

# Benin

## Sectoral Scenarios for Benin

Enoch Randy Aikins

Last updated 13 December 2023 using IFs v7.63

## Table of contents

Sectoral Scenarios for Benin	3
Stability scenario	3
Demographic scenario	5
Health/WaSH scenario	7
Agriculture scenario	8
Education scenario	10
Manufacturing scenario	12
Leapfrogging scenario	14
Free Trade scenario	16
Financial Flows scenario	17
Infrastructure scenario	19
Governance scenario	21
Impact of scenarios on carbon emissions	22
Endnotes	23
Donors and Sponsors	23
Reuse our work	23
Cite this research	23

## Sectoral Scenarios for Benin

- Stability scenario
- Demographic scenario
- Health/WaSH scenario
- Agriculture scenario
- Education scenario
- Manufacturing scenario
- Leapfrogging scenario
- Free Trade scenario
- Financial Flows scenario
- Infrastructure scenario
- Governance scenario
- Impact of scenarios on carbon emissions

### Stability scenario

The Stability scenario represents reasonable but ambitious reductions in risk of regime instability and lower levels of internal conflict. Stability is generally a prerequisite for other aspects of development and this would encourage inflows of foreign direct investment (FDI) and improve business confidence. Better governance through the accountability that follows substantive democracy is modelled separately.

The intervention is explained [here](#) in the thematic part of the website.

This scenario generally signifies increased political stability, reduced internal conflict, high FDI inflows, improved and accountable governance and low levels of corruption in the country. Benin has had relative political stability since the adoption of its current constitution in 1991. Since then, there have been a total of 14 presidential and parliamentary elections that have led to the alternation of power among five leaders, although there have been some reported irregularities. However, political reforms embarked on by the incumbent President Tolon are impacting Benin's multiparty credentials. The new rules governing political parties have reduced the number of parties from the over 200 that existed in 2018 to 10 in 2019, with only five obtaining their registration. Also, the decision by the constitutional court to bar three parties, which were mainly pro-opposition, from taking part in the 2019 National Assembly elections weakened accountability, representative democracy and raised tensions in the country. In 2019, Benin's score on the governance security index was 0.74, which is higher than the 0.72 average of lower middle-income countries in Africa. In the Stability scenario, the country's score is projected to rise to 0.86 in 2043, which is 0.08 points above the Current Path forecast in the same year. Compared to the average of lower middle-income countries in Africa, Benin's score in 2043 will be 0.1 more than the average of lower middle-income countries in Africa.

In 2019, the GDP per capita for Benin was US\$2 439, which was far less than the average of US\$6 989 for lower middle-income countries in Africa. In the Stability scenario, GDP per capita is projected to increase to US\$4 817 by 2043. This expected growth in GDP can be explained by the fact that political stability inspires investor confidence and stimulates

domestic and foreign investments, which are essential for economic growth. While the GDP per capita will be US\$132 more than the Current Path forecast in 2043, it will still be US\$4 325 below the average of lower middle-income countries in Africa.

As Benin is a lower middle-income country, it uses the global benchmark of US\$3.20 per day. In 2019, 8.4 million people (about 70.8% of the population) were living on less than US\$3.20 per day. The Stability scenario will reduce the number of people living below the poverty line to 50.7% by 2043, which is 1.2 percentage points below the Current Path forecast but 12.4 percentage points above the average of lower middle-income countries in Africa. Nonetheless, the number of poor people will rise marginally from 8.4 million people in 2019 to 10.7 million people in 2043 in the Stability scenario. The materialisation of the Stability scenario could lead to 260 000 fewer poor people than the Current Path in 2043.

## Demographic scenario

This section presents the impact of a Demographic scenario that aims to hasten and increase the demographic dividend through reasonable but ambitious reductions in the communicable-disease burden for children under five, the maternal mortality ratio and increased access to modern contraception.

The intervention is explained [here](#) in the thematic part of the website.

Demographers typically differentiate between a first, second and even a third demographic dividend. We focus here on the contribution of the size of the labour force (between 15 and 64 years of age) relative to dependants (children and the elderly) as part of the first dividend. A window of opportunity opens when the ratio of the working-age population to dependants is equal to or surpasses 1.7.

In 2019, the ratio of working-age persons to dependants was 1.2:1, meaning that there were 1.2 working-age persons for each dependant in the country. This is less than the average of 1.32 for lower middle-income countries in Africa. Generally, the demographic dividend materialises when the country reaches a minimum ratio of 1.7 working-age persons for each dependant. While in the Current Path forecast the country will not reach its demographic dividend by 2043, in the Demographic scenario, Benin is expected to reach this minimum ratio by 2043. This is two years later than the average of lower middle-income countries in Africa. The materialisation of the demographic dividend in the Demographic scenario can be explained by increased access to modern contraceptives which will lead to a decline in fertility rates.

The infant mortality rate is the number of infant deaths per 1 000 live births and is an important marker of the overall quality of the health system in a country.

The infant mortality rate in Benin in 2019 was 48.7 deaths per 1 000 live births. Although this figure is high, it is relatively lower than the average of 46.4 deaths per 1 000 live births for lower middle-income countries in Africa. By 2043, the Demographic scenario will lead to a decline in infant mortality to 17 deaths per 1 000 live births, which is 3.5 deaths fewer than the Current Path forecast and 12.7 deaths fewer than the average of lower middle-income countries in Africa.

In 2019, the GDP per capita for Benin was US\$2 439, which is far below the US\$6 989 average of lower middle-income African countries. By 2043, it is estimated that based on the Demographic scenario, the GDP per capita will increase to US\$4 783, which is US\$98 more than the projected US\$4 685 on the Current Path in the same year. However, this will still be significantly lower than the US\$9 142 average of low-income countries in Africa. The additional increase in the GDP per capita as a result of the Demographic scenario can partly be attributed to the reduction in population growth as a result of the decline in fertility rates emanating from improved access to contraceptives. It can also be attributed to economic growth arising from the materialisation of the demographic dividend.

As noted earlier, the number of people in Benin living below the poverty line of US\$3.20 per day in 2019 was 8.4 million. In the Demographic scenario, this number will steadily rise to 10.4 million in 2043, which will be 540 000 fewer than in the

Current Path forecast. Similarly, the proportion of the poor population will be reduced to 50.9% in the Demographic scenario, which is about 1.03 percentage points lower than in the Current Path forecast but 12.6 percentage points higher than the average of lower middle-income countries in Africa in 2043. The decline in both the number and portion of poor people in the Demographic scenario compared to the Current Path forecast reflects the decline in the population size as a result of modern contraceptive use that reduce fertility rates.

## Health/WaSH scenario

This section presents reasonable but ambitious improvements in the Health/WaSH scenario, which include reductions in the mortality rate associated with both communicable diseases (e.g. AIDS, diarrhoea, malaria and respiratory infections) and non-communicable diseases (NCDs) (e.g. diabetes), as well as improvements in access to safe water and better sanitation. The acronym WaSH stands for water, sanitation and hygiene.

The intervention is explained [here](#) in the thematic part of the website.

The healthcare system in Benin is underfunded. As of 2019, the Benin government's total expenditure on healthcare was estimated to be about only 3.3%. An increase in life expectancy can be a result of an improved health system that reduces deaths by communicable and non-communicable diseases. It can also be achieved through improved sanitation and access to safe water. In 2019, the life expectancy at birth for the average Beninese was 66 years, which was below the average of 67.5 for lower middle-income countries in Africa. On average, females have a higher life expectancy at birth (68 years) compared to males (64 years). In the Health/WaSH scenario, life expectancy is estimated to increase to about 73.2 years by 2043, which is above the Current Path forecast of 72.8 years and about a year below the average of 73.4 for lower middle-income African countries. This increased life expectancy in the country can be attributed to the expected reduction in mortality from communicable diseases such as typhoid fever, tuberculosis, cholera and meningitis, which have high risks of infection that may result in death. However, deaths from non-communicable diseases continue to be a challenge. Females will continue to have a higher life expectancy than males with a difference of about five years by 2043.

In 2019, the infant mortality rate per 1 000 live births in Benin was 48.7 deaths. By 2043, infant mortality per 1 000 live births in the country will be 19.4 deaths in the Health/WaSH scenario and 20.5 deaths in the Current Path forecast. This means that infant mortality is reduced more quickly in the Health/WaSH scenario than in the Current Path forecast.

## Agriculture scenario

The Agriculture scenario represents reasonable but ambitious increases in yields per hectare (reflecting better management and seed and fertiliser technology), increased land under irrigation and reduced loss and waste. Where appropriate, it includes an increase in calorie consumption, reflecting the prioritisation of food self-sufficiency above food exports as a desirable policy objective.

The intervention is explained [here](#) in the thematic part of the website.

The data on yield per hectare (in metric tons) is for crops but does not distinguish between different categories of crops.

In 2019, the average yield per hectare of crops was 4.3 metric tons, which was below the average of 5.1 metric tons per hectare for lower middle-income countries in Africa. In the Current Path forecast, this is projected to increase to about 5.6 metric tons per hectare by 2043. However, in the Agriculture scenario, the average yield will be about 8.2 metric tons per hectare in 2043, 2.6 metric tons above the Current Path forecast. This means that Benin could improve agricultural production by adopting modern methods of farming including the use of fertiliser and improved seeds.

Benin is import dependent when it comes to agriculture although the country has a youthful population and many livelihoods depend on it. Challenges facing the agriculture sector include the lack of adoption of improved technology for farming, poor transportation networks, inadequate storage and processing facilities, poor soil quality and unfavourable weather conditions. As a result, the country has always had a net positive import dependence as a per cent of total demand. In 2019, the net agricultural import was 16.3% of agricultural demand in the country, which was above the average of lower middle-income countries in Africa. The Current Path forecast projects that import dependence will grow to 35.1% of total demand by 2043. The situation is mitigated in the Agriculture scenario such that by 2043, the country will be a net importer of agricultural products with a balance of 7% of total agricultural demand. This is lower than the projected average in the scenario for lower middle-income countries by about 5.7 percentage points, suggesting that there is a lot of untapped potential in terms of agriculture production.

The Agriculture scenario is expected to lead to an increase in the GDP per capita over the years. As a result of the Agriculture scenario, by 2043, the GDP per capita will increase from US\$2 439 in 2019 to US\$4 928, constituting about a 102.1% increase over the period. These estimates are greater than the projections in the Current Path forecast such that by 2043, the additional gains from GDP per capita as a result of the Agriculture scenario will be US\$243. In the Agriculture scenario, Benin's GDP per capita will remain below average of lower middle-income countries in Africa. Furthermore, by 2043, the GDP per capita of Benin will be a little over half that of the average of lower middle-income countries in Africa.

In the Current Path forecast, about 11 million people (59.1% of the population) are projected to live on less than US\$3.20 per day by 2043. However, in the Agriculture scenario, both the number and proportion of people living below the poverty line of US\$3.20 will be reduced. By 2043, the number of poor people is projected to fall to 9.9 million (47% of the population). This means that a little over one million additional Beninese can be lifted out of extreme poverty by focusing



primarily on agricultural growth. This is not surprising given that a significant proportion of people in Benin, especially from rural areas, are employed within the agriculture sector, and the many interventions in improving the sector are likely to have a greater impact on poverty reduction. Throughout the period under consideration in the Agriculture scenario, the proportion of people living in extreme poverty in Benin will be far higher than the average of lower middle-income countries in Africa. By 2043, the poverty rate in Benin will be about 13.5 percentage points above the average of lower middle-income countries in Africa.

## Education scenario

The Education scenario represents reasonable but ambitious improved intake, transition and graduation rates from primary to tertiary levels and better quality of education. It also models substantive progress towards gender parity at all levels, additional vocational training at secondary school level and increases in the share of science and engineering graduates.

The intervention is explained [here](#) in the thematic part of the website.

The main challenges of the education system in Benin are high absenteeism among teachers, due to low remuneration, and the lack of adequate capacity to manage the educational system. Primary education in Benin is free and compulsory, which has increased enrolment at the basic level. However, the dropout rate among students is high, with regional inequalities. While both the access and completion rate are high in the southern part of the country, the completion rate in the northern part, which is more rural, is low. In 2019, Benin's mean years of education was 5.7, which is below the average of 7.2 for lower middle-income countries in Africa. In terms of gender, the mean years of education for males is 6.8, which is 2.1 years more than the average of 4.7 years for females. This means that on average, men are more likely to attain a higher level of education than women. The gap in favour of men for mean years of education in Benin is higher than the average of 1.3 years for lower middle-income countries on the continent. By 2043, in the Education scenario, it is expected that the mean years of education will rise to 7.9 years, which will be 0.3 years more than the Current Path estimate and 0.9 years less than the average of lower middle-income countries in Africa. Also, based on the Education scenario forecast, the gender gap regarding mean years of education will reduce by 0.7 years by 2043, while the gender gap closes by 0.4 years for the average lower middle-income countries in Africa within the same period.

The average test score for primary learners in Benin in 2019 was 27.3%, which was higher than the 33.6% for the average of lower middle-income countries in Africa, signifying relatively lower performance in this regard. The Education scenario will increase the average test scores for primary learners to 38.5%, compared to the Current Path forecast estimated at 33%. Furthermore, by 2043, the Education scenario will result in 3.2 percentage points more than the average of lower middle-income African countries.

In 2019, the average secondary learner test score for Benin was 37.8%, which is below the average of 41.7% for lower middle-income African countries. Benin performs relatively better at secondary level than at the primary level. By 2043, the average test score for secondary learners in the Education scenario is projected to rise to 49.5%, which is 8.3 percentage points above the Current Path estimates of 41.2% and the average of 41.8% for lower middle-income countries in Africa.

By 2043, the increase in the GDP per capita as a result of the Education scenario is estimated to be US\$4 846, which is US\$161 more than the projected GDP per capita of US\$4 685 in the Current Path forecast. This suggests that an investment in education increases the human capital formation of a country, improves productivity and ultimately drives growth of the economy. The projected GDP per capita is however lower than the average of US\$9 142 for lower middle-income countries in Africa.

By 2043, in the Education scenario, there will be 5.8 million poor people (27.4% of the population). This means that the

Education scenario will contribute to reducing the number of poor people by 350 000 people in 2043 compared to the Current Path forecast, suggesting that although education is a powerful tool to reduce poverty, it takes time — often decades — to produce the expected results. Also, the proportion of poor people in Benin based on the Education scenario will be 11.9 percentage points higher than the average of lower middle-income countries in Africa.

## Manufacturing scenario

The Manufacturing/Transfers scenario represents reasonable but ambitious manufacturing growth through greater investment in the economy, investments in research and development, and promotion of the export of manufactured goods. It is accompanied by an increase in welfare transfers (social grants) to moderate the initial increases in inequality that are typically associated with a manufacturing transition. To this end, the scenario improves tax administration and increases government revenues.

The intervention is explained [here](#) in the thematic part of the website.

Chart 30 should be read with [Chart 8](#) that presents a stacked area graph on the contribution to GDP and size, in billion US\$, of the Current Path economy for each of the sectors.

In the Manufacturing/Transfers scenario, the service sector will be the largest contributor to GDP with an absolute contribution of US\$4.4 billion more by 2043 compared to the Current Path forecast. The rate of contribution to GDP by the service sector will decline until it reaches a minimum at -0.21 percentage points difference in 2035 and increase thereafter to 0.51 percentage points in 2043. The manufacturing sector, which is the second largest contributor, is also projected to contribute an additional US\$2.2 billion to GDP by 2043. However, its rate of contribution will increase and peak at a 0.94 percentage point difference and decline afterwards to a 0.12 percentage point difference to GDP based on the Manufacturing/Transfers scenario. Although the third contributor to GDP in Benin is the ICT sector, with a contribution of US\$0.47 billion, its rate of contribution will marginally overtake the manufacturing sector as the second largest contributor by 2043. It is significant to note that the rate of the contribution of the agriculture sector to GDP based on the difference between the Manufacturing/Transfer scenario and the Current Path forecast is negative and declining throughout the period, such that by 2043, its rate of contribution will be a -0.75 percentage point difference. While a decline in the share of agricultural contribution to GDP can be attributed to structural transformation of the economy, it raises concerns about food security and the trade deficit of the country.

The Beninese government's welfare transfers to households are significantly low. In 2019, total welfare transfers to households were US\$0.36 billion. This is projected to increase to US\$2.8 billion by 2043 in the Manufacturing/Transfers scenario, representing a 686.1% increase over the period. This suggests that the Manufacturing/Transfers scenario can lead to an improvement in government welfare transfers by an additional US\$0.93 billion compared to the Current Path in 2043.

By 2043, it is estimated that the GDP per capita will rise to US\$5 034, which is US\$349 more than projections from the Current Path forecast. The GDP per capita for Benin in the Manufacturing/Transfers scenario will however still be below the average of US\$9 142 for lower middle-income countries in Africa by 2043.

By 2043, the total number of poor people is projected to be around 10.4 million (49.1% of the population) in the Manufacturing/Transfers scenario. This is higher than the projected 11.0 million people (51.9%) on the Current Path,

suggesting that the Manufacturing/Transfers scenario can lead to 620 000 more people being lifted above the poverty line of US\$3.20 per day. Nonetheless, the proportion of poor people in Benin based on the Manufacturing/Transfers scenario in 2043 will be about 11 percentage points above the average of lower middle-income countries in Africa.

## Leapfrogging scenario

The Leapfrogging scenario represents a reasonable but ambitious adoption of and investment in renewable energy technologies, resulting in better access to electricity in urban and rural areas. The scenario includes accelerated access to mobile and fixed broadband and the adoption of modern technology that improves government efficiency and allows for the more rapid formalisation of the informal sector.

The intervention is explained [here](#) in the thematic part of the website.

Fixed broadband includes cable modem Internet connections, DSL Internet connections of at least 256 KB/s, fibre and other fixed broadband technology connections (such as satellite broadband Internet, ethernet local area networks, fixed-wireless access, wireless local area networks, WiMAX, etc.).

Broadband increases productivity, reduces transaction costs and optimises supply chains, positively affecting economic growth. In 2019, the total number of fixed broadband subscriptions was 4.1 per 100 people, which was slightly above the average of 3.7 for lower middle-income countries in Africa. In the Current Path forecast, fixed broadband subscriptions are expected to rise to 34.3 per 100 people. The Leapfrogging scenario will lead to a greater increase in fixed broadband subscriptions compared to the Current Path forecast, with a difference of almost 16 subscriptions per 100 people by 2043. This means that the additional fixed broadband subscriptions as a result of the Leapfrogging scenario is 16 subscriptions per 100 people in 2043. Across the forecast horizon, the fixed broadband subscription in Benin is expected to be higher than the average of lower middle-income African countries.

Mobile broadband refers to wireless Internet access delivered through cellular towers to computers and other digital devices.

In 2019, Benin had 21.6 mobile broadband subscriptions per 100 people, which was below the average of 49.1 for lower middle-income countries on the continent. Although between 2024 and 2028, mobile broadband subscriptions in the Leapfrogging scenario rise above those in the Current Path forecast, in the long term, the Leapfrogging scenario and the Current Path forecast converge. By 2043, mobile broadband subscriptions in the Current Path forecast and the in Leapfrogging scenario increase to 152.9 per 100 people, above the average of 147.6 for Africa's lower middle-income countries.

The number of Beninese with access to electricity in 2019 was 4.8 million people (40.8% of the total population). This is far below the average of 66.3% for lower middle-income countries in Africa. There exists an urban-rural inequality in terms of access to electricity: in 2019, while about 65.3% of people in urban centres had access to electricity, only 18.9% of rural dwellers had access to electricity. In the Leapfrogging scenario, it is projected that by 2043, about 80.9% of Beninese (17.1 million people) will have access to electricity. This is higher than the 68.8% (14.6 million people) projected in the Current Path forecast, signifying that the Leapfrogging scenario can provide access to electricity to an additional 2.5 million people compared to the Current Path in 2043. It is however below the projected average of 81.7% for lower middle-income countries in Africa. By 2043, 93% and 86.6% of urban dwellers in Benin will have access to electricity in the Leapfrogging scenario and in the Current Path forecast, respectively. In the case of rural dwellers, 64.7% and 45.1% will have access to electricity by 2043 in the Leapfrogging scenario and in the Current Path forecast, respectively.

Technology is an important driver of economic growth as it increases efficiency and productivity which promote economic growth. Benin's GDP per capita is projected to increase from US\$2 439 in 2019 to US\$5 040 in 2043 in the Leapfrogging scenario. This represents an increase of US\$355 compared to the Current Path forecast in 2043. However, this still falls below the average of US\$9 142 for lower middle-income countries in Africa.

In the Leapfrogging scenario, the number of poor people in 2043 is projected to be 10.4 million (49.2% of the population). This projection is lower than the 11 million people estimated in the Current Path forecast in the same year, which suggests that the number of poor people in the Leapfrogging scenario is about 600 000 fewer people than the Current Path forecast in 2043. The number of poor people projected in the Leapfrogging scenario is 10.2 percentage points higher than the average of lower middle-income African countries in 2043.

## Free Trade scenario

The Free Trade scenario represents the impact of the full implementation of the African Continental Free Trade Area (AfCFTA) by 2034 through increases in exports, improved productivity and increased trade and economic freedom.

The intervention is explained [here](#) in the thematic part of the website.

The trade balance is the difference between the value of a country's exports and its imports. A country that imports more goods and services than it exports in terms of value has a trade deficit, while a country that exports more goods and services than it imports has a trade surplus.

Benin, like many African economies, is a net importer of goods and services. In 2019, Benin's trade deficit represented 6.2% of GDP. Although the country exports commodities such as raw cotton, refined petroleum, gold, coconuts and cashews for markets in Nigeria, Bangladesh, China and India, the huge trade deficit is mainly due to the importation of fuel, food and capital equipment mainly from Togo, Ghana, France, Belgium, the UK and China. From 2024 to 2038, the Free Trade scenario leads to a quicker improvement in trade balance compared to the Current Path forecast, reaching a peak of a deficit of 1.1% of GDP in 2032 before declining. However, the trend reverses thereafter so that by 2043 the Current Path forecast leads to a deficit of 2.3% compared to the 4.6% deficit in the Free Trade scenario. This suggests that the full implementation of the AfCFTA can improve the trade balance of Benin in the short term. However, in the long term, intense competition from other African countries will reduce Benin's exports while imports will increase as a result of free trade. Although Benin's trade deficit as a percentage of GDP of 6.2% was lower than the average of lower middle-income African countries, from 2038, the situation will reverse in the Free Trade scenario, such that by 2043 Benin's trade deficit will be 1.3 percentage points of GDP higher than the average of lower middle-income African countries on the Current Path.

The GDP per capita for Benin is estimated to increase to US\$5 166 by 2043 in the Free Trade scenario, which is US\$481 more than the projections on the Current Path in 2043. This means that if Benin takes advantage of the AfCFTA to increase trade and productivity, it could significantly improve economic growth and income per capita above the Current Path forecast. Nevertheless, the average GDP per capita for Benin is lower than the projected US\$9 142 for lower middle-income African countries in the Free Trade scenario.

From 2026 to 2033, the Current Path forecast leads to a much quicker reduction in poverty compared to the Free Trade scenario. However, from 2034, the Free Trade scenario will lead to a greater reduction in both the number and proportion of poor people compared to the Current Path forecast. By 2043, the number of people living below the poverty line of US\$3.20 per day will be about 9.9 million people (47.1% of the population). This is 4.8 percentage points lower than the Current Path forecast, meaning that the Free Trade scenario has one million fewer poor people than the Current Path forecast by 2043; though the proportion of poor people projected in the Free Trade scenario is still higher than the average of lower middle-income countries in Africa.



## Financial Flows scenario

The Financial Flows scenario represents a reasonable but ambitious increase in worker remittances and aid flows to poor countries, and an increase in the stock of foreign direct investment (FDI) and additional portfolio investment inflows to middle-income countries. We also reduced outward financial flows to emulate a reduction in illicit financial outflows.

The intervention is explained [here](#) in the thematic part of the website.

The total foreign aid received by Benin in 2019 was 4.9% of GDP (US\$602.2 million), which is far higher than the average of 1.7% for lower middle-income countries in Africa. Most of this aid has gone into budget support; for instance, between 2005 and 2009, the average budget support from foreign donors increased by about 14%. The influx of aid to the country was mainly for humanitarian reasons, especially during Togo's political crisis in 2005 during which many Togolese fled to Benin. Although foreign aid to Benin in absolute terms is projected to rise, foreign aid as a percentage of GDP is expected to decline further such that by 2043, the total foreign aid received by the country is projected to be 2.3% of GDP in the Financial Flows scenario and 2.1% of GDP in the Current Path forecast. This suggests that in the Financial Flow scenario, foreign aid as a percentage of GDP is higher than in the Current Path forecast in 2043. Furthermore, these projections are still higher than the average of lower middle-income African countries. The decline in foreign aid is expected though, given that Benin recently became a lower middle-income country, which automatically disqualifies the country from certain aid packages.

Benin's total FDI in 2019 amounted to 1.2% of GDP, which was higher than the average of 2.6% for lower middle-income African countries. This suggests that FDI to Benin has been relatively low compared to the average of its income group peers. Some factors hindering FDI growth in the country include corruption, erratic electricity supply and poor infrastructural networks. In an effort to increase FDI to the country, the government has implemented a number of reforms — key among them are multiple tax incentives, a single business registration desk and a unified regulatory framework for public-private partnerships.[1] The current Synthetic Professional Tax regime also favours the establishment of small businesses. By 2043, it is projected that the total FDI to the country will be about 1.6% of GDP in the Current Path forecast. In the Financial Flows scenario, FDI is projected to be around 1.8% of GDP in 2043, which is still below the projected average of 3.5% for lower middle-income countries on the continent. FDI can act as a catalyst for economic development as it brings much-needed capital and technology to the recipient countries. The Benin government should continue its reforms to attract more FDI, especially manufacturing FDI.

In 2019, the total value of remittances that Benin received amounted to US\$0.05 billion, which constituted about 0.3% of GDP. This is significantly lower than the average of 2.6% for lower middle-income African countries, depicting relatively lower levels of remittances to the country. Both the absolute value of remittances and remittances as a percentage of GDP are projected to fall over the forecast period. In the Financial Flows scenario, remittance is projected to fall to US\$-0.24 billion, representing -0.35% of GDP. Remittances will decline quicker in the Current Path forecast, so that by 2043 the total value of remittances in the country will be about US\$-0.28 billion, representing -0.43% of GDP. This suggests that Benin will become a net provider of remittances by 2043.

Benin's GDP per capita is estimated to rise to US\$4 743 by 2043 in the Financial Flows scenario. This represents an increase of US\$58 over the Current Path forecast in the same year. However, the US\$4 743 estimate is below the average of lower middle-income countries in Africa, which is projected to be US\$9 142 by 2043.

Trade openness will reduce poverty in the long term after initially increasing it due to the redistributive effects of trade. Most African countries export primary commodities and low-tech manufacturing products, and therefore a continental free trade agreement (AfCFTA) that reduces tariffs and non-tariff barriers across Africa will increase competition among countries in primary commodities and low-tech manufacturing exports. Countries with inefficient, high-cost manufacturing sectors might be displaced as the AfCFTA is implemented, thereby pushing up poverty rates. In the long term, as the economy adjusts and produces and exports its comparatively advantaged (lower relative cost) goods and services, poverty rates will decline.

In the Financial Flows scenario, about 10.9 million people (51.3% of the total population) are projected to live below the poverty line of US\$3.20 per day in 2043. This estimate constitutes a reduction of about 130 000 people compared to the Current Path in the same year. It is also higher than the projected average of 38.3% for lower middle-income countries in Africa in 2043.

## Infrastructure scenario

The Infrastructure scenario represents a reasonable but ambitious increase in infrastructure spending across Africa, focusing on basic infrastructure (roads, water, sanitation, electricity access and ICT) in low-income countries and increasing emphasis on advanced infrastructure (such as ports, airports, railway and electricity generation) in higher-income countries.

Note that health and sanitation infrastructure is included as part of the Health/WaSH scenario and that ICT infrastructure and more rapid uptake of renewables are part of the Leapfrogging scenario. The interventions there push directly on outcomes, whereas those modelled in this scenario increase infrastructure spending, indirectly boosting other forms of infrastructure, including that supporting health, sanitation and ICT.

The intervention is explained [here](#) in the thematic part of the website.

Access to electricity is essential for economic growth as firms rely heavily on electricity for production. In 2019, 4.8 million people (40.8% of the population) had access to electricity in Benin, and this is expected to increase to 16 million in 2043 (75.5% of the population) in the Infrastructure scenario. This increase exceeds the projected value of 14.6 million people (68.8% of the population) in the Current Path forecast in the same year. In terms of the urban–rural dichotomy, the urban population with access to electricity will increase from 65.3% in 2019 to 86.6% and 88.3% in the Current Path forecast and the Infrastructure scenario, respectively. In contrast, the proportion of rural dwellers with access to electricity will increase to 45.1% and 58.4% in the Current Path forecast and the Infrastructure scenario, respectively.

The Government of Benin is building generation assets, expanding transmission capacity, and modernising its distribution network, while expanding access through grid and off-grid connections. The government has demonstrated commitment to power sector reform by installing a management contract to run its national electricity distribution utility, SBEE (Société Béninoise d'Énergie Électrique), as well as enacting a new energy code.<sup>[2]</sup>

Indicator 9.1.1 in the Sustainable Development Goals refers to the proportion of the rural population who live within 2 km of an all-season road and is captured in the Rural Access Index.

Accessibility to rural areas is important in spurring the socio-economic development of a country and improving the living standards of rural dwellers. It enables rural dwellers to enjoy amenities from nearby urban areas while allowing urban centres to also benefit from the agricultural products supplied by rural areas more easily. In 2019, 35.9% of all rural dwellers in Benin resided within 2 km of an all-weather road, which was far below the average of lower middle-income African countries. In the Infrastructure scenario, this figure is expected to rise to 47.6% by 2043 — higher than the 45.9% projected in the Current Path forecast but below the average of 67.8% for lower middle-income countries in Africa.

Investment in infrastructure facilitates trade, promotes economic inclusion and improves productivity and growth. Benin's GDP per capita is estimated to rise to US\$4 902 by 2043 in the Infrastructure scenario. This is US\$218 more than the projection in the Current Path forecast in the same year but below the average of US\$9 142 for lower middle-income countries in Africa.

The proportion of the poor population is expected to decline from 70.8% in 2019 to 50.1% in 2043 in the Infrastructure scenario. This corresponds to 10.6 million poor people in 2043 who will live below the poverty line. Comparing this with the projections in the Current Path forecast suggests that there will be 370 000 fewer poor people in the Infrastructure scenario than in the Current Path forecast for the same year. The poverty rate in the scenario in 2043 will however be higher than the estimated average of 38.3% for lower middle-income countries in Africa.

## Governance scenario

The Governance scenario represents a reasonable but ambitious improvement in accountability and reduces corruption, and hence improves the quality of service delivery by government.

The intervention is explained [here](#) in the thematic part of the website.

As defined by the World Bank, government effectiveness 'captures perceptions of the quality of public services, the quality of the civil service and the degree of its independence from political pressures, the quality of policy formulation and implementation, and the credibility of the government's commitment to such policies'.

Chart 51 presents the impact of the interventions in the Governance scenario on government effectiveness. In 2019, Benin's score for government effectiveness was 1.96, which was above the average of 1.89 for lower middle-income countries in Africa. In both the Current Path forecast and Governance scenario, government effectiveness is estimated to increase over the period under consideration, although the increase in the Governance scenario is higher than the increase in the Current Path forecast. The projected score for government effectiveness in the Governance scenario in 2043 will be 2.5, which is 0.07 more than the projected score in the Current Path forecast. Also, Benin has a higher score in government effectiveness compared to the average of 2.3 for lower middle-income countries in Africa.

In the Governance scenario, Benin's GDP per capita is projected to increase to US\$4 800 in 2043, which is US\$115 more than the estimates in the Current Path forecast but lower than the average of US\$9 142 for lower middle-income countries in Africa in the same year. This suggests that good governance in the form of reducing corruption and improving the quality of service delivery and accountability can stimulate economic growth and increase income levels. Authorities in Benin should therefore make efforts to improve governance.

In the Governance scenario, the proportion of people living below the poverty line of US\$3.20 per day is expected to decline to 50.9% in 2043, which is higher than the 38.3% average of lower middle-income African countries. It also corresponds to about 220 000 people fewer than the 4.4 million poor people projected in the Current Path forecast for 2043.

## Impact of scenarios on carbon emissions

This section presents projections for carbon emissions in the Current Path for Benin and the 11 scenarios. Note that IFs uses carbon equivalents rather than CO2 equivalents.

The total amount of carbon emitted by Benin in 2019 was 2.2 million tons. The country's carbon emissions are projected to increase in all the scenarios with total emissions of carbon estimated to be around 10.1 million tons of carbon by 2043.

The intervention with the greatest impact on carbon emissions is the Free Trade scenario, which will lead to an increase in Benin's carbon emissions by 7.8 million tons in 2043. This is followed by the Leapfrogging and Agriculture scenarios with projected increases in carbon emissions of 7.7 and 7.6 million tons, respectively, by 2043.

## Endnotes

1. Standard Bank, [Benin: Investing in Benin](#), April 2022
2. USAID, [Benin: Power Africa fact sheet](#), 5 October 2021

## Donors and sponsors

### Reuse our work

- All visualizations, data, and text produced by African Futures are completely open access under the [Creative Commons BY license](#). You have the permission to use, distribute, and reproduce these in any medium, provided the source and authors are credited.
- The data produced by third parties and made available by African Futures is subject to the license terms from the original third-party authors. We will always indicate the original source of the data in our documentation, so you should always check the license of any such third-party data before use and redistribution.
- All of our charts [can be embedded](#) in any site.

### Cite this research

Enoch Randy Aikins (2024) Benin. Published online at [futures.issafrica.org](https://futures.issafrica.org). Retrieved from <https://futures.issafrica.org/geographic/countries/benin/> [Online Resource] Updated 13 December 2023.

## About the authors

Mr Enoch Randy Aikins joined the AFI in May 2021. Before that, Enoch was a research and programmes officer at the Institute for Democratic Governance in Accra. He also worked as a research assistant (economic division) with the Institute for Statistical Social and Economic Research at the University of Ghana. Enoch's interests include African politics and governance, economic development, public sector reform, poverty and inequality. He has an MPhil in economics from the University of Ghana, Legon.

## About African Futures & Innovation

Scenarios and forecasting can help Africa identify and respond to opportunities and threats. The work of the African Futures & Innovation (AFI) program at the Institute for Security Studies aims to understand and address a widening gap between indices of wellbeing in Africa and elsewhere in the world. The AFI helps stakeholders understand likely future developments. Research findings and their policy implications are widely disseminated, often in collaboration with in-country partners. Forecasting tools inspire debate and provide insights into possible trajectories that inform planning, prioritisation and effective resource allocation. Africa's future depends on today's choices and actions by governments and their non-governmental and international partners. The AFI provides empirical data that informs short- and medium-term decisions with long-term implications. The AFI enhances Africa's capacity to prepare for and respond to future challenges. The program is headed by Dr Jakkie Cilliers.