Benin

Benin: Current Path

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Benin: Current Path forecast

Chart 1: Political map of Benin

This page provides an overview of the key characteristics of Benin along its likely (or Current Path) development trajectory. The Current Path forecast from the International Futures forecasting (IFs) platform is a dynamic scenario that imitates the continuation of current policies and environmental conditions. The Current Path is therefore in congruence with historical patterns and produces a series of dynamic forecasts endogenised in relationships across crucial global systems. We use 2019 as a standard reference year and the forecasts generally extend to 2043 to coincide with the end of the third ten-year implementation plan of the African Union's Agenda 2063 long-term development vision.

Benin is a lower middle-income country in West Africa, bordered by Togo to the west, Nigeria to the east, Burkina Faso to the north-west, and Niger to the north-east. The country is a member of a number of international cooperations such as the African Union, the Economic Community of West African States, and the Organisation of Islamic Cooperation. The official language of Benin is French, although there are many indigenous languages spoken by citizens. Benin covers an area of 114 763 km2 and has a population of about 11.9 million as of 2019. The climate is quite hot and humid, with about two rainy seasons and two dry seasons each year. Four terrestrial ecoregions lie within Benin's borders: Eastern Guinean forests, Nigerian lowland forests, Guinean forest-savanna mosaic, and West Sudanian savanna. Administratively, Benin is divided into 12 departments which, in turn, are subdivided into 77 communes. The capital of Benin is Porto-Novo, but the seat of government is in Cotonou, the country's largest city and economic capital. Principal exports from Benin include ginned cotton, cotton cake and cotton seeds, cashew, shea butter, cooking oil, and lumber. The mineral resources of the country are limited, such that although there is some production of cement, clay, gold, sand and gravel, all are relatively insignificant to the country's income. The nation's only seaport and international airport is located in Cotonou.

Demographics: Current Path

Benin is the 9th most populous country in West Africa and the 29th most populous in Africa. The country had an estimated population of 11.9 million in 2019, up from 5 million in 1990 — an increase of 138% in the country's population over the past 29 years. On the Current Path, the population of Benin is forecast to increase to 21.2 million by 2043, representing an approximate increase of 78.6% within the period. The relatively slower rate of population growth can be attributed to the adoption of improved birth control methods such as the use of contraceptives. Benin has a large youthful population with a youth bulge of 47.8% and a median age of 18.7 years in 2019. The youth bulge, defined as the ratio of the population between the ages of 15 and 29 to the total adult population, will remain above 40% in the Current Path forecast horizon. The large youth bulge in the country raises concerns about youth unemployment, which stood at about 5% in 2019, and underemployment. According to the School-to-Work Survey, the main factors hindering youth employment are the lack of professional experience and vocational and technical education, and support for young people as they search for jobs. To address these concerns, the government has embarked on a number of policies and programmes aimed at reducing youth unemployment. Some of these include entrepreneurship education and apprenticeship for work experience through the National Employment Agency. However, these programmes have been limited to only those who are tertiary graduates.

In addition, 42% of Benin's population is below the age of 15 years and 27.7% is under the age of 30 years. The relatively large cohort of children under the age of 15 constrains the materialisation of the demographic dividend. With the expected decline in the fertility rate from 4.8 births per woman in 2019 to 3.1 births in 2043, the proportion of people below the age of 15 years is projected to fall to 33.8% over the next 24 years. This signals the likelihood of a larger adult population, increasing the share of people under the age of 64 years from 27% in 2019 to 33.7% in 2043. The average life expectancy in Benin was 66 years in 2019, and it is estimated to increase to 72.6 years in 2043. The relatively low life expectancy is mainly due to a high disease burden emanating from communicable and non-communicable diseases. With an expected decline in communicable diseases over the period, life expectancy is also projected to increase within the same period.

In 1990, the majority of Benin's population (about 66%) resided in rural areas. However, over the past 29 years, the number of people residing in rural areas has steadily declined by 13 percentage points, from 66% in 1990 to 52.5% in 2019, suggesting an increase in the urban population. In 2016, about 40% of the total population lived in the urban areas surrounding Cotonou, which is the hub of commercial and political activity. The majority of people from rural areas migrate to urban centres due to poverty, harsh climatic conditions, unemployment, declining natural resources in the rural areas, and the search for greener pastures in the urban centres. Between 2024 and 2025, the country is expected to achieve parity in urban–rural settlement such that by 2043, about 58% of the Beninese population is projected to live in the urban areas.

Chart 4: Population density map for 2019

The total land area of Benin is approximately 112 760 km2. In 2019, Benin was the seventh most densely populated country in West Africa and 13th most densely populated country in Africa. The population density of Benin is estimated to be about 1.1 people per hectare, which is higher than the average of 0.45 for Africa and 0.65 for West Africa. The southern part of Benin along the Gulf of Guinea is densely populated, while the central and northern parts of the country are

sparsely populated. The largest city in the country is Cotonou, which is the de facto administrative capital due to its port. Cotonou also contains about two-thirds of all industries in Benin and serves as the centre of government. Other notably densely populated areas include the cities of Parakou, Djougou and Bohicon, and the capital city Porto-Novo.

Economics: Current Path

A major challenge of the Benin economy is overdependence on volatile global cotton and oil prices. The country is 100% dependent on petroleum imports, making it vulnerable to dollar exchange rates and fluctuations in oil prices. The economy of Benin is also dependent on the economy of its main trading partner, Nigeria, such that any time there is a crisis in Nigeria, Benin is affected. The low commodity crises and global recession in the 1990s led to economic difficulties in the country in that decade. However, injections of external investment from both private and public sources mitigated these difficulties. The country has implemented a number of economic recovery and internationally assisted programmes, such as the Highly Indebted Poor Countries Initiative in 2005 that was aimed at economic growth and poverty reduction. Consequently, Benin has had sustained growth in the past years with average growth of 4.9% from 2012 to 2016. The GDP of Benin more than tripled from US$4.9 billion in 1990 to US$17.6 billion in 2019, representing an increase of 259% over the 29-year period. Over the next 22 years, Benin's GDP is estimated to almost quadruple to US$66.3 billion from its 2019 level. The increase in GDP reflects the economic growth expected to occur within the next 22 years as compared to previous years.

Although many of the charts in the sectoral scenarios also include GDP per capita, this overview is an essential point of departure for interpreting the general economic outlook of Benin.

Benin's GDP per capita has seen a steady increase over time, despite the country's rapid population growth. The country increased its GDP per capita by about 53% from US$1 595 in 1990 to US$2 439 in 2019. The marginal increase in GDP per capita reflects the relatively high GDP growth compared to the population size over the period. With an expected increase in GDP and decline in fertility rates, it is projected that the GDP per capita will rise over the next 22 years, such that by 2043, the GDP per capita will more than double to US$4 685. Throughout the period under consideration, Benin's GDP per capita was far lower than the average of lower middle-income countries in Africa. By 2043, Benin's GDP per capita is projected to be US$4 457 lower than the projected average of US$9 142 for lower middle-income countries on the continent. This suggests that Benin either has a higher population growth rate or slower economic growth compared to the average lower middle-income country in Africa.

The Beninese economy largely relies on the informal sector, especially informal trade with its neighbouring country Nigeria. The informal sector accounts for about 90% of all employment in Benin. The size of the informal sector in Benin was equivalent to 40.9% of GDP in 2019; however, it is expected to decline to 33.7% by 2043, constituting a 7.2 percentage point decrease over the 24-year period. In 2019, the total number of people employed by the informal sector constituted 77.6% of the total labour force; this is expected to decline to 67.1% in 2043. It is therefore not surprising that the level of informality will also decline within the same period. This can partly be attributed to the government's efforts, beginning in 2014, with the launch of the entreprenant status, a simplified free legal regime meant to entice small businesses to formalise their operations.[1] This initiative contributed to the increased formalisation of small businesses in the country. Throughout the period under consideration, the size of the informal sector in Benin is higher than the average of lower middle-income African countries. This suggests that Benin has performed relatively poorly in formalising its economy compared to the average of other African countries within its income group.

The IFs platform uses data from the Global Trade and Analysis Project (GTAP) to classify economic activity into six sectors:

agriculture, energy, materials (including mining), manufactures, services and information and communication technologies (ICT). Most other sources use a threefold distinction between only agriculture, industry and services with the result that data may differ.

The three largest contributing sectors to GDP in Benin are service, agriculture and manufacturing, respectively. In 2019, the service sector's contribution to GDP was about US$8.8 billion (50.1% of GDP). It is not surprising given that the service sector employs 42.9% of the labour force. This contribution to GDP is expected to increase to US$36.6 billion (55.3% of GDP) by 2043. The agriculture sector, which employs about 38.3% of the total labour force, is currently the second largest contributor to GDP with a share of 23.6% (about US$4.2 billion) in 2019. Manufacturing is the third most significant contributor to GDP with a share of 21.1% (US$3.7 billion). However, it is expected that by 2022, the manufacturing sector will overtake the agriculture sector as the second largest contributor to GDP, so that by 2043, the manufacturing sector will contribute 20.1 percentage points more to GDP than agriculture. The growth of the manufacturing sector, which is vital for economic transformation and sustainable job creation, is good for the economy. However, although a dwindling agriculture sector is consistent with structural transformation of an economy, it raises concerns about food insecurity in the country. Authorities should improve agriculture productivity to ensure food security.

The data on agricultural production and demand in the IFs forecasting platform initialises from data provided on food balances by the Food and Agriculture Organization (FAO). IFs contains data on numerous types of agriculture but aggregates its forecast into crops, meat and fish, presented in million metric tons. Chart 9 shows agricultural production and demand as a total of all three categories.

In 1990, Benin's demand for agricultural products outstripped domestic production by 0.19 million metric tons, which increased to 2.5 million metric tons in 2019. This can partly be attributed to the declining interest in the agriculture sector reflected in the share of total employment. From 1991 to 2019, the sector's share of total employment reduced significantly from 50.9% to 38.3%. In addition, problems such as the lack of adoption of improved technology for farming, poor soil quality and unfavourable weather conditions have affected crop yield. Although the yield per hectare for crops is expected to increase from 4.3 metric tons in 2019 to 5.6 metric tons on the Current Path in 2043, the gap between demand and production will widen. By 2043, demand will outstrip domestic production by about 10.9 million metric tons, representing a 336% increase over the period. This raises concerns about food security in the country within the next 24 years. For instance, Benin depends on imports to meet its rice needs as domestic rice demand always exceeds domestic production capacity. In 2017, it was estimated that about 10% of the population faced food insecurity and 32% of young children suffered from chronic malnutrition.

There are numerous methodologies for and approaches to defining poverty. We measure income poverty and use GDP per capita as a proxy. In 2015, the World Bank adopted the measure of US$1.90 per person per day (in 2011 international prices), also used to measure progress towards the achievement of Sustainable Development Goal (SDG) 1 of eradicating extreme poverty. To account for extreme poverty in richer countries occurring at slightly higher levels of income than in poor countries, the World Bank introduced three additional poverty lines in 2017:

- US$3.20 for lower middle-income countries

- US$5.50 for upper middle-income countries

- US$22.70 for high-income countries.

As a lower middle-income country, Benin uses the US$3.20 per person per day benchmark. The fundamental causes of poverty in the country include the overreliance on the vulnerable agriculture sector that employs the majority of the population. Other factors include inequality in the distribution of resources to healthcare and education as well as an economic gender gap. As of 2019, 70.8% of Benin's population (7.9 million people) were surviving on US$3.20 per day, and it is projected to increase to about 11 million people (51.9% of the population) in 2043. This means that although the proportion of the poor population will reduce by 18.9 percentage points, the absolute number of poor people in the country will be 2.6 million people more than the level in 2019 due to the population growth rate that is outpacing development progress. Throughout the period under consideration, the proportion of poor people in Benin is higher than the average of lower middle-income countries in Africa, such that by 2043, the extreme poverty rate in Benin is 11.4 percentage points above the projected average of 38.3 % for lower middle-income countries in Africa.

Carbon Emissions/Energy: Current Path

The IFs platform forecasts six types of energy, namely oil, gas, coal, hydro, nuclear and other renewables. To allow comparisons between different types of energy, the data is converted into billion barrels of oil equivalent (BBOE). The energy contained in a barrel of oil is approximately 5.8 million British thermal units (MBTUs) or 1 700 kilowatt-hours (kWh) of energy.

Benin largely relies on imports to meet its energy demands. For instance, about 85% of electricity consumption is sourced from imports from Ghana, Côte d'Ivoire and Nigeria.[2] From 1990 to 1998, oil was the sole energy produced by Benin with a total production of 1.5 million BOE in 1990 which declined to 0.4 million BOE in 1998. However, from 1999 to 2014, there was no energy produced in the country. This probably can be attributed to the depletion of the oil reserves in the country. Benin has vast unused renewable energy potential; however, low domestic capacity and expertise as well as low domestic capital formation continue to hinder the realisation of this potential. From 2015, the country began production of renewable energies such that they are now the sole energy produced in the country. In 2019, the total amount of renewable energy produced was 0.1 million BOE. This is projected to increase to 0.5 million BOE in 2043 as the sole energy produced by the country.

Carbon is released in many ways, but the three most important contributors to greenhouse gases are carbon dioxide (CO_2), carbon monoxide (CO) and methane (CH_4). Since each has a different molecular weight, IFs uses carbon. Many other sites and calculations use CO_2 equivalent.

Benin is one of the countries in Africa with significantly low levels of carbon emissions. The low level of carbon emissions can partly be attributed to the low level of industrial activity and reliance on solar as the only energy produced in the country. Regardless, carbon emissions have increased steadily from nearly zero in 1990 to 2 million tons of carbon in 2019. On the Current Path, carbon emissions are forecast to increase to 7 million tons by 2043. It is interesting to note that while the country is shifting toward renewable energy as the sole energy type produced, carbon emissions will continue to increase. This may be as a result of the increased use of biomass driven by population growth and the projected increase in industrial activity in coming years.

Endnotes

1. N Benhassine, D McKenzie, D Pouliquen and M Santini, Finding a path to formalization in Benin: Early results after the introduction of the entreprenant legal status, 1 December 2015

2. ElectriFI, Benin

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