

BENIN



COUNTRY ASSESSMENTS

HIGHLIGHTS

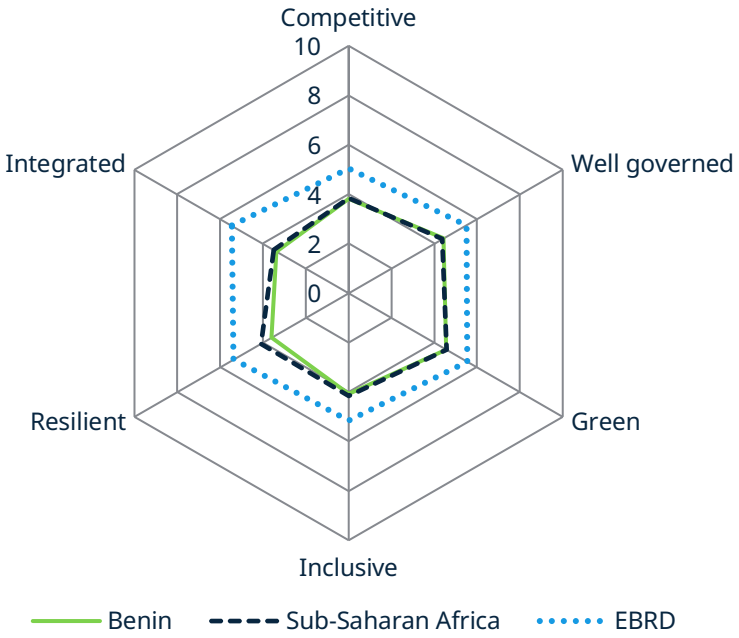
- **Despite a deteriorating international environment, the economy has remained resilient, supported by recent reforms**. Growth reached 7.5 per cent in 2025, driven by special economic zone (SEZ)-led exports and services, while inflation was contained at 1.1 per cent. Fuel subsidy reform and the new import-pricing mechanism reduced exposure to oil-price volatility, while the April 2026 presidential election provided policy continuity.
- **Benin successfully stabilised the economy**, completing its International Monetary Fund (IMF)-supported programme in February 2026. The fiscal deficit narrowed to 2.9 per cent of gross domestic product (GDP) and the country regained access to international markets. In January 2026 it issued West Africa's first international sovereign sukuk and reopened its 2038 Eurobond, with combined orders exceeding US$ 7 billion (€6.2 billion).
- **Structural reforms continued, particularly in the water and energy sectors.** New tariff frameworks for major state-owned enterprises (SOEs) aim to strengthen financial sustainability and address chronic underinvestment. Implementation depends on SOEs completing their outstanding audits.

For more information about country macroeconomic developments, please consult our latest Regional Economic Prospects report.

KEY PRIORITIES FOR 2027

- **Accelerate implementation of the National Development Plan.** The 2026-35 strategy seeks to mobilise US$ 20 billion (€17.2 billion) for industrialisation, with around half expected from public-private partnerships (PPPs). However, private investment fell short of expectations under the previous development framework, highlighting the need to speed up business environment reforms, increase investor confidence and improve the execution of PPP projects.
- **Strengthen public-sector capacity and coordination.** Government institutions need to improve planning, procurement and project management to deliver successful large-scale infrastructure, industrialisation and PPP projects.
- **Maintain macroeconomic stability while expanding private-sector participation.** To attract both domestic and foreign investors, the government will need to strengthen fiscal sustainability, improve access to finance and enhance regulatory predictability. Progress on land administration, trade facilitation and energy reliability could further improve competitiveness, support industrial development and increase confidence among private-sector partners.

ASSESSMENT OF TRANSITION QUALITIES (1-10)



For more on reforms and transition qualities, see Chapter 5 of the Transition Report 2026-27.

KEY REFORMS AND POLICY DEVELOPMENTS[1]

Vision 2060 and the National Development Plan

- Vision Benin 2060 (Benin 2060 Alafia), effective from January 2026, is a legally established framework built around four pillars, nine strategic orientations and 15 objectives, with digital transformation as a cross-cutting priority.
- The first implementation phase, the 2026-35 National Development Plan, approved in May 2026, targets an increase in industry's share of GDP from 17.5 to 21.1 per cent, a reduction in the Gini index from 34.4 to 30.0, and an improvement in the rule-of-law index from 0.48 to 0.52, building on the Glo-Djigbé Industrial Zone.

1 From the fourth quarter of 2025 to October 2026.

SOE reform

- The authorities have published unaudited 2022-24 financial statements for four major SOEs: Port Autonome de Cotonou (PAC), electricity producer SBPE, electricity distributor SBEE and water utility SONEB. Together, they accounted for 56 per cent of total SOE revenues in 2024. While solvency was generally strong, only the port showed healthier liquidity and profitability.
- Transparency remains limited across the public-enterprise sector, which includes 34 SOEs and 137 public agencies, with SOE revenues equal to 7 per cent of GDP. Gaps remain in the SOE registry and audit coverage, and audited statements are yet to be published.

Electricity tariff reform

- Within electricity tariff and fossil-fuel subsidy reform, Benin's electricity regulator, ARE, approved new 2026-27 tariff structures for electricity distributor SBEE and producer SBPE in October 2025.
- Implementation was conditional on SBEE completing external audits of its 2022-24 accounts, linking tariff reform to stronger SOE governance and transparency.

Water tariff reform

- The authorities introduced a new mechanism for setting urban water tariffs, frozen since 2009. The first adjustment is planned for 2026, subject to improved services in the country’s largest city, Cotonou.
- The sector was also restructured, with infrastructure investment moving to SoBIE, created in April 2024, and distribution staying with a restructured SONEB. SoBIE is required to conduct a tariff study in 2026 and set cost-reflective rates from 2027, based on audited accounts.

Climate measures

- The authorities launched a nationwide agricultural insurance scheme – covering drought, extreme heat and flooding – for rice, cotton and livestock farmers. Building on a pilot scheme reaching more than 100,000 farmers, the country-wide scheme aims to cover around 200,000, with 80 per cent of premiums subsidised by the government and development partners.
- The authorities finalised a climate transition taxonomy in January 2026 covering energy, agriculture, waste and forestry alongside a climate data mechanism. Both are intended to help attract climate finance after acceding to the European Union's International Platform on Sustainable Finance.

Social protection

- Mandatory health insurance under the ARCH programme was rolled out, with premiums fully covered for the poorest households. The World Bank-backed GBESSOKÉ cash transfer programme was launched in September 2025, reaching 20,000 households, with a planned expansion to 150,000 in 2026.
- Institutional fragmentation remains a major challenge. A January 2026 mapping found around 40 per cent of social programmes were underfunded. The single social registry has remained unchanged since 2021 and only 5 per cent of programmes use it to target beneficiaries.