INFORMATION NOTE

REPUBLIC OF BENIN

Presentation of Sovereign issuers of West African Monetary Union

December 2019

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SUMMARY

MINISTERE DE L'ECONOMIE
ET DES FINANCES
REPUBLIQUE DU BENIN

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ET DE LA COMPTABILITÉ PUBLIQUE
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Cotonou, le 26 JUIL 2019

Attestation de l'émetteur

Je soussigné, Oumara KARIMOU ASSOUMA, Directeur Général du Trésor et de la Comptabilité Publique, agissant au nom et pour le compte de l'État du Bénin, atteste que les données et informations contenues dans la présente note d'information sont conformes à la réalité et n'ai connaissance d'aucune information de nature à en altérer la portée.

L'objectif visé à travers cette note d'information est de porter à l'attention des investisseurs sur les titres publics émis par l'État du Bénin, toutes les informations utiles à la prise de décisions d'investissement.

Toutefois, je rappelle que les informations et analyses prospectives présentées dans ce document, sont basées sur des projections établies à partir d'hypothèses qui sont entachées d'incertitudes pouvant entraîner des différences entre les réalisations effectives et les performances économiques attendues.

Cette note d'information publiée sera mise à jour chaque fois que nécessaire, afin de rendre compte :

- de l'évolution de la situation économique du Bénin ;
- de la disponibilité ou de la mise à jour des données économiques ;
- de quelques changements intervenus.

Le Directeur Général

Oumara KARIMOU ASSOUMA

ACRONYMS

AED	:	United Arab Emirates Dirham
AAGR	:	Average Annual Growth Rate
ADB	:	African Development Bank
ADF	:	African Development Fund
AFD	:	French Development Agency
AIB	:	Advance on Income Taxes
AND	:	National Alliance for Democracy
ANSSFD	:	National Agency for the Supervision of Decentralized Financial Systems
ARCH	:	Insurance for Human Capital Strengthening
BADEA		Arab Bank for Economic Development in Africa
BCEAO	:	Central Bank of West African States
BEPC	:	First cycle certificate
CAA	:	Autonomous Depreciation Fund
CAE	:	Business Support Contract
CAF	:	Cost Insurance Freight
CAP	:	Certificate of Professional Aptitude
CENTIF	:	National Financial Information Processing Unit (Cellule Nationale de traitement des Informations Financières)
CET	:	Common External Tariff
CFAF	:	African Financial Community Francs
CI	:	Introductory Course
CM	:	Middle-level Course
CNY	:	Chinese Yuan
CP	:	Preparatory Course
CPEP	:	First Professional Experience Contract
CQM	:	Certificate of Qualification
CQP	:	Certificate of Professional Qualification
CRIET	:	Course on Repression of Economic Offences and Terrorism
CSFAM	:	Committee for Financial Stability and Rehabilitation of the Microfinance Sector
CSPEF	:	Economic and Financial Programs Monitoring Unit
DGAE	:	Directorate General of Economic Affairs
DGB	:	Directorate General of the Budget
DGI	:	Directorate General of Taxes
DPMF	:	Directorate for the Promotion of Microfinance
DSA	:	Debt Viability Analysis
EBID		ECOWAS Bank for Investment and Development
EC	:	Elementary Course
ECF	:	Extended Credit Facility
ECOWAS	:	Economic Community of West African States
EFP	:	Employment Focal Point
EIB	:	European Investment Bank
ESG	:	General Secondary Education
FDU	:	United Democratic Forces
GDP	:	Gross Domestic Product

IDA	:	International Development Association
IDB		Islamic Development Bank
IDE	:	Foreign Direct Investments
IMF	:	International Monetary Fund
INSAE	:	National Institute of Statistics and Economic Analysis
IPFMS	:	Integrated Public Finance Management System
IS	:	Corporate income tax
ISSP	:	Self-Employment Support Program
JPY	:	Japanese Yen
KFW	:	Reconstruction Loan Corporation
KWD	:	Kuwaiti Dinar
MDGLAT	:	Ministry of Decentralization, Local Governance, Administration and Land Management
MEF	:	Ministry of Economy and Finance
MEMP	:	Ministry of Preschool and Primary Education
MESFP	:	Ministry of Secondary Education and Vocational Training
MSP	:	Ministry of Public Health
NMC	:	National Microfinance Committee
NTCM	:	Quarterly Microfinance Business Review
PADE	:	Decentralized Employment Program
PAES	:	Support Program for Salaried Employment
PAG	:	Government Action Program
PV	:	Present Value
RB-RP	:	Renaissance of Benin - Patriotic Revival
RGPH	:	General Census of Population and Housing
RNIE	:	Inter-State National Road
SAR	:	Saudi Rial
TVET	:	Technical and Vocational Education and Training
UNCTAD	:	United Nations Conference on Trade and Development (UNCTAD)
USD	:	United States Dollars
VAT	:	Value Added Tax
WADB	:	West African Development Bank
WAEMU	:	West African Economic and Monetary Union
WAMU	:	West African Monetary Union
WHO	:	World Health Organization
WTO	:	World Trade Organization
YRMB	:	Renminbi

BRIEF OVERVIEW OF THE COUNTRY

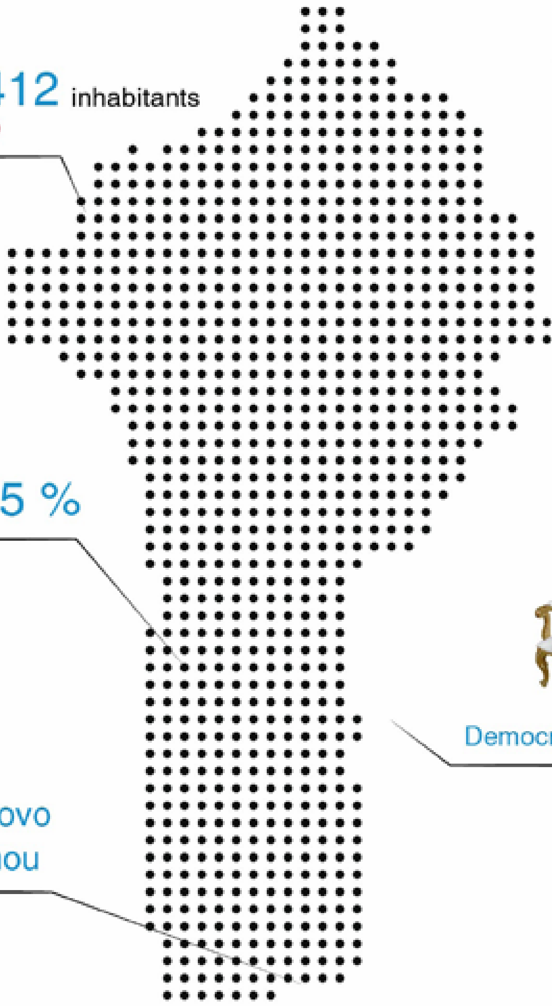
BENIN

Area
114 763 km²

Population[1] :
11 527 412 inhabitants
(source : World Bank)

Official Langage : French
Currency : CFAF

BCEAO



Population growth rate 3.5 %

Democratic presidential system

Political capital : Porto-Novo
Economic Capital : Cotonou

Nominal GDP (2018) :
7 922.0 Billions of CFAF

(source : National services, BCEAO)

- Main export product : Coton
- Growth rate • 6.7 % (2018)
- Inflation rate • 0.8 % (2018)
- Debt ratio • 41.0 % (2018)

[1] INSAE

1- 1. GENERAL PRESENTATION OF THE COUNTRY

1.1. Political system

Benin, a former French colony, gained independence on 1 August 1960, under the name of the Republic of Dahomey, before taking its current name in 1975. Benin has a constitution promulgated in 1990, called "Law No. 90-32 of 11 December 1990".

Benin is a democratic, multi-party Republic with a presidential-style political system. Since the beginning of the democratization process, the Beninese political landscape has been marked by a peaceful alternation of power. The democracy index[2] stood at 5.74 in 2018 compared to 5.61 in 2017, representing a hybrid democracy regime[3].

1.1.1. Executive power

The President of the Republic is the holder of the executive power. As established in the Constitution, he is elected by direct universal suffrage for a five-year term, renewable only once. He is elected by an absolute majority of the votes cast. If this is not obtained in the first round of voting, a second-round shall be held within fifteen days. Only the two candidates who received the largest number of votes in the first round may stand for the second round of voting. In the event of the withdrawal of either of the two candidates, the following candidates shall stand in the order of their ranking after the first round of voting. In the second round, the candidate who has obtained a relative majority of the votes cast shall be declared elected.

Eligible candidates must be Beninese by birth or have acquired the nationality for at least ten years, and be at least 40 years old and at most 70 years old on the date of submission of their application.

The President of the Republic is both the Head of State and the Head of Government. As such, it determines and conducts the nation's policy. It exercises regulatory power. It has the administration and the armed force. He is responsible for national defense. It appoints, after consulting the Bureau of the National Assembly, the members of the Government; it determines their powers and terminates their functions.

In addition, the President of the Republic, after consultation with the President of the National Assembly and the President of the Constitutional Court, may initiate a referendum on any question relating to the promotion and strengthening of human rights, subregional or regional integration and the organization of public authorities.

The President of the Republic is responsible for initiating laws concurrently with the members of the National Assembly. He shall ensure the promulgation of laws within fifteen days of their transmission to him by the President of the National Assembly. This period is reduced to five days in the event of an emergency declared by the National Assembly. Before the deadlines expire, he may ask the National Assembly for a second deliberation of the law or some of its articles. If after the last vote, the President of the Republic refuses to promulgate the law, the Constitutional Court declares the law enforceable if it complies with the Constitution. The President of the Republic also ensures the enforcement of laws and guarantees the enforcement of court decisions.

In the event of a vacancy in the Presidency of the Republic due to death, resignation, or permanent incapacity, the functions of President of the Republic shall be temporarily exercised by the President of the National Assembly. The election of the new President of the Republic shall take place at least thirty (30) and at most forty (40) days after the declaration of the finality of the vacancy. In the event of the indictment of the President of the Republic before the High Court of Justice, their interim position shall be taken by the President of the Constitutional Court.

Since the democratic renewal, Benin has had 6 presidential elections and 4 presidents succeed one another. The democratically elected presidents in-

[2] The Democracy Index is an index created in 2006 by the British press group The Economist Group which, according to its criteria, evaluates the level of democracy in 167 countries, 166 of which are sovereign states and 165 are members of the United Nations. The score ranges from zero for the lowest to ten for the highest.

[3] democracies are countries with an index between 8 and 10; - imperfect democracies are countries with an index between 6 and 8; - hybrid regimes are countries with an index between 4 and 6; - authoritarian regimes are countries with an index below 4.

clude Nicéphore Dieudonné SOGLO (1991-1996), followed by Mathieu KEREKOU (1996-2006); Thomas Boni YAYI (2006-2016), and the President in office since 6 April 2016, Patrice Athanase Guillaume Talon.

1.1.2. Legislative power

Parliament consists of a single chamber called the National Assembly. It is the Representative Assembly of the Republic of Benin whose members are called deputies. It exercises legislative power and controls the action of the government. The parliament has 83 seats. Deputies are elected by direct universal suffrage for a four-year mandate. They may be re-elected. Each deputy is the representative of the entire nation and any binding mandate is null and void.
The National Assembly passes the law and approves the tax. The law is passed by the National Assembly by a simple majority. However, the laws to which the Constitution confers the character of organic laws shall be passed and amended under the following conditions: (i) the proposal or draft shall not be submitted to the Assembly for deliberation and vote until after a period of fifteen days expires after its tabling on the Bureau of the Assembly; (ii) the text may only be adopted by an absolute majority of the members of the Assembly; (iii) organic laws may only be promulgated after the Constitutional Court has declared their conformity with the Constitution.

The deputies of the 8th legislature were elected in the last parliamentary elections in April 2019. The composition of Members by political party is as shown in the following table.

Table 1. Current composition of the Parliament by political party

Political formation	Number of seats
Union Progressiste	46
Bloc Républicain	37

Source : https://assemblee-nationale.bj

1.1.3. Judicial power

The judicial power is independent of the executive and legislative power. It is exercised by the Supreme Court, the courts and tribunals created in accordance with the Constitution of 11 December 1990. The President of the Republic is the guarantor of the independence of the judiciary. He is assisted by the High Council of the Judiciary. The latter acts as the Disciplinary Council for Judges. He examines the pardon files and transmits them with his reasoned opinion to the President of the Republic.
The Supreme Court
The Supreme Court is the highest judicial body in administrative, judicial and State accounting matters. The Supreme Court is therefore at the top of the judicial order. It is also competent in the field of local election litigation. There is no right of appeal against decisions of the Supreme Court. They are binding on the executive and legislative power and all courts. The Supreme Court is consulted by the government more generally on all administrative and jurisdictional matters. At the request of the Head of State, it may be responsible for drafting and amending all legislative and regulatory texts before they are examined by the National Assembly.
The Supreme Court has an Administrative Chamber, a Judicial Chamber and an Audit Chamber. Each chamber acts as the judge of decisions rendered at a lower level than its field of competence. The Supreme Court decides in a judicial formation all chambers together:

- On transfers from one court to another owing to public safety or in the interest of the proper administration of justice, at the request of the Attorney General, at the request of the Minister responsible for justice;
- In matters of dispute resolution;
- At the request of the President of the Supreme Court on a proposal from the President of the Chamber concerned and after consulting the adviser-rap-

porteur, when a case raises a question of principle or when its solution could cause conflicting decisions.

The High Court of Justice

The High Court of Justice is composed of the members of the Constitutional Court, except for its President, six deputies elected by the National Assembly and the President of the Supreme Court. It is competent to judge the President of the Republic and members of the government for acts qualified as high treason, violations committed in the exercise or in the course of their duties, as well as to judge their accomplices in the event of a plot against state security. The ordinary courts remain competent for violations committed outside the exercise of their functions and for which they are criminally liable. The High Court of Justice is bound by the definition of violations and the choice of penalties resulting from the criminal laws in force at the time of the violations.

The courts of first instance

The first level of jurisdiction is the Court of First Instance. The courts of first instance are run by professional judges. They are judges of ordinary law in criminal, civil, commercial, social and administrative matters. Decisions of the courts of first instance are subject to appeal to the Courts of Appeal.

Conciliation courts

The Conciliation Tribunal is established by district in the communes with special status (Cotonou, Porto-Novo and Parakou). As far as ordinary municipalities are concerned, there is one per municipality. The mission of conciliation courts is to seek conciliation between the parties involved in a dispute; they are run by notables and not professional judges; they do not render decisions of a jurisdictional nature. Their main field of intervention currently remains the search for conciliation in land disputes, which are very frequent in the country.

Commercial courts

There are three commercial courts that deal, in particular, with:

- disputes relating to traders and commercial intermediaries for acts performed in connection with or for their trade and disputes concerning their commercial relations;
- disputes relating to commercial companies and economic interest groups, disputes relating to acts of trade between all-natural or legal persons
- disputes relating to securities granted to guarantee the performance of commercial obligations;
- disputes relating to commercial leases;
- disputes relating to competition, distribution, industrial property, counterfeiting;
- accounting operations;
- collective proceedings;
- takeover bids and financial market actions.

Courts of Appeal

There are three of them. Each court of Appeal includes at least one modern and social civil chamber, one property rights chamber; one administrative chamber, one traditional law chamber, one correctional chamber, one audit chamber, and one prosecution chamber. The Court of Appeal is competent to rule on all judgments rendered by the courts of first instance within its jurisdiction and subject to appeal in accordance with the forms and time limits laid down by law. Decisions of the Courts of Appeal may be appealed to the Supreme Court in cassation.

Commercial Courts of Appeal

There are three courts of commercial appeals. Each court of Appeal includes at least one modern and social civil chamber, one property law chamber; one administrative chamber, one traditional law chamber, one correctional chamber, one audit chamber, and one indictment chamber. The Commercial Court of Appeal is competent to rule on all judgments rendered by the commercial courts within its jurisdiction and subject to appeal following the forms and time limits provided for by law.

1.2. Administrative organization

Benin is administratively organized into twelve (12) departments and seventy-seven (77) municipalities. The departments are: Alibori, Atakora, Atlantic, Borgou, Hills, Couffo, Donga, Littoral, Mono, Ouémé, Plateau, and Zou. The official capital is Porto-Novo, and Cotonou is the economic capital.

1.3. Geographical location

Benin is located in West Africa and covers an area of 114,763 km2. It is bordered to the east by Nigeria (809 km), to the west by Togo (651 km), to the north by Burkina Faso (386 km) and Niger (277 km), and to the south by the Atlantic Ocean (121 km). In total, Benin shares 2,123 km of land borders with four countries.

Stretched between the Niger River in the North and

the coastal plain in the South, the relief of the whole country is flat and includes a coastal region, low and sandy, limited by lagoons; a ferruginous clay plateau; a siliceous clay plateau, dotted with a few undergrowths; to the northwest, the Atacora massif (800 meters); and to the northeast, the very fertile siliceous clay plains of Niger.
The main rivers in northern Benin are the Niger River, which partially borders the Niger border, and its tributaries, the Sota (250km), the Mekrou (410km) and the Alibori (338km) and Pandjari rivers. The Ouémé (510 km) and Couffo (190 km) rivers drain most of southern Benin, while the Mono (350 km), on the Togolese border, drains the southwestern part of the country.
The country also has several bodies of water in the South: Lake NOKOUE (138 km2); Lake AHEME (78 km2) and the PORTO-NOVO lagoon (35 km2).
Benin is one of the countries with a hot and humid climate in the intertropical zone with seasonal and geographical nuances linked to latitude, relief and the alternation of the seasons. There are two types of climates:
- the sub-equatorial climate in the South including a large rainy season from April to July; a small dry season from July to September; a small rainy season from September to October; and a long dry season from November to March;
- the Sudanese climate in the North including two seasons: a dry season from November to May and a rainy season from June to September.
Three types of vegetation characterize Benin: the wooded savannah in the northern Sudanese regions; the savannah in the center with species such as mahogany, iroko and samba; and the forest in the south and middle Benin.

1.4. Population

According to the general census conducted in 2013, Benin's population was 10,008,749 inhabitants, 51.2 percent of whom were women. The departments located in the southern basin, the Atlantic, the Couffo, the Littoral, the Mono, the Ouémé, the Plateau and the Zou, are the most populated. More than 50% of Benin's population was under 18 years of age. Youth aged 15 to 35 accounted for about 60.3% of the population. The population growth rate is about 2.8% per year.[4]

In 2018, according to projections by the National Institute of Statistics and Economic Analysis, the Beninese population would reach 11,527,412 inhabitants and the density 100.17 inhabitants per km2. Life expectancy is 63.84 years[5]. The CAGR was 2.9% between 2009 and 2018.

Table 2. Distribution of the population by gender

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018*
Total population (in millions)	8.9	9.2	9.5	9.7	10.0	10.3	10.6	10.9	11.2	11.5
Men	4.4	4.6	4.7	4.8	5.0	5.1	5.3	5.4	5.6	5.6
Women	4.5	4.6	4.8	4.9	5.0	5.2	5.3	5.5	5.6	5.8
Proportion Man/Woman (%)	97.7	95.6	95.7	95.8	96.1	92.5	98.1	96.4	96.5	96.6
Population growth rate (%)*	3.2	3.2	3,3	3.3	3.5	3.5	3.2	3.3	3.5	-

*Source : World Bank. *INSAE*

[4] *INSAE, publication of 7 August 2018.*
[5] *INSAE 2013*

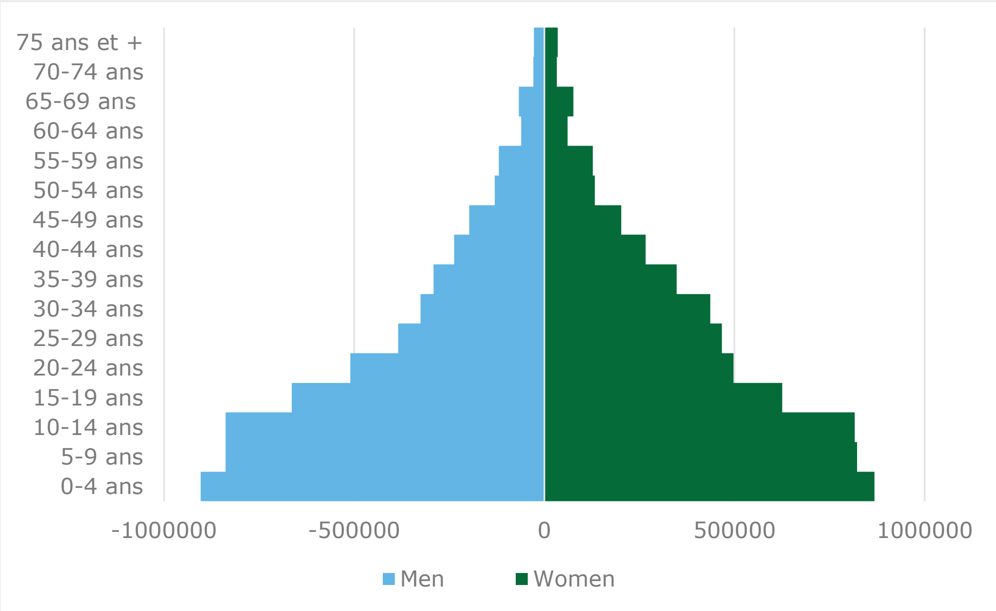
Table 3. Projection of the Beninese population

	2019	2020	2021	2022	2023
POPULATION	11 884 127.0	12 302 448.3	12 735 494.4	13 183 783.9	13 647 853.0

Source : INSAE and estimations of authors

Based on the age pyramid, the population is predominantly young. 72% of the population is under 30 years of age.

Figure 2. Age pyramid



Source: INSAE[6] : Demographic projections from the RGPH-4, 2013

According to World Bank data, the rural population is larger than the urban population. Indeed, over the last ten years, the rural population has represented on average 55.6% of the total population compared to 44.4% for the urban population. According to INSAE demographic data, the urbanization rate was 48.5% in 2017 compared to 42.55% ten years earlier.

Table 4. Distribution of the population by place of residence (millions)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Rural population	3.7	3.8	4.0	4.1	4.3	4.5	4.6	4.8	5.0	5.2
Urban population	5.0	5.1	5.2	5.3	5.4	5.5	5.6	5.7	5.8	5.9
Total Population	8.7	8.9	9.2	9.5	9.7	10.0	10.3	10.6	10.9	11.2
Rural/Urban population ratio	1.3	1.3	1.3	1.3	1.2	1.2	1.2	1.2	1.1	1.4
Urbanization rate (%) *	42.55	43.33	44.1	44.1	45.6	45.6	44.9	48.1	48.9	48.5

*Source : World Bank ; * INSAE*

[6] *Main socio-demographic and economic indicators (RGPH-4, 2013)*

The 1990 Constitution proclaims the secular nature of the State and freedom of thought, expression and religious practices. According to the 2013 census (RGPH4), 27.7% of the population is Muslim, 25.5% Catholic, 11.6% voodoo practitioners, 6.7% belong to the Church of Celestial Christianity. The statistics do not reflect the real place of voodoo in Benin, its historical cradle in the 17th century. Indeed, many Beninese associate its practice with those of other religions.

Table 5. Distribution of the population by religion

Religion	Part (2002)	Part (2013)
Christianity	42.8 %	48.5 %
Catholicism	*27.1 %*	*25.5 %*
Celestial Christianity	*5.0 %*	*6.7 %*
Methodist Protestant	*3.2 %*	*3.4 %*
Other protestants / Christians	*7.5 %*	*12.9 %*
Islam	24.4 %	27.7 %
Voodoo	17.3 %	11.6 %
No religion	6.5 %	5.8 %
Other	9.0 %	6.4 %

Source : INSAE/RGPH4

1.5. Education

Organization of school cycles

Since April 2016, Benin's education system has been organized into three (03) sub-sectors corresponding to groups of the six (06) levels of education that compose it:

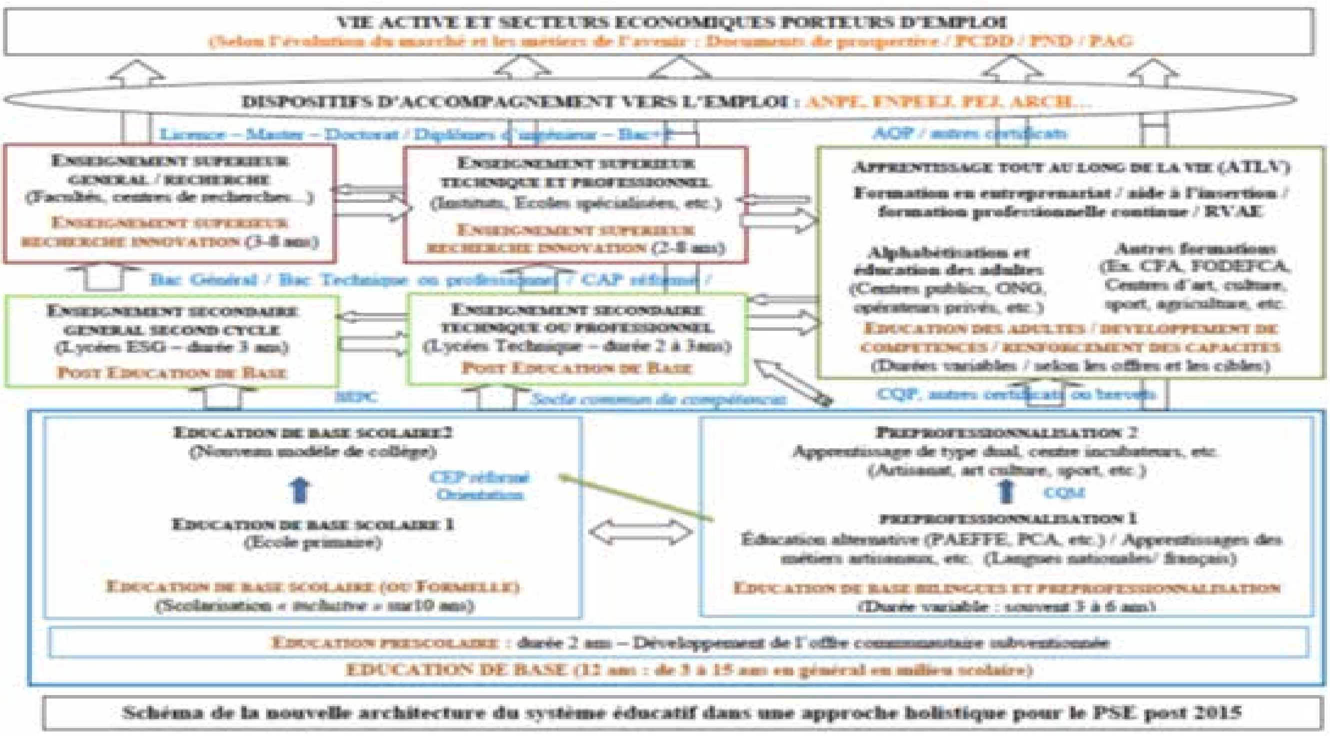
- Preschool and primary education;
- General secondary education, technical and vocational training and literacy;
- Higher education.

The new architecture structures the education system into three blocks:

- Basic education;
- Basic post-education, literacy, adult education, skills development and capacity building;
- Higher education, scientific research and innovation.

The literacy rate in 2015 was 47.9%.[7]

Figure 3. New structure of the education system



Source : Sectoral plan of education post 2015 (2018-2030)

[7]BCEAO

Basic education

Basic education has three components: pre-school basic education (pre-school education), school basic education (primary and lower secondary education), and alternative education and pre-professionalization. Alternative education and pre-professionalization are integral components of basic education for which bridges gave been built with basic school education.

Basic post-education, literacy, adult education, skills development and capacity building
Three components are intended for the training of learners aged 15 and over. Basic post-education refers to formal education and includes upper general secondary education as well as technical and vocational education and training. General secondary education welcomes learners who have obtained the BEPC at the end of the basic school education cycle. Its duration is three (03) years, culminating in the baccalaureate of general education. Technical and vocational education and training train learners who have obtained the BEPC or CQP (under certain conditions).

Skills development and capacity building is a cross-cutting component that can be linked to basic post-education, literacy and adult education or higher education. Skills development policies and systems include vocational education and training, workplace learning, informal learning, learning opportunities in informal and rural economies and lifelong learning.
Higher education, scientific research and innovation
This education corresponds to the third level of the new architecture of the education system. It includes general training and professional training for a wide range of audiences as part of the Licence Master Doctorate reform. The duration of studies varies from 3 to 11 years. Short two-year vocational training courses are also offered in specific branches considered to be employment-intensive in view of the socio-economic environment.
As for scientific research, it serves as a basis for innovation and the production of wealth through the development of research structures, the promotion of research products and inventions.
Statistics by cycle

Maternal education

In 2014-2015, the preschool education sub-sector had 2458 nursery schools, 1072 of which were private, for a total of 151,732 children, 48,470 of whom in private nurseries. The gross pre-school enrolment rate[8] is constantly changing. It rose from 11.9% in 2012 to 15.6% in 2016.

Table 6. Gross pre-school enrolment rate

	2012	2013	2014	2015	2016
Gross pre-school enrolment rate	11.9	12	13	14.7	15.6
Progression rate	-	0.8	8.3	13.1	6.1
Boys	11	12	13	14	15.2
Progression rate		9.1	8.3	7.7	8.6
Girls	12	12	13	15	15.9
Progression rate		0.0	8.3	15.4	6.0
Girls/boys enrolment ratio	91.7	100.0	100.0	93.3	95.6
Progression rate		8.3	0.0	-6.7	2.3

Source: INSAE/MMPE

[8] The gross pre-school enrolment rate is the number of pre-school pupils in relation to the population aged 3 to 5 years (in %)

Primary education

The gross school enrolment rate[9] has surpassed 100% thanks to the measure of free pre-school and primary education decreed by the government in 2006. As a reminder, the gross primary school enrolment rate was 95.5% in 2006. This rate increased steadily until 2015 before declining slightly in 2016 and 2017 due to the decline in enrolment for both boys and girls. Overall, the school enrolment rate is lower for girls than for boys.

Table 7. Gross primary school enrolment rate

	2013	2014	2015	2016	2017*
Gross enrolment rate	121.13	122	124.82	115.4	113.3
Progression rate		0.9	2.8	-9.4	-2.1
Boys	123.37	123.68	126.16	119.12	117.1
Progression rate		0.31	2.48	- 7.04	- 2.02
Girls	118.71	120.18	123.37	111.58	109.3
Progression rate		1.5	3.2	- 11.8	-2.3
Girls/boys school enrolment ratio	96.2	97.2	97.8	93.7	93.3
Progression rate		0.9	0.6	-4.1	-0.3

*Source: INSAE/MEMP/World Bank**

Education

The Gross Secondary School enrolment rate declined. It rose from 59.2% in 2013 to 44.3% in 2017.

Table 8. Gross secondary school enrolment rate

Years		2012	2013	2014	2015	2016	2017
GER 1st cycle	Gross school enrolment rate	72.5	64.7	69.6	68.7	58.7	53.7
	Progression rate	-	-7.8	4.9	-0.9	-10.0	-5.0
	Boys	82.2	71.0	75.3	72.3	62.2	57.0
	Progression rate		-11.2	4.3	-3.0	-10.1	-5.2
	Girls	62.4	57.9	63.6	64.3	54.9	50.2
	Progression rate		-4.5	5.7	0.7	-9.4	-4.7
GER 2nd cycle	Gross school enrolment rate	37.4	35.2	37.2	34.4	29.7	28.7
	Progression rate		-2.2	2.0	-2.8	-4.7	-1.0
	Boys	52.9	48.2	48.6	44.0	37.7	35.7
	Progression rate		-4.7	0.4	-4.6	-6.3	-2.0
	Girls	22.7	22.1	25.0	24.3	21.2	21.3
	Progression rate		-0.6	2.9	-0.7	-3.1	0.1
	Gross school enrolment rate	59.2	53.8	57.1	55.5	47.6	44.3
	Progression rate		-5.4	3.3	-1.6	-7.9	-3.3
GER 1st et 2nd cycle	boys	71.4	62.7	65.0	61.7	52.8	48.9
	Progression rate		-8.7	2.3	-3.3	-8.9	-3.9
	girls	46.9	44.4	48.6	48.9	42/1	39.4
	Progression rate		-2.5	4.2	0.3	-6.8	-2.7
	Girls/boys school enrolment rate	65.7	70.8	74.8	79,3	79,7	80.6
	Progression rate		5.1	4.0	4,5	0,5	0.8

Source: MESFP

[9] The enrolment rate is the proportion of young people of a given age enrolled in school in relation to the total population of the same age

At the tertiary level, the gross school enrolment rate is quite low and has declined slightly since 2016. Overall, there is a relatively low rate for both girls and boys.

Table 9. Gross school enrolment rate in tertiary education

	2013	2014	2015	2016	2017
Tertiary					
Gross school enrolment ratio	13.96	15.96	15.95	13.55	13.20
Progression rate		2.0	0.0	-2.4	-0.4
Boys	20.69	23.07	23.30	19.27	18.45
Progression rate		2.4	0.2	-4.0	-0.8
Girls	7.14	8.77	8.51	7.75	7.86
Progression rate		1.6	-0.3	-0.8	0.1
girls/boys' school enrolment rate	51.2	54.9	53.3	57.1	59.6
Progression rate		3.8	-1.6	3.8	2.4

Source: World Bank

To meet the challenges related to education, the government intends to focus its interventions for the 2018-2021 period on (i) strengthening the achievements of the 2006-2015 PDDSE; (ii) promoting holistic, inclusive and quality basic education; (iii) improving the post-basic education, skills development and capacity-building in literacy and adult education; (iv) modernizing and professionalizing higher education, scientific research and innovation; and (v) strengthening coordination in the education sector.

1.6. Health

Health system architecture
Benin's social and health policy is governed by the National Health Development Program (2009-2018). The priority areas of this program, which occupy a prominent place because of its leading role in the achievement of the Millennium Development Goals (MDGs), are:
- The reduction of maternal and infant mortality, prevention, disease control and improvement of the quality of care;
- The development of human resources;
- The strengthening of partnership in the sector and promoting ethics and medical responsibility;
- The improvement of the financing mechanism for the sector;
- The strengthening of the sector's management.

The mid-term review showed that: (i) performance in terms of accessibility and quality of health services is still poor; (ii) results are encouraging in terms of maternal and child health, (iii) attendance at health centers remains low.

To meet the challenges related to health indicators, the government has decided to set up a Universal Health Coverage (UHC) scheme as part of the "Insurance for Human Capital Building (ARCH)" project.
Architecture of the health care system in the country.
The national health system has a pyramidal structure based on the territorial division and includes three different levels. The central or national level, the departmental or intermediate level and the peripheral level.
In addition to public structures, Benin's health system is full of private practitioners and traditional medicine actors.
The Ministry of Health is responsible for designing, implementing, monitoring and evaluating the State's health policy in accordance with the laws and regulations in force in Benin and the government's development visions and policies. In addition to the administrative structures, the central level includes the referral hospitals.

There are six (06) Departmental Health Directorates (DHD), one per department, representing the intermediate level of the health system. They are the bodies that program, integrate and coordinate all health actions at the departmental level. They oversee health structures at the intermediate and peripheral levels.

The peripheral level forms the basis of the health pyramid and has 34 health zones spread over the entire national territory. It is organized as a network of public first contact services and private health facilities, all supported by a first private or public referral hospital (zone hospital).

Health Data

Life expectancy at birth

The life expectancy of Benin's population has improved considerably over the past 17 years. Indeed, life expectancy has risen from 55.39 years in 2010 to 63.5 years in 2017. By gender, life expectancy is higher for women than for men.

Table 10. Life expectancy birth evolution

	2000*	2010	2017
Life expectancy at birth (in number of years)	55.4	61.4	63.5
Male	53.7	59.2	61.0
Female	57	63.5	65.8

*Source: INSAE *World Bank*

Infant and maternal mortality

The neonatal mortality rate has followed a downward trend over the past ten years from 35.8°/00 to 32.7°/00 in 2017. The same applies to the mortality rate for children aged 0 to 5 years, which fell significantly to 98.3°/00 from 116.7°/00 in 2008. The maternal mortality ratio per 100,000 live births fell by more than 50 percent, from 469 in 2008 to 201 in 2017. The results obtained reflect a certain performance in terms of maternal and child health

Table 11. Neonatal, infant and maternal mortality rates

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Neonatal mortality rate (per 1,000 live births)	35.4	35.3	35.2	35	34.8	34.5	34.1	33.7	33.1	32.7
Infant mortality rate, under 5 years old, boys (per 1,000)			119.4					109.3		103.7
Infant mortality rate, under 5 years old, girls (per 1000 live births)			107.4					97.8		92.6
Infant mortality rate, under 5 years old (per 1,000)	116.7	115	113.6	112.2	110.5	108.5	106.2	103.7	101	98.3
Maternal mortality rate	469	457	446	436	429	422	414	405	201	201

Source: WHO, World Bank, Ministry of Health

Prevalence of diseases

Communicable diseases are still the main causes of morbidity and mortality in Benin. Malaria and acute respiratory infections are the two leading causes of consultation and hospitalization, accounting for 43.1% and 13.7% of cases recorded at the center level in 2016 compared to 39.6% and 14.9% in 2008. Other gastrointestinal disorders follow (6.9% in 2016 compared to 6.8% in 2008), trauma (4.2% compared to 5.8%) and diarrheal diseases (2.5% compared to 3.5%).

Table 12. Disease prevalence (%)

Diseases	2011	2012	2013	2014	2015	2016
Malaria	41.7	41.4	39.7	39.8	38.9	43.1
Acute respiratory infections	12.7	12.3	12.4	12.1	12.7	13.7
Other gastrointestinal disorders	6.3	6.5	6.4	6.2	5.6	6.9
ANEMIA	4.8	5	4.7	4.3	3.6	3.5
Trauma	5.4	5.3	3.5	4.5	4.3	4.2
Diarrhea	3	2.8	3	2.8	2.7	2.5

Source: INSAE, Statistic calendar of health, MPH

Non-communicable diseases (NCDs), such as high blood pressure, diabetes and obesity, are also emerging. These pathologies are mainly related to an unbalanced diet, physical inactivity, smoking and harmful alcohol consumption.

With regard to HIV AIDS, Benin has a low prevalence rate. Indeed, UNAIDS statistics indicate a prevalence rate of 1% for people aged 15-49. New cases among adults aged 15 years and over and children aged 0-14 years stabilized at 4000 cases in 2016 and 2017

Table 13. HIV AIDS statistics

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
HIV prevalence, total (% of population aged 15-49)	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1	1	1
HIV incidence (% of population aged 15-49)	0.08	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.06	0.06
New HIV infections among adults (15 years and over) and children (0-14 years)	4500	4400	4300	4400	4400	4500	4600	4300	4000	4000
New HIV infections in children (0-14 years)	1200	1200	1200	1200	1200	1200	1100	820	660	660
New HIV infections among adults (15 years and older)	3300	3200	3100	3100	3200	3300	3500	3500	3400	3300
Antiretroviral therapy coverage (% of people living with HIV)	21	27	33	41	44	38	43	50	56	55
HIV prevalence, men (% of men aged 15-24)	0.3	0.2	0.2	0.2	0.2	0.2	0.2	0.3	0.3	0.3
HIV prevalence, women (% of women aged 15-24)	0.7	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6
Children (0-14) living with HIV	6900	7000	7200	7300	7300	7400	7400	7200	6900	6700

Source: World Bank, UNAIDS.

Benin has never experienced an Ebola pandemic. However, the country remains on alert with regard to Lassa hemorrhagic fever. A fever present in Nigeria, a few cases of which are often identified in cities bordering Nigeria.
Several reforms have been undertaken by the government to improve the health sector, including the fight against counterfeit medicines and the regulation of the private practice of medical personnel.

1.7. Employment

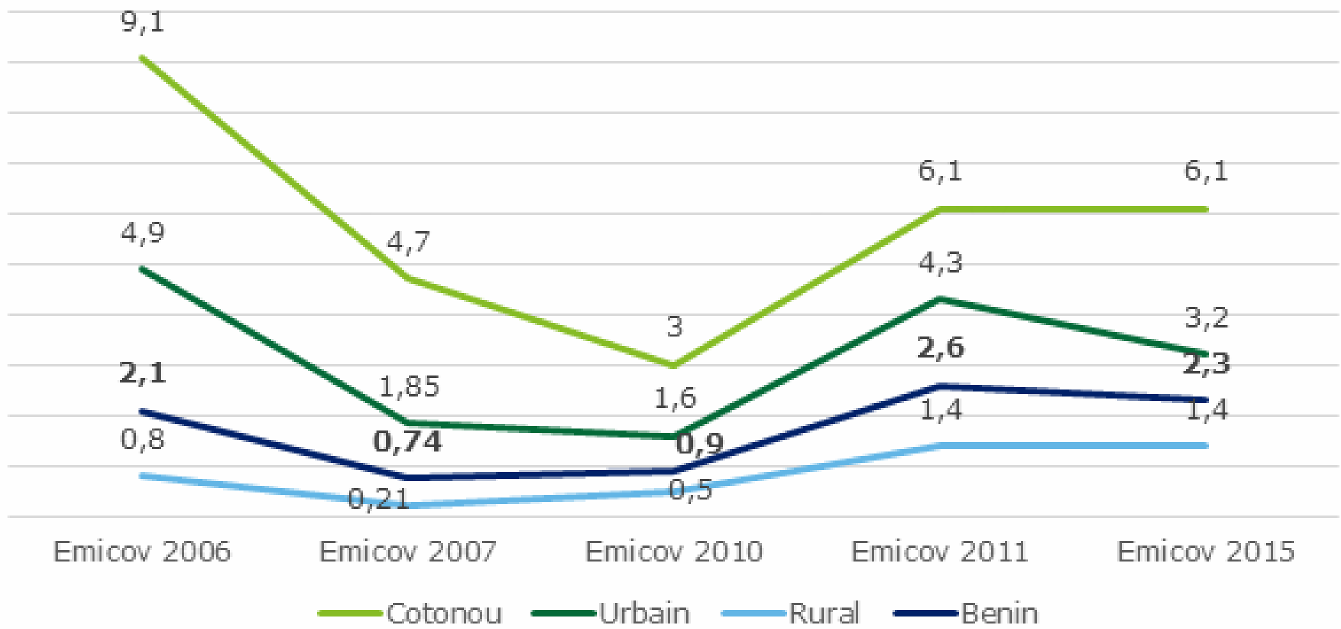
Active Population

According to the Integrated Modular Survey on Household Living Conditions in Benin[10] (EMICOV) in 2015, the labor participation rate of the population[11] aged 15 years and over was 67.9% in 2015 compared to 72% and 75.5% respectively in 2011 and 2010. The labor participation rate is 75.9% for men and 60.7% for women.
The lowest participation rate is among young people under 20 years of age, regardless of gender. This rate increases with age to reach its maximum level between 40 and 49 years of age, then begins to decline from the age of 50. Half of the population aged 65 and over participates in the country's economic activity, i.e., 55.9%. Benin's population is more active in rural areas (69.2%) than in urban areas (66.9%).
Informal private sector companies are those that contribute significantly to the economic activity with 89.0% of the employed workforce, followed by the formal private sector (5.5%) and the public sector (public administration and public and parastatal companies) with 4% of the employed workforce.
The underemployment rate, which is the result of a lack of training and employment adequacy and a limited labor market, is very high (50% in 2011)[12]. The share of self-employed workers is very high among young workers (54.1%) and they are preponderant in the service and agricultural sectors. More than a third of working people are affected by visible underemployment and more than half are in invisible underemployment.[13]

Unemployment rate

According to the 2015 EMICOV, the population looking for work was about 2.3% of the labor force, a figure similar to that of 2011 (about 2.6%) and 2006 (about 2.1%). The female population remains the most affected: 2.8% of women compared to 1.7% of men in 2015 and 2.8% of women compared to 2.4% of men in 2011

Figure 4. Evolution of unemployment in Benin (%)



Source : INSAE

[10] EMICOV is part of the INSAE's permanent household survey system set up in 2006.
[11] The labor participation rate is the ratio between the number of working people (employed and unemployed) and the total population.
[12] INSAE, EMICOV 2011
[13] The ILO distinguishes between several forms of underemployment: visible underemployment, which is characterized by insufficient hours of work, reflecting inadequate working time, and other forms of underemployment (sometimes referred to as invisible underemployment), which is characterized by insufficient hourly income, misuse of professional skills, etc., reflecting inadequate labor productivity resulting from a misallocation of labor resources or a fundamental imbalance between labor and other factors of production.

The unemployment rate is high in urban areas (6.1% in Cotonou, 2.6% in other urban areas and 3.2% in all urban areas) compared to rural areas (1.4%). In the regions, the Atlantic departments (3.8% of unemployed)[14], Mono (3.3% of unemployed), Ouémé (2.8% of unemployed) have the highest inoccupation rates[15].

Employment policy

Employment dynamics

Benin government set up an agency called the National Employment Agency (ANPE) in 2003. The ANPE has twelve (12) branches which constitute its operational arms, spread over the twelve (12) administrative departments of the country. The ANPE's mission is to "contribute to the development and implementation of the National Employment Policy" in Benin. As such, it is responsible for:

- Contributing to the development of indicators on employment, unemployment, vocational training and the development of communication for employment;
- Facilitating the intermediation between the supply of and demand for jobs through information, guidance, support and advice activities, and the proposal of job opportunities in urban, peri-urban and rural areas, etc.;
- Contributing to the elaboration, implementation and monitoring of employment development programs through activities to support the promotion of self-employment and paid employment through the development of pre-integration internships;
- Contributing to the development of employment through further training and retraining activities;
- Managing the resources intended to finance the various programs and projects relating to the implementation of the National Employment Policy (Article 4 of its statutes).

In 2017, the ANPE has several programs for the promotion of employment, the most important of which are briefly presented below.

The Support Program for Salaried Employment (PAES)

IIt is a program for first-time job seekers, specifically women and young graduates from universities, schools and vocational training centers. It is designed to improve the employability of young people and support them in their integration. The age group eligible for this program is "18 to 40 years old". In 2017, this program had 1,028 beneficiaries (ANPE, 2017 Annual Work Plan). The PAES has two (02) components:

- The First Work Experience Contract (CPEP) allows, on the one hand, to put the beneficiaries in pre-integration internships in ministries and decentralized structures of the State, and on the other hand, in private companies, for six (06) months renewable once;
- The Business Support Contract (CAE) allows young companies to benefit from the provision of interns paid by the ANPE for twelve (12) months with the obligation to recruit the intern at the end of the contract.

The Support Program for Self-Employment (PAEI)

The PAEI is a measure designed to encourage the emergence of new entrepreneurs. Its objective is to develop entrepreneurship among the target population and to support private initiatives that create wealth and generate decent jobs. In 2017, this program had 300 beneficiaries (ANPE, 2017 Annual Work Plan).

The Decentralised Partnership for Employment (PaDE)

With the PaDE, the ANPE has a functional relationship with the 77 municipalities of Benin to bring its service offers closer to the job seekers who reside there. This program aims to strengthen the 77 municipalities in terms of human resources. In the implementation of the PaDE, Employment Focal Points (EFPs) have been appointed by the Mayors in the seventy-seven (77) municipalities to serve as information relays for the ANPE at the local level. As such, the vocation of the ANPE is for PFE to become communal institutions for the promotion of employment. In 2017, this program had 82 beneficiaries (ANPE, 2017 Annual Work Plan).

[14] A person who doesn't have a job, unemployed.
[15] Inoccupation is the state of a person or his moral being, who is without occupation, who has no activity, no interest.

The Job Seeker Capacity Building Support Program (RCDE)

The RCDE Program strengthens the target's technical capacities or retrains it if necessary, through training modules. One of the objectives is to contribute to the reduction of skills mismatch. In 2017, this program had 226 beneficiaries (ANPE, 2017 Annual Work Plan). The beneficiaries of the RCDE program in 2017 were mainly in three sectors: livestock (100), market gardening (72) and processing (54).

1.8. Reminder of the main aggregates

1.8.1. Level of development

The HDI is a composite index that measures the average quality of life of a country's population. Theoretically, the index ranges from 0 to 1 and takes into account three dimensions of human development. First, the possibility of a long and healthy life based on life expectancy at birth. Then, the level of schooling is assessed based on the illiteracy rate and enrolment at the various levels of the school system. Finally, the standard of living, calculated based on the gross domestic product (GDP) per capita, taking into account purchasing power parity (PPP).

Over the last ten years, Benin's HDI has increased. Indeed, the index stood at 0.53 in 2017 compared to 0.43 in 2008, marking an improvement in the population's standard of living in line with free education and health programs.

GINI Index

The Gini index is an indicator that measures income inequality per capita and varies between 0 and 1. There was a slight increase in inequalities in income distribution between 2011 and 2015. Indeed, at the national level, the Gini index rose from 0.43 in 2011 to 0.48 in 2015, representing a 10.14% increase in inequality.

Table 14. Evolution of the Gini Index

Year	Index (%)	Change
2015	47.80	10.14 %
2011	43.40	12.44 %
2003	38.60	

Source: World Bank

Gross Domestic Product per capita

Benin's GDP per capita is constantly improving. In 2013, it rose from CFAF 617,715.5 to CFAF 687,231.2 in 2018, an increase of 11.3%. This is due to a higher increase in GDP relative to population growth.

Table 15. Evolution of GDP per capita (in CFAF)

	2013	2014	2015	2016	2017	2018
GDP/capita Constant, 2015 prices	621 431.7	642 251.0	635 171.1	638 318.2	657 228.7	680 523.7
GDP per capita Current	617 715.5	636 828.4	635 171.1	642 681.7	659 287.0	687 231.2

Source: INSAE and estimation of authors

1.8.2. Summary table

Table 16. The main economic aggregates observed over the last five years (in billions of FCFA)

	2013	2014	2015	2016	2017	2018 (est)
National economy						
Nominal GDP	6182.6	6559.3	6732.8	7005.2	7375.3	7922.0
Real GDP growth (in %)	7.2	6.4	1.8	3.3	5.7	6.7
Investment rate (in % of GDP)	18.9	19.3	20.7	20.3	24.0	26.4
Inflation rate (in %)	1.1	-1.1	0.3	-0.8	0.1	0.8
Balance of payments						
CIF Exports	1233.3	1503.9	1198.5	1262.2	1483.7	1663.3
CIF Imports	-1657.3	-2056.3	-1684.9	-1843.6	-2123.6	-2274.0
Balance	-424.1	-552.4	-486.4	-581.3	-639.9	-610.7
Current account Balance	-332.6	-437.6	-440.4	-479.5	-539.8	-540.4
Public Finance						
Revenues and grants	836.3	824.8	848.3	780.4	1001.7	1075.8
Expenditures	952.0	916.5	1242.3	1086.3	1318.1	1305.9
Balance	-115.7	-91.7	-394.0	-305.9	-316.4	-230.1
Public debt	1 144.0	1 461.9	2 080.50	2513.1	2 927.43	3251.78
Domestic debt	387.5	511.01	1036.9	1373.4	1 742.83	1719.70
External debt	756.5	950.87	1043.59	1139.61	1 184.60	1532.08
Domestic debt as a % of nominal GDP	6.3	7.8	15.4	19.6	23.6	21.7
Budget deficit without grants						
In value	-156.6	-135.8	-422.9	-340.6	-373.7	-277.3
As a percentage of nominal GDP (%)	-2.5	-2.1	-6.3	-4.9	-5.1	-3.5

Source: DGAE, INSAE, CAA, CSPEF

2- RECENT ECONOMIC SITUATION AND PERSPECTIVE

2.1. Assessments of gross domestic product

The year 2015 was marked by a slowdown in economic growth (+1.8%) compared to 2014 (+6.4%). This drop in the growth rate is mainly due to the underperformance of activities in the trade sub-sector (-4.0%), due in particular to the 1.0% decline in agricultural activities, attributable to unfavorable weather conditions, with the subsequent decline in food crop production (-11.5%) and cotton production (-22.9%).

From 2016 onwards, economic activity has started a phase of continuous improvement. After starting to recover in 2016, with a growth rate of +3.3%, Benin's economy has risen on a path of growth that has permanently accelerated the growth rate. The latter would rise to 5.7% in 2017 and 6.7% in 2018. The performances recorded from 2016 onwards are mainly driven by a sustained improvement in food and cotton production, an increase in activity in the construction sector and the gradual recovery of activity in Nigeria with induced effects on both port activity and other service activities.

The outlook for 2019 and 2020 is encouraging. The major projects included in the 2016-2021 PAG, particularly in the construction of socio-economic infrastructure (roads, social housing), should be completed or intensified in 2019 and 2020. Economic growth should thus reach a rate of 7.6% over the 2019-2020 period compared to +6.7% in 2018.

The renewed growth will also be driven in particular by:

- the improvement of agricultural production, in connection with the expansion of arable land, improving productivity and developing conventional sectors (rice, maize, cassava);
- the improvement of processing activities (artisanal and semi-industrial processing);
- the good performance of the manufacturing sector due to the expected good performance of the cotton sector;
- the increase in electricity supply capacity, in line with the start of production of the 120 MW Maria-Gléta power central, scheduled for the second half of 2019.

.1.1. Level of GDP

Benin's nominal gross domestic product has followed an upward trend since 2013, rising from CFAF 6182.6 billion to CFAF 7,922.0 billion in 2018. The increase in nominal GDP is driven by all sectors of activity and taxes, net of subsidies. However, it should be noted that the tertiary sector is the main driver of this increase with an average share of 48.9% compared to 26.9% and 16.4% respectively for the primary and secondary sectors..

Box: Implementation of the base year change of Benin's national accounts

Benin, through the National Institute of Statistics and Economic Analysis, implemented a new base year for national accounts in 2018. The change in the base year of Benin's national accounts is in line with the country's desire to follow the momentum set in motion at the continental level for the implementation of the 2008 SNA, by countries such as Cameroon, Comoros, Ghana, Kenya, Morocco, Nigeria, Senegal and South Africa. Therefore, the transition to a new base year improves the quality of national accounts, in particular by improving coverage and updating the structure of the economy.

The main changes introduced in the new national accounts database concern:

- the use of new sources of information, including, inter alia, the fourth General Census of Population and Housing (RGPH4) of 2013; the Integrated Modular Household Living Conditions Survey (EMICOV) of 2015; the Unregistered Foreign Trade Survey (ECENE) etc.;

- the integration of all emerging activities that were not covered or insufficiently taken into account in the 2007 database. These include

the ISBLSM Survey; Intermediate Consumption Survey; Restaurant Study; Road Traffic Study (motorcycle, bus, car taxis); Food Industry Study; etc...

- the inclusion of certain new features of the 2008 SNA, in particular, the accounting of expenditure on Research and Development as an investment and no longer as intermediate consumption, and that of armaments expenditure as an investment; the use of the new method of calculation and distribution of the financial intermediation service indirectly measured (SIFIM) according to the beneficiary (in intermediate consumption, final consumption or export) and the method of calculation of the Central Bank's output and non-life insurance recommended by the 2008 SNA.
- the adoption of a new classification of activities and products to take into account changes in the structure of the economy and users' information needs, as well as the revision of the classification in force in Afristat member countries, changes have been made to the nomenclatures used to classify activities and products. For example, all activities related to information and communication technologies have been grouped into a branch called "Information and communication". Previously, they were scattered in several branches, not allowing for good visibility.
- the use of ERETES. The software package used to carry out the work is ERETES. It is an information system used to compile national accounts. Among other things, it allows the storage of basic economic data, the organization of the work of the accounting team and the reconciliation of data. Calculate GDP according to the three traditional approaches (production, expenditure, income). It allows the preparation of accounts in base year and current year, at current prices and constant prices, the preparation of a Table of Resources and Uses (TRE) and the accounts of institutional sectors leading to the Table of Integrated Economic Accounts (TCCEI).

Taking into account all the above-mentioned elements:

- Benin's Gross Domestic Product (GDP) for 2015 rose from CFAF 4,926 billion at current prices, according to the 1993 SNA, to CFAF 6,732.8 billion according to the 2008 SNA, i.e. a 36.7% revaluation;
- the primary, secondary and tertiary sectors now contribute 26.4%, 16.4% and 49.2% respectively, compared to 24.9%, 17.9% and 46.3% previously;
- the 2016 accounts' results establish the GDP at current prices at 7,005.2 billion for 6,957.7 billion at constant prices, i.e., a growth rate of 3.3% and a deflator of 0.7%.

Source: INSAE

Table 17. Evolution of nominal GDP (in billions FCFA)

	2013	2014	2015	2016	2017	2018 Est	2019 Prev	2020 Prev
Primary sector	1562.7	1680.4	1776.9	1944.2	2101.2	2223.3	2393.3	2580.1
Secondary sector	1066.1	1076.5	1103.2	1100.0	1114.2	1159.9	1280.4	1407.7
Tertiary sector	3055.5	3248.7	3315.3	3376.7	3569.7	3865.9	4168.2	4562.9
GDP at factor cost	5684.2	6005.6	6195.4	6420.9	6785.1	7249.2	7841.9	8550.7
Taxes and duties net of subsidies	498	553.7	537.4	584.3	590.2	672.8	731.0	800.8
TOTAL GDP	6182.6	6559.3	6732.8	7005.2	7375.3	7922.0	8572.8	9351.5

Source: INSAE-DGAE

2.1.2. Real GDP growth

Over the 2016-2017 period, the economic activity benefited from the good performance of the agricultural sector in line with both increased cotton and food production. Specifically, for cotton, production increased by 62.6% to 597,986 tons during the 2017-2018 season, compared with 451,121 tons during the 2016-2017 season and 269,218 tons a year earlier.

This strong growth since the 2016-2017 season is due to the reforms undertaken by the government, which has repositioned the Interprofessional Cotton Association in its initial role as manager of the cotton sector, and to the efforts to supervise cotton farmers. Food production increased by 7.8 percent in the 2017-2018 season to reach 10 748 543 tons thanks to better weather conditions.

The growth recorded in 2017 is also linked to the increase in trade, telecommunications, and financial services activities. As for trade, its added value increased by 5.2% thanks to the informal re-export of food products to Nigeria. In the telecommunications sector, increased investment has supported in particular the expansion of networks and the diversification of offers. Financial services were consolidated as a result of banking and microfinance activities.

Table18. Growth in real Gross Domestic Product (%)

	2013	2014	2015	2016 est	2017 est	2018 est	2019 prev	2020 prev
Total GDP	7,2	6,4	1,8	3,3	5,7	6,7	7,6	7,6
Primary sector	6,1	8,3	0,0	9,0	7,6	7,3	7,6	7,8
Secondary sector	7,2	10,5	-1,0	11,0	8,7	8,7	8,8	8,9
Tertiary sector	2,0	0,4	2,7	3,3	7,6	5,0	3,5	5,4
Duties and taxes	3,0	13,6	-2,8	-1,1	11,0	14,0	8,1	8,9

Source : INSAE/DGAE

2.1.3. Details of GDP into structure

The structure of GDP shows a predominance of the tertiary sector with an average share of 49.4% between 2013 and 2016 over the primary and secondary sectors. The primary sector is in second place with an average of 25.8%. The secondary sector, for its part, is behind the secondary sector with an average of 16.4% over the 2013-2016 period.

Table 19. Structure of GDP (%)

BENIN	2013	2014	2015	2016 est	2017 est	2018 est	2019 prev	2020 prev
Total GDP	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**
Primary sector	25,3	25,6	26,4	27,8	28,5	28,1	27,9	27,6
Secondary sector	17,2	16,4	16,4	15,7	15,1	14,6	14,9	15,1
Tertiaries sector	49,4	49,5	49,2	48,2	48,4	48,8	48,6	48,8
Duties and taxes, net of subsidies	8,1	8,5	8,0	8,3	8,0	8,5	8,5	8,5

Source: INSAE-DGEA

2.2. Detail of gross domestic product

2.2.1. GDP in value, breakdown of sectors

At the primary sector level, agriculture is the branch that generates more income, averaging CFAF 1,465.3 billion between 2013 and 2018, compared to CAF 232.7 billion and 183.5 billion respectively for the "livestock, hunting" and "fishing and forestry" branches. The share of income generated by agriculture represents on average 77.9% of the income of the primary sector. Forecasts show a slight increase in agricultural income.

At the secondary sector level, agro-industry, construction and other manufacturing industries are the main sectors that contributed the most to secondary income with CFAF 456.9 billion (41.4%), CFAF 316.9 billion (28.7%) and CFAF 237.0 billion (21.5%) respectively. The outlook indicates an increase in the contribution of the construction industry in relation to the effective implementation of the government's action program.

Benin is highly dependent on external sources of energy, so its contribution to secondary income generation is very low. However, it is expected that the national energy production capacity will be increased with the commissioning of the 120-megawatt dual-fuel thermal power plant at Maria Gléta[16] and the implementation of the renewable energy development project with the commissioning of 95 MW photovoltaic farms. These two projects are part of the government's action plan.

The "trade", "catering and hospitality", "transport", "postal services and telecommunications" and "public administration and social security" branches contributed on average 69.3% to the formation of income in the tertiary sector over the 2013 to 2018 period

[16] Launched on 29 September 2017, the Maria-Gléta thermal power plant is a reality. The first engine was started on Friday, 15 March 2019 by Energy Minister Dona-Jean-Claude Houssou

Table20. Evolution of nominal GDP by branch of activity (in billions of CFA francs)

	2013	2014	2015	2016	2017	2018 Est	2019 Prev	2020 Prev
Primary sector	1562.7	1680.4	1776.9	1944.2	2101.2	2223.3	2393.3	2580.1
Agriculture	1247.4	1317.5	1347.7	1486.8	1648.8	1743.5	1896.8	2065.6
Breeding, Hunting	156.8	188.1	243.7	263.4	263.5	280.6	287.5	303.0
Fishing and forestry	158.5	174.8	185.6	194.0	188.8	199.1	209.0	211.5
Secondary sector	1066.1	1076.5	1103.2	1100.0	1114.2	1159.9	1280.4	1407.7
Extractive activities	13.2	24.8	26.1	26.6	28.3	30.5	34.5	38.8
Food industry	463.8	466.7	434.9	443.2	462.9	469.9	519.0	560.7
Other manufacturing industries	211.4	214.5	240.8	252.5	246,6	256,0	276.4	306.2
Electricity and water	71.5	80.2	89.4	53.3	55.5	55.8	60.3	68.2
Construction	306.1	290.1	312.0	324.4	321.0	347.7	390.2	433.8
Tertiary sector	3055.5	3248.7	3315.3	3376.7	3569.7	3865.9	4168.2	4562.9
Trade	856.3	877.9	867.8	926.9	970.2	1030.6	1096.9	1193.9
Restaurants and hotels	220.4	240.5	238.8	207.2	216.9	224.1	237.3	257.8
Transports	519.3	543.0	580.0	629.7	659.1	706.9	812.9	908.0
Postal services and telecommunications	192.9	201.7	134.2	129.7	135.1	143.1	162.4	179.8
Banks and financial institutions	72.6	122.3	106.3	120.1	117.6	121.3	135.9	152.0
Public administration and social security	382.5	400.0	461.1	426.6	461.1	577.0	586.8	630.2
Education	287.6	301.4	334.2	291.1	317.2	331.2	339.8	367.9
Health and social work	50.1	60.1	75.3	64.6	70.2	73.2	74.3	80.1
Other services	473.7	501.8	517.7	580.8	622.3	658.7	721.9	793.3
GDP at factor costs	5684.2	6005.6	6195.4	6420.9	6785.1	7249.2	7841.9	8550.7
Taxes and duties net of subsidies	498.3	553.7	537.4	584.3	590.2	672.8	731.0	800.8
TOTAL GDP	6182.6	6559.3	6732.8	7005.2	7375.3	7922.0	8572.8	9351.5

Source: INSAE-DGAE

2.2.2. Composition GDP

The composition of GDP shows that the tertiary sector is the engine of growth with an average share of 48.9% over the 2013-2018 period. The main branches of the sector include "trade", "transport", and "administration and social security". The primary sector, driven by the agriculture branch, is the second-largest contributor to the composition of GDP.

Table 21. Structure of the nominal Gross Domestic Product in %

	2013	2014	2015	2016	2017	2018 Est	2019 Prev	2020 Prev
Primary sector	25.3	25.6	26.4	27.8	28.5	28.1	27.9	27.6
Agriculture	20.2	20.1	20.0	21.2	22.4	22.0	22.1	22.1
Livestock, Hunting	2.5	2.9	3.6	3.8	3.6	3.5	3.4	3.2
Forestry and fishing	2.6	2.7	2.8	2.8	2.6	2.5	2.4	2.3
Secondary sector	17.2	16.4	16.4	15.7	15.1	14.6	14.7	14.8
Extractive activities	0.2	0.4	0.4	0.4	0.4	0.4	0.4	0.4
Food industry	7.5	7.1	6.5	6.3	6.3	5.9	5.9	5.8
Other manufacturing industries	3.4	3.3	3.6	3.6	3.3	3.2	3.2	3.3
Electricity and water	1.2	1.2	1.3	0.8	0.8	0.7	0.7	0.7
Construction	5.0	4.4	4.6	4.6	4.4	4.4	4.5	4.5
Tertiary sector	49.4	49.5	49.2	48.2	48.4	48.8	48.4	48.5
Trade	13.9	13.4	12.9	13.2	13.2	13.0	12.7	12.7
Restaurants and hotels	3.6	3.7	3.5	3.0	2.9	2.8	2.8	2.8
Transports	8.4	8.3	8.6	9.0	8.9	8.9	9.4	9.6
Postal services and telecommunications	3.1	3.1	2.0	1.9	1.8	1.8	1.9	1.9
Banks and financial institutions	1.2	1.9	1.6	1.7	1.6	1.5	1.6	1.6
Public administration and social security	6.2	6.1	6.8	6.1	6.3	7.3	6.8	6.7
Education	4.7	4.6	5.0	4.2	4.3	4.2	3.9	3.9
Health and social work	0.8	0.9	1.1	0.9	1.0	0.9	0.9	0.9
Other services	7.7	7.7	7.7	8.3	8.4	8.3	8.4	8.5
GDP at factor costs	91.9	91.6	92.0	91.7	92.0	91.5	91.0	90.9
Taxes and duties net of subsidies	8.1	8.5	8.0	8.3	8.0	8.5	9.0	9.1
TOTAL GDP	100	100	100	100	100	100	100	100

Source: INSAE-DGAE

2.2.3. GDP by component

On the demand side, final consumption driven by its private component is the main driver of growth. Final consumption is supported by the increase in income generated by economic activities and the various transfers received by households.

Investment improved in 2018 and is expected to improve with the resumption of some road projects and the launch of several other infrastructure projects under the Government Action Program (PAG).

Table 22. Nominal Gross Domestic Product, use of resources (in billions of CFA francs)

Billions of CFAF	2013	2014	2015	2016	2017	2018	2019	2020
1.Domestic demand	6433.5	6717.1	7225.3	7269.6	7896/4	8496.1	9251.2	9989.8
Total consumption	5267.3	5454.0	5829.5	5849.5	6129/2	6405.7	6894.1	7405.5
Private	4584.7	4786.2	5061.2	5129.3	5356/4	5581.0	6057.3	6426.0
Public	682.7	667.7	768.3	720.2	772/9	824.7	836.8	979.5
Total GFCF	1166.1	1263.2	1395.8	1381.6	1728/7	2051.8	2318.6	2545.8
Private	992.2	1151.0	1092.9	1080.5	1415/1	1725.8	1988.3	2217.2
Public	288.1	268.3	287.1	301,1	313/6	326.0	330.2	328.6
2.Total external Demand	-250.9	-157.8	-492.5	-264.3	-521.1	-574.1	-678.4	-638.4
3.Change in inventories	-114.2	-156.1	15.9	38.5	38.5	38.5	38.5	38.5
GDP	6182.6	6559.3	6732.8	7005.2	7375.3	7922.0	8572.8	9351.5

Source: INSAE-DGAE

3- ANALYSIS OF THE NATIONAL DEVELOPMENT PLAN

The 2018-2025 National Development Plan is organized around the major themes of human capital development and population well-being, productivity and competitiveness of the national economy, environment and climate change, territorial development and governance. It is structured in four (4) parts: the strategic diagnosis of economic and social development with development challenges and issues, strategic objectives and orientations, the macroeconomic and social framework and finally, the implementation and monitoring and evaluation framework.

3.1. Recent achievements and realizations

3.1.1. Presentation of the National Development Plan

Benin adopted a National Development Plan in 2018 with the technical and financial support of the United Nations Development Program (UNDP) and the United Nations Economic Commission for Africa (ECA).

The NDP aims to specify strategic benchmarks for development activities for the eight (08) years leading to 2025, the deadline for achieving and concretizing the vision. The plan will be operationalized in two phases: a first phase from 2018 to 2021, through the Growth Program for Sustainable Development (PC2D) and the Government Action Program (PAG) integrating the strategic axes and a second phase from 2022 to 2025.

The implementation of the 2018-2025 NDP should contribute to strengthening the achievements of the 2016-2021 PAG by ensuring the continuity of development activities from one government to another and also offer the opportunity to ensure the achievement of the priority targets of the Sustainable Development Goals (SDGs) and Africa's 2063 Agenda at all levels of the development management process (central, sectoral and local levels).

Based on Benin's comparative advantages in line with the aspirations set out in the Benin 2025 Alafia scenario[17], the evolution of international and regional trends, the strategic option chosen is to make agro-industry, tourism and services the engine of inclusive and sustainable economic growth within the framework of more effective national and local governance by focusing on the development of human capital and infrastructure.

The NDP-SDG scenario is based on satisfactory speed in the implementation of the Government's Action Program and its economic reforms as well as the four-year programs, PC2D. This scenario is therefore oriented towards increased investment, particularly private investment.

The assumptions adopted are based on a real improvement in the business climate and progress in the implementation of major reforms, including the modernization of public administration, the fight against corruption, the modernization of the social protection system and the effectiveness of the public financial management system and inclusive access to financial services.

On this basis, it is expected that:

- The economic growth rate is expected to reach 10.2% in 2025, compared to 5.7% in 2017;
- The investment rate would increase from 26.4% in 2018 to 33.2% for the 2022-2025 period;
- The precarious employment rate is expected to represent less than 60% in 2025, compared to 83.7% in 2015;
- A reduction in the incidence of poverty to 23.2% in 2025 compared to 40.1% in 2015.

Financing of the national development

The NDP financing scheme requires increased mobilization of domestic revenues, the development of Public-Private Partnerships (PPPs), the use of the financial market, in particular, concessional and semi-concessional loans from Technical and Financial Partners (TFPs), the active participation of the diaspora, the exploitation of innovative financing instruments, and the establishment of specialized financing windows (environment, health, education, etc.).

In addition to the mobilization of financial resources, Benin must have a critical mass of human resources consisting mainly of public administration personnel (central government and local authorities) without

[17] Benin 2025 Vision, Alafia Scenario is a forward-looking document developed in 2000 whose vision is to make Benin a well governed country with a competitive and prosperous economy, cultural influence and well-being.

disregarding the technical assistance of international organizations. Benin is part of the United Nations initiative to evaluate development financing under the Addis Ababa Program of Action, which aims to explore all potential sources of financing available to the country (internal, external, diaspora, sovereign wealth funds, financial markets, foundations, innovative financing including climate financing, PPP, etc.).

3.1.2. Recent structural reforms linked to the development plan

As part of the implementation of the PAG, several actions have been undertaken by the government: improving access to drinking water for the rural population; digitizing tax collection procedures; setting up road infrastructure; improving the living conditions of the population; etc.

Improving access to drinking water for the population.
In the area of rural drinking water supply, the short-term investment program launched in October 2018 launched work on 110 new multi-village water supply systems throughout the country to serve 821,700 people, or about 20% of the population not yet served. Studies are being finalized for the start, in the second half of 2019, of construction work on 500 new multi-village drinking water supply systems to achieve universal access to drinking water by 2021. Out of a priority investment program of CFAF 300 billion to achieve this objective, CFAF 200 billion, or 66%, has already been mobilized, and actions are underway to complete the financing by the end of the first half of 2019.

Digitisation of tax collection procedures.
The government has undertaken several reforms, including teleprocedures at the level of the General Directorate of Taxes, in particular with:
- the introduction in 2018 of the Integrated Tax and Similar Management System (SIGTAS) for large companies. This system must ensure better management of taxpayers, to fight tax fraud and evasion and to strengthen the monitoring of reporting and payment obligations. From January 2019, SIGTAS will be deployed in medium-sized business centers.
- the introduction of Certified Electronic Billing Machines standardized in 2018 to improve the VAT recovery rate and its generalization to all VAT taxable persons
- the start in 2018 of the implementation of teleprocedures (teledeclaration and telepayment).

Construction of road infrastructure and rural tracks
The government continued major road works during 2018, at a generally appreciable pace. This work covers a total length of 1,262 km. New road works are also planned. The axes concerned are Djougou - Péhunco - Kérou - Banikoara, whose call for tenders will be launched in the coming weeks; Aplahoué-Dévè-Lokossa, which has already been awarded; to promote the mobility of people and goods.
The same attention has been paid to rural roads in several municipalities, to facilitate the movement of populations and especially the transport of their products to (local) markets. Thus, maintenance work concerned more than 11,000 km of rural tracks in 2018.

The implementation of the asphalting and rainwater sanitation project in the city of Cotonou
Improving the living conditions of the population has also been a major concern of the government. Work on the first phase of the "Asphalting Project" has started in the last quarter of 2018. In addition to these projects, which will beautify cities and facilitate the mobility of their inhabitants, there is also the Cotonou Rainwater Drainage Program, whose financial commitments of CFAF 238 billion cover the needs expressed. Thanks to this program, the flood crisis in the city should be contained.

3.2. Future Projects

Future projects are closely linked to the implementation of the timetable for the implementation of the Government's Action Plan. The four major projects with a major impact on the economy and its potential are described below.

- **The construction of the new international airport at Glo-Djigbé**

This project aims to provide Benin with an airport that meets international standards, with an excellent interconnection with the city center of Cotonou thanks to an express road. Glo-Djigbé International Airport is expected to handle more than 900 passengers per peak hour both on arrival and departure and one cargo terminal that can handle 12,000 tons per year. A 40 km express road will also be built linking the Fishing Road to the airport platform with a crossing of the RNIE1 (Inter-State National Road) at Cocotomey. The expected economic and social impact of the project is to provide better air transport conditions to accelerate the country's growth. It will be implemented for a total financing of CFAF 360 billion, of which 145 billion will be provided by the public sector and 215 billion by the private sector.

- **Modernization and extension of the port**

This project aims to make the port of Cotonou a very efficient port thanks to the upgrading of its infrastructures. It is planned:

- The extension of the basin to the west by 154 m, the construction of a new quay 360 m in front of the existing quay (keeping the width of the basin to a minimum of 295 m) and the extension of the south quay by 154 m (phase 1);

- Reconstruction of the northern docks to increase capacity and ensure fair access to container terminals. This should result in the construction of a new 340 m dock in front of the existing dock, the demolition of land in the first line, the dredging of the basin at -15m (phase 2); the construction of a new 436 m dock in front of the existing dock (phase 3); the construction of a new 500 m dock in front of the existing dock and the dredging of the basin at -15 m (phase 4). Non-containerized cargo (bulk and vehicles) will be unloaded at the north docks.[18]

- The development of the platforms and the oil dock managed by the ORYX operator,
- The construction of a new control tower;
- The acquisition of a tugboat, 2 mobile cranes and other equipment;
- The construction of a maritime business center in Cotonou.

The expected economic impact is to allow access to ships adapted to market demands, to strengthen container capacity and jobs generated by port activities and the country's export capacity. This project will benefit from exclusive private sector financing estimated at CFAF 502 billion.

- **The modernization of the Dantokpa market**

This project aims at the one hand to create a modern commercial zone focused on textiles, jewelry and cosmetics, and on the other hand to ensure a better interconnection with the Cotonou agglomeration. The transfer of the wholesale market and certain activities (second-hand clothing, food, household equipment, etc.) to secondary markets, the release of public rights-of-way, the decontamination, sanitation of the area and sustainable waste management, the redevelopment of roads and parking spaces, the modernization of market facilities and support for traders' travel will be carried out. The expected economic and social impact of this project is to stimulate high added-value business activities and improve the hygiene and working conditions of traders. This project will be executed for a total financing of CFAF 80 billion, of which 8 billion will be provided by the public sector and 72 billion by the private sector.

- **Insurance for Human Capital Building**

With an overall cost of CFAF 313 billion, including a contribution of 10% of the national budget, the Human Capital Building Insurance (ARCH) as an integrated social protection project involves several Technical and Financial Partners. These include the Global Fund, the United Nations system, Japanese cooperation. ARCH includes a package of 4 services including:

- **Health insurance**

This insurance consists of promoting access to health care for all throughout the national territory. It is binding on all residents of Benin and is mandatory. The poorest populations without occupation are fully supported by the State. For the less poor, the State pays 40% of their health insurance. Rich people and individual professionals take care of themselves. Private sector employees are covered by the contributions paid by their employers. As far as civil servants are concerned, it is the State that pays their health insurance premium through a payroll tax.

- **Training**

Training is part of the logic of improving the employability of citizens. This is an operational training

[18]The north docks are public docks designed to receive all types of vessels except tankers and ROROs. ROROs are vessels equipped with a mobile access ramp allowing loading/unloading of merchandise by towing between the shore and the dock. They are fast and offer reduced loading/unloading times.

that mainly concerns actors in the informal sector (mechanics, tailors, refrigeration engineers, farmers, transporters, etc.). Aiming to strengthen the professional capacities of these actors, this component is entirely supported by the State through a subsidy.

- **Micro-credits**

This service consists of providing financial support to people who do not have sufficient resources to start an activity. The State will grant them loans so that they have the minimum means to carry out an activity. .

- **Pension insurance**

Pension insurance is an exclusive measure that targets non-poor people who do not benefit from government subsidies. The contribution amounts to CFAF 30,000 per year with a 20% contribution from the State.

4- MONETARY SYSTEM AND FINANCIAL MARKETS

4.1. Structural elements

4.1.1. Description of the Franc zone

The Franc zone is characterized by four (4) founding principles. These principles were set out in the Monetary Cooperation Agreement between the Member States of the Bank of Central African States and France of 23 November 1972, as well as in the Cooperation Agreement between the Member States of the West African Monetary Union and France of 4 December 1973.

The 4 main principles of the Franc zone are:
- A guarantee from the French Treasury for the unlimited convertibility of the Central Bank currency: the currencies issued by the issuing institutions of the franc zone have unlimited convertibility guaranteed by the French Treasury. To ensure the free convertibility of each of the sub-zones, an operations account is opened with the French Treasury by each Central Bank in the zone and on which the Central Banks have an unlimited drawing right in case of the exhaustion of their foreign exchange reserves;
- A fixed parity with the euro of 1 Euro for 655.957 CFA Francs: the parity of the zone's currency with the euro is fixed and defined for each sub-zone. The currencies of the zone are interconvertible, at fixed parities, without limitation of amounts. The changeover to the euro resulted in a simple substitution of the anchoring to the French franc by the anchoring to euro, at equivalent parity, i.e., 655.957 CFA Francs= 1 euro (the parity being identical for the West and Central Africa sub-areas).

- Free and unlimited transfer of reserves: transfers are, in principle, free within the Zone.
- Centralization of reserves: States centralize their foreign exchange reserves in their Central Banks, while in return for the unlimited convertibility guaranteed by France, the Central Banks of the franc zone are required to deposit a share of their net foreign assets (foreign exchange reserves) with the French Treasury in the operations account opened in the name of each of them. Since the September 2005 reform, BCEAO has been required to deposit 50% of its foreign assets in its operations account.

4.1.2. Description of BCEAO

Article 41 of the WAEMU Treaty designates the Central Bank of West African States (BCEAO) as an autonomous specialized institution of the Union. In complete independence, BCEAO contributes to the achievement of the objectives of the Treaty.

Members of the Board
The eight (8) WAEMU Member States are members of BCEAO. These are Benin, Burkina Faso, Côte d'Ivoire, Guinea-Bissau, Mali, Niger, Senegal and Togo.

The Bodies
The bodies of the Central Bank are the Governor, the Monetary Policy Committee, the Board of Directors, the Audit Committee, the National Credit Councils, with one Council in each of the WAMU Member States.

How it works
The Central Bank, its bodies, any member of its bodies or staff may not request or receive directives or instructions from Community institutions or organs, from the governments of WAEMU Member States, from any other body or any other person. The Community institutions and bodies and the governments of the WAEMU Member States undertake to respect this principle.
The main objective of the Central Bank's monetary policy is to ensure price stability. Without prejudice to this objective, the Central Bank shall support the economic policies of the West African Economic and Monetary Union (WAEMU) for sound and sustainable growth.

Roles
The Central Bank has the following basic tasks:
- define and implement the monetary policy within WAEMU,

- ensure the stability of the WAEMU banking and financial system,
- promote the smooth operation and ensure the supervision and security of payment systems in the WAMU region,
- implement WAEMU's exchange rate policy under the conditions set by the Council of Ministers,
- manage the official foreign exchange reserves of WAEMU Member States.

The Central Bank, with due regard for monetary balance, may carry out specific missions or projects that contribute to improving the monetary policy environment, diversifying and strengthening the WAEMU financial system and technical and professional capacities in the banking and financial sector.

The main objective of the Central Bank's monetary policy is to ensure price stability. As such, it defines the monetary policy that maintains the external coverage rate of the currency at a satisfactory level, and to supports the economic activity of member countries without inflationary pressure.[19]

BCEAO oversees the monetary policy of each member country by setting annual money supply and credit targets. Statutory advances to Member States' national treasuries were suspended in 2001 and abolished as of 2010.

For the conduct of the common monetary policy, BCEAO relies on market mechanisms and indirect liquidity regulation instruments, in particular the management of interest rates and the system of minimum reserves.

4.1.3. Monetary policy

BCEAO enjoys the exclusive privilege of monetary issuance money in all Member States of the West African Monetary Union. It issues monetary signs, notes and coins, which have legal tender status and discharge power in all the Member States of the Union. The creation, issue and cancellation of monetary signs are decided by the Council of Ministers.

The Central Bank's management of the monetary policy of the Member States of the Union consists in adjusting the overall liquidity of the economy in line with developments in the economic situation, to ensure price stability on the one hand; and to promote economic growth on the other hand.

The current money and credit management framework is based on market mechanisms and indirect liquidity regulation instruments, including interest rates and the minimum reserve system.

The functioning of BCEAO is based on:

- Open market operations: seven-day and twenty-eight-day refinancing (respectively weekly and monthly for banks subject to minimum reserves) at variable rates; the minimum bid rate considered by BCEAO as its prime rate (currently 2.5%). The planned auctions are generally calibrated according to BCEAO's forecast of liquidity needs over the maturity of the operations;
- Permanent loan windows: 1-7- or 90-360-day refinancing against government securities and credit applications with maturities ranging from 5-20 years, at the banks' request (marginal loan window). The rates at these windows are 200 basis points higher than the prime rate. As of June 2017, the use of the loan window has been capped at twice the counterpart's own funds.

The minimum bid rate for open market operations (tenders) and the interest rate applicable to the marginal loan window (pension rate), the levels of which are set by the Monetary Policy Committee, are 2.50% and 4.50% respectively, and constitute the two main BCEAO prime rates.

Money Supply

The money supply increased slightly from 2014 to 2016 and then declined in 2017 due to the tightening of commercial banks' foreign assets. Domestic credit increased over the period under review. This increase is largely attributable to the government's net position, with only a moderate increase in credit to the private sector.

[19] *BCEAO Monetary Policy Committee, at its first meeting held on 14 September 2010 in Dakar, defined the operational objective of price stability as an annual inflation rate in the Union around 2% within a margin of ± one percentage point (1%) over twenty-four (24) months*

Table 23. Benin's monetary situation (in billions of CFA francs)

In billions of CFAF	2013	2014	2015	2016	2017
Foreign assets	1014.9	1193.0	1273.0	1108.5	990.3
Central Bank	213.1	258.8	303.3	40.1	203.6
In banks	801.8	934.2	969.7	1068.4	786.7
Domestic assets	940.6	1087.5	1119.5	1336.3	1520.3
credit to the State	-164.8	-128.2	-131.2	30.5	189.3
Central Bank	13.8	2.7	-43.4	13.9	-69.3
Bank	-178.6	-131.0	-87.7	16.6	258.6
credit to the economy	1105.4	1215.7	1250.6	1305.8	1331.0
Other	294.7	314.9	306.3	355.0	398.9
Money supply (M2)	1660.8	1965.5	2086.1	2089.8	2111.6
Cash in circulation	504.0	630.0	605.9	526.4	527.0
Deposit	1156.7	1335.5	1480.3	1563.4	1584.6
% increase observed on 31. Dec from n-1 to n					
Net foreign assets	-	17.5	6.7	-12.9	-10.7
Net domestic assets	-	15.6	2.9	19.4	13.8
credit to the state	-	-22.2	2.3	-123.2	521.0
Central Bank	-	-80.2	-1693.6	-132.1	-597.3
Bank	-	-26.7	-33.0	-118.9	1462.6
Credit to the economy	-	10.0	2.9	4.4	1.9
Money supply (M2)	-	18.3	6.1	0.2	1.0

Source: BCEAO, 2017 statistical yearbook

4.2. Banking system and financial markets

4.2.1. The banking environment

Credit to the economy has increased over the past five years to CFAF 1326.6 billion in 2017 from CFAF 1047.7 billion in 2013. Private sector financing was higher throughout the period. Credits on the central administration increased from CFAF 225.0 billion in 2013 to 616.6 billion in 2017.

The net external assets of commercial banks increased between 2013 and 2016 before declining in 2017. The decline observed in 2017 was driven by the combined effect of the decline in resident claims and the size of liabilities to non-residents. As for claims on banks, they were part of an overall upward trend driven by deposits. This shows the financial health of commercial banks.

With the exception of commitments to the central bank and other deposits included in the money supply, which declined in 2017, all liabilities were on an upward trend.

Table 24. Assets and liabilities of commercial bank in Benin (in billion CFAF)

	2013	2014	2015	2016	2017
ASSETS					
Net external assets	733.9	865,6	904,5	999,7	786,7
Claims on non-residents	977.9	1179,0	1421,5	1533,6	1335,2
Commitments to non-residents	244.1	-313,4	-517,0	-533,9	-548,5
Credit on the Central Bank	108.8	132,3	165,4	156,0	186,2
Cash	50.1	63,9	54,3	48,1	41,7
Deposits	58.7	68,4	111,2	108,0	144,5
Other claims on the central bank	0.0	0,0	0,0	0,0	0,0
Net claims on central government	-178.6	-131.0	-87.7	16.6	258.6
Claims from central government	225.0	284.1	380.4	453.3	616.6
Liabilities to central government	-403.6	-415.0	-468.1	-436.8	-358.0
Credit to the economy	1047.7	1137.7	1144.0	1176.9	1326.6
Claims on other financial companies	0.2	0.0	0.0	0.0	5.6
Claims on state and local government	0.0	0.0	0.0	0.0	0.0
Claims on non-financial public companies	82.9	112.5	118.5	75.3	102.7
Claims on the private sector	964.6	1025.2	1025.5	1101.5	1218.3
LIABILITIES					
commitments to the central bank	284.4	412.7	435.6	643.9	569.4
Transferable deposits included in the broad money supply	562.5	621.7	675.3	704.3	727.4
Other deposits included in the broad money supply	599.7	724.3	816.4	872.4	846.1
Securities other than shares included in the broad money supply	0.0	0.0	0.0	0.0	0.0
Deposits excluded from the broad money supply	37.5	37.3	47.4	37.6	42.1
Securities other than shares excluded from the broad money supply	2.9	1.2	0.8	0.4	0.0
Borrowings	19.8	19.3	30.0	31.5	47.0
Financial derivatives	0.0	0.0	0.0	0.0	0.0
Insurance technical reserves	0.0	0.0	0.0	0.0	0.0
Shares and other equity securities	172.7	199.0	217.1	197.4	245.4
Other items (net)	32.3	10.9	96.5	138.3	80.6

Source: BCEAO, 2017 Statistical Yearbook

The rates charged in Benin by commercial banks on credit and savings vary from one bank to another.

Table 25. Debt conditions applied by credit institutions in the second half of 2017

	Bank base rate	Maximum borrowing rate	Date of last change in bank base rate
OrabankBENIN	7.5	15.0	01/01/2014
BANK OF AFRICA-BENIN	9.0	13.0	01/05/2017
BANQUE INTERNATIONALE DU BENIN (B.I.BE.)	9.0	15.0	01/08/2017
ECOBANK- BENIN	9.0	13.0	01/01/2014
UNITED BANK FOR AFRICA BENIN (UBA - BENIN)	9.0	15.0	01/04/2011
DIAMOND BANK	9.0	14.0	17/11/2015
SOCIETE GENERALE- BENIN	9.0	12.0	01/10/2014
BSIC-BENIN	9.0	13.5	01/05/2017
BANQUE ATLANTIQUE BENIN	9.0	14.0	01/08/2005
BGFIBANK	9.0	10.0	01/10/2017
CBAO	9.0	14.0	01/07/2016
BAIC	9.0	13.0	01/07/2017
CCEI BANK BENIN	9.0	13.0	31/11/2017
CORIS BANK	9.0	14.0	01/04/2017
SONIBANK, BENIN's branch			

Source: BCEAO, 2017 Report on Banking Conditions

Table 26. Lending terms applied by credit institutions in the second half of 2017

	Term Deposit excluding Regulated Saving				Contractual saving	
	Minimum	Modification date	Maximum	Modification date	Rate (%)	Modification date
Orabank BENIN	3.5	31/12/2010	7.5	01/04/2011	4	01/07/2017
BANK OF AFRICA - BENIN	3.5	01/05/2017	7.0	01/05/2017	3.5	01/05/2017
ECOBANK - BENIN	3.3	24/07/2017	5.8	24/07/2017	N/A	N/A
BANQUE INTERNATIONALE DU BENIN (B.I.BE.)	3.4	12/02/2014	10.0	18/12/2011	3.5	18/09/2011
UNITED BANK FOR AFRICA BENIN (UBA - BENIN)	3.5	13/01/2013	7.00	01/07/2013	3.5	01/04/2011
DIAMOND BANK	1.5	07/09/2017	6.95	29/12/2017	4.75	13/06/2013
SOCIETE GENERALE - BENIN	2.0	01/10/2014	6.0	01/10/2014	3.5	01/10/2014
BSIC-BENIN	2.9	01/04/2017	7.3	01/05/2017	N/A	N/A
BANQUE ATLANTIQUE DU BENIN	3.5	01/08/2005	7.5	01/06/2012	4.8	01/11/2010
BGFIBANK	3.5	01/10/2017	3.5	01/10/2017	4.75	01/10/2017
CBAO	3.0	01/07/2016	6.5	01/07/2016	3.5	10/07/2016
BAIC	3.5	06/11/2015	6.8	01/07/2017	3.5	01/07/2017
CCEI BANK BENIN	3.5	30/11/2017	7.0	30/11/2017	3.5	30/11/2017
CORIS BANK	4.0	30/06/2017	6.0	30/06/2017	3.5	30/06/2017

Source: BCEAO, 2017 Report on Banking Conditions

Microfinance

In 2017, the Minister of Economy and Finance, under his prerogatives, signed decrees withdrawing the approvals of the following companies: URCLCAMs from the FECECAM network, ANFANI Finances, GEMAB, MARITIME MICROFINANCE, MUFED and CCEC.

Thus, as of 31 December 2017, the new configuration of the decentralized finance sector in Benin consisted of 03 networks of approved base funds (FECECAM, UNACREP and RENACA); 32 DFS of mutualist or cooperative form approved and not affiliated to a network; 19 DFS in associative form; 04 DFS of private capital company of the Public Limited companies type; 41 DFS of mutualist or cooperative form approved and affiliated to networks (FECECAM and RENACA). A total of 99 DFS approved to carry out all or part of the operations of collecting deposits, granting loans and signing commitments.

Table 27. Microfinance indicators in Benin

	1T 2017	2T 2017	3T 2017	4T 2017	1T 2018	2T 2018
Number of customers	1 934 670	1 968 630	2 080 702	2 164 200	2 234 356	2 161 968
Number of service points	628	657	nd	617	619	620
Deposit account	2 465 659	2 495 878	2 581 010	2 612 529	2 722 509	2 683 954
Amount of the deposits (in millions of CFA francs)	108 119	115 194	111 376	101816	105 336	113 544
Loans granted (in millions of CFA francs)	29 627	54 157	74 344	103519	39 432	68 802
Outstanding loans (in millions of CFA Francs)	132 836	131 058	134 433	154 395	150 674	152 042
Outstanding receivables (in millions of CFA francs)	11 358	12 072	11 938	10 277	11 645	12 525
Credits repayment rate	77.3	75.4	77.1	81.4	82.4	72.5
	Quarterly Interest rate					
	CREDITOR					
Minimum	0.5	0.5	0.6	0.6	0.6	0.6
Maximum	1.4	1.1	1.3	1.3	1.3	1.2
	DEBTOR					
Minimum	3.5	2.9	2.9	3.1	3	1.8
Maximum	4.9	4.2	4.3	4.5	4.7	3.3

Source: ANSSFD/MEF/ NTCM 2nd quarter of 2018

BRVM

The Regional Stock Exchange (BRVM) is a specialized financial institution created on 18 December 1996, in accordance with a decision of the Council of Ministers of the West African Economic and Monetary Union (UEMOA) taken in December 1993.

The RSE is a public limited company with a community public service mission. This Stock Exchange is common to all 8 West African countries. RSE/CC/SB started its activities on 16 September 1998 in Abidjan. Its main missions are as follows:

o the organization of the stock market;
o the publication of stock exchange transactions;
o the dissemination of information on the Stock Exchange;
o promotion and market development.

From 2016 to 2018, the WAEMU stock market (BRVM) experienced successive declines of -3.87% in 2016, -16.81% in 2017 and -29.14% in 2018. This underperformance shows that the WAEMU market did not fully withstand the general downward trend that has affected the world's financial markets. The decline in 2018 in BRVM is particularly marked. The preferred stocks in 2015, oriented towards the Agrofood and Beverage sectors as well as the Agro-Industry, Consumer, Automotive and Equipment Manufacturer and Banks sectors, declined.

The drop in prices on BRVM in 2018 could be explained, on the one hand, by the taking of profits from several large investors who had made significant capital gains on their investment, and on the other hand, by the readjustment (rectification) after four (4) years of intensive market growth (2012 to 2015) and by the misunderstanding of the different segments made on the market. New investors are speculating, and most listed companies have not reacted to the fall in their capitalization.

During the 2018 financial year, BRVM Composite Index went from 243.06 on 29/12/2017 to 172.24 on 31/12/2018. The market capitalization of the equity market increased from CFAF 6,836.23 billion at the end of 2017 to 4,844.51 billion at the end of 2018. BRVM also reached the CFAF 236 billion (236.22 billion CFAF) mark in 2018. 117,303,543 shares were traded for a value of CFAF 174,449,217,023. The market capitalization of shares amounted to CFAF 4,844.51 billion in December 2018 compared to CFAF 6,836.23 billion in December 2017, a decrease of 29.14%.

Concerning the bond segment, 6,359,442 bonds were traded for a value of CFAF 61,767,647,783 in

2018. The market capitalization of bonds amounted to CFAF 3,444.22 billion on 31 December 2018, compared with CFAF 2.969.53 billion the previous year, an increase of 15.5%. This improvement was driven by the desire of WAEMU member states to use the regional financial market to support their respective economies.

Table 28. Evolution of the BRVM financial market

	2012	2013	2014	2015	2016	2017	2018
BRVM Index 10	184.0	246.3	267.5	290.4	262.0	219.7	154.4
BRVM composite Index	166.6	232.0	258,1	303.9	292.2	243.06	172.2
Composite market capitalization (shares and bonds) in CFAF billions	4 863.2	6 706.2	7 458.7	9 078.9	10 215.5	9 805.76	8 288.73
Equity markets	4 031.4	5 633.5	6 319.7	7 499.7	7 706.3	6 836.2	4 844.5
Bond market	831.8	1 072.8	1 139.0	1 579.2	2 509.3	2 969.5	3 444.2
Number of listed companies	38	37	38	39	43	45	45

Source : BRVM

Bond market

In 2018, Benin issued 17 government securities, including 7 assimilable Treasury bonds (OAT); six (06) assimilable Treasury bills (BAT) and four (04) simultaneous issues. BATs are short-term debt securities issued by the State through an auction. Assimilable Treasury Bonds (OAT) are medium- and long-term debt securities issued by the State through an auction.

Table 29. Benin's issues in 2018

Instrument	Transaction Date	Value date	Maturity	Amount in millions of CFAF	Status
OAT	14/12/2018	17/12/2018	11/05/2020	25 000	Completed
OAT	29/11/2018	30/11/2018	30/11/2021	15 000	Completed
OAT	25/10/2018	26/10/2018	17/09/2021	15 000	Completed
OAT	18/09/2018	19/09/2018	19/09/2021	15 000	Completed
ES	06/09/2018	07/09/2018	—	50 000	Completed
BAT	09/08/2018	10/08/2018	07/02/2019	25 000	Completed
BAT	10/07/2018	11/07/2018	09/07/2019	25 000	Completed
ES	05/07/2018	09/07/2018	—	70 000	Completed
BAT	21/06/2018	13/09/2018	13/09/2018	20 000	Completed
OAT	24/05/2018	13/09/2018	16/03/2021	20 000	Completed
ES	26/04/2018	27/04/2018	—	25 000	Completed
BAT	13/04/2018	16/04/2018	15/04/2019	20 000	Completed
BAT	29/03/2018	30/03/2018	28/06/2018	20 000	Completed
ES	15/03/2018	16/03/2018	—	35 000	Completed
OAT	15/02/2018	16/02/2018	02/02/2021	15 000	Completed
OAT	01/02/2018	02/02/2018	02/02/2021	15 000	Completed
BAT	11/01/2018	12/01/2018	10/01/2019	20 000	Completed

Source: www.umoatitres.org

Share's market

In Benin, a financial company, BOA Benin, is listed on the BRVM. Share prices and the value of market capitalizations have had a 'hiccup' evolution pattern over the past three years.

Table 30. Change in the value of BOA BENIN securities

	2015	2016	2017	TCAM*
Closing price at 31/12	6 500	8 400	7 450	7.1 %
Annual performance	58.5 %	29.2 %	-11.3 %	
Earnings per share	622	801	735	8.7 %
Shareholders' equity per share	3 201	3 596	3 785	8.7 %
Market capitalization at closing (in billions)	130.9	169.2	150.1	7.1 %
Dividend per share	415	436	481	7.6 %
Dividend yield	6.38 %	5,18 %	6.45 %	
PER (Price Earning Ratio)	10.4x	10.5x	6.45	
P/B (Price to Book)	2.0x	2.3x	2.0x	

Source : BRVM

4.2.2. Debt subscription mechanism

Organization of the auction market and amount of subscriptions

The auction market is a segment of the government securities market, on which WAEMU Member States issue Treasury bills and bonds following an auction procedure to finance their budgets.

Unlike the syndicated market, the auction market is driven by the following players:

- the Central Bank of West African States (BCEAO), which is the regulator of this market. As such, it enacts the applicable provisions, intervenes in the organization of auctions of government securities, ensures the function of Central Custodian / Settlement Bank, the clearing, settlement and delivery of transactions between participants with an account in its books, through its electronic platform SAGETIL-UMOA[20];

- the States which are the issuers of public debt securities on the Union money market, under the responsibility of the Minister in charge of Finance;
- The Agence UMOA Titres, a regional structure in charge of issuing and managing of public debt securities, organizes the issues and assists the Member States in mobilizing resources on the capital markets and managing their debt;
- investors, which are credit institutions, SGIs and regional financial institutions with a settlement account on the books of the Central Bank[21];
- Treasury Securities Specialists (TSS), which are credit institutions and SGIs that have obtained the approval of the Ministers of Finance of WAEMU Member States to act in this capacity and thus benefit from the status of privileged partners of one or more Member States' Treasury on transactions in public debt securities issued on the regional market.[22]

Securities issued by auction are traded on the secondary market in accordance with the OTC procedure.

Organization of the syndication market and amount of subscriptions

As part of the organization of syndicated issues, the States entrust the process of placing the securities to an underwriting syndicate, whose members are made up of SGIs approved by CREPMF (Regional Council for Public Savings and Market). In addition, the issuer chooses a lead manager from among the syndicate members, in charge of specific tasks in the issuance process.

Since its creation, the main products on the regional financial market have been equities and bonds. In recent years, several new products such as mortgage refinancing and securitization (Sukuk Receivables Securitization Fund) have been introduced.

Securities issued by syndication trade in the secondary market on BRVM's electronic trading platform.

4.3. Inflation rate

Since 2013, inflation has been within the 3% limit prescribed by WAEMU. The average inflation rate is -0.1% over the 2013 to 2017 period. This low level of inflation is explained by the 51.2% drop in oil prices between 2013 and 2015 and its induced effects on transport costs and food prices and the availability of food products following the good agricultural seasons, which had a downward impact on prices.

Table 30. Inflation trend in Benin (%)

	2013	2014	2015	2016	2017	2018	2019*
BENIN	1	-1.1	0.3	-0.8	0.1	0.8	0.5
UEMOA	1.5	-0.2	1.0	0.3	0.8	1.2*	1.4

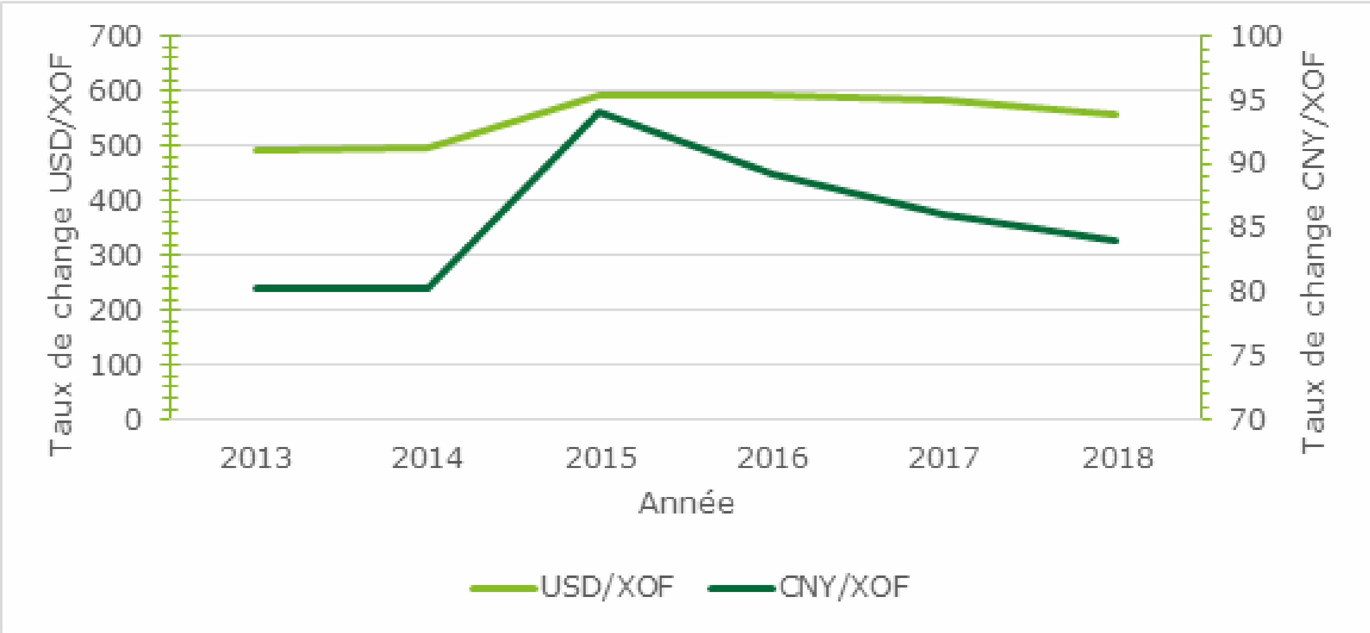
*Source: BCEAO. DGAE/MEF * forecasts*

[20] *Automated Securities and Liquidity Management System of the West African Monetary Union*
[21] *All other investors wishing to participate must go through the approved participants*
[22] *The operationalization of TSS in the WAEMU region began on 1 March 2016.*

4.4. Exchange rate

The dollar/CFAF exchange rate did not show significant fluctuations. It increased between 2014 and 2016 but did not reach the CFAF 600 mark for one dollar. From 2017 onwards, there has been a slight depreciation of the dollar against the CFAF. From 80.36 CFA Francs for a CNY in 2013, the Chinese currency appreciated reaching 94.13 CFA Francs in 2015. From 2016, the CNY currency depreciated to 84.04 CFA Francs at the end of 2018.

Figure 5. Evolution of USD/XOF et CNY/XOF exchange rate



Source : BCEAO

4.5. Foreign reserves

The Monetary Policy Committee defines the constituent elements and procedures for the constitution of minimum reserves, as well as the sanctions applicable in the event of non-compliance with the obligation. Benin's external reserve assets stood at CFAF 579.141 billion in 2018 and increased over the 2013-2017 period, despite a decline in 2016. Reserve assets consist of 46.246 billion special drawing rights, 16 billion reserve positions at the IMF, 1.234 billion in foreign currencies, and 515.7 billion in other external assets.

Table 32. Total net foreign assets- Official reserve assets, Benin

Billions of CFAF	2013	2014	2015	2016	2017	2018
Claims on non-residents	327.04	392.972	507.262	167.354	425.584	579.141
Official reserve assets	38.565	43.969	41	38.054	43.347	63.48
Foreign Currencies	1.938	0.316	1.665	2.908	1.907	1.234
Reserve position in the IMF	0.274	4.765	2.737	17.244	9.336	16
SDR holdings	36.353	38.888	36.598	17.903	32.104	46.246
Other external assets	289.039	349.003	466.262	129.3	382.236	515.661

Source : BCEAO

5.1. Balance of payments

Benin's trade balance, which is structurally in deficit, deteriorated from - CFAF 424.1 billion in 2013 to -639.9 billion in 2017, due to a faster increase in imports compared to exports. Indeed, imports amounted to CFAF 2,123.6 billion in 2017 compared to 1,657.3 billion in 2013, while exports rose from CFAF 1,233.3 billion to 1,483.7 billion in 2017.
The balance of the primary income account remained in deficit at CFAF -18.5 billion in 2017 compared to -34.1 billion in 2013, mainly due to dividends paid to shareholders on foreign investment income as well as interest paid on other investments and public debt.

The balance of the secondary income account is in surplus thanks to workers' remittances and transfers received by public administrations and private organizations as part of development aid. It stood at CFAF 118.6 billion in 2017 against 125.6 billion in 2013. The current account deficit widened from CFAF 332.6 billion in 2013 to 539.8 billion in 2017.
The capital account tracks flows relating to debt cancellations, project grants to finance investments and acquisitions, and disposals of non-produced non-financial assets (land, underground resources, patents, licenses, copyrights, trademarks, etc.). It has a surplus that has increased from CFAF 91.8 billion in 2013 to 113.9 billion in 2017 after a contraction in 2015. This reflects an increase in capital transfers received by general government and non-governmental organizations operating in Benin.

The financial account ended in a net liability of CFAF 303.6 billion in 2017 compared to 331.7 billion in 2013 after 222.7 billion in 2016. The decrease in net financial flows received in 2016 is the result of a decrease in the issuance of public securities by Benin's Treasury and the mobilization of external financing by the government. The decrease in the mobilization of external financial resources in 2016 is explained by the reorientation of public financial management from April onwards by the new regime.
Foreign direct investment increased slightly to CFAF 98.1 billion in 2017 from 69.2 billion in 2015, when they had reached CFAF 149.0 billion in 2013. The level observed in 2015 is explained by the suspension of investments in the oil research sector.

As for net financial flows received for portfolio investments, they amounted to CFAF 54.5 billion in 2017 compared to 19.5 billion in 2013, after reaching 117.5 billion in 2015 and 50.8 billion in 2016. The decrease observed in 2016 is explained by the government's policy to rationalize government securities issues, which was implemented in April 2016. In 2016, Benin's Treasury raised 396.6 billion euros on the Union's government securities market, compared with 599.6 billion euros in 2015. Of these amounts, acquisitions by investors from other countries of the Union amounted to 143.5 billion in 2016, compared with 331.1 billion in 2015, a decrease of CFAF 188.0 billion.

Other net investments resulted in net liabilities of CFAF 151.0 billion in 2017 compared to 163.2 billion in 2013. They were mainly due to the net drawings made by the Central Administration in the form of loans from bilateral and multilateral partners, notably the World Bank, ADB, WADB, BADEA, China, Kuwait Fund, OPEC Fund, etc. Drawings were used to finance development projects and programs in the fields of infrastructure, energy, environment, education, agriculture and telecommunications.

The overall balance showed a deficit in 2016 and 2017 compared to a surplus over the 2013-2015 period. The deficit stood at CFAF 118.2 billion in 2017 compared to a surplus of 99.1 billion in 2013.

Table 33. Benin's balance of payments (in billions of CFAF)

BENIN (billions of CFAF)	2013	2014	2015	2016	2017	2018*	2019*
Current account balance	-332.6	-437.6	-440.4	-479.5	-539.8	-540.4	-615.4
Current account balance excluding grants	-371.6	-481.6	-458.7	-525.3	-581.2	-556.2	-629.1
Trade balance in goods and services	-424.1	-552.4	-486.4	-581.3	-639,9	-610,7	-688,6
CIF EXPORTS	1233.3	1503.9	1198.5	1262.2	1483,7	1663.3	1 823.9
Exports of Goods	979.1	1267.3	995.1	1052.3	1 289.9	1 362.3	1 498.2
Exports of Services	254.1	236.6	203.4	209.9	193,8	301,0	325.7
CIF IMPORTS	-1657.3	-2056.3	-1684.9	-1843.6	-2123.6	-2274.0	-2512.5
Imports of goods	-1281.4	-1618.5	-1293.6	-1449,1	-1 784,4	-1 872,1	-2118,3
Imports of services	-376.0	-437.7	-391.3	-394,5	-339,2	-401,9	-394,2
Primary income balance	-34.1	-30.2	-38.8	-22.4	-18.5	-45.5	-50.5
Credit	76.2	61.3	9.7	65.5	69.0	0.0	0
Debit	-110.3	-100.6	-48.5	-87.9	-87.5	-45.5	-50.5
of which interest on public debt	-9.8	-10.3	-16.0	-25.6	-60.9	-25.3	-46.1
Secondary income balance (transfer)	125.6	145.1	84.7	124.2	118.6	115.8	123.7
Other Sectors	86.6	101.1	66.5	78.4	77.2	100.0	110.0
Public	39.0	44.0	18.2	45.8	41.4	15.8	13.7
CAPITAL ACCOUNT AND FINANCIAL OPERATIONS	-239.9	-354.9	-373.4	-146.1	-189.7	-661.4	-80.2
Capital account	91.8	125.2	74.2	81.6	113.9	127.0	127.5
Acquisition and sale of non-produced non-financial assets	-0.1	-0.7	-0.2	-0.1	0.0	0	0
Capital transfer	91.9	125.9	74.3	81.6	113.9	127.0	127.5
Public administration	57.3	63.9	28.8	35.0	73.2	67.0	67.5
Other sectors	34.6	62.0	45.5	46.6	40.7	60.0	60.0
Financial account	-331.7	-480.1	-447.5	-227.7	-303.6	-610.3	-673.0
Direct investment	-149.0	-191.8	-69.2	-67.8	-98.1	-101.8	-116.4
Portfolio investments	-19.5	-23.9	-117.5	-50.8	-54.5	-59.4	-407.4
Other investments	-163.2	-264.4	-260.8	-109.1	-151.0	-449.1	-149.2
Statistical errors and omissions	8.2	7.3	2.3	2.4	4.0	0.0	0.0
Overall balance	99.1	175.1	83.5	-168.0	-118.2	196.9	185.1

*Source: BCEAO/DGEA * Forecasts*

5.2. Regional Trade

5.2.1. Regional trade policy

Regional trade policy under construction is governed by the provisions laid down by ECOWAS, most of which take over from those of WAEMU and extend them to all ECOWAS Member States through adjustments.

This policy aims to promote the harmonious integration of the region into the world economy, taking into account the political choices and priorities of States in their efforts to ensure sustainable development and reduce poverty.

The process of elaborating this common trade policy consists first of all in defining its constituting elements: the free trade area, the CET, accompanying measures (rules of origin, investment and competition legislation, safeguard measures, harmonization of customs procedures), as well as the various actions aimed at developing ECOWAS trade relations with the rest of the world.

While there is currently no common ECOWAS trade policy as such, in the sense of a Community text adopted by the Heads of State and Government, several measures have already been implemented, which will serve as a basis for the common trade policy:

- The trade liberalization scheme (TLS);
- The introduction of a Community levy (CL) of 0.5%;
- The TRIE Convention;
- The harmonization of rules of origin with those of WAEMU;
- Harmonization of standards with WAEMU;
- The adoption of a competition law;
- The harmonization of indirect domestic tax legislation;
- The adoption of the ECOWAS CET.

The ECOWAS Trade Liberalization Scheme (ETLS) is the main operational tool to promote the West African region as a Free Trade Area. ETLS pursues the Community objective of creating a common market with "the liberalization of trade through the abolition of customs duties on imports and exports and the removal of non-tariff barriers among Member States (Article 3 of the ECOWAS Treaty).

The ECOWAS Trade Liberalization Scheme covers three (3) product groups: unprocessed products, handicrafts products and industrial products.

With the inclusion of industrial products, it has proved essential to define products "originating" in the TLS region:

(i) Fully processed goods; products in which all the raw materials originated from the region;

(ii) Goods that are not fully processed but whose production requires the use of materials that will be classified under a different tariff subheading than the product;

(iii) Goods that are not fully processed but whose production requires the use of materials that have undergone an added value of at least 30% of the ex-factory price of the finished products.

It should be noted, however, that goods processed in free zones or under special economic regimes leading to the suspension or partial or total exemption from import duties cannot benefit from the quality of the originating product.

To facilitate trade and promote the private sector, ECOWAS is implementing actions to strengthen information systems and promote regional trade (ECOBIZ Global Market Information System; West African Investment Promotion Agencies (APIAO); e-commerce through the ECOBIZ platform, Community Information Centre (CIC), ALISA system (transit computerization and interconnection of ECOWAS customs IT systems).

These results mark significant developments towards implementing a trade policy community.

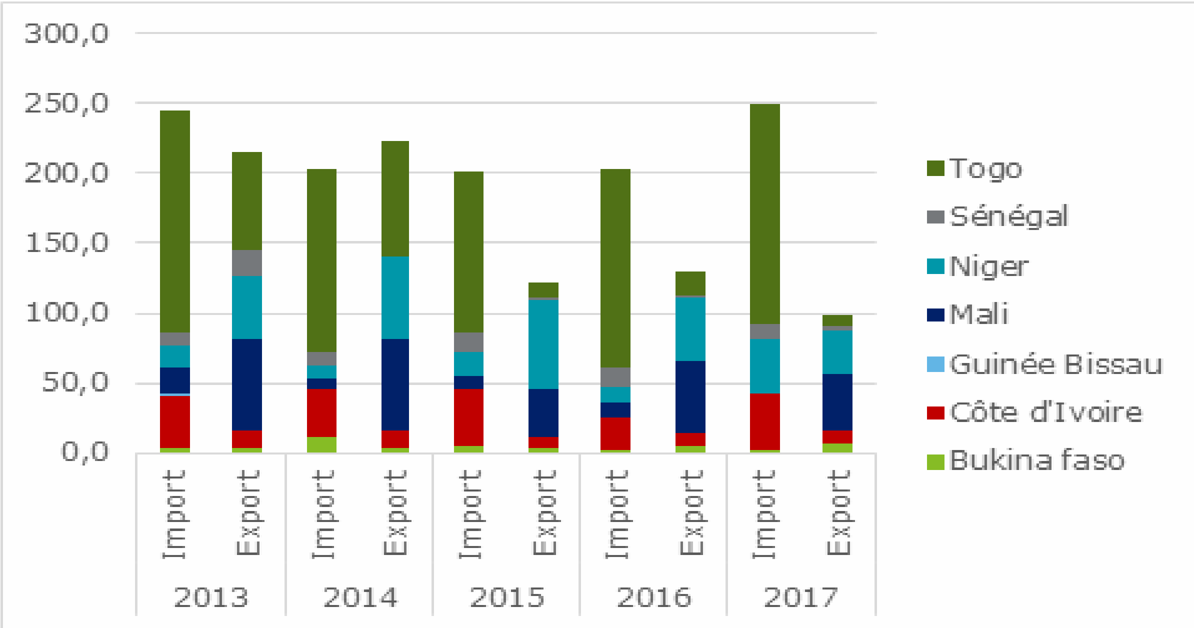
5.2.2. Regional trade in value terms

Togo and Côte d'Ivoire (to a lesser extent) are Benin's main trading partners in the Union in terms of imports.

Benin mainly imports electricity from Togo, through the Benin Electric Community. The structure of Benin's economy is dominated by the import of goods, which are then re-exported to Nigeria and the hinterland countries (Mali, Niger and Burkina Faso).

Niger, Mali and Togo are the main recipients of Benin's exports. Togo imports frozen fish, petroleum products, medicines and paint from Benin. Exports to Togo declined sharply from 2015 onwards. Exports to Mali are mainly petroleum products. As for Niger, it imports food and metallurgical products from Benin.

Figure 6. Value of exports and imports between Benin and the other 7 WAEMU countries (in billions of CFAF)

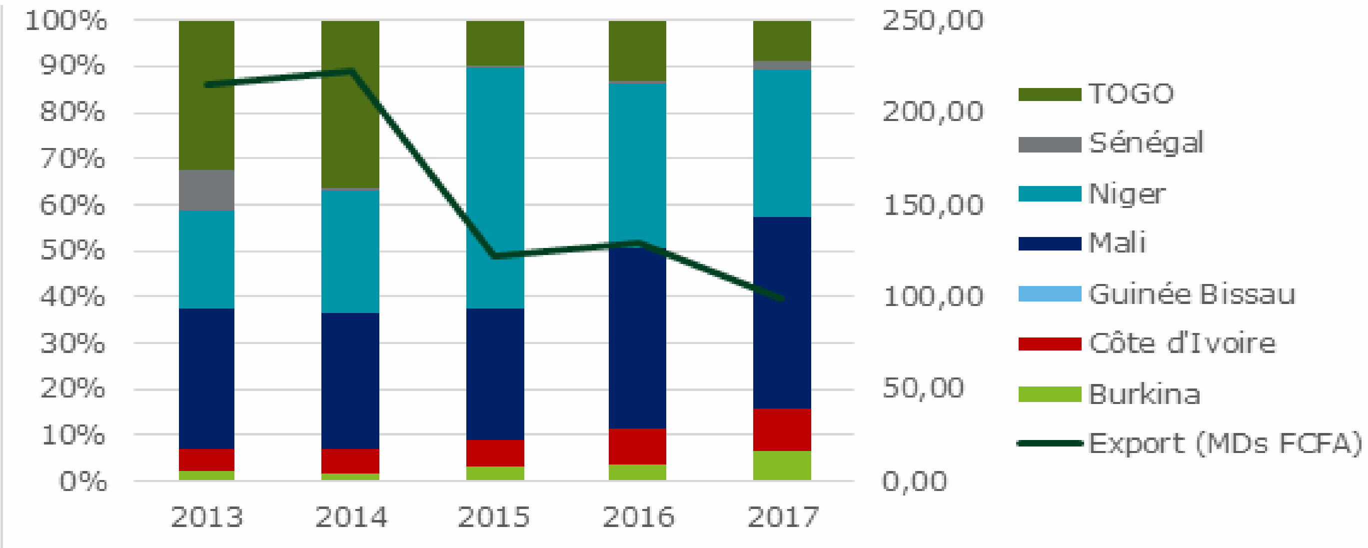


Source: BCEAO. Excerpts from the balance of payments and international investment position reports for 2013-2017

5.2.3. Regional rate by partner

In 2013 and 2014, Benin's trade with Togo, Niger and Mali represented between 80% and 90%. From 2015 onwards, trade with Togo declined, making Niger and Mali Benin's two main partners. The overall decline in exports is also driven by the decline in exports to Niger and Mali.

Figure 7. Share of each WAEMU country in trade with Benin



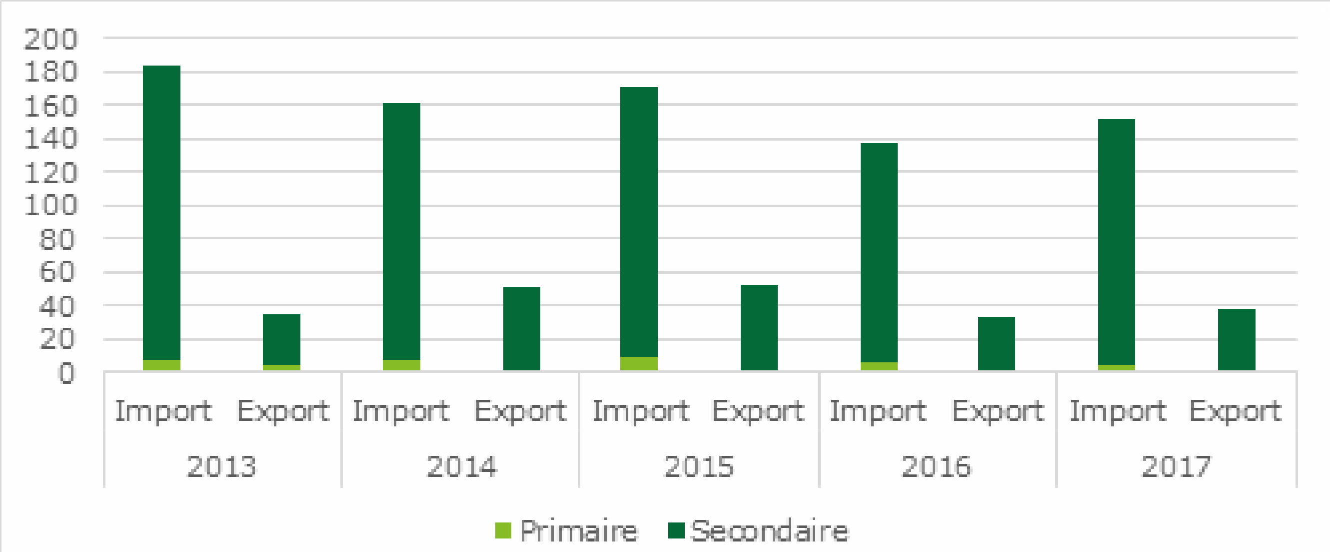
Source: BCEAO. Excerpts from the balance of payments and international investment position reports for 2013-2017

5.2.4. Regional rate by type

Benin's products traded with WAEMU countries, grouped by primary and secondary sector[23] show a higher level of secondary sector products in both exports and imports.

[23] *Benin's trade in services with UEMOA countries is not available.*

Figure 8. Value of exports and imports between Benin and the 7 other WAEMU countries according to the two categories, primary and secondary (in billions of CFAF)



Source: ITC/ www.trademap.org[24]

In terms of exports, secondary sector products represent an average of CFAF 40.1 billion over the 2013-2017 period, compared with 2.3 billion for primary sector products. The products that have generated the most exports are :

- Primary sector: cereals (2%), grain mill products, malt starches, inulin, wheat gluten (2%), oilseeds and fruits; miscellaneous seeds and fruits; industrial plants (1%);
- Secondary sector: salt, sulfur, earth and stone, plaster, lime and cement (27%); cotton (13%), iron and steel (16%), sugar and sweets (7%), mineral fuels and mineral oils (7%).

In terms of imports, secondary sector products represented on average CFAF 153.5 billion compared to 7.4 billion for primary sector products, over the 2013-2017 period. The products that drove imports are :

- Primary sector: animal or vegetable fats and oils, their dissociation products, edible fats (2%), fish and crustaceans, mollusks and other aquatic invertebrates (1%), milk and dairy products, bird eggs, natural honey, edible products of origin (1%), products of the mill, malt, starches, inulin, wheat gluten (1%)
- secondary sector: mineral fuels, mineral oils and products of their distillation, bituminous materials (59%), salt, sulfur, earth and stone, plaster, lime and cement (7%); cast iron, iron and steel (3%); cotton (4%); plastics and articles thereof (3%); cars, tractors, cycles and other land vehicles (3%); paper and cardboard, articles of cellulose pulp, paper or paperboard (1%).

Benin's exports of services amounted to CFAF 226.86 billion overall, compared with 400.53 billion for imports. The services that contributed to trade were:

- Exports: transport (35%), travel (36%); telecommunications, computer and information services (11%); general government goods and services, n.e.c (5%), construction (4%) and financial services (3%);
- Imports: transport (62%), other business services (17%); travel (8%), communications, computer and information services (5%), construction (4%), and insurance and pension services (3%).

It should be noted that transport and travel services are highly developed between Benin and other WAEMU countries.

5.3. International trade

5.3.1. Trade policy

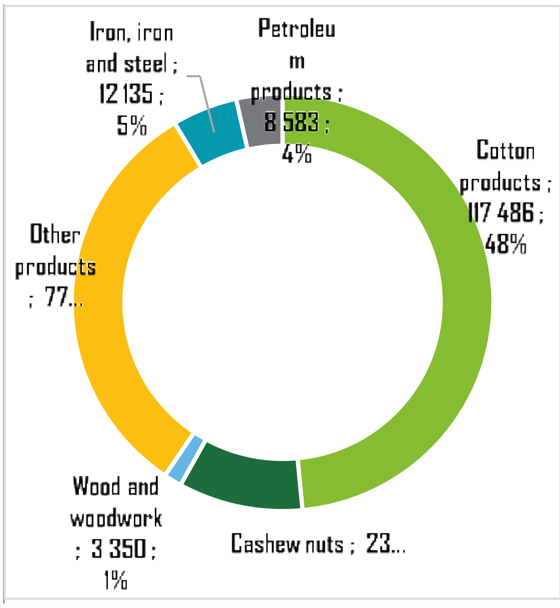
Benin’s trade balance has been structurally in deficit for years, a trend that is expected to continue in 2018. This is mainly due to low exports, mostly

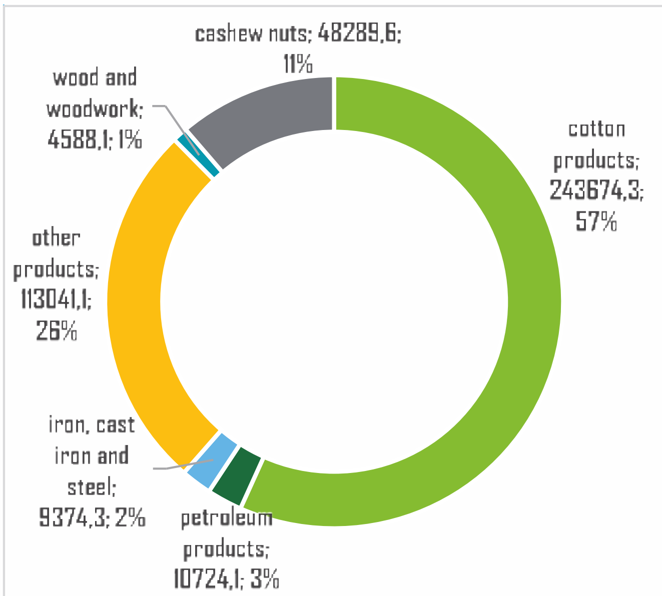
[24] *The data were collected in thousands of euros and converted on the basis of 1 euro for 655,957 CFA Francs.*

of low-cost agricultural products, and the country's heavy dependence on external sources, particularly for its oil and electricity supplies. The promotion of high value-added sectors such as pineapple, cashew nuts, maize, cassava and rice, coupled with the steady expansion of cotton production, should make it possible to at least partially reduce the trade deficit.

Benin's exports remain dominated by cotton products, which account for more than a third of foreign sales. Benin also exports cashews, coconuts, Brazil nuts, shea nuts, cement, wood and wooden products, textiles and seafood to India, Niger, Malaysia, Singapore, Vietnam and Bangladesh. Exports of iron, iron and steel consist of the production of the metallurgical industries as well as scrap metal shipped to Asian countries, while petroleum products are re-exported.

Figure 9. Benin's official exports (in millions of CFA Francs)





Source: BCEAO. Excerpts from the balance of payments and international investment position report 2017

The main imported products are foodstuffs (rice, meat), petroleum products, electricity, medicines and capital goods from France, China, India, Thailand and the Netherlands. Benin is also very active in re-exporting, mainly to Nigeria. Benin has been a member of the GATT since 12 September 1963 and a member of the WTO since 22 February 1996. With ECOWAS countries, Benin applies the Common External Tariff, which came into force on 1 January 2015.

Table 34. Specific rules that apply to imported goods and services, partners and exported products

Section A2	Tariffs and Imports : Summary and Tariffsby interval								
	Final bound duties				Applied MFN duties			Imports	
Product Groups	Average	Exempt	Max	Consolidation	Average	Exempt	Max	Share	Exempt
	%		%		%			%	
Products of animal origin	60.0	0	60	100	24.5	0	35	6.9	0
Dairy product	37.3	0	60	100	17.0	0	35	0.5	0
Fruits, vegetables, plants	60.0	0	60	100	17.9	0	35	0.8	0
Coffee, Tea	60.0	0	60	100	18.5	0	35	0.1	0

Cereals and other preparations	59.7	0	100	100	13.6	0	35	33.6	0
Oilseeds, fats and oils	78.5	0	100	98.8	11.1	0	35	3.6	0
Sugars and confectionery sweets	60.0	0	60	100	12.6	0	35	1.4	0
Beverages and tobacco	60.1	0	75	100	17.3	0	35	0.6	0
Cotton	60.0	0	60	100	5.0	0	5	0.0	0
Other agricultural products	60.3	0	100	100	9.6	0	20	0.4	0
Fisheries and fishery products	9.7	36.0	60	11.2	15.6	0	20	4.8	0
Metals and minerals	28.4	5.7	50	11.7	11.6	1.9	20	8.3	11.1
Petroleum	7.5	0	10	83.3	7.7	19.0	10	9.1	0
Chemical products	24.6	0	60	1.6	7.4	3.8	35	6.3	53.7
Wood, Paper, etc.	5.8	0	15	4.7	11.3	5.1	20	1.5	6.6
Textiles	18.4	0	25	26.4	16.1	0.3	35	2.4	3.0
Clothing	15.0	0	15	70.6	20.0	0	20	0.1	0
Leather Shoes, etc.	17.5	0	25	27.7	12.3	1.3	20	0.7	2.1
Non-electrical machines	5.3	4.2	25	91.2	6.8	0	20	4.1	0
Electrical machines	6.9	0	7	93.5	11.2	0.4	20	2.5	6.2
Transport equipment	12.5	0.3	25	72.3	8.1	2.5	20	7.6	0.0
Other manufactured articles n.e.c.	7.4	0	15	2.7	14.2	2.1	20	4.7	0.4
Section B	**Exports to major partners and applicable duties**								
	Bilateral Imports		**Diversification 95% comm. In number SH**		**Average MFN Trade in LT**		**Weighted Margin Preferential**	**Exempt Import**	
	in millions of US$		**2 digits**	**6 digits**	**Simple**	**Weighted**		**LT**	**Value**
								en %	**en %**
Agricultural products									
1.India	2016	170	3	3	25.4	25.1	24.5	84.6	98.1
2.Vietnam	2015	101	2	2	2.5	1.8	0.0	50.0	63.5
3.Bangladesh	2015	42	1	1	0.0	0.0	0.0	100.0	100.0
4.Indonesia	2016	20	4	5	7.4	1.6	1.6	98.8	100.0
5. China	2016	19	1	1	0.0	0.0	0.0	100.0	100.0
Non-agricultural products									
1. United Arab Emirates	2015	223	1	1	4.2	0.0	0.0	15.4	99.6
2. India	2016	40	1	3	0.3	0.0	0.0	100.0	100.0
3. China	2016	37	5	5	6.0	5.6	5.0	80.0	87.0
4. Niger	2016	22	8	17	15.7	18.7	18.7	100.0	100.0
5. Switzerland	2016	22	1	1	2.0	0.0	0.0	100.0	

Source: WTO-ITC-CNUCED

The tariffs applied by Benin vary according to the products. For imports, average final bound tariffs vary from 5.8% for wood and paper to 78.5% for oilseeds with a maximum duty of 35%. With regard to the most-favored-nation (MFN) duties applied, the average varies from 5% for cotton to 24.5% for products of animal origin with a maximum duty of 35%. In terms of exports, Benin's main partners differ according to the nature of the product. For agricultural products, there is India, Vietnam, Bangladesh, Indonesia and China. The average simple MFN tariffs vary from 0% for China and 25.4% for India.

For non-agricultural products, the main partners are the United Arab Emirates, India, China, Niger and Switzerland. The average simple MFN tariffs vary from 0.3% for India and 15.7% for India.

5.3.2. International trade in value and by destination

Benin's exports are to African countries, particularly Nigeria and Asian countries, particularly for cotton products. Exports to Nigeria increased in 2016 and 2017 following the devaluation of the Naira.
Benin's imports come from several continents, including Asia, Europe and Africa. The country analysis shows that Benin's main suppliers are China, India, Thailand in Asia, France and the Netherlands in Europe, Togo and Nigeria in Africa, and the United States, and Brazil for the American continent.

Table 35. Exports by country of destination and imports by country of origin

	2013	2014	2015	2016	2017
Country of destination					**EXPORTS (in millions of CFAF)**
ASIA	157 827.80	190 317.90	219 944.50	137 008.70	271 249.80
China	59 335.90	46 680.00	19 479.40	16 127.70	33 615.00
Vietnam	10 838.20	19 518.60	27 579.00	7 798.20	59 777.40
Pakistan	0	2 241.60	10 348.90	4 219.00	2 509.10
Indonesia	19 112.00	16 963.20	13 837.60	2 684.80	4 148.40
Bangladesh	8 662.80	20 777.60	27 457.60	24 797.40	54 069.20
India	35 007.30	40 601.20	48 475.00	37 324.60	44 957.80
Malaysia	11 503.70	17 949.70	32 534.30	31 913.70	49 168.70
Singapore	4 480.50	205.4	29 013.50	1 612.00	2 760.10
Others	8 887.50	25 251.70	11 219.20	10 531.30	20 243.90
EUROPE	42 822.70	73 492.20	39 473.20	31 386.10	38 952.60
European Union	21 601.20	64 619.10	32 477.80	20 315.00	31 939.10
France	1 586.10	14 869.40	9 001.80	4 960.30	2 652.70
Netherlands	6 366.90	14 203.70	5 639.70	2 051.60	6 279.00
Denmark	5 392.10	9 252.70	7 880.00	4 957.90	14 377.30
Others	8 256.20	25 926.00	9 956.30	8 345.30	8 630.30
Non-EU	21 221.50	8 873.20	6 995.40	11 071.00	7 013.50
AFRICA	776 337.70	993 024.30	730 797.30	878 157.60	966 257.40
UEMOA	215 365.80	222 414.50	122 444.60	129 315.20	98 779.20
Burkina	4 314.70	4 090.90	3 636.50	4 540.00	6 560.90
Cote-D'Ivoire	11 008.70	11 364.30	7 491.30	9 923.70	9 137.80
Niger	45 303.70	59 237.30	63 780.00	46 307.50	31 903.70
Mali	65 692.20	65 919.00	34 652.20	50 769.20	40 641.70
Senegal	18 90.40	343.1	885.7	543.9	1 826.70
Togo	70 053.60	81 356.40	11 988.00	17 221.90	8 676.10
NON UEMOA	560 971.90	770 609.80	608 352.70	748 842.40	867 478.20
Nigeria	253 246.70	645 396.90	578 309.60	730 684.10	842 637.20
Tchad	157 728.40	12 668.20	3 763.80	1 466.90	2 913.00
Others	150 385.20	183 055.60	26 279.30	16 691.40	21 928.10

AMERICA	2 137.50	10 443.60	4 689.70	5 725.90	13 408.90
USA	1 615.40	5 767.50	2 540.30	4 139.00	13 044.60
Others	522.1	4676.2	2149.4	1587	364.2
Not classified elsewhere	0	8,1	196.6	5.2	1.9
Total	979 125.70	1 267 286.20	995 101.30	1 052 283.50	1 289 870.60
Countries of origin					IMPORTS (in millions of CFAF)
ASIA	559 859.30	772 624.00	567 943.40	717 052.50	988 579.90
China	137 818.80	141 729.80	162 177.00	132 627.30	138 962.60
Thailand	96 977.30	223 740.30	144 472.70	227 919.20	254 776.10
India	163 639.90	237 704.10	144 472.70	227 919.20	336 332.20
Malaysia		25 448.20	34 637.30	38 372.50	68 903.00
Singapore		29 592.30	33 532.60	15 995.40	21 859.00
Others	24 570.00	114 409.30	79 168.10	110 678.00	167 747.00
EUROPE	455 733.40	573 788.70	524 681.90	433 248.70	425 864.70
EU	431 403.50	546 463.80	504 296.90	405 117.60	406 492.50
Belgium	56 467.40	70 875.20	74 111.00	63 749.80	61 950.80
France	165 607.10	149 638.10	173 429.20	155 252.20	120 168.10
Spain	22 055.70	50 823.00	87 285.70	30 596.60	23 453.40
Netherlands	61 643.40	79 752.50	46 911.20	56 376.00	127 249.10
Denmark		19 951.00	6 850.30	4 011.10	3 966.00
Others	36 486.20	195 374.90	122 559.80	99 143.00	73 671.10
Non-EU	24 329.90	27 224.90	20 385.00	28 131.10	19 372.20
AFRICA	346 367.60	560 838.30	518 024.90	477 650.60	526 203.30
UEMOA	245 053.60	203 014.80	201 579.00	202 713.20	252 587.00
Burkina	2 993.20	11 498.60	513.5	1 433.20	2 758.70
Côte-D'Ivoire	38 329.20	33 690.00	40 914.80	24 140.50	39 378.70
Niger		9 188.60	17 202.90	11 172.70	39 056.60
Mali		7 985.20	8 648.60	11 175.20	14.2
Senegal	10 689.80	9 010.40	14 943.30	13 701.70	11 166.70
Togo	158 299.70	131 384.30	114 736.90	141 090,00	157 633.10
NON UEMOA		357 823.50	316 445.90	274 937.40	273 616.30
Ghana	12 300.10	14 183.00	12 413.50	11 884.10	12 365.80
Nigeria	37 981.40	217 383.30	245 316.70	171 390.50	197 500.60
Chad		14 235.80	5 873.50	8 778.00	2.4
South Africa	13 893.10	30 703.30	2 602.50	491.4	13 517.90
Others	0.00	81 318.30	50 240.00	82 393.70	50 229.90
AMERICA	123 982.90	164 312.20	100 923,20	73 826.80	91 008.20
USA	76 695.70	116 746.40	47 753.40	33 949.90	51 207.20
Brazil	35 909.60	31 804.00	41 073.30	30 884.40	34 512.20
Others	7 032.40	15 761.80	12 096.50	8 992.40	5 288.90
Not classified elsewhere	208 142.10[1]	1 879.40	820.3	1 742.50	2 123.80
Total	1 694 085.30	2 073 442.70	1 712 393.70	1 703 521.00	2 033 779.80

Source: BCEAO

5.3.3. International trade in value and by product

Benin's exports are dominated by agricultural products, particularly cotton products, palm products and cashew nuts. Other products that are exported include wood and wooden products, beverages, petroleum products, sugar and sweets. Cotton products dominate exports, accounting for an average of 45% of exports between 2013 and 2017, compared to 10% for cashew nuts, which is the second most important agricultural export product.

Imports are mainly composed of food goods (56% on average), intermediate goods (10% on average), energy products (15% on average) and capital goods (17% on average). Food products are dominated by rice (47% on average). Much of the imported rice is re-exported to Nigeria. Energy products are mainly composed of petroleum products and electrical energy.

Table 36. Benin's exports and imports by product

Items	2013	2014	2015	2016	2017
		Exports (in millions of CFAF)			
COTTON PRODUCT	**133 406.3**	**156 237.4**	**168 432.9**	**117 486.3**	**243 674,3**
Cotton fibres	122 490.2	150 434.9	161 610.0	110 358.4	211 767.6
Cotton seed	2 244.4	386.2	657.1	2 047.3	13 900.8
Cotton cakes	4 134.0	2 643.4	3 286.2	2 344.5	4 029.0
Cotton oil	4 537.7	2 772.9	2 879.6	2 736.1	13 976.9
PALM PRODUCT	**3 544.1**	**2 797.5**	**2 898.3**	**2 762.3**	**14 003.1**
Palm oil	1 299.7	2 772.9	2 879.6	2 736.1	13 976.9
Palm kernel oil	0.0	21.2	15.4	0.0	0.0
Palm kernel oilcake	2 244.4	3.4	3.3	26.2	26.2
OTHER PRODUCTS of which:	**177 828.6**	**314 707.5**	**198 312.5**	**122 038.7**	**172 014.2**
Meat and edible offal	0.0	202.0	118.5	12.8	13 252.3
Cashew nuts	30 677.8	32 437.5	42 520.7	23 141.9	48 289.6
Rice	1 613.1	3 572.2	103.3	0.0	0.0
Tobacco and cigarettes	418.2	193.5	61.1	160.9	15.0
Sugar and sweets	5 912.9	4 370.0	2 239.7	3 400.5	2 992.9
Beverages	420.2	180.0	314,1	459.2	494.9
Wood and wooden products	8 741.7	6 180.7	7 269,3	3 349.8	4 588.1
Petroleum products	18 323.0	51 412.4	13 431,1	8 583.0	10 724.1
Precious metal	10 496.0	10 747.3	8 872,2	10 615.1	13 163.9
Iron, cast iron and steel	34 050.6	26 073.0	19 238,9	12 135.0	9 374.3
TOTAL (official statistics)	**314 779.0**	**473 742.4**	**369 643.7**	**242 287.3**	**429 691.6**
Field adjustment	664 346.6	793 543.8	625 457.6	809 995.7	860 178.9
of which re-export	531 551.6	641 507.0	555 099.0	762 669.0	848 443.1
Total adjusted exports	**979 125.6**	**1 267 28.2**	**995 101.3**	**1 052 283.0**	**1 289 870.5**
		TOTAL CIF IMPORTS (in millions of CFAF)			
FOOD PRODUCTS	**585 902.5**	**846 834.2**	**605 866.9**	**766 126.9**	**969 009.4**
Cereals	298 585.3	505 275.6	272 255.9	453 761.7	620 944.5
of which Rice	293 638.7	504 658.5	271 708.7	453 443.3	618 198.9
Sugars and sweets	17 845.1	15 944.4	23 539.3	20 351.7	34 319.2
Beverages and tobacco	11 246.1	10 554.6	12 307.3	9 753.8	6 674.3
Other food products	258 226.0	315 059.6	297 764.4	282 259.7	307 071.4
OTHER CONSUMER GOODS	**140 699.7**	**167 841.4**	**154 439.4**	**127 709.9**	**124 875.3**
INTERMEDIATE GOODS	**204 670.3**	**207 909.6**	**172 392.7**	**157 726.5**	**139 497.5**
Chemical products	30 776.2	60 001.3	43 524.4	47 904.4	29 861.3
Cotton and cotton products	26 252.8	28 353.4	21 961.8	14 009.2	14 816.4
Other intermediate goods	147 641.3	119 554.9	106 906.5	95 812.9	94 819.8
ENERGy PRODUCTS	**204 820.9**	**258 352.4**	**258 071.3**	**204 101.1**	**307 116.3**
Petroleum products	137 015.0	187 905.1	183 774.2	144 729.5	231 774.8
Electrical energy	67 608.8	68 478.3	71 329.9	55 526.6	70 596.1
Other energy products	197.1	1 969.0	2 967.2	3 845.0	4 745.4
CAPITAL GOODS	**280 477.0**	**366 182.5**	**283 076.5**	**222 461.1**	**218 508.5**
Machines and equipment	144 137.1	146 487.9	136 931.7	108 111.0	122 148.9
Transport	136 339.9	219 694.6	146 144.8	114 350.1	96 359.6
OTHER GOOD NOT CLASSIFIED ELSEWHERE	**7 376.7**	**7 582.3**	**8 625.0**	**6 739.5**	**10 822.0**
TOTAL (CIF off. statistics)	**1 423 947.3**	**1 854 702.7**	**1 482 471.7**	**1 484 865.0**	**1 769 829.0**
Field adjustment	63 190.8	40 270.9	229 922.0	218 656.0	263 950.8
Non-registered Trade	63 190.8	40 270.9	229 922.0	218 656.0	263 950.8
TOTAL CIF IMPORTS	**1 487 138.1**	**1 894 973.6**	**1 712 393.8**	**1 703 521.0**	**2 033 779.8**

Source : BCEAO

5.4. Foreign Direct Investment

5.4.1. FDI by country of origin

FDI mainly come from African and European countries, as well as China to a lesser extent. In Africa, FDI mostly come from Togo, Côte d'Ivoire and Nigeria. With regard to FDI from Nigeria, the country's currency depreciation due to the petroleum crisis has had significant consequences. There has been a decrease in FDI in 2015 and 2016; FDI from Europe are mostly from France. The CFA Franc being pegged to the euro, FDI flows have remained unchanged. However, it is worth noting that FDI from France have decreased in favor of FDI from China in 2017.

Table 37. FDI by country (in millions of CFAF)

	2013		2014		2015		2016		2017	
	Amount	Share(%)	Amount	Share (%)	Amount	Share (%)	Amount	Share (%)	Amount	Share (%)
AFRICA	**109 958.80**	61.8	**64 293.50**	32.1	**-2 892.80**	-3.3	**8 011.40**	10.3	**45 980.60**	46.9
WAEMU	30 544.50	17.2	27 508.90	13.7	-830.8	-0.9	31 996.80	41	25 313.60	25.8
Benin	0	0	0	0	0	0	0	0	0	0
Burkina	145.2	0.1	-1 708.90	-0.9	118.6	0.1	27 068.80	34.7	0	0
Côte d'Ivoire	506.5	0.3	21 285.50	10.6	2 053.10	2.3	-4 533.20	-5.8	7 319.30	7.5
Guinea-Bissau	0	0	0	0	0	0	5	0	3 696.70	3.8
Mali	1	0	0	0	-69.5	-0.1	2.2	0	1	0
Niger	0	0	1.2	0	2 592.80	2.9	-78	-0.1	1 500.00	1.5
Senegal	6 720.20	3.8	8 228.00	4.1	-5 726.20	-6.5	-683.4	-0.9	-166	-0.2
Togo	13 306.70	7.5	-194.5	-0.1	200.3	0.2	10 215.40	13.1	13 556.10	13.8
ECOWAS excl. WAEMU	64 973.30	36,5	36 173.20	18.1	-3 007.40	-3.4	-6 939.50	-8.9	6 525.90	6.7
Ghana	0	0	35,8	0	36,2	0	0	0	-846	-0.9
Nigeria	64 973.30	36.5	36 137.40	18	-3 043.60	-3.4	-6 939.50	-8.9	7 371.90	7.5
CEMAC	12 354.90	6.9	-298.1	-0.1	15 954.60	18	-2 279.40	-2.9	1 114.60	1.1
AFRICA excl. ECOWAS, CEMAC et WAEMU of which:	2 086.10	1.2	909.5	0.5	-15 009.20	-17	-14 766.50	-18.9	13 026.50	13.3
South Africa	0	0	0	0	-810.4	-0.9	-20 137.60	-25.8	0	0
Libya	-321	-0.2	325.9	0.2	0	0	-353	-0.5	4 205.50	4.3
EUROPE	**56 541.20**	31.8	**102 664.20**	51.2	**92 435.00**	104.4	**67 033.70**	85.8	**18 790.30**	19.1
EUROPEAN UNION	54 541.30	30.6	93 605.30	46.7	86 021.30	97.2	71 328.10	91.3	9 221.30	9.4
EURO ZONE of which:	49 976.40	28.1	93 617.90	46.7	82 556.50	93.2	63 535.30	81.4	9 221.30	9.4
France	24 766.70	13.9	89 795.40	44.8	80 867.40	91.3	62 652.90	80.2	9 034.40	9.2
The Netherlands	11 521.30	6.5	2 171.10	1.1	-5	0	0	0	0	0
Portugal	14 435.00	8.1	0	0	-21	0	-344.2	-0.4	0	0
Others	-178.90	-0.10	257.30	0.10	1 100.50	1.30	1 178.60	1.50	86.90	0.10
European Union excl. euro zone of which:	4 564.90	2.6	-12.6	0	3 464.90	3.9	7 792.70	10	0	0
United Kingdom	2 387.40	1.3	0.4	0	198.2	0.2	0	0	0	0
Europe excl. EU of which:	1 999.90	1.1	9 059.00	4.5	6 413.60	7.2	-4 294.40	-5.5	9 569.00	9.8
Switzerland	1 334.90	0.8	1 407.80	0.7	6 413.60	7.2	-2 591.40	-3.3	219	0.2
AMERICA of which:	**12 148.70**	6.8	**31 696.10**	15.8	**-289.8**	-0.3	**2 393.40**	3.1	**9 865.20**	10.1
Brazil	0	0	32 550.00	16.2	0	0	0	0	0	0
USA	286.6	0.2	174	0.1	-289.8	-0.3	2 645.60	3.4	9 865.20	10.1
ASIA of which:	**-1 303.80**	-0.7	**600.8**	0.3	**-712.4**	-0.8	**661.5**	0.8	**23 492.30**	23.9
China	787.2	0.4	-2 195.30	-1.1	-657.3	-0.7	0	0	23 394.40	23.8
International Institutions	564.1	0.3	0	0	0	0	0	0	0	0
Others	68.1	0	1204.9	0.6	109.9	0.1	65.1	0.1	92.9	0.1
TOTAL	**177 973.50**	100	**200 335.80**	100	**88 539.90**	100	**78 100.00**	100	**98 128.30**	100

Source : BCEAO

5.4.2. FDI by sector

Economic sectors that have benefited from FDI over the past five years include mining (2013 and 2014), manufacturing, construction (2013-2016); wholesale and retail trade (2013-2017); transport and warehousing (2013-2017); and financial intermediation, insurance, and pension (2013-2015, and 2017).

Table 38. FDI by product (in millions of CFA francs)

	2013	Part (%)	2014	Part (%)	2015	Part (%)	2016	Part (%)	2017	Part (%)
Forestry and Fishing	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Mining operations	81 295.20	45.7	76 000.00	37.9	-70.6	-0.1		0.0		0.0
Manufacturing industry	28 771.30	16.2	12 636.60	6.3	-3 302.20	-3.7	11 849.2	15.2	19.7	0.0
Production and distribution ofelectricity and gas		0.0		0.0	-122.9	-0.1		0.0	9 900.0	10.1
Water supply Sanitation	0	0.0		0.0	0	0.0		0.0	0	0.0
Construction	2 399.70	1.3	3 659.00	1.8	23 375.20	26.4	19 235.0	24.6		0.0
Wholesale and retail trade	9 887.9	5.6	22 791.30	11.4	24 152.1	27.3	26 940.8	34.5	8 115.0	8.3
Transport, Warehousing	14 403.8	8.1	9 530.90	4.8	42 386.0	47.9	29 776.3	38.1	18 921.2	19.3
Hotels, restaurants and bars	-84.6	0.0	3 399.7	1.7	-107	-0.1	-23.4	0.0		0.0
Communication	-5 671.1	-3.2	-3 497.2	-1.7	-23 457.6	-26.5	-8 877.9	-11.4		0.0
Financial intermediation, insurance, bars	46 892.6	26.3	75 653.5	37.8	25 411.6	28.7	-813.6	-1.0	61 172.4	62.3
Real estate, rental, business services	11.8	0.0	161	0.1	275.3	0.3	13.8	0.0		0.0
Others	66.8	0.0	1	0.0	1	0.0		0.0		0.0
Total	**177 973.5**	**100**	**200 33.8**	**100**	**88 540.9**	**100**	**78 100.2**	**100**	**98 128.3**	**100**

Source : BCEAO

5.5. Regional integration

5.5.1. WAEMU convergence criteria

Over the past five years, Benin has met two primary criteria, namely the inflation rate and the criterion on outstanding debt. The budgetary balance criterion was not met until 2013 and 2014. None of the secondary criteria were met by Benin.

Table 39. WAEMU Convergence Indicators for Benin

BENIN	Standar	2013	2014	2015	2016	2017	2018
Primary							
Overall budget balance (including grants)/Nominal GDP	≥-3%	-1.9	-1.4	-5.9	-4.4	-4.3	-2.9
Average annual inflation rate	≤3%	1.0	-1.1	0,3	-0.8	0.1	0.8
Outstanding domestic and foreign public debt/nominal GDP	≤ 70%	18.5	22.3	30.9	35.9	39.6	41.0
Secondary							
Payroll/tax revenues	≤35%	44.9	45.3	48.2	55.2	47.3	44.0
Tax burden rate	≥20	10.8	10.7	10.6	9.2	9.7	10.2

Source : DGAE

5.5.2. Status of regional integration

Benin is a member of several regional and sub-regional organizations, including the African Union, the Economic Community of West African States (ECOWAS), the West African Economic and Monetary Union (UEMOA), the Conseil de l'entente and the CEN SAD. ECOWAS is mainly an economic union, while UEMOA deals with both economic and monetary issues.

Benin's membership of ECOWAS has enabled it to implement the Common External Tariff in customs since 1 January 2015. In terms of integration within WAEMU, it should be noted that country performance is assessed through economic governance, convergence, the common market, sectoral reforms and the implementation of sectoral projects and programs. The evaluation, carried out in mid-June 2018, presents the following results:

- In the field of economic governance, Benin has achieved a rate of 88.15% in the implementation of community reforms. Indeed, most of the WAEMU decisions have been transposed by Benin. The directives not yet transposed are in particular:

- The directive relating to the regulation of the management of delegated public works;
- The Directives on the legal, accounting and statistical framework are partially implemented and vary between 50 and 85%;
- The directive relating to the creation of the National Accounting Council (CNC), which has an implementation rate of 80% due to the existence in Benin of a law creating a CNC that does not take into account the provisions of the directive.

- In terms of convergence, Benin met two of the five convergence criteria in 2017. These are the inflation rate and the public debt ratio criteria. The other three criteria that have not yet been met are those relating to the payroll, tax burden and overall balance;

- Regarding the Common Market, the implementation rate of Community texts in this area was 69% in 2017. For domestic taxation, the 10 directives and 3 decisions have been fully implemented. As far as the customs union is concerned, the 9 regulations apply to Benin. The two competition directives have not yet been transposed. Benin is fully implementing the Community provisions on preferential treatment. As regards freedom of movement, of the six directives, only the directive establishing a single system for holding a baccalaureate is transposed. As regards the regulation on the harmonization of rules governing the legal profession in the WAEMU region, all three provisions are partially implemented;

In terms of structural reforms, the average implementation rate is 83%. These reforms concern sectors such as transport and transport facilitation, telecommunications, agriculture, the environment, human and social development, crafts and quality.

6. CREDIT QUALITY

6.1. Business climate

Over the past five (05) years, Benin's ranking in terms of "ease of doing business" has changed sporadically. Indeed, Benin's rank fell from 151st in 2015 to 153rd in 2019 after a significant decline in 2016, when it was 158th.

Table 40. Benin Doing Business ranking

	2019	2018	2017	2016	2015
Ease of doing business	153th	151th	155th	158th	151th

Source: World Bank

Substantial progress has been made in the areas of business creation, obtaining building permits, transfer of ownership, obtaining loans and insolvency settlement. The performance achieved in 2018 is essentially linked to the three (03) major areas of reform: (i) the processing of building permits, (ii) property registration and (iii) the facility for companies to obtain bank credit.

Benin has increased transparency in building permits by publishing building regulations online free of charge. It has made the registration of property less costly by eliminating the registration fee and establishing the fee schedule and list of documents required for property registration. Benin has improved its credit system by introducing regulations governing the licensing and operation of credit offices in WAEMU member states.

Table 41. Doing Business Indicators

INDICATORS	Regulation Name the law or program voted or under development. Specify the content	Implementation indicators Time taken to complete procedures, average number of procedures, cost spent
Starting a business	Decree No. 2014-547 of 12 September 2014 establishing, allocating, organizing and operating the Benin Investment and Export Promotion Agency (APIEX) specifies in its article 4 that it deals with formalities for the creation of companies, the exercise, modification, cessation of activities or dissolution.	- Procedures - Men (number): 5 - Time-Men (days): 8 - Cost-Men (% of income per capita): 3.5 - Procedures - Women (number): 6 - Time-Women (days): 9 - Cost-Women (% of income per capita): 3.6 - Minimum capital required: CFAF 2500 - Minimum capital required (% of income per capita): 5.2
Building permits	Decree No. 2014-205 of 13 March 2014 regulating the issuance of building permits in the Republic of Benin and its implementing decrees.	- Procedures (number of procedures): 13 - Time (days): 88 - Cost (% of construction value): 2.9 - Construction Quality Control Index (0-15): 9.0
Access to electricity		- Procedures (number of procedures): 5 - Time (days): 90 - Cost (income per capita): 11987 - supply reliability and tariff transparency indicator (0-8): 0
Property registration	Law No. 2017-15 amending and supplementing Law No. 2013-01 of 14 August 2013 on the Land and State Code in the Republic of Benin.	- Procedures (number of procedures): 4 - Time (days): 120 - Cost (% of property value): 3.4 - Land administration quality indicator (0-30): 6.5
Access to credit	Law N°2017-02 of 03 May 2017 on leasing in the Republic.	- Guarantee Reliability Index (0-12): 6 - Credit information index (0-8): 0 - Credit register coverage (% adults): 0.8 - Credit office coverage (% adults): 0
Average time to be paid		
Protection of minority investors		- Disclosure Index (0-10): 7.0 - Index measuring directors' liability (0-10): 1.0 - Shareholder prosecution facility index (0-10): 5.0 - Shareholder Rights Index (0-10): 4.0 - Holding and control index (0-10): 3.0 - Corporate Transparency Index (0-10): 4.0
Level of taxes		
Ease of paying taxes	The tax administration is implementing several reforms to facilitate the payment of taxes by taxpayers. These reforms are contained in the Strategic Orientation Plan of the Tax Administration (POSAF) 2016-2021. The reforms concern, among other things, telepayment and teleprocedures. These two reforms became effective in the first quarter of 2018.	- Payments (number per year): 57 - Time (hours per year): 270 - Total payable (% of gross profit): 57.4 - Post-tax return index (0-100): 49.31
Ease of export		- Export delay: compliance with cross-border trade procedures (in hours): 78 - Export cost: Compliance with cross-border trade procedures (USD) 354 - Export deadline: compliance with document requirements (in hours) 48 - Export cost: Compliance with document requirements (USD) 80
Enforcing contract law		- Time (days): 750 - Cost (% of receivable): 64.7 - Quality of judicial proceedings (0-18): 6.5
Insolvency resolution	Law N°2017-01 of 03 May 2017 relating to factoring in the Republic.	- Recovery rate (US dollar cents): 23.3 - Time (years): 4.0 - Cost (% of assets): 21.5 - Result (0 if assets are sold separately and 1 if the company continues to operate): 0 - Index on the relevance of the legal framework for insolvency (0-16): 9.0
Bankruptcy resolution		
Rules for hiring and firing	Act No. 2017-05 of 29 August 2017 establishing the conditions and procedure for the hiring, placement of labor and termination of the employment contract in the Republic of Benin.	

Source: Doing Business 2019 Report

The Mo-Ibrahim Index was 58.7 in 2017, compared to 58.9 in 2016 and 58.6 in 2015. According to the 2017 corruption perception index, the Transparency International rating placed Benin 85th out of 95 in 2016 and 83rd in 2015.

The government is determined to fight corruption and the pre-emption of the State's resources. With this in mind, the government launched the "clean hands" operation whose objective is, on the one hand, to prosecute anyone embezzling state's resources while performing their duties, and, on the other hand, deter those that may be tempted to engage in corruption. Thus, those involved in proven corruption cases will be prosecuted.

Similarly, the council of ministers presented cases of misappropriation of public funds, particularly as part of the ongoing school canteen management project, among other things (where cases of thefts of food products were orchestrated by school principals and primary school teachers), and agricultural farms management projects. Signals have been given where those involved were dismissed and prosecuted by the judicial powers, to answer for their actions.

On financial governance, the IMF Executive Board completed the 3rd review of the arrangement with Benin under the Extended Credit Facility (ECF) on 6 December 2018. The Board approved a disbursement of USD 22.0 million. The program aims to support the country's economic and financial reforms and focuses on raising living standards and preserving macroeconomic stability. According to the press release, Benin's performance under the program supported by the ECF remains strong.

The budgetary position improved significantly, mainly due to expenditure control. The momentum of continued growth, and the medium-term economic outlook, are favorable, driven by rising demand from Nigeria and a better climate for private investment. Similarly, the proposed 2019 finance law, which is in line with the WAEMU deficit convergence criterion, provides for an ambitious effort to mobilize tax revenue. This will help to strengthen the revenue strategy, by reducing dependence on exceptional non-tax revenues and by giving priority to sustainable tax measures that broaden the tax base.

Improving public debt management is also essential to ensure the sustainability of public finances. The recent debt reprofiling operation is a step in the right direction. To sustain high growth, the private sector must be more involved in the coming years. With the consolidation of public finances underway, the private sector will have to become the main engine of growth. Further improvements in the business climate, further reforms that facilitate access to electricity and credit, and a stronger anti-corruption framework will be needed.

6.2. Financial rating

On 21 June 2019, the international financial rating agency Standard & Poor's confirmed the B+ rating assigned to the Republic of Benin in July 2018 with a stable outlook. By confirming this rating, it maintains Benin in second place among African countries, at the same level as Senegal and Kenya.

In terms of economic activity, the Agency maintains its positive outlook with a real GDP growth averaging 6.5% over the 2019-2022 period, supported by public and private investment, particularly in infrastructure and agricultural productivity. Economic dynamism will also be driven by the reforms undertaken by the government, in line with the efforts made since 2016, with an expected positive effect on the business climate and Benin's attractiveness for foreign investors. In addition, the agency expects exports to increase thanks to productivity gains in the agricultural sector and the modernization of the Port of Cotonou.

With regard to public finances, the agency confirms the government's performance in 2018 with a deficit of 3.9% of GDP against initial projections of 4.7% of GDP. The Agency projects a gradual reduction in the budget deficit to an average of 3.4% of GDP over the 2019-2022 period. This trend will be driven by an increase in public revenues due to stronger economic activity, better performance in the cotton sector, and reforms aimed at better tax collection with the modernization of the tax and customs administration.

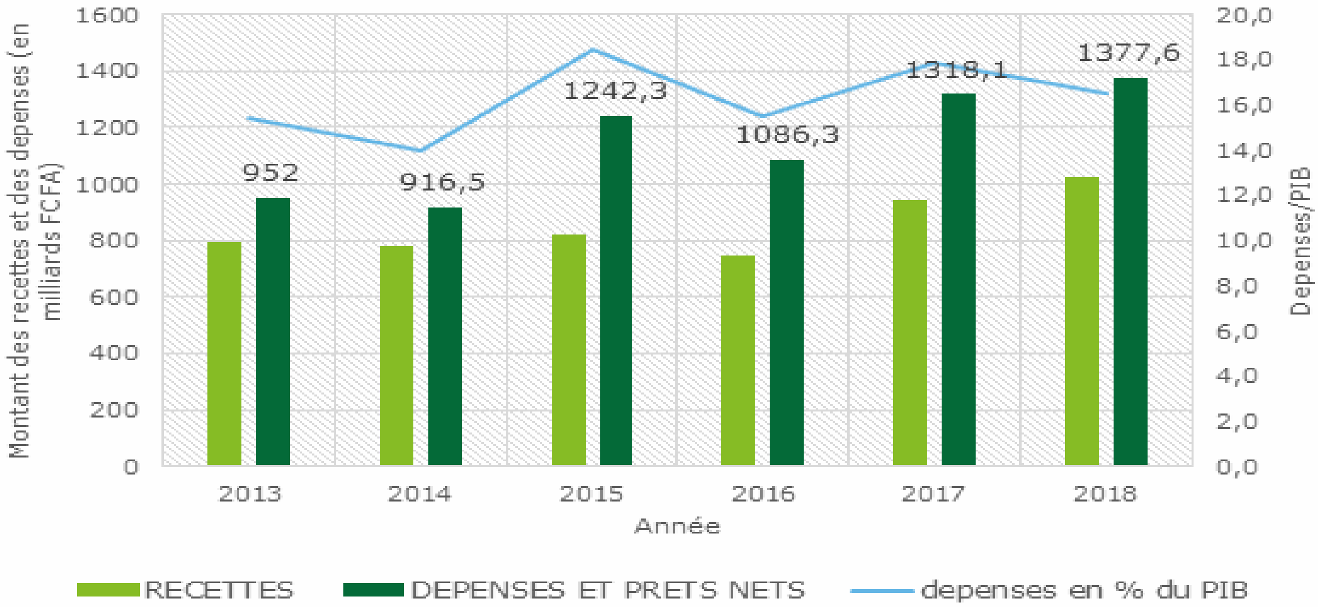
Regarding public debt, Standard & Poor's forecasts that debt will remain below 57.5% of GDP over the 2019-2022 period, well below the WAEMU Community ceiling of 70% of GDP. The agency again welcomed the Government's reprofiling exercise in 2018, which allowed Benin to improve its debt profile by replacing a stock of expensive and short- medium-term maturity debt with a lower rate and longer maturity debt.

7.1. Budget

7.1.1. Expenditure and revenue

Government revenues and expenditures increased overall between 2013 and 2017. However, the base deficit has risen from CFAF 156.6 billion in 2013 to CFAF 373.7 billion in 2017. As a percentage of GDP, the deficit represented 6.9% in 2017 compared to 3.5% in 2013

Figure 10.- Evolution of income and expenditure (in billions of CFA francs)



Source: CSPEF/DGAE/IMF

7.1.2. Detailed presentation of expenditure and revenue

The State's revenues amounted to CFAF 1021.6 billion in 2018 compared to 795.4 billion in 2013, thus marking an upward trend. This increase is mainly due to non-tax revenues and domestic tax revenues. Overall, tax revenues have not really increased significantly. Indeed, the tax burden fell from 10.8% in 2013 to 10.2% due to the decrease in customs revenues following the implementation of the tax transition. The level of the tax burden rate reflects the low level of tax revenue mobilization in Benin compared to the minimum 20% rate set by WAEMU.

Public expenditures and net lending amounted to 16.5% of GDP in 2018, up from 15.4% of GDP in 2013, reflecting an increase. However, the annual analysis of the various expenditure items shows that public expenditures in 2016 fell as a result of the reduction in current expenditure compared to 2015. In particular, there have been a contraction of transfer expenditures following the non-renewal of subsidies to the cotton sector on the one hand and investment expenditure, on the other hand.

In 2017, there was a contraction in staff costs in line with the measures taken by the government, in particular: i) the periodic census of public servants; ii) the audit of staff and skills; iii) the planning of jobs and skills; iv) the interfacing of the FUR[26] and SUNKWE systems6[27]; v) the use of the banking system for the benefits of public servants; vi) the prioritization of sectors essential for the recruitment of public servants; vii) the payment by bank transfer of diplomatic and consular officials.

[26] *FUR: Single Reference File. It is the database of State Agents, managed by the Ministry of Labor and Public Service.*
[27] *SUNKWE: Salary processing software.*

Public investment expenditure increased in 2017 following the effective start of several projects under the Government Action Program (PAG).

Table 42. Detailed evolution of government revenues and expenditures

	2013	2014	2015	2016	2017	2018
Revenues and grants	836.3	824.8	848.3	780.4	1001.7	1075.8
Total revenue	795.4	780.7	819.5	745.7	944.4	1028.6
Tax revenues	668.1	701.2	713.1	641.1	712.8	811.4
Foreign Trade Taxes	371.6	362.1	345.7	288.5	316	331.9
Of which oil taxes	0	0	0	0	0	0
Direct and indirect taxes	296.5	339.1	367.4	352.6	396.8	479.4
Non-tax revenues	127.3	79.5	106.4	104.6	231.6	217.2
Grants	40.9	44.1	28.8	34.7	57.3	47.2
Projects	28.1	35.9	28.8	26.1	43.3	31.2
Programs	12.8	8.2	0	8.6	14	16
Total expenditure	952.0	916.7	1242.4	1086.2	1318.1	1305.9
Current expenditures	632.7	683.6	845.3	781.1	820.2	857.8
Salaries and compensations	300.3	317.4	343.4	353.8	337.3	356.7
Social Security	61.2	67.5	75	78.4	95.6	92.2
Transfers and others	132.3	176.4	249.5	185.5	166.6	179.4
Exceptional expenditures	119	103.9	141.1	100.1	114.3	103.6
Interest due	19.9	18.4	36.3	63.3	106.4	125.9
On domestic debt	*10.1*	*8.1*	*20.3*	*51.4*	*88.4*	*108.8*
On external debt	*9.8*	*10.3*	*16*	*11.9*	*18*	*17.1*
Capital expenditure	288.1	249.6	376.9	299.6	491.5	445.6
From domestic resources	*133.8*	*114.6*	*216.6*	*178.5*	*313*	*279.1*
From external resources	*154.3*	*135.1*	*160.3*	*121.1*	*178.5*	*166.5*
Net loans	31.2	-16.5	20.2	5.5	6.4	2.5
Primary balance	-136.7	-117.5	-386.6	-277.3	-267.3	-151.4

Source: DGAE/CSPEF/DGB/IMF

The primary deficit went from CFAF 136.7 billion to 277.3 billion in 2016 due to the high capital expenditure over the period, but also to staff expenditures between 2013 and 2016. In 2017 and 2018, it declined in line with the good performance of tax and non-tax revenues, although investment and staff expenditures are on the rise.

7.1.3. General presentation of the budget

Social expenditures, in particular education and health expenditure, received more financial allocations than other sectors.

Table 43. Evolution of state expenditure by sectoral ministry

SECTORS	Value (Billions CFAF)	Share (%)	Value (Billions CFAF)	Share (%)	Value (Billions CFAF)	Share (%)	Value (Billions CFAF)	Share (%)	Value (Billions CFAF)	Share (%)	Value (Billions CFAF)	Share (%)	Value (Billions CFAF)	Share (%)
Education	212.4	36.2	83.1	19.4	215.4	22.2	211.5	34.0	200.9	30.3	269.2	26.8	250.0	25.7
Health and social sector	63.3	10.8	29.5	6.9	69.9	7.2	49.9	8.0	55.3	8.3	68.9	6.9	63.6	6.5
Industry and trade	29.8	5.1	41.1	9.6	29.4	3.0	41.4	6.7	55.1	8.3	19.2	1.9	10.9	1.1
Agriculture	31.6	5.4	30.8	7.2	67.3	6.9	57.6	9.3	31.7	4.8	84.4	8.4	59.8	6.1
Justice and Home affairs	25.3	4.3	22.0	5.1	33.7	3.5	29.5	4.7	45.8	6.9	59.4	5.9	54.8	5.6
Army	42.2	7.2	45.8	10.7	48.9	5.0	49.5	8.0	49.7	7.5	50.1	5.0	39.9	4.1
Transport and communication	30.0	5.1	27.4	6.4	60.1	6.2	46.6	7.5	47.8	7.2	95.0	9.4	90.0	9.3
Urban planning and housing	17.7	3.0	20.3	4.7	26.8	2.8	9.7	1.6	44.4	6.7	75.2	7.5	68.2	7.0
Administration[28]	134.9	23.0	128.9	30.1	419.9	43.2	126.8	20.4	133.1	20.1	284.5	28.3	335.4	34.5
Total	**587.1**		**428.8**		**971.3**		**622.7**		**663.7**		**1005.9**		**972.7**	

Source: SIGFIP/DGP/MEF

7.1.4. Detailed presentation of the budget by item of expenditure

The 2018 draft finance bill aims to accelerate the PAG's flagship reforms and projects, particularly in the priority sectors of energy, infrastructure, living conditions, tourism and agriculture. Efforts to upgrade the education and health systems, security and defense will be further strengthened, as will the minimum package of services provided in social action (micro-finance, assistance to vulnerable people, etc.). The expected effects of the implementation of the 2018 segment of the PAG should make it possible to consolidate macroeconomic stability and significantly improve the performance framework of the various public policies.

To achieve the objectives set in the education sector, the provisional budget was distributed as follows: CFAF 106.144 billion for preschool and primary education, 77.104 billion for secondary education and vocational training and 85.98 billion for higher education and scientific research.

The 2018 finance bill balances resources and expenses at CFAF 1.862.918 billion.

[28] *The Administration sector includes all the institutions of the Republic and some transversal ministries.*

Table 44. The large items of the finance bill (2018)

Budgetary Expenditure	Amount (in billions of CFAF)
General Budget	**1299.066**
Current expenditure	**800.035**
Staff expenses	375.45
Financial expenses on debts	132.9
Expenditure on the acquisition of goods	99.027
Current transfer expenses	192.658
Capital expenditures	**499.031**
Annexed Budget of the FNRB	**80.05**
Special Allocation Account	**27.202**
Total General Budget	**1406.318**
Cash expenses	**456.600**
Loans and Advances	0
Amortization Bonds	167.600
Amortization of IMF drawings	12.500
Amortization of external borrowings	35.300
Amortization of local bank loans	72.200
Other cash expenses	169.000
Treasury Bills	154.000
Variation of payment	10.000
Severance pay	5.000
Total Budget	**1862.918**

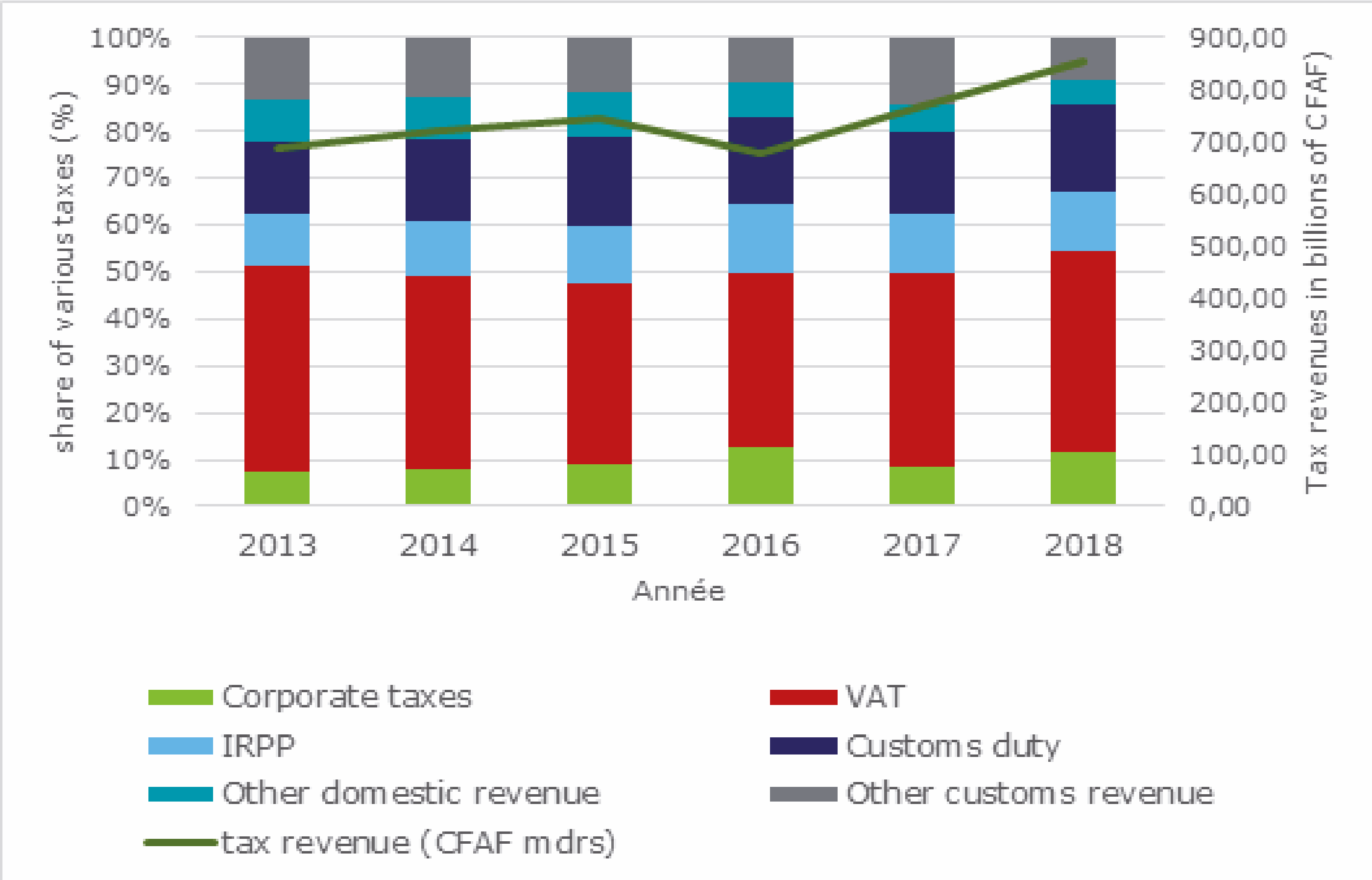
Source: Presentation report of the budget, 2019 Management, DGB/MEF

7.2. Fiscal policy

7.2.1. General budget revenue broken down by source

Taxes that provided revenue include value added tax, customs duties, personal income tax and corporate tax.

Figure 11. Tax revenue by type (in billions of CFA francs)



Value Added Tax (VAT)

VAT remains the main revenue-providing tax, consisting of domestic VAT and VAT on imports. VAT on imports is deductible VAT. The VAT rate is 18% of the tax base. The VAT contribution to be paid corresponds to the excess of the VAT collected by the company from customers on its sales or services (downstream VAT) over input VAT, i.e., the VAT paid on purchases by the taxpayer. Input VAT is deductible only if the corresponding downstream transactions are taxable. Tax that has encumbered property that may be appropriated by the officers is not deductible. The number of taxable persons is 2434 in 2018.[29]

Corporate income tax

Corporate income tax is applied to net profits made in Benin, as well as those whose taxation is attributed to Benin by an international treaty for the elimination of double taxation. Taxable profit is the net tax profit obtained based on the accounting result after the reinstatement of non-deductible expenses for tax purposes and the deduction of items not subjected to tax.

Once the net taxable profit has been calculated, the rates applied are:
- 30% for legal persons other than industries;
- 25% for legal entities with industrial activity and mining companies (profits derived exclusively from the exploitation of a deposit of mineral substances);
- Between 35 and 45% for profits from hydrocarbon exploration, exploitation, production and sale activities, including ancillary transport operations.

However, the amount of the tax may not be less than 0.50% of the revenue to be collected for legal persons engaged in industrial activity; 0.75% for mining companies and legal persons other than industries; and CFAF 0.60 per liter by volume of petroleum products sold for service stations.

[29] http://tva.impots.bj/cdgi/

Personal Income Tax

The Personal Income Tax is a single annual tax on the taxpayer's total net income. It is payable by any individual or a similar person whose tax domicile is located in Benin.

Natural persons and assimilated persons include the State, municipalities, public administrative, cultural or scientific institutions, associations, NGOs, etc. when they hold only land income. The tax rate is specified by the type of income.

Table 45. Personal Income Tax scale

Type of income	Taxable income brackets	Applicable rates
Industrial, commercial, artisanal and agricultural profits. Profits from non-commercial professions and similar income. Property income	Not exceeding CFAF 300,000	0 %
	From CFAF 300,000 to 2,000,000	20 %
	From CFAF 2,000,000 to 3,500,000	30 %
	From CFAF 3,500,000 to 5,500,000	40 %
	More than CFAF 5,500,000	45 %
Salary and wages	From 0 to CFAF 50,000	0 %
	From CFAF 50,001 to 130,000	10 %
	From CFAF 130,001 to 280,000	15 %
	From CFAF 280,001 to 530,000	20 %
	More than CFAF 530,000	30 %
Income from movable capital		15%[30]

Source: CGI 2018/DGI

Customs duty

The customs duty or tariff is a tax levied on imported goods when they cross the border. The taxable amount is the customs value of the goods. Taxable persons are natural and legal persons. The reference rate applied in Benin is part of the Common External Tariff (CET) Categorization. It is 0% for company assets and rises to 35% for specific goods for the country's economic development.

Table 46. Customs duty rate by product type

Products	Rates
Company assets	0%
Basic necessities, basic raw materials, equipment, and specific inputs	5%
Intermediate Products	10%
Final consumption goods	20%
Specific goods for the country's economic development	35%

Source: ECOWAS CET

7.1.3. General presentation of the budget

The year 2018 was marked by the continuation of reforms in the tax administration. The reforms undertaken by the tax administration have been marked by, among other things:

- The deployment of the Integrated Tax and Similar Management System (SIGTAS). It is a powerful tax management information system that, with its many advantages for the DGI, not only provides a quality service to users but also allows taxpayers to save time in completing tax formalities. Indeed, in the long term, SIGTAS should revolutionize the declaration process at the level of the General Directorate of Taxation to make way for a total digitalization of procedures.
- The implementation of remote declaration and remote payment at the level of large companies;
- The introduction of electronic VAT invoicing machines and its gradual extension to all eligible and taxable companies to increase VAT efficiency.
- The implementation of the Budget customs tax platform to combat fraud and tax evasion;
- The introduction of a new BIT rate of 3% of the customs value plus all duties and taxes payable, with the exception of VAT, for imports of goods by companies registered with the Unique Tax ID;

At the level of the Customs Administration, the reforms concern

- The opening of juxtaposed checkpoints to facilitate customs clearance operations.
- Deployment of the Single Window of Foreign Trade (SWFT) portal: operational since February 2018 (www.guce.gouv.bj);
- Import intentions meanwhile on the Benin Control platform for the evaluation and classification of goods are now via the SWFT platform since 15 March 2018;
- The strengthening of the Directorate of Intelligence and Customs Investigations (DRED) with the deployment of several customs officers to this Directorate and the development of an annual control plan for 2018.

7.3. Finance Bill

The 2019 Finance Act proposes to direct more resources towards protection and social action while consolidating budget allocations around reforms and flagship projects. It also marks the experimentation in 2019 of budgetary management in program mode, in accordance with the provisions of the Organic Law No. 2013-14 of 27 September 2013 on finance laws.

The conduct of economic policy in 2019 will remain in line with the main options taken in the 2016-2021 Government Action Program (PAG) and the commitments made by the State under the economic and financial program concluded with the IMF under the ECF. As such, investment in growth-generating sectors remains a priority. The plan adopted for 2019 focuses on strategic sectors with high potential such as tourism, the digital economy, education, health, energy, infrastructure, agriculture and living standards. The purpose of this option is to increase the resilience of the national economy by putting it on a more stable and solid footing to accelerate the economy's growth rate on a sustainable basis and achieve a substantial improvement in the living conditions of Benin’s people.

For the 2019 management, the macroeconomic forecasts are based on (i) an economic growth rate of 7.6% compared to 6.8% in 2018 and 5.8% in 2017; (ii) a controlled inflation rate of around 2.0%; (iii) a budget deficit, including grants, of 2.7% below the Community ceiling of 3.0%; (iv) a current account balance of 9.3%; (v) a debt ratio of 54.2%, below the ceiling recommended by WAEMU of 70%.
The finance bill for the 2019 management is balanced in terms of resources and expenses at CFAF 1,877.543 billion.

[30]This rate is reduced to: 10% for products regularly distributed; 7% for products of shares regularly distributed by companies listed on a stock exchange approved by CREMPF within UEMOA; 7% for capital gains generated on the sale of shares and received by individuals; 6% for income from bonds and for lots and redemption premiums paid to creditors and bondholders; 5% for capital gains generated on the sale of bonds. 3% and 0% for the proceeds of bonds issued by WAEMU Member States, by public authorities and their branches, depending on whether the duration of the bonds is between 5 and 10 years or more than 10 years; 5% for the capital gains generated on the sale of bonds

Table 47. The main items of the finance bill, 2019 management (in billions of CFAF)

Budgetary Expenditures	Amount
General Budget	**1264.289**
Current expenditure	**824.489**
Staff expenses	*374.750*
Debt financial expenses	*153.900*
Expenditure on the acquisition of goods	*94.72*
Current transfer expenses	*201.117*
Capital expenditures	***439.800***
Annexed Budget of the FNRB	**85.450**
Special allocation account	**23.302**
Total General Budget	**1373.041**
Cash expenses	**504.502**
Loans and Advances	3827
Amortization of Bonds issues	167.244
Amortization of IMF drawings	12.500
Amortization of external loans	38.239
Amortization of local bank loans	74.580
Other cash expenses	208.112
Treasury Bills	180.112
Variation of payment	10.000
Severance pay	18.000
Total Budget	**1877.543**

Source: Presentation report of the budget, 2019 Management, DGB/MEF

With regard to taxation, several reforms have been introduced, including the introduction of new taxes, but also the continuation of certain exemption measures. These include, among others:

- The continued exemption of computer equipment;
- The tax for the development of sport due by large companies; the amount of the tax is set at 10/00 of the turnover excluding all taxes of the previous year and is deductible for the determination of income tax.[31]
- The contribution on sales of electronic communications services on networks open to the public. The contribution rate is set at 5% of the sales price excluding the tax of service.
- The extension of the scope of application of the tourist tax in hotels and similar establishments and transfer of its recovery to the DGI;
- The increase in the tax on Tobacco and Cigarettes from 40% to 50%.

The gains/losses associated with certain measures are indicated below:

[31] *Article 293-13 to 293-16 CGI*

Table 48. Gains/losses associated with certain measures contained in the bill, 2019 management

Measures	Effects on Revenue	Budgetary Impact in CFAF
Exemption of computer equipment	Loss	3.2 billion
Exemption from customs duties and taxes and VAT on containers for compressed or liquefied gases, made of cast iron, iron or steel, and accessories (burners, pot holders for 3 and 6 kg cylinders, pipes, fittings, expansion valves, gas stoves without ovens and expansion valves) for domestic gas, imported, manufactured or sold in the Republic of Benin.	Loss	700 million
Amendment of Article 13 of Law 2017-40 of 29 December 2017 on the Finance Law for the 2018 Management to add soya to the list of products to be taxed as a contribution to agricultural research	Gain	2 billion
Creation in the Finance Act for the 2019 management of a contribution to the promotion of cashew nut processing.	Gain	855 million
Withholding tax on hydrocarbon sales made in Benin by non-domiciled persons.	Gain	1 billion at least
Reduction of the minimum tax on synthetic business tax from CFAF 400,000 to 150,000	Loss	1 billion
Extension of the scope of application of the tourist tax in hotels and similar establishments and transfer of its recovery to the DGI.	Gain	about 300 million

Source: Presentation report of the Budget, 2019 Management, DGB/MEF

8- RISK FACTORS

8.1. Political and security risks

Risks related to elections

Political and security risks can be reflected in the impact of the parliamentary elections in Benin and the presidential elections in Nigeria in 2019 on the business environment. Indeed, 2019 will be an election year in Benin and Nigeria. In Benin, 2019 will mark the organization of legislative elections, which will mark the end of the 7th legislature and the installation of the 8th. In February 2019, Nigeria will hold its 9th presidential election since its independence. Although it is acknowledged that these electoral periods are characterized by a wait-and-see attitude on the part of the business community, the extent of the impact of this phenomenon on Benin's economy remains mixed. Moreover, these periods are also times of political risk that can affect economic performance. However, the maturity of Benin's democracy is an important element in mitigating this risk for Benin.

Risks related to internal security

The Government has implemented reforms in the security sector to prevent possible risks. Indeed, for better management of internal security, a new force called the republican police force has been created through the law 2017-41 creating the republican police in the Republic of Benin. This law, which creates a single internal security force, should provide a solution to the multifaceted crime and delinquency faced by the populations of Benin's regions, which leads them to demand greater security from their government. This force will adopt the community policing model and establish strategic partnerships with the population to reduce crime, address domestic crises and create an environment conducive to development.

8.2. Social risks

Since the historic conference of the nation's forces vives, Benin has not experienced any social crises. The only obstacles that have been noted are related to strikes, sometimes paralyzing the Administration, hospitals and health centers, schools and courts.
To remedy this situation, the parliament stipulates that when the conditions are met, the right to strike is exercised within a specified period. It may not exceed ten days in any one year. Similarly, the strike may not exceed seven days in any one six-month period and two days in any one month. It is also specified that, whatever the duration, the work cessation during the same day is considered as a full day of strike.

8.3. Macroeconomic risks

In Benin, macroeconomic risks are mainly driven by trade and exchange rate policies in Nigeria and the evolution of commodity prices, particularly cotton and oil. Benin's geographical proximity to Nigeria and the close trade relations between the two countries constitute an opportunity but also present uncertainties. These uncertainties relate to both Nigeria's trade policy and monetary policy. For example, Nigeria's monetary policy decision of 20 June 2016 to depreciate the Naira was strongly felt in Benin. This has resulted in a decline in activity in Benin's industries, particularly the agro-food industries. Simulations by the General Directorate of Economic Affairs reveal that a 10% drop in the price of the Naira would lead to a 1.03% reduction in production in the industrial sector.
Aware of this situation, and a few months after its installation in 2016, the government drew up an Action Program aimed at ensuring the resilience of the economy and the commitment to its structural transformation. This plan is oriented, on the one hand, towards strengthening Benin's traditional growth drivers such as agriculture and promoting new sectors such as tourism, the digital economy and the knowledge economy. The first results of this strategy show a weakening of the link between the economies of Benin and Nigeria. Indeed, in 2016, while the Nigerian economy contracted by 1.6%, Benin's eco-

nomy grew by 3.3%. Since 2017, Nigeria's growth rate has not been over 2.0%. Benin's is around 6.0% and 7.0%.

As for the evolution of commodity prices, particularly cotton and oil prices on the international market, it is the subject of particular attention in Benin. The annual average price of cotton has shown an upward trend in recent years. Thus, from $1.55/Kg in 2015, the price rose to $1.85/Kg in 2017. The outlook for 2019 is in favor of continuing this trend. However, an unfavorable price trend could have an impact on cotton production in the medium term. Fortunately, to avoid the transmission of a drop in the international price to producers, the other players in the sector are willing to cushion a short-term shock. To mitigate the impact of adverse shocks on cotton, the Government has been promoting new agricultural sectors since 2016, both for export and for food. Among these sectors are cashew nuts, pineapples and market gardening, and rice, maize and cassava for the food security sectors. The production results obtained for these products for the 2018/2019 season show satisfactory results and favorable prospects.

For oil, the outlook is for stability in 2019, after a recovery in 2018 and low levels in 2015 and 2016. However, oil prices remain subject to uncertainty. A more than expected increase in prices would impact inflation and economic growth. According to simulations by the Directorate General of Economic Affairs, a 15% increase in oil prices above forecasts would cause a 0.01point loss in growth. The probable impact of the occurrence of risk is therefore limited.

8.4. Risks relating to the mobilization of public and private financial resources

Mobilization of tax ressources

The risks associated with the mobilization of tax revenues in Benin are related to the preponderance of informal trade (about 57% of GDP). To address this situation, since 2016, the Government has been implementing a strategy aimed at securing collected revenue through, in particular, the dematerialization of procedures (e. g. online tax payments, the introduction of electronic VAT invoicing machines, etc.) and broadening the tax base (better control of exemptions, implementation of incentives for the formalization of companies such as the introduction of a synthetic business tax, etc.). The implementation of this strategy allows Benin to systematically meet or even exceed the forecasts agreed with the IMF over the past three years.

External funding by donors

Benin has an ambitious reform program aimed in particular at restoring investor confidence, giving particular priority to improving the business environment. This program has attracted the attention of several donors who have shown interest through specific projects to support the Government. Similarly, the quality of public governance and the strengthened fight against corruption are likely to reassure donors.

External financing by foreign direct investment

The risks of external financing by foreign direct investors are limited. Indeed, Benin has carried out a vast program of reforms aimed at improving the business climate and attracting foreign direct investment (FDI). According to the 2018 World Investment Report published by UNCTAD, FDI inflows increased from USD 132 million to 184 million between 2016 and 2017. The stock of FDI is also on the rise, reaching USD 2.1 billion at the end of 2017. In 2016, the stock of FDI represented 19.7% of Benin's GDP.

The main countries investing in Benin are France, Nigeria, Brazil, Côte d'Ivoire, Togo and recently China. Other major investor countries are European countries and Canada.

8.5. Health risks

Benin does not really face epidemic health risks. However, it should be noted that some diseases are common in Benin, including malaria (Benin is classified in Group 3 countries - countries that have the most severe form of the disease); meningitis (the country is in the "meningitis belt" area; diarrheal diseases are widespread in Benin. However, these diseases are well managed by medical staff.

8.6. Environmental risks

The environmental risks in Benin mainly relate to climatic variations, which constitute a serious obstacle to the smooth running of the agricultural season. Agriculture, one of the strategic sectors of the economy, is still exposed to disruptions related to climate and other natural phenomena. The manifestations of these phenomena include the appearance of pockets of drought, delays in the arrival of rains or their poor distribution, the recurrence of floods, the appearance of new pests that decimate crops,[32] the degradation of agricultural land, lower yields, etc. Simulations show that a 10% decline in agricultural production would be enough to reduce the growth rate by 1.5 percentage points, which shows the level of vulnerability of the economy. In response to this situation, mitigation measures include water control through hydro-agricultural developments in various projects and programs as well as the introduction of improved seeds that are resilient to climate change.

[32] *It is the case of armyworms that decimated maize crop in Benin in 2016*

9- DEBT SITUATION

9.1. General description of the public debt

9.1.1. Overall picture

As of 31 December 2018, the stock of public debt is estimated at CFAF 3,251.78 billion compared to 2.927.43 billion in 2017. Benin's outstanding debt stood at 41% in 2018 compared to 18.5% in 2013. Outstanding amounts remain below the 70% defined under the WAEMU convergence criteria.

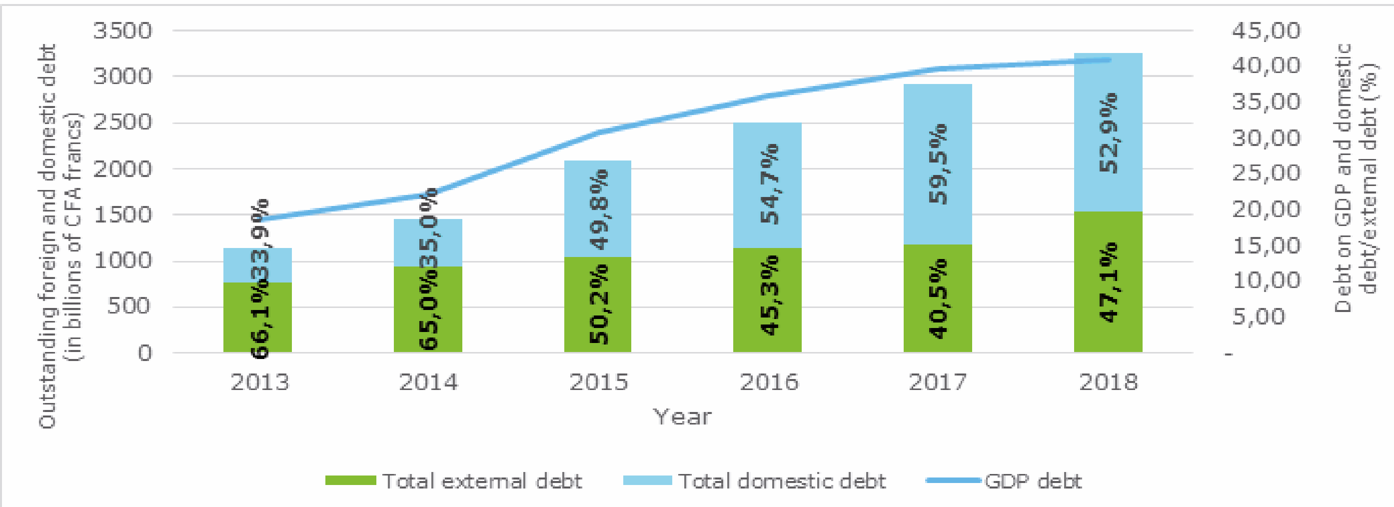
Table 49. Evolution of Benin's public debt outstanding

	2013	2014	2015	2016	2017	2018
Total debt (% of GDP)	**18.5**	**22.3**	**30.9**	**35.9**	**39.6**	**41.0**
Total debt (in value, CFAF)	**1144.02**	**1461.81**	**2080.53**	**2513.05**	**2927.43**	**3251.78**
Remaining due						
Arrears						
Due						
Paid *	303.3	326.60	286.30	224.80	344.90	
Total external debt	**756.48**	**950.87**	**1043.59**	**1139.61**	**1184.60**	**1532.08**
Remaining due						
Arrears						
Due						
Paid *	276.0	304.6	263	200.5	293.1	
Total internal debt	**387.54**	**510.94**	**1036.95**	**1373.45**	**1742.83**	**1719.70**
Remaining due						
Arrears						
Due						
Paid *	24.20	22.00	23.30	24.30	51.80	
nominal GDP	**6182.6**	**6559.3**	**6732.8**	**7005.2**	**7375.3**	**7922.0**

*Source: CAA/BENIN/ 2015-2017 Debt Management Report *(debt principal)-DGAE*

Domestic debt became higher than external debt from 2016 onwards in line with the size of bond issues as part of the financing of the government's action program.

Figure 12. Percentage of domestic debt/external debt



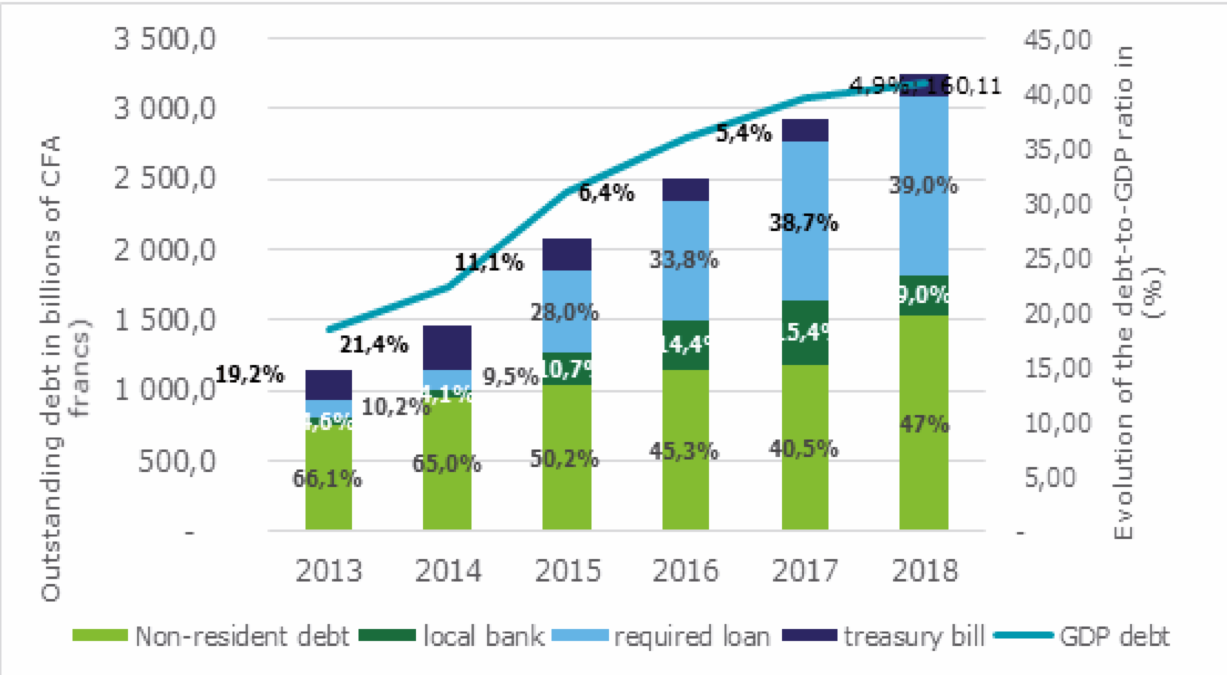
Source: CAA/BENIN/Debt Management Report 2015-2017

The share of non-resident debt decreases in favor of the share held by residents. Indeed, the share of non-residents decreased from 66.1% in 2013 to 40.5% in 2017. This decrease is due to the low volume of drawings compared to the debt mobilized from residents.
Drawings, in absolute terms, have increased erratically from CFAF 130.94 billion in 2013 to 171.09 billion in 2017 after having reached 77.31 billion CFA francs in 2014, 119.41 billion CFA francs in 2015 and 71.34 billion CFA francs in 2016 respectively. It is also important to note that non-resident debts and particularly multilateral debts are debts generally contracted on concessional terms, anything that could justify their low mobilization.

Residents' debt increased from 33.9% in 2013 to 59.5% in 2017 due to the size of the drawings during the period under review. Indeed, domestic financing drawings increased from CFAF 262.4 billion in 2013 to 647.31 billion in 2017. The breakdown of residents' debt shows that the share of bonds not only represents the highest share from 2015 onwards but has increased from 28% to 38.7% in 2017.

The use of bond issues reflects the State's desire to extend the maturity of government securities by reducing the volume of Treasury bills and clear arrears on invoices from several government suppliers and service providers to boost economic activity. The share of debt held by local banks also increased from 10.7% in 2015 to 15.7% in 2017. This situation reflects the State's increasing recourse to local financing to the detriment of external financing.

Figure 13. Distribution of public debt between residents and non-residents

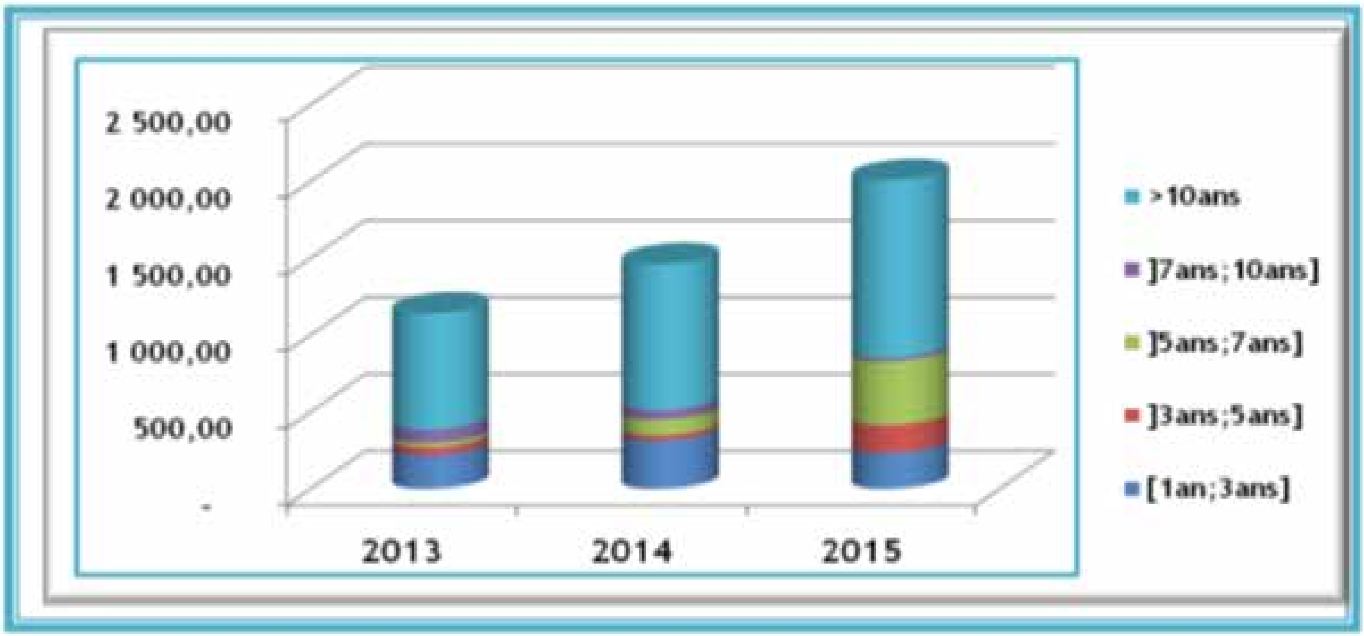


Source: CAA/BENIN/ 2015-2017Debt Management Report

9.1.2. Time profile of the debt to be repaid

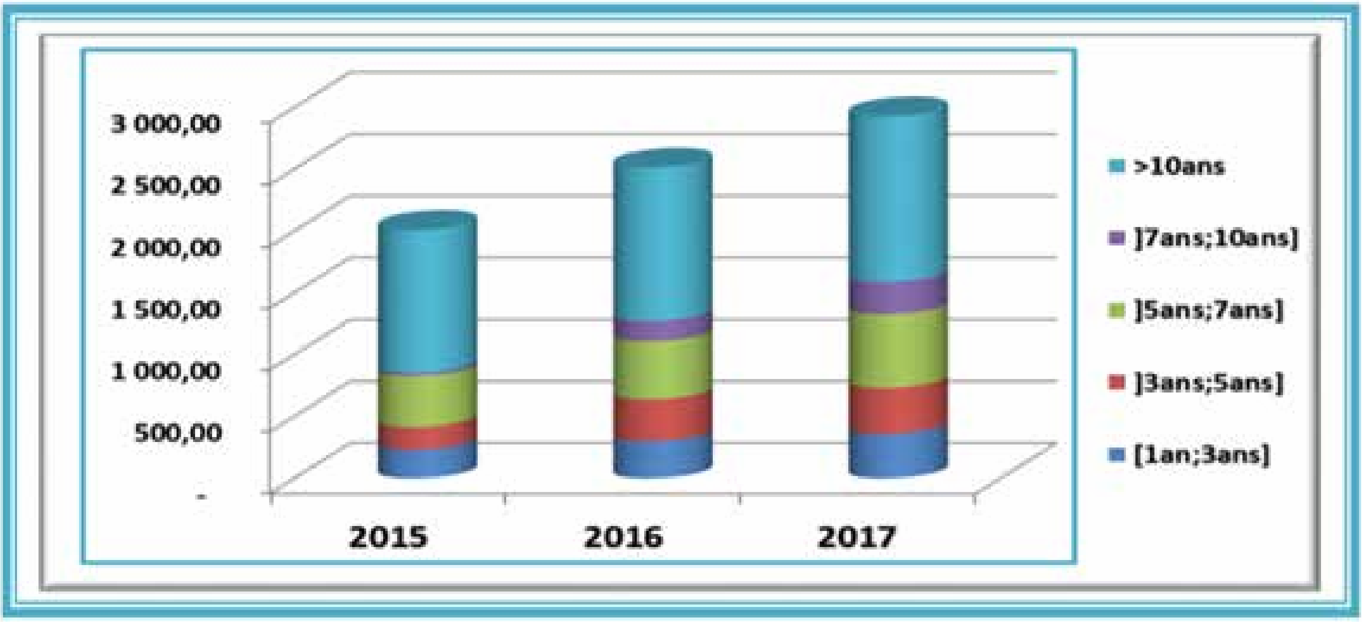
Benin's public debt stock is dominated by long-term debt, i.e., with a maturity of more than 5 years. However, the share of Benin's medium- and long-term debt is on a downward trend, in favor of shorter maturities.

Figure 14. Structure of public debt outstanding by maturity from 2013 to 2015 (in billions of CFA francs)



Source: CAA 2015 Debt Management Report. P19

Figure 15. Structure of public debt outstanding by maturity from 2015 to 2017 (in billion CFAF)



Source: CAA 2015 Debt Management Report. P15

Table 50. Structure of public debt outstanding by maturity by term maturity from 2015 to 2017 in %

Expressed as a %	2013	2014	2015	2016	2017
Medium term (1 to 5 years)	na	na	23	29.59	38.38
Long term (> 5 years)	na	na	77	70.41	61.62
Total	100	100	100	100	100

Source: CAA/Debt Management Report for 2016 P. 16 and 2017 P. 15

9.1.3. Amount of the short-term debt to be repaid

Debt service increased from CFAF 334.4 billion in 2013 to 451.2 billion in 2017. The importance of public debt service is justified by the high level of debt service in local currency throughout the period under review.

Table 51. Evolution of Debt Service

	2013	2014	2015	2016	2017	2018
Foreign currency debt	**31.8**	**30.2**	**33.7**	**36.2**	**69.8**	**46.28**
Principal	24.2	22.0	23.3	24.3	51.8	28.78
Interests	7.6	8.2	10.3	11.9	18.0	17.5
Debt in local currency	302.6	327.1	293.4	265.3	381.4	718.02
Principal	276.0	304.6	263.0	200.5	293.1	589.52
Interests	26.6	22.5	30.4	64.8	88.3	128.5
Public debt service	**334.4**	**357.3**	**327.1**	**301.5**	**451.2**	764.3
Principal	300.3	326.6	286.3	224.8	344.9	618.3
Interests	34.1	30.7	40.8	76.7	106.3	146

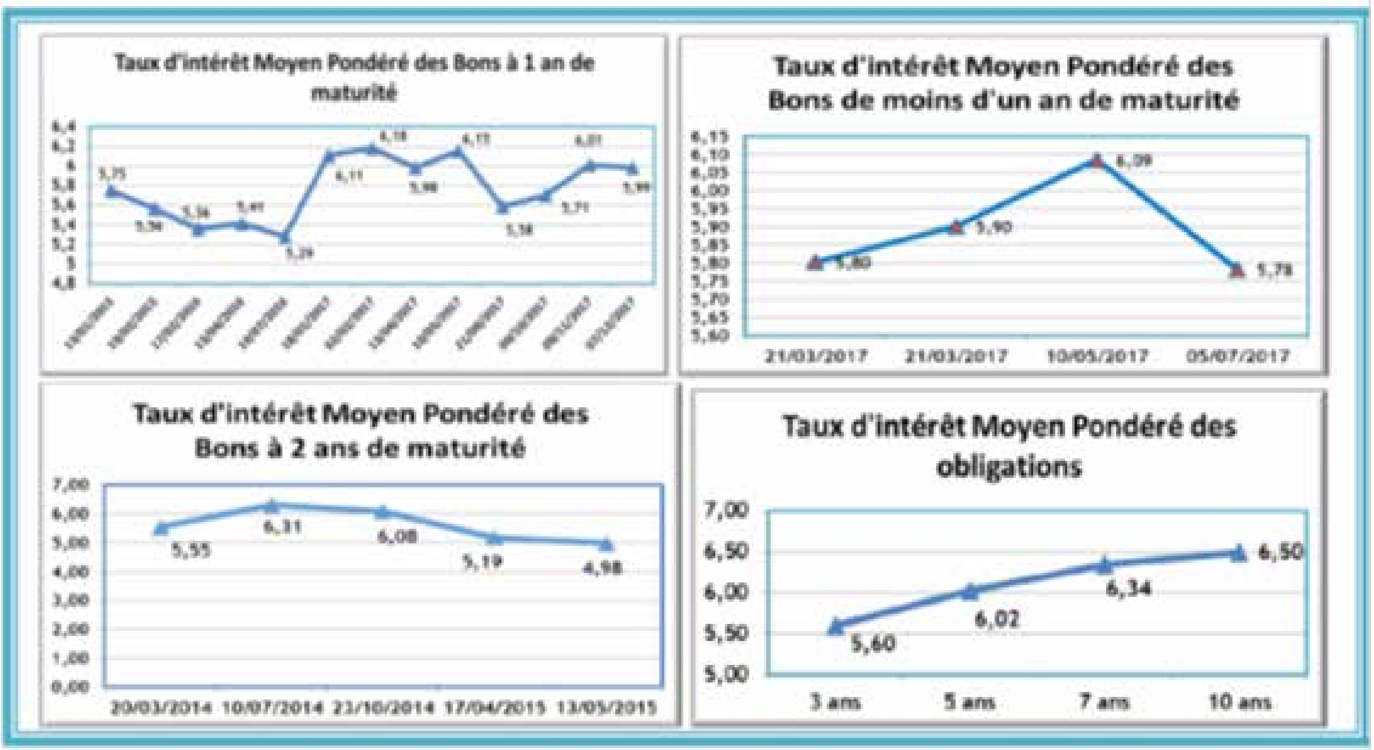
Source: CAA Debt Management Report

Figure 16. Repayment profile of public securities as at 31 December 2018 (in CFAF billion)

Source: CAA. Debt statistical bulletin P. 16

The cost of the debt portfolio is low, due to external debt, which is mainly contracted at low-interest rates. The weighted average interest rate on public debt at the end of 2017 was 3.8% compared to 3.7% at the end of 2016. It is 5.8% for domestic debt and 1.0% for external debt. The cost indicators for the public debt portfolio at the end of December 2017 did not change significantly compared to the situation at the end of December 2016. However, the weighted average interest rate on domestic debt declined slightly from 6.0% in 2016 to 5.8% in 2017, due to a slight decline in interest rates on government securities issued in 2017.

Figure 17. Evolution of weighted rates



Source: CAA, 2017 Debt Management Report. Page 12

In 2017, for short-term (0.25 year) bills, the average interest rate is estimated at 5.79%. For longer-term bonds, it is valued at 6.50%.

Table 52. Status of government bond and bill issues in 2017

Titres	Nombre	Moyenne des taux d'intérêt par type de titre	Montant émis (en Millions de FCFA)	Montant retenu (en Millions de FCFA)	Montant retenu/ montant émis (en %)
Bons à 0,25 an	2	5,79%	50 000 000 000	42 250 000 000	84,50%
Bons à 0,5 an	2	5,95%	60 000 000 000	17 905 000 000	29,84%
Bons à 1 an	8	6,01%	252 000 000 000	159 373 000 000	63,24%
Obligations 3 ans	6	6,00%	200 000 000 000	65 561 000 000	32,78%
Obligations 5 ans	3	6,15%	140 000 000 000	83 245 000 000	59,46%
Obligations 7 ans	2	6,30%	80 000 000 000	20 870 000 000	26,09%
Obligations 10 ans	2	6,50%	205 000 000 000	175 962 780 000	85,84%
TOTAL	**25**	**6,17%**	**987 000 000 000**	**565 166 780 000**	**57,26%**

Source: CAA/WSA

As of 31 December 2018, 12.7% of the total debt should be amortized in 2019, i.e, 7.1% of GDP. However, the average maturity is 7.7 years.

Table 53. Cost and risk indicators of the public debt portfolio as at 31 December 2018

Indicateurs de coûts et risques		Dette extérieure	Dette intérieure	Dette totale
Dette nominale (en milliards de FCFA)		1 532,1	1 719,7	3 251,8
Dette nominale (en % du PIB)		26,5	29,7	56,2
Valeur Actuelle de la dette (en % du PIB)		17,9	29,7	47,6
Indicateurs d'évaluation du coût de la dette	Paiement d'intérêts en % du PIB	0,4	1,6	2,0
	Taux d'intérêt moyen pondéré (%)	1,5	6,1	3,9
exposition au risque de refinancement	Durée moyenne d'échéance (ans) ATM	13,0	3,0	7,7
	Dette amortie l'année prochaine (en % du total)	2,2	22,0	12,7
	Dette amortie l'année prochaine (en % du PIB)	0,6	6,5	7,1
exposition au risque de taux d'intérêt	Durée moyenne à refixer (ans) ATR	12,9	3,0	7,7
	Dette refixée durant l'année prochaine (en % du total)	3,7	22,0	13,4
	Dette à taux d'intérêt fixe (en % total)	98,5	100,0	99,3
exposition au risque de taux de change	Dette en devise (en % du total)			47,1
	Dette en devise hors euro (en % du total)			27,0

Source : CAA

9.2. Debt strategy and debt sustainability

9.2.1. Description of the strategy

The medium-term debt management strategy contributes to the rationalization and efficiency of borrowing resources. The International Monetary Fund (IMF) and the World Bank have jointly developed a tool to assist countries in the process of developing their public debt management strategies. Since 2009, Benin has been developing a public debt strategy document based on this tool, which is annexed to the Finance Act. The preparation of this document responds to the concern to have a reference framework for better management of public debt.
For the 2019-2021 period, Benin's borrowing decisions will be made in such a way that debt costs remain relatively low and risks, especially refinancing risks, are mitigated, while maintaining the flexibility to respond to changing economic conditions and the financing needs of the economy.

In this context, the State will ensure that (i) concessional external financing is prioritized to reduce refinancing and interest rate risks; (ii) external loans denominated in euros are given priority to reduce the exposure of the public debt portfolio to foreign exchange risks; (iii) the creditor base is diversified by seeking financing from non-traditional lenders for the implementation of profitable projects; and (iv) borrowing conditions and project types are consistent.
At the domestic level, the State will gradually reduce the use of Treasury bills and improve the debt repayment profile by issuing long-term government securities on the regional market.

In general, the State will focus, among other things, on debt restructuring to extend maturities while reducing costs and thus maintain the ratio of outstanding debt in the WAEMU Community standard.
Public debt management is part of a medium-term debt strategy developed for a period of 3 to 5 years. This medium-term strategy is implemented each year as part of an annual debt management strategy annexed to the Finance Act and containing the following minimum indications:
- Detailed analysis of the existing debt portfolio with, in particular, the corresponding risk indicators;
- The justification of the loan, in particular through the State's financing requirement;
- The State's sources of financing;
- The annual debt ceiling;
- The annual State guarantee ceiling;
- The financing risk ceiling;
- Indicative terms of new loans;
- The modalities of implementation of the selected financing plan;
- The description of interest rate and exchange rate scenarios and the assessment of the sensitivity of the cost of servicing the debt to possible changes in interest rates and exchange rates;
- Prospects for public debt sustainability.

9.2.2. Debt sustainability (according to the World Bank and IMF)

The Debt Sustainability Framework (DSF) analyses both external and public sector debt. A rate of 5% is used to calculate the present value of the external debt. To measure debt sustainability, debt indicators are compared with indicative thresholds over a projection period.

To identify countries with high domestic public debt, the framework identifies the presence of an overall risk of over-indebtedness through the four external debt indicators and the present value (PV) ratio of public debt to GDP. Countries' ability to manage their debt depends on the strength of their policies and institutions, their macroeconomic performance and their ability to absorb shocks. The DSF, therefore, classifies countries into three categories according to their debt capacity (high, medium and low) using a composite indicator - based on the country's historical performance and real growth prospects, reserve coverage, remittances inflows and global economic conditions - and the Country Policy and Institutional Assessment Index (CPIA). The thresholds and indicative benchmarks used to depend on the country's debt capacity.

Table 54. DSF debt thresholds and benchmarks

	PV of debt (%)		Debt service (%))		PV of total public debt (%)
	PIB	Exports	Exports	Revenues	GDP
Poor policy	30	140	10	14	35
Average policy	40	180	15	18	55
Strong Policy	55	240	21	23	70

Source: World Bank /IMF

external debt sustainability analysis[33]

The results of the external DSA show that Benin's debt dynamics are sustainable in the baseline scenario with a moderate risk of over-indebtedness. In the baseline scenario, all debt indicators remain below their policy-dependent thresholds. The present value (PV) of debt relative to GDP, relative to exports, relative to government revenues and the PV of debt service relative to exports remain well below the over-indebtedness threshold in the reference scenario.

The present value of external debt contracted or guaranteed by the State is expected to rise from around 14.9% of GDP in 2017 to an average of 15.8% from 2019 to 2021 and to rise significantly to 18.1% of GDP in 2037. The ratio would remain below the corresponding threshold of 40% of GDP throughout the projection period. Nevertheless, one indicator - the ratio of external debt to exports - exceeds its threshold in the event of an extreme shock on exports, while the debt-to-GDP ratio and all debt service indicators remain below the thresholds. In the historical scenario, the ratios between debt PV and GDP plus remittances, debt PV and exports plus remittances, and debt PV and government revenues exceed the thresholds. Thus, Benin's risk of external over-indebtedness is considered moderate.

public debt sustainability analysis[34]

Total public debt (external and domestic) is expected to increase in line with the increase in public investment and then decrease. The State's increased use of the regional financial market to finance public investment projects has increased the present value (PV) of public debt to 48.4% of GDP in 2017 (from 46.7% in the March 2017 DSA). Domestic public debt increased from about 8.6% of GDP to 33.6% from 2013 to 2017 to represent 60% of the total debt. IMF services urged the authorities to pursue with determination the implementation of fiscal reforms to ensure compliance with the planned fiscal consolidation path to support public debt anchoring and preserve long-term debt sustainability. The present value of debt as a percentage of GDP is projected to go from 41.9 percent in 2016 to 54.6 percent in 2018 as a result of the surge in investment, and then to decline steadily. The ratio remains consistently below the indicative benchmark of 56%, a level that some researchers link to an increased probability of over-indebtedness.

The level of debt also remains below the WAEMU convergence criteria of 70% of GDP. In the most extreme shock scenario, the peak of the debt PV to GDP ratio exceeds 50% but remains below the 56% threshold. Overall, the dynamics of the total public debt corresponds to a moderate risk of over-indebtedness.

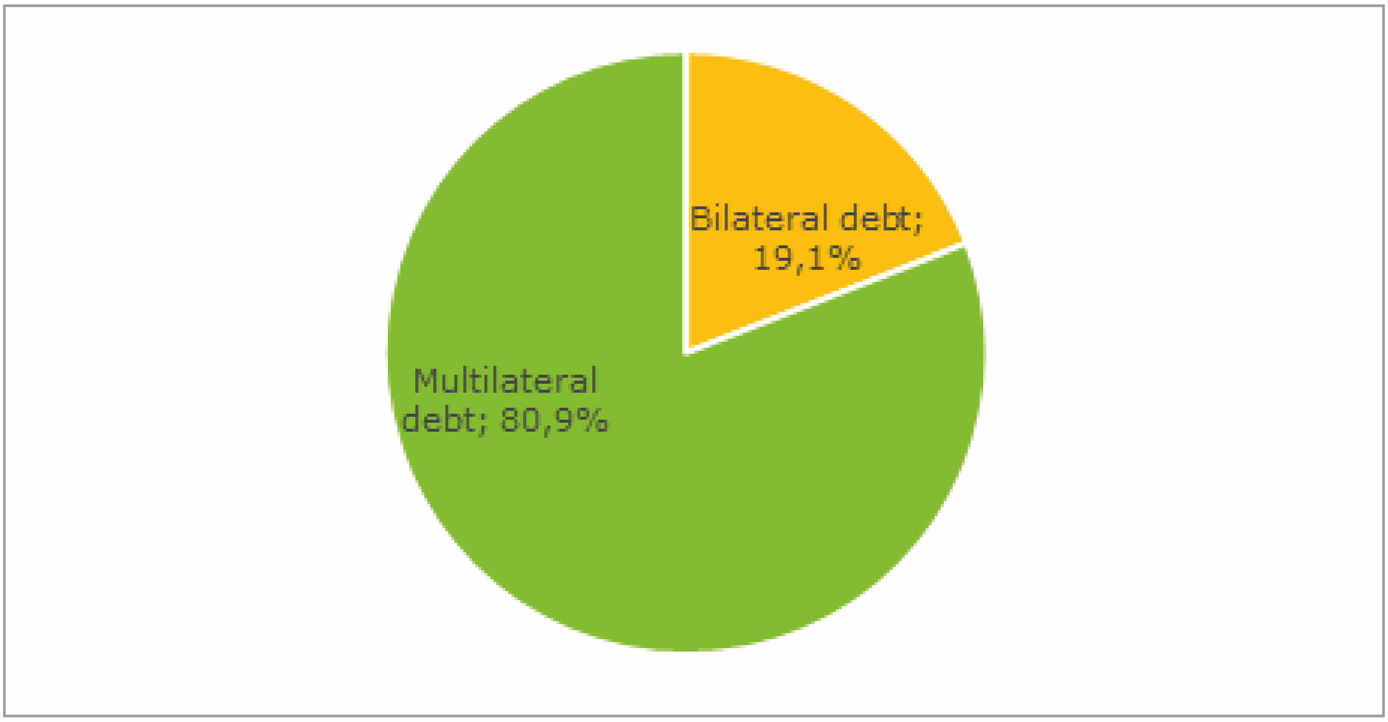
[33] IMF Report No. 18/1, July 2018
[34] IMF Report No. 18/1, July 2018

9.3. External debt

9.3.1. The holders

In 2017, Benin's outstanding external debt was mainly multilateral (80.9%). This debt was mainly contracted on concessional terms.

Figure 18. Distribution of the stock of external debt by holders in 2017



Source: CAA, 2017 Debt Management Report

The distribution of multilateral debt by donor shows that the World Bank Group, particularly the International Development Association (IDA), holds the largest share, 42.2% of total external debt. IDA is followed by the African Development Bank (AfDB) through the African Development Fund (ADF) with 20% of total external debt. On the bilateral debt side, China is the largest creditor with a share of 11.5% of the total external debt.

Table 55. Outstanding external debt per holder in 2017

Year N (estimates)	Total debt (expressed in value, billions of CFAF)	Expressed as a % of total external debt	Expressed as a % of nominal GDP
Total external debt (2017)	1184.6	100	16.1
Bilateral	226.1	19.1	3.1
Of which China	136.2	11.5	1.8
Of which other	89.89	7.6	1.2
Multilateral	958.5	80.91	13.0
Of which IMF			
Of which World Bank – IDA	499.9	42.2	6.8
Of which AfDB (ADF)	236.9	20.0	3.2
Of which other	221.7	18.7	3.0

Source: CAA, 2017 Debt Management Report

9.3.2. External debt payment situation

Table 56. Complete overview of the debt due and the debt paid 2017

Situation as of December 2017	Multilateral			Bilateral			Commercial			Total		
	Capital	Interest	Total	Capital	Interest	Total	Capital	Interest	Total	Capital	Interest	Total
Outstanding as of 31 December 2016												
New drawings	126.3			44.8						171.1		
Service due												
Total												
At N-2 maturity												
Arrears												
Paid service	44.6	13	57.6	7.2	5	12.2	51.8	18	69.8	44.6	13	57.6

Source: CAA, 2017 Debt Management Report

9.3.3. Debt currencies

The external debt is issued in several currencies with a higher proportion for the US dollar (35.8%), the Euro (28.0%) and the YUAN (19.7%). With the dollar as Benin's main External debt currency, the External debt portfolio remains highly exposed to exchange rate risk. This risk is somewhat mitigated by the significant proportion of debt contracted in euros, which represents 28% in 2017. The structure of the external debt portfolio has changed following the inclusion of the renminbi in the basket of currencies constituting the SDR, as of 1 October 2016.[35]

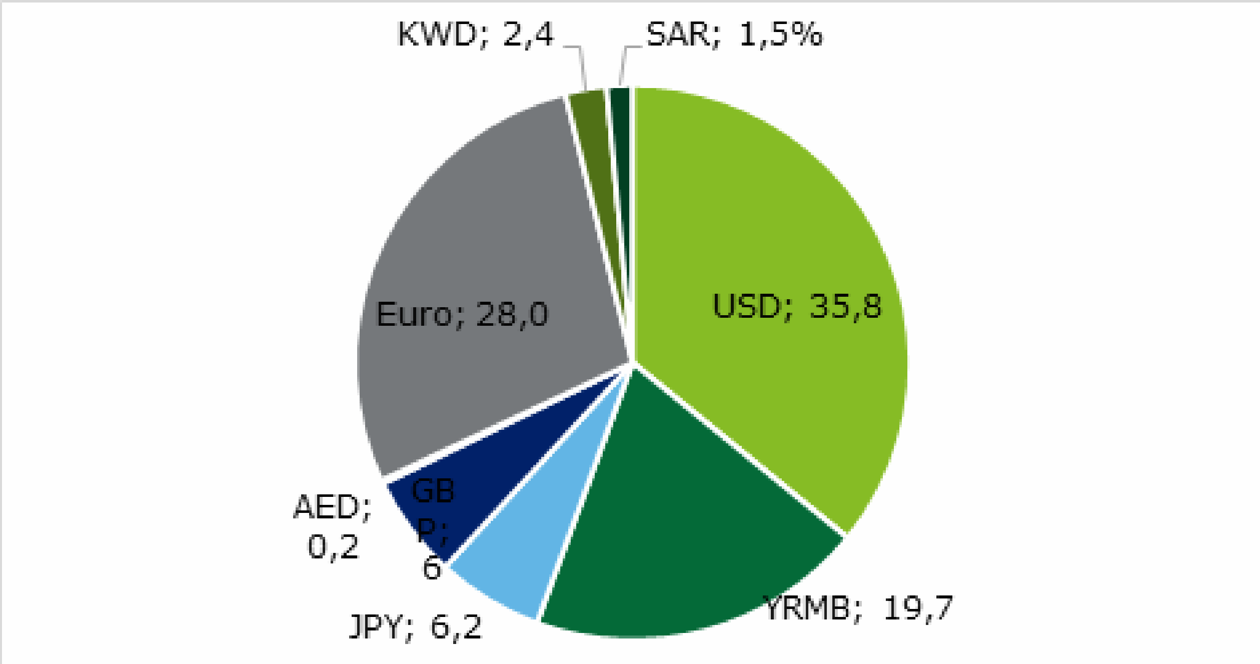
Table 57. Detailed overview of the debt in currency

Currency	Total debt originally denominated in this currency	CFAF Exchange rate on 31 December 2017	Total debt expressed in billions of CFAF	Exchange rates in EUR on 31 December 2017*	Total debt expressed in EUR	Distribution of debt by currency
CFAF						
EUR	505655096	655.96	331.7	1.0	505655096	28.0
USD	728850280	581.86	424.1	0.9	646516437	35.8
CNY	2711955429	86.05	233.4	0.1	355765161	19.7
JPY	14156746338	5.19	73.4	0.0	104859020	6.2
GBP	94889332	749.04	71.1	1.1	108294727	6.0
AED	14953593	158.44	2.4	0.2	3611816	0.2
KWD	14832221	1916.80	28.4	2.8	40826371	2.4
SAR	114518553	155.16	17.8	0.2	27088677	1.5

*Source: Table reconstituted based on the data in Figure 14. *fxtop.com/en/historic-rate history-change.php*

[35] *Source CAA, 2017 Debt Management Report*

Figure 19. Distribution of external debt by currency in 2017



Source: CAA, 2017 Debt Management Report P.17

9.4. Domestic debt

9.4.1. Presentation of the situation as of 31 December 2017

Domestic debt is dominated by government securities (Treasury bills and bonds), which represent 74.2% of the outstanding amount, followed by bank financing (25.8%). It was estimated at CFAF 1,742.8 billion as of 31 December 2017.

Table 58. Detailed overview of debt in local currency

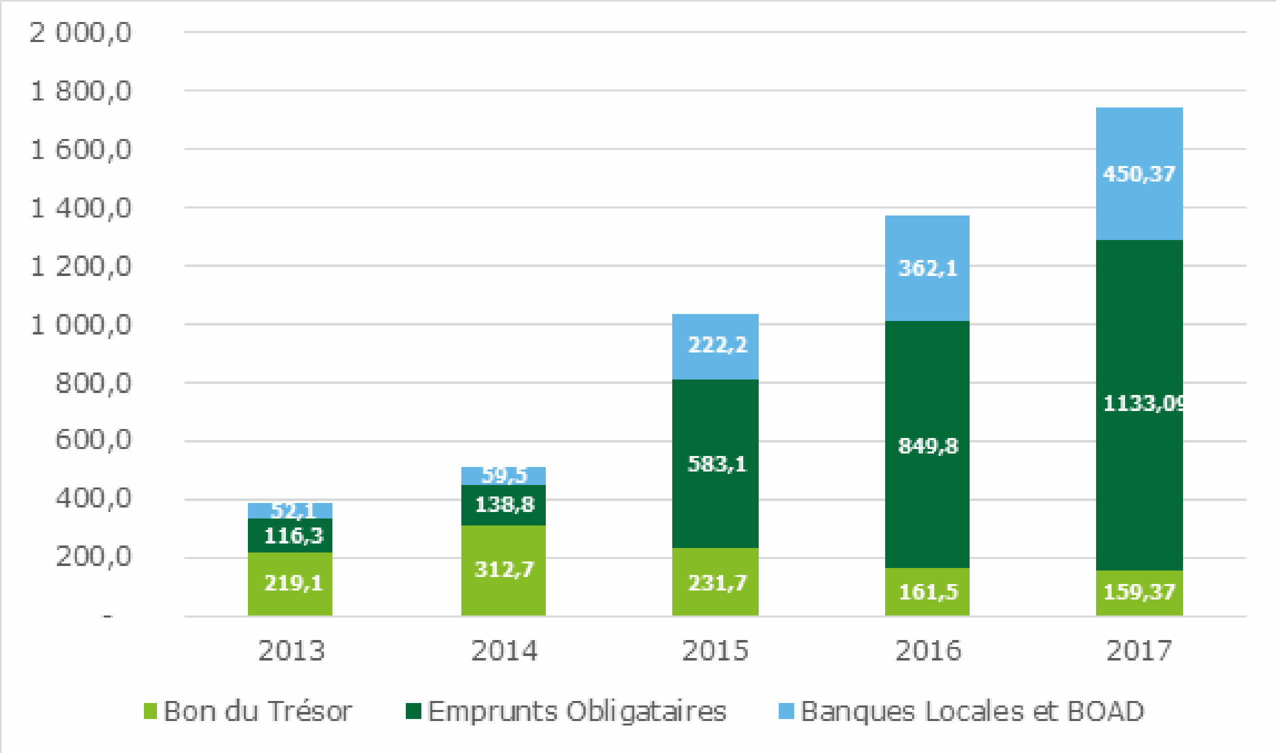
Situation on 31 December 2017	Domestic debt expressed in value (billions of CFAF)	Domestic debt as a % of total domestic debt	Domestic debt as a % of 2017 nominal GDP
Total domestic debt	1 742.8	100.0	23.6
Securities	1292.46	74.2	17.5
Treasury Bills	159.37	9.1	2.2
OAT	1133.09	65.0	15.4
Bank loan	450.37	25.8	6.1
Local Commercial Banking and WADB	450.37	25.8	6.1

Source : CAA

9.4.2. Evolution of the composition of domestic debt over the last 5 years

Domestic debt consists largely of treasury bonds, including bond issues and treasury bills. From 2015 onwards, there has been a high level of bond borrowing on the regional financial market to finance infrastructure. The mobilized amounts then increased from 9% of the total public debt in 2014 to 39% in 2017.

Figure 20. Outstanding domestic debt by type of instrument



Source : CAA

9.4.3. Domestic debt payment situation

Table 59. Detailed overview of Domestic debt payment in 2017

	Banking sector			non-banking sector			Total		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
(1) Debt service due at the end of December 2017									
(2) Debt service paid in the course of year 2017	22.8	23	45.8	270.3	65.3	335.6	293.1	88.3	381.4
(3) Service of restructured debt									
(4) Payment arrears on 31 Dec (1)-(2)-(3)									
(5) Remaining due at the end of Dec. 2017									
(6) Total debt due on 31 Dec., 2017 (4) +(5)									

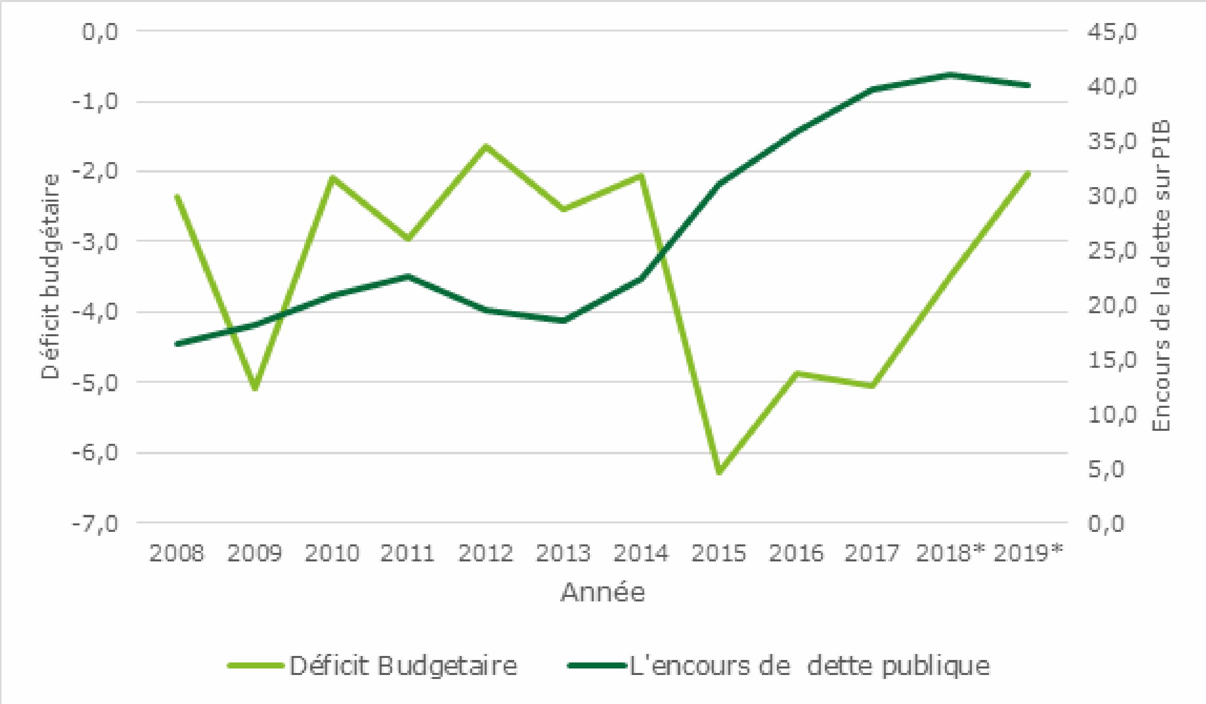
Source : CAA

9.5. Viability and sustainability

The budget deficit worsened in 2015 to 5.9% of GDP from 1.4% in 2014. From 2016 onwards, there has been a gradual improvement in the budget deficit. A deficit of 2% is forecasted for 2019.

The stocks of outstanding debt as a percentage of GDP worsened in 2018 to 41.0% from 22.3% in 2014. The outlook for 2019 is for a decline in the stock of debt.

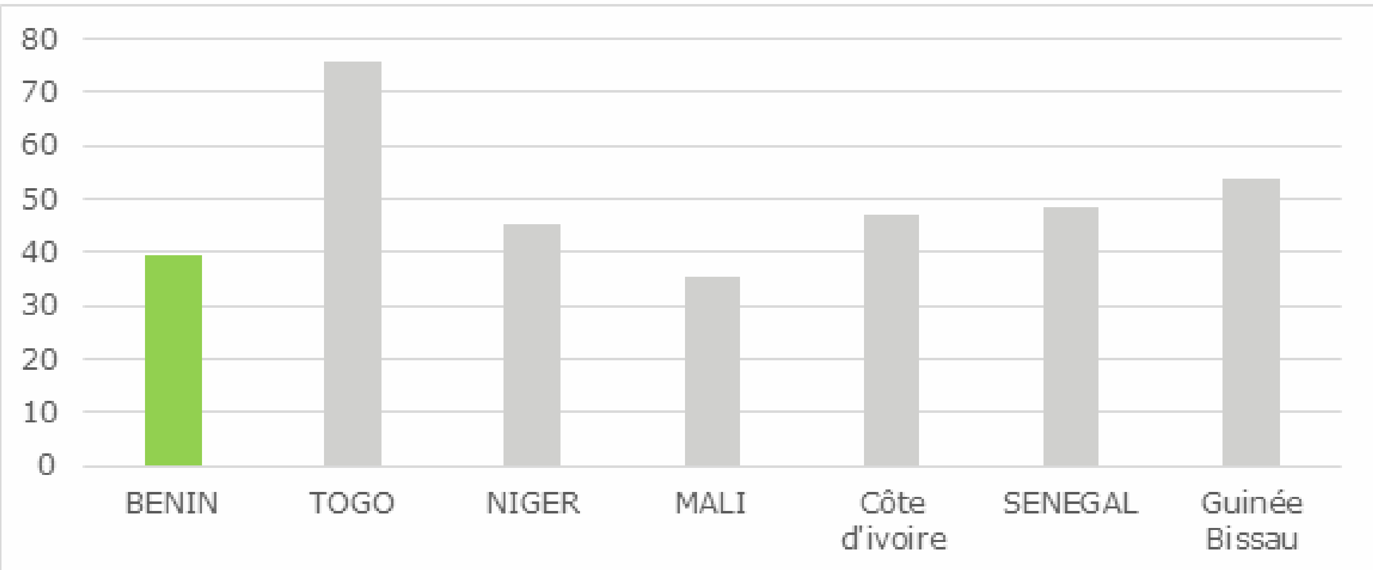
Figure 21. Evolution of the budget deficit and outstanding debt as a percentage of GDP



*Source: DGEA * Forecasts*

In 2017, Benin was the second least indebted country in the WAEMU region. The least indebted country is Mali.

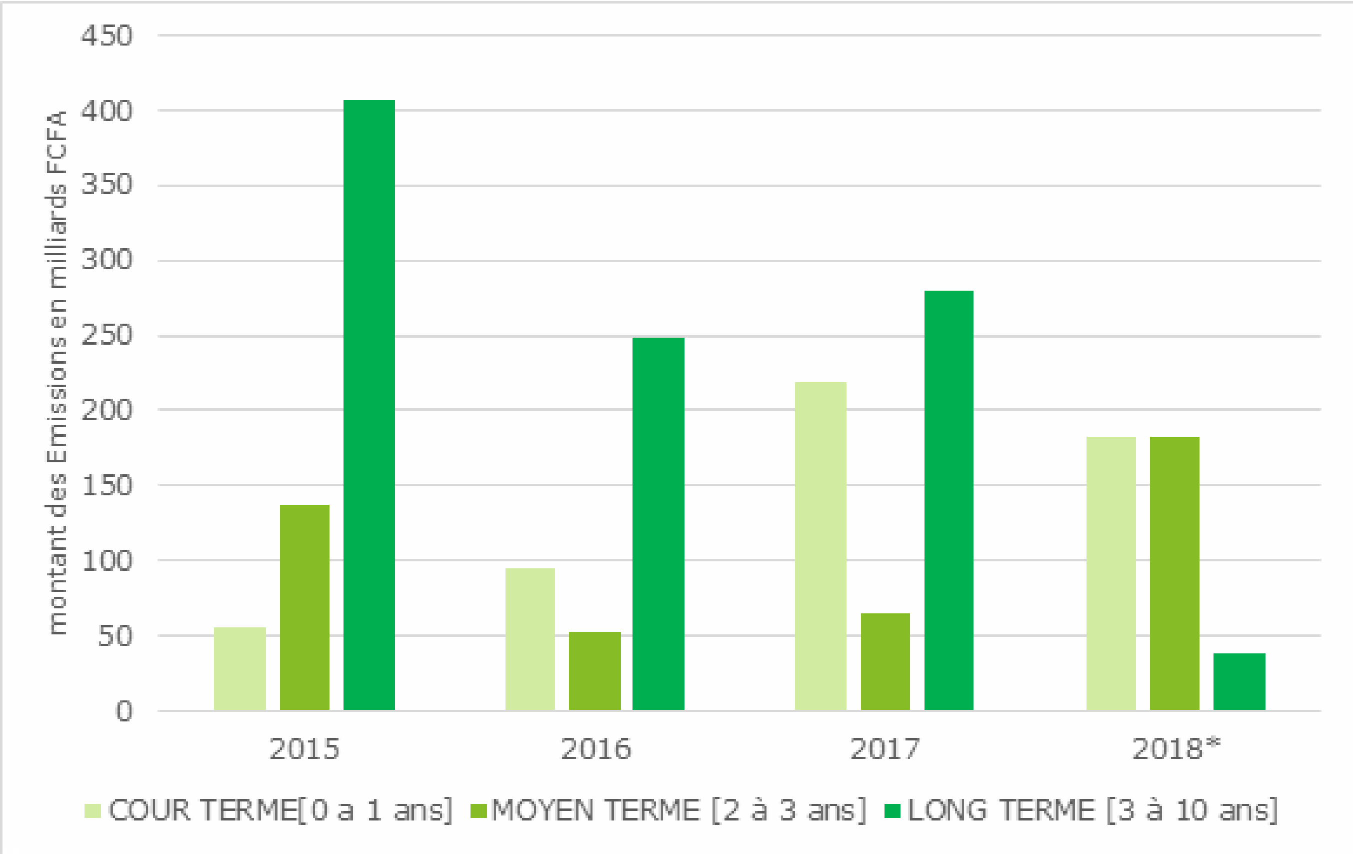
Figure 22. General government debt level of the 8 WAEMU countries in 2017 (as a % of GDP)



Source: IMF

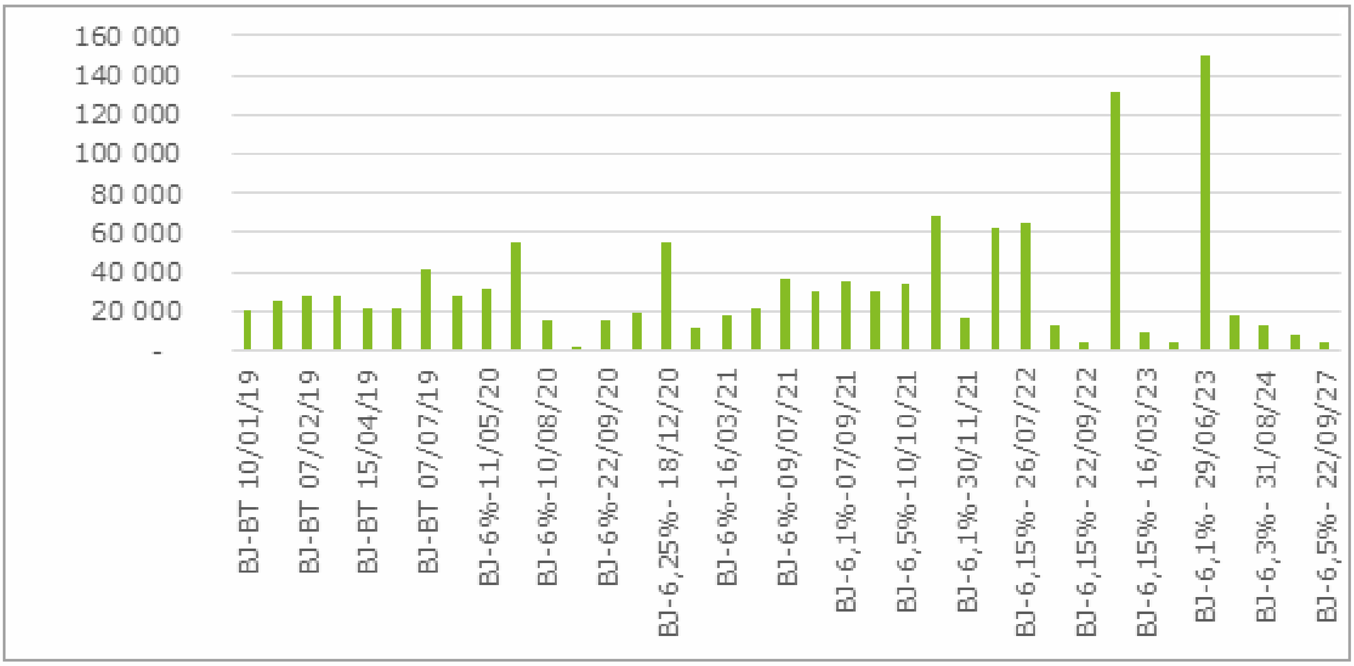
10.1. Detail of the country's emissions from 2014 to 2018

Figure 23. Status of short, medium and long-term bond issues



*Source: CAA, Debt Management Report/*UMOA-Titres*

Figure 24. Situation of issues by maturity (millions of CFA francs)



Instrument	Date of operation	Value date	Maturity	Amount in millions of CFA Francs	Status
BAT	09/01/2019	11/01/2019	09/01/2020	20 000	Coming soon
OAT	14/12/2018	17/12/2018	11/05/2020	25 000	Completed
OAT	29/11/2018	30/11/2018	30/11/2021	15 000	Completed
OAT	25/10/2018	26/10/2018	17/09/2021	15 000	Completed
OAT	18/09/2018	19/09/2018	19/09/2021	15 000	Completed
ES	06/09/2018	07/09/2018	—	50 000	Completed
BAT	09/08/2018	10/08/2018	07/02/2019	25 000	Completed
BAT	10/07/2018	11/07/2018	09/07/2019	25 000	Completed
ES	05/07/2018	09/07/2018	—	70 000	Completed
BAT	21/06/2018	13/09/2018	13/09/2018	20 000	Completed
OAT	24/05/2018	13/09/2018	16/03/2021	20 000	Completed
ES	26/04/2018	27/04/2018	—	25 000	Completed
BAT	13/04/2018	16/04/2018	15/04/2019	20 000	Completed
BAT	29/03/2018	30/03/2018	28/06/2018	20 000	Completed
ES	15/03/2018	16/03/2018	—	35 000	Completed
OAT	15/02/2018	16/02/2018	02/02/2021	15 000	Completed
OAT	01/02/2018	02/02/2018	02/02/2021	15 000	Completed
BAT	11/01/2018	12/01/2018	10/01/2019	20 000	Completed
OAT	20/12/2017	21/12/2017	08/12/2020	35 000	Completed
BAT	20/12/2017	21/12/2017	07/06/2018	35 000	Completed
BAT	07/12/2017	08/12/2017	07/06/2018	35 000	Completed
OAT	07/12/2017	08/12/2017	08/12/2020	35 000	Completed
BAT	09/11/2017	10/11/2017	08/11/2018	25 000	Completed
BAT	09/11/2017	10/11/2017	08/11/2018	25 000	Completed
OAT	18/10/2017	19/10/2017	22/09/2020	25 000	Completed
BAT	09/10/2017	10/10/2017	20/09/2018	15 000	Completed
BAT	21/09/2017	30/09/2018	30/09/2018	55 000	Completed
OAT	21/09/2017	30/09/2018	30/09/2018	55 000	Completed
OAT	21/09/2017	30/09/2018	30/09/2018	55 000	Completed
OAT	21/09/2017	30/09/2018	30/09/2018	55 000	Completed
OAT	21/09/2017	30/09/2018	30/09/2018	55 000	Completed
OAT	30/08/2017	31/08/2017	31/08/2020	25 000	Completed
OAT	30/08/2017	31/08/2017	31/08/2024	25 000	Completed
OAT	30/08/2017	31/08/2017	31/08/2022	25 000	Completed
OAT	09/08/2017	10/08/2017	10/08/2020	25 000	Completed
OAT	25/07/2017	26/07/2017	26/07/2022	60 000	Completed
BAT	05/07/2017	06/07/2017	04/10/2017	25 000	Completed
OAT	23/06/2017	27/06/2017	11/05/2020	20 000	Cancelled
BAT	10/05/2017	11/05/2017	09/05/2018	35 000	Completed
BAT	10/05/2017	11/05/2017	08/11/2017	35 000	Completed
OAT	10/05/2017	11/05/2017	11/05/2020	35 000	Completed
BAT	13/04/2017	14/04/2017	12/04/2018	35 000	Completed
BAT	21/03/2017	22/03/2017	19/09/2017	25 000	Completed
BAT	21/03/2017	22/03/2017	20/06/2017	25 000	Completed
BAT	02/02/2017	03/02/2017	01/02/2018	35 000	Completed
BAT	18/01/2017	19/01/2017	17/01/2018	27 000	Completed
OAT	03/11/2016	04/11/2016	14/10/2021	25 000	Completed
OAT	13/10/2016	14/10/2016	14/10/2021	40 000	Completed
OAT	02/09/2016	05/09/2016	05/09/2021	35 000	Completed
BAT	19/07/2016	20/07/2016	18/07/2017	35 000	Completed
OAT	28/06/2016	29/06/2016	29/06/2023	150 000	Completed
BAT	13/04/2016	14/04/2016	12/04/2017	30 000	Completed
OAT	15/03/2016	16/03/2016	16/03/2019	25 000	Completed

BAT	17/02/2016	18/02/2016	15/02/2017	25 000	*Completed*
OAT	12/01/2016	13/01/2016	13/01/2019	25 000	*Completed*
OAT	17/12/2015	18/12/2015	18/12/2020	100 000	*Completed*
OAT	02/12/2015	03/12/2015	03/12/2022	150 000	*Completed*
OAT	27/10/2015	28/10/2015	31/07/2020	30 000	*Completed*
OAT	30/09/2015	09/07/2015	09/07/2018	35 000	*Completed*
OAT	27/08/2015	28/08/2015	31/07/2020	40 000	*Completed*
OAT	30/07/2015	31/07/2015	31/07/2020	30 000	*Completed*
OAT	08/07/2015	09/07/2015	09/07/2018	35 000	*Completed*
OAT	17/06/2015	18/06/2015	19/03/2022	30 000	*Completed*
BAT	13/05/2015	15/05/2015	11/05/2017	30 000	*Completed*
BAT	17/04/2015	20/04/2015	16/04/2017	30 000	*Completed*
OAT	18/03/2015	19/03/2015	19/03/2022	40 000	*Completed*
BAT	18/02/2015	19/02/2015	17/02/2016	25 000	*Completed*
BAT	13/01/2015	14/01/2015	12/01/2016	30 000	*Completed*
BAT	23/10/2014	24/10/2014	20/10/2016	40 000	*Completed*
OAT	09/10/2014	10/10/2014	10/10/2021	70 000	*Completed*
BAT	28/08/2014	29/08/2014	27/08/2015	25 000	*Completed*
BAT	10/07/2014	11/07/2014	08/07/2016	40 000	*Completed*
BAT	19/06/2014	20/06/2014	18/06/2015	25 000	*Completed*
BAT	22/05/2014	23/05/2014	21/05/2015	25 000	*Completed*

Source: AUT

10.2. Detail of outstanding securities at the end of 2018

Issuer	Heading	ISIN	Maturity (years)	Date of issue	TMP	Coupon	Outstanding at the end of year N (millions of CFAF)
BENIN	BJ-BT-12mths- 10/01/19	BJ0000000980	12 mths	11/01/2018	6.34%		20 000
BENIN	BJ-5,5%-3yrs -13/01/19	BJ0000000642	3yrs	12/01/2016	5.63%		25 000
BENIN	BJ-BT-6mths 07/02/19	BJ0000001111	6mths	09/08/2018	5.86%		28 000
BENIN	BJ-5,5%-3yrs-16/03/19	BJ0000000667	3yrs	15/03/2016	6.06%		28 000
BENIN	BJ-BT-12 mths-15/04/19	BJ0000001038	12 mths	13/04/2018	6.26%		22 000
BENIN	BJ-BT-12mths-20/06/19	BJ0000001079	12 mths	21/06/2018	6.08%		22 000
BENIN	BJ-BT-12mths- 07/07/19	BJ0000001087	12 mths	05/07/2018	6.19%		41 000
BENIN	BJ-BT-12mths-09/07/19	BJ0000001103	12 mths	10/07/2018	6.29%		28 000
BENIN	BJ-6%-3yrs-11/05/20	BJ0000000790	3yrs	10/05/2017			31 000
BENIN	BJ-6,25%- 5yrs-31/07/20	BJ0000000618	5yrs	30/07/2015	-		55 000
BENIN	BJ-6%-3yrs-10/08/20	BJ0000000832	3yrs	09/08/2017			16 000
BENIN	BJ-6%-3yrs-31/08/20	BJ0000000840	3yrs	30/08/2017			2 000
BENIN	BJ-6%-3yrs-22/09/20	BJ0000000881	3 yrs	21/09/2017			16 000
BENIN	BJ-6%-3 yrs -08/12/20	BJ0000000972	3yrs	07/12/2017			19 000
BENIN	BJ-6,25%- 5 yrs-18/12/20	BJ0000000634	5yrs	17/12/2015	6.48%		55 000
BENIN	BJ-6%-3 yrs -02/02/21	BJ0000000998	3yrs	01/02/2018	6.89%		5 000
BENIN	BJ-6%-3yrs-02/02/21	BJ0000000998	3yrs	15/02/2018	7.24%		7 000
BENIN	BJ-6%-3yrs-16/03/21	BJ0000001004	3yrs	15/03/2018	7.68%		8 000
BENIN	BJ-6%-3yrs-27/04/21	BJ0000001046	3yrs	26/04/2018	7.37%		22 000
BENIN	BJ-6%-3 yrs-09/07/21	BJ0000001095	3yrs	05/07/2018	7.49%		36 000
BENIN	BJ-5,5%-5yrs-05/09/21	BJ0000000709	5yrs	02/09/2016	6.35%		30 000
BENIN	BJ-6,1%-3yrs-07/09/21	BJ0000001152	3yrs	06/09/2018	7.46%		35 000
BENIN	BJ-6,1%-3 yrs-19/09/21	BJ0000001160	3yrs	18/09/2018	7.20%		17000
BENIN	BJ-6,5%-7yrs-10/10/21	BJ0000000535	7yrs	09/10/2014	6.92%		34 000
BENIN	BJ-6%- 5 yrs-14/10/21	BJ0000000717	5yrs	13/10/2016	6.58%		44 000
BENIN	BJ-6%- 5 yrs-14/10/21	BJ0000000717	5yrs	03/11/2016	6.97%		25 000
BENIN	BJ-6,1%-3yrs-30/11/21	BJ0000001178	3yrs	29/11/2018	7.33%		17 000
BENIN	BJ-6,5%-7yrs-19/03/22	BJ0000000576	7yrs	18/03/2015	6.57%		62 000
BENIN	BJ-6,15%-5 yrs-26/07/22	BJ0000000824	5yrs	25/07/2017			65 000
BENIN	BJ-6,15%- 5yrs-31/08/22	BJ0000000865	5yrs	30/08/2017			13 000
BENIN	BJ-6,15%- 5yrs- 22/09/22	BJ0000000899	5yrs	21/09/2017			5 000
BENIN	BJ-6,5%-7yrs- 03/12/22	BJ0000000626	7yrs	02/12/2015	6.48%		132 000
BENIN	BJ-6,15%- 5yrs-16/03/23	BJ0000001012	5yrs	15/03/2018	7.12%		10 000
BENIN	BJ-6,15%-5yrs-27/04/23	BJ0000001053	5yrs	26/04/2018	7.06%		4 000
BENIN	BJ-6,1%-7yrs- 29/06/23	BJ0000000683	7yrs	28/06/2016	7.22%		150 000
BENIN	BJ-6,3%-5 yrs-07/09/23	BJ0000001145	5yrs	06/09/2018	7.22%		18 000
BENIN	BJ-6,3%- 7yrs-31/08/24	BJ0000000857	7yrs	30/08/2017			13 000
BENIN	BJ-6,3%-7yrs- 22/09/24	BJ0000000907	7yrs	21/09/2017			8 000
BENIN	BJ-6,5%-10 yrs- 22/09/27	BJ0000000915	10 yrs	21/09/2017			4 000

Source: UMOA Titres. Statistics on the government securities market

Auction (for government securities): auction of securities issued by the central government. In the WAEMU area, it is organized by BCEAO and only banks and other regional financial institutions that have accounts with BCEAO can participate. Other entities may only subscribe to auctions through WAEMU banks.

Depreciation or maturity:: period between the disbursement of a loan and its last repayment, consisting of the grace period and the repayment period.

Public offering: : competitive bidding on the financial market for public securities through an SGI. It is open to all investors.

Net external assets (NEA): net claims or liabilities of monetary institutions (Central Bank and banks) on the outside world. This item corresponds to all the headings of the Central Bank's and banks' situations relating to their external operations. It is calculated by deducting from gross external assets all external liabilities, including medium- and long-term liabilities.

Government financing requirement: the total amount needed to cover the primary budget deficit and the interest and depreciation costs related to debt.

Treasury bills: short-term government securities with a maturity of between 7 days and 2 years issued by a WAEMU Member State.

Paris Club: an informal group of creditor countries (usually OECD countries), which meet in Paris to negotiate debt restructuring agreements with debtor countries with debt service problems.

Bilateral creditors: governments, central banks, export credit agencies and agencies that lend to a debtor government on an intergovernmental basis..

Multilateral creditors: international institutions that lend funds on concessional and/or non-concessional terms, such as the IMF, the World Bank and regional development banks.

Credit to the economy (CE): all loans granted to the economy by banks (refinanced or not), financial institutions (partly refinanced by the Central Bank) and the Treasury (through the acceptance of customs drafts).

Domestic credit: Credit to the economy + Government Net Position (see GNP).

Disbursement: payment of all or part of the amount contracted under a loan.

Budget deficit: difference between total revenue and total expenditure and net lending.
Current account deficit: current account deficit balance of the balance of payments.

Primary deficit: negative difference between revenue and expenditure, excluding interest payments.

External public debt: central government loans from non-residents.

Domestic public debt: central government loans from residents.
Non-concessional debt: debt contracted at market conditions.

Public debt: sum of all central government debts (external and internal).

Economic data:
- **Achievements:** economic data for previous years, calculated based on comprehensive economic information collected on the economic activity by national administrations. They should correspond more or less to the data in the final accounts for year N-3;
- **Estimates**: correspond to semi-final or provisional accounts, drawn up based on economic information for a given year. They are generally non-exhaustive and/or not fully validated;

- **Economic projections or forecasts:** correspond to economic data calculated based on the assumptions made on the future development of economic activity. These projections may partially cover some accounts for which only provisional and/or partial data are available.
- **Donation element:** difference between the nominal value (VN) and the present value (PV) of the debt service expressed as a percentage of the nominal value of the loan ((VN-PV)/VN).

Concessional loan: loans and credits that have a long amortization period and/or below-market interest rates, such that they have a donation element of at least 35%.

Euro-bond (or Euro-bond): dollar-denominated bond at the London financial market level.

Inflation: generalized increase in consumer prices. This results in a loss of the purchasing power of the currency.

Multilateral Debt Relief Initiative (MDRI): an initiative launched in June 2005 to accelerate progress towards the Millennium Development Goals (MDGs).

HIPC Initiative: a framework adopted by the World Bank and IMF in 1996 to address the external debt problems of heavily indebted poor countries, with the objective of providing enough overall debt relief to achieve debt sustainability.

Money supply (MS): all claims held by the rest of the economy on monetary institutions. It covers both monetary (cash in circulation + sight deposits) and quasi-monetary (savings accounts and term deposits) cash balances.

Treasury bonds: medium- or long-term government securities issued through auctions or public offerings.

Conditional liabilities: liabilities contracted by other public entities apart from central government (local authorities and the para-public sector).

Government net position (GNP): net claims or net liabilities of the Treasury vis-à-vis the rest of the economy. The Government's net position is the difference between the Treasury's debts and its claims on the Central Bank, banks and individuals and companies. By convention, a creditor GNP is preceded by the sign (-) while a debtor GNP is preceded by the sign (+).

Tax burden: the ratio of tax revenues to GDP.

Refinancing risk: risk associated with the renewal of maturing debt. It may relate to the cost of refinancing or to obtain the desired amounts.

Interest rate risk: Interest rate risk refers to the vulnerability of the debt portfolio and the cost of the government's debt to high market interest rates, to the extent that maturing fixed-rate and floating-rate debt is revalued.

Foreign exchange risks: risks associated with foreign exchange rate fluctuations.

Debt service: any payment to be made on account of the principal, interest and commissions of a loan.

Primary balance: (see primary deficit).

Basic primary balance: total revenue excluding grants - current expenditure + interest on public debt - capital expenditure on own resources.

Public debt stock: the amount of outstanding debt disbursements at a given date.

Exchange rate: Price of one currency in terms of another

Debt ratio: ratio of the stock of public debt to GDP.
Investment rate of a country's economy: a ratio that indicates the gross fixed capital formation of all economic agents (government, businesses, households) expressed as a percentage of GDP. For a country, GFCF is the sum of the hardware and software investments made during one year in that country.

The terms of trade: expresses for a country the relationship between the price of exports and the price of imports. They are generally calculated on the basis of price indices and indicate a change in relation to a reference year (T= [export price index / import price index] x 100). The terms of trade improve over time (T>100) if an economy exports less goods to obtain the same quantity of imported goods (in other words, the same quantities exported buys more imported goods): export revenues improve in this case. In the opposite case, the terms of trade deteriorate (T).

This price ratio thus reflects the evolution of the purchasing power of exports into imports, at a given trade volume (the trade pattern is fixed): it reflects a country's price competitiveness (regardless of the quantity effect.