

BENIN

UNITARY COUNTRY

AFRICA

BASIC SOCIO-ECONOMIC INDICATORS

Income group - **LOW-INCOME** Local currency - **Franc CFA (XOF)**

POPULATION AND GEOGRAPHY

AREA: **112 622** km²

POPULATION: **10.6** million inhabitants (2014),
an increase of 2.7% per year (2010-14)

DENSITY: **94** inhabitants/km²

URBAN POPULATION: **44%** of national population

CAPITAL CITY: **Porto Novo** (6.4% of national population)

Sources: Institut National de la Statistique et de l'Analyse Economique du Bénin ; WBI ; UNDP-HDI ; ILO

ECONOMIC DATA

GDP: **21.5** billion (current PPP international dollars)
i.e. 2 030 dollars per inhabitant (2014)

REAL GDP GROWTH: **6.5%** (2014 vs 2013)

UNEMPLOYMENT RATE: **1.1%** (2014)

FOREIGN DIRECT INVESTMENT, NET INFLOWS (FDI): **377** (BoP, current USD millions, 2014)

GROSS FIXED CAPITAL FORMATION (GFCF): **25%** of GDP (2014)

HUMAN DEVELOPMENT INDEX: **0.480** (low), rank **166**

TERRITORIAL ORGANISATION AND SUBNATIONAL GOVERNMENT RESPONSIBILITIES

MUNICIPAL LEVEL	INTERMEDIATE LEVEL	REGIONAL OR STATE LEVEL	TOTAL NUMBER OF SNGs
77 MUNICIPALITIES (COMMUNES)	-	-	77

MAIN FEATURES OF TERRITORIAL ORGANISATION. Benin is a unitary state with a one-tier decentralization system based on 77 municipalities, among which 3 special status cities (Porto Novo, Cotonou, Parakou). The constitution provides for financial and political autonomy of these local governments, who have their own budget. The central state exercises a form of control and support to the municipalities throughout its deconcentrated entities: departments, districts (*arrondissements*), neighborhoods and villages. The idea of a reform of the country's governance towards a decentralized organization emerged in 1990 with the "National Conference of Active Forces of the Nation" and then consecrated by the Constitution. Yet, the first elections of local governments executives have only been organized in 2003. These elections were preceded by the promulgation of the decentralization laws and the creation of the 77 communes in 2001.

MAIN SUBNATIONAL GOVERNMENTS RESPONSIBILITIES. Local governments have been empowered with both exclusive and shared functions. Exclusive competences comprises seven major areas : local development and planning ; infrastructure, utilities and transportation ; environment ; primary education ; primary health care ; social and cultural action ; business services and investments. These competences are edicted by the 1999 law on territorial organisation and are clearly defined. Municipalities with a specific status benefit from additional responsibilities such as professional training, higher education, public transportation, security and communication.

SUBNATIONAL GOVERNMENT FINANCE

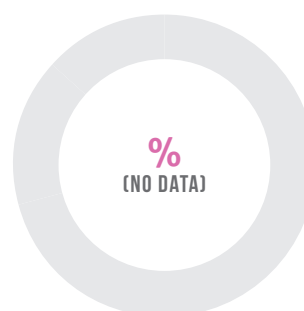
EXPENDITURE	% GDP	% GENERAL GOVERNMENT (same expenditure category)	% SUBNATIONAL GOVERNMENT
TOTAL EXPENDITURE (2013)	1.2%	5.6%	100%
CURRENT EXPENDITURE	0.6%	-	47.4%
STAFF EXPENDITURE	0.2%	2.9%	16.4%
INVESTMENT	0.6%	9.1%	52.6%

Local governments' expenditures in Benin are constrained by their lack of resources. They represent barely 1% of national GDP, and 6% of total public expenditures. On average, around half are spent on current expenditures, and the other half on capital expenditures. These shares vary widely depending on the municipalities and their sizes.

EXPENDITURE BY FUNCTION

% SUBNATIONAL GOVERNMENT EXPENDITURE

- GENERAL PUBLIC SERVICES
- DEFENCE
- SECURITY AND PUBLIC ORDER
- ECONOMIC AFFAIRS
- ENVIRONMENTAL PROTECTION
- HOUSING AND COMMUNITY AMENITIES
- HEALTH
- RECREATION, CULTURE AND RELIGION
- EDUCATION
- SOCIAL PROTECTION



The global volume of expenditures still constrained by limited local budgets, which are however balanced in terms of operating and investment distribution of spendings.

REVENUE BY TYPE	% GDP	% GENERAL GOVERNMENT (same revenue category)	% SUBNATIONAL GOVERNMENT
TOTAL REVENUE (2013)	1.3%	6.7%	100%
TAX REVENUE	0.4%	2.6%	29.3%
GRANTS AND SUBSIDIES	0.7%	-	53.8%
OTHER REVENUES	0.2%	-	17.0%

The principle of the concomitant transfer of resources and competences has not been consecrated by the Benin legislation. The law only provides for compensation for expenditures resulting from the decentralization of functions in health and primary education realms. The state has however made a large transfer of taxation powers.

TAX REVENUE. As for most of the UEMOA area local authorities, own tax resources are lower than those coming from intergovernmental transfers. In Benin, tax revenues comprises business tax, land tax and local development tax for 78%, and shared taxes on road maintenance et mines for 22%. Municipalities can state for the rate of the land tax, in the limits set by the legislator. Communes are still facing difficulties to properly collect their due taxes.

GRANTS AND SUBSIDIES. Intergovernmental transfers represent the largest share of local governments revenues in Benin. Financial transfers from the state pass through the Support fund for the development of the communes (FADEC - *Fonds d'Appui au Développement des Communes*) and are gathered through two grants: operational and investment, with the aim of compensating the inequalities between municipalities by a redistribution system, and supporting financial capabilities of the municipalities.

OTHER REVENUES. The municipalities also collect non-tax revenues, as fees and charges on public services, fees on ships and canoes, charges on advertisement and games, fees on artisanal alcohol. They however encounter similar problems as for the tax revenues collection.

OUTSTANDING DEBT	% GDP	% GENERAL GOVERNMENT
OUTSTANDING DEBT (2013)	-	-

Given the limits of local governments' opportunities to raise own revenues, local governments are mostly encouraged to turn towards regional development banks, international financial institutions, and the regional financial market, but they are constrained to get the approval of the central government. This blocks small-size municipalities to access borrowing from external lenders. On the other hand, some large-size municipalities, such as the city of Parakou, has issued a bond on the UEMOA regional market through the *Bourse Régionale des Valeurs Mobilières* (BRVM).

A joint- study of:



Sources: • Ministry of decentralization, local governance, administration and urban planning, *Recueil des lois sur la décentralisation* (2002) on <http://www.gouv.bj/sites/default/files/Recueil-des-lois-sur-la-decentralisation.pdf> • O. Syll, Decentralization in Sub-Saharan Africa. Benin., CERCOOP et Université de Franche-Comté, (2005) • F. Mbacké Cissé, K. Van Eynde, *Evaluation du thème « Appui à la décentralisation et gouvernance locale »*. Etape 2 : Etudes de terrain. Le Bénin, Coopération Belge au Développement (2006) • National Associations of Municipalities in Benin • National Committee on Local Finance of Benin • UCLGA and UCLG (2011) Regional report on decentralization and local democracy in the UEMOA area.

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