

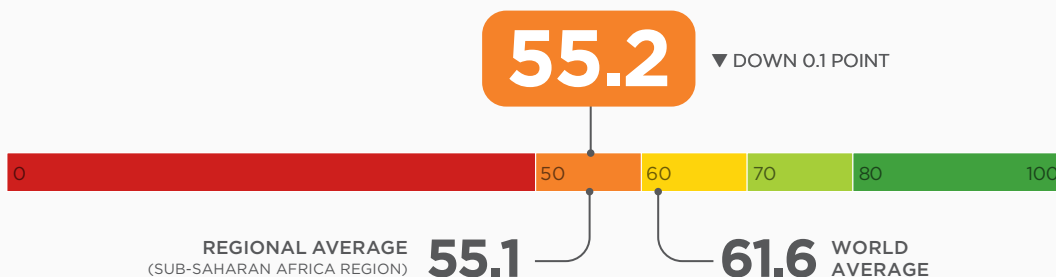
BENIN

Benin's economic freedom score is 55.2, making its economy the 133rd freest in the 2020 *Index*. Its overall score decreased by 0.1 point, with an improvement in the score for **fiscal health** not enough to overcome drops in several other indicators. Benin is ranked 24th among 47 countries in the Sub-Saharan Africa region, and its overall score is slightly higher than the regional average and well below the world average.

Benin continues its slide toward less economic freedom, with scores dropping steadily from a high-water mark in 2016. Its economy is now well entrenched among the mostly unfree. Over the past five years, however, GDP growth has been robust, perhaps because of Benin's membership in the G20 Compact with Africa initiative.

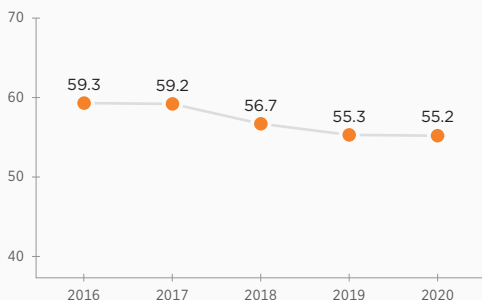
Although the government has tried to attract foreign investment by continuing its efforts to improve the business environment, ongoing civil unrest, bureaucratic inefficiencies, and infrastructure gaps have deterred most investors.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1996): +0.7

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
11.4 million

GDP (PPP):
\$27.7 billion
6.5% growth in 2018
5-year compound
annual growth 5.0%
\$2,426 per capita

UNEMPLOYMENT:
2.1%

INFLATION (CPI):
1.0%

FDI INFLOW:
\$207.5 million

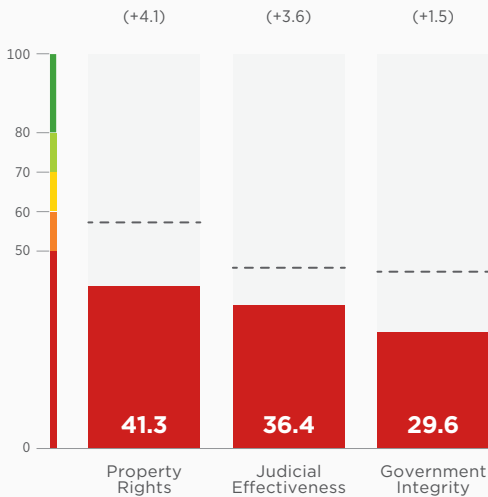
PUBLIC DEBT:
54.6% of GDP

2018 data unless otherwise noted. Data compiled as of September 2019

BACKGROUND: One of Africa's largest cotton producers, the former French colony of Benin nevertheless remains underdeveloped and dependent on subsistence agriculture and regional trade. Wealthy businessman Patrice Talon was elected to a five-year presidential term in 2016 on a clean-government platform, but critics have accused him of various power grabs since taking office. Under a new electoral code, only the two political parties supporting Talon were permitted to contest the April 2019 parliamentary elections, which were marked by low turnout. Government efforts to increase power generation capacity should stimulate economic growth. Expansion of the privately managed port of Cotonou, which accounts for approximately 60 percent of GDP, will further encourage economic growth by increasing port services for regional neighbors.

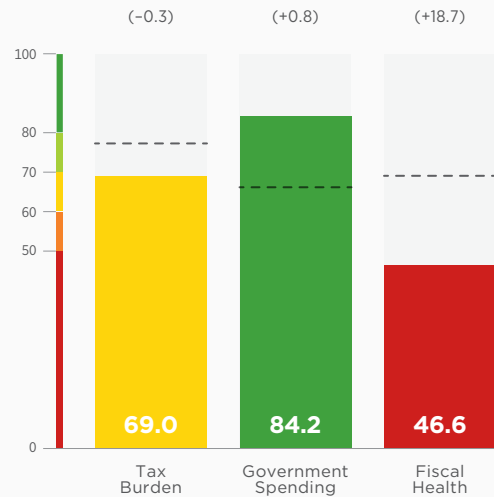
12 ECONOMIC FREEDOMS | BENIN

RULE OF LAW



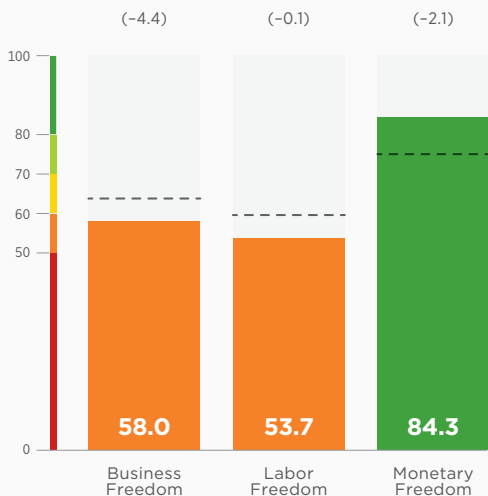
Although property rights are recognized and enforced, property registration remains difficult, and enforcement of contracts is uneven. The judiciary has demonstrated some independence, but the courts are inefficient and susceptible to corruption. The government's main anticorruption body, the National Anti-Corruption Authority, can hear complaints, recommend measures, and pass cases to the courts, but it has no enforcement authority.

GOVERNMENT SIZE



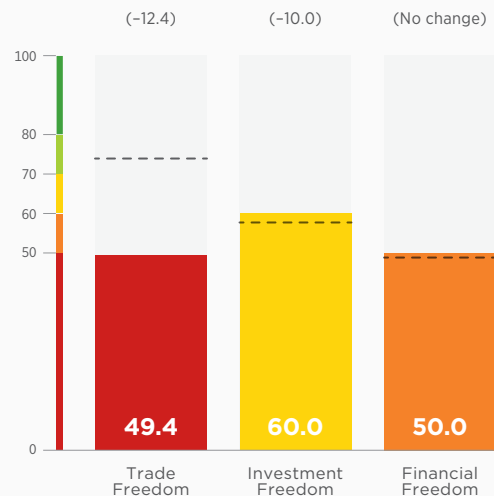
The top income tax rate is 45 percent, and the top corporate tax rate is 30 percent (45 percent for oil companies). Other taxes include a value-added tax. The overall tax burden equals 13.2 percent of total domestic income. Government spending has amounted to 23 percent of the country's output (GDP) over the past three years, and budget deficits have averaged 5.4 percent of GDP. Public debt is equivalent to 54.6 percent of GDP.

REGULATORY EFFICIENCY



The World Bank's 2019 *Doing Business* report ranked Benin very low on three factors: getting electricity, paying taxes, and contract enforcement. Greater participation in the economy by the private sector is needed to create jobs, alleviate poverty, and generate resources to build infrastructure. Subsidies to weak and inefficient state-owned enterprises have cost the equivalent of 1.5 percent of GDP since 2014 and continue to be a burden on the government budget.

OPEN MARKETS



The total value of exports and imports of goods and services equals 79.6 percent of GDP. The average applied tariff rate is 17.8 percent, and one nontariff measure is in force. Bureaucratic barriers interfere with foreign and domestic investment. The financial system remains underdeveloped. Banks have continued to increase their domestic assets, and there are many microfinance institutions, but overall access to credit remains limited.