



Executive Summary

Benin continues its efforts to attract private investment in support of economic development. The Government of Benin in conjunction with the World Bank Group, the African Development Bank, the Islamic Development Bank, and the United Nations Development Program, has organized an investment forum scheduled for June 2014 in Paris to promote foreign investment in Benin. The forum, part of a three-day roundtable for the financing of development projects in Benin will assemble international donors, private sector firms and prospective sponsors of private sector projects, non-governmental organizations, and members of the Beninese diaspora to discuss the business climate in Benin and promote dialogue about specific investment opportunities. In terms of Benin's economic development goals, the Government has identified infrastructure, including the port and railways projects; energy; mining; tourism; and health and agriculture among its priorities.

Benin's 2013 population is estimated at approximately 9.7 million. Benin is a low human development country and the 2012 UNDP Human Development Index ranked the country 166th out of 186. Life expectancy at birth is 56 years and the illiteracy rate for persons aged 15 and above is approximately 58 percent.

Benin's overall macroeconomic conditions were positive in 2013. According to estimates by Benin's National Institute of Economic Analysis and Statistics (INSAE), gross domestic product (GDP) grew by 5.6 percent in 2013 (opposed to 5.4 percent in 2012, and 3.1 percent in 2011), largely driven by Benin's cotton industry, improvements at the Autonomous Port of Cotonou, and developments in telecommunications. The country's GDP is roughly 71 percent services, 21 percent agriculture, and 8 percent manufacturing. Cotton production was 240,000 metric tons in 2012/2013. Port customs revenue accounts for 85 of the country's customs revenue: \$770 million in 2013; \$667 million in 2012; and \$548 million in 2011. The inflation rate was 1 percent in 2013. U.S-Benin trade balance favors the United States: \$604.3 million in 2013; \$570.9 million in 2012; –and \$615.4 million in 2011. Combustion Associates Incorporated (CAI), a U.S. company, has completed a USD 68.42 million power plant for the GOB. In 2013, Hunt Oil, a Texas-based company, initiated off-shore oil exploration activities in Benin.

The **Port of Cotonou** is the largest economic component of Benin's economy with revenues projected to account for more than 40percent of Benin's annual budget. Significant investment in the port by the Millennium Challenge Corporation has helped attract private sector investment; encouraged security and management enhancing reforms; and contributed to increased customs receipts and cargo processing capacity. Creation of an offsite customs clearance one-stop-shop has helped reduce corruption. Run by private contractor "Société d'Exploitation du Guichet Unique (SEGUB)," the process allows clearing agents to submit documentation to authorities at a single location and make fee payment at a designated bank. SEGUB then issues a receipt which authorizes removal of corresponding cargo from the port.

The Government aims to realize the port's full economic potential by supporting ongoing efforts to modernize the port, stem corruption, and improve access to markets. The majority of cargo processed through the Port of Cotonou is destined for locations outside of Benin, primarily Nigeria and Niger.

1. Openness To, and Restrictions Upon, Foreign Investment

The Government of Benin (GOB) encourages foreign investment. The Presidential Investment Council (PIC), established in 2006 to reinforce dialogue between the Government and investors, aims to speed implementation of reforms and improve the business environment. The PIC works to reduce, and where possible, eliminate administrative barriers to business startup by bringing together various licensing offices under one roof.

Benin's investment code, revised in July 2008, establishes benefits under different investment regimes and grants extensive discretionary power to the Investment Control Commission at the Ministry of Commerce (MC). The MC operates a 'guichet unique' or single investment office (as noted above) to minimize bureaucratic delays for investors and facilitate registration of new businesses. The center has successfully reduced processing times for construction permits and registration of new companies. In addition, in 2011 the Government established a full-service office to expedite customs clearances, reduce the cost of clearances, and minimize processing of cargo at the Port of Cotonou.

Beninese law guarantees the right to own and transfer private property. Benin's court system enforces contracts, but the legal process is slow. An American firm wishing to establish a business in Benin should work with an established local partner and retain a competent Beninese attorney. A list of English-speaking lawyers and legal counselors is available from the Embassy's commercial section and on the Embassy's website: <http://cotonou.usembassy.gov>.

Opportunities for foreign investment may arise from privatization of the following parastatals: SBEE (electricity), SONEB (water), SOBEMAP (port cargo handling), Benin Telecoms (BT) S.A., and La Poste du Benin S.A. (mail). Foreign companies are invited to bid on privatizations. The bidding process is open and well-publicized. The GOB recently issued a bid which would partially divest the capital of Libercom, the cell phone service provider of BT.

Here are some useful websites to help navigate the laws, rules, procedures and registration requirements for foreign investors.

DATA	LINK – French language only
Detailed list of steps, forms and requirements, costs, processing time, contact details of entities involved and legal bases can be consulted online for the following procedures:	http://benin.eregulations.org/
• Registering a company	http://benin.eregulations.org/procedure/3/51?l=fr
• Registering a branch	http://benin.eregulations.org/procedure/4/4?l=fr
• Paying taxes	http://benin.eregulations.org/menu/13?l=fr

<ul style="list-style-type: none"> Obtaining an environmental compliance certificate 	http://benin.eregulations.org/menu/70?l=fr
<ul style="list-style-type: none"> Registering employees at the social security 	http://benin.eregulations.org/procedure/6/25?l=fr

TABLE 1: The following chart summarizes several well-regarded indices and rankings.

Measure	Year	Rank or value	Website Address
TI Corruption Perceptions index	2013	94 of 177	http://cpi.transparency.org/cpi2013/results/
Heritage Foundation's Economic Freedom index	2013	113 of 177	http://www.heritage.org/index/ranking
World Bank's Doing Business Report "Ease of Doing Business"	2013	174 of 189	http://doingbusiness.org/rankings
Global Innovation Index	2013	127 of 142	http://www.globalinnovationindex.org/content.aspx?page=gii-full-report-2013#pdfopener
World Bank GNI per capita	2012	USD 750	http://data.worldbank.org/indicator/NY.GNP.PCAP.CD

TABLE 1B - Scorecards: The Millennium Challenge Corporation, a U.S. Government entity charged with delivering development grants to countries that have demonstrated a commitment to reform, produced scorecards for countries with a 2012 per capita gross national income (GNI) of \$4,085 or less. A list of countries/economies with MCC scorecards and links to those scorecards is available here: <http://www.mcc.gov/pages/selection/scorecards>. Details on each of the MCC's indicators and a guide to reading the scorecards are available here: <http://www.mcc.gov/documents/reports/reference-2013001142401-fy14-guide-to-the-indicators.pdf>.

2. Conversion and Transfer Policies

Benin is a member of the West African Economic and Monetary Union (WAEMU). Benin's currency is the CFA Franc, issued by the Central Bank of West African States (BCEAO). The CFA Franc is pegged to the Euro at CFA 655.957/Euro. The currency exchange rate as of January 18, 2014 is approximately CFA Franc 491/U.S. dollar.

Foreign exchange is readily available. There are no restrictions on the remittance of profits by companies that invest in Benin. Remittance of profits by individual resident investors is not restricted.

3. Expropriation and Compensation

Based on a 1992 privatization law, the Government is forbidden from nationalizing private enterprises operating in Benin.

In conformity with World Bank structural reform commitments, the Government opened the cotton sector and its related components (namely ginning and inputs) to the private sector in the 1990s, and in 2008 partially divested the ginning industry parastatal SONAPRA ([Société Nationale pour la Promotion Agricole](#)) while maintaining regulatory control over the sector. In October 2012, prompted by concerns over performance and mismanagement the Government assumed control of cotton production and ginning holdings. In 2006 the Government took over the management of previously privatized oil company SONACOP on the grounds that the company was in complete financial disarray, lacked funds for its operations, and was unable to provide oil products to its gas stations throughout the country.

4. Dispute Settlement

Benin is a member of the Organization for the Harmonization of African Business Law, known by its French acronym OHADA, and has adopted OHADA's Universal Commercial Code to manage commercial disputes and bankruptcies. Benin is also a member of OHADA's Common Court of Justice and Arbitration and the International Center for the Settlement of Investment Disputes (ICSID).

Benin's civil courts handle commercial cases, although the backlog of civil cases may result in delays of more than two years before a case proceeds to trial. Benin's courts will enforce foreign court judgments.

5. Performance Requirements and Investment Incentives

Benin's 2008 Investment Code includes incentives such as tax reductions for investors. Depending on the size of the investment, investors may not owe taxes on profits, exports of finished products, or imports of industrial equipment for up to one year from the date the business is registered. To benefit from these incentives, investors must meet several criteria including employing a minimum number of Beninese nationals, safeguarding the environment,

and meeting nationally accepted accounting standards. The Investment Control Commission monitors companies that receive these incentives to ensure compliance.

6. Right to Private Ownership and Establishment

The right to private ownership and investment is respected. Beninese law guarantees freedom of commerce; choice of customers and suppliers; free movement throughout the country; the right of foreign employees and their family members to leave the country; and freedom from government interference in the management of private enterprises.

7. Protection of Property Rights

Secured interests in real and personal property are recognized and enforced. Benin's legal system protects and facilitates acquisition and disposition of property, land and buildings and mortgages. Secured interests in property are registered with the Land Office of the Ministry of Finance. In January 2013, Benin's National Assembly passed the Code Foncier (**Land Property Act**) and the President signed it into law on August 14, 2013. The law facilitates acquisition of land by investors for development.

Benin is a signatory to both World Intellectual Property Organization Internet treaties. Enforcement of intellectual property rights continues to be constrained by Benin's limited capacity. U.S. rights holders have not registered any complaints.

For additional information about treaty obligations and points of contact at local IP offices, please see WIPO's country profiles at <http://www.wipo.int/directory/en/>.

Embassy point of contact: Marilyn Gayton BeninCommercial@state.gov

Local lawyers list: <http://cotonou.usembassy.gov/lawyers3.html>

8. Transparency of the Regulatory System

The Government has adopted policies favoring transparency to foster competition, but the regulatory burden is still often onerous. In 2009 Benin reformed customs procedures and has been implementing more rigorous inspection and tracking of imported goods, particularly through the Port of Cotonou.

Proposed laws and regulations pertaining to investment are not published in draft form for public comment.

Benin is a member of the United Nations Conference on Trade and Development's international network of transparent investment procedures: <http://benin.eregulations.org/>. Foreign and national investors can find detailed information on administrative procedures applicable to investment and income generating operations including the number of steps, name and contact details of the entities and persons in charge of procedures, required documents and conditions, costs, processing time, and legal bases justifying the procedures.

9. Efficient Capital Markets and Portfolio Investment

Government policy supports free financial markets, subject to oversight by the Ministry of Finance and Economy and the Central Bank of West African States (BCEAO). A minimum of ten commercial banks operate in Benin. Foreign investors may seek credit from Benin's private financial institutions and the WAEMU stock exchange.

There are not any restrictions for foreigner investors to establish a bank account in Benin. However, proof of residency or evidence of company registration is required to open a business bank account.

10. Competition from State-Owned Enterprises

Private enterprises compete with public enterprises on equal terms and conditions, except for public utilities (electricity and water) and land-line telephone service, for which the public telephone company retains a monopoly.

SOE senior management may report directly to a Government ministry or board of directors, whose seats are allocated to senior government officials and political leaders, as well as representatives of civil society and other parastatal constituencies. SOEs are required by law to publish annual reports and hold regular meetings of their boards of directors, and financial statements are reviewed by certified accountants and private auditors.

The Government of Benin has established a website detailing plans to promote good governance and transparency. (<http://www.gouvernancebenin.org/>)

11. Corporate Social Responsibility

A number of private corporations systematically support corporate social responsibility, notably cellular phone service providers and banks. Such CSR efforts often follow OECD guidelines, and are an important aspect of corporate public relations.

12. Political Violence

There has been no political violence affecting private investment in Benin since the end of the country's socialist period in 1990.

13. Corruption

Bribery is illegal and subject to up to ten years imprisonment. The Government has identified the fight against corruption as a national priority. Efforts reflecting Government focus on fighting corruption include the 2013 creation of the new National Anti-Corruption Authority (ANLC) in charge of referring corruption cases to court. By law, the ANLC has the ability to combat money laundering, electoral fraud, economic fraud, and corruption in the public and private sectors. Benin's State Audit Office is also responsible for identifying and acting against corruption in the public sector.

The Government has demonstrated strong political will to reduce corruption and has imposed administrative sanctions and removals from office against high-profile, allegedly corrupt officials. None, however, have faced prosecution in Beninese courts. Corruption remains a problem in areas including customs administration, government procurement, and the judicial system. Benin is a signatory to the UN Anticorruption Convention.

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14. Bilateral Investment Agreements

Benin has bilateral investment agreements with the United States, France, Germany, the United Kingdom, Switzerland, Portugal, Canada, Guinea-Conakry, Ghana, Mauritius, Chad, Mali, Burkina Faso, the Netherlands, and China.

Benin does not have a bilateral taxation treaty with the United States.

15. OPIC and Other Investment Insurance Programs

The Overseas Private Investment Corporation (OPIC) offers financial underwriting for companies wishing to invest in Benin. Diplomatic missions purchase local currency (CFA) at the official BCEAO rate.

16. Labor

The unemployment rate in Benin in 2012 was 14.3percent. Unskilled and skilled labor and qualified professionals are generally available. The Government adheres to internationally recognized rights and labor standards. Benin's Constitution guarantees workers freedom to organize, assemble, and strike. Government authorities may declare strikes illegal if they are deemed a threat to public order or the economy and require those on strike to maintain minimum services. Approximately 75 percent of salaried employees belong to unions. There are several union confederations. Unions are independent of government and political parties. Benin's labor code and practice remain highly favorable to employees. Most of Benin's working population is engaged in agriculture or other primary-sector activities.

17. Foreign Trade Zones/Free Ports

A Foreign Trade Zone near the Benin-Nigeria border is currently operational. Foreign-owned firms have the same investment opportunities as host country entities. Companies must export at

least 65 percent of their annual production to qualify for tax-free status and benefit from duty-free importation of equipment and other production inputs.

18. Foreign Direct Investment and Foreign Portfolio Investment Statistics

The Heritage Foundation 2013 Index of Economic Freedom reports Benin Foreign Direct Investment inflow at USD 118.5 million. Leading private investments have been made by firms based in the United States, China, France, Germany, India, Lebanon, Italy, and Switzerland. Foreign investors have purchased textile, cement, wood, and brewing companies, and have invested in services.

TABLE 2: Key Macroeconomic data, U.S. FDI in Benin

	Benin Statistical source*		International statistical source		International Source of data (Source of Data: World Bank)
Economic Data	Year	Amount	Year	Amount	
Host Country Gross Domestic Product (GDP) (Millions U.S. Dollars)	Insert 2012	Amount 7,716	Insert 2012	Amount 7,557.00	http://www.worldbank.org/en/country
Foreign Direct Investment	Benin Statistical source*		USG or international statistical source		USG or international Source of data: BEA
U.S. FDI in partner country (Millions U.S. Dollars, stock positions)	NA	Amount NA	NA	Amount NA	NA
Host country's FDI in the United States (Millions U.S. Dollars, stock positions)		Amount		Amount	
Total inbound		Amount		Amount	

stock of FDI as % host GDP (<i>calculate</i>)	NA	NA	NA		
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*Source: National Institute of Economic Analysis and Statistics (Benin)

19. Post Contact for Public Inquiries

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