many micro-finance institutions in the country<sup>50</sup>.

<sup>50</sup> It is Law 97-027 of 08 August 1997 governing regulation of Mutual Benefit Institutions or Savings and Credit Cooperatives, commonly called "PARMEC Law".

591. The data collected by the CRM indicate that the Beninese diaspora participate in the funding of investment and consumption activities of the Beninese populations through unilateral transfers to families of immigrants. Recent figures indicate that these transfers increased from CFAF 26 billion in 1990 to CFAF 86 billion in 2005. During this last year capital transfers represented CFAF 37 billion, while current transfers represented CFAF 87 billion. The APR learnt that the Beninese diaspora has also created micro-credit institutions, which grant loans up to CFAF 100.000.
592. Among the major criticisms levelled against micro-finance institutions, the CRM retained the following:
- Interest rates that are too high, like those of loan sharks (about 24% per year according to some CRM's respondents);
  - The poorest groups of the population do not have access to micro-finance;
  - Micro-finance is interested only in existing projects, and does not finance business set-up;
  - The amounts granted by MFIs are too small to allow for any real take-off of business;
  - The conditions of access to micro-finance are sometimes restrictive, as these institutions sometimes demand surety, which the businessmen cannot provide;
  - The loan period does not respect the production cycle (notably for farmers);
  - Micro-finance institutions limit themselves to financial support and do not give advice, information and even training conducive to the success of projects;
  - Recovery procedures are sometimes just on the borders of legality.
593. **Stock Markets in Benin.** The fact that virtually all Beninese companies shy away from the regional stock market is due to the configuration of these companies. Most of them are SMEs and sole proprietorships (which make up 67% of businesses in Benin). The challenges of regional integration in Benin, implementation of ACP/EU Economic Partnership Agreements, and Benin's adherence to WTO make it imperative for the country's limited liability companies to restructure themselves and scale up their capacities so as to better integrate into the global economy. The growth of Beninese companies could initially be financed by the banking sector, which is in a situation of over-liquidity. But, in view of the interest rates applied by the sector, the cost of bank transactions, and the potentials of regional direct financing, it is recommended that more and more Beninese companies should join the stock market and take advantage of the opportunities offered therein.

594. **Business Climate and Legal and Regulatory Framework.** Benin seems not to have an enabling climate for private sector enterprises. The following data culled from a World Bank Survey (2005) on the investment climate in Benin summarizes some aspects of the difficulties encountered by private enterprises:
- Based on the Heritage Foundation's index of economic freedom, Benin in 2005 was ranked 128th out of a total of 162 countries, while it came 114<sup>th</sup> out of 117 countries on the World Economic Forum's growth competitiveness index.
  - The problem of corruption, according to official estimates, costs the country about 3% of GDP and enterprises 8.4% of their turnover. Moreover, 11.6% of the value of Government contracts is lost in informal payments or various bribes by manufacturing firms.
  - The lack of trust in the effectiveness of Government services and the justice system: 54% of Beninese firms consider Government services as too ineffective or inefficient and, in case of litigation, 55% of enterprises would prefer to go for an out-of-court settlement. The percentage of firms having lost confidence in the justice system is 65.3 %, while only 1.7% of disputed bills are collected by resorting to the courts.
  - The weight of administrative procedures: The Government structures seem to have carried over vestiges of the socialist management of the economy. Thus, the managers of manufacturing industries declare that they devote about 8.3% of their time to handling administrative formalities, while 65% of export and/or import firms consider that customs clearance operations are bad or very bad.
595. As regards human resources management, one of the respondents of CRM said it could take six months to register a fixed-term contract of employment, a period often longer than the contract itself, while 8 months are generally needed to obtain a work permit for an expatriate worker.
596. Despite an increase in contributions from CFAF 100,000 to 200,000, the CCIB seems to lack the means to achieve its primary objective, which is to promote enterprises. Its role in informing traders of business opportunities and offering them training in management techniques is, therefore, limited. This difficulty is exacerbated by the absence of State subsidies for the past 3 years, which has a negative impact on enterprises in the interior of the country. The CCIB finds it increasingly difficult to obtain the necessary human and financial resources to accomplish its mission of defending corporate interests.
597. **Investment Code.** Benin has had an Investment Code since 9 May 1990, and offers tax and customs benefits not very different from those offered by other developing countries. The Code, however, functions poorly and many bottlenecks impede its smooth implementation, due mainly to the many formalities the potential investor has to fulfill, the different authorizations required from administrative departments, and the need for the Technical

Investments Committee to consider applications – a committee chaired by the Minister of Planning, who is doing two things at once. The Code is unfortunately unable to match the benefits offered by several African countries, which have opted to set up investment promotion agencies often covering exports, steered by a joint independent board comprising representatives from the public sector and the private sector, with a broad decision-making mandate and who can grant the benefits requested in less than 15 days. Benin should draw on the Ivorian Investment Code – one of the most attractive in the West African region – to innovate and establish the necessary functional mechanisms and tax incentives for sustaining the country's ambition of becoming a major hub for trade and business in the region.

598. **Access to land.** One of the main factors that make it difficult to obtain loans necessary for investments is the lack of guarantees, especially land guarantees, as well as legal insecurity in the relevant transactions. In fact, this problem is particularly serious in Cotonou and the coastal region. It has worsened since 1997-1998 when, following a Cabinet Meeting decision, the banks indicated that they would no longer accept as security of mortgage building permits authorized by customary law or provisional certificates issued by the administration pending the registration of the plot of land. Even though the Land Tenure Code is still awaiting promulgation, the main difficulties stem firstly from divergences between modern and customary land laws and secondly, administrative and judicial red tape. Thus, because “traditional” sales are ignored but not formally prohibited by the law, a prospective buyer of land may receive objection thereto from a former customary owner. Furthermore, a parcel of land duly registered in the land register is often claimed by several persons. According to several stakeholders, such conflicts take 4 - 5 years to be settled by the courts, and not rare that a land dispute takes 15 to 20 years to be finally settled.
599. Furthermore, the European Development Fund Report (2006) revealed that the registration of a small plot of land in an urban area costs more than 1,200 Euros, whereas per capita GDP in 2006 was 483 Euros, and that the procedure could take up to two years. Consequently, only 1% of households have a land certificate for their land, while the majority of the rural population count on customary land law, and only 10% of landed properties are registered. Another pernicious effect of this situation is that several local governments mobilize the majority of their staff to treat land issues, resulting in wastage of energy both for these services and for the users, who are required to go through many formalities and bear both the official and informal costs.
600. Apart from costs associated with transactions and settlement of land disputes, the UNCTAD report on Benin's investment policy highlights other less visible but equally heavy costs; these include the sterilization of a part of private savings<sup>51</sup>, as well as the sterilization of public investments<sup>52</sup>. Lastly, land is

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<sup>51</sup> Owing to the fact that several households see their savings blocked in the form of a land purchase unusable for a very long time pending clarification of their rights.

<sup>52</sup> Owing to the fact that some public utilities networks provide services to many plots of land that are unused for a long time.

also the cause of blockage of private initiatives, inasmuch as it is not easy to quickly find land on which to carry out a project.

601. **Corporate competitiveness, productivity and performance.** The UNDP Report (2005) on assessment of the investment climate in Benin makes the following observations on the productivity of enterprises of the formal sector:

- Labour productivity or the value added per worker is lower in Benin (2.481) than in Kenya, Mali, Senegal and South Africa.
- Total labour cost per physical unit of output (ratio of remunerations to value added in the sample firms) is higher in Benin, even though its labour costs are relatively lower.
- Capital intensity, estimated by the quantity of capital per employee, is higher in Benin (USD 7.376) than in Mali, Tanzania, China and Uganda, but it is lower than in Kenya and Senegal (USD 10.746 and USD 10.856 respectively).
- Capital productivity, estimated in terms of the value added per dollar invested, is lower in Benin (where 1 dollar yields a value added of 30 cents), than in Kenya, Tanzania, Senegal, Uganda and Mali (35, 43, 58, 70 and 77 cents respectively).
- The use of production capacities is about 60% (60.9% in Kenya, 71.1% in Senegal and 73.4% in Mali).
- The relatively small size of businesses and their lack of diversification prevent them from reaping the benefits of economies of scale.
- The report concludes that firms in Benin have higher total factor productivity than similar enterprises in most other countries of East Africa except Kenya. However, this productivity is lower than that of Mali and Senegal.

602. According to the stakeholders, the low performance, which characterizes formal sector enterprises in Benin, could be attributed to rigidities in the country's business climate and to human resources management problems:

- Qualified supervisory staff are hard to come by;
- A high proportion of the workforce has received no appropriate vocational training;
- Recruitments are often done on the basis of nepotism or by word of mouth within certain networks: available jobs are not really advertised, nor is there any competition between candidates;
- Technical education, in its broad sense, is not well developed, and only a small proportion of enterprises in Benin – less than one-fifth according to UNDP – provide their employees with external training. These training

sessions, which are financed by the firms, seem to only partially meet the expectations of employees;

- Assistance for staff training is limited, and sometimes predicated on corruption.
603. Furthermore, even buoyant enterprises are often made to conceal their real performance for fear of being penalized during tax controls. Consequently, there are no “success stories” that can inspire young entrepreneurs or produce a ripple effect on the rest of the economy, particularly the industrial sector, through sub-contracting, spin-off or partnership within poles of competitiveness.
604. These weaknesses prompted the Government to launch a “national development programme”, intended to improve the performance of SMEs. This programme was also intended to pursue the private sector revival programme, which, in 2001, had helped to identify nearly 300 enterprises for which a rehabilitation plan was prepared, but which could not be implemented for lack of bank support.
605. The Government is also trying to broaden the industrial base of Benin by processing farm produce and giving priority to the needs of the population. Through its decentralization policy, it has developed industrial zones, which will serve as poles for local development.
606. Finally, competitiveness problems prevent many micro-enterprises of the formal and informal sectors from becoming full-fledged SMEs capable of implementing sub-contracting or innovative strategies. Apart from the fact that they lack support and financial resources, which make them depend on micro-credit and the entrepreneur’s personal funds, these enterprises are deeply involved in corruption and often lack information and training to carry on with their business successfully. As a result, these enterprises choose the easy way out by copying from each other and all too often substituting economic rationality for mimetic rationality.
607. **State of Infrastructures.** Apart from power outage problems, which cause turnover losses of about 13.4% and the roughly 104-day long period needed to obtain connection to the electricity network, connection to drinking water supply is inadequate<sup>53</sup> and the country virtually has no organized urban transport system. Although considerable efforts have been made to build major highways, the country still suffers from poor road maintenance and a very sparse rail network<sup>54</sup>. According to the SCRP Document for 2007-2009, some local authorities, now responsible for road maintenance and management as a result of decentralization, have begun to erect tollgates on the existing network in order to recover part of the maintenance costs.
608. On the maritime front, the one-stop service at Cotonou Port is still unable to expedite formalities, as it only pools the forms and papers demanded by the

<sup>53</sup> Two-thirds of the rural population do not have access to drinking water.

<sup>54</sup> Limited to a single 438 km-long metric-gauge railway line between Cotonou and Parakou.

various Government services and has not really reduced the time frames for obtaining them. Thus, customs clearance of imports may take up to 24.4 days.

609. Finally, Benin seems to be lagging far behind in information and communication technologies. With the obsolete equipment of “Benin Telecom S.A.”, the number of telephone lines per thousand inhabitants in the biggest city is only 41.6, whereas the average cost of a phone call is among the highest in the region. The number of personal computers per thousand inhabitants is only 3.7. It is, therefore, urgent for Benin to quickly modernize its telecommunication network, and extend its optic-fibre cable network to the cities in central Benin. This would contribute to the creation of new jobs.
610. **Harassment and Insecurity on major Highways.** Apart from the fact that the road and rail networks are obsolete, Benin is confronted with other obstacles such as the numerous check-points on the major highways in the country, harassment of drivers by the police, gendarmerie and customs services, and insecurity caused by “highway robbers”. During interviews with stakeholders, the CRM was informed that there are at least 38 vehicle check-points between Cotonou and Malanville, a town located at the border with Niger. Despite that, attacks on vehicle convoys by armed bandits and highway robberies are recurrent events, especially on the eastern and northern borders of the country. Armed bands, comprising elements from Benin, Nigeria, Niger and even Chad, are organized in international networks. However, the mission learnt that the Government of Benin and those of the neighbouring countries have established a West African Committee of Police Chiefs, and Benin has set up a common patrol with Niger to combat banditry on the major highways.
611. **Privatisations.** Benin had its first privatizations between 1992 and 1998. The first structural adjustment programme then had a component for the liquidation of some State-owned corporations, as well as a restructuring component and a privatization component. Some sectors considered as strategic had been excluded from the privatization programme. According to one of the stakeholders met, this first privatization was relatively successful because the restructuring had, at least in the short-term, given quite satisfactory results and because these corporations had been transferred to operators who, despite a few layoffs, still continued their activity. Other stakeholders felt that the privatizations had led to lay-offs, higher prices for certain vital imported goods, and deeper poverty<sup>55</sup>. The UNCTAD Report (2005) notes that most asset transfers to foreign buyers were generally negotiated on the condition that workers from the defunct public enterprise (significant albeit partial) would be maintained. The report concludes that these FDIs had a limited impact on Benin’s economy in terms of domestic investments, job creation and technology and skills transfers.
612. At the end of the first privatization programme, the State no longer had the necessary funds to continue the rehabilitation and privatization effort. Although the privatizations were expected to cover the hydrocarbons sector

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<sup>55</sup> The privatization of the cotton sector, as well as SONACOB, was a failure for small farmers in the first case, and serious governance problems in the second.

with the National Petroleum Products Marketing Corporation, the second programme, initiated in 1998, had neither a clear timetable nor the necessary funds to ensure its successful implementation. Consequently, the credibility of public policy was dealt a serious blow. A case in point is Benin Telecom, which was expected to be privatized in 1999, and a regulatory board set up in its place. Owing to Government and parliamentary delays, it was only at the end of 2006 that the board was set up, with the arrival of the new Government. In the meantime, with the opening of the sector to private operators in 2002, the telecommunications corporation experienced serious difficulties, which required that it should be rehabilitated before privatization in 2009.

613. Several privatization procedures have been used in Benin (leasing-management, assets transfer, equity participation, etc.) but without clear technical rules having been laid down in this regard. The balance sheet of Benin's privatizations shows mixed results. Although the State reaped a total of CFAF 33.6 billion (UNCTAD, 2005), the privatizations did not concern services deemed of public utility, and were sometimes marred by discriminatory and non-transparent practices. This was the case with two buyers of the oil mills who denounced non-compliance with the concession agreement signed with the national authorities on the supply of grains and tax benefits. The same applies to SONACOP whose privatization seems, at least according to Transparency International's report (2003), to have been conducted under conditions of very little transparency.
614. It should, finally, be noted that the law prohibiting privatizations in the strategic sectors, has not been repealed and is still in force. The implementation of the current privatization timetable must, therefore, start by repealing this law.
615. Though delays have been recorded in the privatization programme and efforts still have to be made to rehabilitate enterprises listed for privatization and to take stock of their assets, the Government has prepared a statement specifying the conditions for these privatizations and announcing a programme for the next two years. It comprises:
- the transfer, not later than 30 September 2007, of the industrial equipment of the National Agriculture Promotion Agency (SONAPRA)<sup>56</sup>. This transfer will concern cotton producers, the staff of SONAPRA, and the Beninese or foreign public. This enterprise will, therefore, resume its initial activity, that is, agricultural promotion. According to the "Growth Strategy for Poverty Reduction Paper (2007)", the State plans to set up a private company whose majority shares will be held by private operators, to take over the ginning plants.
  - the transfer before 31 March 2008, of shares held by Benin in the cement company at Onigbolo after an evaluation of its assets. The transfer will be made after the withdrawal of the Federal Republic of Nigeria, which has

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<sup>56</sup> The transfer has effectively been made.

transferred its shares to private investors. It should be done through international competitive bidding and on the regional financial market.

- the opening of up to 51% of the capital of *Benin Télécoms SA* to private operators before 30 June 2008. This will take place after the ongoing restructuring of the enterprise, and will be done through international competitive bidding on the regional stock market.
- the opening of the share capital of Libercom to private operators.
- the rehabilitation of the electricity corporation, *Société Béninoise d'Énergie Electrique* (SBEE), and the creation of a public corporation responsible for carrying out investments and maintenance, and another company for electric power distribution, 51% of whose capital will be opened to the private sector on the regional stock market through international competitive bidding to ensure the distribution of electric power.
- the concession of Cotonou Ports Authority through international competitive bidding before the end of the first quarter of 2008.
- the rehabilitation of the Common Benin-Niger Railway Organization (*Organisation Commune Bénin-Niger des Chemins de Fer*).
- the restructuring of the cargo handling company *Société Béninoise des Manutentions Portuaires* (SOBEMAP), which, after an audit, will be transformed into a semi-public company.

616. It should be noted that there are also plans to finalize the privatization of the Posts and Telecommunications Authority, (*Office des Postes et Télécommunications*). Indeed, during the CRM, open conflict broke out between the Government and two private mobile telephone operators on the payment of royalties to the State. Although enjoying the support of the majority of public opinion<sup>57</sup> for the government decision to reaffirm its authority and responsibilities, it was prejudicial to the subscribers of the two companies, which controlled a major part of the market. The CRM hopes that a quick and fair solution will be found that will be in the interest of the partners.

### iii. Recommendations

617. On this basis, the Panel would like to make the following recommendations:

- undertaking a quick reform of the tax system to make it “development-oriented”. This reform could focus on four main areas, namely: (i) substantial cut in the tax burden, beginning with the tax on industrial and trading profits (BIC), (ii) broadening of the tax base, following this reduction, (iii) computerization and decentralization of the taxation

<sup>57</sup> More than 80%, according to some sources.

services, including the introduction of a taxpayer identification number, NIF, and (iv) a significant reduction of the many taxes, dues and duties that make up Benin's tax system.

- quickly adopting other laws relating to economic reforms still pending before decision-making bodies, not only in order to accelerate the implementation of the poverty reduction programme, but also to lay the bases for building an emerging Benin.
- revitalizing ANPE mechanisms and, where necessary, other youth employment support institutions, including the Regional Solidarity Bank, so that they can improve their operating procedures to benefit young entrepreneurs.
- exempting young entrepreneurs from payment of all duties and taxes for at least the first two years following the creation of the enterprises and putting in place a national integrated programme to support the youths in opening businesses.
- diversifying Benin's financial landscape by creating companies specialized in financial lease and venture capital, diversifying bank risks and products, and consolidating the geographical coverage of the national territory by primary banks.
- encouraging banks, insurance companies and major companies to resort to the financial market and be quoted on the Regional Stock Market.
- encouraging the creation of public companies and fostering the expansion of businesses that can access the stock market and, hence, mobilize resources for their development and investments.
- putting in place assistance, counselling and supervision of informal sector enterprises to help them to make profits, and reinvest them in order to prepare their gradual integration into the formal sector. These structures will be associated with encouraging mechanisms for specific partnerships between the formal and informal sectors and tax bonuses to enterprises that would enter into partnership with enterprises in the formal sector.
- reviewing the cotton sector rehabilitation and development strategies by all partners of the sector, with the key objective of seeking to establish: (i) regional cooperation focused on the creation of a cotton economic community, (ii) control of the sector by the inter-regional private sector, (iii) up-scaling and modernization of ginning plants, and (iv) the creation of a cotton stock exchange in member-countries.
- lowering the intervention threshold of FAGACE.
- improving the functioning of the Centre for Corporate Formalities to make it a real one-stop service, regrouping all the actors concerned by enterprise creation.

**Objective 2: Ensuring that enterprises behave like good corporate citizens in terms of human rights, social responsibility and sustainability of the environment**

**i. Summary of the CSAR**

618. **Enterprises and the Justice System.** The CSAR identified the following as the main shortcomings of Benin’s legal framework:
- the diversity of the sources of Benin’s law impedes recourse to substantive law;
  - single Court of Appeal;
  - inadequate training and number of Magistrates and Judicial Officers;
  - absence of a commercial court, an arbitration court, and delays in the settlement of disputes.
619. Regarding the Judiciary in Benin, the Report indicates that 73.61% of Magistrates in active service are transferred to courts undergoing reforms. However, these efforts by the authorities are limited by inadequate human resources, because 12.50% of Magistrates transferred to the judicial services handle labour disputes in the law-courts and courts of appeal in Benin. In view of the difficulties in referring matters to the courts, employers often tend to abuse workers’ rights.
620. **Legal Framework in the Industrial Free Trade Zone.** In the legal provisions governing free trade zones, only the Law of 8 September 2005 provides for labour standards and human rights in working relations. Since the Decree of 13 October 2003 was issued before the Law it is supposed to implement, this poses a legal problem that must be resolved through the signing of a new implementation order.
621. **Tax Obligations in Benin.** The CSAR states that the national tax system was considerably simplified and streamlined during harmonization within WAEMU. It, however, acknowledge that the system is still relatively cumbersome, with a strong focus on collection of public revenue from a narrow taxable base. It further acknowledges that taxation officials have been lax in monitoring the implementation of tax obligations. About 70% of the major enterprises pay less or no tax at all. Special benefits were also granted in a non-transparent manner to some influential businessmen, which further narrowed the tax base. Finally, the CSAR notes that the non-payment of VAT bonuses and long delays accompanying these payments is a problem for the formal sector.
622. **Respect for Human and Workers’ Rights.** From 1960 to 2001, a total of 26 (twenty-six) ILO instruments were ratified by the competent services in Benin.

The Government of Benin is bound to the International Labour Organization (ILO) by the obligation to implement and incorporate the content of the relevant instruments into its national laws.

623. Despite the legal consistency of worker protection measures, the duly ratified ILO Conventions have not been systematically published. The only legal effect that the non- publication of these instruments in the Official Gazette can produce is the problem of enforcing them on the public. This situation is among the grievances presented to Government by the different trade union federations. It is also listed by the General Directorate for Labour as one of the priorities of its annual action plan.
624. *Membership of Trade Unions.* Since the recognition of workers' right to form trade unions, except during the revolutionary period characterized by monolithism, trade union pluralism has always been the rule: hence, the multiplication of labour trade union confederations and the proliferation of grassroots trade unions with an upsurge in their membership. This vitality of Benin's trade union movement is also reflected in the influence it enjoys at the regional and international levels, marked by many affiliations and in particular, the appointment of some union leaders in their management bodies.
625. *Labour Administration.* Compared to the number of complaints recorded, the labour administration services generally succeed in reconciling disputing parties by drawing up an out-of-court settlement report. The average time to settle a labour dispute is four weeks. But if reconciliation fails, the matter is referred to the courts. In Cotonou, the court decision 26.9 weeks on the average. Proceedings in the Court of Appeal of Cotonou take less than two years.
626. Since 1991, the number of strikes has increased, reaching a record peak of 29 in 2002. This increase is closely linked to the multiplication of grassroots trade union movements, whose sectoral demands are different from those presented to the Government by the central unions.
627. Strikes are more frequent in the public sector than in the private sector. This is because the main grievance that motivate the strikes concern the payment of salary arrears, the raising of the index point, or actual payment of arrears for reclassification or increase in family allowances. Furthermore, the risk of dismissal, to which striking workers expose themselves and the difficulties of re-integration are enough deterrent for private sector workers against strikes.
628. *Corporate Compliance with Labour Legislation.* From 2002 to 2004, the Public Life Moralization Unit carried out 64 (sixty-four) inspections in enterprises established nationwide, and prepared a detailed diagnosis on the administrative and social security situation of the enterprises. At the end of the inspections, the following observations were made:
- non-affiliation of most employees to the social security;
  - salaries lower than the authorized minimum wage (SMIG);

- non-validity or non-existence of work permits for some expatriate workers;
  - maltreatment and physical violence;
  - false declarations (mark-down of declared and taxable salaries);
  - poor working conditions.
629. In other words, the general working conditions in the enterprises inspected are not good, and the level of compliance with the official labour and social security regulations varies depending on the department and the type of enterprises. The inspection revealed that only 12 out of the 64 enterprises inspected were in compliance with the social security legislation on the date of the controls, representing an overall percentage of 18.75 %.
630. **Corporate Social Responsibility, Commitment and Citizenship.** Most enterprises in Benin limit their social role to sponsoring socio-cultural, educational and sports events. This restrictive vision of the notion of social responsibility of enterprises may lead to their limited acceptance or rejection by the communities, which no longer identify themselves with the said enterprises. Several persons who requested to remain anonymous blame the low social commitment of enterprises in Benin on tax evasion, in particular.
631. **Respect of the Environment and Sustainable Development.** With the adoption of the Constitution in December 1990, environmental concerns became constitutional. At the institutional level, the power of control was given to the National Assembly in environmental protection, while the Economic and Social Council (CES) was given constitutional powers to ensure the integration of environmental issues into socio-economic policies, plans and programmes. Furthermore, two other facts confirm this political will, namely, the creation of the Ministry of the Environment, Housing and Town Planning (MEHU) in 1992 and the Benin Environmental Agency (ABE) in 1995. Despite the existence of all these constitutional tools, there is still no really holistic policy on the environment and a clear vision of medium-term objectives<sup>58</sup>.
632. Despite all the laws and regulations, acts committed in disregard for environmental laws and destruction of the environment go unpunished. In 2001, the percentage of enterprises with an environmental management system was 5.22%, whereas the minimum rate defined in Government's objective was 75%. However, field surveys generally show that private enterprises and, to a lesser extent, public enterprises show genuine concern for compliance with environmental laws. But the CSAR noted that compliance with the environmental legislation by informal sector enterprises is not at all encouraging.

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<sup>58</sup> Integrated Report on the State of the Environment in Benin, 2002.

**ii. Findings of the CRM**

633. **Benin's Enterprises and the Justice System.** According to the CSAR, there are no courts to decide on commercial disputes. This observation was underscored in the numerous discussions held with the stakeholders, Government authorities, the civil society and the private sector, which highlighted the shortage of Magistrates trained in trade and ancillary activities. This shortage has far-reaching effects on the commercial sectors.
634. Wherever the mission had opportunity to talk with stakeholders, the inefficiency of the justice system was cited as an obstacle to corporate development. The mission actually noted that many stakeholders mentioned the absence of a commercial court as a drawback to the quick settlement of disputes between business persons.
635. According to several stakeholders, labour disputes brought before the law-courts and courts of appeal have been dragging for more than three or four years. As a result, many enterprises have never had their disputes settled by the courts. Consequently, they do not enjoy the appropriate services in case of commercial disputes. The CRM is of the view that a separate commercial court should be set up in Cotonou, with agencies in the other towns.
636. The deficiencies of Benin's legal framework and the fear of getting stuck in court forces some business persons to settle their disputes by turning to the network of family or traditional authorities deemed more reliable, faster and less corrupt than the "modern" networks.
637. The CRM met the Department of the new Presidential Mediation Body (OPM). The agency has a broad mandate, which includes mediating between the Government and the private sector. Recourse to the Body is free of charge. It uses the procedures of arbitration and reconciliation to negotiate with the two parties to a dispute. The CRM noted that the use of the OPM by enterprises will be useful in finding solutions to disputes concerning the payment of suppliers by Government services and local authorities.
638. Benin's Chamber of Commerce and Industry also recently set up an arbitration body (the arbitration, mediation and reconciliation centre), which could avert judicial red tape and delays for enterprises. Finally, there is a third arbitration body not mentioned by the stakeholders and which seems quite remote from the concerns of citizens and corporate executives: this is the Common Court of Justice and Arbitration instituted by OHADA.
639. **Fiscal Obligation: Weight and Impact of Taxes on Enterprises.** Within WAEMU, only budgetary policy is in the hands of leaders to enable them conduct their economic policy. This constraint is even greater for State of Benin, whose budget continues to depend mainly on taxes. In fact, although the acceptable rate of tax pressure in the Community is 17% (14% in Benin), commercial taxes account for more than half of the tax revenue and about 50% of State revenue. The CRM also noted wherever it had discussions with the stakeholders that: (i) the tax system in Benin is cumbersome and very complex

for taxpayers, (ii) its administration suffers from arbitrary practices by taxation officers, and (iii) it is the root cause of the corruption of civil servants by taxpayers wishing to elude State control over a substantial part of the sources of their incomes.

640. Taxes constitute a heavy burden for the formal sector, which is still not convinced of the fairness of the exercise. Thus, among the reproaches levelled by some stakeholders against the tax administration, the CRM notes the following main points:

- The tax burden in Benin is the root cause of the expansion of the informal sector: whereas the latter pays the single professional tax, the formal sector pays 38% tax on profits
- an entrepreneur is obliged to pay tax advance even before starting his business
- the tax system is based on declaration, whereby every quarter, payment of 25% of the previous year's taxes is made as an advance. In case more taxes are paid than are due, the taxpayer loses much time and even has little chance of collecting what is his due
- VAT refunds always come very late – between 6 months and 4 years according to some CRM respondents
- The tax system is too complex: a recently published report on the Private Sector Support Project<sup>59</sup> identifies 96 taxes, dues and duties collected by the State or local authorities. These taxes and dues paralyze private initiative as much as the taxation services, which are obliged to put in place 96 control systems
- In case of conflict with the taxation services, a taxpayer first pays all the sums owed before taking the matter before the courts. If he/she happens to win the case, he/she would receive a tax credit, which, according to the CRM respondents, is hardly effective and a source of corruption by some tax workers<sup>60</sup>
- Although the 2007 Finance Law provides that any readjustment by a tax inspector must be justified and that such an inspector is liable to sanctions if he does not give the said justification, the absence of real tax consultants, the un-updated Tax Code, and the non-circulation of the tax services internal memos weaken enterprises and virtually makes them dependent the tax inspectors. This situation also throws the doors open to excesses as a result of corruption

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<sup>59</sup> Elements of Advocacy on Taxation. PASP. Preliminary version. June 2007

<sup>60</sup> This procedure was revised by the 2007 Finance Law, which provides that in case of dispute, a bank guarantee should be deposited before the matter is taken to a small-claims court (rather than summary procedure)

- Even when an enterprise incurs losses, it is obliged to pay a minimum tax of CFAF 200,000
  - Businesses with a turnover of less than CFAF 40 million and service providers whose turnover does not exceed CFAF 15 million may pay a flat rate tax
  - If traders and enterprises are over-taxed, the individual capital gains are exempted from tax
  - Tax payments or refunds are often the hotbeds of corruption.
641. Although Benin's three Structural Adjustment Programmes provided for reforms to modernize public finance and taxation services, and though the State in 2006 launched a programme to broaden the tax base, the scope of its actions remain limited due to users' poor knowledge of the laws and their lack of a "tax culture". This prompted the Government to publish a handbook of tax procedures, which is little known within business circles.
642. Moreover, OHADA sub-regional standards entail convergence criteria in taxation, which somewhat limit the leeway of the Government of Benin. It tries to establish better relations with taxpayers, especially by setting up a user reception structure and a service for large enterprises (whose turnover exceeds CFAF 100 million) and by more quickly meeting the cost of tax disputes. These efforts are, nevertheless, impeded by bureaucratic rigidities. A case in point is the arbitration unit in the customs services, whose activities seem to have been frozen for more than one year.
643. Finally, it is worth mentioning that until the recent creation of the association of chartered accountants, some tax inspectors also had their own accounting firms and operated with total impunity. This situation ought to have stopped with the new regulation, which requires at least two-thirds of the capital of a consultancy firm to be held by a chartered accountant on the rolls of the association.
644. **Respect for Human and Workers' Rights**

*Right of the Youth to Work. The National Employment Agency (ANPE).*

#### **Box 5.5: The National Employment Agency (ANPE)**

The National Employment Agency (ANPE) is a structure established to assist with professional insertion, either through self-employment, or through paid employment. During the exchanges with officials of the ANPE in the Department of Ouémé, the CRM learnt that in 2005, the Agency introduced a programme for training entrepreneurs, which included:

- two or three weeks training on enterprise creation,
- an internship in an enterprise for two or three months,

- one week on preparation of a Business Plan.

After the training, the ANPE recommends the entrepreneurs to microfinance establishments. The pilot project for 2005 involved 54 entrepreneurs. However, only seven entrepreneurs out of the 54 obtained funding from their enterprises to implement their projects. Between 2006 and 2007, 5,000 entrepreneurs were registered in the programme, including 55 in the Department of Ouémé.

The mission noted that this programme is highly appreciated by the stakeholders. However, the current challenge is to establish the best relations with microfinance institutions and other sources of funding, and to accompany the entrepreneurs until they start their businesses. In an interview with the newspaper *La Citadelle* in 2006, (the former) General Manager of the ANPE noted that after training, the ANPE follows-up of the entrepreneurs in the field to ensure that they are efficiently managing their business.

Source: The APRM; <http://beninhuzu.org>, *La Citadelle*, "Efficient training of young Beninese project promoters". Date of publication 13-12-2006

645. The CRM also observed that the technical and vocational training system at the secondary education level offers different types of training in the schools: Administrative and Management Sciences and Techniques (STAG); Agricultural Science and Techniques (STA); Biological and Social Sciences (SBS); as well as Hotel Management and Catering (HR). Students are trained in technical colleges (CET) for three or four years during the first cycle and receive a *Certificat d'Aptitude Professionnelle* (CAP) or *Brevet d'Etudes Agricoles Tropicales* (BEAT). Those who opt for additional second cycle technical training in Government technical high schools receive a *Diplôme de Technicien* (DT)<sup>61</sup>.
646. During their meetings with the CRM, the stakeholders observed that training in secondary/high schools and universities has very little bearing on the skills required to succeed in professional life. Families try to fill this gap in several ways: some pay craftsmen and other specialized workers to impart income-generating skills to their children; others enroll their children in vocational schools, which award the *Certificat d'Aptitude Professionnelle* (CAP). The stakeholders at Natitingou remarked that their CAP certificates awarded by some training schools are not recognized by the Government, whereas with equivalent training, others are recognized. They see therein an injustice towards some of the youths of their region.
647. **Women's Right to Work.** CRM learnt that 26.6% of the workforce of the public sector and 41% of the formal private sector are women, and that women receive fewer promotions to managerial positions. In general, they receive a lower level of education and are thus confined to less well-paid jobs. Several stakeholders were of the view that gender-based discrimination is an impeding factor for women's promotion. On the other hand, the CRM learnt during a meeting with the youth that women with certificates were often more likely to

<sup>61</sup> Pg. 42-43, "Rapport Nationale du Développement de l'Éducation (47th Session of the International Education Conference)", *Institut National pour la Formation et la Recherche en Éducation* (INFRE), Porto Novo, July 2004.

employed in the public and private sectors. The CRM felt that the main handicap to women's employment and empowerment is their low level of education. It would, therefore, seem that women certificate holders enjoy a measure of positive discrimination at employment, but which becomes negative during career advancement. While for illiterate or less educated women, petty trading, undeclared work, the informal sector or household chores are the outcomes of discrimination, for those who hold certificates, there is a glaring wastage of material and human resources due to disregard for merit during employment and appointments.

648. **Employment of Children.** In 2001, Benin ratified ILO Convention 138 on the minimum working age and Convention No. 182 on the worst forms of child labour. The legal minimum age of employment is 14 years. However, the CRM learnt that child labour is practised in various forms in Benin, and that this is due to poverty, which affects the daily lives of families. Children aged 7-8 years often assist their parents on family farms, in businesses, market, construction sites, and as vendors. Some children are even employed as domestic servants, including through "vidomegon", a practice whereby rural families send their children to work in homes of well-to-do families, who are often relatives. According to UNICEF estimates, 480,000 Beninese children aged between 6 and 12 years actually work. The International Confederation of Free Trade Unions (ICFTU) attributed this problem to the lack of inspection, more especially in rural areas and in the informal economy<sup>62</sup>.
649. During the meetings with stakeholders, the CRM learnt that they make a distinction between children working at home to help their parents in the fields, especially during school holidays and week-ends; children who are sent to learn a trade with farmers, craftsmen and other specialized workers; and lastly, children who undertake paid work, and this, in violation of the international conventions on child labour. The CRM was informed that this latter practice was rare, whereas the first two were widespread. Very few of the stakeholders were sensitized on the problems of child labour, and even their possible exploitation. Many were ready to defend these child labour practices, particularly household chores and the learning of a useful trade locally.
650. Given the people's apparent acceptance and resignation to the problem of child labour, the CRM feels that children in Benin are extremely vulnerable and quite often exposed to exploitation. Families need to be sensitized on the dangers of child labour and helped to look for vocational schools and training centres for their children. Craftsmen and other professionals employing children as apprentices should be encouraged to voluntarily adhere to codes of ethics, which define codes of conduct on how to treat apprentices.
651. **Health of Employees.** The Labour Code requires employers to bear 60% of all possible hospitalization costs incurred by an employee and to provide

<sup>62</sup> Pg. 8-11, International Confederation of Free Trade Unions (ICFTU), "Internationally Recognized Core Labour Standards in Benin, Burkina Faso and Mali: Report for the WTO General Council Review of the Trade Policies of Benin, Burkina Faso and Mali", Geneva 28 and 30 June 2004.

security for 60% of the amount of costs in case of hospitalization of one of the members of his family. Although enterprises have an interest to take out a group insurance policy, such action, which is beneficial to employees is considered by the taxation services as a benefit in kind, and is taken into account in the calculation of the basis of assessment.

652. **Compliance with Labour Laws.** Benin has laws and agencies that deal with occupational safety standards. While the Ministry of Labour and Public Service has a general responsibility to ensure occupational health and industrial safety in Benin, the surveillance and control fall under the jurisdiction of the National Occupational Health and Safety Board (CNSST). The Department of Occupational Health, for its part, coordinates, oversees and proposes draft laws on issues of occupational health.
653. Agencies such as the National Social Security Fund, the Ministry of Mines, Energy and Water and the National Road Safety Authority, carry out health and safety related activities in their respective spheres. Section 189 of the Labour Code regulates the setting up within enterprises of Occupational Health and Safety Committees (CSST), which have a duty to provide suitable on-site training in order to monitor the health and safety conditions of employees and to investigate industrial accidents<sup>63</sup>.
654. The stakeholders informed the CRM that labour inspectors are insufficient in number and often use the pretext of sanitary and safety rules to extort money from corporate managers or proprietors. Market traders also indicated that the State gives very little assistance to ensure cleanliness and maintain hygienic standards in the markets, and that State employees are only interested in receiving tips. The CRM felt that the inspectors and enterprises should work together to ensure that laws governing occupational health and safety are respected.
655. According to the core self-assessment documents, apart from the corps of labour administrators, the majority of labour inspectors and controllers are posted to divisional directorates and the General Directorate of Labour. In the discharge of its duty of guaranteeing social peace and economic development through respect of basic labour standards, the labour administration faces the problem of inadequate human and material resources.

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<sup>63</sup> Pg. 2, René K. Houéssou, “More prevention, less compensation: Organization of the prevention of occupational hazards in Benin: Good practices and challenges”, International Social Security Association Seminar IV: Occupational diseases: Monitoring, recognition and compensation, Kribi, Cameroon, 13-15 March 2007.

**Table 5.3: Situation of staff of the labour administration**

Corps	Staff Strength	At Post at the Labour Inspectorate	At post at the Central Administration
Labour Administrators	30	14	16
Labour Inspectors	44	35	10
Labour Controllers	28	20	8
Total	102	69	34

Source: Human Resource Division of the Ministry of Labour.

656. **Governance of the National Social Security Fund.** Given that a significant number of enterprises operate in the informal sector, the majority of firms in the country do not contribute to the National Social Security Fund (CNSS). On the other hand, the stakeholders, notably the Chamber of Commerce and Industry of Benin (CCIB), informed the CRM that a number of enterprises that contribute to the CNSS under-state their staff strength. The main reasons for this are the high rates of the CNSS contributions and the risks of exposure to tax harassment, following formalization of the activity.
657. Several stakeholders stressed that the CNSS is itself not a good example of governance. Consequently:
- the General Manager of the Fund is appointed by the Minister rather than the Board of Directors (which is formed by the State-employees-employers tripartite);
  - senior civil servants also contribute to the Fund, whereas the latter is reserved for private sector workers;
  - it is alleged that the funds of the CNSS are not always efficiently used<sup>64</sup>.
658. **Undeclared Work.** According to the governance profile designed by the European Development Fund in 2006, only a tiny fraction of employees (estimated at less than 10% of the labour market) are registered with the social security fund. In fact, the formal sector does not always officially declare its entire staff, so as to avoid administrative problems and related costs.
659. An official of an employers' association met by the CRM estimated the proportion of the population working under statutory conditions at 5%: 2.5% in the private sector and the remaining 2.5% made up of civil servants.

<sup>64</sup> The basic document of the CSAR mentions the inefficient use of the funds of the CNSS, notably in the case of welfare housing projects financed by the Fund, but which was not executed.

Transparency in labour issues can be controlled in large enterprises, but not in the smaller ones.

660. Apart from the unscrupulous behaviour of some employers who perceive undeclared work as an opportunity to further exploit vulnerable and often illiterate workers who are ignorant of their rights, the scale of this form of work can also be attributed to the fact that many people do not have identification papers, and to administrative bottlenecks. Thus, the CRM was informed of the case of an employer who went to the CNSS four times without obtaining the necessary form. In this particular case, obtaining the form required for discharging one's obligations towards the State can be considered as corruption of a public service worker. Also, the more an enterprise declares its employees and exhibits transparency, the more the likelihood for it to be the target of tax harassment.
661. Finally, undeclared work results in a number of abuses: wages lower than the authorized minimum (SMIG), or even non-payment of wages, working hours longer than the legal 40 hours, difficult working conditions, etc. But the frequency of these abuses must be placed within the right perspective because formal contracts and labour relations are often underpinned by a personal commitment, a word given (on either side) and social relationships (friendship or blood relations) binding the employer and the employee and which, in case of dispute, may lead the two parties to seek arbitration by a traditional authority.
662. **Corporate Social Responsibility, Commitment and Citizenship**
- Corporate social responsibility (CSR) is not widely understood in Benin. This is mainly because the vast majority of enterprises are SMEs with very little resources and management capacities in the area of social responsibility. Core self-assessment documents reveal that prime responsibility for such behaviour should be attributed to the State, which lacks standards as well as technical and statutory means to assess the relevance of management costs.
663. Several entrepreneurs and Chamber of Commerce and Industry of Benin (CCIB) members informed the CRM of cases of companies that contributed to the financing of CRS projects such as the building of schools or financing of charity activities, but were penalized by the tax authorities for "poor fund management" or attempted tax evasion.
664. According to the core self-assessment documents, the State has not established an attractive framework to encourage enterprises to better honour their social commitments to grassroots communities. There is no equitable treatment of CRS projects in Benin's laws, and companies avoid exposure to costly taxes for this type of projects. In fact, the taxation services tolerate only 1/1000th of turnover to be channelled as gifts and social works. Any amount above this threshold is considered as sales support, and is, therefore, taxable. This dampens the social enthusiasm of major beneficiary enterprises capable of participating in public life in other ways than sales support and implementation.

665. At Lokossa, some stakeholders informed the CRM of cases of enterprises that contributed to improving the daily life of citizens by building a school and a college. Though discouraged by tax considerations, this resolve of certain enterprises to assume their social responsibilities also risks being construed as political elections-oriented actions, and could, therefore, trigger reprisals from elected officials at the local and national levels.
666. The circle of mistrust also includes corporate citizen commitment by which some managers engage in politics not for the public good, but solely to win contracts and be paid by the State.
667. **Respect of the Environment and Sustainable Development**
- Benin has laws and a number of mechanisms for protecting the natural environment. The stakeholders confirmed that developers wishing to invest in activities that could affect the environment are required to carry out environmental impact assessments. Investors are required to obtain an “environmental conformity certificate” before starting their projects, and may have to perform more in-depth environmental impact assessment before the project is approved.
668. Some enterprises in Benin are certified ISO 9000 compliant, but none has the ISO 14000 environmental label. One of the major difficulties is the lack of relevant expertise at the national level. The stakeholders stressed that urban wastes, pollution and gold mining activities need to be better managed, revealing that council quality control and hygiene services only come in mostly to collect taxes and do not really assist enterprises, even technically, to address the problem of industrial or agricultural wastes.
669. The CRM feels that the inspection service in the Ministry of Environment, Housing and Town Planning needs better training, qualified workers and financial resources to enable it tackle these challenges. The inspectors should be better trained in the diagnosis of cases of environmental pollution. The private sector should also be encouraged to disseminate best practices in environmental management.

**Good practice 5.1: The association “Qui dit Mieux”: Employment promotion and environmental protection**

“*QUI DIT MIEUX*” is an association of women of the Department of Ouémé Plateau, initially created as a drama troupe of women of Porto Novo in 1980.

First activity: Recycling of plastic bags

After a few years of cultural activities in 1996, the women realized that drama could not earn them enough money to meet their basic needs, and, therefore, decided to target their activities on the protection of the environment. Their initial aim was to help poor women and out-of-school girls to fight against poverty by carrying out income-generating activities, while focusing on the protection of the environment. They set as objectives to sensitize the populations on the disadvantages of plastic bags and on the need to protect the

environment. That is how, urged by their Chairperson, Mrs. Grâce DOTOU, they decided to launch activities for recycling plastic bags that are scattered in the streets and polluting the environment. With the support of the Prefect and UNDP, the association became operational in 1999 and developed the collection of bags by members of the association and treating them in a small workshop in Porto Novo.

Products manufactured by *QUI DIT MIEUX* from the recycled bags cover a very wide range of objects, including works of art, bags in different forms, ladies' dresses, dolls, mats. The techniques for recycling plastic bags were popularized throughout the Department of Ouémé Plateau. The women who produce the bags are paid according to the quality of the product, and their incomes vary between CFA 30,000 and CFA 100,000 depending on the quality of their products and the orders.

*QUI DIT MIEUX* has popularized the techniques for recycling plastic bags, not only in Benin, but also in several African countries, where the Chairperson has conducted Training Workshops on the techniques for recycling plastic bags.

The association has won many national and international awards, including the 1st Prize for the best initiative at the Benin Handicraft Fair in 1998, the Excellence Prize awarded by the National Lotteries Authority of Benin in 2000, the Africa Initiative Prize awarded by Western Union in Paris in 2004.

Second activity: Reforestation

In 1994, the association launched a campaign to sensitize the women of the Department of Ouémé Plateau on the need to protect the environment through the planting of fuel wood. Each woman who plants a tree can cut the branches each year or every two years without cutting down the tree, and sell the branches. This enables some of them to earn up to CFA 4,000,000 per annum. Hence, about 5,000 trees have been planted by the women. Many women in the region have joined this programme, which is unfortunately competing with the illegal exploitation of virgin forests. The mission also observed that programmes of the association *QUI DIT MIEUX* are not supported by any public or private organization, which does not facilitate their popularization nationwide, as was the case in Burkina Faso.

### iii. Recommendations

670. On this basis, the Panel wishes to recommend the following:

- Creating a separate Court for the settlement of commercial disputes, and providing it with the necessary human and financial resources for its functioning, and with prospects to decentralize its activities further inland (Government and CCIB).
- Setting up mechanisms to enable universities to collaborate with enterprises in organizing further training courses in industrial environments for students and introducing uniform standards for appraising the certificates issued by private technical training and apprenticeship schools and those of public education (Government).
- Establishing links between SME/SMI development programmes, on the one hand, and micro-finance institutions and many other partners of SME/SMI financing, on the other (ANPE).

- Putting in place programmes to educate the masses on the negative effects of child labour and taking legal action against enterprises that employ minors (Government).
- Increasing tax benefits for enterprises that carry out social projects such as the construction of schools, the financing of sport activities, vocational education, and health services in the communities where they are based (Government).
- Building the capacities of environmental protection services, starting with the Benin Environmental Agency, to enable them to investigate cases of violation of environmental rules, especially through appropriate training of inspectors in the techniques of diagnosis and identification of cases of environmental pollution (Government).
- Intensifying communication with enterprises on cases of best practices in environmental management (Government and CCIB).

**Objective 3: Promoting the adoption of codes of ethics in business in the pursuit of corporate goals**

#### i. Summary of the CSAR

##### 671. Measures for promoting Corporate Ethics

*Audit of Accounts of Public Enterprises by the Chamber of Accounts of the Supreme Court.* It is mentioned in the CSAR that the Chamber of Accounts of the Supreme Court exercises power of control over public establishments, State-owned corporations, semi-public companies, social security agencies and organizations subsidized by a public body or a public establishment. The CSAR indicates that, in all, five decisions have been rendered by the Chamber of Accounts since 1990. Though negligible, this number nevertheless reflects the will of the Court to break with its lethargic past. However, for reasons not understood, these interim decisions were never made final.

672. The CSAR indicates that, at least during the first three decades of its existence, the Chamber of Accounts was a complete failure in auditing public enterprises, as it treated only one file. This was mainly due to inadequate audit staff, lack of accounting, or incomplete accounting by public enterprises, thereby complicating the work of the Chamber of Accounts.

673. *Efficient Management of Public Procurement.* The CSAR recalls that public procurement is, henceforth, governed by Law 2004-18 of 27 August 2004. It also lists the implementing orders of this law. These orders specify the time frames for awarding contracts, the limits of competence in the award of contracts based on the contract amounts, the different stages of the procurement procedures, the levels of competence of each Ministry, the role of

public procurement units, and in particular the key role of the National Public Procurement Department in the award of contracts.

674. **Fight against corruption**

The CSAR indicates that the Government has taken measures to curb the spread and incidence of corruption in State enterprises and structures. These include, but not limited to, the enactment of a law to fight against corruption, the creation of the General State Inspectorate, and the establishment of a training and further training programme for professionals, such as accountants, judicial police officers, magistrates and corporate managers. To enhance the regulatory framework and incentive measures, the Government has introduced special legal arrangements determining criminal and disciplinary punishment for acts of corruption and related activities. The CSAR quotes Benin's key laws, which include the Penal Code and several laws and ordinances that punish acts of misappropriation, corruption, extortion by public officials, as well as demand for payment for services rendered in Government offices and on the highways.

ii. **Findings of the CRM**

675. **Corporate Values, Culture and Governance in the country.** The CSAR identified several cases of bad governance, which, as it points out, have caused huge losses to the State. These include misappropriation of public funds, forgery and the use of forged documents, etc., leading to the setting up of ad hoc committees or lodging of complains at the courts. However, several stakeholders interviewed by the mission argued that very few of these cases ultimately resulted in court sentence.

676. **Role of the press and the media.** Though multiple and very active, the media in Benin was not equipped to objectively carry out investigations into economic malpractices, fraud and other cases of tax evasion, in which many Beninese, from both the public and private sectors, were implicated. The level of training of most journalists is quite low, making it difficult for them to undergo training programmes, which require a minimum level of basic knowledge of economic and financial issues. They are, therefore, exposed to the risk of rumour mongering, and accept to publish articles sent in by people whose sole interest is to defend themselves in case of accusation of fraud or corruption. Despite the intervention of the Media Deontology and Ethics Observatory (ODEM), they fall easy prey to politicians or businessmen who want to defend their interests, and may, therefore, lose their independence and credibility. Training programmes in economic and investigative journalism are necessary, and should be supported by the public authorities and the association of journalists.

677. **Money laundering and smuggling.** Money laundering is effectively carried out in Benin. It is often witnessed in money going straight to finance investments in the real estate sector<sup>65</sup>, without passing through the banks. Even

<sup>65</sup> The cash involved may come from corrupt practices.

though training programmes are organized to equip State employees with the means of tackling this scourge, some of the CRM respondents indicated that decisions are taken neither by the most competent nor the best trained in the service.

678. Although a WAEMU community directive to combat money laundering was adopted in September 2002, it contains a clause that requires all member-States to incorporate it into their national substantive laws, and that the bill should provide, *inter alia*, for the establishment of a National Financial Information Processing Unit (CENTIF), nothing has been done, since the members of this unit are yet to be appointed.
679. The Inter-regional Anti-money Laundering Group (GIABA - *Groupe interrégional de lutte contre le blanchiment d'argent*) has a correspondent point in Benin, which only transmits case-files to the economic brigade, pending such time when the anti-money laundering unit will become fully operational. During discussions with the stakeholders, especially in Porto Novo, the CRM was informed of cases of drug trafficking along the borders with Nigeria. This situation is all the more disturbing since it was not mentioned by the CSAR.
680. **Counterfeiting and Respect of Intellectual and Industrial Property Rights.** With regard to respect for intellectual and industrial property rights, although Benin is a member of the African Intellectual Property Organization, the CRM noted that the Benin Copyright Bureau (BBDRA) is still incapable of dealing with counterfeiting and suffers from lack of resources, and a poor image, since it is considered as an auxiliary of the tax administration, rather than an organization for the defence of creators' rights and innovation. The difficulty in enforcing intellectual property rights hampers the transfer of technology to the local private sector within the framework of direct foreign investments.

### iii. Recommendations of the Panel

On this basis, the Panel wishes to recommend the following:

- Strengthening training programmes for judges in commercial and management law, and encouraging disputing enterprises to use the intermediation services of the Presidential Mediation Body for the amicable settlement of their disputes (Government).
- Launching a campaign to moralize enterprises on their tax obligations, and supporting the anti-corruption campaign launched by the President of the Republic (Government, CCIB, CIPB, professional associations).
- Ensuring the adoption of clauses on abstention from practices of corruption and unfair competition and their insertion in all procurement or partnership contracts (CCIB, CIPB and other professional associations).

- Taking all necessary measures to ensure enforcement of court judgments and decisions relating to misappropriation of public funds and other economic malpractices committed by State employees in the central services, as well as in public and semi-public enterprises (Government).
- Requiring Government service organs and agents to pay penalties for late settlement of suppliers' bills, delays caused by their corrupt practices (Government).
- Encouraging the development of investigative journalism so that the media would be equipped, and publish more credible information on cases of corruption and economic malpractices (Government, media officials, CCIB and professional associations).
- Providing the *Cellule Nationale de Traitement des Informations Financières (CENTIF)* with the necessary human and financial resources for its efficient functioning.

**Objective 4: Ensuring that enterprises treat all their partners in a fair and equitable manner**

#### i. Summary of the CSAR

681. **Legal Framework for Corporate Governance.** *Organization for the Harmonization of Business Law in Africa (OHADA).* The CSAR recalls that Benin is a member of the Organization for the Harmonization of Business Law in Africa (OHADA) and, as such, no act is necessary for the Uniform Acts to come into force. However, these Uniform Acts must be published before they can become demurrable. Article 9 of the Treaty stipulates that this publication must be in the Official Journal of OHADA and the Official Gazette of the Member-States. However, only its publication in the OHADA Journal can render it enforceable after thirty clear days. In this way, the fact that some countries do not have an official gazette would be of no consequence.
682. The Uniform Acts (OHADA) published to date stipulate that only previous national provisions repugnant to the uniform acts shall be repealed. Thus, OHADA shall not terminate these provisions even after the transitional period. However, it is probable that with time, the Common Court of Justice and Arbitration, whose decisions are applicable in the courts of member-States, will mitigate the risk of distortion between countries. The latitude given to national courts to appraise what conforms to or is at variance with the Uniform Acts will likely create the risk of different judgments, thus favouring disputes.
683. *Arbitration.* The OHADA Treaty gives pride of place to arbitration. As evidence of the importance of this method of settlement, arbitration was made an integral part of the Treaty, enshrined in its preamble and in Articles 1 and

21 to 26, and recognized by the act as such. The treaty affirms the autonomy of the arbitration convention and accelerates the settlement of disputes. The powers of the arbitrator are also specified therein. It equally makes provision for the intervention of the judicial authority in the appointment of arbitrators if the need arises, as well as for the supervision of arbitral award.

684. **Shareholders' Rights.** *Accountability of Managers to Shareholders.* In case their rights are violated, shareholders have two avenues of redress: either by arbitration or through subpoena to appear in court. According to the CSAR, not only do shareholders of public and private enterprises have a relatively good knowledge of avenues of redress, they can also access relevant information from enterprises at their request. However, only public enterprises have mechanisms for recognizing the interests of all the actors: employees, creditors, consumers, suppliers and local communities.

**Table 5.4: Shareholders' rights in a company**

Percentage of Share Capital (single or in a group)	Rights
At least 5% (1 billion), 3% (2 billion), 0.5% (> 2 billion)	Inserting a draft resolution in the agenda of a General Meeting
At least 10%	Convening a general meeting
At least 34%	Minority threshold in decisions of the GM
At least 51%	Simple majority
At least 67%	Control of Meeting

Source: The Entrepreneur's Orientation Handbook, 2003

685. There is a desire to provide greater protection to shareholders and associates by ensuring wider information coverage and defining stricter communication and advertising rules than before.
686. **Rights of Other Stakeholders (Local Authorities, Suppliers and Clients).** *Local Authorities.* Act organizing collective procedures for settlement of liabilities. This Act addresses the problem of poor performance of businesses by providing solutions better tailored to the socio-economic context. It puts an end to the disparities observed, prevents difficulties encountered by enterprises in settling their disputes amicably, gives priority to the protection of enterprises with unquestionable viability, and protects employment.
687. There is a tendency to emphasize the preventive component, with the introduction of minimal stock warning procedures implemented by auditors and a minority of shareholders. Similarly, there is a desire to protect creditors who constitute the majority. Sanctions are provided against managers by extending the procedures for the civic and professional forfeiture of directors,

as well as imprisonment for debt and introduction of the offence of organized bankruptcy.

688. **Creditors' Rights. Act organizing simplified recovery procedures and proceedings for enforcement.** The entry into force of this Act reassured creditors and fostered the development of credit. As is the case with other matters, the law was obsolete in most member-States. Its objective was to modernize recovery procedures and proceedings for enforcement, simplify the procedures and tailor them to the business realities in Africa. The Uniform Act institutes two new procedures, namely the delivery order and the restitution order. Their effectiveness is guaranteed by new seizures: seizure by apprehension and seizure under a prior claim. The novelty of the Act with regard to proceedings for enforcement lies in the attachment of real property. Hence, new seizures of goods have been instituted namely, that of associates' rights and securities and garnishment of debts.
689. Most informal sector enterprises lack mechanisms that cater for the interests of employees, creditors, consumers and suppliers.
690. According to the CSAR, there are very few enterprises that:
- have mechanisms to cater for the interests of their users,
  - address the complaints of national or local authorities, and
  - consult their clients on the quality of products or services offered.

## ii. Findings of the CRM

691. **Legal framework for Corporate Governance: Mediation.** The CRM met with the senior management of the Presidential Mediation Body, and believes that this institution could help in finding solutions to the problem of late payment of suppliers by the different bodies of the Beninese administration.
692. **Shareholders' Rights: Accountability of Managers to Shareholders.** The CRM was informed of a case where the rights of minority shareholders were ignored by the private sector. Minority shareholders do not often have the opportunity to express their views on the fundamental problems of the enterprise. The major challenges confronting minority shareholders concern information, costs and delays in court actions, which may take three to four years before judgment is passed.
693. **Rights of other Stakeholders (Authorities, Suppliers and Clients)**

*Suppliers' Rights.* Several enterprises survive on contracts for the supply of goods and services to the Government. The regulations require that contracts worth more than CFAF 10 million should be awarded through open competitive bidding. Stakeholders – notably enterprises – informed the CRM that the award of public contracts is often not transparent, indicating that Government employees sometimes offered contracts and jobs to friends or

parents without competitive bidding. Another challenge relating to transparency in management within the administration is linked to the poor dissemination of information and insider-dealing. The CRM feels that there is urgent need to reform the procurement system in the public sector to ensure that there is equity in the award of public contracts.

694. *Entrepreneurs* contacted by the CRM affirmed that the Beninese administration is characterized by considerable delays in payment for goods and services already supplied by the private sector. Money owed to the private sector by the State stands at about CFAF 55 billion. In addition to delays in judicial procedures, there are problems relating to delays in debt recovery.
695. The CRM is of the opinion that the rapid payment of bills owed by the State is a priority, and must feature among the priority actions of the Government. Ministries and Government services ought to be encouraged to give priority to the payment of bills so as to encourage business promotion in the country. Penalties for late payment of suppliers could be envisaged, just like a toll-free telephone number accessible to suppliers to enable them to denounce Government employees who ask for bribes before paying bills. As a last resort, quick judicial and reconciliation procedures should be established as a means of expediting the payment of suppliers.
696. **Partnerships within the Sectors and Sub-sectors.** As part of socio-professional groupings, some small handicraft enterprises have come together to form a network to share operating costs and seek common solutions to recurrent problems. They also plan to import raw materials or participate in trade fairs or product exhibitions. This movement is encouraged by the State.
697. Similarly, and in the quest to diversify the economy, the Government intends to develop project clusters with ripple effects. These clusters are justified by the low level of industrial processing, which, in Benin, is generally limited to the primary processing of raw materials ("embryonic clusters"), with low value added. Six embryonic clusters have been identified: (i) cotton/textile, (ii) agro-food system, trade and international trade, (iii) public works, civil engineering and construction materials, (iv) tourism, handicraft and culture, (v) transport and logistics linked to international trade, and (vi) telecommunications, and information and communication technologies.

### iii. **Recommendations of the Panel**

698. Based on the foregoing, the Panel wishes to recommend the following:
- Introducing legal provisions that protect the rights of minority shareholders in public and private enterprises, as well as mechanisms to expedite court procedures (Government and CCIB).
  - Encouraging the rapid judicial resolution of disputes related to the repayment of bank loans, in order to further reassure creditors (Government and CCIB).

- Consumer associations should negotiate with Government to strengthen their legal and institutional framework for the defence of their interests.

**Objective 5: Providing for accountability of enterprises, their managers, directors and executives**

### i. Summary of the CSAR

699. **Compliance with Production Standards and Dissemination of Information by Companies.** The CSAR indicates that public and semi-public companies and State-owned corporations are required to transmit to their Boards of Directors, which represent the decision-making body in the Ministry in charge of Economy and Finance, the technical supervisory Ministry, and Finance Controllers, the following documents in keeping with Law 94-009 of 28 July 1994 and Law 88-005 of 26 April 1988 relating to:

- the minutes of Board Meetings;
- the recurrent and investment budgets, as well as their funding plans;
- financial statements and activity report;
- the report of the statutory audit of board accounts.

### 700. Corporate Governance and Strategic Orientation

*Contribution of Boards of Directors.* The functioning of Board of Directors of private companies in Benin is governed by the Uniform Act of OHADA, which defines:

- the functions of the Board of Directors;
- the procedure for appointment and duration of the mandate of Members of the Board of Directors;
- the functioning of the Board, in particular, its convening notices, deliberations, reports, remuneration, responsibilities and sanctions.

### 701. Key points of this Act include:

- Article 416, which provides that companies can be administered by a Board of Directors comprising at minimum of three members and a maximum of twelve.
- Article 420: The managers shall be appointed for two years in accordance with the Articles of Association or by the Constituent General Assembly

during its constitution and in the course of corporate life. Their term of office is fixed by the Articles of Association and may not exceed six years.

- Article 425: A director may not belong concurrently to more than five Boards of Directors of companies with headquarters in the same country, signatory of the Act.
  - Article 464 and 479: A Managing Director or Chairman of the Board of Directors may not serve for more than three consecutive terms as Managing Director or Board Chairman of companies with headquarters in the same country, signatory of the Act.
  - Article 741: Shareholders holding less than 5% of the share capital may institute a case in social negligence against the Executive Directors. This action is time-barred after three years following the injurious act or its revelation. However, where the wrong is qualified as a crime, the action is time-barred after 10 years.
702. The organization and functioning of public and semi-public companies are governed by Law 88-005 of 26 April 1988 in the Republic of Benin. This law defines the role Board of Directors; the appointment and mandates of State agencies and authorities; the functioning of the Board of Directors; the remuneration of Members of the Board and penal sanctions. Articles 35 and 36 of this Law provide that the General Manager and the Assistant general Manager shall be appointed respectively by decree adopted at Cabinet Meeting and by Order of the line Ministry after approval by the Board of Directors of the State authority or corporation. The supervisory authority may waive this prescription to consult the Board of Directors.
703. While a Manager cannot belong concurrently to more than three public or semi-public companies, which have their headquarters in Benin, the criteria for his appointment are not laid down by the law or any special regulatory instrument.
704. **Efficient Functioning of Boards of Directors of Companies.** This situation stems very often from the way instruments are applied when executing budgets of public companies and from compliance with the accounting system.
705. In the first case, the different phases prescribed for income and expenditure operations are not always respected. Consequently, some documents that are required to clearly show these phases do not exist (income item, un-established commitment files and inexistent expenditure items). These were the unfortunate findings made by the Chamber of Accounts during the auditing of some public companies.
706. In the second case, the accounting system, which comprises several accounting methods, is not well applied. Most often, preference is given to the general accounting system to the detriment of other accounting methods (e.g. cost accounting and stores accounting). Consequently, it is impossible to

evaluate some aspects of management due to lack of data from cost accounting and other accounting documents required for assessing management.

707. Furthermore, as regards accountability, the executives and managers of private companies have much better access to relevant information than those of the public sector. On the other hand, in public companies, information on corporate bodies is more readily available and the accounting and auditing standards are more compliant with the laws in force.

## ii. Findings of the CRM

708. **Compliance with Production Standards and Dissemination of Information by Companies.** *Actors and mechanisms that generate macro- and micro-economic data.* As a general rule, there seems to be no information on and within Beninese companies. At the macro-economic level, sectoral market studies and data are lacking, a situation that deprives companies of good knowledge of their environment, and threatens the very survival of some of them. Similarly, BenInfo, the country's social and economic information system, is poorly utilized, hardly updated, and of little use to companies. Public companies are also not exhaustively listed. Indeed, out of the 61 companies or public organizations, only 21 are known in detail by the Ministry of Economy and Finance. Even then, the largest company in Benin does not even feature on this list.
709. Although information processing is one of its main functions, the National Statistics and Economic Analysis Institute (INSAE) does not have updated information on the population and management characteristics of Beninese companies. According to the Benin governance report prepared by the African Development Bank in 2005, difficulties stem from the lack of a statistics development plan and harmonization of data production sources.
710. At the micro-economic level, apart from banks and other financial institutions, which because of the demands of the regional banking commission and their majority shareholders, are equipped with a functioning internal audit service, very few institutions in Benin have internal audit services. According to the people interviewed by the mission, accounting or management software packages are hard to find in Benin's public companies. Several executives of these public companies and organizations are reluctant to use computers, and it was when the younger crop of civil servants came into action that good use could be made of the information technology. Generally, even when this technology is available, the micro- or macro-economic and financial information is produced and disseminated very late, thereby reducing its utility for corporate governance.
711. *Informing the various Partners.* Even though public companies are required to forward a certain amount of information to the Minister in charge of Economy, the control of such companies remains inadequate. Actually, the section of the Chamber of Accounts, which is responsible for public companies and

organizations, has only three Magistrates, though it is supposed to cover all public companies and bodies of the different ministries.

712. **Corporate Governance and Strategic Orientation.** *Accounting, Auditing and Accounting Process.* In Benin, auditing becomes mandatory once a company meets two of the following three conditions:
- a capital of more than CFAF 10 million;
  - a turnover of more than CFAF 250 million; and
  - staff strength of more than 50 persons.
713. Companies should automatically enlist the services of an auditor. For the other cases, enterprises in Benin should use the services of an in-house accountant.
714. According to some stakeholders interviewed by the CRM, the selection of a chartered accountant is still done informally by “word of mouth” instead of through an open and public call for tenders. Competition in the auditing market is, therefore, skewed by personal relations and the auditors’ social network. This situation is further compounded by the fact that the law does not yet provide for rotations of signatures or private audit firms, and might create a relationship of connivance between the managers and accountants, and jeopardize the necessary independence of the latter.
715. While the work of auditors in the private sector company is free, the same does not apply to auditors of the public sector. For State-owned structures, chartered accountants are appointed for a period of 6 years, and the government has pre-determined that remunerations should be based on the number of hours of work and the hourly rates fixed by the texts. According to the President of the Association of Chartered Accountants of Benin, this practice is probably linked to the period when auditing was done by tax or other agents who used it to supplement their salaries. However, it might impact negatively on the profession, as well as on the quality of expert valuations. Indeed, since it does not give the auditors the necessary time and means for their assignment, this might lead to too many certification refusals due to this constraint, or to a botched job, in which the auditor’s input depends on the level of remuneration received rather than his actual responsibility.
716. Finally, the profession also suffers from unfair competition from some accounting middlemen, court experts and even tax agents who are capable of issuing attestations accepted by taxation authorities.
717. *Organisation of the Accounting Profession.* The recent creation (end of July 2006) of an Association of Chartered and Public Accountants aims at better organization of the profession and more credibility to financial and corporate accounting. This is why companies are, henceforth, required to attach an audit engagement to their income tax return issued by a Chartered Accountant.
718. The Beninese Association is the first in West Africa to have attempted to institute standards similar to international standards. With the approval of the

Ministry of Finance, this new Association strives to establish benchmarks and sensitize all concerned on the need to respect such standards with the aim of producing reliable financial statements. After a period of near anarchy, during which just any one could act as Accountant, or even a Chartered Accountant, Benin now has 42 qualified Chartered and 28 Public Accountants<sup>66</sup>.

719. According to the President of the Association of Chartered Accountants, if one compares the needs of the Beninese economy with the staff involved in the profession in neighbouring countries<sup>67</sup>, this number is sufficient at present. There are also some forty trainee accountants at present, and two or three years from now, the staff of the profession would likely double.
720. With the creation of the Association and the adoption of new standards, it is now necessary to retrain some Accountants and Chartered Accountants. Even though there is currently training of Chartered Accountants sponsored by BCEAO, the training of Beninese Accountants is still dependent on the possibility of travelling to France to complete some of the modules. The attempt to institute a French certificate is hampered by the need to travel to France for the oral examination.
721. The National Accounting Training Centre (CENAFOC) - which is a technical department of the Ministry of Finance - trains Accountants and Accounting Clerks, prepares financial and administrative procedures manuals for public companies, and trains employees of these companies in management, accounting and finance. It is also responsible for the SYSCOA Permanent Secretariat and gives its opinion on the budgets of some public companies (by auditing and helping them to comply with OHADA standards). The centre suffers from lack of staff and material resources.
722. Placed under the supervision of the National Accounting Centre (CENAFOC), the two accredited management centres (CGA) monitor business accounting in the informal sector. The first CGA is responsible for traders and has almost 500 members, while the second (which is much more recent) works with companies of the handicraft and agricultural sectors, and has about twenty members-enterprises. Following the admission to these centres, companies are given support in drawing up their financial statements and benefit from a 40% tax reduction. Even though it is aimed at helping small-sized companies and informal sector companies to structure themselves better, several factors have made it impossible to achieve the expected results, namely:
- Lack of confidence on the part of informal sector companies;
  - The tax rebate is valid only for one financial year;
  - Sensitization of the informal sector companies was neither suitable nor adequate;

<sup>66</sup> Whereas about 800 claimed to be Chartered Accountants some time ago.

<sup>67</sup> 12 qualified Chartered Accountants in Togo; 5 in Niger; about 15 in Senegal and less than 10 in mali and Burkina.

- CGA's resources are very limited (about 4 civil servants per CGA and no computer equipment);
  - No office within the country (apart from the focal point too isolated from Parakou).
723. *Power and Responsibility of Auditors.* Beninese Chartered Accountants also provide advisory services in management, and until the advent of OHADA, which assigned bailiffs to the responsibility, they could draft company articles of association. Chartered Accountants are involved in this activity mainly because of the scarcity of business lawyers and lack of taxation advisers in Benin.
724. Due to the shortage of control bodies, it is not uncommon for some companies to have several accounts and balance sheets. Indeed, the courts are supposed to provide the balance sheets of certified companies, but the lack of storage space is such that these documents are not properly archived, and are, therefore, not available.
725. *Managers: Establishment, Training, Motivations, Careers, Means of action and Control.* Managers of public enterprises and semi-public companies do not have a limited term office and their salaries are fixed by the Board of Directors of the firm. According to several stakeholders contacted, the managers of these firms are often selected on the basis of some nepotism considerations (political, regional and tribal).
726. *Executive Directors and Board of Directors: Powers and Responsibilities.* Appointed by decree, the Executive Directors of public enterprises do not have fixed terms of office determined in advance and, according to many stakeholders, are likely not to be strict and competent in company management. It would appear that what motivates these Executive Directors is mainly the Board session allowance, hence, the multiplicity of extraordinary Board Meetings of public enterprises.
727. *Penalizing Management Actions:* Cases of economic malpractices, like misappropriation of public funds by Managers of public and private enterprises, were cited in the CSAR and by several stakeholders. The CSAR indicates that OHADA has issued directives, for example Article 743, which should be applied by member-countries in cases of negligence by Board Members, but that Benin has not yet promulgated the laws to apply such directives. Table 58 (page 154) of the thematic report clearly illustrates the magnitude of misappropriation of public funds, forgery and use of false documents by managers of companies, most of which are State-owned, such as OCBN, CNSS, Cotonou Port Authority, and *Continental Banque Bénin*. The indictment files of these misappropriation cases have been forwarded to the Court of First Instance or the Legal Department, but very little has been done by way of following up these cases or taking criminal sanctions against these dishonest managers. However, the CRM learnt that the new leadership has started taking criminal action against some managers of State-owned companies accused of embezzling State funds.

**iii. Recommendations**

728. In the light of the foregoing, the Panel would like to make the following recommendations:

- Defining the criteria for appointing Board Members and Managers of public enterprises, making sure that recruitment and promotion are done through a call for nomination or competitive examination, as the case may be (Government).
- Adopting regulations to ensure effective functioning of the financial analysis centre for State-owned enterprises (Government).
- Aligning the legal frameworks governing the functioning of State-owned enterprises and semi-public companies, as well as the legal texts governing the social, cultural and scientific Boards with the OHADA texts (Government).
- Promulgating the two implementing laws of Article 743 of OHADA directives on cases in negligence against Managers of public enterprises (Government).
- Generalizing the experience of the authorized management centres and expanding the scope of their intervention to enable them to provide effective support to micro and small enterprises in all areas of management (Government).
- Improving the working conditions of Examiners, Auditors and Chartered Accountants in order to guarantee the independence and objectivity of judgments, and the efficient conduct of their missions (Government, Association of Chartered Accountants).

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## CHAPTER SIX

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### 6. SOCIO-ECONOMIC DEVELOPMENT

#### 6.1 Introduction: Focus and challenges for economic governance and management

729. On the basis of the path they have already traced through a consensual vision shared with the entire country, the new authorities have adopted as their mission to transform Benin into an emerging nation by 2025. This ambition is reflected in their determination to create conditions that are conducive to accelerated economic growth so as to ensure significant poverty reduction in the country. To that end, the main challenges of the SED are basically:
730. The control of all aspects of development through ownership of the entire SED process, comprising the orientation, preparation, implementation, follow-up and evaluation of projects and programmes, which can be understood at the following.
- At the level of the State, the latter should normally have all the technical, institutional and financial capacities to successfully accomplish this duty. A country like Benin is evaluated by its capacity to manage the basic aspects of its development problems.
  - At the level of development partners, there is also a major component, which depends mainly on them as regards problems of coordination. As long as the country will continue to need development assistance and given the multiplicity and diversity of the interventions in this field, another major challenge of the SED will concern the mastery of this intervention and its efficient coordination in order to direct aid to the priority needs of the country.
731. Another important SED challenge concerns the participation of all the stakeholders. Generally, this is deemed inadequate, particularly by the local actors concerned, who do not still feel associated with the formulation and implementation of projects concerning them.
732. Finalization of the decentralization process to ensure efficient participation of local actors is another major challenge facing the SED in the coming years. Today, issues relating to skills transfers, council financing mechanisms, capacity building for local authorities in budget management, availability of adequate human resources in terms of both quality and quantity, and the adoption of specific texts governing personnel of local councils are major concerns, which the Government has to address as a matter of urgency.

733. The improvement of access of the populations to basic services and protection of the environment is another challenge of SED in Benin. This is possible mainly through access to drinking water and hygienic conditions in rural, semi-urban and urban areas, the performance of the national health system, access to quality basic education and environmental protection measures. In this area, the most pressing challenges are:
- the reduction of the high maternal and neonatal mortality rates, are also challenges in the country's ambition to achieve the MDGs. Even though the problem of accessibility to health care is less acute at the geographical level than in terms of economic affordability, poverty is widespread.
  - the improvement of access to quality basic education in order to increase the primary school enrolment rate to 96% by 2008, and improvement of the quality of basic education are major challenges of the SED in Benin.
734. Employment is a major concern and, unfortunately, its profile is still not well known so that effective measures aimed at finding lasting solutions could be taken, especially for the benefit of the youth and women, who are the main victims of unemployment. This phenomenon constitutes another challenge of the SED in Benin.
735. The situation of women deserves particular attention, despite recent attempts to increase their participation in the political life since the National Conference of 1990. Restoring balances remains a major challenge for the SED in Benin.
736. Environmental protection is threatened by the fact that firewood still remains the most common source of energy both in rural and urban areas. The use of new sources is hampered by cultural reluctance and economic constraints.
737. The reduction of regional imbalances is also one of the major challenges in SED in Benin. The acceleration of growth and poverty reduction entail consideration of regional disparities so as to ensure greater territorial equity in the distribution of social and economic investments, as well as the environment so as to guarantee the sustainability of natural resources.

## **6.2 Ratification and implementation of standards and codes**

### **i. Summary of the CSAR**

738. With no proof or at least mention of dates, the CSAR affirms that Benin has subscribed to the following international conventions:
- The Universal Declaration of Human Rights (December 1948);
  - The African Charter on Human and Peoples' Rights (January 1986);
  - The United Nations Convention on the Rights of the Child (UNCRC, August 1990);

- The United Nations Convention on the Elimination of all Forms of Torture against Women (March 1992);
  - The African Charter on the Rights and Welfare of the Child (June 1996);
  - The Millennium Declaration adopted on 8 September 2000;
  - The New Partnership for Africa's Development: NEPAD (May 2002);
  - The Convention on the Rights of the Child adopted by the General Assembly of the United Nations on 20 November 1989;
  - Convention No. 138 on minimum employment age, which entered into force on 19 June 1976 (it fixes the minimum employment age at fourteen years);
  - Convention No. 182 on the banning of the worst forms of child labour and immediate action for their elimination;
  - Optional Protocol to the Convention on the Rights of the Child, on the involvement of children in armed conflicts, signed on 22 February 2001. Law 2002/27 of 31 December 2002 authorized its ratification;
  - The African Charter on the Rights and Welfare of the Child ratified on 20 January 1986;
  - The African Charter on the Rights and Welfare of the Child (adopted at the Twenty-sixth Conference of Heads of State and Government of the OAU in Addis Ababa, Ethiopia, July 1990);
  - Optional Protocol to the Convention on the Rights of the Child on Child Trafficking, Child Prostitution, and Child Pornography (signed on 22 February 2001; Law 2002/27 of 31 December 2002 authorized its ratification).
739. In addition, according to the CSAR, the country has adhered to all African decisions and recommendations governing health, notably:
- The Dakar Declaration on the AIDS Epidemic in Africa (1992);
  - The Tunis Declaration on "AIDS and the African Child" (1994);
  - The Algiers Appeal for the Intensification of AIDS control in Africa, adopted by the 2nd Session of the Labour and Social Affairs Commission of the OAU (April 2000);
  - The Abuja Declaration on the "Rollback Malaria" Initiative in Africa (April 2000);
  - The Ouagadougou Commitment for Actions for the Implementation of Decisions and Recommendations of Heads of State and Government of the

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Organization of African Unity (OAU) with a view to strengthening HIV/AIDS control in Africa (May 2000).

**ii. Findings of the CRM**

740. The CRM noted with satisfaction that Benin has ratified all conventions and adhered to the codes and standards recommended by the CSAR. These include notably:

- The Right to development enshrined in the African Charter on Human and People's Rights, including the Protocol on Women's Rights in Africa, charter adopted by the Eighteenth Conference of Heads of State and Government of the OAU on 18 June 1981 in Nairobi, and ratified by Benin on 20 January 1986. The CRM was delighted to note that since 1990, at the end of the National Conference that brought together the Bone and Sinew of the Nation, the African Charter on Human and People's Rights was appended to the Beninese Constitution adopted at the Referendum of 2 December 1990, as an integral part of the latter and of Beninese law, and taking precedence over the national Law.
- The Protocol to the African Charter on Human and Peoples' Rights (Protocol on Women's Rights) was ratified on 30 September 2005.
- Benin subscribed to the Millennium Development Goals (MDGs 2000).
- Benin adopted in 1986 the United Nations Declaration on the Right to Development.
- Benin ratified the African Charter on the Rights and Welfare of the Child (1990).
- The Constitution of the African Union, adopted on 11 July 2000 in Lome, which came into force in 26 May 2001 and ratified on 11 July 2001.
- The International Convention on the Elimination of all Forms of Discrimination against Women (Beijing Action Forum): Benin ratified the Convention, and its optional Protocol was ratified in December 2004. There was no reservation about this Convention.

741. However, all these Conventions were not published in the Official Gazette of the Republic of Benin, which could constitute an impediment for their application. In addition, the codes and standards were not disseminated among the populations who are supposed to be the beneficiaries. Only a few have been incorporated into national laws.

**iii. Recommendations of the Panel**

742. The APRM Panel would like to make the following recommendations:

- Publishing all instruments ratified by Benin in the Official Gazette of the Republic and keeping a register of these publications (Government);
- Harmonizing Benin's Laws with the ratified instruments, which, in principle, take precedence over national laws (Government and Parliament);
- Putting in place other mechanisms for ownership of codes and norms ratified at the national level such as translation into national languages, organization of outreach seminars and conferences, and publication of a regular report on implementation of major standards and conventions (Government and Civil Society).

### 6.3 Assessment of APR objectives

**Objective 1: Promoting self-reliant development and capacity building to guarantee self-reliant development**

#### i. Summary of the CSAR

743. The CSAR tackles the problem of promoting self-reliant development and capacity building by reviewing and analyzing a number of development programmes and projects implemented over the years, and proceeds by questioning the country's real capacity to finance these programmes in terms of self-reliance.
744. The major programmes of this review include, notably:
- The Population Policy Declaration (DEPOLIPO) adopted in May 1996 and reviewed in March 2006: the main goal of this national policy is to improve the living conditions and quality of life of the populations.
  - The Long-Term Perspective Study for Benin by 2025 (Alafia): the vision of Benin places emphasis on social welfare and presents Benin in 2025 as a leading country, a country properly governed, united and peaceful, with a prosperous and competitive economy, a cultural influence and characterized by social welfare.
  - The Poverty Reduction and Growth Strategy Paper or GPR (2007-2009 S), drawn up by the new Government;
  - The programming tools: Medium-Term Expenditure Framework (MTEF), Programme Budget and Town Development Plan.
745. The global analysis of the content of these documents shows some logical complementarity.

746. Besides these strategy papers, the country has prepared sector papers focusing on the MDGs by 2015 for each of the major sectors such as drinking water, education, health, agriculture, transport and communication, etc.

## ii. Findings of the CRM

747. The challenge of promoting self-reliance in SED in a country like Benin can be understood to mean ownership and capacity of stakeholders to play their role. This can be achieved through a number of benchmarks, for which guidelines should be defined in order to ensure that these different functions are properly addressed and adequately assumed.

748. The review mission observed that several programmes and initiatives are underway or are being developed in the country. The different interviews could not reveal whether all the stakeholders, notably in Prefectures, were really aware of fully participating in these initiatives. In the area of programmes, the poor results registered in the implementation of activities are no doubt justified by poor ownership, especially the grassroots. The personal commitment of decentralized authorities should no longer be limited to local elected representatives, but should be extended beyond the latter in order to attain greater impact on the different segments of the population.

749. While it is evident to some extent that Beninese actors have good capacities in development design and programming, the same cannot be said of the practical implementation of programmes. As a matter of fact, citizens often mention the existence of a wide gap between the quality of policy, strategy and programme papers and their practical implementation on the field, notably in relation to the peoples' interests and active participation.

750. The CRM observed that there is insufficient collaboration with civil society organizations and the private sector in formulating and implementing decisions and programmes in the area of Socio-Economic Development.

### **Box 6.1: The promotion of self-reliance depends on substantial reduction of external aid**

The level of dependency of the country on external aid may be appreciated through the proportion of external sources of funding compared to the total volume of funds allocated for programmes and projects. It is true that, generally, we observe a strong presence of the influence of the technical and financial partners (TFPs) in development programmes and policies. Official Development Assistance (ODA) is present to a large extent (in considerable proportions), representing more than 60% of funding of development programmes. Benin, which has, for a long time, benefited from the HIPC Initiative, is one of the LDCs of the C4 in the framework of the cotton initiative at the WTO, in addition to all the commitments made at the sub-regional level (UEMOA, ECOWAS). All these considerations can, of course, burden with debt the level of autonomy in effective conduct of the SED.

Although in a system marked by globalization and inter-dependency, it is difficult for a poor country to be completely self-sufficient in the area of SED, African Heads of State estimate, in

the framework of the APRM, that the countries should have at least the control, leadership and ownership of their SED. And this is not incompatible with acceptance of aid from development partners, notably through financial, technical or technological support. To get the best out of this cooperation, the capacity to effectively coordinate development actions is a good indicator of the mastery of the process. In Benin, the existence of a Ministry in charge of the coordination and evaluation of Government action is a guarantee of success in the area of coordination.

751. This situation (autonomy in SED) is, nevertheless, comparable to that of other countries of the sub-region in a similar economic situation. In fact, the autonomy of a country to pilot and manage its socio-economic development is not measured only in terms of the political and financial control of the development process. It is also measured in terms of other parameters, namely: the institutional and technological capacity in the formulation, implementation and monitoring and evaluation of SED programmes, ownership of the entire process not only through the State machinery, but also through the major groups of the nation, and finally, a strong consensus around a vision and planning for a sustainable future. To that end, Benin is mobilizing the necessary political and human resources to implement, in the coming years, the vision, which it freely adopted since the coming into power of the new authorities.
752. At the national level, on the basis of the strategic document “Emerging Benin”, the realization of the vision of the new authorities is expressed in 8 (eight) strategic guidelines outlined in 37 (thirty-seven) options and 191 (one hundred and ninety-one) strategic goals. This is a pretty complex undertaking. They should be translated into medium-term strategic plans and development programmes. To materialize this vision and build an emerging economy in Benin, it is important to immediately embark on good strategies that will help attain the objectives by taking advantage of the numerous strengths of Benin: political will; compliance with democratic rules, respect for human rights and socio-political stability that will enable it to implement this model; the huge underexploited agricultural (4.8 million hectares of arable land with barely 1 million hectares cultivated), mining and tourism potentials; its geographical position (125 km of coastal front equipped with a deep seaport, a common border of about 700 km with Nigeria, which represents a market of some 140 million potential consumers, and borders with landlocked countries - Niger, Burkina Faso); a youthful and dynamic population, as well as skilled local work force; and finally membership of regional economic and monetary bodies.
753. To achieve these objectives and move towards self-reliance in the SED, Government has planned a scenario for emergence and has decided to provide the means to foster its realization. To this end, the prerequisite is to succeed in increasing the growth rate to a sustainable level of 8 - 9% per year, even to a double digit by 2011, hence much higher than the rates attained to date. This can only be done if the economic structure undergoes profound transformation, leading to the emergence of new growth poles in diversified sectors.

754. A dynamic economy is a means of reaching the ultimate goal: the welfare of the people of Benin. That is why Government's second objective is to reduce poverty by 2011 and improve the quality of life in society. More specifically, this will entail reducing the incidence of poverty from 27% in 2005 to 19% in 2011, and subsequently to 15% in 2015.
755. One of the most important goals will be to ensure balanced and sustainable development of the national space through grassroots development. The conference that brought together the bone and sinew of the nation in February 1990 focused on the spatial dimension of sustainable development. Since then, there has been some awareness at the national level on the need to promote territorial development to ensure regional development and rational environmental management. Hence, it entails ensuring, in the long-term, a healthy living environment for all, maintaining a balance between the populations, ecosystems and development in a participatory and integrated approach. This aspiration, which consists in the rational and sustainable use of national space and strengthening of environmental awareness is one of the targets of the MDGs. Equity and efficiency are bases to close intra and interregional gaps and compensate for delays in possessing equipment, while taking into account the requirements of competitiveness stemming from regionalization and globalization.
756. The review mission took note of the desire of the current ruling class in the country to make Benin an emerging country. This also shows the will to pursue the governance initiative of the SED and as a result, control all the indispensable avenues notably concerning investment and building the capacities of the actors to address these new demands. There may be two concerns for achieving this objective, namely the quality of human resources being trained and the undiversified nature of the Beninese economy.
757. In terms of technical capacity building, the Mission observed that the country has several structures in the area. They most visible include universities, specialized centres and institutes, on-the-job training and actions of Technical and Financial Partners (TFPs). While there are many actors within the capacity building component, it has also been observed that the required synergy to ensure real efficiency is not always there. In other words, there is urgent need to coordinate actors in capacity building so as to better channel their efforts within SED priorities.
758. With regard to institutional capacity building, several programmes targeting the Public Administration with a view to modernizing it, Parliament, the Supreme Court and the Private Sector will be developed in the coming years. Concerning Parliament, in particular, it was revealed during the discussions with this Institution that their inadequate capacities largely account for their limited action in initiating laws.

### iii. Recommendations of the Panel

759. The APRM Panel would like to call on development officials and stakeholders to consider the following measures:
1. Pursuing efforts already made to ensure that ownership of the SED process actually incorporates all the other components of the nation in addition to the State actors (Government and Local Authorities).
  2. Promoting real ownership of the entire SED process at all levels, while ensuring coherence between development actions initiated at the local level and those suggested by the TFPs, as well as monitoring and evaluation of all these actions (Government, TFPs).
  3. Strengthening the coordination of dispersed actions within the SED in order to attain real synergy that could lead to effective conduct of the process (Government).
  4. Reducing dependency on external aid, notably by investing more in social developing and strengthening the production capacity.

**Objective 2: Accelerating socio-economic development to achieve sustainable development and eradicate poverty**

### i. Summary of the CSAR

760. The CSAR treated this issue from the angle of the presentation and observations on the multiple programmes and projects initiated by the public authorities during these past years.
761. The economic situation of Benin on the whole, has witnessed a mixed development over the last five (05) years. The actual economic growth rate was on the average lower than that of the previous period, but remained higher than that of the population, within a context where the average rate of inflation measured using the consumption price index rose to 3.8%. The per capita income (USD 380) is still clearly lower than the sub-Saharan average, which stands at USD 500. At the current population growth rate, coupled with the urbanization rate (27% in 1980 compared to 42% in 1999), forecasts indicate that the population will reach 8.9 million inhabitants by 2015, more than 50% of whom will be living in urban areas, thus increasing the pressure on already overstretched social structures, and aggravating employment and environmental problems.
762. In the energy sector, just as in the water sector, considerable efforts are being made to take into account the social aspect of rural electrification. Strategies implemented in the area of social protection have brought about considerable

progress in the area of child protection and the fight against child trafficking. The reorganization of the base of the health pyramid in health areas through the creation of zone hospitals, which are first-reference hospitals under which are peripheral health centres, has brought health care closer to the population.

763. In all, the performance of more than a decade of adjustment in Benin has revealed that, notwithstanding the restoration of major macro-economic balances and progress made at the social level, the phenomenon of poverty still persists and is assuming disturbing proportions, notably in rural areas. The evaluation of PRSP 1 revealed that "economic growth has been on the decline since 2002. The average rate stood at 4.8% before the PRSP and at 3.5% during the period 2003-2005". Also, according to statistics of the evaluation survey which represents popular opinion, the application of the Poverty Reduction Strategy did not contribute significantly to reducing income poverty.

## ii. Findings of the CRM

764. Benin's efforts in the promotion of sustainable development through accelerated growth and initiatives to eradicate poverty are obvious after a review by the CSAR and information provided by officials of ministries, central services and non-governmental stakeholders. They are underpinned by a prospective vision by the year 2025, a strategic development guideline (2006-2011) and a Poverty Reduction Growth Strategy, supported by a short-term priority action programme for 2007-2009. Government should be congratulated and encouraged to persevere on this proactive path in the area of development.
765. As regards accelerated growth, efforts made by the authorities are directed towards this objective, since the magnitude of poverty is recognized, and solutions through the acceleration of growth to address poverty have been seriously envisaged. The most significant measures in this area concern essentially the prospect of the "Scenario of emerging Benin", with four specific objectives which will enable the country to attain an average economic growth of 7% each year throughout the period 2007-2009.
766. These objectives are translated by the following four priority intervention areas: stabilization of the macro-economic framework; revitalization of the Private Sector; diversification of the economy; and promotion of regional integration. Though laudable, these objectives do not shed sufficient light on the nature of the growth envisaged and the specific mechanisms for its distribution. In the case of a country like Benin, special attention must be given to the "pro-poor" orientation of this growth.
767. As regards poverty reduction, while the CSAR gives some indications, meetings with stakeholders in the prefectures visited revealed that poverty is a basic concern, and that prefectures still lack complete information to understand the phenomenon and contribute to the search for viable solutions to eradicate it, or at least to mitigate it through local initiatives.

768. The CSAR indicates that after all, poverty remains endemic and sometimes on the increase for the vulnerable segments and some geographical areas. At this level, its manifestation is often felt through difficult economic access to basic social services like education, health and drinking water, among others.

#### Box 6.2: Poverty in Benin

Globally, nearly 28.5% of the population of Benin was poor in 2002 (compared to 29.6% in 1999/2000), with income poverty being more pronounced in rural areas (31.6%) than in rural areas (23.6%). Inequalities between the poor aggravated from 1999 to 2002 due to the increase in abject poverty in urban areas. Given the weaknesses observed in the collection of these data, World Bank study specified indicators “of consumption, income and assets”, basic on the basic welfare indicators (QIBB). The results obtained in 2003 in the framework of these surveys show that the level of poverty is much more acute than expected. On the basis of the income poverty line derived from QIBB in 2003, 39% are poor while 22% of the population can be considered as extremely poor. The human poverty index has, nevertheless, slightly improved (from 51.4% in 1999 to 48.9% en 2002). It reflects efforts made by the authorities in terms of development of socio-community infrastructures. Human poverty affected 43.1% of the population in 2002. In rural areas, it affected 3.3 times more persons than in urban areas. The rural area accounts for nearly 84% to the national poverty incidence. Poverty affects young people a lot more and the poverty index is more pronounced among women, who represent nearly 51.5% of the population.

In relation to the Millennium Development Goals (MDGs), the expansion pattern of poverty incidence is higher than that of the MDGs, which means that the expected poverty reduction has not been attained yet. The gap between the MDG trend and development in Benin is still very wide, when one considers the depth and severity of poverty. If this trend is maintained, it is very likely the objective of reducing poverty by half by 2015 will not be attained. Concerning non-income poverty, there was a downward trend of the human poverty index during the period under review (IPH1 declined from 51.4% in 1999 to 49.9% in 2001 and to 48.9% in 2002). However, in relation to the MDG targets, it was observed that the IPH1 of 2002 fell short of the 3.79 points of the expected 45.1% expected, that is below MDG projections.

**Table 6.1: Progress made in relation to the MDGs in Benin**

Objective	Objectives and Actions initiated to achieve them
1. Reducing poverty by 15% in 2005 and doubling per capita income by 2015.	From the view point of the overall objectives of poverty reduction, though available statistics do not portray the actual level of income poverty in 2003, the evolution of the situation between 1999/2000 and 2002 does not indicate significant progress. Globally, the incidence of income poverty remained virtually stagnant (from 29.3% in 1999/2000 to 28.5% in 2002) in addition to the worsening inequality among the poor at national level due to the marked increased in the severity index especially in urban areas.
2. Ensuring universal primary schooling by 2015	The gross school enrolment ratio climbed from 56.8% during 1990/1991 to 80% in 2004, taking into account the targeting of social expenditure; the objective of a 96% school enrolment ratio shall be attained by 2008.

3. Eliminating gender disparities in primary and secondary education	The proportion of girls who complete primary school in rural areas stands at 14%, as against 39% for boys. This inequity in the offer of education militates against the attainment of the MDG in the education sector. Gender discrepancies are widespread, since throughout Benin, the <b>Gross Literacy Rate (GLR)</b> stood at 94.33% for boys in 2001/02. The government action programme is aimed at stepping up the enrolment ratio for girls from 78.1% to 80% in primary school and from 10 to 20% in secondary school between 2001 and 2006
4. Reducing by two-thirds the infant and child mortality rates by 2015	The infant mortality rate declined from 103.5 in 1,000 live births in 1996 to 94.8 in 1000 live births in 2001 and 91% live births in 2002 ( <b>GPHC3</b> ). As regards infant-child mortality, it progressed from 183.9 in 1,000 in 1996 to 162.7 in 1,000 in 2001 and 146.4 in 1,000 in 2002 ( <b>GPHC3</b> ). Like most countries of the sub-region, Benin has made efforts to reduce mortality among children, but gains made in terms of survival have been destroyed due largely to HIV/AIDS infection.
5. Reducing by three-quarters the maternal mortality rate by 2015	According statistics of the General Population and Housing Census of 1992 and 2002, maternal mortality was estimated at 474.4 in 100,000 live births in 2002, compared to 498 in 100, 000 live births in 1992. There is discrepancy between rural and urban areas with a higher rate in rural areas (505.4 in 100,000 live births in 2002), but some stability has been observed in maternal mortality in both areas over the last ten years. To reduce maternal mortality, the State of Benin has embarked on strengthening the nutritional surveillance of mothers, developing emergency obstetrical neonatal care (EONC), basic obstetrical neonatal care (BONC) and information, education and communication (IEC) operations
6. Controlling and reversing the trend of the spread of HIV/AIDS, malaria and other diseases by 2015	HIV/AIDS prevalence among pregnant women who consulted health personnel during prenatal visits has dwindled since 2001. From a prevalence rate of 0.3% in 1990, it increased progressively to a national level of 3.7% in 1997 and 4.1% in 2001 before dropping to 1.9% in 2002. It is estimated that more than 200,000 persons currently live with HIV/AIDS. The 2002 prevalence was obtained after conducting a national survey with prenatal and STI consultants, based on a more inclusive sample as compared to that of 2001. Malaria is one of the major diseases in Benin. In 2002, it accounted for 37% of health care needs in health facilities. Lethality due to malaria dropped from 316 ‰ in 1995 to 70 ‰ in 2002.
7. Increasing the proportion of persons using drinking water	Regarding drinking water, 2002 statistics reveal that 61% of the populations had access to drinking water. Nearly 22% of this water is supplied by the defunct " <i>Société Béninoise d'Electricité et d'eau</i> "- SBEE (Benin Electricity and Water Corporation), while 15.5% is supplied through village pumps, 8.3% through protected wells and 5.7% through standpipes. On the other hand, 39% of the population remains vulnerable by resorting to non-drinking water supply sources [unprotected wells (22.6%), rivers and backwaters (13.2%), water tanks and other sources (3.1%)]. The population's access rate to drinking water remained stagnant over the past years (61.1%). This situation shows a deficit of 9 points in relation to the target of 2003 (70.3%). At this pace, it is less probable that the target of 78% will be reached by 2015. This situation finds

	explanation, among other things, in the non-existence, until 2003, of a water resources management strategy. Moreover, reforms undertaken by the defunct water harnessing corporation (SBEE) and which led to the separation of the "water" sector from the "electricity" sector will only start yielding results as from 2005.
8. Creating a global partnership for development.	The partnership is instituted in various areas, notably in poverty reduction.

769. ***The problem of sustainable development was not thoroughly examined by the CSAR.*** The problem of environmental protection and employment, particularly youth employment, have not been sufficiently analyzed, whereas they are important and have been mentioned frequently by the different stakeholders encountered both at central and departmental levels. Besides, they are essential components for sustainable development (SD).
770. Inasmuch as firewood is virtually the only source of domestic energy especially in rural areas, the consequences of its exploitation on deforestation and the degradation of ecosystems as manifested through the gradual advance of the savannah, are very perceptible and preoccupy the populations interviewed. The phenomenon of extreme poverty and social and cultural constraints hinder the people's access to alternative domestic sources of energy such as gas, renewable energies, solar energy, for example.
771. This has led to the continuous degradation of forest and wildlife resources. Therefore in order to counter the blow that such a loss of ecological diversity and environmental degradation could have on life, Benin has subscribed to several international conventions and agreements in this field, and joined its partners in the preservation of its ecosystems, by declaring a forestry policy in 1994, and implementing important programmes and projects.
772. Besides this natural resources sector, major environmental problems affect the quality of the living environment and health. These problems include: the proliferation of slums in the major towns, especially in Cotonou; the multiplication of open dumps and lack of hygiene; depletion and pollution of surface water resources; air pollution in urban areas exacerbated notably by industries and the use of imported second-hand vehicles withdrawn from circulation in Europe; trafficking in hazardous products (fuel, drugs, farm and veterinary inputs); inadequate support-counselling and environmental education; and lack of animation tools for environmental protection, at the level of professional associations and agents in contact with the populations.
773. Government is preoccupied with the scope of these problems that intensify environmental degradation with negative consequences on the welfare of the populations and on lasting development. The National Environmental Management Programme (*Programme National de Gestion de l'Environnement - PNGE*), initiated in 2002 for a 6 (six)-year period, is seen as a set of coherent activities with an optional link between environment and poverty reduction, in the effective implementation of the guidelines of the Rio

Summit on Lasting Development. The overall objective of the PNGE as formulated, is to "contribute to lasting economic and social development of the populations of Benin through poverty reduction, promoting internalized participatory planning and local governance".

774. A number of provisions have been envisaged to promote the implementation of a real environmental conservation policy. These include: the greenness of the SCRP, which consists in promoting concrete political measures aimed at incorporating the environment in related plans, programmes and projects, within the purview of ensuring its sustainability. As part of other measures under way or envisaged in the area of environmental protection, mention can equally be made of: building environmental management capacities at the grassroots; strengthening the system of incorporating the environment in sector policies and in the tax system; fostering the integrated management of natural resources, notably water and forest resources; promoting basic sanitation.
775. *As concerns the promotion of sustainable employment*, limited information has been provided by the CSAR, though stakeholders consider the problem of employment as crucial throughout the country. The employment profile has not been clearly designed yet. Responses envisaged in the coming years include: promoting employment and income-generating activities, developing micro-finance, protecting vulnerable areas, fostering community development and promoting regional development centres, as well as social protection and women empowerment.
776. In light of the foregoing, the major challenges in accelerating SED to achieve sustainable development and eradicate poverty include:
- the capacity to promote and maintain for a long period, a policy of accelerated growth with the aim of stabilizing the growth rate at 7% and even striving towards attaining a two-digit growth figure in order to contain the effects of increased population growth, which stands at 3.25% on the average (as per GPHC 2002), coupled with the promotion of a real lasting development policy and incorporating all concepts linked to this problem;
  - diversifying the sources of economic growth, which today hinges essentially on cotton and trade with a view to significantly reducing the poverty level through an inclusive and participatory approach, in a bid to ensure the equitable distribution of growth spin-offs. The niches that are most likely to contribute to this diversification are notably the services sector, biodiversity, modern agriculture with the promotion of high value added products like palm oil and rice in the Ouémé valley. In this regard, with the ongoing experiences, notably by the NGO Songhai, which will be described in Objective 4, there is hope;
  - At the external level, the capacity to develop and maintain a dynamic partnership with all the Technical and Financial Partners (TFPs) and ensure the follow-up and efficient coordination of these actors.

### iii. Recommendations

777. Based on analyses and emerging challenges, the Panel would like to recommend the following measures:
1. Recovering economic growth on a structured and expanded basis in order to reduce poverty through massive investment and job creation. In this regard, special measures should be taken to ensure that this growth is "pro-poor" by insisting particularly on job creation in the appropriate areas, and through sectors likely to constitute links for the diversification of growth sources, the aim being to eventually support or substitute the predominance of the cotton sector; these sources for the diversification of growth include renovated and diversified agriculture, industries to process local raw materials, tourism and services. Similarly, there is a need to envisage the establishment of efficient redistribution mechanisms (Government and Private Sector).
  2. In addition to environmental protection, increasingly including the other components of sustainable development, particularly the promotion of human capital through capacity building and ownership of the SED process by the populations through effective participation in the formulation and implementation of development policies and programmes (Government).
  3. Preserving the fragile and limited natural resources (water, soil, forests, biodiversity) to achieve sustainable development through the preservation of the ecosystems, and improving the public health of the citizen through better management of wastes, sanitation and atmospheric pollution, especially in towns (Government, Civil Society and the Private Sector).

**Objective 3: Strengthening policies, distribution mechanisms and results in key areas: education, health and control of HIV/AIDS**

### i. Summary of the CSAR

778. The CSAR begins by presenting the political, legal and institutional measures taken by Benin to ensure sustainable socio-economic development in the social sectors. It indicates that reforms, which Government decided to gradually implement and which feature in the Strategy Paper, are underpinned by principles specific to each sector. Compliance with policies and mechanisms no doubt had an impact on the social indicators. The real impact of policies and strategies is reflected in the substantial increase or improvement of the conditions of access to and use of services, but there are some problems related to improvement.

779. *In the area of education*, several strategies have been adopted to promote education in general and that of girls in particular, which guarantees harmonious development.
780. The completion rate witnessed a significant improvement, reaching 49.1% in 2003, compared to 46.2% in 2002. Since 2000, this indicator has made regular progress. But the enrolment rate for boys increased rapidly (61.1% in 2003 as against 52.3%) than for girls (36.1% compared to 29.3%).
781. The gross enrolment ratio was estimated at 94.1% in 2003, thus witnessing a slight increase compared to the level in 2002 (90.4 %). This indicator witnessed an increase of nearly 11.3 points between 2000 and 2003, moving from 82.8% in 2000 to 94.1% in 2003. This indicator improves slowly for boys, for it is already high (103.9% in 2002 as against 107.1% in 2003), while witnessing an appreciable increase of 4.3 points for girls (76.2% in 2002 compared to 80.5% in 2003).
782. *Secondary education*, which lasts for 7 years, is made up of two cycles: the 1st cycle runs from Form 1 to Form 4 (4 years), while the 2<sup>nd</sup> cycle runs from Form 5 to Upper Sixth (3 years). General secondary education mobilizes 283,560 students. The private sector has 41,620 students, that is, 14% of the total enrolment in the sector. The sex-ratio is 0.47, that is, 91,284 girls for 192,276 boys. The gross enrolment ratio in general secondary education stands at 28%. This indicator is 38.8% for the 1st cycle and 11.2% for the second cycle.
783. *Higher education*: the enrolment in 2002 was 61,766 students. The public sector has 32,348 students as against 29,418 for the private sector. The University of Abomey-Calavi has a population of 30,107 students, that is, 93% of students in the public sector. The number of students for 100,000 inhabitants stood at 478 in 2002 as against 419 in 2001, a higher education rate, which remains relatively low. The sex-ratio for higher education is 0.2, that is, 2 girls for 8 boys.
784. *In the area of health*. Since practically independence, several plans and programmes aimed at improving the socio-health conditions of the populations have been implemented in the health sector. Thus, between 1989 and 1993, the national health policy mainly focused on disease prevention and improvement of access to essential drugs.
785. Given the inadequate results achieved, the Government, during the roundtable organized in January 1995 on the health sector, decided to refocus its health policy and align it on the decentralization process underway. Hence, the main objectives of 1997-2001 health policy were: to improve health coverage and organize the health pyramid based notably on the decentralization of the organization of the system, moralize and improve the management of the health sector, improve the financing of the health sector, improve care for the sick, and improve the living conditions of the mother and the child based on programmes aimed at promoting reproductive health and maternal and child health.

786. *In the control of HIV/AIDS and other communicable diseases*, particular emphasis is laid on HIV/AIDS control due to its increasingly preoccupying magnitude. The prevalence rate was 2.2% in 2003 as against 1.9% in 2002. The distribution per sex and per age of recorded cases of AIDS comes up with a sex ratio of 1.7 men for 1 woman of all recorded cases since 1985. The most affected age group remains that of young adults (20 - 39 years), representing 57% of all cases. Access to preventive health service is still low given that reproductive health programmes (like the distribution of male and female condoms, treatment of sexually-transmitted infections, HIV/AIDS screening, sex education at school, etc.) do not totally match the real needs of communities.
787. In 2001, Benin officially opted for a strategy to facilitate access to antiretroviral drugs (ARV) for all age groups; tri-therapy truly began in February 2002 initially with 12 medication distribution sites and 900 patients. Prior to treatment, clinical and biological criteria were defined per age group. From December 10 2004, treatment with antiretroviral drugs was declared free. However, access is far from being really free (NACC, 2005).

## ii. Findings of the CRM

788. Concerning education, it was pleased to note that for some time now, the problem of education is being taken seriously by the authorities of Benin, which have made improvement of conditions in this sector an absolute priority. They must be commended and exhorted to persevere on this path.
789. Aware of the need for an educational policy with a framework for greater coherence and integration of elaborated action plans in each of the sub-sectors of Education, Government has elaborated a 10-year Development Plan on Education for the period 2006-2015. The entire plan is sustained by a macro-finance framework enabling calculations based on mobilizable resources, policies defined taking into account their quantitative and qualitative dimensions and proposing alternative options in the quantitative and qualitative development of every teaching sector. Furthermore, problems of education in Benin have been largely discussed of recent during the National Forum on the education sector, held from 12-16 February 2007 in Cotonou.
790. Aware of the challenge constituted by gender disparities, the public authorities pledge to intensify the targeted programme for girls' education. In the area of education, as in that of health, the problem of economic accessibility remains the most constraining factor, despite a series of recent measures aimed at abolishing school fees for primary education. This constitutes a far-reaching political measure that should be commended and underlined.
791. At the institutional level, since the cabinet reshuffle of 17 June 2007, Education is placed under the responsibility of three ministries: The Ministry of Primary Education and Teaching of National languages is also in charge of Nursery Education, which is not explicitly mentioned in the denomination of the Ministry; the Ministry of Secondary Education and of Technical and

Vocational training (MESFTP) in charge of formal (Technical and Vocational training Schools) and informal education (apprenticeships); the Ministry of Higher Education and Scientific Research (MESRS), responsible for Universities and all Higher Educational Institutions (University Technological Institutes and Schools offering HND and other vocational training courses).

792. As regards performance, considering the different teaching sectors, the following could be retained:
793. *Primary and Secondary Education.* An evaluation of schooling from the gross enrolment ratio (GER) shows that progress has been made at all levels of the educational system during the last two decades.

**Table 6.2: Gross enrolment ratio (GER)**

	1980	1992	1999	2005
<b>Primary</b>	68%	71%	77%	94%
<b>Secondary</b>		12%	19%	41%

794. The quantitative development of the system is the result of both progress in the education public sector and development of the private sector at all levels of the system, from Nursery to Higher education. Positive progress recorded must not hide the need to make efforts. Actually, besides using the GSR an evaluation of effective schooling through the success rate and school drop outs highlight the chances of learners to have access to the different classes and cycles of the system. Indeed, of 100 children going to school, only 54 get to class 6 and less than 10 get to the last year of High School, thus showing a low performance in a system that could be attributed to the quality of service provided, which itself depends on the quality of the teachers and working conditions.
795. The problem of teachers has often been mentioned both in the capital city by their line ministries and in the districts by the stakeholders. It was concluded that not only are teachers insufficient, but their level keeps dropping. The following table indicates the progress in the student/teacher ratio from 1992 to 2005.

**Table 6.3: Trend of the student/teacher ratio, 1992-2005**

1992	1994	1996	1998	2000	2002	2004	2005
39.8	48.3	52.0	53.7	55.8	55.3	52	50

Source: DPP-MESP

796. This downward trend in the rate of supervision (increase in number of students per teacher) stems mainly from the recruitments freeze in the Public Service due to structural adjustment measures, whereas needs in education are on the increase. Despite the hiring of contract workers, this deficit stands at more than 8,000 teachers for Government primary education in the beginning of the 2004-2005 school year. To fill these vacant positions, communities at the grassroots recruit community teachers for the primary schools by taking persons who do not always have the required qualifications. For this reason, three types of teachers exist in public primary education: permanent civil servants (APE), contract and community workers.
797. Based on the girls/boys ratio at the primary and secondary levels, available indicators show a rate of .75% in 2004 for an MDG target of 1 in 2015. In detail, by referring to the same indicators, the proportion of girls completing primary school in rural areas is 14% against 39% for boys. This inequality hampers the achievement of the MDG in the education sector. This could also lead to questions as to how far progress indicators could be compatible with the objectives set for Benin by 2025 when measuring the necessity and importance of a large number of schooled and qualified women in this new context.

### **Box 6.3: Universal education as defined by the MDGs**

These elements, projected by 2015, show the path that remains to be covered in order to ensure universal education in the sense of the MDGs, i.e. ensuring that all children who go to school reach CM2 (Class 3). This structure of the influx of pupils is associated with the fact that repeats are quite rampant in the system, and also to the existence of many schools with educational discontinuity, notably at the primary level (in 2002, nearly 40% of primary school children were registered in schools that do not offer 6 years of education). In addition to poor retention; there are other serious problems linked to gender equity and geographical location: the proportion of pupils who completed primary school by zone and gender in 2002 was as follows:

- 70% of boys in urban areas;
- 39% of boys in rural areas;
- 47% of girls in urban areas;

- 14% of girls in rural areas.

798. Overall, there are some dysfunctions, notably in terms of girls' education, which has experienced a decline for some years, until the recent decree on free education, which has not yet made a visible impact on the field.
799. Problems in the first cycle of secondary education are relatively the same. Inequalities are more obvious, especially among the sexes. The equality index at the national level for the two secondary cycles stood at only 0.47 in 2002 as against 0.42 in 1997. Concerning geographic disparities the GSR stands at 12.65% in the Atacora and Donga districts, and 29.89% in the Atlantic and Littoral districts, with a national average of 21.30%.
800. *At the level of Higher Education and Scientific Research*, we noticed that between 1994 and 2005, the number of students in public institutions rose from 9,964 to 34,415 and in private institutions from 751 to 7,782 students. This massive influx into state universities was as a result of the inadequacy between the offer and supply of higher education, to the extent that the exponential growth of the flow of secondary school leavers is unbearable in the long run and already poses a number of problems (an average of 6,000 A-level holders per annum apply for admission to the University). At the level of higher education, a new phenomenon that has developed is the emergence, for some years now, private establishments, which are not easily accessible by the majority of "A" level holders, and who certificates are not recognized by the authorities of traditional universities.
801. Finally, it should be noted that there is little adequacy between university education in general and the job market, as well as the operationalization of research in relation to the needs of the economy. In this regards, the application of results of agricultural research is yet to be effective in a country that still imports its food products.
802. On the issue of equity, there are two obvious phenomena:
- disparity between standard faculties, schools and institutions; vocational training schools account for 20% of total enrolments in national universities, while standard universities account for the remaining 80%.
  - Gender-based disparity: The high growth rate in the student population is evidence of the disparity in the enrolment of girls and boys.

**Table 6.4: Trend in the proportion of girls in public institutions of higher education**

1997	1998	1999	2000	2001	2002	2003	2004	2005
18.9%	19.4%	20.5%	19.8%	22.2%	22.7%	19.1%	21.6%	22.7%

Source: Ten-year Development Plan of the Education Sector 2006-2015 (Oct 2006).

**Box 6.4: Problem of education and enrolment of girls**

Based on the interviews with stakeholders in the field in nearly all the departments visited, the problem of education is of concern to populations in both the rural and urban areas. These concerns are mostly related to difficulties of access, especially economic access to education. The phenomenon of ambient poverty is a real obstacle to universal access. Even though free education has just been decreed for primary schools, (which in itself testifies a very strong political will on the part of the public authorities), the populations feel that this measure only concerns school fees. The other recurrent expenses like cost of school supplies, uniforms, food are still generally above the means of the populations, notably those in rural areas.

Concerning the specific problem of girls' education, which is still low, the causes generally given are: socio-cultural traditions concerning the role of the young girl in the household (house-help), problems of premature pressures on young girls, which often result in early pregnancies, and, therefore, abandonment of education, and problems of poverty, which lead parents to accord greater importance to the education of boys than girls education, if the family has many children. The phenomenon of poverty was, therefore, the backdrop of all these dysfunctions in the educational system.

803. **Concerning health**, it should be noted that in the sense of improving main social and health indicators, the authorities have elaborated and are implementing 24 programmes. They include: the reorganization of the health pyramid by gradually creating 36 health districts at the bottom of the pyramid, i.e. 3 slots of 12 health zones; the objective being to ensure rational use and equitable distribution of infrastructures, while improving reproductive health.
804. The implementation of these programmes would likely improve the said indicators, notably physical and economic access to infrastructure, which would favourably contribute to achievement the MDG of reducing infant and juvenile mortality as well as maternal mortality by 2015.
805. Despite the existence of most of these programmes, the health care sector still has several shortcomings, which seriously hamper its performance. This is evident in the following main indicators.

**Table 6.5: Some basic health indicators**

INDICATORS	2002 Estimates	2005 Estimates
1- Gross Birth Rate (GBR).....	41.2%	39.2%
2- Gross Mortality Rate (GBR).....	12.3%	10.5%
3- Infant Mortality Rate (MR!):.....	90%	65.6%
4- Infant-juvenile Mortality Rate: ....	146.4%	102.9%
5- Maternal Mortality Rate (MMR) in 2002.....	474.4 deaths for 100,000 LB	485/100,000 LB

6- Life Expectancy at Birth (years) .....	59.2	60
7- Life Expectancy at Birth for Men (years).....	57.2	57.7
8- Life Expectancy at Birth for Women (years) in 2002..	61.3	62.2
9- Average Age Women Giving Birth (years)... .....	30.3	...
10-Total Fertility Rate (SFI).....	5.53 children/woman	5.31 children/woman

Sources: INSAE/DED/RCPH3 2002 & 2005 Demographic Projections

806. To complete this table, we could add that the coverage rate of health facilities is 82%, with high regional disparities. They are only 50% in the Littoral, 67% for the Zou and 71% in the *Collines*. Similarly, 56% of urban population had access to improved health services in 2001 against 11% of rural households. Beyond the regional disparities, several district health centres do not yet conform to the standards in force and do not possess adequate equipment. On the other hand, there is always shortage in medical staff due to high rates of retired persons not replaced and the absence of new competent personnel. Finally, the rate of using health facilities is low (34% in 2002), reflecting the inappropriate nature of services offered and certainly also economic obstacles (incidental expenses), which is dramatic in a context of general poverty for a large number of the population. The high number of health facilities to be upgraded to standards, inadequate qualified staff, notably in rural areas and the limited use of health services are at the base of the low health coverage of the population.

807. The consequence of this situation is high rates of maternal and infant mortality, respectively 485 maternal deaths for 100,000 live births and 89.1 for 1,000 (EDS 2001). If the present trend persists and in the absence of well targeted and enhanced measures, the Millennium Development Goals in the area of health would be hardly achieved in terms of the reduction of infant mortality, improving maternal health and the fight against major diseases like malaria and HIV/AIDS.

#### **Box 6.5: The promotion of reproductive health**

In Benin, the Government has instituted a Family Health Policy accompanied by a National Reproductive Health Programme (PNSR), whose main components are: - Women's Health (genealogical care and support, safe motherhood: MMR, neonatology); - Youth Health (education on family life and responsible parenthood; management of reproductive health of adolescents and young people, including prevention of risky behaviours; the fight against unwanted pregnancies, early motherhood and induced abortions..); - Men's Health (promotion among men of the awareness raising on their responsibility in reproductive health (RH) and of

their adherence to the RH programme; management of sexual pathologies and sexual dysfunctions, as well as the fight against sterility and genital cancers.

In the area of Women's Health, the different strategies implemented are mainly aimed at contributing to the reduction of maternal mortality.

To reduce maternal mortality, many actions have been taken by the Government, on both the institutional and operational levels in order to reduce the ratio of 498 deaths / 100,000 live births observed in 1996 to 200 deaths /100,000 live births in 2016. They include, among others:

- the preparation of the different documents used as a reference framework for the implementation of policy document programmes, norms, standards of services in family health, programmes, IEC strategy in RH;
- the improvement and extension of the coverage in health infrastructures to ensure better accessibility of women to antenatal care and delivery;
- the improvement of the quality of services through the strengthening of the technical plateau;
- advocacy for the involvement of the politico-administrative authorities, parliamentarians, leaders and communities in the resolution of health problems of the mother and the child.

808. *HIV/AIDS Control.* The epidemic of HIV infection is regularly monitored in Benin. At the national, AIDS prevalence among pre-natal consultations stood at 2.1% in 2005. These rates hide large disparities per district. The HIV/AIDS infection thus continues to spread at an alarming rate in the populations in spite of sensitization and social mobilization campaigns. According to EDSII, the number of persons living with HIV and AIDS in 2005 was estimated at 71.950. This number seems to be under estimated due to the method of monitoring and insufficient voluntary screening. The authorities are implementing a combat strategy based on prevention and free treatment with ARV. They also set up a specific budget line for the fight against HIV/AIDS within each Ministry.

#### **Box 6.6: The National Solidarity Fund**

Another helpful measure is the creation of a National Solidarity Fund with resources from debt alleviation under the Heavily-Indebted Poor Countries Initiative (HIPC) to support and intensify the control of malaria, HIV/AIDS. However, the perception of the populations interviewed is divided concerning the real effectiveness of the control. Screening is not always discreet in conformity with the principle of medical secrecy. There is also discrimination in specialized centres with regard to free access to ARV. Often, it is said that these drugs are channelled elsewhere, that is, they are proposed to patients against payment, where there control measures are not enforced.

809. Concerning malaria and other communicable diseases, insecure living conditions related to poverty and generally dirty environment continue to be

the major causes of the persistence of communicable diseases. Indicators in these areas have truly not progressed since 2005. Progress in eradicating these diseases necessarily requires improvement of hygiene and sanitation conditions, particularly by fighting diarrhoea, notably in children aged 0-5, which would reduce mortality and morbidity in this age group.

810. *Vaccinations.* Children's health is an aspect to which the authorities of Benin pay special attention. This is obvious in the prevention, follow up and treatment of infant morbidity or poverty alleviation. There is intense vaccination activity with the Extended Programme on Immunization (EPI) for the last 10 years. Calculated rates concern only targeted population, notably women of child bearing age, pregnant women and children under one.
811. At the national level in 2003, vaccination coverage (children between 0-11 months) in administering the third dose of Diphtheria & Tetanus – whooping cough and poliomyelitis vaccine is 105%. Average vaccination coverage against measles (VAR) is about 97% all over the country. Comparatively to the coverage of other vaccines, this is quite encouraging. The Littoral district has the highest levels of coverage and the Atacora the lowest.
812. The following table drawn from the plan to introduce the pentavalent vaccine (DT/Hep3 Hib) gives the following vaccination coverage for 2004-2009.

**Table 6.6: Plan to introduce the pentavalent vaccine**

ANTIGEN	2004	2005	2006	2007	2008	2009
BCG	100%	100%	100%	100%	100%	100%
Hep3	82%	SO	SO	SO	SO	SO
DTC3	89%	SO	SO	SO	SO	SO
DTC3/Hep3/Hib3	SO	_85%	85%	90%	90%	93%
VAA	90%	90%	91%	92%	93%	94%
VAR	90%	90%	91%	92%	93%	94%
TT2+	%	%	%	%	%	%

Source: MSP/DN PEV April 2004

813. Coverage rates are satisfactory when compared to those of similar countries in the sub-region. It must also be noted that Benin recently introduced new vaccines like hepatitis B (Hep B) vaccine and anti-malarial vaccine (AAV against yellow fever) to be effectively included in the routine Extended Programme on Immunization from August 2002. It must be noted that the diseased burden associated with hepatitis B and yellow fever as well as the need to prevent them through routine vaccination was well known to the authorities of the Public Health Ministry in Benin for many years, but due to

financial constraints, they could only be introduced after the assistance of the Global Alliance for Vaccines and Immunization (GAVI).

### iii. Recommendations of the Panel

814. The authorities of Benin must be congratulated and encouraged for initiating social coverage policies in favour of the poor, even though it still has a long way to go. In order to safeguard and consolidate achievements in this area, the Panel recommends as follows:
1. Intensifying the policy to support enrolment so as to provide equal opportunities and fight against school drop-outs, particularly in areas where enrolment parameters are not yet satisfactory (Government, Civil Society, Private Sector).
  2. Enhancing measures aimed at promoting long studies for girls notably by implementing a national policy and supporting a mechanism to favour access and retention of girls in school (Government, Civil Society, Private Sector).
  3. Laying emphasis on quality by improving the qualification of teachers, establishing international standards, and improving working conditions in the sector (Government).
  4. Continuing building social and health facilities and further involving local councils, the private sector and traditional healers in this policy (Government, Civil Society, Private Sector).
  5. Pursuing the fight against HIV/AIDS, notably by mobilizing all segments of society to halt the progress of the prevalence rate, and even eradicate the disease (Government, Civil Society and Private Sector).
  6. Regularly sample opinion in the monitoring / evaluation of social programmes, to ensure progress in terms of service (Government).

**Objective 4: Ensuring affordable access for all citizens, especially the rural poor, to water, sanitation, energy, finance (including micro finance), markets, ICTs, housing and land**

### i. Summary of the CSAR

815. The CSAR indicates that Benin has laws and institutions that cater for water, sanitation, energy, finance, ICTs and land, and efforts are being made in each of these sectors. However, policies and strategies are adopted whose impact on the populations cannot be easily assessed.

816. ***With regard to water***, it is the key factor of all development policies and strategies. Thus, governance in this domain is seen through the adoption of suitable legislation to normally ensure equitable and legal use of resources, especially when shared among several parties. The integrated management of water resources is the new approach being put in place in the sector.
817. According to recent statistics, average drinking water supply in rural areas was 42% in 2003. Enormous disparities are observed in these indicators from one district to another. The Atacora, Borgou and Alibori districts are found above the national average (respectively 61%, 50% and 47%) whereas Ouémé and Plateau have levels below the national average (31% and 32% respectively). The other districts are very close to the national average.
818. Benin in 2003 had 10,150 water points of all categories, corresponding on average to an equipped well for 152 inhabitants in rural areas. The rate of functioning of water points is 90.6%, or about 10 out of 100 pumps out of order. In 2003, less than one third of households (31.3%) had access to drinking water from the National Water Corporation of Benin (SONEB).
819. ***In the area of sanitation***, the problems mainly concern drainage of rain water in urban areas and channelling of used water in both urban and rural areas. This phenomenon is also a major threat to the environment. More than 81% of households throw their waste in the open, and 67.3% ease themselves in the same manner.
820. ***The energy sector*** should be controlled to ensure economic development and welfare of the population in Benin. Though endowed with enormous potential, energy in Benin is rare. The field survey realized at the self-evaluation level shows that the most widely used energy sources for lighting are: kerosene (79.5%), while wood (80.3%) and charcoal (13.4%) remain the most widespread means of cooking. The populations experience lots of difficulties getting access to electricity, which remains the most convenient source of energy. Only 14.8% of persons interviewed found electricity very accessible to the population, whereas more than a third (34.4%) found electricity less accessible, and 42.2% think that electricity is inaccessible. From this fact, a government priority defines a strategic framework for the sector and a national policy on rural electrification.
821. ***Concerning micro-finance***, the CSAR revealed that the principles of access to conventional bank loans marginalized many small-scale entrepreneurs. Today, many initiatives are observed in the area of savings and credit. Commonly called micro finance institutions or Decentralized Funding Systems, these initiatives bring multiple and variable responses to the funding problems of micro and small enterprises.
822. Hence, besides commercial banks and financial institutions, there are lots of savings and credit unions and cooperatives, direct credit initiatives promoted by non-profit making associations, private institutions, credit systems by NGOs. In addition, there are Government initiatives, financial actors operating

in the informal sector commonly called mobile bankers, and groups of alternate savings and credit associations.

823. Micro finance institutions have formed a network called National Association for Micro Finance Practitioners of Benin otherwise known as ALAFIA consortium created in 2000. In Benin 15% of the labour force have access to the financial services offered by the micro finance institutions as against only 3% in classical banks.
824. *Access to markets*, notably for farmers in rural areas, was only slightly treated by the CSAR. Agriculture itself experiences much difficulty due to high dependence on climate change and low diversification. Cotton production is the dominant export commodity, with all the consequences of the changing nature of markets. Furthermore, the obsolete transport infrastructure, notably through rural roads, makes access of agricultural products to intermediate and even urban markets difficult.
825. The CSAR shows that the *communication and ITC sector* is very vast indeed and includes telephone, posts, ITC and media services. In the context of globalization, this sector is of capital importance for the socio-economic development of Benin. To this effect, government pays attention to it. Apart from the results of the opinion sampling realized during the self-review, the CSAR does not provide specific information on the number and state of land and mobile phone lines available, or internet connection throughout the country.
826. Regarding national communication and ITC policies and strategies, Government has prepared a national strategy document for ITC development. Until recently, 4 major actors shared the GSM landscape: Libercom, Telecel, which became Moov, Areebba and Bell Benin Communication (BBcom). The ITCs are dominated by private service providers, to which we include community cyber cafés operating in the major coastal towns, or some inland cities like Parakou.
827. Compliance with standards in the communications and ITC sector in Benin is not easy to ascertain as it still lacks regulatory provisions for such strategic areas like publicity, communication bodies, and suitable installation of private booths.
828. *Access to arable land* is complex and complicated, resulting in land disputes, which are quite frequent in both urban and rural areas. The mission could not get a global picture of the situation describing all aspects of the problem in rural areas.
829. *In the sector of urban housing*, populations often settle without authorization, putting up structures that do not comply with legal standards and regulations in force, thus rendering the mastery of urbanization and town planning difficult. Plots are managed very poorly, leading to disputes in courts and often traditional authorities. However, Benin complies with international laws ratified in the organization of housing sector, and a little less in the land sector.

## ii. Findings of the CRM

830. The review mission appreciates the efforts of the Benin Government in ensuring affordable access by the poor in rural areas to essential services like drinking water, sanitation, electricity, arable land, housing and micro-finance. This encouraging remark must not, however, hide difficulties persisting in this sector, which are likely to slow down progress, if a number of pertinent provisions are not made.
831. *Concerning drinking water in rural areas*, the implementation of the sanitation and development strategy of the water and sanitation sector in rural areas (PADEAR) during the last decade led to significant progress in this area. However, recent statistics show that about two-thirds of the rural population in Benin do not have access to drinking water. Obstacles to the development of the sector related to:
- Insufficient annual construction of water points compared to the required average of 1,350 to attain the MDG;
  - Persistence of long delays in mobilizing the financial participation of communities due to the prevailing poverty in those zones;
  - Insufficient national capacities in financial and human resources;
  - The multiplicity of decision poles for the management of water resources.
832. Government is optimistic about achieving the Millennium Development Goals (MDGs) in this sector. Indeed, it doubled its capacity to create water points between 2002 and 2006. Improved budgetary planning and execution, as well as significant assistance of several donors, have created this drive to boost and sustain performance in the sector. Similarly, Government intends to pursue its efforts by improving:
- access of rural populations to drinking water;
  - management of water points;
  - management of water resources;
  - supply of water and sanitation services to urban and peri-urban areas.
833. To ensure better and efficient management of the sector, the 2006-2008 budgetary programme for the Ministry of Mines, Energy and Water lays emphasis on:
- building new structures and rehabilitating water points;
  - renovating the stock of manual water pumps;
  - logistic support to the decentralization of departmental services of the Ministry of Mines, Energy, and Water.

834. Government adopted an action plan including a programme of activities and a detailed calendar to make the management of the water supply system professional and develop the local private/public Sector partnership (PPP) in the management of the water supply system. It intends to build the capacities of actors in the expenditure execution chain of the sector for the mastery of procedures in budget execution and improvement of the performance of the sector. In this respect, Government commits itself to:
- Guarantee the availability of good quality water in acceptable quantities to satisfy all users in the framework of the integrated management of resources;
  - Optimize cost for the State and population by enhancing the efficiency and capacities of the different actors;
  - Contribute to actions linked to the water and other sectors;
  - Improve the rate of rural supply from 41% in 2005 to 46.3% in 2007.
835. **Concerning sanitation**, progress has been made in terms of support activities to all the sanitation sectors. However, sectoral studies in the domain have highlighted some problems regarding rapid urbanization. They are hazardous urbanization, deficient town management due to the absence of community management capacities and necessary financial resources to adequately meet the increasing need for services, and insufficient sanitation facilities for rain water, evacuation of used water and solid waste.
836. Within this framework, Government proposes through the urban management to:
- elaborate urban planning documents like urban master plans, urban planning charts;
  - construct and maintain urban roads in the major and secondary cities of Benin;
  - secure plots and houses;
  - identify and develop sites for low-cost housing;
  - promote real estate operations to increase the supply of decent housing;
  - invest in sanitary infrastructure in towns and rural areas.
837. **Concerning energy**, the mission noted that the country is presently going through a major crisis as evidenced by the numerous power outages in cities, notably the capital city Cotonou. The existence of important projects to electrify secondary towns and rural areas was pointed out to the mission. Also, interconnection with the Nigerian network would be enhanced in the near future, which is seriously going to reduce the present problems. In addition to

this crisis, the absence of diversification of energy sources is still the most important handicap in this domain for the country.

838. ***The micro finance sector*** has expanded significantly countrywide in the last decade, notably in the disadvantaged regions where few banks exist. This sector is increasingly demanded by some SMEs. Communication and visibility on the possibilities in the sub-sector have been remarkably improved upon with the regular publication of micro-credit products in Benin. However, it was reported in the CRM that the year 2004 was a difficult one for the sector due to difficulties in the cotton sector, to which a large number of clients belong. The number of clients of micro-credit institutions in Benin increased by 75% to attain 500,000 persons. Benin has the greatest number of micro finance institutions in WAEMU. The Federation of Agricultural Credit and Savings Funds, which transforms savings collected to credits, and institutions for direct credit, which are funded on the financial markets, by authorities and donors making up the two networks in the sector. With an interest rate of 2% per month, the cost of micro-finance remains expensive in the opinion of many persons met. Some sectors like the cottage industry do not substantially benefit from loans granted. Agriculture and trade are a priority.

#### **Good practice 6.1: The presidential programme in microfinance**

The President of the Republic of Benin, Mr. Boni Yayi, launched a micro-credit programme in favour of the poorest population groups (MCP) on 27 February 2007. At a cost of CFAF 6 billion, this 3-phase programme is intended to render economically active the poorest population groups, notably women. The beneficiaries, organized into groups of three to five or five to fifteen will receive during the first phase of this programme CFAF 30,000 with an annual interest of 2% and a rebate of 3% in the form of contribution. The programme is being implemented nationwide with the support of six microfinance institutions. It still enjoys the support of several development partners, including BOAD, which has just signed in October 2007 a funding agreement of CFAF 1.5 billion to support the initiative.

839. Despite many opinions on the quality and real services rendered by micro finance, the Country Review Mission considers that in Benin, micro-finance enables poor women in particular to start a small income-generating activity (micro enterprise). The multiplicity of actors in the sector may create confusion in the minds of beneficiaries, who still find it difficult to understand the various modes of intervention.
840. One of the major drawbacks to ***market access*** is the lack of means of communication in rural areas, especially the non-existence or extremely poor state of rural roads. The CRM's survey enabled it to know about the existence of ambitious programmes in the area of rural transport. The objective set in this sector is to improve transportation in this area with a view to increasing access of rural communities to basic social services, markets and production areas. The strategy note on rural transport (NSTR), adopted on March 22, 2006, serves as the basis for the rural transport programme. Thus, the sector

has a multiyear investment and maintenance programme in the area of rural roads, and an institutional framework for the implementation of this strategy. In 2007, the Government intends to improve the global management of the rural road sub-sector. Therefore, it updated the institutional framework for the management of rural roads, drafted and adopted the new regulation of these roads. It undertakes to develop and maintain roads for rural transport by giving priority to the following projects:

- develop the Bassila- Manigri - Wari Maro road;
- eliminate dangerous portions on rural roads in Atacora, Donga, Borgou, Alibori, Mono, Atlantique and Ouémé;
- develop 250 km of related rural roads;
- rehabilitate 720 km of community roads in the Zou, Collines, Plateau and Couffo departments.

841. These council areas were chosen on the basis of the criteria of accessibility to health centres, schools, agricultural produce, and markets. In the same vein, an emergency programme to maintain roads and tracks under the cotton marketing campaigns has been developed, and studies for carrying out road infrastructure will be conducted during the year.
842. *ITCs* are not yet well organized in the country. At the rural level, cyber community programmes, which were supposed to contribute to popularization of ITCs ended up failing because sustainability was not ensured, and the material found itself in unauthorized hands. This phenomenon was particularly serious in Parakou. It is not easy to understand compliance with standards in the area of communication in Benin. Until recently and with the mobile telephone operators crisis, the struggle was limited to the action of consumer associations, which continue to denounce the exorbitant GSM call rates.
843. *Access to farmland* constitutes an important preoccupation nationwide. The Mission observed that problems vary according to whether in the the North or South zones. By tradition, which is still predominant, land remains the property of the community. Access to land is through succession, generally, by the male member of the the family. Girls have no right to inheritance because it is thought that they will become members of another family where they can exercise that right through their children. The access of women to land is particularly difficult notably for social reasons.
844. The rural land system is so complex that it was not easy for the Mission to find documents that provides adequate information on the situation. The absence of information is the cause of disputes in the country's land tenure system. It is generally agreed today that the poor performance of Benin's agriculture (agricultural extension, introduction of new varieties, etc.) is partly due to constraints on land.

845. These structural problems facing the agricultural sector could be resolved through large scale popularization/dissemination of an original endogenous experience developed by an NGO in the outskirts of Porto Novo, in Savalou and Parakou: the Songhai Project.

#### **Good practice 6.2: Songhai, an alternative manner of development**

Refusing to import poverty and exporting wealth, dipping into the deep moral resources of the African and putting into practice God's mathematics, which compels man to develop resources entrusted to him in order to survive and prosper on earth, these are the major orientations that guide the actions of Songhai, a development NGO in Benin.

The Songhai Centre, created in 1985, aims at improving the standard of living of the populations of Africa. Its objective is, therefore, to ensure the organization of networks of poles of excellence, competitiveness and growth for a balanced economic development of the territory, using local resources, traditional and modern methods, while rationalizing them, practising rigorous management and encouraging people to assume responsibilities and take initiatives by consulting and listening to everyone for the creation of viable agricultural projects. To implement this mission, Songhai offers a multidimensional space that makes it a centre for training, production, research and sustainable agricultural development.

To attain its objectives, Songhai channels and articulates its energies on daily basis around two main objectives, namely:

- Developing technical and entrepreneurial skills within local communities in general, and the youth in particular;
- Establishing an organizational and appropriate structure for developing profitable economic activities through the strengthening of the capacities of the populations by putting in place a vast space for popularization of the entrepreneurial culture and as a catalyst of their economic initiatives.

Songhai is an organization promoting a project for a sustainable future based on a systematic concept articulating the "social – economic – spiritual" as an approach for ensuring the development of the technical and organizational capacities of the populations so that they can cater for themselves through agricultural-based entrepreneurship, in a logic of integrated development affecting the industry and trade and focused on the development of resources available locally, while showing a spirit of openness and selective absorption.

As a project for sustainable development, Songhai is multidimensional (with environmental, human, organizational, technical/informational, financial components), which are five indispensable assets for achieving sustainable economic growth. At the environmental, technical and human level, its model of agro-biological production system and functional training in entrepreneurship constitutes its originality and makes it, a forum for inspiration and popularization of the culture of success in an Africa rich in creativity, where, unfortunately, success has become an exception to the rule. The obvious ambition of Songhai is to be an incubator for networks of excellence, of poles of competitiveness and sustainable growth.

The leadership of Songhai for the change of mentalities and emergence of a critical mass of a new breed of development entrepreneurs, is expressed through the promotion of socioeconomic development mechanisms, having as an ultimate goal: the hatching of a reservoir of human resources capable of taking charge of and leading their life.

846. *Housing and urban land tenure* constitute a major aspect of daily life and a great socio-economic development determining factor. The country has considerable legal and institutional instruments on rural and urban land. But, it should be noted that there are great disparities in this area. The numerous problems encountered at this level like the non respect of legal instruments by citizens and the effects of land speculation, constitute bottlenecks, which hinder the actions of authorities at both the central and local levels, with the advent of decentralization.
847. In conclusion, the diagnosis of Benin in the area of socio-economic development governance shows that, despite the significant progress made in some sectors in relation to this objective, there are still several aspects that require more efforts for the promotion of social welfare. In the same connection, the CRM noted that the weaknesses in rural development and land access policies can only be corrected within the framework of a set of measures likely to redraw the economic geography of Benin through a good territorial development policy, which will gradually reduce tendencies towards regional disparities that create intercommunity tensions in the future.

### **iii. Recommendations of the Panel**

848. To improve access to basic services, the Panel would like to make the following recommendations:
1. taking quick measures to ensure the establishment of mechanisms for facilitating the mobilization of the contributions of the population to the implementation water supply points installation projects, and at the same time, strengthen the internal management capacities of councils by putting at their disposal adequate tools, notably through a more rapid and effective transfer of areas of skills in the area of construction and management of water projects (Government);
  2. according greater importance to the basic hygiene and sanitation sector within the Ministry of Health through the development of prevention and organization of services (Government, Regional Councils);
  3. pursuing a strong policy on diversification of energy sources by making use of new energies like biomass and solar energy, and facilitating their access to a majority of citizens of all levels (Government, Private sector, and development NGOs);
  4. simplifying the administrative formalities for water points and electricity requests in peri-urban and urban areas, and reducing the costs, taking into account the context of widespread poverty (Government);
  5. review land laws and set up a specialized institution to facilitate and ensure justice, transparency and equity in access to land in both rural and urban areas, and curb dualism with respect to land issues in order to better attract investors, through a participative and consensual approach (Government);

6. ensuring that the implementation of all development programmes and projects is compatible with the promotion of the decentralization policy, which itself must be effectively implemented (Government, local authorities).

**Objective 5: Indicating progress made with respect to gender equality in all crucial areas, including girls' education at all levels**

**i. Summary of the CSAR**

849. The CSAR stressed that Benin has a legal framework to guarantee the fundamental human rights. This legal framework is made up of national instruments and international conventions specifically oriented towards women and young girls, which it has ratified.
850. In the area of education, besides national instruments and international conventions, papers resulting from meetings such as the 1991 General Conference on Education defined specific strategic orientations for the promotion of girls' education. Indeed, it was specified in these conclusions that: *"The school must also educate a large number of girls; this will ultimately reduce the present disparity. Especially, it will create the best conditions for the protection of the mother and the child through good food and a more effective training of the child. The education of the young girl will guarantee her development and consolidate her economic independence; finally, the family unit could be better preserved"*.
851. Within the framework of "Education for All" strategies, Benin has taken a number of actions such as the establishment of a training system for the underprivileged girls and a human environment favourable for the education of girls, the reduction of school fees for girls in the first cycle of secondary general education, the creation of centres for young girls, the implementation of incentives for the registration of girls in scientific and technical training programmes, support to best practical training of girls, the adoption of a law that protects girls in schools and training centres, the popularization of legal instruments on the protection of girls in schools and training centres, and lastly, the continuation of the popularization of the Convention on the Rights of the Child.
852. The CSAR also emphasizes that concrete actions were taken to establish a more equitable environment, notably the formulation of a national policy for women's empowerment. This policy is supported by a multi-sectoral action plan whose goal is to contribute in reducing in the short-term and eradicating in the long-term the disparities between men and women in all areas of activity. However, the CSAR did not say anything concerning the present

changes and trends in the school attendance, education or access to health care and employment of girls.

853. Another positive aspect highlighted by the CSAR is the existence of a Ministry in charge of women's empowerment in all governments of the democratic era. However, the report observed that if there are increasingly more women within national decision-making bodies, their number in leadership positions is still low. Very few communes are headed by women, and in the Government as in the National Assembly, we are still far from achieving parity. This situation is revealed in the survey carried out in the field among the populations by the self-assessment team.
854. According to this survey, 63% of those interviewed are of the opinion that the representation of women in decision-making bodies of schools is poor. Similarly, 71% are of the view that women are poorly represented in water management projects. This is surprising given the fact that in Benin, like in most African countries, fetching of water in households is a duty devolved mainly on women.
855. The CSAR states, according to more than half of those interviewed women are, on the contrary, well represented in decision-making bodies of health centres. Women's representation is more visible within maternity and vaccination management bodies. The report attributes this to the traditional role women play in the area in the family circle and also to the efficient organization of health centre management committees (CoGeCS).
856. This is also true of women's representation within micro-credit management structures, where half of those interviewed indicate the presence of women, as well as the management of markets where 49% of those interviewed said that women are well represented. This is not surprising, and can be explained by the key role played by women play in the organization and leadership of markets in Benin.

## **ii. Findings of the CRM**

857. Women represent close to 52% of the Beninese population (51.5% according to the last census in 2002). Their contribution to and development of the country is important and acknowledged by all. However, sociological, cultural and other factors continue to relegate them to the second position, as has been extensively explained in Chapter Three of this report.
858. Nevertheless, the Constitution of 11 December 1990, which replaced the Fundamental Law following the National Conference, provided a reference framework for the protection of women against all forms of discrimination. In its Article 26, it generally affirms the principle of equality between men and women, and the protection of the mother and child by the State. It proclaims gender equality among Beninese nationals in its Article 6. For this reason, it is generally admitted that the promulgation of this Constitution marked a significant progress in the promotion of women in Benin.

859. Benin has put in place a large institutional framework for promoting gender equality; this step has been reported in Chapter 3 of this report. In addition to this large framework, there is a network of Focal Points on Gender, chosen at different structural levels in the line ministries, NGOs and associations (two per structure), who have as a general mission, to ensure at each level, that the principles of equality and gender equity are taken into account in the interest of sustainable development and equity in Benin. At all times, the activities of this Network are hampered by human and financial capacity limitations, and the absence of effective links with the planning structures of ministries.
860. Dynamic Non-Governmental Organizations of women or promotion of women since the Conference of the bone and Sinew of the Nation, have contributed to improve the participation of women in social life and, especially the advocacy for a more dignified place in terms of work, power and visibility for the Beninese woman. However, they also need capacity building, especially in the area of institutional organization and advocacy.

#### **Box 6.7: Functions of gender focal points**

The mission of Gender Focal Points entails the following tasks:

- providing the Ministry in charge of the Family and Children (MFE), in collaboration with the National Institute of Statistics and Economic Analysis, with information and social and statistical data to help identify the major areas of action that must be taken into consideration to ensure gender equality and equity.
- facilitating the implementation of the action plan of the PNPf (National Women Empowerment Policy) in the specific Focal Point area.
- supporting the MFE in the design of programmes and projects relating to the Focal Point.
- helping to set up institutional mechanisms to coordinate actions in the area of gender, population and development between the MFPSS and its line ministry.
- supporting the MFE in the dissemination of the PNPf action plan.
- ensuring, in collaboration with the MFE, the consideration of gender within the programming and planning units of the Focal Point.
- participating as experts on gender issues in the training that will be organized by the MFE for other development actors.
- jointly carrying out, in collaboration with the MFE, sensitization sessions on gender equity and gender equality for sustainable and equitable development in Benin.
- regularly providing MFE with surveys and information relating to gender.

861. The exhaustive vision of the role of women as a whole, their place in the economy and in society, as well as the follow-up of the Beijing platform prompted the Government of Benin to formulate national policies and

strategies mainly focused on women, which led to the voting of the new Code on Persons and the Family in 2004.

862. The policies include: (i) the 1996 Population Policy Declaration; (ii) the 2001 women empowerment in the agricultural and rural sector policy; (iii) the national policy for women empowerment 2002; (iv) the 2003 Activity Programme of the African Centre for Gender and Development (CAGED); and (v) the creation of a family, women and children observatory (Decree 2005-514 of 14 August 2005) under the Ministry of the Family, Women and Children, with the task of producing and disseminating data and information disaggregated by gender.
863. *Equal opportunities in access to resources and services.* Benin ratified the International Pact on Socio-economic and Cultural Rights of December 16, 1966 on March 12, 1992. It, therefore, pledged to grant the same rights to both men and women, by ensuring in particular that women fully enjoy their rights to employment, social security, health and education.
864. *Education.* Concerning gender equality in access to social services, Benin has made some progress, especially in the area of education. In fact, Benin has initiated several policies and programmes to eliminate gender disparities in the area of education, where the efforts of the country are most remarkable. Indeed; in this sector, to eliminate gender disparities, the Beninese has initiated several policies and programmes, including notably the abolition of school fees for girls, the creation of a girls' education network, the Social Development Support Programme (DEVESCO), with its Education Project, and the National Women Empowerment Policy, and its action plan.
865. However, in spite of this significant progress made at the level of policies, the CRM noted that in 2002 most boys of school-going age went to school, unlike the girls. Net school enrolment rate for girls stood at 78.1% as against 110.46% for boys. The situation is similar in primary schools and today the girl/boy ratio is 0.7.
866. According to the third population census of 2003, the net enrolment rate for children aged 6-11 years was 49.4% for girls as against 69.9% for boys. For those aged 6-14 years, the rate stood at 45.3% for girls and 56.9% for boys<sup>68</sup>.
867. Disparities are also observed at the regional level. For example, Mono had a net enrolment rate of 65.6% for girls and 74.5% for boys for children aged 6-14 years, Atacora had only 28.4% for girls and 43% for boys, while Alibori had only 20.2% for girls as against 24.8% for boys.
868. Although the specific handicap of girls is well known, their problem is more of lack of access to schools than gender inequality: "when there are no schools even for the boys, where do you expect to find schools for the girls?", they explained. During discussions with stakeholders, the CRM noted that in the area of child labour in general, and of female child labour, in particular, unwanted pregnancies and early marriages - contracted to relieve families of

<sup>68</sup> INSAE (2003): Third General Population and Housing Census, volume 3.

their economic burdens or to guarantee the children's future – were the main causes of the education drop-out rate of over 50% for girls as against 30% for boys. In fact, according to UNFPA<sup>69</sup> 70% of boys complete primary school as against 47% of girls.

869. In terms of literacy education, in a country where almost two-thirds of the population are illiterate, women cannot be better off. Literate women represent only 32.5% of young people aged 15-24 years, as against 58.2% for men. The proportion among adults is 22.6% for women and 46.4% for men. This is a major challenge that requires a lot of concerted effort from all stakeholders, particularly, the Beninese Government, which should make it one of its development priorities.

### Good practice 6.3: Women in the Beninese armed forces

In the ancient Kingdom of Dahomey (now Benin), there was a women's elite corps named the *Amazones*, after some ancient heroines. Their presence in the Army dates as far back as the *Akaba reign* (1680-1708). In 1890, at the dawn of colonial penetration, they represented 30% of the total enrolment in the Army and constituted a majority of the King's personal guard. They were recruited through random selection from among young girls thought to be fit for "warfare", that is, among volunteers (princesses or commoners), "with exceptional physical build". Strong, invincible, schooled in warfare, trigger-hungry, they [the Amazones] were always the first to attack and by this astounding bravery, they encouraged the male soldiers (cf. Cosme Gosshé MEKPO: *les Amazones face à L'ordonnancement Social*).

Today, Beninese women, like the Amazones before them, are enrolling more and more in the various (military and paramilitary) corps of the Army. So far, there are 396 active women in the infantry among whom are 5 Officers and 112 NCOs; 89 women in the National Gendarmerie; 36 in the Air Force and 38 in the Navy, making a total of 559 active women in the National Army.

It was to encourage the women to take up this profession, that a military school for young girls was created in 2000 in Natitingou, Atacora. The most deserving young girls are admitted into the school after their FSLC and after successfully taking an entrance examination. Besides military training, they also receive general education as in any other grammar school. Today, the school has a total enrolment of 258 trainees, with a newly built dormitory to accommodate the young girls.

870. *Access to Employment.* In terms of employment, both Beninese men and women have the right to professional activities of their choice. The current Beninese Labour Code adopted by Law 98-004 of 27 January 1998, makes no sex distinction in terms of quality of worker. On the contrary, it protects women by making it prohibitive for any employer to consider sex, age, race when taking decisions relating to employment, work distribution, promotion, provision of social benefits and lay-offs (Art. 4)70.

<sup>69</sup> FNUAP (2003): Data on Benin.

<sup>70</sup> WILDAF (2002): Alternative report: Benin and the UN Convention of 1979 on the Elimination of All Forms of Discrimination against Women.

871. However, Beninese women, probably for socio-cultural reasons or due to the nature of certain jobs, do not go in for just any profession. Conversely, there are professions where even both men and women are lacking; particularly hawking, pottery, hairdressing, domestic service, and typing. Most Beninese professionally- active women are involved in these lower-wage jobs.
872. The CRM noted with satisfaction that Beninese women were becoming more and more active. Statistics from INSAE show that the number of working women in Benin in 2002, stood at 1,396,468, that is, 49.3% as against 42.6% in 1992 with an annual increase rate of 4.6%. Almost all the active women were employed. Nonetheless, 96.8% of these women work in the informal sector, 1.4% in the public sector and 2% in the private formal sector. If for the entire country, there are 102 busy active men to 100 women, the ratio is 95 men in the informal sector, 300 men in the State formal sector, and 243 men to 100 women in the private private formal sector. As may be observed, the formal and permanent formal activity the demands more instruction and qualification is a privilege of men.
873. *Maternal and Reproductive Health:* The fundamental objective defined by the National Policy for Women Empowerment (PNPF)<sup>71</sup> is to improve the health and nutrition of women and the family. To this end, efforts have been made within the last few years through the promotion of maternal and infant health services and family planning. However, discussions between the CRM and stakeholders revealed that in the area of health, women, unlike the men, are still largely underprivileged. Women's specific needs are not adequately addressed in health sector policies and strategies.
874. For example, in spite of Law 2003/04 of 3 March 2003 on Sexual and Reproductive Health, Beninese women are still not fully enjoying their right to health, especially the right to reproductive health. Deep-rooted customary practices seriously impede the enjoyment of this right. For example, Beninese women cannot practise birth control. They need their husbands' consent to use contraceptives and this consent is hardly ever given.
875. The CRM noted with satisfaction the fact that Benin, in its May 1996 population policy statement, planned to "promote responsible fertility" to help reduce early and/or belated motherhood, fight against abortions, enhance family planning for responsible sex, distribute contraceptives, and gradually abolish such practices as forced or early marriages. In spite of this facility and information, sensitization and education campaigns carried out by Beninese associations and NGOs, the birth rate is still high and early (6.3 children per woman in 1996 and 5.6 in 2001), with great disparities depending on the region and the women's level of education. There has been only a slight increase in the use of contraceptives; from 3% in 1996 to 7% in 2006, which may partly explain the increased number of illegal abortions and the high rate of morbidity and early pregnancies.

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<sup>71</sup> Ministry of the Family and Children (2007): National Policy for Women Empowerment, 2nd edition.

876. *Participation in decision-making.* The problem of women taking part in decision-making has largely been dealt with in the section on the promotion and protection of women under the chapter on Democracy and Political Governance. Unfortunately, the absence of women in management structures is not limited to high level decision-making bodies. Although women contribute most to farm work, their representation in rural agricultural organizations is not proportionate to what they contribute.
877. During one discussion forum, the CRM team was informed that even within local committees for the management of amenities like water, whose clientele is exclusively women, the latter are not represented. And even when they are, the men carry out their functions, while they are made to play ceremonial roles.

### iii. Recommendations

878. Considering the weaknesses and challenges identified by the CRM with respect to gender equality in Benin, the APRM panel recommends the following measures:
1. Translating the Government's political will into concrete actions by making gender equality a national priority and a prerequisite for sustainable development (at every level of government).
  2. Sensitizing Beninese citizens, particularly the men and women, on the issue of gender for a radical and speedy change of mentality on gender equality (Government, civil society, traditional authorities).
  3. Building the (organizational, human and financial) capacities of structures charged with promoting gender equality both in the private sector and in the civil society (Government, civil society, MFPs).
  4. Organizing vast national literacy campaigns targeting women by making reproductive health and the family code part of the programme (Government, civil society, traditional authorities).
  5. Instituting in the public service an equal opportunity recruitment policy, giving priority to women and sensitizing the private sector to do same within the framework of an aggressive positive discrimination policy in favour of women, clearly defined by the Government (Government, private sector and employers' organizations).

**Objective 6: Encouraging broad-based participation of stakeholders at all levels of development**

**i. Summary of CSAR**

879. The CSAR indicated that the mechanisms for enhancing the participation of stakeholders in development are recent. It is indeed the advent of decentralization that provoked such massive participation of all stakeholders. Currently, the level of attainment of this goal cannot really be determined.
880. In the light of such massive participation of stakeholders, the following can be cited based on the CSAR: favourable institutional mechanisms; the advent of decentralization, the existence of a consultation framework for financial and technical partners, the facilitation of political and social life by an organized civil society, which is gradually regaining its influence and principles for the concerted management of social services.
881. According to the poverty reduction strategy paper, achievement of the objectives of growth and poverty reduction depends on all these mechanisms. The strategy guarantees good and transparent management of Public Affairs involving every citizen. The major actions concern the fight against corruption, public resource collection and management capacity building, administrative reforms, decentralization, strengthening the legal and judicial systems, and consolidating democracy and internal social dialogue.
882. The fight against corruption led to the creation of civil society organizations that employ every means to wipe out the phenomenon. These organizations include: the National Front for the fight against Corruption (FONAC), Transparency International, and the Public Life Moralization Unit, etc The populations decry certain behaviours and abuses through interactive programmes organized by radio and television stations, all of which contribute to good governance. The procurement process is well regulated.
883. The CSAR goes further to present a long list of results of the survey on the people's perception and assessment of governance with respect to their involvement in decisions relating to the construction of educational, health, road and other infrastructures.

**ii. Findings of the CRM**

884. Although the CSAR treats the very important issue of participation lightly, the Team is satisfied with the efforts made by the Beninese authorities, through decentralization, to broaden the basis of discussion and consultation of SED stakeholders. This is commendable. However, in spite of such demonstrated will, there is still much to be done in order to attain this noble goal. Apart from the above, the evaluation team actually noted (and this has largely been confirmed by discussions held with stakeholders within the country) that several programmatic documents and other development projects have been worked out in the various SED sectors, but without the knowledge of grassroots populations and their organizations. Such development programmes are generally based on the policies and strategies in force or highly recommended by foreign partners like TFPs and NGOs. The participatory

method most needed by the actors is hardly really used for before these projects. And that is a major governance weakness in socio-economic development in Benin.

885. As for policy and strategy formulation processes, the participatory method involving all the stakeholders is hardly widely respected as was the case during the NLTPS. This was the fundamental inadequacy in the PRSP I, which Benin sought to correct during the formulation of the GPRSP.
886. Discussions held with technical Ministries in Cotonou and secondly with members of the civil society and people within the country showed that the issue of participation is gaining ground in the country. This phenomenon is underpinned by the fact that today it is becoming increasingly clear that any democratic management of power and State affairs requires the participation of all stakeholders. This would enable the personal commitment of the bone and sinew of the nation in decisions taken, provided the said decisions are beneficial to them, and the creation of synergy and interaction between public decision-makers and the citizens for better consideration of the people's views in policy implementation.
887. In fact, it is becoming even clearer today that poor governance is often as a result of the fact that governments shun the much needed dialogue with the society, which quite often poses the problem of legitimacy. In traditional societies, whether power is centralized or not, there is the existence and practice of participation although membership in the traditional council is limited to people of the clan.
888. Several actors have been identified in Benin to be playing an important role in participation in SED. Similarly, several areas and levels of participation were identified. Some of the major actors are:
  - *State Institutions* like the Economic and Social Council (CES), which plays a key participatory role in the country's economic and social life. It is a kind of think-tank, which is consulted for advice on all the country's major issues, especially concerning the budget. The Council has a membership of 30 made up of representatives of socio-professional groups, youth enterprises, researchers, employers, the private sector and farmers. The CES contributes to broadening the scope of stakeholder cooperation. It is consulted by the Head of State, but can also act on its own. The Council formulates recommendations or opinions, which the State is expected by Law to implement.
  - *The Civil Society*. Although the notion of civil society is an old one, discussions about its definition appear to have started not long ago in Benin. It is generally agreed that it is an area that both unites and divides the State and its citizens. More precisely, the Civil Society can be defined as an autonomous entity comprising benevolent associations pursuing public goals. Such associations are, on the one hand, above the citizen and, on other hand, distinct from the market and the State. There are three distinct levels of the Civil Society in Benin. The first comprises grassroots

organizations and village groups. That is the basic unit of the civil society at the local level. The intermediary level, which comprises NGOs and federations, is a link between the various primary units of the civil society and ensures their participation in public institutions and in political, social and economic processes beyond the local level. The higher level comprises specialized citizen organizations working for the entire civil society: to defend and promote the civil society with respect to the State and the market, to train and provide technical assistance, research and advocacy on socio-economic development policies.

889. Thus, the civil society comprises public interest benevolent associations, such as grassroots organizations, federations and networks, NGOs, trade unions, labour confederations, professional groups, local development associations, cultural associations, federations of producers' and craftsmen's associations, religious communities and traditional chiefdoms, etc. From this positive point of view, the civil society is some sort of a launch pad for democracy. It brings together citizens, organizes their interests, lists out their expectations and forwards these to decision-makers. It also fights excesses so as to enable the growth of a new political culture founded on participation, dialogue and tolerance. FONAC, for example, is an apex institution comprising some sixty very active associations, federations and confederations involved in the fight against this scourge. Sensitization, denunciation and pressure campaigns by civil society organizations and FONAC have generally created significant awareness in the people vis-à-vis the administration. Such efforts are still very much acclaimed by the public. For some years now, the civil society has been very active in politics, in the defence of the rights of consumers and in the promotion of social welfare.
890. *Decentralization* also offers Benin an excellent opportunity to ensure the participation of stakeholders through greater involvement local councils in development programmes and projects. The country has a rich history of decentralization attempts, which led to the current system of administration thanks to the February 1990 National Conference of the Bone and Sinew of the Nation. It came up with a new Constitution, which contained the major principles of decentralization reforms aimed at empowering grassroots populations through elected councils. Based on these principles, a decentralization policy was initiated and accompanied by deconcentration within a legal framework defined by the Constitution and five (5) other laws voted between 1994 and 1999. Following the launching of the reforms, local elections were organized in December 2002, the town and municipal councils established and the mayors elected. Although Benin is very much engaged in decentralization, the process is still in its experimental phase. That is why elected local officials quite often complain of lack of resources as a result of their not being disbursed by the central authorities. Although the goal of a shared management of social services (schools, health centres, markets, bus stations, etc) has been attained, there is still much to be done in the area of governance within decentralized structures, which at times have difficulties cohabiting with deconcentrated administrative services.

891. *The private sector* in Benin also has to play a major role in the stakeholder participation process. There is a real potential for the development of the Beninese private sector, especially the agri-business, tourism and handicraft sectors (transit, multi-purpose transport, Internet, etc.). But, there are many hurdles to this development, particularly at the level of land, legal protection of businesses, taxes and custom duties, public utilities management and infrastructure (ports, telecommunication services, water and electricity) development.
892. In the area of participation, and with reference to the GPRSP, the private sector is seen as the cornerstone of a strong and sustainable growth capable of reducing poverty. However, stakeholders and leaders of the private sector have in the past complained and have expressed their feeling by not fully participating in the formulation of government development strategies and policies. Accordingly and drawing from the past, an ad hoc committee was set up in April 2003 to ensure greater involvement of the private sector and the civil society in the implementation of the poverty reduction strategy (PRS). The interim secretariat of the ad hoc committee was set up and entrusted with the responsibility of preparing an action plan to:
- improve the participatory process;
  - build the capacity of the private sector and the civil society to carry out advocacy activities;
  - develop a private sector/public sector partnership; and
  - build on the private sector development strategy, which is one of the specific priorities of the PRSP: financing the private sector, taxation, the economic and legal environment, the mechanization of agriculture, water control, promotion of SMEs, development of tourism, improvement of infrastructures, pursuit of the implementation of the PST, management of the Cotonou Ports Authority....It was hoped that a validation workshop would facilitate the formulation of an action plan to strengthen dialogue and consultation between Government and the private sector in the area of SED policy formulation and implementation.
893. Mechanisms for dialogue between the private and public sectors are being put in place. For example, the private sector development support programme (PADSP) has a “business environment improvement” component. This component has a sub-component, “support to the development of dialogue between the private sector and government with the view to eliminating regulatory and administrative obstacles to investment and export,” which facilitated the creation of the Export Development Association (ADEX).
894. It should, however, be noted here that the introduction of genuine dialogue between the Government and the private sector was delayed by the existence of many professional organizations, the absence of a well-known legal framework, lack of collaboration between the actors of the private sector and leadership wrangling.

895. *Development partners and sub-regional cooperation.* In the area of participation in SED, it is also possible to mention Benin's relations with its development partners and its actions through regional and sub regional cooperation. It was stated in Objective 1 of this chapter that the structure of Benin's economy did not allow for sufficient internal savings to finance its development programmes. Since over 60% of SED funding is from foreign sources, it is normal that all the mechanisms for mobilizing such funding be based on permanent dialogue between the State and its partners. Such dialogue generally takes place within joint commissions or advisory groups and roundtable conferences as well as programming meetings or other types of project or programme review meetings. Generally, such discussion forums are held much to the satisfaction of the parties, and the priorities, although sometimes suggested, are generally accepted.
896. The problem is that although on the part of local partners, measures are often taken to ensure that foreign partners respect the terms of commitment taken, it is not always the case, generally speaking. For example, decisions concerning the disbursement of funds to least developed countries (LDCs) have not yet been implemented. Similarly, decisions for on-the-spot monitoring of the Paris Declaration on aid reforms are yet to be taken. Better coordination on the part of partners would certainly help speed up the process.

#### Box 6.8: Summary of the Paris Declaration

The Paris Declaration was signed in March 2005 by the Technical and Financial Partners (TFP) and partner countries, including Benin. It is based on the principle of mutual commitment to improve aid efficiency, and comprises a practical and concrete framework that aims to ameliorate the quality of aid and its impact on development. The commitments centre on five (5) main principles.

- **Appropriation:** Partner countries show a perfect mastery of their development policies and strategies and ensure the coordination of development support actions.
- **Alignment:** Donors will direct all their support to national development strategies, and the institutions and procedures of partner countries.
- **Harmonization:** Donors will endeavour to better harmonies their actions and give them greater collective efficiency.
- **Results-based management:** The management of development funds has been improved in view of better results.
- **Mutual responsibility:** Donors and partner countries shall be mutually responsible for the results obtained in the area of development.

897. With respect to *sub-regional cooperation*, Benin actively participated in the implementation of regional integration policies within the framework of ECOWAS, WAEMU, the African Union and NEPAD. In terms of its commercial integration in the sub-regional and global economy, serious

discussions are underway, including a study initiated in 2004 to develop an integrated strategy to scale up Benin's exports.

898. On the whole, concerning the participation of stakeholders, conditions for their intensification exist in Benin. Indeed, the Institutions of the Republic, Territorial Communities, the Civil Society, the Private Sector and development partners are all aware of it, committed and relatively active in it. Benin has made considerable progress in governance, especially in the area of participation of actors. It is important to note that at the local level, consultation and discussion forums have been set up and are gradually being fine-tuned for SED projects, particularly those relating to rural development, education, health, water supply, among others.

### **iii. Recommendations**

899. On the basis of the above analysis and findings, the Panel would like to make the following recommendations:
1. Accelerating the completion of the decentralization process so as to boost participation at the decentralized levels, with the required effectiveness in terms of transfer of areas of competence, availability of financial and human resources, and operational capacity building (Government).
  2. Activating the mechanism for aid coordination between Government and Benin's major development partners in order to ensure better follow-up of international commitments like those relating to LDCs or the Paris Declaration on Aid reform, at the local level (Government, TFPs).
  3. Empowering the Economic and Social Council (ESC) to play a more important role than ever before. This would broaden the base of discussions and participation with regard to the country's major issues, and would strengthen the method of formulating legal decisions (Government).
  4. Promoting, broadening and even institutionalizing the practice of self-assessment of governance in Benin to make it a national practice with a view to developing a sense of joint responsibility and mutual accountability between the State and its private partners and the civil society. A governance observatory or other monitoring institution in Benin would be necessary for this mission (Government, private sector, civil society, regional governments).

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## CHAPTER SEVEN

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### 7. CROSS-CUTTING ISSUES

Cross-Cutting Issues are, according to the APRM Questionnaire, issues of a general nature which, even though they may be examined by a particular thematic area, can also be pertinent to other thematic areas, and require study from a holistic viewpoint in APRM reviews. In this report the cross-cutting issues include the issues of corruption; decentralization and the role of traditional authorities; gender mainstreaming and equality; youth training, development and integration; Poverty and access to resources; the informal sector; Reform and modernization of the State; and Citizenship and lack of legal security under the rule of law, which are all common issues affecting all governance areas in Benin.

#### 7.1 Corruption

900. At the end of the review of the political, economic and social situation of Benin, there was general agreement that corruption, like a many-headed hydra, has spread its tentacles in all directions and is plaguing all the sectors of governance (public sector, private sector, and civil society). Corruption has become a culture and the instrument of a mode of governance. Since December 1990, corruption has been classified by the Constitution among offences that are punishable under the law. However, the very law meant to facilitate the fight against illicit enrichment and corruption has not yet been adopted and established. Many anti-corruption measures have been taken and instruments put in place, but they have failed to deliver. There is talk of “the distribution habits” on the part of the public authorities who are not truly decided to tackle the scourge head on.
901. While the new authorities have affirmed the political will to fight the scourge, there still is a lingering sentiment of doubt among stakeholders, as to government’s ability to root out this canker from Benin society. The adverse effects of corruption on the four dimensions of governance examined in this Report are immense.
902. That is why, aware that corruption has reached unprecedented levels, the APRM Panel of Eminent Persons advocates that every aspect of the scourge should be tackled through the following measures:
- *Those at the helm of affairs, and indeed, at all levels of government must set an example to all.* In this regard, the systematic punishment of all acts that violate the provisions of basic law and the requirements of proper public management and accounting, from the top right down to the lower

echelons of government, must become and remain the cardinal rule in public management and administration.

- *Systematic and unannounced control, followed by punishment at all administrative levels of the State and its local services*, must become an absolute rule of Governance. To succeed, this strategy must be underpinned by a strong and resolute political commitment, and have adequate legal instruments tailored to any emergency situation.
- *Republican values, ethics and morals* must be established and given their rightful place: that of Fundamental Standard and Higher Value of Civilization, in a bid to re-invent Republican Values, should be the supreme guide and impregnable stronghold against the culture of laziness, easy gain and predatory behaviour.

903. The APRM Panel invites all political parties, institutions of the Republic, citizens, the private sector and civil society organizations in Benin to put up a broad and united front against corruption, in order to keep a permanent citizen watch in a redeeming gesture for the moral revival, development and prosperity of Benin and its people.

## **7.2 Decentralization and the role of traditional authorities**

904. As a continuation of the 1990 Conference of the Bone and Sinew of the Nation, which asserted fundamental rights and freedoms in the country, the Benin authorities wanted to push this political commitment right to the level of enlisting broader participation of the grassroots populations in their local affairs. Provided for in Articles 150 to 153 of the Constitution of 11 December 1990, the first local elections which marked decentralization in Benin were only held in 2003.

905. The quest for greater efficiency in satisfying collective needs, the strong fight against centralism and the concern to involve the people in local affairs have become major challenges for democracy and public governance in Benin. Some well-intentioned people had thought of hastening the decentralization of powers, without necessarily providing the resources needed. This is reflected on the ground by the people's inability to make use of allocations in areas like the construction and upkeep of local infrastructure or to bear recurrent costs linked to the sustainability of such infrastructure. The right to differ on which all decentralization is based, was not made to go hand in hand with the equality of citizens which entails an equalization system, urban solidarity and other national equalization funds, in a country unevenly endowed in terms of wealth and regional development.

906. Compounding these challenges is the issue of the chiefs and kings who symbolize traditional governance, and who should be included in the decentralization process. These traditional leaders should be made to participate more in local governance by defining a legal framework that would govern their participation and involvement in the activities of decentralized

services, especially their rights and obligations, as well as in conflict mediation activities, advice in decision-taking, the scheme of incompatibilities and compensation.

907. Five distinct laws and many statutory instruments govern different aspects of decentralization in Benin. As revealed during the various meetings the mission held with the stakeholders, such a proliferation of laws and regulations complicates decentralization and makes it more difficult for all the stakeholders, including the central power, deconcentrated and decentralized authorities, local elected officials at all levels and the grassroots populations to assume ownership of the process.
908. Decentralization is strongly needed not only because it will enhance people's participation at the grassroots, but also because it will enable better expression of cultural specificities and better management of socio-cultural diversities in Benin. The Constitution and subsequent instruments of implementation are based solely on the principles of free administration, national solidarity and inter-regional balance, focusing on representative democracy. On the other hand, the guidelines on democracy in which are spelled out the citizens' right to be informed of local affairs, and especially to be consulted on decisions concerning them, are not clearly defined.
909. Furthermore, decentralization has the ring of an unfinished business because of uncertainties in the definition of local affairs; the inadequate human and material means of councils comparative to their legally recognized competences; and the statutory ambiguity of local administrative units, namely, sub-divisions, villages and the neighbourhoods of towns, dwelt on at length in chapter three of this report. Partisan quarrels, poor mastery of the laws owing to incompetence and sometimes the illiteracy of a good many local elected officials, the sometimes ill-timed intrusion of the supervisory authority owing to a very broad interpretation of the supervisory authority's control and the poor collaboration between devolved services present on the council territory and local elected officials, as well as the weak institutional capacities stemming from them, all draw attention to the urgent need to organize a training course on decentralization.
910. Indeed, these local authorities do not have any legal staff or financial autonomy as stipulated by law. Sub-divisional municipal councils are not operational in special councils, whereas the heads of urban neighbourhoods and villages were not elected but have been in office for over 15 years for some. Municipal councils are elected, and are required to collaborate with and assist the mayor. The bulk of their functional capacities depend on the mayor's good will, which generates misunderstandings, tensions and even conflicts.
911. These challenges have a real impact on local governance and can jeopardize the effectiveness of the collective service delivery system put in place in Benin. Many stakeholders met on the field expressed worries about the unsuitability of instruments to local realities and the lack of involvement of traditional authorities and the chiefs. Enjoying strong legitimacy in the

councils, sub-divisions and villages which are the territories concerned by decentralization, these traditional authorities who are neglected by the political authorities in administrative matters, are at the very centre of the system of social regulation in rural communities.

912. In these times of scarce (material and human) resources, it would be necessary, before increasing local autonomy, to first experiment with a small-sized pilot local community, while maintaining the structure close to the people. This would lead to the elimination/regrouping of certain sparsely populated sub-divisions, villages, and councils under the administration of larger councils. In the long term, administrative units or consultative councils could be created to serve as liaison between the administration and the grassroots populations.
913. All these considerations led the Panel to invite Benin's authorities to:
- Transfer areas of competence to the councils in pursuance of the laws on decentralization, and commensurate with the financial and institutional capacities of these councils.
  - Require candidates to the office of mayor to meet a stricter profile: be of good and blameless morals and integrity have at least the high school completion *Baccalauréat* certificate (Government, Parliament, municipal councils, stakeholders).
  - Train State employees and elected local officials and their staff in the problem of decentralization and local governance (Government).
  - Sensitize people on decentralization and provide local language translations and circulate instruments on decentralization for a wider ownership and effective implementation of this process (government, mayors, and development partners).
  - Involve local elected councillors, traditional authorities and chiefs, associations and civil society representatives in the design and implementation of development projects so that the laws establishing them reflect the widest possible consensus; and ensure actual accountability (government, parliament and all stakeholders).

### **7.3 Gender mainstreaming and equality**

914. Women make up more than half of Benin's population. They are among the key actors of national development and the entrenchment of genuine democracy. In the case of Benin, they are part of the business community, especially in small and medium-sized enterprises. They are therefore part of the whole issue of governance, as considered in this exercise.
915. Benin has ratified international and regional political instruments in order to guarantee gender equality and gender mainstreaming in development policies and programmes. Moreover, in addition to the provisions of article 147 of the

country's Constitution which establish the superiority of agreements and treaties duly ratified by Benin over national laws, there are several instruments relating to the status of the woman in Benin which align the national laws to the ratified instruments. The review mission counted over twenty in all.

916. The intention behind these instruments was to create a congenial environment for the different planning models and sector-based development programmes, as well as institutional mechanisms, in order to offer to men and women alike equal opportunities for action, and to measure its impact on these two groups.
917. However, although significant efforts have been made in the last few years to improve the legal and institutional framework in Benin, the political, economic and social rights and the autonomy of women still suffer certain restrictions due mostly to socio-cultural considerations, which are still strong in the country.
918. In Benin, access to public space, decent work, equal pay, public positions and elective mandates is still the exclusive preserve of men. Women perform household chores or poorly paid or unpaid informal work, whereas everybody acknowledges that women are the ones who supply the basic needs of their families, particularly those of children. It is therefore not surprising that in Benin, poverty affects mostly women and children. Although some progress has been made in terms of girls' education and participation of women in decision-making, the rate is still very low, and much still remains to be done to attain satisfactory levels in these areas.
919. In a country where women account for more than half of the total population (about 52%), such inequalities will definitely have a political, economic and social impact on efforts geared towards building an emerging Benin enjoying lasting human development. Concrete actions with clear and measurable indicators along the path of equitable, community-based and sustainable human development, will therefore be necessary.
920. The APRM Panel believes that the main factors that may have an impact on the institutional, socioeconomic, psychological and cultural structures, which are vectors of such gender inequalities are legislative amendments, information, intercultural dialogue and the implementation of concrete actions.
921. As such, the APRM Panel recommends that the authorities of Benin and other stakeholders should, in their respective areas and at their respective levels of responsibility, set up without delay an environment that will:
  - Enable women to build their capacities;
  - Ensure equal access to employment and other sources of wealth;
  - Institute a quota system at all levels of management of public resources, and
  - Ensure extensive participation of women in Parliament.

## 7.4 Youth training, development and integration

922. **Nature of the Issue.** Benin is a country with a very young population. In 2002, about 46.8% of its population was below 15<sup>72</sup> years old, with an average age of barely 16.3 years. Furthermore, 61% of the active population was below 35 years: 95% worked in the informal sector, 2.6% in the public sector and 2.4% in the private formal sector<sup>73</sup>. As the characteristic youthfulness of the population offers opportunities as well as risks, these need to be identified in order for the opportunities to be seized and the risks effectively prevented.
923. Young people are actors and above all decision-makers in building tomorrow's Benin. They are the factors of change needed for the future of the country. However, for this to be possible, they should have faith in the Benin of today and tomorrow; they need to be mainstreamed into the political, economic and socio-cultural dynamics of the society. Once they lose faith in such dynamics and fail to see their prospects therein, they will become factors and actors of questioning, if not of social unrest.
924. That is why the issue of their integration into democratic principles and political governance, in policies and strategies that fall under economic governance and corporate governance as well as governance in the democratization of the socioeconomic development process in general, is still the crux of the exercise in a country like Benin. The opportunities need to be open to the youths to enable their positive and constructive integration into the dynamics of construction of an emerging Benin. It is both a stake and an important challenge for peace and political stability as well as for the entire Benin 2025 project.
925. From this standpoint, the problems relating to available employment and training opportunities for the youth are of particular importance. In 2002, the official figure of unemployed persons stood at 19,123, which was largely underestimated. But what is important to point out is the fact that 72% of the official figures of unemployed persons registered were aged below 35 in 2002, including 56% of the unemployed seeking a first employment and 68% of them were of the male sex<sup>74</sup>. This constitutes a social time bomb.
926. It should be noted that the existing opportunities relating to education and training in Benin do not concern all young people. In 2002, 38.8% of students of school going age (6-14) had never attended school, with an even greater proportion for girls, i.e. 45.4%. The divisions with the highest rate of youth exclusion from the educational system are those in northern Benin, with 70% of youths aged between six and 14 in Alibori who have never been to school, 57.8% in Atacora and 53.2% in Borgou.<sup>75</sup>

<sup>72</sup> Pg. 7, Summary of brief analysis, third general population and housing census. Department of Demographic Studies, National Institute of Statistics and Economic Analysis, Cotonou, October 2003.

<sup>73</sup> Ibid, Pg. 26-27

<sup>74</sup> Ibid, Pg. 27-28

<sup>75</sup> Ibid, Pg. 24- 26

927. The unavailability of young people and the difficulty they face in accessing opportunities that build their capacities for positive integration into the ongoing process, owing to the lack of technical and vocational preparation, constitute an obstacle to the project of an emerging Benin by 2025.
928. **Government efforts and findings of the APRM.** It should be noted that the Government has made significant efforts, and that there are opportunities for youths to receive training in both conventional schools and in specialized technical and vocational schools in many centres of the country. Vocational schools offer the vocational school certificate (CAP)<sup>76</sup> in the following areas:
- Administrative and Management Sciences and Techniques (STAG);
  - Agricultural Sciences and Techniques;
  - Biology and Social Sciences; and
  - Hotel and Hospitality Management.
929. Similarly, with regard to employment, the ANPE has been making efforts in integrating the youth. Unfortunately, the efforts are not enough, taking into consideration the high demand in both training and employment. In addition, ongoing efforts to provide jobs fall well short of the demand (supply in relation to demand). There are also shortcomings in terms of quality or approach and hence the efficiency of the system as a whole and its productivity.
930. The Panel recommends that the Government should continue the funding of primary education and that it should continue to raise public awareness on the advantages of sending children to school, particularly in the divisions of the North like Alibori, Atacora and Borgou.
931. It is also recommended that the Government should finance learning and technical and vocational training schools in all divisions, in order to cut down costs of training programmes. Lastly, vocational and technical training schools should be assessed following the same standards as the equivalent certificates. Such measures will contribute to the preparation of the youth for their positive integration into the dynamics of the tomorrow's Beninese society.

## 7.5 Poverty and access to resources

932. **Nature of the issue and Current Situation.** One of the findings that cuts across all the chapters of this report is that Benin is experiencing a poverty situation, which seems not to be improving. Instead, real poverty is on the rise, especially with regard to financial poverty. Seen from this angle, poverty

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<sup>76</sup> Pg. 42-43, "National Report on the Development of Education (47<sup>th</sup> Session of the International Conference on Education)", National Institute for Training and Research on Education (INFRE), Porto Novo, July 2004.

implies lack of access or limited access to financial and material resources or especially institutional services provided by the State and the community in general.

933. In this light, poverty is also or rather often accompanied by lack of access to or enjoyment of one's rights. As such, poverty and access to resources go hand in hand. This is a problem at the heart of the four dimensions of governance under the APRM mandate. It affects and is even the yardstick of the efficiency of policies in each of the four focus areas of the mechanism, namely democracy and political governance, economic governance, corporate governance and socioeconomic development. It is thus by nature an overarching issue of the APRM.
934. In the case of Benin, it was noted that in the absence of sustained economic growth and with a rate largely higher than that of the population in the last ten years, poverty remains endemic and even at times is even a growing phenomenon for the vulnerable groups and certain geographical regions, particularly in the rural areas. Access to basic social amenities like education, health, drinking water and sanitation, reproductive health, energy and decent housing still pose difficulties for the majority of the population.
935. On the whole, the monetary poverty index stagnated somewhat (from 29.3% in 1999/2000 to 28.5% in 2002) with a worsening of the inequality among the poor at the national level, as a result of a significant increase of the severity index, especially in urban areas. This means that access to resources is becoming difficult for economic reasons or due to poverty, be it monetary or human.
936. **Government response.** The country review mission generally commends the efforts made by the Government of Benin to provide, at a cost affordable to the poor, basic services like drinking water, sanitation, electricity, arable land, housing and micro-finance, especially in rural areas.
937. Policies and programmes have thus been implemented to improve access of Beninese to education, health, drinking water and sanitation, arable land and micro-finance. Very little effort has been made in the other areas. Thanks to such policies, progress has been made, thereby contributing to alleviating poverty, or at least improving the people's access to certain resources and services considered here.
938. However, the poor results are due mainly to the fact that these policies were generally implemented within a context of financial austerity dictated by stabilization and structural adjustment policies. The policies and programmes aimed at providing resources and services to enhance and give a chance to democracy, ensuring SED for the citizens, reinforcing the business climate and streamlining a macroeconomic framework accepted consensually by the people, lacked a global unifying vision that would bring in the necessary cohesion, as well as operational coordination that would ensure efficiency in achieving the results.

939. Furthermore, the policies were implemented with little or no involvement of the people and other development actors. It is the State alone that was responsible for providing the development services and resources. This could hardly ensure perpetuity, given the State's limited resources.
940. In conclusion, despite the impressive progress identified in certain sectors to ease and/or improve peoples' access to development resources and services, there is still a long way to go for each of them, such as the integrated approach for the implementation of policies and programmes aimed at improving the people's access to resources.
941. The current Government reviewed the approach during the formulation of the growth for poverty reduction strategy adopted this year. Apart from the fact that it falls in line with a vision of an emerging Benin by 2025, it is a translation of Benin's strategic development guidelines, at least for the medium-term.
942. However, the strategy suffers from certain shortcomings that are worth mentioning here: these include the obvious poor social coordination, especially by the government in implementing the GPRS and the flaws in translating the Alafia 2025 vision and its strategic development guidelines into coherent and operational sector policies, etc.
943. **Findings and suggestions of the CRM.** The population's access to resources is a factor of peace and political stability, and hence a factor for the building and consolidation of democracy, social cohesion, consensus building and mobilization of the Bone and Sionew of the nation around the development model selected.
944. Improvement of access to resources is also an outcome and an appropriate economic policy enhancement factor, in line with the SED, and above all the construction of the vision of the Benin of tomorrow. However, this can be so only if governance in its entirety is applied to the development policy, i.e. the democratization of the development process, which, as such, is not limited only to democratization of the political sphere.
945. One of the ultimate goals of SED governance is to provide the people of Benin improved access to resources and services so as to take them out of poverty, increase their opportunities and fully involve them in the dynamics of building an emerging Benin by 2025. This shall involve all stakeholders – government, the private sector and civil society – who must all feel socially responsible and must be partners in building the vision for the country's future, and not leave the responsibility to the State alone.
946. This implies that the four dimensions of the mandate of the APRM are found in and fall in line with the issue of providing Benin citizens access to resources. It also implies that the approach to the problem should be holistic. Lastly, it implies that the coherence and coordination of policies, just like the involvement of the people themselves and other actors in the democratization of Benin's development should guide the implementation of the GPRS and the

translation of the strategic guidelines into coherent and operational sector policies and programmes. The government and the nation's labour force have the political capacities in that regard, especially as part of concerted governance advocated by the new authorities.

## 7.6 The issue of the informal sector

947. The nature of Benin's economic governance since the colonial period promoted development of the informal sector. In effect, the absence of sustained, participatory and all-inclusive and equitable growth that fosters job creation, compounded by an economic context characterized by the quest for financial orthodoxy and austerity leading to poverty or aggravating it, had dire consequences on the living standards of the people. Indeed, these people were compelled to seek means of survival in unstable peripheral so-called informal activities, and in response to the immediate survival needs of the citizens.
948. Today, the informal sector is multifaceted and multidimensional. It covers a wide spectrum of activities ranging from taxi drivers to forwarding agents of goods destined for neighbouring countries of Benin, through craftsmen, the various forms and levels of the retail trade, barbers/hair dressers, foodstuffs vendors in community markets and along major highways, etc.
949. The informal sector actors include owners or operators of micro-enterprises, self-employed persons as well as dependent workers, be they wage-earners or not. What is outstanding in the case of Benin is that women and children are among the major actors of the sector. Funds for informal activities come from thrifts and loans groups and micro-finance institutions and practically not from bank loans. Despite the unstable nature of its activities, the informal sector in its entirety is heading the field and developing to the point of becoming today an unavoidable reality in the Benin society.
950. In its relationships with the formal sector, the informal sector indulges in an "ambiguous" liaison characterized at times by "unfair" competition, which often penalizes investments in certain sectors, or complementarity or complicity as supplier or as market for the formal sector. The informal sector therefore covers the entire economic, social, and no doubt also the political life of the Benin society, and thus becomes an integral part thereof.
951. It is within the context of "unfair" competition with the formal sector that it is seen as one that occupies an important position in the country's economy, but does not contribute to the funding of the State's machinery to the tune of its weight in the economy, apart from the business license, other flat rate taxes or local taxes.
952. **What are the future prospects?** The current and foreseeable reality of Benin's economy is that the informal sector plays and will continue to play a major role in all dimensions of the country's social and economic life. That is why the informal sector should be paid special attention both by the

Government of Benin and its development partners, and especially in the country's development strategies and cooperation programmes.

953. A series of policy proposals have been made to foster greater contribution by the informal sector and increase to make the latter contribute more to increasing tax revenues, by substantially reducing the tax burden of formal sector enterprises. To that end, government must have a dual impact: better knowledge of informal enterprises and activities to better tax them by broadening their tax base and by increasing their tax rate. From this standpoint, the State may very well have a growing need for resources to finance the functioning of its services and institutions, as well as the economic and social development programme.
954. Other policy proposals are aimed at promoting a strategy to “formalize” informal sector activities, especially by setting up an incentives programme for voluntary transition from the informal sector to the formal sector. Unfortunately, experiences on the “formalization” of the informal sector have shown their limits in many countries where international organizations recommended and supported them. That is why other policies recommend above all a better knowledge of the informal sector and its needs with a view to developing an assistance and promotion strategy to transform the informal sector into a nursery for future SMEs. The assistance policy would entail training, access to credit under preferential conditions, equipment and management capacities, among others.
955. The CSAR is of the opinion that a strategy combining these approaches would be more fruitful in the case of Benin. The effect of such a strategy would be threefold: promoting complementarity between the formal and informal sectors through subcontracting and consequent tax incentive; identifying instruments for the broadening of the tax base without “harassing” the informal sector; and lastly, promoting an assistance programme in response to the assistance needs of the informal sector. In this light, the approved management centres (*Centre de Gestions Agréés*) and regional solidarity bank (*Banque de Solidarité Régionale*) should be reinforced and drawn upon in this strategy.
956. The informal sector is part of Benin's economy and has a role that goes beyond the confines of the economy. The challenge is therefore not to “integrate the informal sector into the economy” of the country, since it is already there in its own way. This sector is recognized as one playing an important role – figures do not agree but all confirm its importance – in the economy, employment, mobilization of savings, investments in certain favourite sectors, social peace, etc. It is therefore important in the economic, social and even political fronts. As such, it is necessary to develop a constructive policy to meet the needs of this sector and thus make it a partner in the economic dynamics of building the Benin of tomorrow.

## 7.7 Reforms and modernization of the State

957. **Nature of the Issue.** The issue of reforms and modernization of the State and the Beninese society constitute undoubtedly one of the major challenges of the battle for the advent of an emerging Benin at the start of the century. It affects both the mode of political governance, economic governance and corporate governance, and performances in the area of socio-economic development.
958. Indeed, the materialization of this new vision necessarily depends on a profound change of the society, affecting the institutions, administrative machineries as well as the economic and social environment. Hence, the importance of the reforms initiated since the democratic transition of the years 1989-1992 under the double seal of multi-party democracy and liberal economy, guarantors of sustainable development.
959. If it is public knowledge that political reforms of the 1990s helped to put in place, at the end of the National Conference, relatively stable political institutions, and a democratic system that paved the way for a double political change at the Head of the State, the fact still remains that endemic poverty, combined with other politico-administrative, economic and social dysfunctions poses with acuteness the problem of relations between democracy and development.
960. The main equation to be resolved concerns the type of reforms to be implemented with a view to establishing adequacy between political and democratic stability on the one hand and development and economic prosperity on the other, having as a consequence the passage from the condition of a very poor country to that of an emerging country. It must also be stressed that the issue amounts to defining the nature, the modalities and pace of the reforms of the State and the society required by the construction of “emerging Benin”. Consequently, the central issue is the very redefinition of the model and missions of a State capable of supporting this long-term vision, having as a consequence the terms of reference of an efficient strategic programming required for that purpose.
961. The other no less important issue is the margin of autonomy and manoeuvre available to the State under structural adjustment in the conduct of the reforms, in the perspective of a specifically endogenous development.
962. **Response of the Government.** Several instruments have thus been defined and put in place for that purpose. The first is certainly the document entitled “Benin Alafia 2025”, which describes the political vision of the future Benin: “Benin is in 2025 a leading country, a well-governed country, united and in peace, with a prosperous and competitive economy, a country of cultural influence and social well-being”. This long-term vision deserves to exist; it should be materialized through “the promotion of concerted governance, the creation of a conducive climate for the development of the private sector, the development of infrastructures, the strengthening of the capacities of the civil society and the involvement of local communities in the development process”.

963. The second is the Poverty Reduction Strategy Paper, which highlights the objectives and commitments of the Benin Government in the area of growth and the development in the short and medium terms. Finally, the third instrument is the document “Strategic Orientations for the Development of Benin (2006-2011)” entitled “Emerging Benin”, which best translates the vision of President Boni Yayi and his Government in this endeavour.
964. The implementation of these different projects will result in the series of reforms initiated a few years ago, reforms that give the country the impression of a vast cleared field, without paradoxically being able to appreciate the scope nor perceive the concrete achievements much less to get an exact picture or make an exact assessment of the factors and chances of success.
965. A first group of reforms aims at modernizing government in the strict sense of the word, with the ultimate objective of furthering democracy, but especially the improving the effectiveness and efficiency of public services with, particular emphasis on the mechanisms of governance and accounting. They concern the organization of a State, which wants to be “facilitator” and the redefinition of its missions. The judicial system and the prison system, the public service, the administrative and financial decentralization and deconcentration, the fight against corruption, wheeler-dealing etc. In short, the search for efficient performance of public institutions and administration.
966. A second group of reforms concerns the macro-economic framework, the conduct of economic policies, and the management of development in general, having as main objectives to stimulate growth with a view to the reduction, eradication of poverty, to ensure sustainable development. They range from privatization of state enterprises to stabilization of public finance, facilitation and transparency of procedures with a view to protecting private investors, the establishment of an attractive and encouraging tax system, encouragement of private initiative and better organization of the informal sector, the strengthening and transparency of the economic regulation, the development of infrastructures (roads, modernization of the port, electricity, telecommunication, NTIC etc.), modernization and structuring of social services, notably transport, the restructuring, rehabilitation and diversification of agricultural sectors among other projects.
967. A third group of reforms is targeted at the society in its multiple components, in relation with public policies and sustainable development. The areas concerned are therefore, education, declared as a priority of the social priorities, health, housing, employment, salaries, retention of highly-qualified Executives, involvement of the Diaspora, agriculture and the land tenure system, the family and gender, etc.
968. The populations expect a lot from these reforms, the main objectives of which are: a political governance based on ethics and accountability, the improvement of the citizen control of the elected officers, authorities and various administrations, a proximity administration in the service of the citizen and the enterprise, an improvement of the quality of public expenditure as well

as the establishment of sector policies more conducive for the creation of wealth and socio-economic development for the fight against grassroots poverty, notably in rural areas and in the major towns.

969. The project of creating a politically and economically strong and modern State from all points of view and open on the sub-region in order to assume the leading role, for which it is destined by its many assets and which consequently depends on the capacity of the public authorities to operationalize the above-mentioned vision.
970. Furthermore, and to give itself better chances of success, a Ministry in charge of Administrative and Institutional Reforms was created in 2006. Its main mission is “the design, implementation and monitoring-evaluation of Government policy on administrative and institutional reform, in accordance with the laws and regulations in force in Benin, the vision and the development policy of the Government”. This Ministry appears like the integrating orientation of all the efforts of the Government aimed at modernizing the State in a context of democracy, the Rule of Law and economic liberalism, given the urgent need of phasing the State with the needs of global and sectoral competitiveness of the Beninese economy.
971. The results are, however, extremely mitigated; the reforms undertaken have remained at the stage of a mere project, and when they are initiated, very often slow down or even thwarted by various factors: weak strategic piloting, low coordination of the action, lack or inefficiency of monitoring and evaluation, lack or insufficiency of human and material resources, poor ownership of the reforms generally impose from the outside, and related processes, inefficacy of the leadership, lack of accounting, etc.
972. **Conclusions of the PRM.** If it is necessary to stress that neither the relevance of the contents nor aptness of the reforms can be questioned since the modernization of the Beninese society and state seems indispensable, the fact still remains that the rhythm, modalities and simultaneousness of their conduct pose the problem of the capacity of the society and its institutions to put up with them (internalize them and implement them), and consequently the chances of success of these processes.
973. These various constraints are all the more difficult to overcome since they seem to take root in the history and social dynamism peculiar to Benin. Only the ingenuity of the Beninese people and its capacity to assume the changes imposed on it by modernity without giving up its identity would help to take up this important challenge of modernizing the State, its institutions and its economy.
974. Indeed, when the nature and modalities of the function of the State, which is called upon to construct the vision of emerging Benin are clearly defined – which has not yet been achieved – the reform of the State apparatus should be understood in terms of appropriate institutions, reorganization of their operational mechanisms, the legislative and regulatory mechanism and the resources and methods of work, notably. The bet would therefore be to

transcend the model of State “facilitator of the private sector” of the Western type recommended by some donors, without effective responsibility for development of the society and management of the welfare of the citizens, who are here mainly subjects here. For in the case of Benin and generally in Africa, the State is expected to be the key agent of change, under the direction of which the entire society involves itself in the changes required by the construction of a consensual vision. The State is not only the housekeeper and manager of the city; it is here more than elsewhere transformer and bearer of the dream of the nation. It is in this perspective that should be placed the need for reform and improvement of the State apparatus, to enable the latter to assume its responsibilities in that regard efficiently and effectively.

975. This requires that particular attention should be paid to a few prior but essential issues, notably:

- The capacity of the State to conduct the reforms and modernize in a context of scarcity of financial resources and increase poverty, given the importance of the costs involved;
- The merging into a single and complete basic document, a real compass of the Government and the entire society of the different strategic orientation documents to ensure efficient strategic planning of the reforms and development of Benin;
- The scarcity of human resources commensurate with the challenges facing the Beninese society in the project of operationalization of the “Emerging Benin” vision;
- In relation with the first two, the issue of dependency of Benin on the external world, notably development partners, which leads to that of making the programme endogenous, the content and pace of the reforms, knowing that resorting to foreign funding and expertise carries the risk of imposition of “ready-made” solutions;
- The local culture of irresponsibility, inertia and disorder and even evasion of the standards or the law, which is not the least of the difficulties to be overcome;
- The issue of legal security, notably the rapid resolution of legal identity, land security and legal titles, as well as the protection of people and property, guaranteed by a strong, efficient, independent and fair justice system;
- The conflict between modernity and tradition in a State where the rural world is still quite often the poor parent of public policies, and where illiteracy as well as many obscurantist traditions often impede the modernization of the society and socio-economic development. The weight of religions, traditions and multi-secular practices constituting the base of a

society a bit too proud of its identity and its culture should consequently be questioned in the debate on the modernization of the State and the society;

- The increasing gap between an enlightened elite and instigator of reforms and, the vast majority less involved and called upon to bear rather than assume them is here a strong constraint. Indeed, how can we close the gap between the highly westernized oligarchy, which controls the different levers of the State system on the one hand and the great mass of those “abandoned by modernity” the vast majority of whom, live in the interior of the country, withdrawn into themselves on the basis of an ancestral and parallel organizational model essentially out of the control of the State and subjected to the domination of the latter as a real oppression on the other?

976. The challenge is, therefore, to really offer, beyond political slogans, a model of viable and sustainable society transcending the only concerns of the modernized elite of the metropolis to take charge of the daily needs and welfare demands of the poor and miserable masses living in the rural areas and towns in Benin. The problem is therefore that of the rhythm and modalities of the reforms, but especially of the capacity of the public authorities to mobilize, federate and coordinate initiatives around the project.

977. This approach presupposes beyond the explanations of the Presidential vision and usual report, the development, by Government, of the capacity for listening and critical dialogue, consultation, transparent exchanges and co-decision to become the partner of the civil society and all the other stakeholders, in a mutual enrichment dynamics, where “*the State cannot do everything*”, and where it is an illusion to expect everything from it. Therein lies the issue of institutional capacity reform, which needs to be addressed.

978. It is hoped that the “*concerted governance*” project in the making constitutes a beginning of these prerequisites announcing this “*revolution of mentalities*”, which would help Benin to wage the war to reform and modernize the State-society, in which case the vision of an emerging Benin reflected in the various strategic orientation documents drawn up would have some chance of materializing, subject to a few corrections imposed by the constraints of a political future whose linearity and predictability are more random in this era of all out globalization!

## **7.8 Citizenship and lack of legal security under the rule of law**

979. Human rights are at the centre of Benin’s democracy since the Conference of the Live Forces of the Nation held in 1990. What would human rights protection mean without a minimum legal safety, which makes the person a citizen? Legal safety entails the citizen’s tranquility to enjoy the fundamental liberties attached to his person, and his peaceful and free possession of property. It implies protection of individual rights against the arbitrary power and unpredictability of the public authorities. These rights include the right to legal identity (birth certificate), which makes an individual a unique being by

conferring on him certain rights, but also obligations. Real citizenship is acquired only through a legal act, which enables the individual to exercise rights and assume responsibility for his actions if he encroaches on the rights of others or violates the law.

980. Benin signed and ratified international and African legal instruments, especially the International Pact on civil and political rights and the African Charter on Human and People's Rights. The 11 December 1990 Constitution of Benin devotes 33 sections to the rights and obligations of the human person.
981. The fact remains that the efficiency of the protection of these fundamental rights depends on the efficiency of the institutions responsible for it. Legal insecurity takes control of a legally constituted State when the citizen is not informed to appropriate the laws binding on him. Applying obsolete or anachronistic instruments to contemporary situations also constitutes insecurity in a State under the rule of law. Similarly, human and investment rights must be protected by a predictable justice system, especially the execution of final court judgments against the parties.
982. High on the agenda of concerns of the people is the issue of citizenship, whereby the individual can obtain a legal identity to enable him or her to establish his or her status as citizen. Without legal identity, the individual can not move freely (freedom of movement, exercise his voting right (freedom of choice) set up a business or company (freedom of enterprise), normally access basic social services (education, health, water and electricity), access or acquire property (apply for land title, inherit property), open a bank account, find employment (right-to-work) or even legally form a union (right to marry).
983. Indeed, freedom of movement may be effective only when the person enjoying such right exercises same without any restriction from State authorities. Unfortunately, many of the stakeholders met informed the Mission that people frequently fall victim to police racketeering because they do not have a national identity card. Similarly, the freedom of enterprise is also encroached upon in the absence of a legal identity. To set up a business or enterprise, the applicant must produce some proof of identity, which is one of the documents required for registration in the trade register and for registration of a company, application for a bank or micro finance loan or simply integration into the formal economic system.
984. The civil status also constitutes an obstacle for the free exercise of civil and political rights. Without legal proof of identity, the Benin citizen can not be registered in the electoral list and thus exercise his voting right. The ongoing debate on the constitution of a computerized and transparent electoral database highlights the complex nature of the issue. Such a process requires the organization of mobile courts where magistrates go out to the people of the hinterland to gather information on persons and pass auxiliary judgments to issue birth certificates to those lacking same. However, the absence of enough material and human resources limits the efforts of the justice system in the provision of these rather traditional services of the State. Most often, the needy

persons must go to court to birth certificates issued to them. In addition to service and transportation costs that go with such travels, the applicant is bound to produce three witnesses during the auxiliary judgment. These quite exorbitant costs discourage the people and contribute to maintaining them in their “illegal situation” vis-à-vis the law in their own country. This rather incomprehensible situation calls for urgent, massive and immediate action from the State.

985. Access to property and particularly to arable land and real estate is also blocked in the absence of a legal identity. Stakeholders mentioned cases of children and widows dispossessed of their land because they did not have a civil status certificate establishing their kinship to the deceased.
986. The same applies to access to basic social services, which is rendered impossible in the absence of a legal identity. Stakeholders expressed their frustration in not being able to register their children in schools because of lack of the required birth certificate, which they did not have, especially those in rural areas. The same holds for access to electricity and access to health care in some health centres.
987. There is also impediment on the right to work in the absence of a legal identification document. The offer of employment is subject to the submission of proof of identity having information that can help check the applicant’s criminal record and his social security registration. It is a legal requirement that is liable to criminal sanction. In their inability to meet this requirement, the people, particularly the youths and women, add to the already high unemployment rate or resort to the informal sector.
988. It is worth pointing out that the birth certificate is an inalienable human right. It is the responsibility of the State, as per its commitments under international instruments on human right protection, to take all necessary measures to ensure total guarantee thereof so that each Beninese should be in possession of a legal identity.
989. Efforts made by the State in this direction are still half-hearted and not reassuring. The hesitations in the setting up of a computerized electoral database are a glaring proof of this. Although Benin is not a major exception in this area when compared to other African countries, it is all the same extremely urgent that State authorities speed up the mobile public declarations organized by the justice system to remedy the situation. There is also the need to set up an efficient civil status system, which will make it possible to:
  - Establish frank collaboration between the administrative structures involved in civil status management from the base to the top;
  - Computerize the services that deal with the passing of auxiliary judgments;
  - establish special birth registration centres in hospitals, maternity homes and other public or private health units;

- Assign to birth registration centres better trained workers with unquestionable professional and moral aptitudes, as well as provide them with proper working conditions and incentives that would free them from temptation;
- Implement a programme on public awareness raising and training of the populations on measures to be taken to obtain regular birth certificates and sanctions meted out to accomplices and beneficiaries of fraudulent certificates;
- Provide the justice system with appropriate means to perform this task.

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## CHAPTER EIGHT

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### 8. GENERAL CONCLUSIONS: CONSTRAINTS AND PROSPECTS

#### 8.1 Introduction

990. At the end of this assessment exercise, carried out following the signing of the commitment under the Memorandum of Understanding on 31 March 2004, the Panel, considering at their reasonable value the constraints faced by Benin in accomplishing its development with the participation of all stakeholders, appreciates at its fair value all the efforts being made by the newly-elected authorities to achieve that objective with much determination.
991. The desire to make progress is obvious and seems to guide the leaders and stakeholders met throughout the exercise. However, this desire and commitment, clearly expressed, should be translated into concrete actions, by eliminating these constraints, some of which could even constitute risks.

#### 8.2 The constraints

992. **At the political level**, one major risk is the capacity of the Government to deal with the pressure groups in the implementation of the reforms focused on the participation of the stakeholders, accountability and the fight against corruption.
993. The new authorities, who came to power through the last elections<sup>77</sup> enjoy the effective support of the population and have started carrying out reforms aimed at guaranteeing, in an adequate manner for all citizens, the Rule of Law, security and tranquillity. The pursuit of the reforms by the new Government was also facilitated by the stability of the Beninese public administration. However, administrative red tape and sincere desire for change remain issues of concern.
994. Concerning accountability, the institutions in charge of the control and regulation of executive power, though officially put in place, are not fully operational due notably to lack of adequate human resources. The executive power still has supremacy over the legislative. The Panel also noted the

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<sup>77</sup> The international community commended in April 2006, the transparency that characterized the election of the President of the Republic. This election, the third of its kind since the National Conference of December 1989, as well as the organization of the legislative elections in 2003, have strengthened the democratic renewal of the country and confirm that Benin has, once again, succeeded a peaceful change of power.

inadequate participation of the private sector and the civil society due to their low capacity to effectively take part in decisions concerning them.

995. However, it should be emphasized that the programme of the Government entails a series of reforms aimed at ensuring increased *participation of the stakeholders*. Indeed, the conditions for greater participation exist in Benin, since the civil society is already relatively active in the country and committed to the defence of human rights and improvement of the conditions of the poorest social groups. The current Government has implemented these programs through a more active participation from civil society, political parties, the private sector, and all economic players as well as regions of the country. Besides, development partners are providing increasing support for actions for strengthening credible civil society organizations.
996. *In the area of accountability*, the Government has agreed to review the Constitution in 2008 in order to achieve greater effectiveness of the separation and balance of power between the Executive, the Judiciary and the Parliament. The President of the Republic plans to strengthen, as part of the review, the following constitutional provisions: (i) the impossibility of each of the powers to encroach upon or wipe out the prerogatives of the other two, (ii) the effective exercise of the role of independent arbitrator by the authorities of the Judicial Power; and (iii) the clear definition of the missions and attributions of the institutions as well as the implementation of mechanisms of their interaction and collaboration. It is expected that this review will be the occasion to transform the Chamber of Accounts into an Audit Office.
997. In the area of justice, the implementation of the integrated Programme for strengthening the legal and judicial services facilitated the adoption of the laws on the bench, the judicial administration, the status of the opposition and the new charter of political parties. At the same time, Government is currently carrying out a budgetary reform focused on results, and which will pave the way for a better internal and external control of public expenditures.
998. Finally, on the whole, *the fiduciary risks* are reduced since Benin has initiated the implementation of the recommendations of the reforms on the analysis of accounting and financial practices (CFAA) carried out in 2005 and the analytical review of the public procurement system (CPAR) carried out in 2003. Besides, Benin has just completed, in July 2007, the report of the review of public expenditures (PEFA).
999. Globally, although the political risks are real, they have been reduced by the Government's desire and commitment to implement the necessary reforms:
1000. **At the economic level**, the vulnerability of the Beninese economy, associated with the existence of a monoculture export, constitutes the main challenge facing Benin, requiring it to diversify the sources of economic growth, which is essentially based on cotton and trade, with a view to reducing significantly the level of poverty.

1001. The risk associated with the low diversification of production (cotton represents the main export revenue) and fluctuations of the rainfall pattern, which affect agricultural production, is expected to reduce with the progress made in the implementation of the strategy and programme for rural and agricultural development. These achievements will be consolidated with the results expected from the implementation of strategy for promoting the private sector, which is a full component of the Growth and Poverty Reduction Strategy (2007-2009), - GPRS -.
1002. It should be recalled that despite an economic situation, which, on the whole, is currently experiencing a favourable trend, the progress registered at the macro-economic level have not succeeded to significantly reduce the progress registered at the macro-economic level, has not succeeded to significantly reduce *the phenomenon of poverty – another major constraint et challenge of development in Benin -*, which affects more than 30% of the population. This situation is a consequence of the concentration of production around one branch and poor redistribution of the fruits of growth, which makes it impossible to efficiently fight against poverty in Benin. An average growth of more than 5% is expected under the GPRS, so as to significantly reduce the incidence of poverty. To that end, and with the support of development partners, the strategy of the Government must continue to rely on a stable macro-economic framework in the medium term. The Government should pursue the improvement of the basic economic infrastructures and give preference to expenditures sectors that contribute directly to overtly reduction. To that end, the reforms implemented will help to address the constraints in the area of improvement of the legal protection of business, fiscality, customs duties, management of public utility services, and finally development of infrastructures.
1003. To reduce the costs of production factors, the Government plans to pursue the modernization of its financial and banking system and improve the performance of public structures that supply strategic goods. Benin should accelerate the pace of implementation of its privatization and liberalization programme in order to establish the long-term bases for its development through: i) the actual sale of ginneries of SONAPRA (ii) the concession of the current electricity company (iii) the completion of the privatization of telecommunications (iv) the implementation of the second phase of the study on the privatization of port management and the preparation of an action plan to implement its main recommendations (v) the development and operationalization of a new regulatory framework for the Electricity and Telecommunications sectors. Apart from these measures, which the Government intends to pursue to promote the different sectors that constitute sources of growth, the Government should be able to take advantage of the American Growth Opportunity Act (AGOA) initiative, which offers markets for textile products.
1004. Another important risk concerns *the dependency of the Beninese economy on the political and economic development in Nigeria*. As Benin's main trade partner, Nigeria constitutes an opportunity but also a risk for development and poverty reduction in Benin. The risk will, however, be reduced by the success

of the structural reforms, notably those concerning improvement of the competitiveness of the Cotonou Ports Authority with a view to making it a commercial platform. Furthermore, Benin plans to strengthen its customs system in order to get the most it can from its strategic position as the gateway to the Sahelean countries.

1005. **Concerning the fight against corruption**, considerable efforts are still necessary in order to eliminate the many constraints at this level. In that regard, the Government has adopted a national Strategic Plan to fight against corruption, and finalized a survey on corruption. Benin has initiated the implementation of Directive 07/2002/CM/UEMOA of 19/09/2002, on the fight against money laundering in WAEMU member-countries with the adoption by Parliament of the Law against money laundering. It now has to implement this political will.
1006. **At the level of the low budget execution capacity**, *the risks are associated with the low access of the population to basic services*. In the framework of the improvement of basic services, one of the risks identified in the implementation of activities of the different related programmes comes from the low institutional and human capacity of the services concerned, their low capacity of absorption of credits and some administrative red tape. This is valid for health, education and other basic social services. The risk reduction factors include support of the partners for the programme-budget approach and budget support, which has the advantage of ensuring efficient coordination of aid. Besides, improvement of the fiduciary and public expenditure control framework will help to reduce these risks through efficient execution of public expenditures.
1007. **Concerning greater participation of women in order to promote gender equality** in all key areas, it should be noted that despite the considerable efforts deployed, the majority of the population (nearly 52%) is still marginalized by the decision-making bodies. If this phenomenon is not stamped out, it can constitute a real risk that could jeopardize the expected results in the area of SED and the extension of political and democratic right to women.
1008. **The low level of motivation on the part of Government officials** because of low salaries and excessive politicization of the public service is also another constraint to be eliminated as early as possible. The Programme of the Government took this risk into account by mitigating it through the implementation of a results-based reform of the public service. This reform is organized around the establishment of remuneration system for public servants, the status of Government workers, modernization of services and implementation of the Public Service Charter. The decisive measure is the review of the wage index, which can only be gradually applied to all Government workers.
1009. **The final risk, an exogenous one, may result from the increase in oil prices** and decision of the new Government to ban the illegal sale of petrol. This risk

will be reduced in the medium-term and presupposes a diversification of the production and development of alternative sources of energy.

### 8.3 Prospects

1010. Despite these numerous constraints, Benin has a number of major assets, the exploitation of which will certainly help to overcome these obstacles.
1011. Already, at the global level, to attain its development objectives, the Government has developed a number of strategies through notably the documents on the 2006-2011 Strategic Development Orientations of Benin, “Emerging Benin”, which translates the vision of Benin Alafia 2025; the growth Strategy for Poverty Reduction (2007-2009), which includes a basic scenario with quantification of the different sectoral strategies to be implemented to accelerate growth and reduce poverty, while maintaining macroeconomic stability. This strategy, developed in a participative manner with all stakeholders, bases the acceleration of growth on diversification of agricultural production, economic liberalization, support for the private sector, improvement of the economic and social infrastructures, and good governance.
1012. This strategy is aimed at eradicating the major constraints to the development of the country with a view to transforming Benin into an emerging country by 2011. This ambition is reflected in the desire of the Government to create the necessary conditions for accelerated economic growth to ensure significant reduction of poverty in the country. Specifically, this strategy comprises measures for mitigating the risks and constraint identified in the framework of the diagnosis of the economic and social situation of Benin.
1013. In the different focus areas, the most important assets, at the political level, are: (i) the resolve to change for the better; (ii) the entrenchment of the values and culture of democracy, human rights and socio-political stability; in the economic sphere, (iii) the vast potential with regard to agriculture (4.8 million hectares of arable land, of which less than 1 million hectares is currently being cultivated), fishery resources, livestock breeding, forestry, mineral resources as well as tourism – which is not adequately exploited; (iv) the geographical location (a 125-kilometre coastline equipped with an important port, sharing a long common border of about 700 kilometres with Nigeria, which represents a market of nearly 140 million potential consumers, and sharing borders with landlocked countries such as Niger and Burkina Faso); (v) the dynamism of the country’s informal sector; (vi) membership of some regional economic and monetary entities; and at the social level, (vii) the youthfulness and dynamism of the population; (viii) the competence of the country’s local labour force; and (ix) the pride in the country’s cultural values.
1014. The Beninese should, therefore, take up the challenges of Good Governance and Sustainable Development by relying on their strengths in the implementation of their future vision.

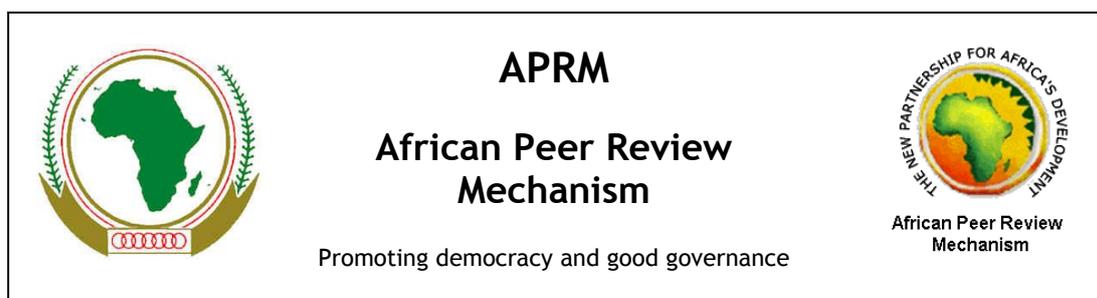
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# APPENDIX I

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## PROGRAMME OF ACTION OF BENIN



### **BENIN ACTION PLAN FOR IMPROVED GOVERNANCE THROUGH THE APRM**

Novembre 2007

## ACRONYMS AND ABBREVIATIONS

ANCB	Benin National Town Councils Association
APE	Civil Servant
CSPEF	Financial and Economic Programs Monitoring Unit
ST	Short –Term
DGB	Budget Department
DGDDI	Tax and Excise Department
IGM	Ministry General Inspectorate
DGTCP	Public Revenue and Public Accountancy Department
DNMP	National Public Award or Procurement Department
DRFM	Financial and Material Resources Department
MAEIAFBE	Ministry of Foreign Affairs, African Integration, <i>Francophonie</i> and Benin Nationals Abroad
MAEP	Ministry of Agriculture, Animal Husbandry and Fisheries
MCAT	Ministry of Culture, Handicraft and Tourism
MCRIPPG	Ministry in charge of Relations with Institutions, Government’s Spokesman
MDGLAAT	Ministry of Decentralization, Local Governance, Administration and Town and Country Planning
MECDN	State Ministry in charge of National Defence
MECEPDEAP	State Ministry in charge of Long-term Planning, Development and Public Action Evaluation
MEP	Ministry of Primary Education
MEPN	Ministry of Environment and Protection of Nature
MESFTP	Ministry of Secondary Education and Technical and Vocational Training
MESRS	Ministry of Higher Education and Scientific Research
MEF	Ministry of Economy and Finance
MFE	Ministry of Family and Child
MICPME	Ministry of Industry, Trade, Small and Medium-sized Enterprises
MISP	Ministry of the Interior and Public Security
MJLDH	Ministry of Justice, Legislation and Human Rights
MJSL	Ministry of the Youth, Sports and Leisure
MME	Ministry of Mines, Energy and Water
MMFEJFPME	Ministry of Microfinance, Youth Employment, Women and Small and Medium-sized Enterprises
MRAI	Ministry of Administrative and Institutional Reform
MS	Ministry of Health
MT	Mid Term
MTFP	Ministry of Labour and Public Service
MUHRFLCEC	Ministry of Town Planning, Housing, Land Reform and the Fight against Coastal Erosion
MAPLN	Ministry of Literacy and Promotion of National Languages

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PERAC	Public Expenditure Reform Assistance Credit
TFP	Technical and Financial Partners
SIGFIP	Public Funds Integrated Management System
PDC	Town Councils Development Program
CIPE	Small-sized Enterprises Tax Office
RFU	Urban Land Register
MIC	Ministry of Industry and Trade
DGSM	Microfinance Sector Head Office
MCA	Millennium Challenge Account
OLC	Anti-Corruption Observatory
IGE	State General Inspectorate
IGSEP	General Inspectorate of Public Services and Employment
DCI	Domestic Trade Department
DPI	Investment Promotion Department
MEPN	Ministry of Environment and Nature Protection
IGF	General Inspectorate of Finance
JORB	Gazette of the Republic of Benin
LEPI	Computerized Standing Electoral Roll
SNIGS	National Health Information and Management System
CNLS	National AIDS Control Committee
PNLS	National AIDS Control Program
GDPMF	Microfinance Promotion Head Office
TFP	Technical and Financial Partners
FAGACE	African Guarantee and Economic Cooperation Fund
IGM	Ministries General Inspectorates
PMLS	Multi-sector AIDS Control Program

Development increasingly appears as a comprehensive phenomenon marked by various economic, social, political, environmental, cultural and technological tiers whose combined shifting converge to individual and collective welfare. The needed convergence of activities inherent to such areas can only be achieved through good governance which constitutes its tool for boosting balances and regulating production relations among stakeholders. With a view to improving governance in Benin, an action plan has been drafted subsequent to the strategic diagnosis conducted in relation to the different objectives suggested by the African Peer Review Mechanism (APRM).

The drafting, the consolidation and finalization of the said Action Plan have been the main subject matters discussed during two Seminars of stakeholders (Government - Private Sector - Civil Society) held respectively on 27 September 2007 and 26 through 27 November 2007 which gathered the various bodies responsible for planning, long-term planning/prospects, drafting and execution of budget programs of ministries.

The cost assessment method used during the above-mentioned meetings is based on results targets, available statistics, the population each intervention should cover, the nature of services to be provided to beneficiaries and the various reference prices of each intervention.

The Plan includes a series of actions ensuing from the diagnosis made for each thematic considered. It also encompasses priority recommendations contained in the self-review Report. However, it is likely to go through needed adjustments to take into account implementation deadlines and the development of the socioeconomic and political environment and recommendations made as a result of the Benin's review.

The implementation of Benin Action Plan for the APRM will be in the context of a collaboration between Government, private sector and civil society, but also in the context of a partnership with the International Community, including technical and financial partners, especially the UNDP, with the support and leadership of the African Union. Negotiations, trainings and required exchanges with major stakeholders will be considered throughout the process with a view to ensuring the success of the implementation.

That is why the Government of Benin will establish as early as February 2007 an Implementation Monitoring Observatory for the Action Plan and recommendations included in the review report.

The Plan sets a distinction between two kinds of actions: on the one hand, specific actions relating to precise dimensions of governance, and on the other hand, cross-cutting actions which cover all the areas considered.

## I- SPECIFIC ACTIONS

The specific actions have to do with the four thematic areas considered, including Democracy and Political Governance, Management and Economic Governance, Corporate Governance and Socioeconomic Development.

### 1- DEMOCRACY AND POLITICAL GOVERNANCE

#### GENERAL OBJECTIVE 1: PREVENT AND SCALE DOWN DOMESTIC AND INTER-COUNTRY CONFLICTS

SPECIFIC OBJECTIVES	ACTIONS	EXPECTED OUTCOMES	OBJECTIVELY VERIFIABLE INDICATORS	VERIFICATION MEANS	IMPLEMENTATION BODIES	OTHER STAKEHOLDERS	MONITORING AND EVALUATION AGENCY	IMPLEMENTATION SCHEDULE	ESTIMATED COSTS \$US
1.1.1- Establish a peaceful atmosphere within national borders	1.1.1.1 Mobilization of living forces around the major national causes (in the mid-term)	Tensions between social groups, regions and ethnic groups are scaled down	Improved quality of relations between social groups, regions and ethnic groups	Opinion poll Count of incidents	MCRI MISP	Parliament Civil society organizations Private sector Partners	MCRI MISP MJLDH	2008-2010	1, 000,000
	1.1.1.2 Promotion of civics with a view to strengthening national unity	High-level citizenship awareness	Number of actions in favour of citizenship Expression of citizenship awareness and respect for public property or state	Study and evaluation reports	Teaching and adult education association Ministry of Communication Ministry of the Youth Ministry of Culture	UNICEF Konrad Adenauer Unesco Other partners Private sector INFOSEC	DPP IGM Civil society	2008-2015	3,000,000
1.1.2- Demarcate the final borders with neighbouring countries	1.1.2.1 Establishment of a security space of peace and cooperation with border countries	Cross-border populations live together peacefully	The number of border disputes scales down	Free movement of persons and goods  Absence of crisis	MAEIAFBE MDGLAAT MDN MISP MCRI	Border populations Sub-regional bodies	Mayors Security forces	2008-2009	1, 000,000

APPENDIX I: PROGRAMME OF ACTION OF BENIN

SPECIFIC OBJECTIVES	ACTIONS	EXPECTED OUTCOMES	OBJECTIVELY VERIFIABLE INDICATORS	VERIFICATION MEANS	IMPLEMENTATION BODIES	OTHER STAKEHOLDERS	MONITORING AND EVALUATION AGENCY	IMPLEMENTATION SCHEDULE	ESTIMATED COSTS \$US
	1.1.2.2 Capacity building for national committees for borders demarcation (in the short-term)	Capacities of national border demarcation committees are reinforced	Number of meetings held	Reports	MAEIAFBE MDN MISP MDGLAAT MEF MEMP	Technical and financial partners Civil society	Long-term Planning and Programming Departments of ministries	2008-2009	170,000
	1.1.2.3 Referral, if need be, to international arbitration bodies/ MT	International arbitration bodies are referred to if need be	Number of referrals	Counting	MAEIAFBE MCRI	Technical and financial partners	MAEIAFBE	2008-2012	2, 000,000
	1.1.2.4 Evidence of the presence of Benin state in border areas through economic and socio-community infrastructures (in the mid term)	Social and community infrastructures are built in border areas	Number of economic and social and community infrastructures built	Documents	Ministry of Agriculture MISP Ministry of Town Planning MEF MEPN MSP MTPT	Technical and financial partners Civil society Private investors	Long-term Planning and Programming Departments of Ministries (DPP)	2008-2011	500,000,000
<b>Sub-total 1</b>									<b>507,170,000</b>

**GENERAL OBJECTIVE 2: ENHANCE INSTITUTIONAL DEMOCRACY AND THE RULE OF LAW**

SPECIFIC OBJECTIVES	ACTIONS	EXPECTED OUTCOMES	OBJECTIVELY VERIFIABLE INDICATORS	VERIFICATION MEANS	IMPLEMENTATION BODIES	OTHER STAKEHOLDERS	MONITORING AND EVALUATION AGENCY	IMPLEMENTATION SCHEDULE	ESTIMATED COSTS \$US
1.2.1- Improve transparency and lawfulness of elections	1.2.1.1 Enforcement and strengthening of political parties charter to make it more demanding in terms of missions and duties/MT	Political parties fully participate in political life and are closely involved in basic political debate and citizenship awareness raising among populations	Number of parties Impact of their actions	Counting Opinion poll	Permanent secretariat of the National Independent Electoral Commission MISP MEF	Technical and financial partners Political Associations MCRI MDGLAAT	Constitutional court Supreme court	2008-2012	250,000
1.2.2- Ensure effectiveness and sustainability of the election management handling system	1.2.2.1 Depoliticizing the CENA by changing the appointment pattern of its members/MT	Gradual absence of frauds and other irregularities observed during voting	Number of awareness raising actions	Counting Opinion poll	Parliament	Technical and financial partners	Constitutional court	2008-2010	100,000
	1.2.2.2 Final settlement of the issue of electoral roll, electoral code and electoral schedule/ MT	Decrease of the number of protests or claims by candidates The logistic organization of voting is improved	Status of CENA members Number of protest	Electoral file Counting	MCRI MJLDH Parliament	Civil society MISP	Constitutional court Supreme court	2008-2011	2,600,000
	Drafting the LEPI							2008-2010	Cost to determine with TFPs
	1.2.2.3 Reliability in the funding mode of electoral campaigns/MT	Reliable electoral campaign funding	Parties' campaign-related expenditure	Audit commission report	MJLDH Audit commission	Civil society Technical and financial partners	Audit commission	2008-2011	300,000

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SPECIFIC OBJECTIVES	ACTIONS	EXPECTED OUTCOMES	OBJECTIVELY VERIFIABLE INDICATORS	VERIFICATION MEANS	IMPLEMENTATION BODIES	OTHER STAKEHOLDERS	MONITORING AND EVALUATION AGENCY	IMPLEMENTATION SCHEDULE	ESTIMATED COSTS \$US
1.2.3- Consolidate democracy, enrooting the rule of law and human rights in habits	1.2.3.1 Restoration of habits and customs and social institutions/MT	Democratic rules and principles as well as provisions of the human rights declaration are introduced in habits	Appropriation of good conduct rules by each individual Better functioning of social, economic and political institutions	Investigations	MJLDH MJSL MF MRAI	Technical and financial partners Civil society Economic and Social Council MCAT	MJLDH MJSL MF	2008-2011	1,000,000
1.2.4- Get all national stakeholders better aware and abide by the rules of democratic system	1.2.3.2. Better popularization of the law	Mutual confidence is established even among social groups	Benin nationals rely more on one another both at individual level and at social groups level	Investigations	MCRI MJDLH MRAI	Technical and financial partners Civil society	Supreme court MCRI MJDLH	2008-2011	1,000,000
1.2.5- Institutional capacity building for local councils	1.2.3.3 Guarantee of the effectiveness of competence and resources transfers/ ST	Resources transfer is real	Local government administration is improved	Investigations	MF MDGLAAT	Technical and financial partners Civil society ANCB MTFP MRAI	MDGLAAT	2008-2009	500,000
	1.2.3.4 Establishment of imputability (performance and accountability requirement) with local governments/ST	Local government is efficient	Populations at the grassroots receive quality services	Investigations	MDGLAAT	Technical and financial partners Civil society ANCB MTFP MRAI	MDGLAAT ANCB	2008- 2009	500,000

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SPECIFIC OBJECTIVES	ACTIONS	EXPECTED OUTCOMES	OBJECTIVELY VERIFIABLE INDICATORS	VERIFICATION MEANS	IMPLEMENTATION BODIES	OTHER STAKEHOLDERS	MONITORING AND EVALUATION AGENCY	IMPLEMENTATION SCHEDULE	ESTIMATED COSTS \$US
1.2.6- Work out democracy and peace promotion policies	1.2.6.1 Organization of radio and television programs on democracy and peace	Promotion of democracy and peace	Increasing number of radio and television programs on democracy and peace	Statistics	Ministry of culture and communication	General public The World Bank	Ministries of the Interior, Justice, Information and Communication	2008-2010	100,000
<b>Sub-total 2</b>									<b>6,350,000</b>

### GENERAL OBJECTIVE 3: PROMOTE AND PROTECT ECONOMIC, SOCIAL AND CULTURAL, CIVIL AND POLITICAL RIGHTS

SPECIFIC OBJECTIVES	ACTIONS	EXPECTED OUTCOMES	OBJECTIVELY VERIFIABLE INDICATORS	VERIFICATION MEANS	IMPLEMENTATION BODIES	OTHER STAKEHOLDERS	MONITORING AND EVALUATION AGENCY	IMPLEMENTATION SCHEDULE	ESTIMATED COSTS \$US
1.3.1- Reduce economic inequalities	1.3.1.1 Strengthening equalization of sales prices of widely consumed goods (oil, cement, pharmaceutical products, etc.)	Equalization of basic products is enhanced	Prices of products in various regions in Benin	Price list Interview Satisfaction survey	Joint inter-ministerial Commission in charge of setting the prices of widely consumed goods	TFP Private sector	MIC MMEE MF MEDPEAP	2008-2009	400,000
	1.3.1.2 Creation of regional development hubs	Regional development hubs do exist	Number of regional hubs created  Percentage of people satisfied with the services of regional hubs	Counting Opinion poll	MEDPEAP	TFP MDGLAAT Economic operators Foreign investors	Ministry of Economy and Development	2008-2010	2,000,000
1.3.2- Ensuring that each citizen has the minimum to live on (Food, Clothing, Housing, Health care, Education, etc.)	1.3.2.1 Development of a development program gradually achievable	A development program securing rights is worked out	Drop in the percentage of citizens struggling for the said rights  Reduce the cost of public social services mainly in rural areas	Opinion poll Costs list Opinion poll	MJCRI MFFE	Technical and financial partners Civil society	National Employment Agency (ANPE) Microfinance Unit	2008-2010	1,200,000

APPENDIX I: PROGRAMME OF ACTION OF BENIN

SPECIFIC OBJECTIVES	ACTIONS	EXPECTED OUTCOMES	OBJECTIVELY VERIFIABLE INDICATORS	VERIFICATION MEANS	IMPLEMENTATION BODIES	OTHER STAKEHOLDERS	MONITORING AND EVALUATION AGENCY	IMPLEMENTATION SCHEDULE	ESTIMATED COSTS \$US
1.3.3- Scale down estate-related conflicts	1.3.3.1 Drafting a relevant land administration regulation	Relevant regulation exists in land administration	Land administration Acts Effective enforcement and impact	Law documents Survey and conflicts counting	MDGLAAT MUHRFLEC	Parliament MCA Private sector	MJLDH MDGLAAT MISP	2008-2010	350,000
1.3.4- Ensure improved land administration	1.3.4.1 Reform of land administration procedures  1.3.4.2 Enhancing land registration system	Land-governing law RFU and PFR are set up Land registration system is reinforced	Number of Acts passed and popularized Percentage of registered lands compared to targeted lands Procedures for assigning land title deeds (TF) are made simple and the purchase costs of TF are lowered	JORB Land registers Archives Rural land schemes	MuFFEC National Geographic Institute (IGN) City councils Prefectures DDE	MCA Devolved services of the Ministry of Agriculture	Ministry of the Interior MEF Ministry of Agriculture	2008-2013	50,000,000 <sup>78</sup>
1.3.5- Strengthen self-regulating capacities	1.3.5.2 Capacity building for those bodies and technical means made available for them	The HAAC et the ODEM are strengthened	Number of officials trained Number of equipments made available	Training reports Reception minutes	MEF Ministry of communication	The Press	DPP HAAC ODEM	2008-2010	1,000,000

<sup>78</sup> The amount of 50 millions is allotted to cover fees incurred as part of the reform of land administration procedures and to subsidize the purchase of land title deeds within specific-status towns. The amount does not include actions taken by the MCA in rural and urban areas and in outskirts

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SPECIFIC OBJECTIVES	ACTIONS	EXPECTED OUTCOMES	OBJECTIVELY VERIFIABLE INDICATORS	VERIFICATION MEANS	IMPLEMENTATION BODIES	OTHER STAKEHOLDERS	MONITORING AND EVALUATION AGENCY	IMPLEMENTATION SCHEDULE	ESTIMATED COSTS \$US
1.3.6 Promote economic, social and cultural, civil and political rights	1.3.6.1 Initial and continuous training of journalists	Journalists are trained	Number of journalists trained	Training reports Schedule of radio and TV programs		HAAC	Associations of Journalists Employers Private Press	2008-2014	1,000,000
	1.3.6.2 Organizing media campaign of awareness raising and to educate in human rights	The media carry out awareness-raising and education campaigns	Number of campaigns conducted	Reports The Press Radio, TV, posters	MEF Ministry of Communication	UNICEF	DPP/MEF and Ministry of communication	2008-2018	
<b>Sub-total 3</b>									<b>55,950,000</b>

**GENERAL OBJECTIVE 4: SEPARATE POWERS, PROTECT THE INDEPENDANCE OF JUDICIAL AUTHORITIES AND ESTABLISH AN EFFECTIVE PARLIAMENT**

SPECIFIC OBJECTIVES	ACTIONS	EXPECTED OUTCOMES	OBJECTIVELY VERIFIABLE INDICATORS	VERIFICATION MEANS	IMPLEMENTATION BODIES	OTHER STAKEHOLDERS	MONITORING AND EVALUATION AGENCY	IMPLEMENTATION SCHEDULE	ESTIMATED COSTS \$US
1.4.1 Build capacities for the Parliament as regards drafting laws, checking government actions and as regards representation	1.4.1.1 Training in law making techniques  1.4.1.2 Making available to the Parliament means to check government action	Members of parliament are trained in law making techniques and have means to check government action	Number of laws passed Number of checks carried out	Reports of the Speaker of the Parliament Reports of parliamentary commissions	Parliament CAPAN	Technical and financial partners Civil Society	Constitutional Court	2008-2009	400,000
<b>Sub-total 4</b>									<b>400,000</b>

**GENERAL OBJECTIVE 5: ENSURE AN OFFICE AGENT AND A RESPONSIBLE AND RELIABLE CIVIL SERVANT**

SPECIFIC OBJECTIVES	ACTIONS	EXPECTED OUTCOMES	OBJECTIVELY VERIFIABLE INDICATORS	VERIFICATION MEANS	IMPLEMENTATION BODIES	OTHER STAKEHOLDERS	MONITORING AND EVALUATION AGENCY	IMPLEMENTATION SCHEDULE	ESTIMATED COSTS \$US
1.5.1 Improve Civil Service performances	1.5.1.1 Adoption and implementation of a framework law towards improving Civil Service performance/CT	Effectiveness, transparency and ethics are strengthened in the Civil Service	Number of independent audits carried out in government institutions  Civil service users are satisfied with service provided by the Administration	Counting Survey	MRAI Parliament	Technical and financial partners MTFP MF Specialized Agencies	MRAI	2008-2010	2.500.000
	5.1.2 Definition of a responsible and fair policy for motivation in the Civil Service  5.1.3 Setting up an integrated system of Human Resources management	Human resources are better managed	Number of really operational functionalities	Reports Number of deeds issued a year	MRAI MTFP MEF	MEF TFP DRH	DPP	2008-2009	500.000
<b>Sub-total 5</b>									<b>3.000.000</b>

**GENERAL OBJECTIVE 6: FIGHTING CORRUPTION IN THE POLITICAL WORLD**

SPECIFIC OBJECTIVES	ACTIONS	EXPECTED OUTCOMES	OBJECTIVELY VERIFIABLE INDICATORS	VERIFICATION MEANS	IMPLEMENTATION BODIES	OTHER STAKEHOLDERS	MONITORING AND EVALUATION AGENCY	IMPLEMENTATION SCHEDULE	ESTIMATED COSTS \$US
1.6.1 Noticeably reduce corruption	1.6.1.1 Capacity building of control bodies	An efficient control mechanism exists and is functional Rreducing corruption acts End of impunity	The quality and quantity of inspections Number of punished agents	Control bodies Audit reports of inspection bodies	OLC IGE Civil Society MRAI	Technical and financial partners	Civil society	2008-2010	1.500.000
<b>Sub-total 6</b>									1.500.000

**GENERAL OBJECTIVE 7: PROMOTE AND PROTECT WOMEN’S RIGHTS**

SPECIFIC OBJECTIVES	ACTIONS	EXPECTED OUTCOMES	OBJECTIVELY VERIFIABLE INDICATORS	VERIFICATION MEANS	IMPLEMENTATION BODIES	OTHER STAKEHOLDERS	MONITORING AND EVALUATION AGENCY	IMPLEMENTATION SCHEDULE	ESTIMATED COSTS \$US
1.7.1 Reduce inequality between men and women	1.7.1.1 Popularization in national languages of the Code of persons and Family and other laws related to women’s rights	Women are better involved in all political and socioeconomic spheres Reducing violation of women’s rights (violence at home, genital mutilations, etc.) especially in rural areas	Women and men mentality has changed % of women involved in political and socioeconomic spheres Rate of violence against women	Investigations Justice decision Appointments	MFE MJLDH Women Organizations MAPLN MCRI	Civil Society Other ministries	Technical and financial partners Society	2008-2012	2.000.000
<b>Sub-total 7</b>									<b>2.000.000</b>

**GENERAL OBJECTIVE 8: PROMOTE AND PROTECT CHILDREN’S AND YOUNG PEOPLE’S RIGHTS**

SPECIFIC OBJECTIVES	ACTIONS	EXPECTED OUTCOMES	OBJECTIVELY VERIFIABLE INDICATORS	VERIFICATION MEANS	IMPLEMENTATION BODIES	OTHER STAKEHOLDERS	MONITORING AND EVALUATION AGENCY	IMPLEMENTATION SCHEDULE	ESTIMATED COSTS \$US
1.8.1 Better respect for children and young people's rights	1.8.1.1 Severe punishment of persons guilty of physical cruelties on children	Fighting child labour and trafficking is reinforced Promotion of young people entrepreneurship	Number of children victims of forced labour	Counting Survey	MJLDH MF MISP	Partners	MJLDH MF MISP	2008-2009	900.000
	1.8.1.2 Taking effective measures to prevent child trafficking		The number of children victims of child trafficking		MJLDH MF MISP MJSL MMFEJF	European Union ILO (BIT)	MJLDH MF MISP MJSL MMFEJF	2008-2009	2.000.000
	1.8.1.3 Entrepreneurship promotion		Youth unemployment rate						
	1.8.1.4 Capacity building of Ministry of Finance and Economy (MFE) structures in charge of child protection	Structures are operational	Number of Small-and Medium-sized Firms (PME) established Number of persons recruited Number of bodies made available	Loans allocated Deed of secondment Reception minutes	MFE	MEF TFP	DPP TFP	2008-2011	
<b>Sub-total 8</b>									<b>2.900.000</b>

## GENERAL OBJECTIVE 9: PROMOTE AND PROTECT VULNERABLE GROUPS' RIGHTS

SPECIFIC OBJECTIVES	ACTIONS	EXPECTED OUTCOMES	OBJECTIVELY VERIFIABLE INDICATORS	VERIFICATION MEANS	IMPLEMENTATION BODIES	OTHER STAKEHOLDERS	MONITORING AND EVALUATION AGENCY	IMPLEMENTATION SCHEDULE	ESTIMATED COSTS \$US
1.9.1 Promote respect for vulnerable groups' rights	1.9.1.1 Improvement of vulnerable groups' access to employment/MT	Vulnerable groups have access to employment	Vulnerable groups employment statistics	Counting Survey	MMFEJF MEF MJSL MCAT Ministry of Agriculture	Partners Civil Society	MTFP MMFEJF MEF Ministry of Agriculture	2008-2011	2.000.000
1.9.2 Improvement of the socioeconomic condition and integration of vulnerable groups in society	1.9.2.1 Improvement of their access to sources and means of financing/MT	Vulnerable groups have access to funding	Number of funded vulnerable groups initiatives	Counting	MMFEJF MCAT	Partners MF MJSL Civil Society	Ministry of Civil Service MMFEJF MF MJSL MAEP Ministry of environment Ministry of town-planning Ministry of health Ministries of education	2008-2011	3.000.000
1.9.3 Promote the emergence of areas of activities which employ vulnerable groups	1.9.3.1 Providing a technical training in managing income-generating activities/ MT	Vulnerable groups AGRs are promoted	Vulnerable groups autonomy and their capacity to take responsibility for themselves is on the increase	Counting	MAEP MCAT MEPN MMFEJF	Partners Civil Society	MTFP MEF MMFEJF Ministry of Agriculture	2008-2011	2.000.000

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SPECIFIC OBJECTIVES	ACTIONS	EXPECTED OUTCOMES	OBJECTIVELY VERIFIABLE INDICATORS	VERIFICATION MEANS	IMPLEMENTATION BODIES	OTHER STAKEHOLDERS	MONITORING AND EVALUATION AGENCY	IMPLEMENTATION SCHEDULE	ESTIMATED COSTS \$US
1.9.4 Better take into account vulnerable groups' concerns in development policies and strategies	1.9.4.1 Taking into account vulnerable groups' concerns in development policies and strategies	Vulnerable groups concerns are taken into account	Number of actions taken in their favour provided for in DCRSP	Counting	MFE MEDPEAP	Partners Civil Society	Ministry of Civil Service MFE MMFEJF MEDPEAP	2008-2009	100.000
<b>Sub-total 9</b>									<b>7.100.000</b>
<b>SUBTOTAL I (DEMOCRACY AND POLITICAL GOVERNANCE)</b>									<b>586.370.000</b>

## 2- MANAGEMENT AND ECONOMIC GOVERNANCE

### GENERAL OBJECTIVE 1: PROMOTE MACROECONOMIC POLICIES THAT SUSTAIN DEVELOPMENT

SPECIFIC OBJECTIVES	ACTIONS	EXPECTED OUTCOMES	OBJECTIVELY VERIFIABLE INDICATORS	VERIFICATION MEANS	IMPLEMENTATION BODIES	OTHER STAKEHOLDERS	MONITORING AND EVALUATION AGENCY	IMPLEMENTATION SCHEDULE	ESTIMATED COSTS \$US
2.1.1- Carry out macro-economic estimates	2.1.1.1 Expansion and updating available database	Database updated and made available	Increased number of usable database	Consulting available database	INSAE	DPP (all ministries) BCEAO CSPMES	Ministries of Development and Finance	2008-2010	200.000
	2.1.1.2 Carrying out forecasts from all relevant data	Realistic and reliable forecasts	Variance between forecasts and achievements/ execution	Database analysis and variance analysis report	INSAE	DPP (all ministries) BCEAO CSPMES	Ministries of Development and Finance	2008-2010	100.000
	2.1.1.3 DPPs and INSAE human, material, financial and institutional capacity building		Reliable data made available for public and private sectors						
2.1.2- Improve business environment	2.1.2.1 Implementation of a tax policy promoting investment	Updated, popularized and applied tax policy document	Investment flow	Fiscal policy execution report	DGID	CCIB DGDDI Employers' Federation	Ministry of Finance	2008-2010	60.000
	2.1.2.2 Initiate laws aiming at protecting the right of possession	Law protecting the operational property right	Number of decisions passed in economic and financial matter	Tax policy publication report (Gazette)	Supreme court	Parliament Courts The judges Association The Bar CCIB Employers' Association	Ministry of Justice	2008-2010	40.000

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SPECIFIC OBJECTIVES	ACTIONS	EXPECTED OUTCOMES	OBJECTIVELY VERIFIABLE INDICATORS	VERIFICATION MEANS	IMPLEMENTATION BODIES	OTHER STAKEHOLDERS	MONITORING AND EVALUATION AGENCY	IMPLEMENTATION SCHEDULE	ESTIMATED COSTS \$US
2.1.3- Work out growth promoting sector policies	2.1.3.1 Building the poor capacity to conduct income-generating activities	Poor entrepreneurial capacity is developed Increase of schooling and literacy rate	Number of micro companies created Schooling and literacy rate	INSAE database Literacy Department database	All structures in charge of promoting companies Literacy Department Ministry of Agriculture	NGO	Ministry of development and microfinance Ministry of literacy Department of technical education Department of primary education	2008-2010	500.000
	2.1.3.2 Improvement of access to credit	Access to credit has been improved	Increasing number of micro credit beneficiaries Outstanding payments rate	IMF report	Microfinance Unit	IMF Banks BCEAO Consortium ALAFIA Support organizations	Ministry of Microfinance	2008-2010	600.000 <sup>79</sup>
2.1.4- Improve domestic resources mobilization policy	2.1.4.1 Tax base expansion Tax evasion reduction	Increase in tax revenue	Number of companies or activities liable to tax Tax evasion rate reduced	Tax Inspection Department annual report	DGID	DGDDI Courts Police	MDCB	2008-2010	300.000

<sup>79</sup> This amount is allocated to establish policies promoting access to credit and not for credit granting.

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SPECIFIC OBJECTIVES	ACTIONS	EXPECTED OUTCOMES	OBJECTIVELY VERIFIABLE INDICATORS	VERIFICATION MEANS	IMPLEMENTATION BODIES	OTHER STAKEHOLDERS	MONITORING AND EVALUATION AGENCY	IMPLEMENTATION SCHEDULE	ESTIMATED COSTS \$US
2.1.4- Improve domestic resources mobilization policy (CONTINUED)	2.1.4.2 Setting up incentives for IMFs	Increase in savings and credits	Bonus fund set up Laws adopted towards strengthening the control system More frequent and strict controls of IMFs	Evaluation report	Microfinance Unit	IMF Banks BCEAO	BCEAO MMFEJF	2008-2010	1.000.000
	2.1.4.3 Strengthening the control system								
	2.1.4.4 Reduction of differential between debit and credit rates through the raising of credit rates	Differential between debit rates reduced	Differential between debit and credit rates reduced	BCEAO banking commission report	Commercial Banks DGPME	MMFEJF	BCEAO (Banking commission)	2008-2010	600.000
	2.1.4.5 Incentives as to the increase long-term deposits by way of issuing of compulsory borrowings and popular shareholding	More protracted deposits value date	More varied and attractive bank products		IMF		Ministry of Finance		
<b>Sub-total 10</b>									<b>3.400.000</b>

## GENERAL OBJECTIVE 2: IMPLEMENT GOVERNMENT SOUND, TRANSPARENT AND FORESEEABLE ECONOMIC POLICIES

SPECIFIC OBJECTIVES	ACTIONS	EXPECTED OUTCOMES	OBJECTIVELY VERIFIABLE INDICATORS	VERIFICATION MEANS	IMPLEMENTATION BODIES	OTHER STAKEHOLDERS	MONITORING AND EVALUATION AGENCY	IMPLEMENTATION SCHEDULE	ESTIMATED COSTS \$US
2.2.1- Improve effectiveness and transparency of customs administration	2.2.1.1 Improvement of import, transit and export procedures	More effective customs policy	<b>Reduced</b> number of customs evasion acts	Import, transit and export procedures manual revised and corrected	<b>DGDDI</b>	CCIB	MDCB	2008-2010	200.000
	2.2.1.2 Updating of anti-fraud and smuggling techniques		Control frequency	Updated anti-fraud and smuggling techniques		National Employers' Association Council			
2.2.2- Make economic policies foreseeable	2.2.2.1 Improvement of planning and control procedures effectiveness	A more proactive State	Management chart/road map	Reinforced planning and control capacity	DPP General Inspection of the Ministry	All public bodies	MECEPDEAP	2008-2013	100.000
<b>Sub-total 11</b>									<b>300.000</b>

**GENERAL OBJECTIVE 3: PROMOTE A SOUND MANAGEMENT OF PUBLIC FUNDS**

SPECIFIC OBJECTIVES	ACTIONS	EXPECTED OUTCOMES	OBJECTIVELY VERIFIABLE INDICATORS	VERIFICATION MEANS	IMPLEMENTATION BODIES	OTHER STAKEHOLDERS	MONITORING AND EVALUATION AGENCY	IMPLEMENTATION SCHEDULE	ESTIMATED COSTS \$US
2.3.1. Strengthen promotion of a sound management of public funds	2.3.1.1 Strengthening and generalization of programme approach in budget management	Government expenses and income controlled	Budget execution rate	Performance report	MEF	DPP All ministries' DRFM	MDCB DGB	2008-2013	100.000
	2.3.1.2 On-time adoption of payment acts	Programme budgets are available and executed in all public organizations	Budget balance ratio	Performance reports	MEF	DPP All ministries' DRFM	MDCB DGB		
		Payment acts are adopted on time	Number of payment acts passed on time	PIP	DRFM of all ministries and public organizations DGTCP	Parliament	Supreme Court Audit Chamber		
	2.3.1.3 Generalization of PERAC as applied to all ministries	Public expenditure are rationalized  PERAC reform is made general	Number of ministries developing programme budgets	Investigations  Budget execution review	DGB  DGTCP	All ministries and public organization <b>DRFM</b>	Ministry of Finance	2008-2013	100.000

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SPECIFIC OBJECTIVES	ACTIONS	EXPECTED OUTCOMES	OBJECTIVELY VERIFIABLE INDICATORS	VERIFICATION MEANS	IMPLEMENTATION BODIES	OTHER STAKEHOLDERS	MONITORING AND EVALUATION AGENCY	IMPLEMENTATION SCHEDULE	ESTIMATED COSTS \$US
2.3.1. Strengthen the promotion of a sound management of public funds (Continued)	2.3.1.4 Set up a mechanism ensuring the traceability of public resources	The monitoring of the use of public resources is actually more rigorous	SIGFIP Number of Payment Orders	Public funds management report	DGTCP DGB	DRFM of all ministries and public bodies Public Procurement Panel DNMP	MF	2008-2013	50.000
	2.3.1.5 Review of the public procurement mechanism	The traceability mechanism is operational		Activity report of the Public Procurement Panel	DNMP				
	2.3.1.6 Strict limitation of resort to Payment Orders	New public procurement procedures are designed and operational		IGF's Reports					
2.3.2- Develop an efficient system of budget decentralization	2.3.2.1 Development of an efficient leadership in terms of budget decentralisation  2.3.2.2 Formalisation of budget decentralisation strategies  2.3.2.3 Development of a plan of action for the budget decentralisation process	The State authority in terms of budget decentralization restored	Number of city councils/communes benefiting from budget decentralization	Decree on the selection of chief-towns issued and implemented. SIGFIP Strategy papers available for a real budget decentralisation Action plans available in ministries Surveys	Budget Department Local Communities	Ministry of Finance Prefectures City Councils	Presidency of the Republic Ministry of Decentralisation	2008-2010	15.000
<b>Sub-total 12</b>									<b>265.000</b>

### GENERAL OBJECTIVE 4: FIGHTING AGAINST CORRUPTION AND MONEY LAUNDERING

SPECIFIC OBJECTIVES	ACTIONS	EXPECTED OUTCOMES	OBJECTIVELY VERIFIABLE INDICATORS	VERIFICATION MEANS	IMPLEMENTATION BODIES	OTHER STAKEHOLDERS	MONITORING AND EVALUATION AGENCY	IMPLEMENTATION SCHEDULE	ESTIMATED COSTS \$US
2.4.1- Scale down the prevalence of corruption in the Civil Service <sup>80</sup>	2.4.1.1 Setting up a mechanism of sanction against people involved	Decreasing number of corruption cases	Plans of moral and civic rearmament have been developed and are operational Anti-corruption and unlawful enrichment are passed	Surveys Corruption rates	DRH and IGM All ministries	Ministry of Finance MRAI	Civil society	2008-2013	2.000.000 <sup>3</sup>
	2.4.1.2 Upgrading of civil servants' performance with respect to the real cost of living	A more prestigious status for civil servants is adopted	Improved salary scale	Social assessment	DRH all ministries	Ministry in charge of Administrative Reform MTFP IGSEP IGE IGF			
	2.4.1.3 Evaluation of corruption rates	Decreasing number of corruption cases	Proportion of people involved punished	Inspection report	State General Inspection Department IGM IGF IGSEP	Ministry of Justice			

<sup>80</sup> The reduction of the prevalence of corruption in the Civil Service requires enough means and includes:

- sensitization, human, material and technical capacity building for control bodies and the judiciary system;
- more courts to be established so as to speeding up the study of cases.

In addition, the implementation of such activities requires quite a long time.

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SPECIFIC OBJECTIVES	ACTIONS	EXPECTED OUTCOMES	OBJECTIVELY VERIFIABLE INDICATORS	VERIFICATION MEANS	IMPLEMENTATION BODIES	OTHER STAKEHOLDERS	MONITORING AND EVALUATION AGENCY	IMPLEMENTATION SCHEDULE	ESTIMATED COSTS \$US
	2.4.1.4 Rationalization of budgetary options (with a view to reducing the State living standard)	Public funds stabilized	Proportion of the budget allocated to investments	Public Budget	Financial control DGB Ministry in charge of Security	Other ministries			
2.4.2- Scale down the prevalence of money laundering	2.4.2.1 Revamping of the economic financial squad	Decreasing Practices of money laundering	Number of cases de money laundering	Report of the economic and financial squad	Economic and financial squads	BCEAO	MF IGE	2008-2013	1.000.000
	2.4.2.2 Control of the origin of goods	Intervention plans of the financial squad developed and implemented		Report of the financial squad		WAEMU			
	2.4.2.3 Intervention capacity building for structures in charge of the fight against money laundering	Structures in charge of the fight against money laundering are provided with adequate means		BCEAO Report		Public safety forces			
				WAEMU Report					
<b>Sub-total 13</b>									<b>3.000.000</b>

**GENERAL OBJECTIVE 5: SPEED UP REGIONAL INTEGRATION BY PARTICIPATING IN THE HARMONISATION OF MONETARY TRADE AND INVESTMENT POLICIES**

SPECIFIC OBJECTIVES	ACTIONS	EXPECTED OUTCOMES	OBJECTIVELY VERIFIABLE INDICATORS	VERIFICATION MEANS	IMPLEMENTATION BODIES	OTHER STAKEHOLDERS	MONITORING AND EVALUATION AGENCY	IMPLEMENTATION SCHEDULE	ESTIMATED COSTS \$US
2.5.1 Boost membership for economic integration	2.5.1.1 Reduction of swindling on inter-states roads through: - popularisation of legal provisions - unexpected controls - punishment of the guilty - reduction of the number of police checkpoints	Free movement of persons and goods	Number of complaints from users relating to swindling on inter-states roads	Surveys	National Police Headquarters	FONAC Carriers Trade Union	Ministry in charge of public safety	2008-2013	50.000
		Less complaints on inter-states roads	Number of cases of punishments inflicted on careless/dishonest agents	Police's Report	Gendarmerie Headquarters	OLC	MDCTTP/PR		
		Swindling related provisions are applied		Gendarmerie's Report  Customs Department's Report	Customs Department Headquarters	Other anti-corruption organisations MDCB			
	2.5.1.2 Speeding up of the setting up of the Observatory of the African Integration	African Integration Observatory is established and operational	Number of legal provisions in terms of ratified integration laws	Report of the Ministry in charge of Integration	DIR	Other States	Ministry of Foreign Affairs	2008-2013	250.000
	2.5.1.3 Popularization of laws passed at the international level		Degree of involvement in the integration policies and programmes	Surveys	DRECI				

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SPECIFIC OBJECTIVES	ACTIONS	EXPECTED OUTCOMES	OBJECTIVELY VERIFIABLE INDICATORS	VERIFICATION MEANS	IMPLEMENTATION BODIES	OTHER STAKEHOLDERS	MONITORING AND EVALUATION AGENCY	IMPLEMENTATION SCHEDULE	ESTIMATED COSTS \$US
2.5.1 Revamp the membership to economic integration movements (continued)	2.5.1.4 Persuasion of other member States of sub-regional organizations to abide by development programmes and policies	Laws governing international relations are known in the various countries	Frequent workshops and fora are organized for the popularization of laws relating to integration	Reports of workshops and fora on integration	FAGACE	BCEAO	Ministry of Finance		75.000
	2.5.1.5 Negotiation with other WAEMU member countries with a view to relaxing the banking law and PARMEC law	Forums and seminars on the need to observe obligations relating to cooperation agreements		Mission reports in other member countries of WAEMU BOAD's Report	BOAD	WAEMU	Ministry in charge of microfinance		
	2.5.1.6 Facilitation of local funding of companies in the sub-region	PARMEC and bank laws more flexible are implemented and promote relations between banks and MFIs (especially regarding "refunding") Local funding of companies in the sub-region is facilitated and increased	Number of agreements ratified	FAGACE Report	Microfinance Department	BCEAO	Ministry in charge of microfinance		
<b>Sub-total 14</b>									<b>375.000</b>
<b>SUB-TOTAL II (MANAGEMENT AND ECONOMIC GOVERNANCE)</b>									<b>7.340.000</b>

### 3- CORPORATE GOVERNANCE (COMPANIES)

#### GENERAL OBJECTIVE 1: ESTABLISH A CONDUCIVE ENVIRONMENT AND AN EFFICIENT CONTROL FRAMEWORK FOR ECONOMIC ACTIVITIES

SPECIFIC OBJECTIVES	ACTIONS	EXPECTED OUTCOMES	OBJECTIVELY VERIFIABLE INDICATORS	VERIFICATION MEANS	IMPLEMENTATION BODIES	OTHER STAKEHOLDERS	MONITORING AND EVALUATION AGENCY	IMPLEMENTATION SCHEDULE	ESTIMATED COSTS \$US
3.1.1. Carry on improving the regulatory framework	3.1.1.1 Promotion of commercial jurisdictions Promotion of rural legislation	Commercial jurisdictions are available and have good performance Rural legislation is worked out	Number of operational commercial jurisdictions  Proportion of files processed in comparison to the number of files received  Performance of the rural legislation	Counting  Surveys Progress report	MIC  MJLDH Ministry in charge of Agriculture	Partners MJLDH	Legislation Directorate MJLDH	2008-2011	600.000
3.1.2. Improve infrastructures services and Benin's competitive position	3.1.2.1 Improvement of the quality of the volume of electricity power supply	Electricity power supply is available both in quantity and in quality	The quality and volume of electricity power supply Number of power failures/cuts	Surveys Progress report	MMEE SBEE	CEB Partners Private operators	Ministry in charge of Energy Ministry in charge of Public works and transport	2008-2013	2.000.000
	3.1.2.2 Improvement of the status of road and railway network	There is a sound road and railway network	State	Inventory Progress reports	DGTP OCBN	TFP			

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SPECIFIC OBJECTIVES	ACTIONS	EXPECTED OUTCOMES	OBJECTIVELY VERIFIABLE INDICATORS	VERIFICATION MEANS	IMPLEMENTATION BODIES	OTHER STAKEHOLDERS	MONITORING AND EVALUATION AGENCY	IMPLEMENTATION SCHEDULE	ESTIMATED COSTS \$US
	3.1.2.3 Improvement of the functioning of the Telecommunications Regulating Authority	The Telecommunications Regulating Authority is kept on track	Number of decisions Quality of decisions	Surveys Progress reports	Ministry in charge of telecommunications				
	3.1.2.4 Improvement of the competitiveness of Cotonou Port Authority	The Cotonou Port is more competitive	Statistics of transactions <sup>81</sup> Comparison with other ports of the sub-region	Progress reports Comparative study	PAC (Cotonou port Authority)	MCA Other partners	Ministry in charge of transports		
3.1.3. Changing the Investments Promotion Centre in a National Investments Promotion Agency	3.1.3.1 Establishment of the National Investments Promotion Agency	The National Investments Promotion Agency is establishment	Establishment of ANPI	Acts Documents	ANPI Budget Department Treasury Department	CCIB National and foreign businessmen	Ministry in charge of Commerce	2008-2009	1.000.000.000
	3.1.3.2 Provision of financial and human resources to the Investment Promotion Agency	Financial and human resources are made available for the Investment Promotion Agency		Surveys Counting	Investment Advisory Board	CCIB National and foreign businessmen	Ministry in charge of development		

<sup>81</sup> The statistics already account on the speed of transactions. Therefore, it is no longer necessary to use this last indicator.

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SPECIFIC OBJECTIVES	ACTIONS	EXPECTED OUTCOMES	OBJECTIVELY VERIFIABLE INDICATORS	VERIFICATION MEANS	IMPLEMENTATION BODIES	OTHER STAKEHOLDERS	MONITORING AND EVALUATION AGENCY	IMPLEMENTATION SCHEDULE	ESTIMATED COSTS \$US
	3.1.3.3 Establishment of an Investment Advisory Board	The Investment Advisory Board is established	Quality and quantity of resources made available	Acts Documents					
	3.1.3.4 Support to the national private sector with a view to establishing relations with multi-national companies	Support to the national private sector to establish relations with multi-nationals	Establishment of CCI Number of companies created Number of stakeholders of private sector assisted Impact of interventions	Surveys Counting		CCIB CIPB  National and foreign businessmen			
<b>Sub-total 15</b>									<b>1.002.600.000</b>

**GENERAL OBJECTIVE 2: ENSURE THAT COMPANIES BEHAVE AS GOOD NATIONAL COMPANIES REGARDING THE RESPECT FOR HUMAN RIGHTS, SOCIAL LIABILITIES AND ENVIRONMENT SUSTAINABILITY**

SPECIFIC OBJECTIVES	ACTIONS	EXPECTED OUTCOMES	OBJECTIVELY VERIFIABLE INDICATORS	VERIFICATION MEANS	IMPLEMENTATION BODIES	OTHER STAKEHOLDERS	MONITORING AND EVALUATION AGENCY	IMPLEMENTATION SCHEDULE	ESTIMATED COSTS \$US
3.2.1. Improve the observance of labour law	<p>3.2.1.1 Improvement of the management of the social intermediation of labour disputes</p> <p>3.2.1.2 Reform of the dispute settlement system through the steadiness in the composition of the jurisdictions (effective presence of assessors), Initiation of a summary proceedings institution for social matters and establishment of the industrial tribunal</p>	<p>The social intermediation service is performing well</p> <p>The conflict resolution system is more efficient</p>	<p>Quality of services</p> <p>Professional conscientiousness of stakeholders</p> <p>The standards module relating to labour basic standards is implemented</p> <p>Induced Impact</p>	Surveys	Labour Directorate	<p>Trade unions</p> <p>Universities</p> <p>Schools</p> <p>ILO</p> <p>Other partners</p> <p>Social Partners</p> <p>Other Partners</p> <p>CCIB</p> <p>CNP</p>	<p>MTFP</p> <p>MJLDH</p>	2008-2009	100.000
	3.2.1.3 Organizational Reform of the labour administration to achieve an administrative decentralization by making labour services open to all	The decentralisation process is started at the level labour administration	<p>Number of IEC activities</p> <p>Number of stakeholders reached</p> <p>Number of brochures produced</p> <p>Number of organised sessions</p>			Other Partners			

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SPECIFIC OBJECTIVES	ACTIONS	EXPECTED OUTCOMES	OBJECTIVELY VERIFIABLE INDICATORS	VERIFICATION MEANS	IMPLEMENTATION BODIES	OTHER STAKEHOLDERS	MONITORING AND EVALUATION AGENCY	IMPLEMENTATION SCHEDULE	ESTIMATED COSTS \$US
	3.2.1.4 Setting up a capacity building programme for all stakeholders of the labour world with a view to the knowledge and respect for the legislation through information and awareness campaigns	A communication plan on labour law is drafted and implemented	Number of brochures produced Number of organised sessions Number of companies reached	Counting		CCIB			
	3.2.1.5 Drafting, launching and popularization of Guidelines to private companies	The guidelines are drafted and communicated to private companies	Number of information and awareness sessions organized for the benefit of labour stakeholders People reached Number of audits conducted			CNP	MTFP		50.000
	3.2.1.6 Much more increased awareness of social partners (employers association and trade unions)	Information and training actions are carried out for the benefit of social partners The control of private and partly state-owned companies is reinforced	Quality of system instruments Number of publication	Surveys			Ministry in charge of Administrative Reform	2008-2009	
	3.2.1.7 Reinforcement of the control mission in public and state-owned companies etc	Sound Management	Number of inspection missions carried out	Counting Inspection report	IGF and Auditors	Internal auditors	IGE Ministry in charge of Public Action Evaluation		

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	3.2.1.8 Systematization of collection and publication of information relating to labour statistics in private, public and partly state-owned companies in compliance with Convention 160 of ILO ratified by Benin on 6 April 2000	An adequate control mechanism is set up	Number of cases punished Relevance of sanctions	Inspection report	Labour Directorate	Social partners	MTFP Employment Observatory		
	3.2.1.9 Implementation of coercive procedures against dishonest employers	A collection and information dissemination system relating to labour statistics in companies is available	Quantity of human resources Quality of human resources	Surveys Statistic data available	MTFP (DGT)	Other Partners	MTFP CCIB		
	3.2.1.10 Improvement of material and human means of devolved structures in charge of workers' administrative conditions control	Punishment of abuses or violations of the labour code	Number of violation cases	Counting	MTFP (DGT)	CCIB			

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SPECIFIC OBJECTIVES	ACTIONS	EXPECTED OUTCOMES	OBJECTIVELY VERIFIABLE INDICATORS	VERIFICATION MEANS	IMPLEMENTATION BODIES	OTHER STAKEHOLDERS	MONITORING AND EVALUATION AGENCY	IMPLEMENTATION SCHEDULE	ESTIMATED COSTS \$US
3.2.2. Compel new companies to systematically abide by the certification of environmental conformity <sup>82</sup>	3.2.2.1 Checking at the level of technical studies relating to projects, as to whether the safety of the environment and the living environment is ensured by the provisions prescribed thereof. Ensure that the said provisions are in compliance with standards as approved in that respect in the Republic of Benin. Check the sincerity (by the way of counter valuation) of project environmental impact study, produced by promoter(s)	Projects are submitted to a checking for environmental standards	Effectiveness of inspections Number of projects checked	Surveys Counting	Labour Directorate	ABE Other partners CCIB	Ministry in charge of Environment	2008-2009	200.000
3.2.3. Increase social liability of companies in Benin	3.2.3.1 Awareness raising for companies on the need and benefits they can derive from a more increased social commitment	Companies are made aware of the corporate sponsorship	Number of awareness raising actions	Counting	Employment Department		Ministry of Economy	2008-2009	100,000

<sup>82</sup> This measure concerns newly established companies, other companies were rather submitted to an environmental audit intended to bringing them into conformity.

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SPECIFIC OBJECTIVES	ACTIONS	EXPECTED OUTCOMES	OBJECTIVELY VERIFIABLE INDICATORS	VERIFICATION MEANS	IMPLEMENTATION BODIES	OTHER STAKEHOLDERS	MONITORING AND EVALUATION AGENCY	IMPLEMENTATION SCHEDULE	ESTIMATED COSTS \$US
	3.2.3.2 Devising of enticing measures (easy formation and expansion, tax benefits <sup>83</sup> ) to bring companies to get more committed vis-à-vis communities	Enticing measures do exist with national companies	Number of motivational measures Number of motivational measures	Surveys Counting	CCIB CNP				
<b>Sub-total 16</b>									<b>450.000</b>

<sup>83</sup> Precisions relating tax benefits are provided every year in the financial act.

**GENERAL OBJECTIVE 3: PROMOTE THE ADOPTION OF A CODE OF ETHICS ON PROSPEROUS BUSINESS AS PART OF THE COMPANY'S OBJECTIVES**

SPECIFIC OBJECTIVES	ACTIONS	EXPECTED OUTCOMES	OBJECTIVELY VERIFIABLE INDICATORS	VERIFICATION MEANS	IMPLEMENTATION BODIES	OTHER STAKEHOLDERS	MONITORING AND EVALUATION AGENCY	IMPLEMENTATION SCHEDULE	ESTIMATED COSTS \$US
3.3.1. Enhance the auditing of public companies by the Auditing Commission	3.3.1.1 Production of administrative accounts and accounting management	The auditing of companies by the Auditing Commission is effective	Number of companies having produced administrative accounts	Counting	Auditing Department	CCIB CNP Supreme Court	MIC MJLDH	2008-2009	900.000
	3.3.1.2 Turning of the Auditing Commission of the Supreme Court into Auditing Court	The Auditing Commission is turned into Auditing Court	The effectiveness of the Auditing Court	Documents Surveys					
3.3.2. Closely associate the private sector and the medias with the promotion of ethics in business	3.3.2.1 Adoption of legislatives measures to prevent and fight corruption practices and related acts committed in the private sector and by actors in the sector	Legislatives measures punishing corruption exist The private sector is involved in the fight against unfair competition and dumping	Number of laws	Counting	Administrative Reform Department	CCIB CNP CIPB	MIC MJLDH MRAI	2008-2009	

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3.3.2. Closely associate the private sector and the medias with the promotion of ethics in business (continued)	3.3.2.2 Establishment of mechanisms to encourage the participation of the private sector in the fight against unfair competition and ensure the respect for the market procedure and ownership rights	The fight against unfair competition is strengthened	Progress report	Progress report	DGCI	CCIB CNP	MIC	2008-2009	300.000
	3.3.2.3 Adoption of measures aimed at preventing companies from offering bribes in order to get awards of contracts	Laws punishing corruption are popularized	Effectiveness of involvement	Opinion poll	DNMP MCRI	OFFICE OF PRESIDENT			
	3.3.2.4 Popularization of major and specific laws relating to anti-corruption fight with the participation of the media and civil society	The media are associated with the fight and have access to information	Number of media and CSO involved	Survey	OLC (anti-corruption observatory)	IGE			

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SPECIFIC OBJECTIVES	ACTIONS	EXPECTED OUTCOMES	OBJECTIVELY VERIFIABLE INDICATORS	VERIFICATION MEANS	IMPLEMENTATION BODIES	OTHER STAKEHOLDERS	MONITORING AND EVALUATION AGENCY	IMPLEMENTATION SCHEDULE	ESTIMATED COSTS \$US
3.3.2. Closely associate the private sector and the media with the promotion of ethics in business (continued)	3.3.2.5 Improving the access of the media to information for cases of corruption and related offences subject that the dissemination of such information does not have any negative effect on the investigations and fair trials	A code of ethics exists in each profession							
	3.3.2.6 Promotion of professional orders and the code of ethics in each profession								
<b>Sub-total 17</b>									<b>1,200,000</b>

**GENERAL OBJECTIVE 4: ENSURE THAT COMPANIES TREAT ALL THEIR PARTNERS IN A JUST AND FAIR WAY (SHAREHOLDERS, EMPLOYEES, COMMUNITIES, SUPPLIERS AND CLIENTS)**

SPECIFIC OBJECTIVES	ACTIONS	EXPECTED OUTCOMES	OBJECTIVELY VERIFIABLE INDICATORS	VERIFICATION MEANS	IMPLEMENTATION BODIES	OTHER STAKEHOLDERS	MONITORING AND EVALUATION AGENCY	IMPLEMENTATION SCHEDULE	ESTIMATED COSTS \$US
3.4.1. Build the capacities of consumers' associations	3.4.1.1 Training of consumers' associations to get ready to play their role of information, sensitisation and lobbying with a view to improving the quality of companies' service provision	Consumers' associations benefit from trainings in the area of advocacy and lobbying	Number of sessions Number of people trained	Counting	Consumers' Associations	Media CCIB Partners	MIC	2008-2009	150.000
3.4.2. Pass a law on advertisement and popularize quality standards	3.4.2.1 Preparation and adoption by parliament of a law on advertisement	The law on advertisement passed	Law on advertisement	Documents	Parliament	CCIB Consumers' Associations	MCRI	2008-2009	200,000
	3.4.2.2 Large dissemination among the populations of quality standards in terms of products and services supplied by companies	The quality standards are disseminated	Number of popularization actions Number of laws distributed Number of persons reached	Counting	CEBENOR	CNP partners Media Ministry of communication	MIC		

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SPECIFIC OBJECTIVES	ACTIONS	EXPECTED OUTCOMES	OBJECTIVELY VERIFIABLE INDICATORS	VERIFICATION MEANS	IMPLEMENTATION BODIES	OTHER STAKEHOLDERS	MONITORING AND EVALUATION AGENCY	IMPLEMENTATION SCHEDULE	ESTIMATED COSTS \$US
3.4.3. Build the capacities for action of meteorological and quality control services	3.4.3.1 Improvement of material and human capacities of technical services responsible for meteorology and quality control	Availability of adequate means for meteorology and quality control services	Quantity of means made available Quality of such means	Counting Opinion poll	DMCQ	CCIB	MIC	2008-2009	500,000
<b>Sub-total 18</b>									<b>850,000</b>

**GENERAL OBJECTIVE 5: PLAN FOR THE ACCOUNTABILITY OF COMPANY MANAGERS AND EXECUTIVES**

SPECIFIC OBJECTIVES	ACTIONS	EXPECTED OUTCOMES	OBJECTIVELY VERIFIABLE INDICATORS	VERIFICATION MEANS	IMPLEMENTATION BODIES	OTHER STAKEHOLDERS	MONITORING AND EVALUATION AGENCY	IMPLEMENTATION SCHEDULE	ESTIMATED COSTS \$US
3.5.1. Augment Government's contribution to corporate management	3.5.1.1 Updating of legislative and regulatory documents governing public and semi public companies in Benin	Laws governing companies are updated There is an appropriate mechanism to appoint Managing Directors of companies and Chairman of Board Directors  Each MD has a clearly defined road map	Quality of laws Relevance of modifications Effectiveness of elections of Chairman of Board Directors by their peers Profile of BoD members  Effectiveness of invitation to apply Respect for the procedure Number of Directors appointed according to the new procedure	Investigation Document relating to laws governing enterprises  Counting Letters of appointment of Managing Directors	MJCRI  All ministries on which companies depend	CCIB CNP CIPB	Ministry of Commerce and Industry  Ministry of development IGE IGF IGSEP	2008-2013  2008-2009	10.000
	3.5.1.2 Election of Chairman of Board of Directors of public and semi public companies through an appropriate mechanism	The profile of members of BoD is determined The relevant authority responsible for the management of public and semi public companies is established		Opinion poll List	Inter-ministerial Commission	MIC DSAEP	Ministry of economy and development		

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SPECIFIC OBJECTIVES	ACTIONS	EXPECTED OUTCOMES	OBJECTIVELY VERIFIABLE INDICATORS	VERIFICATION MEANS	IMPLEMENTATION BODIES	OTHER STAKEHOLDERS	MONITORING AND EVALUATION AGENCY	IMPLEMENTATION SCHEDULE	ESTIMATED COSTS \$US
	3.5.1.3 Determination of standard profile of members of a board of Directors for public and semi-public companies								
	3.5.1.4 Creation of an high authority in charge of monitoring the management of public and semi public companies, of Government assets in these companies and having the power to take due sanctions	The regulatory body in charge of monitoring the management of public and semi public companies is established  The State General Inspectorate controls Body controls public and semi-public companies	Number of members Quality of members Number of audits undertaken	Investigations	Inter-ministerial Commission	Partners	Ministry in charge of Economy and development		
3.5.2. Improve the monitoring of public and semi-public companies by the State General Inspectorate	3.5.2.1 Establishment of a mechanism to monitor public and semi-public companies	Companies work out and implement a plan for good governance	Number of plans drafted and implemented	Report and audit	Office of President IGE MIC	Partners CCIB	Ministry in charge of the Economy and development	2008-2013	100.000
	3.5.2.2 Assistance to companies in the drafting and monitoring of the implementation of action plans of good governance								

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SPECIFIC OBJECTIVES	ACTIONS	EXPECTED OUTCOMES	OBJECTIVELY VERIFIABLE INDICATORS	VERIFICATION MEANS	IMPLEMENTATION BODIES	OTHER STAKEHOLDERS	MONITORING AND EVALUATION AGENCY	IMPLEMENTATION SCHEDULE	ESTIMATED COSTS \$US
3.5. 3. Enhance the internal auditing bodies of companies	3.5.3.1 Capacity building of members of the board of Directors	CA members are trained	Number of sessions Number of people trained	Counting	IGE	Partners CCIB	Ministry in charge of Economy and development	2008-2013	250. 000
	3.5.3.2 Capacity building of auditors	Auditors are trained	Number of sessions Number of people trained						
<b>Sub-total 19</b>									<b>360.000</b>
<b>SUB-TOTAL III (GOVERNANCE OF COMPANIES)</b>									<b>1.004.260.000</b>

## 4- SOCIO-ECONOMIC DEVELOPMENT

### GENERAL OBJECTIVE 1: PROMOTE SELF-DEPENDENCY IN TERMS OF DEVELOPMENT AND CAPACITY BUILDING FOR A SELF-SUFFICIENT DEVELOPMENT

SPECIFIC OBJECTIVES	ACTIONS	EXPECTED OUTCOMES	OBJECTIVELY VERIFIABLE INDICATORS	VERIFICATION MEANS	IMPLEMENTATION BODIES	OTHER STAKEHOLDERS	MONITORING AND EVALUATION AGENCY	IMPLEMENTATION SCHEDULE	ESTIMATED COSTS \$US
4.1.1. Enhance the level of appropriation of programmes, development guidelines and designing	4.1.1.1 Development of an ascending programming approach in the various socio-economic sectors (start from the basis)	Operational ascending programming approach is defined	Document available with practical implementation plan	Mission Report of formulation of sector programmes, PDCs, and Budget Programmes	MEDPEAP	Involve DPPs of all sector ministries de Consulting firms	Ministry of development	2007-2008	500.000
	4.1.1.2 Improve the budget-programmes sector approach through the involvement of the basis in the sector programming (appropriation and implementation of ascending approach) by actors	The beneficiaries at the grass-root are involved in the drafting of sector programmes (Budget Programmes, projects, etc.)	Level of involvement of local actors in the designing of sector policies and programmes (75%)	Mission Report on the evaluation of sector and national programmes	Sector ministries	Town councils	All ministries	2008-2010	1.000.000

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SPECIFIC OBJECTIVES	ACTIONS	EXPECTED OUTCOMES	OBJECTIVELY VERIFIABLE INDICATORS	VERIFICATION MEANS	IMPLEMENTATION BODIES	OTHER STAKEHOLDERS	MONITORING AND EVALUATION AGENCY	IMPLEMENTATION SCHEDULE	ESTIMATED COSTS \$US
	4.1.1.3 Systematic popularisation of documents of national and sector programme at various levels	Easy access to programme documents (documents popularization rate)	a- Number of copies of documents distributed (DSCR, OSD, PAP, PRDE, ALAFIA) b- Number of persons having access to programme document	Review or evaluation investigation	Sector ministries	Other stakeholders Partners	Ministry of development and finance Local Communities	2008-2009	1.000.000
4.1.1. Increase the level of appropriation of programmes, orientations and development designing (CONTINUED)	4.1.1.4 Capacity building in counselling assistance to public services in every sector through training	More equipped actors on participatory approach and monitoring and evaluation of projects	Rate of implementation of training programmes (achievement, forecasting)	Practical training report	FODEFCA CEPAG Local Governments' Office	Partners	MF and sector ministries, Town councils MEDPEAP	2008-2009	2.000.000
	4.1.1.5 Support to town councils in terms of capacity building in human resources (recruitment and training in programming and project management)	Town councils more equipped and capable to execute and monitor local development projects	Number of town councils strengthened out of the 77 Achievement rate of PDC and PAI (85% minimum)	Report on practical training and annual report of town councils	MDGLAAT	TFP MTFP MEDPEAP	Ministry in charge of decentralisation	2008-2009	2.100.000

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SPECIFIC OBJECTIVES	ACTIONS	EXPECTED OUTCOMES	OBJECTIVELY VERIFIABLE INDICATORS	VERIFICATION MEANS	IMPLEMENTATION BODIES	OTHER STAKEHOLDERS	MONITORING AND EVALUATION AGENCY	IMPLEMENTATION SCHEDULE	ESTIMATED COSTS \$US
4.1.2 Promote self funding for a sustainable development	4.1.2.1 Strengthening of the Internal Revenue service in town councils (establishment, means)	Efficient mobilisation of local resources	Number of town councils equipped with CIPE (revenue service for small businesses) out of the 77	Internal Revenue Service report		CEPAG Town councils	Tax Department	2008-2008	1.000.000
	4.1.2.2 Fight against tax evasion at all levels	Better tax collection (national level)	Tax collection improvement rate	Annual report on national tax regime	MF CIPE Town councils	Tax Department	Ministry of finance	2007-2011	770.000
	4.1.2.3 Wide use and availability of RFU for all town councils	RFU updated in at least 60% of town councils	% of town councils having RFU>60%	Audit of RFU database	Ministries in charge of decentralisation	MF Partners	MUHRFLEC	2008-2010	6.000.000
4.1.3 Promote self-funding for a sustainable development	4.1.3 .1 Development and use of economic power in various town councils	Economic power in various town councils is better used	GDP improvement rate	Report on the economy	Town councils	TFP MDGLAAT	CONAFIL	2010-2015	2.000.000
	4.1.3.2 Inter-communality principles appropriation by town councils	Common investments among well developed local governments	Number of town councils in an inter-district network 77	ANCB Report	Commune/town council	Partners	Ministries in charge of Decentralization	2008-2012	780.000

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SPECIFIC OBJECTIVES	ACTIONS	EXPECTED OUTCOMES	OBJECTIVELY VERIFIABLE INDICATORS	VERIFICATION MEANS	IMPLEMENTATION BODIES	OTHER STAKEHOLDERS	MONITORING AND EVALUATION AGENCY	IMPLEMENTATION SCHEDULE	ESTIMATED COSTS \$US
	4.1.3.3 Effective competence transfer to town councils	Town councils have all powers vested on them by law	Number of town councils having all purview	ANCB Report		TFP	Office of President Ministry in charge of Decentralisation	2008-2012	15.400.000
	4.1.3.4 Improvement in the management of foreign aid and loans (establishment of a monitoring and repression system in public management)	Strongly punished corruption and embezzlement cases	% of development projects successfully managed	Study on governance	Self-governing Redemption Fund	MEDPEAP	Ministries of Finance and Development	2007-2011	600.000
<b>Sub-total 20</b>									<b>33.150.000</b>

**GENERAL OBJECTIVE 2: SPEED UP SOCIO-ECONOMIC DEVELOPMENT TO ACHIEVE SUSTAINABLE DEVELOPMENT AND ERADICATE POVERTY**

SPECIFIC OBJECTIVES	ACTIONS	EXPECTED OUTCOMES	OBJECTIVELY VERIFIABLE INDICATORS	VERIFICATION MEANS	IMPLEMENTATION BODIES	OTHER STAKEHOLDERS	MONITORING AND EVALUATION AGENCY	IMPLEMENTATION SCHEDULE	ESTIMATED COSTS \$US
4.2.1. Speed up socioeconomic development, achieve sustainable development and eradicate poverty	4.2.1. 1 Development of the participation of communities at the grass-root (local communities) in choices of social welfare promotion	Grass-root communities feel responsible for their own development	Level of involvement of beneficiaries	In-depth study	Local governments or communities	All ministries	Ministry in charge of development	2007-2012	200.000
	4.2.1. 2 Development of ethics in Government projects management: establishment of a systematic and operational training and auditing system (monitoring / evaluation and financial and accounting auditing)	Ethical development models designed and made operational	Document of the available model, showing the steps and ethical clauses in the management of projects of public interest	Mission Report of the ad' hoc/special committee responsible for drafting the document	DPP all ministries General Inspectorate of ministries	TFP	Ministries in charge of development, of finance and of decentralisation	2007-2008	1.000.000

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SPECIFIC OBJECTIVES	ACTIONS	EXPECTED OUTCOMES	OBJECTIVELY VERIFIABLE INDICATORS	VERIFICATION MEANS	IMPLEMENTATION BODIES	OTHER STAKEHOLDERS	MONITORING AND EVALUATION AGENCY	IMPLEMENTATION SCHEDULE	ESTIMATED COSTS \$US
	4.2.1. 3 Continued training of management bodies of socio-community infrastructures (with involvement of local actors)	Better management	Performance rate of management bodies at the grass-root	Regular surveys through opinion poll	Sector ministries	Highway and Construction Works Department Department of Hydraulics Department of Energy Department of Water Town councils and districts/prefectures	Ministries in charge of development of finance and decentralisation	2008-2012	1.540.000
4.2.2. Speed up socio-economic development, achieve sustainable development and eradicate poverty (continued)	4.2.2.1 Better orientation of socio-economic development projects: determination of an operational procedure of social projects designing	Drafted, disseminated and operational procedures	Number of procedures brochures distributed at various levels	Mission Report and inspection survey	Sector ministries	Town councils and districts/prefectures	Ministries in charge of development of finance and of decentralisation	2008-2012	1.155.000
	4.2.2.2 Establishment of a IMF re-funding fund for the benefit grass-root communities to ensure participations against social investments	Loan possibility by communes/town councils with re-funding institution	Number of town councils having resorted to mechanism (re-funding structure) to carry out socio-community infrastructures	Complete annual surveys	Ministries in charge of development, of finance and of decentralisation	Town councils and districts/prefectures	Ministries in charge of development, of finance and of decentralisation	2008-2012	1.400.000

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SPECIFIC OBJECTIVES	ACTIONS	EXPECTED OUTCOMES	OBJECTIVELY VERIFIABLE INDICATORS	VERIFICATION MEANS	IMPLEMENTATION BODIES	OTHER STAKEHOLDERS	MONITORING AND EVALUATION AGENCY	IMPLEMENTATION SCHEDULE	ESTIMATED COSTS \$US
	4.2.2.3 Respect for commitments as part of national contribution to development projects	Benin meets her commitments in relation to foreign funding	Percentage of release of national shares	MEF report	Ministries of finance	Budget Department	Ministries of development, of finance and of decentralisation	2007-2009	
4.2.3. Speed up socio-economic development, achieve sustainable development and eradicate poverty (continued and end)	4.2.3.1 Regular monitoring of the poverty status in various social areas: efficient updated database	Reliable data available	Poverty indicators regularly computed	Report	MEF	Town councils	OCS MEDPEAP	2008-2015	400.000
	4.2.3.2 Significant support to consumers' protection bodies to enable them assume their duties of promotion on the knowledge of consumers' rights and duties	Consumers know better their rights and duties	Number of consumers' rights protection bodies supported	Progress report	MCRI PPG	MJRDH MIC Consumers' associations	CPA ONG	2008-2009	160.000
	4.2.3.3 Facilitation of access to loans by communities through the implementation of micro-credit programmes	Credits and loans are more accessible	IMF increase rate Increase rate in the number of loan beneficiaries Rate of re-funding of IMF by classical banks	Progress report	MF BRS Commercial Banks Partners BCEAO Micro finance promotion Department	Ministry of micro finance	DGSSM		

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SPECIFIC OBJECTIVES	ACTIONS	EXPECTED OUTCOMES	OBJECTIVELY VERIFIABLE INDICATORS	VERIFICATION MEANS	IMPLEMENTATION BODIES	OTHER STAKEHOLDERS	MONITORING AND EVALUATION AGENCY	IMPLEMENTATION SCHEDULE	ESTIMATED COSTS \$US
	4.2.3.4 Drafting and implementation of the Anti-erosion and Coastal Protection National Policy	The Coastline is protected and developed	Number of built breakwaters Sea advance rate	Evaluation report of the application of laws relating to Coastal protection	MUHRFLEC	Populations MEPN City Councils	APRM Focal point	2008-2013	
	4.2.3.5 Capacity building of the staff of the Coastal Anti-erosion Department (DLEC)	Populations are made aware of the need to preserve and protect the coastline	Level of involvement of the concerned populations	Social audit report Investigations Implementation report	Ministry of Finance				
4.2.4. Reinforce the implementation framework of the policies of fight against poverty	4.2.4.1 Implementation and publication of poverty reduction activities	Poverty reduction	An annual Assessment report on Growth Strategy for poverty reduction is available (SCRIP)	Statistics Study on SCRIP evaluation		General public State World Bank			20.000.000
4.2.5. Protect environment and nature	4.2.5.1 Capacity building of the Environmental Police	Capacities of the environmental police are enhanced	The number of sensitized organized populations in the environmental area Number of checks performed	Implementation assessment of MEPN		DDEPN Environmental Police	MEPN	2008-2013	600.000
4.2.6. Exports diversification	4.2.6.1 Improvement of trade facilitation	Port handling activities is liberalized and port operations rationalized		MCA Report	Cotonou Port Authority	MCA	MDCTT	2008-2013	4.000.000

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SPECIFIC OBJECTIVES	ACTIONS	EXPECTED OUTCOMES	OBJECTIVELY VERIFIABLE INDICATORS	VERIFICATION MEANS	IMPLEMENTATION BODIES	OTHER STAKEHOLDERS	MONITORING AND EVALUATION AGENCY	IMPLEMENTATION SCHEDULE	ESTIMATED COSTS \$US
	4.2.6.2 Strengthening of Regional integration and intensification of trading with Nigeria	The customs computerization is improved	Exports' growth rate	Report on the status of regional integration process	CCIB	MAEIAFBE	MIC	2008-2013	
	4.2.6.3 Active involvement in multilateral trade negotiations under the aegis of WTO	Hindrances to exports are reduced	Exports' growth rate	Trade Agreements	MDPEAP	MIC MAEIAFBE	MAEIAFBE	2008-2013	
	4.2.6.4 Improvement of the legal and regulatory framework	Legal and regulatory framework has become attractive especially through the issuance of title deeds, a well appropriate competition policy and the investment Code	Number of companies submitted to the rules of established competition	CEBENOR	Department of Legislation/ Ministry of justice		MIC	2008-2013	
	4.2.6.5 Export promotion by way of the implementation of the free export processing zone/free zone	The free export zone is operational	Number of Industries installed in the free zone	Progress report of the free zone's Authority	Free Zone Authority	CCIB ADEX	MIC	2008-2013	
	4.2.6.6 Improved customs information	Customs performances are increased	Growth rate of computerized database packages	Customs statistics	Director General of customs	MEF		2008-2013	

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	4.2.6.7 improvement of quality standard control services in the various groups (training of exports' stakeholders)	Quality and standards control services in the various groups are improved and actors are trained	Acceptance rate of export products Number of trained actors	CEBENOR Report of the special inter-ministerial Committee	General Directorate of Customs and Excise (DGDDI)	MIC	MIC MMFE CPI	2008-2013	
	4.2.6.8 Improvement of the quality of telecommunication, energy and transport services	Electrical power/offer is available in quantity and quality An adequate road and rail network exists The telecommunication regulating Authority is efficient The Cotonou Port is more competitive	Quality and volume of electrical power offer Network profile	Opinion poll	Bénin Télécom S.A. SBEE ABERME OCBN Cotonou Port Authority				
	4.2.6.9 Organization and improved training of producers and processors	The quality control and standard services in the different clusters are improved and actors are trained	Number of private investors' growth rate	Balance sheet of Bénin Télécom SA activities MIC	Department of Legislation /Ministry in charge of Justice Ministry in charge of Agriculture	Ministry in charge of Agriculture			

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	4.2.6.10 Improvement of research in the fight against parasites on processing technologies in each export group	Research on the fight against parasites, on processing technologies in each export group is reinforced The training of producers and processors is better organized and improved	Number of activities carried out in the fight against parasites on processing technologies in each group Number of satisfied farmers	Inventory Inquiries Evaluation report	INRAB IITA		Ministry in charge of Agriculture		
<b>Sub-total 21</b>									<b>30.455.000</b>

**GENERAL OBJECTIVE 3: IMPROVE THE DISTRIBUTION POLICIES AND MECHANISMS AND OUTCOMES IN KEY AREAS INCLUDING EDUCATION AND THE FIGHT AGAINST HIV/AIDS AND OTHER TRANSMISSIBLE DISEASES**

SPECIFIC OBJECTIVES	ACTIONS	EXPECTED OUTCOMES	OBJECTIVELY VERIFIABLE INDICATORS	VERIFICATION MEANS	IMPLEMENTATION BODIES	OTHER STAKEHOLDERS	MONITORING AND EVALUATION AGENCY	IMPLEMENTATION SCHEDULE	ESTIMATED COSTS \$US
4.3.1. Improve citizens' access to basic social services	4.3.1.1. Citizens information on access and support opportunities at various levels	Conditions and access opportunity are known to citizens at various levels	Knowledge rate within the population	Periodical inquiries through opinion poll	Sector ministries	Town councils and decentralized services	Ministry in charge of development NGO	2007-2008	300.000
	4.3.1.2. Strengthening of concerted and participatory management of social infrastructures	Efficient infrastructures management	Self-financing rate of renewal at infrastructures' level	Periodical inquiries through survey	Sector ministries	Town councils and decentralized services	Town councils Sector ministries Civil society	2007-2008	300.000
	4.3.1.3. Setting up of a monitoring system of prices of social services	Reasonable prices collected/practiced	Inflation rate for social services	Periodical inquiries through survey	INSAE	BCEAO	Civil society	2008-2008	150.000
	4.3.1.4. Monitoring of the respect for standards and ethics in social services, especially private structures	Standards are respected at all levels (schools, health centres, micro finance structures, etc.)	Standards respect rate	Periodical inquiries through survey	Sector ministries	Consultant	MTFP	2008-2013	50.000

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4.3.2. Speed up the setting up of social infrastructures	4.3.2.1. Basic school infrastructures construction and equipment	Basic school infrastructures are available, accessible and close to the population	Number of built and equipped modules	Surveys	MEMP	CSO Local authorities AGETUR AGETIP	Office of the President or Presidency of the Republic	2008-2011	Cost to be determined with TFPs  600.000.000
	4.3.2.2. Recruitment and training of teachers	Teachers are recruited and trained	Number of recruited and trained teachers.	Progress reports	MFPT MEMP				
	4.3.2.3 Support to effective free Maternal and Primary Education	The number of children provided with schooling has increased	Children's schooling rate.	School statistics	Government (MEF)	Technical and financial partners	Parliament		
	4.3.2.4 Full care for people living with HIV/AIDS and other transmissible diseases Strengthen malaria control Building of a reference sub regional hospital	Patients are taken care of and better integrated Decrease of the number of consultations Reduction of health evacuations	HIV/AIDS-related mortality rate Malaria-related mobility and mortality rates reduced Occupational absenteeism rate reduced Increase of coverage rate for impregnated mosquito nets Number of cases locally taken care of	Health statistics	PMLS PNLS SNIGS MS	NGOS Technical and financial partners	MS		
<b>Sub-total 22</b>									<b>600.800.000</b>

**GENERAL OBJECTIVE 4: ENSURE EASY ACCESS TO WATER, SANITATION, ENERGY, FINANCE  
(INCLUDING MICRO FINANCE), MARKETS, ICT, HOUSING AND LAND, FOR ALL CITIZENS  
ESPECIALLY POOR PEOPLE IN RURAL AREAS**

SPECIFIC OBJECTIVES	ACTIONS	EXPECTED OUTCOMES	OBJECTIVELY VERIFIABLE INDICATORS	VERIFICATION MEANS	IMPLEMENTATION BODIES	OTHER STAKEHOLDERS	MONITORING AND EVALUATION AGENCY	IMPLEMENTATION SCHEDULE	ESTIMATED COSTS \$US
4.4.1. Improve cost of social services (education, health, transport, housing conditions etc.)	4.4.1.2. Subsidies for social services providers	Improve life style of populations	Amount of subsidies for hygiene-related illness Frequency in price indexes	Surveys Health statistics	MF City Councils	Sector ministries NGOs Environmental Police	Ministry of Environment Social Action Department MFE Local development NGO	2008-2015	20.000.000
4.4.2. Improve the purchasing power of populations	4.4.2.1. Job creation through the promotion of niche/ flourishing industries	Unemployment and under-employment are reduced	GDP/inhabitant	INSAE	MAEP MEDPEAP	Sector ministries	MAEP/APRM	2008-2015	10.000.000
	4.4.2.2. Development of enterprise spirit	Small and medium-sized businesses are established	Unemployment rate	INSAE	MMFPPMEEJF MJSL	Sector ministries	MMFPPMEEJF MJSL	2008-2015	5.000.000
	4.4.2.3. Support and promotion of IMF	Micro credit is available and accessible to communities at the grass-root	Number of beneficiaries	DGSSMF	Ministry in charge of micro-finance	Ministry in charge of Decentralisation	DGSSMF	2008-2011	12.000.000

APPENDIX I: PROGRAMME OF ACTION OF BENIN

SPECIFIC OBJECTIVES	ACTIONS	EXPECTED OUTCOMES	OBJECTIVELY VERIFIABLE INDICATORS	VERIFICATION MEANS	IMPLEMENTATION BODIES	OTHER STAKEHOLDERS	MONITORING AND EVALUATION AGENCY	IMPLEMENTATION SCHEDULE	ESTIMATED COSTS \$US
	4.4.3.2. Drafting and implementation of drastic Energy sources diversification policies	Several Energy sources are available	Number of established energy sources Proportion of population having access to energy	INSAE	Ministry in charge of energy	Sector ministries	Office of the President/ Presidency of the Republic	2008-2015	10.000.000
	4.4.3.3. Improvement of land legal and regulatory framework	Equity and justice in land area are guaranteed	Number of title deeds allotted	Land registries	Parliament Government	Town councils The Constitutional Court MCA	MJDH		
<b>Sub-total 23</b>									<b>57.000.000</b>

**GENERAL OBJECTIVE 5: SHOW THE PROGRESS ACHIEVED AS REGARDS GENDER EQUALITY IN ALL KEY AREAS INCLUDING GIRLS EDUCATION AT ALL LEVELS**

SPECIFIC OBJECTIVES	ACTIONS	EXPECTED OUTCOMES	OBJECTIVELY VERIFIABLE INDICATORS	VERIFICATION MEANS	IMPLEMENTATION BODIES	OTHER STAKEHOLDERS	MONITORING AND EVALUATION AGENCY	IMPLEMENTATION SCHEDULE	ESTIMATED COSTS \$US
4.5.1. Promote girls education	4.5.1.1. Designing and implementation of an acceleration programme of fight against socio-cultural taboos hindering women promotion especially keeping girls in the education system	Increased girls education Socio-cultural taboos that hinder women promotion are lifted A gender promotion budget is put in place	Girls/boys education gross rate	Education statistics	Ministries in charge of education	NGOs USAID	Ministry in charge of the family Civil society SOS Village	2008-2011	10.000.000
4.5.2. Promote women's participation and contribution in all sectors and skills areas	4.5.2.1. Support to women leadership development (via training)	Increased rate of women's representation at various levels	% of women in key decision-making positions	Inquiry	Ministry in charge of family	Town councils/ communes	Ministry in charge of the family	2008-2009	2.310.000
	4.5.2.2. Women's promotion in decision-making positions	Increased rate of women's representation at various levels	% of women at the posts of responsibility	Inquiry	Ministry in charge of family	Town councils/ communes	Parliament Associations for the defence of women's rights	2008-2009	15.000
	4.5.2.3. Capacity building structures in charge of gender promotion	Women's promotion bodies are strengthened	Number of reinforced bodies	Progress reports	Ministry in charge of family	CSO Local governments.	MCRIPPG		
<b>Sub-total 24</b>									<b>12.325.000</b>

## GENERAL OBJECTIVE 6: ENCOURAGE THE INCREASED PARTICIPATION OF STAKEHOLDERS IN DEVELOPMENT AT ALL LEVELS

SPECIFIC OBJECTIVES	ACTIONS	EXPECTED OUTCOMES	OBJECTIVELY VERIFIABLE INDICATORS	VERIFICATION MEANS	IMPLEMENTATION BODIES	OTHER STAKEHOLDERS	MONITORING AND EVALUATION AGENCY	IMPLEMENTATION SCHEDULE	ESTIMATED COSTS \$US
4.6.1. Involve communities at the grass-root in sector programming	4.6.1.1 Drafting of sector budgets programmes with strong participation of town councils	Appropriation of sector budgets programmes by communities at the grass-root	Town councils involvement rate	Inquiry	DPP/ Sector ministries	Town councils/ commune	MEDPEAP	2008-2010	500.000
	4.6.1.2 Popularisation of PDC, PAI, communal sessions report to all the respective population	Good citizens information	Level of citizens information	Inquiry	Town council/Commune	Prefecture/ district and Public decentralized services	DPP of various concerned sector ministries	2008-2010	1.540.000
4.6.2- Determine the demarcations of town councils/ communes	4.6.2.1 Final demarcation of town councils	Communes' border demarcations are performed	Town councils' effective demarcation Impact of the action	Survey documents and conflicts counting	Ministry of Town Planning IGN	Parliament MCA Private Sector Partners Town councils	Ministry in charge of decentralization	2008-2010	750.000
4.6.3 – Improve effectiveness and transparency at the level of local authorities	4.6.3.1 Setting up of an integrated functional organizational framework conducive to decentralization	Effective decentralisation The functioning of territorial administration is improved Functional organizational mechanisms	Number of established decentralized bodies Volume of resources transferred to the town councils	CAD and CDCC report Report of the FADEC orientation council Inquiries with populations at the grass-root	MRAI MTFP MDGLAAT Commune FADEC	All other ministries PTF/TFP	Ministry in charge of Territorial Administration CONAFIL	2008-2013	500.000

APPENDIX I: PROGRAMME OF ACTION OF BENIN

SPECIFIC OBJECTIVES	ACTIONS	EXPECTED OUTCOMES	OBJECTIVELY VERIFIABLE INDICATORS	VERIFICATION MEANS	IMPLEMENTATION BODIES	OTHER STAKEHOLDERS	MONITORING AND EVALUATION AGENCY	IMPLEMENTATION SCHEDULE	ESTIMATED COSTS \$US
	4.6.3.2 Establishment of a collaboration mechanism between the prefect (district officers), decentralized services and town councils	The meeting between the prefects (district officers), decentralized services and mayors is periodical Effective consideration of populations' concerns at the grass-root	Number of annual meetings	Work reports	Local authorities office Decentralisation mission	All other ministries PTF/TFP	MDGLAAT	2008-2011	
	4.6.3.3 Substantial decentralisation funding	PDCs are financed by at least 80%	Share of the State's financial contribution to the budget of town councils and central administration's external services	Budget execution report The Finance Act	Ministry in charge of Finance	All other ministries TFP	Decentralisation mission	2008-2013	1.000.000
	4.6.3.4 Establishment of a foreign aid coordinating framework (local communities at the grass-root, people's representatives, central power, development partners) for a better follow-up at local level	Foreign aid is rationally allotted Local resources are better managed	Number of projects successfully implemented Number of conflicts in local development projects implementation	Framework establishment acts	City councils	Development partners	Ministry in charge of Decentralisation	2008 -2009	

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SPECIFIC OBJECTIVES	ACTIONS	EXPECTED OUTCOMES	OBJECTIVELY VERIFIABLE INDICATORS	VERIFICATION MEANS	IMPLEMENTATION BODIES	OTHER STAKEHOLDERS	MONITORING AND EVALUATION AGENCY	IMPLEMENTATION SCHEDULE	ESTIMATED COSTS \$US
4.6.4- Better take into account the vulnerable groups' concerns in the development policies and strategies	4.6.4.1 Consideration of the vulnerable groups' concerns in the development policies and strategies	Vulnerable groups' concerns are taken into account	Number of scheduled activities in their favour as planned under the DCSR	Counting	Ministry in charge of development Other ministries	Civil Society partners	MFE	2008 -2009	100.000
4.6.5. Improve the implementation framework of the policies of fight against poverty	4.6.5.1 Implementation and publication of poverty reduction activities	Poverty reduction	An annual evaluation report of Growth strategy for poverty reduction (SCR/GSPR) is available	Survey statistics Study relating to SCR evaluation	Ministry in charge of Finance	General public State World Bank	Focal point MAEP	2008-2013	20.000.000
<b>Sub-total 25</b>									<b>24.390.0000</b>
<b>SUB-TOTAL IV (SOCIO-ECONOMIC DEVELOPMENT)</b>									<b>758.120.000</b>
<b>GRAND TOTAL ACTIVITIES WITH SPECIFIC NATURE</b>									<b>2.356.090.000</b>

## II- CROSS-CUTTING ACTIVITIES

### GENERAL OBJECTIVE 1: IMPLEMENT A DEVELOPMENT TAXATION POLICY

SPECIFIC OBJECTIVES	ACTIONS	EXPECTED OUTCOMES	OBJECTIVELY VERIFIABLE INDICATORS	VERIFICATION MEANS	IMPLEMENTATION BODIES	OTHER STAKEHOLDERS	MONITORING AND EVALUATION AGENCY	IMPLEMENTATION SCHEDULE	ESTIMATED COSTS \$US
1.1- Build State's capacity in the effective use of taxation system as a means of redistribution	1.1.1. Decentralization consolidation especially in the area of resources transfer / CT	Resources transfer to town councils is effective	Resources are transferred to town councils/communes	Documents Survey	MDGLAAT MF	Technical and financial Partners	Ministry in charge of Finance and development	2008-2009	250.000
	1.1.2 Improvement of the fiscal administration's performances / CT	Benin applies a development taxation system	Taxations rates Satisfaction level	Documents Survey	MF DGID	Technical and financial Partners		2008-2009	1.500.000
1.2- Improve the effectiveness and transparency of the tax administration	1.2.1 Updating of laws and procedures governing taxation  1.2.2 Effective application of sanctions against offenders	More efficient fiscal policy	Laws and procedures governing taxation updated and available  More increased fiscal arrears recovery rate  Texts et procedures governing taxation updated and available  More increased tax arrears collection rate		DGID	CCIB Employers Association	Department of fiscal checking of the Ministry in charge of Finance	2008-2010	200.000

APPENDIX I: PROGRAMME OF ACTION OF BENIN

SPECIFIC OBJECTIVES	ACTIONS	EXPECTED OUTCOMES	OBJECTIVELY VERIFIABLE INDICATORS	VERIFICATION MEANS	IMPLEMENTATION BODIES	OTHER STAKEHOLDERS	MONITORING AND EVALUATION AGENCY	IMPLEMENTATION SCHEDULE	ESTIMATED COSTS \$US
1.3- Build State's capacity to the efficient use of taxation as a means of income redistribution	1.3.1.Enhancing of decentralization especially in the area of resources transfer/ CT	Transfer of resources to town councils is effective	Resources are transferred to the town councils	Document Survey	MDGLAAT MF	Technical and financial partners		2008-2009	250.000
	1.3.2. Taxation Administration Performance Improvement/ CT	Benin applies development taxation system	Taxation rates Satisfaction level	Survey documents	MF DGID	Technical and financial partners		2008-2009	1.500.000
<b>Sub-total 1</b>									<b>3.700.000</b>

**OBJECTIVE 2: IMPLEMENT JUSTICE AND SECURITY PROMOTION POLICIES**

SPECIFIC OBJECTIVES	ACTIONS	EXPECTED OUTCOMES	OBJECTIVELY VERIFIABLE INDICATORS	VERIFICATION MEANS	IMPLEMENTATION BODIES	OTHER STAKEHOLDERS	MONITORING AND EVALUATION AGENCY	IMPLEMENTATION SCHEDULE	ESTIMATED COSTS \$US
2.1-Improve security service effectiveness and fight organized crime	2.1.1 Construction and equipment of services	Security services are efficient	Quality of security service provisions	Number of infrastructures built Reception minutes Availability act	MDN MISP MEF	Technical and financial partners	DPP DRH DGPN DG GN	2008-2010	650.000
	2.1.2 Staff capacity building		Level of satisfaction of civil authorities and users-clients/ populations	Satisfaction survey					
<b>Sub-total 2</b>									<b>650.000</b>

**OBJECTIVE 3: PROMOTE SOCIAL JUSTICE POLICIES**

SPECIFIC OBJECTIVES	ACTIONS	EXPECTED OUTCOMES	OBJECTIVELY VERIFIABLE INDICATORS	VERIFICATION MEANS	IMPLEMENTATION BODIES	OTHER STAKEHOLDERS	MONITORING AND EVALUATION AGENCY	IMPLEMENTATION SCHEDULE	ESTIMATED COSTS \$US
3.1. Reduce economic inequalities	3.1.1 Improvement of equalization at the level of convenience goods selling price (oil, cement pharmaceutical products, etc) /CT	Equalization at the level of the price of first commodity products is reinforced	Products price in different regions of Benin	Prices check Interview Satisfaction survey	MICPME Ministry of Finance MMEE	Partners Private sector	DCI	2008-2009	1.650.000
	3.1.2 Creation of regional development pole/ MT	There are regional development poles	Number of regional poles created  Percentage of persons satisfied with regional poles services	Counting  Surveys	MICPME Camber of Commerce and Industry of Benin	Partners Businessmen Foreign Investors	DPI	2008-2010	
3.2. Ensure to every citizen the minimum needs (food, clothing, housing, health care and education)	3.2.1 Working out of a development program progressively achievable	A development program ensuring established rights	Drop in percentage of citizens in search for such rights	Surveys Price list	MJLDH Ministry of Finance and Economy	Technical and financial partners Civil society		2008- 2011	500.000
			Reduction of the cost of social public services especially in rural environment						
3.3 Work out sector or microeconomic policies conducive to growth	3.3.1 Improvement of access to basic education and literacy	Capacity building of the poor to conduct income generating activities	Schooling and literacy rates on the increase		Literacy Department	NGO		2008-2013	200.000
						Ministry in charge of Literacy			

APPENDIX I: PROGRAMME OF ACTION OF BENIN

SPECIFIC OBJECTIVES	ACTIONS	EXPECTED OUTCOMES	OBJECTIVELY VERIFIABLE INDICATORS	VERIFICATION MEANS	IMPLEMENTATION BODIES	OTHER STAKEHOLDERS	MONITORING AND EVALUATION AGENCY	IMPLEMENTATION SCHEDULE	ESTIMATED COSTS \$US
	3.3.2 Creation of bridge between banks and micro-finance institutions in order to facilitate their "re-financing"	Credit access improvement	Increase in the number of beneficiaries of micro-finance		Micro-finance institutions Banks BCEAO ALAFIA Consortium	Micro-finance Units/ Ministry in charge of Micro-finance		2008-2009	100.000
	3.3.3 Credit offer diversification and reduction of services costs		Outstanding arrears payment rates on the decrease		Assistance bodies				
	3.3.4 Micro-finance capacities building in the risks analysis and control								
<b>Sub-total 3</b>									<b>2.450.000</b>

**OBJECTIVE 4: PROMOTE AN EFFICIENT AND CREDIBLE JUSTICE**

SPECIFIC OBJECTIVES	ACTIONS	EXPECTED OUTCOMES	OBJECTIVELY VERIFIABLE INDICATORS	VERIFICATION MEANS	IMPLEMENTATION BODIES	OTHER STAKEHOLDERS	MONITORING AND EVALUATION AGENCY	IMPLEMENTATION SCHEDULE	ESTIMATED COSTS \$US
4.1 Improve citizens trust in justice	4.1.1 Guarantee of the justice independence relative to the executive power (in the mid-term)	40 judges recruited every year 11 courts to build in 5 years Judicial reforms are implemented	Number of judges Number of courts Index of satisfaction of persons subject to trial and improvement of justice image Number of court equipped	Opinion poll Recruitment document Reception minutes/report	Ministry of Justice MTEP MRAI MEF	Technical and financial partners Civil society	TFP DPP	2008- 2013	1.300.000
	4.1.2 Requirement of quality service provision to the judiciary system (in the short-term)								
	4.1.3 Institution of a performance measure mechanism, including through surveys on the satisfaction level of persons subject to trial (in the short-term)								
<b>Sub-total 4</b>									<b>1.300.000</b>

**OBJECTIVE 5: PROMOTE A DEVELOPMENT-ORIENTED ADMINISTRATION**

SPECIFIC OBJECTIVES	ACTIONS	EXPECTED OUTCOMES	OBJECTIVELY VERIFIABLE INDICATORS	VERIFICATION MEANS	IMPLEMENTATION BODIES	OTHER STAKEHOLDERS	MONITORING AND EVALUATION AGENCY	IMPLEMENTATION SCHEDULE	ESTIMATED COSTS \$US
5.1- Improve efficiency and transparency in public administration	5.1.1 Administrative procedures made simple through the use of intranet	Simplified administrative procedures A development-oriented administration	Share of the information conveyed via intranet between administrative units on the whole information to be circulated	Data bank		SGM DPP of Sector ministries	Administrative Reform Department	2008-2012	20.000.000
	5.1.2 Activation of administrative reform plan in order to ensure a real result-based management and an improvement of administrative effectiveness and efficiency	Administrative reform plan is operational and public administration more efficient	Number of records dealt with compared with the total. Number of users satisfied with the services provided by administration	Data bank Surveys	MRAI MTFP MDGLAAT	All the other ministries	Structures in charge of Administration and Human Resources in the ministries		
5.2- Improve public administration performances	5.2.1 Adoption of a framework law for performance improvement in public administration/CT	Efficiency, transparency and ethics are reinforced in public administration	Number of independent audits carried out at the level of governmental institutions	Counting	MTFP MRAI MF Specialized Agencies	Technical and financial partners	MRAI MTFP	2008-2010	2.500.000
			Users are satisfied with the services provided by the administration	Surveys			MRAI MTFP		

APPENDIX I: PROGRAMME OF ACTION OF BENIN

SPECIFIC OBJECTIVES	ACTIONS	EXPECTED OUTCOMES	OBJECTIVELY VERIFIABLE INDICATORS	VERIFICATION MEANS	IMPLEMENTATION BODIES	OTHER STAKEHOLDERS	MONITORING AND EVALUATION AGENCY	IMPLEMENTATION SCHEDULE	ESTIMATED COSTS \$US
5.3- Depoliticize public administration	5.3.1 Purification of political customs, including the choice of political and administrative leaders (in the mid-term)	Equity, transparency and impartiality prevail in public administration	Quality of promoted executive/ managerial staff Measurement of the contribution of these methods as compared with the administration's performance	Statistics Reference study	MTFP MRAI	Technical and financial partners	Institutions of the Republic	2008-2011	200.000
<b>Sub-total 5</b>									<b>22.700.000</b>

**OBJECTIVE 6: FIGHT AGAINST CORRUPTION**

SPECIFIC OBJECTIVES	ACTIONS	EXPECTED OUTCOMES	OBJECTIVELY VERIFIABLE INDICATORS	VERIFICATION MEANS	IMPLEMENTATION BODIES	OTHER STAKEHOLDERS	MONITORING AND EVALUATION AGENCY	IMPLEMENTATION SCHEDULE	ESTIMATED COSTS \$US
6.1 Fight more efficiently against corruption	6.1.1 Passing of the law relating to the fight against corruption in the Republic of Benin	There is a regulation repressing corruption in Benin and it is applied	Number and quality of laws repressing corruption	Counting Opinion poll	Parliament MCRI	Civil Society Organization	MCRI MJLDH	2008- 2011	1.500.000
	6.1.2 Enhancement of material and human means of the State General Inspectorate (IGE) and the Anti-corruption Observatory	Bodies established by the State have material and human means to better carry out their missions	Quantity and quality of means made available		MF	Partners	High Court of Justice		
	6.1.3 Upgrading of civil servants' performance in accordance with the real cost of living		Laws on corruption and unlawful enrichment are passed	Corruption rate	DPP of all ministries	Ministry in charge of Administrative Reform	MRAI MTFP		
<b>Sub-total 6</b>									<b>1.500.000</b>

**GENERAL OBJECTIVE 7: BRING SANITATION INTO THE BUSINESS ENVIRONMENT**

SPECIFIC OBJECTIVES	ACTIONS	EXPECTED OUTCOMES	OBJECTIVELY VERIFIABLE INDICATORS	VERIFICATION MEANS	IMPLEMENTATION BODIES	OTHER STAKEHOLDERS	MONITORING AND EVALUATION AGENCY	IMPLEMENTATION SCHEDULE	ESTIMATED COSTS \$US
7.1. Enhance the implementation framework of policies aiming at improving business environment	7.1.1 Implementation of a tax policy conducive to investment	Business environment improvement	Elaborated and operational taxation policy document	Documentary research	DGID	CCIB DGDDI Employers Association	Ministry in charge of Finance	2008-2010	100.000
	7.1.2 Judiciary and judicial framework improvement		Laws aiming at protecting property rights are applied Number of judgments passed as far as the economy and finance are concerned is on the rise	Documentary research	Supreme Court	Parliament Courts Judges Association Bar Association CCIB Employers Association	Ministry in charge of Justice	2008-2010	400.000
<b>Sub-total 7</b>									<b>500.000</b>
<b>GENERAL TOTAL : CROSS-CUTTING ACTIVITIES</b>									<b>32.800.000</b>

**N.B:** The total implementation cost of the action of Benin for APRM/MAEP is estimated at two billions three hundred eighty eight millions eight hundred and ninety thousand US dollars (US\$2.388.890.000). It is broken down as follows:

<b>Nature of activities</b>	<b>Total cost estimated in US dollars</b>	<b>Percentage</b>
Specific activities	<b>2.356.090.000</b>	<b>98.6%</b>
Cross-cutting activities	<b>32.800.000</b>	<b>1.4%</b>
Total of activities	<b>2.388.890.000</b>	<b>100%</b>
<b>National Budget share earmarked for plan funding</b>	<b>23. 888.900</b>	<b>1%</b>

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## APPENDIX II

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**APRM**

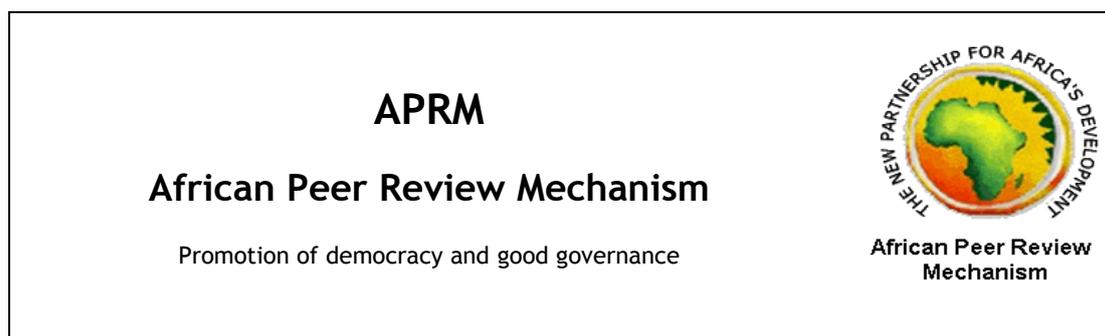
**African Peer Review Mechanism**

Promotion of democracy and good governance



**African Peer Review  
Mechanism**

## BENINESE GOVERNMENT COMMENTS



## **REPUBLIC OF BENIN**

### **AFRICAN PEER REVIEW MECHANISM**

#### **COMMENTS AND CORRIGENDA BY THE GOVERNMENT OF BENIN ON THE REPORT OF THE PANEL OF EMINENT PERSONALITIES OF THE AFRICAN PEER REVIEW MECHANISM (APRM) ON THE EVALUATION OF THE REPUBLIC OF BENIN**

##### **INTRODUCTION**

The Government of the Republic of Benin read with keen interest the Evaluation Report of Benin prepared by the Country Review Mission (CRM), that visited Benin from 16 July 08 - August 2007 and from 03 - 13 October 2007.

The Government of the Republic of Benin highly appreciates the efforts made by the Country Assessment Team and the quality of the Report, as regards its content, the reliability of the sources of information as well as the pertinence of the analyses, observations and recommendations formulated by the Country Assessment Team.

The Government of the Republic of Benin also appreciates, at its fair value, the spirit of abnegation, sacrifice and especially consultation and dialogue shown by the Country Assessment Team in its interactions with the Beninese authorities at all levels and with all the other stakeholders in the APRM process.

The Government wishes to express its profound gratitude to the Country Assessment Team, composed of high-level African Experts. This team, which visited all the departments of Benin, worked relentlessly, with devotion and competence, under the

direction of Mrs. Marie-Angélique SAVANE, Member of the APRM Panel of Eminent Personalities.

The Evaluation Report on Governance in the Republic of Benin is in line with the principles contained in the Declaration on Democratic, Political and Corporate Governance, adopted by the Heads of State and Government of the OAU member-countries on 08 July 2002, in Durban, South Africa. In this regard, it constitutes by its substance and scope, for the Government and stakeholders, an extra source of inspiration for the creation of appropriate conditions for making Benin an emerging country with a view to ensuring a shared prosperity.

However, some considerations, analyses and comments contained in the Evaluation Report on Governance in Benin need to be improved, or even toned down and corrected, in order to reflect the current realities in Benin.

Furthermore, some factual elements need to be reviewed in the light of the current political and socio-economic situation in Benin.

## **I- EVALUATION REPORT ON GOVERNANCE IN THE REPUBLIC OF BENIN**

The Evaluation Report on Governance in Benin rightly underlines in paragraph 1.5 on page 2, the great particularity of the Benin Evaluation Report, which “paid little attention to the state of Governance in Benin during the mandate of the authorities in place. The latter have relatively free hands since the exercise gives them an idea of the situation of Governance in Benin at the time they assumed power. It is a perspective that should be recommended to all those who take the reins of power to have an idea of the state of affairs, the stakes and challenges of Governance before assuming office”.

The diagnosis made by the Country Assessment Mission, and which reflects the situation as at the time of the swearing in of the newly-elected Head of State, Dr Boni YAYI, on 06 April 2006, concerns major assets such like the satisfactory development of the democratic process in Benin since the National Conference of the Bone and Sinew of the Nation held in February 1990, which has brought about peace and stability, improvement of individual and collective liberties, but also the major challenges, notably in the economic, corporate management and socio-economic development fields.

To meet these challenges, the Government has developed a vision and defined strategies to enable it to create favourable conditions for accelerating economic growth and social development.

### **1.1- Governance and Economic Management**

To attain the objectives set, the Government, in view of the population growth, estimated at about 3.2%, is banking in the short-term, on a sustained growth of over 7% and, in the medium term, on a two-digit growth.

The attainment of this objective is seriously envisaged by the Government, given the current political situation and the Government's ambition to create a new economic dynamics. All this should be supported by significant achievements at the financial and economic levels, as well as at the international level, notably in the framework of global governance and the policy of sub-regional and regional integration.

To succeed in this endeavour, the Government is working on eliminating some external and internal constraints.

At the external level, Benin, like other countries in the sub-region and as in all developing countries, is seriously affected by the persistent fall of the dollar, of prices of raw materials, notably agricultural crops like cotton and the staggering rise in the price of oil.

As a result of these multiple factors, Benin is finding it difficult to find its place in the world economy, as it is facing head on the impacts of these external shocks.

Internally, the Government is striving to deal with the inefficiency in public administration from the point of view of:

- staff strength, due notably to the ageing of the personnel, following the freezing of recruitment imposed in the 1980s by the Bretton Woods Institutions;
- weak professional capacities;
- professional ethics, with notably poor governance, corruption, weak system for evaluating the permanent State agents and poor circulation of information among administrative structures.

The Government is also striving at:

- creating appropriate conditions for strengthening the capacities of the human and institutional resources for execution of the State budget;
- enhancing the efficiency of the justice system in order to ensure equality of all in the face of the law;
- raising the level of the press to make it a more professional press in the development and intensification of democracy;
- promoting dialogue with the social partners.

Concerning communication, the Government's ambition is to promote and popularize the New Technologies of Information and Communication, more particularly the *e-gouvernement* project aimed at promoting concerted governance. Thanks to the efforts deployed by the Government, the landing point of Benin's sub-marine cable has been developed in the perspective of making Benin one of the "digital districts of Africa". Indeed, by virtue of its geographical position and its achievements, Benin, to be useful in the sub-region, has the intention of becoming a hub in the area of telecommunications, a hope based on the actions initiated.

Besides, one of the concerns of the Government is to rationalize and systematize the intervention of the State by defining its role as well as the mechanisms through which it is called upon to intervene. This is a new approach based on the principles of transparency, justice and good governance.

The State is invited to gradually withdraw from the marketing sector and refocus its missions on kingly functions and control activities.

In the framework of the acceleration of economic growth, the Government conducted reflections that made it possible to identify clusters of high-potential sectors likely to constitute growth and development poles. They include notably:

- transport, logistics and trade; this key pole comprises all transport services, financial, banking and health services, education services, telecommunications services, etc.;
- (food and bio-energy) agro-industry;
- tourism, culture, cottage industry;
- buildings, public works and construction materials;
- cotton – textile: given the importance of cotton in Benin’s economy, the Government plans to create a stabilization fund to address cotton price fluctuations on the international market.

In addition, the development of sectoral strategies and implementation of the strategic orientations have been initiated. Three (03) have already been completed and concern the agriculture, energy and education sectors.

As regards the education sector, the Government has decided to offer free education from nursery to the primary level, in the respect of the basic right of access to knowledge enshrined in the Constitution of 11 December 1990. This decision implies taking up the major challenge of rapidly constructing school infrastructures, meeting the numerous needs in pedagogical and teaching materials, as well as recruiting and training of many more teachers.

In the area of macroeconomic forecasting, actions are underway to update the economic simulation and forecasting models as part of the improvement of the national statistical system.

Concerning the creation of the Tribunal of Accounts, recommended by the West African Economic and Monetary Union (UEMOA), it calls for the prior amendment of the Constitution of 11 December 1990.

## **1.2- Corporate Governance**

The Country Review Report focuses on the need for partnership and entrepreneurial culture capable of reviving the business sector in Benin, given the planned economy traditions inherited from French colonialism and the experience of years of Marxist-Leninist ideology.

This will be achieved through improvement of the business climate, modernization of the economic and social infrastructures, development and implementation of a development-oriented tax system, restructuring and establishment of a new style of governance in the cotton sector and control of the informal sector.

The Government is aware that there is need to improve corporate governance. Consequently, it seriously intends to strengthen the sector in order to make it a wealth-producing sector in the framework of the construction of an emerging Benin, through the promotion of a new partnership and entrepreneurial culture.

This approach calls for the development and establishment, in relation with the priority development poles, of a development-oriented tax system indispensable for the promotion of productive investments.

The Government is also examining the possibility of intensifying:

- the intervention of banking institutions in favour of corporate funding;
- the managerial capacity of businessmen;
- the adaptation of the legislative and regulatory framework in the area of the labour law;
- the institutional support from the State with a view to making up for the shortage of qualified staff to deal with Corporate Governance issues.

This last aspect is in line with the objectives of the Integrated Programme for strengthening the Legal and Judicial System, which constitutes the plan for enhancing the independence and sense of responsibility of magistrates.

When adopted, the plan will be implemented at the beginning of 2008.

Besides, under a win-win partnership agreement, the State has set up the Presidential Investment Council (CPI) to promote dialogue between the public sector and the private sector. This structure has been functioning since February 2007.

Benin has, moreover, instituted a Charter on Small and Medium Enterprises / Small and Medium Industries (SMEs/SMIs), which specifies notably incentives in favour of SMEs/SMIs by putting in place an appropriate fiscal policy.

In addition, the Government is promoting the creation of business incubators for training young pupils and students in entrepreneurship.

The informal sector plays a very important role in Benin's economy. Taking into account this reality and the specificities of the said sector, the Government has decided to accompany it by simplifying the fiscal system, through the different fixed charge systems.

However, since economic emergence requires, on the one hand, organization and method for increasing productivity and, on the other hand, productive investments for accelerating growth, the Government feels it is an illusion to rely in the more or less long term, on the dynamism of this sector to initiate development and ensure the improvement of the business climate.

### **1.3- Political Governance and Democracy**

Multiparty politics, press freedom, consolidation of individual and collective liberties as well as the exercise of citizenship constitute the basis of democracy and Rule of Law.

The Constitution of 11 December 1990 acknowledges the right of Beninese citizens to enjoy these basic rights, including notably the right to move freely, to exercise their voting right, to set up trade, to open a bank account, etc. However, the lack of civil status or identity document for the citizens constitutes an obstacle to the enjoyment of these rights.

Aware of this fact, the Government implemented a policy on the issue of these documents during the mobile courts organized in the framework of the Civil Status Census (RAVEC) project.

These operations will be intensified in order to put an end to the legal insecurity in which some Beninese find themselves.

Besides, in the concern to protect vulnerable population groups, notably children, the Government is waging a relentless war on child trafficking and child labour.

The consolidation of governance and democracy also depends on the right of the individual to a healthy environment. To that end, Benin has put in place National Charter on Environmental Governance, based on a common but differentiated responsibility of the actors. It concerns institutional and regulatory provisions and notably aims at addressing the environmental aspect in development policies and programmes. The aim is to make Benin a reference centre for environmental impact assessment.

It is also worth mentioning that there is an ongoing dialogue on climate change for ECOWAS member-countries, in which Benin is actively participating.

In the framework of the establishment of a republican administration geared towards development, the Government has adopted a policy of reforms, notably on the following issues:

- clarification of missions of the State;
- rationalization and stabilisation of the structures and administrative organization;
- promotion and development of human resources;
- decentralization / deconcentration with a view to promoting local development, the principle of subsidiarity and grassroots democracy.

Concerning the improvement of democracy, Benin has adopted a Charter on Political Parties, dedicated to the promotion of full multiparty politics, which is efficiently implemented. Discussions are underway at the appropriate level to define the status of the opposition.

Concerning transparency in the actions of the public service, it should be underlined that efforts are being made to ensure transparency in the recruitment, appointment and promotion of Public Servants.

Under achievements, it may be noted at the level of structures in charge of this sector:

- the development of procedures manuals;
- the establishment of standards, values and ethics;
- the definition of high-level public jobs.

The Beninese authorities have a constant desire to make Benin a free, safe and peaceful country and a national strategy for intensifying security is being developed to that end.

The favourable social climate helps to consolidate peace both internally and externally through constant search for consultation frameworks for settling differences with the neighbouring countries, promote good neighbourliness, which is one of the essential pillars of Benin's policy in the area of integration.

The situation of peace offers Benin the opportunity to be present on all crises scenes within and outside Africa in order to participate in efforts aimed at restoring peace and stability in these regions.

Benin is one of the countries in the sub-region with the largest military contingents abroad, as it has a republican army that contributes to peace and development.

This is the rationale behind the military service of national interest, intended to inculcate in young Beninese citizens the love of the motherland and gradually correct the deviations associated with lack of patriotism.

Moreover, in the concern to supervise the realization of the vision of emerging Benin and affirm the necessary leadership for conducting it, the following structures have been created or planned:

- the High Commission for Concerted Governance;
- the National Ethics and Transparency Council;
- the Supreme Defence Council;
- the Authority for implementing the structural reforms and dialogue with development partners;
- the Presidential Mediation Body (OPM), established as part of the prevention strategy for peaceful resolution of conflicts.

Furthermore, the Government has just set up a Committee, comprising twenty-five (25) personalities, charged with the responsibility of reflecting on the issue of modernization of Institutions of the Republic and its basic texts.

#### **1.4- Socio-Economic Development**

The Report underlines the major difference between the quality of policy documents, strategies and programmes and their application in the field.

The phenomenon of poverty is persisting and gaining ground, notably in the rural areas. In this regard, the ambition of the Government is to achieve, in the short-term,

a growth rate of over 7% and, in the medium-term, a two-digit growth rate, which will help to:

- Integrate the vulnerable population groups into the productive channel;
- Improve the policies, mechanisms and results in the key areas of education and health; which is indispensable for providing sustainable support for the development process;
- Ensure that citizens in rural areas have access to water, electricity, housing and land, etc., thereby ensuring that all the social segments participate in development process.

In the area of protection of (rural and urban) lands, actions are underway to facilitate access of the poor to land. In this regard, a law on rural land has been voted and is being promulgated.

However, despite the major roles played by civil society organizations in the elaboration of development policies and strategies, the State should play its regulation and redistribution role.

The Government deems it necessary to ensure coherence between development actions initiated at the local level and those initiated by the technical and financial partners.

In the agricultural sector, which occupies the rural population, the development of the agricultural sectors will facilitate the creation and development of new income-generating activities in the areas of processing, conservation and marketing of agricultural produce.

The Government has also put in place a microfinance programme, which aims at making economically active the most vulnerable population groups, notably women, and fight against poverty. The total cost of this programme is 20 billion CFA francs in the form of credit in 2007 and 2008.

In the health sector, the Government is examining the modalities of implementing the policy on free medical care for the most vulnerable population groups, notably pregnant women and children aged 0 - 5 years.

The Government each year puts at the disposal of hospitals, through the National Fund for the Needy, substantial financial resources for offering care and support to the needy.

Mention should also be made of the gradual implementation of mutual health insurance schemes in the informal sector.

## **1.5- Sub-regional Integration**

Benin is attached to the promotion of West African integration and effective application of community texts. Hence, community provisions on the VAT are generally respected, apart from a few exemptions on milk, agricultural inputs and four-stroke engines. The regulation on anti-competitive practices within UEMOA, adopted in May 2002, was the subject of a national sensitization training seminar organized by UEMOA in November 2006 in Cotonou. Provisions will be made in future for the organization of departmental popularization workshops.

Benin respects all the texts on taxation of intra-UEMOA and ECOWAS exports. However, there was a specific problem with vegetable oils from Togo. A delegation from Benin will visit Togo, if the Togolese authorities agree to it, to examine obstacles impeding the fluidity of this trade between the two countries.

Regarding corporate income, the relevant texts are being harmonized.

In Benin, two categories of rules on competition are to be applied: community rules and national rules.

The direct and immediate application community rules entered into force on 1<sup>st</sup> January 2003 and cover the following anti-competitive practices:

- agreements;
- dominant position abuses;
- public interventions resulting in distortion on competition.

These standards are applied concurrently by community authorities and national competitive structures. In this area, the competence of national structures concern surveillance and surveys.

Concerning national rules, all individual restrictive competitive practices (bonus sale, below cost pricing, selective sale, misleading advertising) are covered by the bill on competitiveness in Benin which is being discussed at the Supreme Court. The said bill provides for the creation of a National Council on Competitiveness.

The functioning of the market is governed by rules on competitiveness, consumption and Intellectual Property Rights (IPR).

## **1.6- Cross-cutting Issues**

### **1.6.1- Issue of Gender and Gender Equality**

Benin ratified the regional and international political instruments for promoting gender equality and integration of the gender approach into development policies and programmes in favour of women, who represent about 52% of the population of Benin.

Apart from the appropriate institutional framework, which is being established, the Government is striving to create an environment that should enable women to be both actors and beneficiaries of development by strengthening their capacity through notably equitable access to education, health, employment and other sources of wealth.

It should be noted that at the level of the regulatory provisions, access to public space is not discriminatory, but that the inequality observed is rather the result of the low level of education of girls and training of women. To that are added socio-cultural sluggishness and the image most women have of themselves.

The statistics on education of young girls have been improved and the prospects are encouraging.

Six out of the 26 Ministers in the Government are women.

Moreover, the structures of justice, family and child sectors are actively striving, through several workshops and seminars organized in partnership with NGOs, to ensure wide dissemination of the Family Code, with a view to ensuring its appropriation in order to facilitate the application.

### **1.6.2- Training and Insertion of the Youth**

Benin has a very young population, with 46.8% of young people aged below 15 years.

This characteristic also presents more opportunities than risks, as it can constitute a major stake for social peace and political stability, the majority (72%) of registered unemployed are under 35 years of age.

In the face of this situation, the Government has made considerable efforts, notably in the area of technical and professional training through the construction of appropriate infrastructures in each department of the country.

It is also important to note the impending installation of the National Education Council, a supervisory body in charge of improving the educational system.

Measures are also being taken to improve youth employment. The revitalization of the National Employment Agency (ANPE) is also part of this vision to intensify the promotion of self-employment among the youth, with support from the National Youth Employment Fund.

Moreover, it is necessary to recall the positive effects expected from the institution of the general interest military service.

### **1.6.3- Local Governance**

Turning to the institutional framework of decentralization, the Report mentions the statutory ambiguity of local administrative units, i.e. the communes, which are alleged to be structures without legal personality and financial autonomy.

With regard to the observation about a legislative and regulatory inflation, which makes decentralization complex, the Government feels that a cross-cutting issue like decentralization cannot be efficiently managed without a legal arsenal that specifies the competences and roles of the different actors.

As for the decentralized territorial authorities, they have a legal personality and enjoy financial autonomy. In more concrete terms, for almost five years now, they have been voting and executing their budget in a completely autonomous manner.

Concerning the recommendation about attaching the least populated communes to the bigger communes, it is irrelevant in the socio-political context of Benin, because the populations opposed the idea during the development of the decentralization project.

Generally, the Government considers decentralization as a major issue to which are added considerable stakes of town development, reduction of social and economic disparities, territorial contribution to development and participative democracy.

The issue of inequalities between the different regions of the country is given special attention by the public authorities, through specific programmes in favour of the regional capitals in particular, including Porto-Novo and Abomey.

The affirmed policy of rotating the celebration of the independence anniversary is in line with this perspective.

This approach aims at making decentralized entities real development actors whose value added is both local and national.

Moreover, the issue of associating traditional authorities with decentralization mechanisms is currently being examined at the level of the civil society and decentralization forum.

#### **1.6.4- Fight against Corruption**

The Country Review Report highlights the importance of the fight against corruption in the political, economic and corporate governance, and socio-economic development.

It focuses on the magnitude of the phenomenon, which affects all sectors of the political and social life in Benin.

Aware of the perverse effects of corruption in the establishment of the Rule of Law and development, the Government has included the problem of corruption in the priority threats to be dealt with.

Since political will is an essential factor in any process, notably as regards the fight against corruption, the Government, contrary to what is mentioned in the Country Review Report, has signed, ratified and deposited the ratification instruments on the

African Union Convention on the prevention and fight against corruption adopted in Maputo, Mozambique in 2003.

Moreover, from 2000 to 2003, Benin participated actively in the negotiations under the aegis of the UNO, on the United Nations Convention on the fight against corruption and the United Nations Convention against organized trans-national crime, which also deals with corruption, and has already ratified these two Conventions.

At the internal level, the green march of the Head of State against corruption in July 2007 marks a decisive stage in the determination of the Beninese authorities to eradicate this scourge.

In the framework of the pedagogy of example and virtue at the summit of the State and at all levels, in terms of ethics and republican morality, the Government has adopted an operational charter to which each Minister subscribes on his assumption of duty. This charter prescribes incorruptibility and good governance of public affairs. The Constitution contains provisions on the declaration of property by Ministers when they assume office and at the end of their ministerial function.

Structures put in place to fight corruption include notably the *Front des Organisations Nationales de Lutte contre la Corruption* (FONAC) and the *Observatoire de Lutte contre la Corruption* (OLC) (Anti-Corruption Watchdog).

A National Anti-Corruption Day has been instituted by the Government, which plans to introduce civic education in the school programme.

Audits have been conducted in all Ministries as well as in major public enterprises. Some authors of misappropriation of funds have been sanctioned, while others are awaiting trial.

The creation of the *Inspection Générale de l'Etat* (IGE) (General State Inspectorate) constitutes a major progress in the establishment of the mechanism for controlling the management of public funds. The initial results of its action are perceptible on the psychology of Government agents.

### **1.6.5- Fight against Money Laundering**

As part of the fight against money laundering, the legal framework in force is in conformity with the harmonized legal and regulatory environment envisaged by UEMOA countries. In fact, Uniform Law 2006-14 on the fight against money laundering was voted by the National Assembly and promulgated by the President of the Republic on 31 October 2006. It provides notably for the establishment of the Financial Information Processing Unit (CENTIF) in charge of collecting and processing financial information as well as international cooperation in this field. The CENTIF was created by Decree 2006-752 of 31 December 2006. The appointment of its members is ongoing in order to make it operational.

## CONCLUSION

The Country Review Report, prepared by the Panel and which concerns the four (04) thematic areas of the APRM, makes a pertinent diagnosis of the assets and major challenges to be met by the Republic of Benin.

Thanks to the determination, affirmed each day, of the Government, to its foresightedness as evidenced by the pertinence of its political, economic and social options, the progress towards the realization of an Emerging Benin is confirmed.

The objective is to restore a climate of confidence and public-private partnership conducive for development, in order to involve all economic and social actors, who should play, with determination, their part in meeting the challenges of the 3<sup>rd</sup> millennium.

Aware of all these stakes, the Government is devoting itself to promoting good governance, concerted governance, social peace, political stability and harmony among institutions of the Republic, guarantor of sustainable development.

The Programme in the annex to the Report translates the immensity of the tasks to be accomplished. These tasks measure up to the ambitions nourished by the Government for the development of Benin.

These tasks are also within the scope of a country that has resolutely chosen the path of harmonious development, with a view to putting in place the appropriate conditions for the creation of wealth for a shared prosperity.

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