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## INVEST

### FOREIGN DIRECT INVESTMENT

According to the UNCTAD [World Investment Report 2023](#), FDI inflows decreased from USD 346 million in 2021 to USD 267 million in 2022 but were still above the pre-pandemic average. In the same year, the stock of FDI reached USD 3.045 billion, around 17.5% of the country's GDP. As per the IMF, Foreign Direct Investment (FDI) is projected to experience slight increases in the medium term, rising from 1.6% of GDP in 2023 to 1.8% of GDP in 2028, driven by reforms aimed at enhancing investor confidence. The National Infrastructure Development Plan, which contains a series of private-public partnerships, should help boost FDI. The main investors are France, India, China, Nigeria, and the Ivory Coast (IMF).

The Benin government has implemented a series of reforms to foster investment. These include creating a unified regulatory framework for public-private partnerships, a single business registration desk as well as multiple tax incentives to support private investments. Moreover, the Talon administration initiated a process to modernize public procurements' provision and to revise fees to transfer state-owned lands. The tax regime in place was also simplified to favor micro and small enterprises (Synthetic Professional Tax). A Presidential Investment Council was created, and an online platform for providing information to investors was put in place. Benin's strong points are its strategic location: the country has access to the sea and shares a border with Nigeria, one of Africa's leading economies, its role as a trade hub for second-hand vehicles imported from Europe and resold throughout Western Africa, and the fact that it is one of the most democratic nations in the African continent. However, corruption, poor quality of infrastructure, and problems related to electricity supply limit the country's potential attractiveness. In Benin, the law ensures the right to own and transfer private property. Although the court system upholds contracts, it faces challenges with inefficiency and corruption within the judicial process. Overall, the country ranks 120th among the 132 economies on the [Global Innovation Index 2023](#) and 95th out of 184 countries on the latest [Index of Economic Freedom](#).

Foreign Direct Investment	2020	2021	2022
<b>FDI Inward Flow</b> <i>(million USD)</i>	174	346	267
<b>FDI Stock</b> <i>(million USD)</i>	2,831	2,945	3,044
<b>Number of Greenfield Investments*</b>	3	5	0
<b>Value of Greenfield Investments (million USD)</b>	44	231	0

Source: UNCTAD - Latest available data.

Note: \* Greenfield Investments are a form of Foreign Direct Investment where a parent company starts a new venture in a foreign country by constructing new operational facilities from the ground up.

Country Comparison For the Protection of Investors	Benin	Sub-Saharan Africa	United States	Germany
<b>Index of Transaction Transparency*</b>	7.0	5.5	7.0	5.0
<b>Index of Manager's Responsibility**</b>	1.0	3.5	9.0	5.0

Country Comparison For the Protection of Investors	Benin	Sub-Saharan Africa	United States	Germany
<b>Index of Shareholders' Power***</b>	5.0	5.5	9.0	5.0

Source: Doing Business - Latest available data.

Note: \*The Greater the Index, the More Transparent the Conditions of Transactions. \*\*The Greater the Index, the More the Manager is Personally Responsible. \*\*\* The Greater the Index, the Easier it Will Be For Shareholders to Take Legal Action.

## WHAT TO CONSIDER IF YOU INVEST IN BENIN

### Strong Points

Among the factors that make Benin an attractive destination there are:

- the countries location and its membership in the UEMOA and ECOWAS
- political stability
- reduced formalities for investors with a beneficial Investment Code
- customs and tax benefits available on the Industrial Free Zone
- a steadily growing economy
- the launch of a USD 15 billion five-year Government Action Plan (2016-2021)
- a series of business incentive reforms (such as the fight against corruption or the creation of Special Economic Zones) aiming to improve the business climate
- a large number of business and investment opportunities.

### Weak Points

Several factors still hinder the country's attractiveness:

- high risk of corruption
- a poor business environment (Benin ranked 149th out of 190 countries in the 2020 Doing Business report by the World Bank)
- poor quality of infrastructure and problems related to the electricity supply
- high poverty rate
- the impact on activity and tax revenues of Nigeria's economic policy decisions
- the terrorist threat from neighbouring Nigeria (Boko Haram)
- dependence on the cotton industry
- high government gross debt (41.8% in 2020 - IMF).

### Government Measures to Motivate or Restrict FDI

The government of Benin is actively trying to improve the country's business environment and attractiveness to foreign investment. Benin has created the Agency for the Promotion of Investments and Exports, replacing the three former structures in order to facilitate investment queries. Furthermore, it launched an online window making business registration processes easier and exclusively digital.

A new law to facilitate public-private partnerships has been enacted and is expected to attract additional FDI. Furthermore, the government launched a very ambitious USD 15 billion five-year Government Action Plan (2016-2021), structured around 45 major projects, 95 sector-based projects (concentrated in infrastructure, agriculture and agribusiness, tourism, health, and education), and 19 institutional reforms. In 2016, Benin passed a law establishing a commercial tribunal of the first instance and a commercial appellate court, in order to speed up the settlement of business-related disputes.

The country's Investment Code allows for the creation of Free Trade Zones and establishes incentives such as tax reductions for investors. However, at the moment, out of the three FTZ established in the country, only the one located near the Nigerian border is active. Depending on the size of the investment, free trade zone investors may benefit from reduced tax liability on profits, and duty-free on imported inputs including raw material and equipment, exported finished products, or imported industrial equipment for up to one year from the date of business registration.

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## INVESTMENT OPPORTUNITIES

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### Tenders, Projects and Public Procurement

[Global Tenders Benin](#)

[Tenders Info Benin](#)

[Africa Gateway Benin](#)

### Finding Assistance For Further Information

#### Investment Aid Agency

[Investment and Exports Promotion Agency \(APIEX\)](#)

[The one-stop business formalities \(GUFE\) \(in French\)](#)

#### Other Useful Resources

[Benin Doing Business](#)

[Benin Investment Forum \(BIF\)](#)

[Benin Private Investment Council \(CIPB\)](#)

#### Doing Business Guides

[Benin Country Profile \(G20 Compact with Africa\)](#)

[Doing Business Guide Benin - World Bank](#)

[Doing Business in Benin - UHY](#)