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ECONOMIC AND POLITICAL OVERVIEW

ECONOMIC OVERVIEW

Benin's strong macroeconomic fundamentals have helped the country achieve robust economic growth despite recent external shocks such as the Covid-19 pandemic and the war in Ukraine. After reaching 6.3% in 2022, GDP growth remained resilient in 2023, slowing down to 5.5% (IMF), fueled by robust agricultural production, an expanding agroindustry sector invigorated by new operations at the Glo Djigbe Industrial Zone (GDIZ), and lively construction endeavors. Economic growth is expected to pick up to an annual average of 6.3% in 2024 and 6% next year, reflecting higher infrastructure spending, increased agricultural output, and a wider regional recovery.

Benin is dedicated to a consolidation strategy, centered around the IMF program, with the goal of decreasing the budget deficit to 3% of GDP by 2025 from 5.5% in 2022. Fitch predicts the budget deficit will decrease to 4.7% of GDP in 2023, 4.1% in 2024, and 3.3% in 2025. The program prioritizes revenue mobilization, aiming to increase tax/GDP by 0.5 percentage points each year. In recent years, the general government debt/GDP ratio has risen, reaching an estimated 53% in 2023 according to the IMF. Projections suggest that debt is expected to decrease to 52.4% in 2024 and further to 51.4% in 2025, bolstered by budget consolidation efforts and GDP growth. Public debt is divided equally between multilateral loans, external obligations, and domestic obligations, and it should stabilize thanks to continued fiscal consolidation and growth (Coface). In 2023, the current account deficit stood at 6.1% of GDP, showing only a slight improvement from 6.2% in 2022. This occurred despite declines in international fuel and food prices and a weakened dollar. Factors contributing to this trend include reduced cotton production and prices, decreased trade volumes with Nigeria and Niger, and increased official imports of fuel, as reported by Fitch Ratings. As per inflation, it was estimated at 5% in 2023, with an expected reduction to 2.5% this year and 2% in 2025 (IMF).

Despite many efforts to reduce it, the poverty rate remains as high as 38.5% according to World Bank data. In 2022, the unemployment rate in the country was estimated at 1.5%. However, the underemployment rate stood at more than 70%, and the informal employment rate at more than 90% (World Bank).

Main Indicators	2022	2023 (E)	2024 (E)	2025 (E)	2026 (E)
GDP <i>(billions USD)</i>	17.44	19.94	21.79	23.63	25.59
GDP <i>(Constant Prices, Annual % Change)</i>	6.3	5.5	6.3	6.0	6.0
GDP per Capita <i>(USD)</i>	1,303	1,449	1,540	1,624	1,711
General Government Gross Debt <i>(in % of GDP)</i>	54.2	53.0	52.4	51.4	50.5
Inflation Rate <i>(%)</i>	n/a	5.0	2.5	2.0	2.0
Current Account <i>(billions USD)</i>	-0.98	-1.19	-1.24	-1.22	-1.25
Current Account <i>(in % of GDP)</i>	-5.6	-6.0	-5.7	-5.2	-4.9

Source: IMF – World Economic Outlook Database , October 2021

Country Risk

See the country [risk analysis](#) provided by [La Coface](#).

MAIN SECTORS OF INDUSTRY

Benin’s economy is heavily reliant on agriculture. This sector accounts for 26.9% of Benin’s GDP and employs an estimated 28% of the workforce (World Bank, latest data available). The country has fertile land, and a third of Benin’s territory is suitable for agriculture. Around half of the population rely on subsistence farming for their livelihood, whereas cotton is the main crop and the key export commodity. The cotton sector contributes to around 40% of the GDP. Other cultivations include cashew nuts, corn, cassava, yams, beans, palm oil, and peanuts. The 2023 "Aman" paddy crop, constituting 35% of the yearly yield, was harvested and continued until January 2024, as reported by FAO. Production levels were predicted to be above average, largely owing to anticipated high yields. The 2023 maize season concluded last July, with record production reaching 4.7 million tonnes, driven by substantial sowings prompted by strong demand and high prices during planting. The 2023 wheat crop, harvested in April, officially yielded approximately 1.1 million tonnes, close to the average production level.

The industrial sector in Benin is characterized by a range of activities, with key sectors including agro-processing, textile manufacturing, and construction. Agro-processing represents a significant portion of the industrial landscape, with Benin's agricultural resources supporting industries such as palm oil refining, cotton ginning, and food processing. Textile manufacturing, although relatively small-scale, plays a vital role in the economy, leveraging the country's cotton production for fabric and garment production. Construction is another prominent sector, driven by infrastructure development projects and urbanization trends. Emerging sectors include renewable energy and light manufacturing, as the government seeks to diversify the industrial base and attract foreign investment. Overall, the industrial sector is estimated to account for 17% of GDP and 22% of employment (World Bank).

Services (dominated by trade and transport) account for 46.9% of Benin’s GDP and almost 49% of total employment. Benin's services sector encompasses various industries that contribute to the country's economic development. Key sectors include telecommunications, banking and finance, transportation, and tourism. Tourism, though still emerging, holds promise due to Benin's cultural heritage, historical sites, and natural attractions. As the government invests in infrastructure and promotes private sector participation, the services sector is poised for further expansion.

Breakdown of Economic Activity By Sector	Agriculture	Industry	Services
Employment By Sector <small>(in % of Total Employment)</small>	28.1	22.5	49.3
Value Added <small>(in % of GDP)</small>	26.9	17.0	46.9
Value Added <small>(Annual % Change)</small>	4.8	7.9	6.0

Source: World Bank - Latest available data.

Monetary Indicators	2016	2017	2018	2019	2020
CFA Franc BCEAO (XOF) - Average Annual Exchange Rate For 1 USD	593.01	582.09	555.45	586.00	575.59

Source: World Bank - Latest available data.

FOREIGN TRADE

Benin is open to foreign trade, which represents 51% of its GDP (World Bank). The country is a member of various trade organizations, including the World Trade Organization and the West African Economic and Monetary Union (WAEMU). The vast majority of its trade passes through the port of Cotonou, the capacity of which the government wants to develop. Benin mainly exports cotton (64.8% of total exports in 2022), oil seeds, petroleum oils, and coconuts, whereas imports are led by rice (18.2%), petroleum oils (15%), medicaments, and fertilizers (data Comtrade).

The country's main export partners are Bangladesh (45.3%), India (11.9%), China (6.1%), Egypt (4.5%), and Pakistan (4.2%), while imports come chiefly from India (15.7%), China (13.1%), France (8.1%), the United Arab Emirates (6.7%), and Nigeria (5.1% - data Comtrade 2022).

For years now, Benin has had a structural trade deficit. In 2022, the trade deficit stood at 7.6% of GDP (World Bank). This is mainly due to low exports, which are largely made up of low-cost agricultural products, and the country's heavy reliance on foreign countries for its oil and energy supply. According to WTO data, in 2022, Benin exported goods with a total value of USD 3.54 billion while it imported goods worth USD 4.78 billion. Concerning services, Benin exported USD 540 million and imported USD 982 million (WTO). According to the national statistics bureau, during the third quarter of 2023, Benin's goods exports decreased by 9.6% compared to the previous quarter, while goods imports dropped by 20.8% during the same period.

Foreign Trade Values	2018	2019	2020	2021	2022
Imports of Goods <i>(million USD)</i>	4,375	3,932	3,555	4,370	4,784
Exports of Goods <i>(million USD)</i>	3,344	3,052	2,996	3,434	3,547
Imports of Services <i>(million USD)</i>	769	806	790	931	982
Exports of Services <i>(million USD)</i>	503	528	510	512	540

Source: World Trade Organisation (WTO) ; Latest available data

Foreign Trade Indicators	2018	2019	2020	2021	2022
Foreign Trade <i>(in % of GDP)</i>	61.8	63.7	44.8	48.1	50.9
Trade Balance <i>(million USD)</i>	-556	-444	-156	-352	n/a
Trade Balance (Including Service) <i>(million USD)</i>	-821	-722	-436	-772	n/a
Imports of Goods and Services <i>(Annual % Change)</i>	4.8	3.4	-19.8	16.8	18.5
Exports of Goods and Services <i>(Annual % Change)</i>	5.0	8.6	-25.0	12.6	19.1
Imports of Goods and Services <i>(in % of GDP)</i>	34.5	34.1	25.0	27.1	29.3
Exports of Goods and Services <i>(in % of GDP)</i>	27.3	29.6	19.9	20.9	21.7

Source: World Bank ; Latest available data

Foreign Trade Forecasts	2023	2024 (e)	2025 (e)	2026 (e)	2027 (e)
Volume of exports of goods and services (Annual % change)	23.3	14.2	11.5	11.0	9.8
Volume of imports of goods and services (Annual % change)	25.6	12.8	9.1	9.8	7.9

Source: IMF, World Economic Outlook ; Latest available data

Note: (e) Estimated Data

International Economic Cooperation

Benin is a member of the [WTO](#), the Economic Community Of West African States ([ECOWAS](#)), and the [West African Economic and Monetary Union \(UEMOA\)](#).

Main Partner Countries

Main Customers <i>(% of Exports)</i>	2022
Bangladesh	45.3%
India	11.9%
China	6.1%
Egypt	4.5%
Pakistan	4.2%
See More Countries	28.0%

Main Suppliers <i>(% of Imports)</i>	2022
India	15.7%
China	13.1%
France	8.1%
United Arab Emirates	6.7%
United States	4.5%
See More Countries	51.9%

Source: Comtrade, Latest Available Data

POLITICAL OUTLINE

Current Political Leaders

President: Patrice TALON (since 6 April 2016) - the president is both chief of state and head of government

Next Election Dates

Presidential: April 2026

National Assembly: January 2027

Main Political Parties

Benin is formally a multi-party country, however opposition parties have no real chance of gaining power. The main parties represented in the parliament include:

- Progressive Union for Renewal ([UPR](#)): centre-left, formerly called Progressive Union, in August 2022, the party merged with the Democratic Renewal Party and changed to its present name
- Republican Bloc ([BR](#)): centre, supports the current government

- Democrats (LD): centre-left to left-wing, social democracy, it is the main opposition party.

Other parties include:

- African Movement for Development and Progress (MADEP)
- Benin Renaissance (RB)
- Cowrie Force for an Emerging Benin (FCBE)
- Democratic Renewal Party (PRD)
- Progressive Union for Renewal (PUR)
- Sun Alliance (AS)

Executive Power

The President of the Republic is elected for a five-year term by universal suffrage with an uninominal majority ballot in two rounds, for a maximum of two terms (whether consecutive or not). He is the head of state, the holder of the executive power, and the head of the Government, and with this title, he shall determine and conduct the politics of the nation (art. 54). After an advisory opinion of the National Assembly, the President appoints the members of the Government.

Legislative Power

The legislative power in Benin is vested in the National Assembly, a unicameral body also known as the Assemblée Nationale, which comprises 109 seats, with 24 seats specifically designated for women. Members are elected directly in multi-seat constituencies through a party-list proportional representation system. They hold office for five-year terms, with the current members set to conclude their terms in 2026 to align with upcoming general elections.

COVID-19 COUNTRY RESPONSE

Travel restrictions

Regularly updated travel information for all countries with regards to Covid-19 related entry regulations, flight bans, test and vaccines requirements is available on [TravelDoc Infopage](#).

To find information about the current travel regulations, including health requirements, it is also advised to consult Travel Regulations Map provided and updated on a daily basis by [IATA](#).

Import & export restrictions

A general overview of trade restrictions which were adopted by different countries during the COVID-19 pandemic is available on the [International Trade Centre's COVID-19 Temporary Trade Measures](#) webpage.

Economic recovery plan

For the general overview of the key economic policy responses to the COVID-19 pandemic (fiscal, monetary and macroeconomic) undertaken by the government of Benin, please consult the country's dedicated section in the [IMF's Policy Tracker platform](#).

Support plan for businesses

For an evaluation of impact of the Covid pandemic on SMEs and an inventory of country responses to foster SME resilience, refer to the OECD's [SME Covid-19 Policy Responses](#) document.

You can also consult the World Bank's [Map of SME-Support Measures in Response to COVID-19](#).

