



Benin

Population ¹	11,485,048
Area (km ²) ¹	114,760
GDP per capita (USD) ¹	1,240.83
TPES (Mtoe) ²	5.10
Energy intensity (toe/10 ³ 2010 USD) ²	0.53
CO ₂ emissions - energy (MtCO ₂) ³	6.76

Data from Orbis Crossborder Investment on energy projects and deals completed between 2015-2020⁴

Target industry	Number of projects and deals	Project/deal type	Project CapEx and deal value (million EUR)
Electric power generation, transmission and distribution	2 projects	new projects	233m EUR total project CapEx

Sources:

1. The World Bank 2018
2. ©IEA, World energy balances, 2020, www.iea.org/data-and-statistics, webstore.iea.org/key-world-energy-statistics-2019
3. ©IEA 2020, CO₂ emissions from fuel combustion, www.iea.org/data-and-statistics, webstore.iea.org/key-world-energy-statistics-2019
4. Orbis Crossborder Investment (2020), Bureau Van Dijk. Benin is the destination country of the investment. Data represents the period 1 April 2015 - 1 April 2020. For more information see Annex II of this report.

Benin's overall risk level against the assessed areas is **low**.

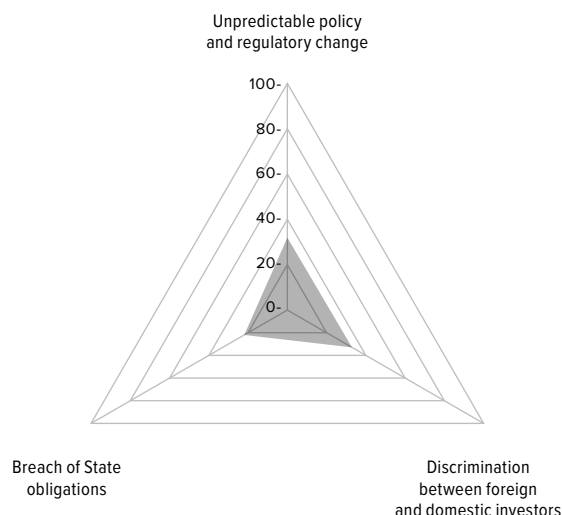
Among the three risks assessed in EIRA, *breach of State obligations* is lower compared to *unpredictable policy and regulatory change* and *discrimination between foreign and domestic investors*.

Benin's performance is good on two indicators, and it is moderate on two indicators. *Rule of law* and *management of decision-making processes* are the highest-scoring indicators this year, both at 78. On *foresight of policy and regulatory change* it is again at 49, while its score on *regulatory environment and investment conditions* has decreased from 59 to 45.

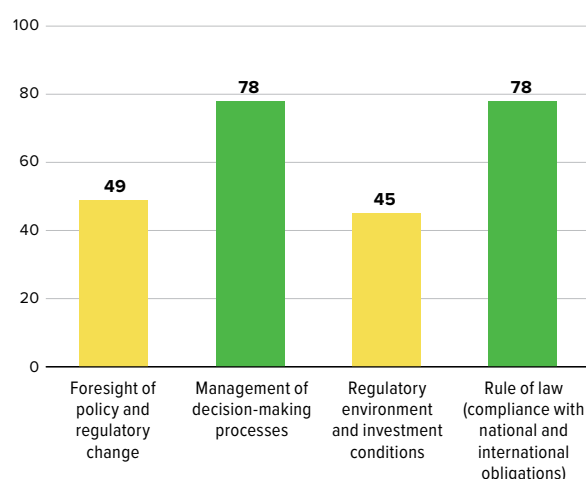
On a more detailed level, Benin's overall sub-indicator performance is good. In 2020, *institutional governance* is the highest-scoring sub-indicator with a score of 88, followed by *management and settlement of investor-State disputes* at 80. It has a good score of 75 on *respect for property rights*. On *transparency* its score is 68, while *communication of vision and policies* is at 65. Its score on the sub-indicators *regulatory effectiveness* and *restrictions on FDI* is at 56 and 35, respectively. *Robustness of policy goals and commitments* remains the lowest-scoring sub-indicator at 33.

While Benin has the relevant energy policies and measures in place, there is potential for improvement. Attention should be given to strengthening the robustness of policy goals and commitments.

RISK LEVEL



INDICATOR PERFORMANCE

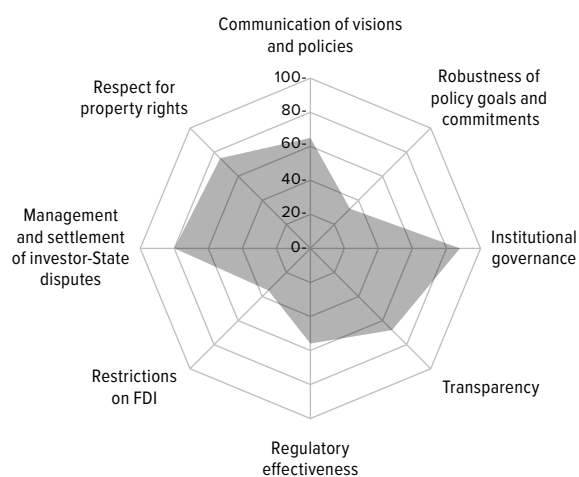


YEAR-ON-YEAR COMPARISON

RISK AREAS	2019	2020
Unpredictable policy and regulatory change	34	32
Discrimination between foreign and domestic investors	31	33
Breach of State obligations	22	22

INDICATORS	2019	2020
Foresight of policy and regulatory change	49	49
Management of decision-making processes	72	78
Regulatory environment and investment conditions	59	45
Rule of law	78	78

SUB-INDICATOR PERFORMANCE



Foresight of policy and regulatory change

QUICK FACTS

The Government Action Programme 2016-2021 aims to strengthen energy security and ensure reliable electricity supply across Benin.

In April 2020, the new Electricity Code was adopted.

Benin ratified the Paris Agreement in 2016 and submitted an updated version of its NDC which covers the energy sector.

STRENGTHS

Benin made progress on some of its energy goals during the last year. The Government anticipates that the Societe Beninoise d'Energie Electrique (SBEE) electricity network restructuring and extension project will modernise the energy sector. The project involves the construction of 63/20 kV substations and a 63 kV underground link, as well as the reinforcement of the electricity grids. Its purpose is to increase the electricity access rate in the Atlantic department up to 50%. It will help to improve the availability and quality of electricity and make networks more reliable. It can also play a role in ensuring better voltage distribution and stability while reducing the frequency and duration of power cuts. The new Electricity Code will boost private investment in renewable energy. It will advance the country's participation in global initiatives that seek to finance cost-competitive solar projects such as the Defisol project, which involves the construction of a 25 MW photovoltaic power plant. The Code will also support projects in the context of the Millennium Challenge Account Benin II programme with a total capacity of 50 MW.

An extensive network of actors, including national authorities and regional and international organisations, coordinates and monitors the implementation of the energy priorities. These actors publish annual reports on electricity access, energy efficiency, renewables and clean cooking metrics.

AREAS FOR IMPROVEMENT

The Government can reinforce its efforts to scale up renewable energy deployment by introducing financial and regulatory incentives, such as prioritised grid access, competitive bidding for generation, and contracts with fixed tariffs for small producers.

The policy monitoring authorities must be independent of the Government and there must be a clear demarcation of roles and responsibilities. Functional and substantive independence is better guaranteed when monitoring entities are self-funded and have sufficient technical and human resources. The monitoring and coordination process will also benefit from a review process and periodic progress reports on the deployment of renewable energy sources and energy-efficiency technologies.

Management of decision-making processes

QUICK FACTS

The Ministry of Energy is responsible for the overall energy policy formulation.

The Ministry of Living Conditions and Sustainable Development is responsible for all environmental issues, including the implementation of Benin's NDC.

Law No. 2019-06 of 2019 Introducing the new Petroleum Code has come into force.

In 2015, Benin enacted Law No. 2015-07 "On Information and Communication".

STRENGTHS

Over the last year, the Government took measures to strengthen the country's investment regime. In addition to working on a new Electricity Code, the Government introduced an updated Petroleum Code. Inter-ministerial cooperation plays a key role in cross-sectoral issues. By Law No. 2018-38 of 2018, national authorities have established a Caisse des Depots et Consignations to better coordinate and channel savings in development projects. The country has now set up a new virtual single window that unifies all regulatory processes needed to open a business. It will supplement the online information platform, iGuide, launched in 2018.

The Government is committed to improving the accountability of public institutions. To this end, the 2019 version of the Petroleum Code promotes transparency and efficiency in procedures related to granting and managing hydrocarbon authorisations. State authorities are under a legal obligation to give the public access to legal texts and administrative documents. Accordingly, they are required to conduct an audit on the completeness and authenticity of information concerning petroleum contracts. The State authorities must submit all the relevant audit reports to the Ministry of Economy and Finance, which makes them publicly available.

AREAS FOR IMPROVEMENT

As stated in EIRA 2019, the Government must adopt a binding normative act which requires public consultation on new policies and sets the procedure and timelines for it.

Regulatory environment and investment conditions

QUICK FACTS

The Ministry of Energy is responsible for the development and oversight of electricity activities.

According to the new Petroleum Code, governance of the petroleum sector is the responsibility of the Ministry of Water and Mines.

Law No. 90-002 of 1990 Introducing the Investment Code prescribes the same rights and obligations for State-owned and private enterprises. There is a revised version of the Code currently pending before the National Assembly.

STRENGTHS

Decree No. 2009-182 On the Creation, Attributions, Organisation and Functions of the Autorite de Regulation de l'Electricite (ARE), as amended, defines the ARE's role as the national electricity regulator. The new Electricity Code will reinforce the ARE's institutional capacity and financial autonomy. It contains provisions on the selection of ARE's National Council of Regulation members through public competition and their role in the strategic development of the electricity sector. The ARE will enjoy full powers to enforce rules on the control of technical installations of private producers, as well as conditions of access to networks and users. Per the Electricity Code, the ARE must ensure healthy and legal competition in the sector, and protect the interests of consumers and the State.

Benin is currently trying to revive its hydrocarbon production. To achieve this, the new Petroleum Code gives greater clarity on cost recovery and profit oil split, and it facilitates access to the exploration blocks. It also reorganises the financial, customs, and tax regimes by offering a rebate from fixed duties, surface fees, bonuses, ad valorem fees, and penalties paid to the State, at legally defined rates. Similarly, the revised Electricity Code will help to attract more investment by allowing private sector participation in electricity production, transmission, distribution, and marketing, under the same conditions as the SBEE.

AREAS FOR IMPROVEMENT

Special attention has been given to the improving the ARE's operations and functions. The provisions of the new Electricity Code concerning its independence should be applied effectively on the ground, especially in terms of managing tariff policies.

The Government should establish an appropriate institutional framework for transparently and effectively implementing statutory local content requirements. Moreover, it should make sure that local content policies are part of an overall development strategy and tailored to the size of the sector.

Rule of law

QUICK FACTS

Benin ratified the Convention on the Settlement of Investment Disputes between States and Nationals of other States in 1966.

Benin acceded to the Convention on the Recognition and Enforcement of Foreign Arbitral Awards in 1974.

Benin is a Member State of OHADA. In 2017, OHADA revised the Uniform Act on Arbitration to include provisions on commercial and investment arbitration.

STRENGTHS

A range of national and international legal instruments, including the 2019 Petroleum Code, guarantee recourse to arbitration. The Petroleum Code states that decisions to withdraw authorisations or forfeiture can be appealed before the Beninese courts or before an arbitral tribunal. The Mediator of the Republic is actively involved in the amicable resolution of conflicts between natural/legal persons and State agencies. In 2019, the Mediator heard 792 cases. There have been no cases of retroactive application of laws reported by energy investors in the last five years. The new Petroleum Code does not have a retroactive effect unless the contract holders have agreed to revise their contractual terms.

Benin upholds its commitment to protect property rights. In the case of expropriation, compensation must be mutually agreed by the parties, and it should cover the totality of the direct, material, and consequential damage. Moreover, the country has undertaken reforms to promote good land governance and secure land rights with the aid of international experts. National laws, BITs and international investment treaties, such as the Bangui Agreement, protect IP rights.

AREAS FOR IMPROVEMENT

As mentioned last year, the domestic law should set the timelines for national courts to render final judgements, and the courts should follow through on these deadlines. This approach will contribute to effective case management and reinforce the reliability of Benin's legal system.

IMPLEMENTATION STATUS



Benin

PROPOSED IN	EIRA AREAS FOR IMPROVEMENT	IMPLEMENTATION STATUS AS OF 1 APRIL 2020
Indicator 1		
2019	Introduce incentives to further promote renewable energy.	Work ongoing. The new Electricity Code promotes private investment in renewable energy. Additional solar projects have been deployed in 2019-2020.
	Ensure clear delineation of responsibilities between the bodies performing monitoring tasks and implementing the energy policy.	Pending
	Introduce a policy review process and periodic assessment.	Pending
Indicator 2		
2019	Adopt an overarching law prescribing public consultation.	Pending
Indicator 3		
2018	Integrate local content requirements in the overall development strategy and set up an appropriate agency for their transparent and efficient administration.	Work ongoing. The 2019 version of the Petroleum Code has formalised local content requirements.
2019	Reinforce the functional and institutional autonomy of the Electricity Regulatory Authority (ARE).	Work ongoing. The new Electricity Code will reinforce ARE's independence and liberalise the generation, transmission, and distribution of electricity.
	Designate a competent authority to regulate competition in the energy sector.	Fully implemented. Under the new Electricity Code, the ARE must ensure healthy and legal competition in the sector and protect the interests of consumers and the State.
Indicator 4		
2019	Introduce frameworks for the examination of cases and the delivery of judgements.	Pending