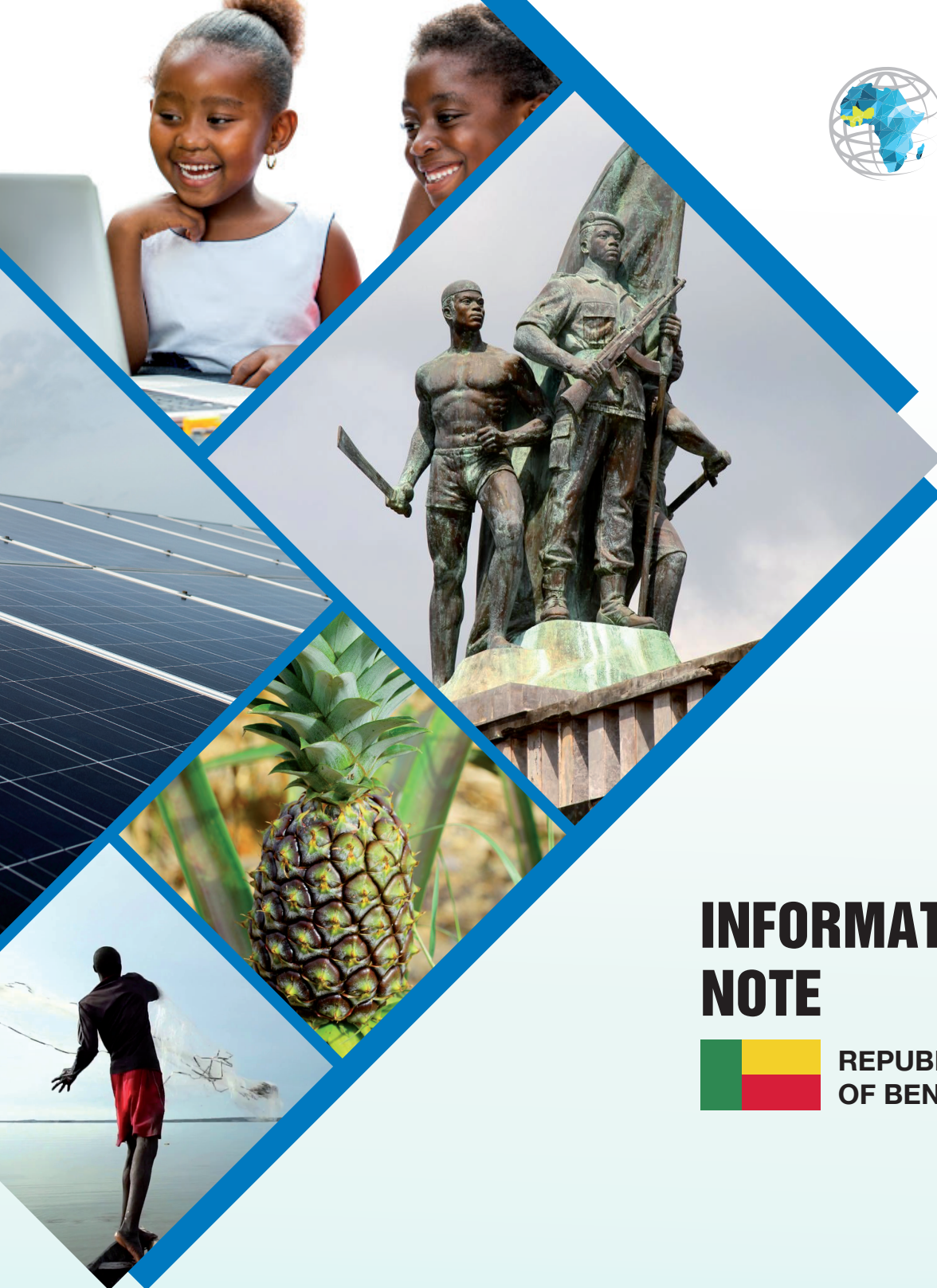




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INFORMATION NOTE



REPUBLIC
OF BENIN

Presentation of Sovereign issuers of West African Monetary Union

September 2020



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Summary

ACRONYMS.....	5
ISSUER CERTIFICATE.....	7
EXECUTIF SUMMARY	8
BRIEF OVERVIEW OF THE COUNTRY	9
1 GENERAL PRESENTATION OF THE COUNTRY.....	10
1.1. Political system	10
1.2. Administrative organisation	13
1.3. Geographical location.....	13
1.4. Population.....	14
1.5. Education.....	17
1.6. Health.....	21
1.7. Employment	26
1.8. Reminder of the main aggregates.....	30
2 RECENT ECONOMIC SITUATION AND OUTLOOK.....	33
2.1. Evaluation of the gross domestic product.....	33
2.2. Details of gross domestic product.....	36
3 ANALYSIS OF THE NATIONAL DEVELOPMENT PLAN	41
3.1. Recent Achievements and Completion	41
3.2. Future achievements	44
4 MONETARY SYSTEM AND FINANCIAL MARKETS.....	45
4.1. Structural elements	45
4.2. Banking system and financial markets	48
4.3. Inflation rate	60
4.4. Exchange rates.....	60
4.5. Foreign reserves.....	61
5 FOREIGN TRADE AND BALANCE OF PAIEMENTS.....	62
5.1. Balance of paiements.....	62
5.2. Regional trade.....	66
5.3. International trade.....	71
5.4. Foreign direct investment.....	78
5.5. Regional integration	81
6 CREDIT QUALITY.....	83
6.1. Business climate	83
6.2. Financial Governance.....	86
6.3. Benin awards and financial ratings.....	87

7	GOVERNMENT FINANCES.....	91
7.1.	Budget.....	91
7.2.	Tax Policy.....	96
8	RISK FACTORS.....	100
8.1.	Political and security risks.....	100
8.2.	Social risks.....	100
8.3.	Macroeconomic risks.....	101
8.4.	Risks relating the mobilisation of public and private financial resources.....	102
8.5.	Health Risks	103
8.6.	Environmental Risks	104
9	DEBT SITUATION.....	105
9.1.	General Description of the Public Debt.....	105
9.2.	Indebtedness Strategy and Debt Sustainability	109
9.3.	External debt	111
9.4.	Domestic Debt	114
9.5.	Viability and Sustainability.....	115
10	APPENDICES.....	117
10.1.	Details of government securities issues from 2015 to 2019.....	117
10.2.	Detail of securities outstanding at the end of 2019.....	120
11	LEXICON.....	121

ACRONYMS

AED	:	United Arab Emirates Dirham
AFD	:	French Development Agency
DTP	:	Deposit on Taxes assessed on Profit
NASDFS	:	National Agency for the Supervision of Decentralised Financial Systems
ISHC	:	Insurance for strengthening human capital
DSA	:	Debt Sustainability Analysis
AfDB	:	African Development Bank
BADEA	:	Arab Bank for Economic Development in Africa
BCEAO	:	Central Bank of West African States
EIB	:	European Investment Bank
USC	:	Undergraduate Study Certificate
IDB	:	Islamic Development Bank
BIDC	:	ECOWAS Bank for Investment and Development
BOAD	:	West African Development Bank
CAA	:	Autonomous Amortization Fund
SCB	:	Support Contract for Businesses
FIC	:	Freight Insurance Cost
CPC	:	Certificate of Professional Competence
EC	:	Elementary Course
ECOWAS	:	Economic Community of West African States
NFIPU	:	National Financial Information Processing Unit
IC	:	Initiation Course
MC	:	Medium Course
NMC	:	National Microfinance Committee
UNCTAD	:	United Nations Conference on Trade and Development
CNY	:	Chinese Yuan
PC	:	Preparatory Course
FPEC	:	First Professional Experience Contract
WQC	:	Work Qualification Certificate
PQC	:	Professional Qualification Certificate
CREOT	:	Course of Repression of Economic Offences and Terrorism
FSSCM	:	Financial Stability and Sanitation Committee of the Microfinance Sector
EFPMU	:	Economic and Financial Programmes Monitoring Unit
DGEA	:	Directorate General for Economic Affairs
DGB	:	Directorate-General for Budget
DGT	:	Directorate General of Taxes
DPMF	:	Directorate for the Promotion of Microfinance

UDF	: United Democratic Forces
ECF	: Extended Credit Facility
IMF	: International Monetary Fund
IDA	: International Development Association
FDI	: Foreign Direct Investments
INSAE	: National Institute of Statistics and Economic Analysis
CIT	: Corporate income tax
JPY	: Japanese Yen
KFW	: Kreditanstalt für Wiederaufbau
KWD	: Kuwaiti Dinar
MDGLM	: Ministry of Decentralization, Local Governance, Administration and Land Management
MEF	: Ministry of Economy and Finance
MPPE	: Ministry of Pre-school and Primary Education
MSEVT	: Ministry of Secondary Education and Vocational Training
MPH	: Ministry of Public Health
QMON	: Quarterly Microfinance Outlook Note
WTO	: World Trade Organization
WHO	: World Health Organization
DEP	: Decentralised Employment Programme
SESP	: Self-Employment Support Programme
SPSE	: Support Programme for Salaried Employment
GAP	: Government Action Programme
EFP	: Employment Focal Point
GDP	: Gross Domestic Product
GCPH	: General Census of Population and Housing
ISNR	: Inter-State National Road
SAR	: Saudi Rial
IPFMS	: Integrated Public Finance Management System
AAGR	: Average Annual Growth Rate
CET	: Common External Tariff
VTa	: Value Added Tax
WAEMU	: West African Economic and Monetary Union
WAMU	: West African Monetary Union
USD	: United States Dollars
CV	: Current Value
YRMB	: Renminbi
TVET	: Technical and Vocational Education and Training
GSE	: General Secondary Education
AFD	: African Development Fund
CFAF	: CFA franc



MINISTÈRE
DE L'ÉCONOMIE
ET DES FINANCES
RÉPUBLIQUE DU BÉNIN



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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.

Fait à Cotonou, le 06 août 2020

Le Directeur Général du Trésor
et de la Comptabilité Publique,

Oumara KARIMOU ASSOUMA



In 2019, despite a less favourable external environment and the closure of the border with Nigeria, Benin's economy grew by 6.9% in 2019, compared to 6.7% in 2018 and 5.7% in 2017, reflecting a consolidation of growth over the past three years. This strong growth is sustained by the good performance of agricultural production, especially cotton and food crops, the work undertaken by the Government in implementing its action programme and the dynamism of services activities.

Economic activity took place in a non-inflationary environment marked by an inflation rate of -0.9% in 2019 against 0.8% in 2018 and 1% in 2017.

In addition, improved economic and financial governance has made it possible to strengthen the effectiveness of the financial authorities in mobilising public revenue.

The execution of public expenditure was conducted with budgetary discipline, which enabled Benin to achieve very satisfactory results under the IMF-supported program. Indeed, all quantitative performance criteria at end-December 2019 and structural benchmarks were met.

On the debt side, the debt rate stood at 41.2% of GDP against 41.1% in 2018, below the 70% criterion defined by the WAEMU.

In 2020, the COVID-19 pandemic and the prolonged closure of the border with Nigeria are expected to significantly weaken Benin's short-term economic prospects. Economic growth is expected to decelerate to 3.5 % in 2020 due to the restrictions imposed on domestic activity as a result of the COVID-19 health crisis, the substantial drop in external demand and the disruption of global trade and supply chains.

The budget deficit for 2020 is projected to widen to 3.5% of GDP, due to lower revenues, increased health expenditure and measures to support the economy. While public debt is projected to reach 43.3% of GDP in 2020, the authorities remain fully focused on the objective of fiscal sustainability, anchored in a steady decline in the public debt-to-GDP rate over the medium term as the crisis subsides.

In 2021, growth is expected to accelerate to 6%. Growth is expected to stabilise at around 7.0% by 2023.



Republic of Benin



Surface
114 763 km²



Population
11 801 153



Political capital
Porto-Novo



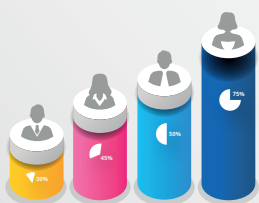
Political System
Presidential



Currency
CFAF



Official Language
French



National GDP in 2019

8 432.2 billions of CFAF

(Source : National services, BCEAO)

- ▶ Economy based on **agriculture** and **services**
- ▶ Growth rate in 2019 : **6,9 %**
- ▶ Main export product : **Cotton**
- ▶ GDP per capita in 2019 : **714 523.5 CFAF**
- ▶ Indebtedness rate in 2019 : **41.2%**
- ▶ Budgetary deficit, including grants in 2019 : **0.5% of GDP**

1.1. Political system

Benin, a former French colony, gained independence on 1 August 1960 as the Republic of Dahomey, before taking its present name in 1975. Benin has a Constitution, known as "Act No. 90-32 of 11 December 1990 on the Constitution of the Republic of Benin, as amended by Act No. 2019-40 of 7 November 2019".

Benin is a democratic, multiparty republic with a presidential-style political regime. Since the beginning of the democratization process, Benin's political landscape has been marked by a peaceful alternation of power.

1.1.1. Executif power

The President of the Republic is the Head of State, he is the elected representative of the Nation and embodies national unity. He is the guarantor of national independence, territorial integrity and respect for the Constitution, treaties and international agreements. As established in the Constitution, he is elected by direct universal suffrage for a five-year term, renewable once only. In no case may a person serve more than two terms as President of the Republic in his or her lifetime.

The President of the Republic is elected in duo with a Vice-President of the Republic. The election of the duo President of the Republic and the Vice-President of the Republic takes place by majority vote in two (02) rounds. The duo of the President of the Republic and the Vice-President of the Republic is elected by an absolute majority of the votes cast. If this is not obtained in the first ballot, a second ballot takes place. In the second ballot, the two pairs of candidates having obtained the greatest number of votes in the first ballot are admitted to the second ballot. In case of withdrawal of a duo, the following pairs are retained in the order of their classification after the first round.

No one may be a candidate for the office of President of the Republic or Vice-President of the Republic unless he or she is a Beninese national by

birth or has been a Beninese national for at least 10 years, is of good character and high moral character, enjoys all his or her civil and political rights, is at least 40 years of age and not more than 70 years of age on the date of taking office, has been elected President of the Republic twice and has served two terms as such; is present in the Republic of Benin when he or she submits his or her candidacy; enjoys a complete state of physical and mental well-being duly certified by a panel of three (03) sworn doctors appointed by the Constitutional Court; is duly sponsored by elected officials under the conditions and in accordance with the terms and conditions laid down by law.

The President of the Republic is the holder of executive power. He is the head of the Government. In this capacity, he determines and conducts the policy of the nation. He exercises regulatory power. He has the administration and the defence and security forces at his disposal. He is responsible for national defence. He appoints, after an advisory opinion from the Bureau of the National Assembly, the members of the Government; he determines their powers and terminates their functions.

Furthermore, the President of the Republic, after consulting 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, sub-regional or regional integration and the organisation of public authorities.

With regard to laws, the President of the Republic takes the initiative concurrently with the members of the National Assembly. He ensures the promulgation of laws within fifteen days following 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. He may, before the expiry of these deadlines, request the National Assembly to give a second debate on the law or on some of its articles. If, after the

latter vote, the President of the Republic refuses to promulgate the law, the Constitutional Court, seized by the President of the National Assembly, declares the law enforceable if it is in conformity with the Constitution. The President of the Republic therefore ensures the enforcement of laws and guarantees the enforcement of court decisions.

In the event of a vacancy in the office of President of the Republic due to death, resignation or permanent impediment, the functions of President of the Republic are exercised by the Vice-President of the Republic for the remainder of the current term of office. He immediately takes the oath provided for in Article 53 of the Constitution. He or she appoints or, at the latest forty-eight (48) hours after taking the oath, and after receiving the advisory opinion of the Bureau of the National Assembly, appoints a new Vice-President of the Republic in accordance with the provisions of Article 44, with the exception of the relative or sponsorship provisions.

In the event of his death, resignation or permanent impediment before the appointment of the new Vice-President of the Republic, the President of the National Assembly refers the matter to the Constitutional Court, which declares the death, resignation or permanent impediment of the elected Vice-President, the absence of a Vice-President of the Republic, and the vacancy of the Presidency of the Republic. The functions of President of the Republic are exercised by the President of the National Assembly and the National Assembly elects a new President of the Republic. The same applies if the President of the Republic elected alone under the conditions of paragraph 5 of Article 45 dies, resigns or is definitively prevented from doing so before the appointment of the Vice-President of the Republic.

Since the democratic revival, Benin has had six presidential elections and four presidents in succession. The democratically elected presidents include 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 is constituted by a single assembly, known as the National Assembly. It is the Representative Assembly of the Republic of Benin whose members bear the title of deputy. It exercises legislative power and oversees government action. Parliament is composed of 83 seats. The deputies are elected by direct universal suffrage. The term of office is five (05) years renewable two (02) times. Each deputy is the representative of the entire nation and any imperative mandate is void¹.

The National Assembly passes the law and approves the tax. The law is passed by the National Assembly by a simple majority. However, laws to which the Constitution confers the character of organic laws are voted and amended under the following conditions: (i) the proposal or draft is submitted to the Assembly for deliberation and vote only after the expiry of a period of fifteen days following its submission to the Bureau of the Assembly; (ii) the text may be adopted only by an absolute majority of the members composing the Assembly; (iii) organic laws may be promulgated only after the Constitutional Court has declared their conformity with the Constitution.

The deputies of the 8th legislature were elected in the last legislative elections of April 2019. The composition of the deputies by political formation is shown in the following table.

Table 1. Current composition of Parliament by political party

Political party	Number of seats
Progressive Union	46
Republican Bloc	37

Source : <https://assemblee-nationale.bj>

¹ The new provisions governing the election and term of office of deputies will come into force on the occasion of the legislative elections of 2023.

1.1.3. Judicial power

The judiciary is independent of the executive and legislative branches. It is exercised by the Supreme Court, courts and tribunals established in accordance with the Constitution in force. The President of the Republic is the guarantor of the independence of the judiciary. He is assisted by the Higher Council of the Judiciary. The latter acts as the Disciplinary Council of Magistrates. It examines cases of pardon and transmits them with its reasoned opinion to the President of the Republic.

The Supreme Court

The Supreme Court is the highest court of the State in administrative and judicial matters. It also has jurisdiction over local elections. The decisions of the Supreme Court are not subject to appeal. They are binding on the executive and legislative branches of government, as well as on all courts of law. The Supreme Court may be consulted by the Government on all administrative and jurisdictional matters.

The Court of Audit²

The Court of Audit is the highest court in the state for the audit of public accounts. It audits the accounts and controls the management of public enterprises and bodies with financial participation or benefiting from public funds. It is the Supreme Audit Institution. The Court of Audit ensures the proper use of public funds. The decisions of the Court of Audit are not subject to appeal. They are binding on the executive and legislative branches of government and on all courts of law.

The High Court of Justice

The High Court of Justice is composed of the members of the Constitutional Court with the exception of its President, six deputies elected by the National Assembly and the President of the Supreme Court. It is competent to try the President of the Republic and members of the Government for acts qualified as high treason, offences committed in the exercise or in the course of their duties, and to try their accomplices in the event of conspiracy against State security. The ordinary courts remain competent for offences 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 offences and by the determination of penalties resulting from the criminal laws in force at the time of the offence.

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 ordinary law judges in criminal, civil, commercial, social and administrative matters. The decisions of the courts of first instance are subject to appeal before the Courts of Appeal.

The conciliation tribunals

The Conciliation Tribunal is set up by district in the communes with special status (Cotonou, Porto-Novo and Parakou). In the case of ordinary communes, one tribunal is set up for each commune. The task of the conciliation tribunals is to seek conciliation between the protagonists of a dispute. They are led by notables and not by professional judges ; they do not issue decisions of a jurisdictional nature. Their privileged field of intervention remains at present the search for conciliation in state disputes which are very frequent in the country.

The Commercial Courts

Three in number, the commercial courts deal in particular with :

- Disputes relating to traders and commercial intermediaries in respect of acts performed on the occasion of or for the purposes of their trade and disputes concerning their commercial relations ;
- Disputes relating to commercial companies and economic interest grouping, disputes relating to acts of commerce between any natural or legal persons
- Disputes relating to securities granted to secure the performance of commercial obligations ;
- Commercial Lease Disputes ;
- Litigation in the fields of competition, distribution, industrial property, counterfeiting ;
- Accounting transactions ;
- Collective Proceedings ;
- Public offers of purchase and financial market acts.

² The Court of Audit was established following the constitutional revision of 7 November 2019.

The Courts of Appeal

The latter are three in number. Each Court of Appeal comprises at least one modern civil and social division, a property rights division, an administrative division, a traditional law division, a correctional division, an audit division, and an indictment division. The Court of Appeal is competent to rule on all judgements handed down 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. The decisions of the Courts of Appeal may be appealed to the Supreme Court on points of law.

1.2. Administrative organisation

Benin is administratively organized into twelve (12) departments and seventy-seven (77) communes. The departments are : Alibori, Atakora, Atlantique,

The commercial courts of appeal

There are three commercial appeal courts. Each court of appeal includes at least a modern civil and social chamber, a property law chamber, an administrative chamber, a traditional law chamber, a correctional chamber, an audit chamber, and an indictment chamber. The Commercial Court of Appeal is competent to rule on all judgements handed down by the commercial courts within its jurisdiction and subject to appeal within the forms and time limits laid down by law.

Borgou, Collines, Couffo, Donga, Littoral, Mono, Ouémé, Plateau, and Zou. The official capital is Porto-Novo, and Cotonou is the economic capital.

1.3. Geographical location

With a surface area of 114,763 km², Benin is located in West Africa. 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.

Stretching between the Niger River in the North and the coastal plain in the South, the relief of the whole country is not very uneven and includes a low, sandy coastal region limited by lagoons; a ferruginous clay plateau; a silicoclay plateau, dotted with some undergrowth; in the North-West, the Atacora massif (800 metres); and in the North-East, the very fertile silicoclay plains of the Niger.

The main rivers in northern Benin are the Niger River, which partly runs along the border with Niger, and its tributaries, the Sota (250 km), the Mekrou (410 km), the Alibori (338 km) and the Pandjari (500 km). The Ouémé (510 km) and the Couffo (190 km) drain most of southern Benin, while the Mono (350 km), on the border with Togo, waters the southwest 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 seasons. There are two types of climates :

- The sub-equatorial climate in the South includes 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 large dry season from November to March ;
- The Sudanese climate in the North has two seasons : a dry season from November to May and a rainy season from June to September.

Three types of vegetation characterize Benin : wooded savannah in the northern Sudanese regions ; savannah in the centre with species such as mahogany, iroko and samba ; and forest in southern and middle Benin.

1.4. Population

Population structure

According to the general census conducted in 2013, Benin's population was 10.008.749, 51.2 % of whom were women. The departments located in the southern basin, Atlantic, Couffo, Littoral, Mono, Ouémé, Plateau and Zou, are the most populated. More than 50 % of Benin's population is under 18 years of age. Young people aged 15 to 35 accounted for about 60.3 % of the population. The population growth rate is about 2.8 % per year.

In 2019, Benin's population is estimated at 11.801.153 and the density is 104.7 inhabitants per km². Women accounted for 50.1 % of the total population, compared with 49.9 % for men. The proportion of women to men thus averaged 99.2 between 2010 and 2019.

Table 2. Distribution of the Beninese population by sex

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Total population (in millions)	9.2	9.5	9.7	10.0	10.3	10.6	10.9	11.2	11.5	11.8
Men	4.6	4.7	4.8	5.0	5.1	5.3	5.4	5.6	5.7	5.9
Women	4.6	4.8	4.9	5.0	5.2	5.3	5.5	5.6	5.8	5.9
Proportion Male to Female (%)	98.7	98.8	98.9	99.1	99.2	99.3	99.4	99.5	99.6	99.7
Demographic growth rate (%)*	2.8	2.8	2.8	2.8	2.8	2.8	2.8	2.8	2.7	-

Source : World Population Prospects 2019, United Nations ; *World Bank

The average annual growth rate (AAGR)³ of the population was 2.5% between 2010 and 2019. It will hover around 2.6% by 2025. The total fertility rate (TFR) was 5.7 children per woman in 2018 compared to 4.9 in 2012, reflecting an increase in the number of children per woman. The TFR varies by place of residence, from 5.2 children per woman in urban areas to 6.1 children per woman in rural areas.

Table 3. Evolution of the fertility index from 2010 to 2018

	EDSB-I 1996	EDSB II 2001	EDSB-III 2016	EDSB-IV 2011-2012	EDSB-V 2017-2018
Total fertility rate (15-49 years)	6.0	5.6	5.7	4.9	5.7

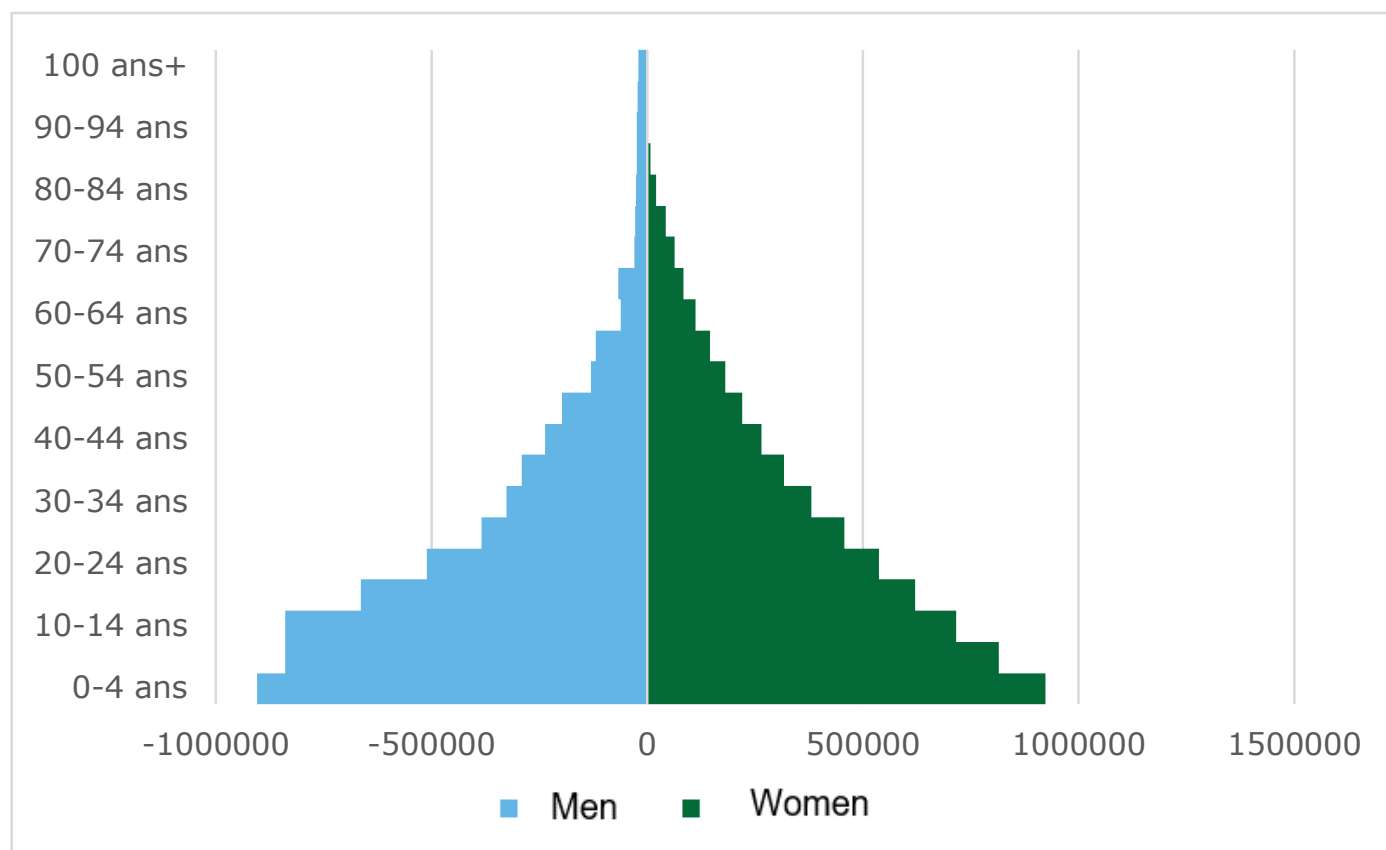
Source : INSEA : Demographic and Health Survey 2017-2018

According to the NHI, life expectancy was 64.9 years in 2018 compared to 61.4 years in 2010. Women have a longer life expectancy than men.

The age pyramid of the population has a broad and rapidly narrowing base, a characteristic feature of high-fertility and high-mortality populations. Based on the age pyramid, Benin's population is predominantly young. 70 % of the population was under 30 years of age in 2019, 62.1 % under 25 years of age, 52.9 % under 20 years of age and only 5 % of the population was over 60 years of age.

³ Calculated on the basis of the formula $POWER (Pop2019/Pop2010 ; 1/10) - 1$.

Figure 1. Age pyramid in 2019



Source : based on data from World Population Prospects 2019, United Nations

In terms of projections, Benin's population would expect 15.672.310 inhabitants in 2030 and 24.280.484 inhabitants in 2050. In 2020, the male population will slightly exceed the female population. The trend will be reversed from 2025 onwards.

Table 4. Projection of the Beninese population

	2020	2025	2030	2035	2040	2045	2050
Men	6 069	6 909	7 826	8 815	9 868	10 973	12 120
Women	6 054	6 913	7 847	8 848	9 907	11 014	12 160
Total	12 123	13 822	15 672	17 663	19 775	21 986	24 280

Source : World Population Prospects 2019, United Nations

The structure of the population would undergo a slight change in terms of projection. Indeed, the population under 30 years of age would represent 61.1 % in 2050 against 67.2 % in 2030.

Figure 2. Age pyramid in 2030

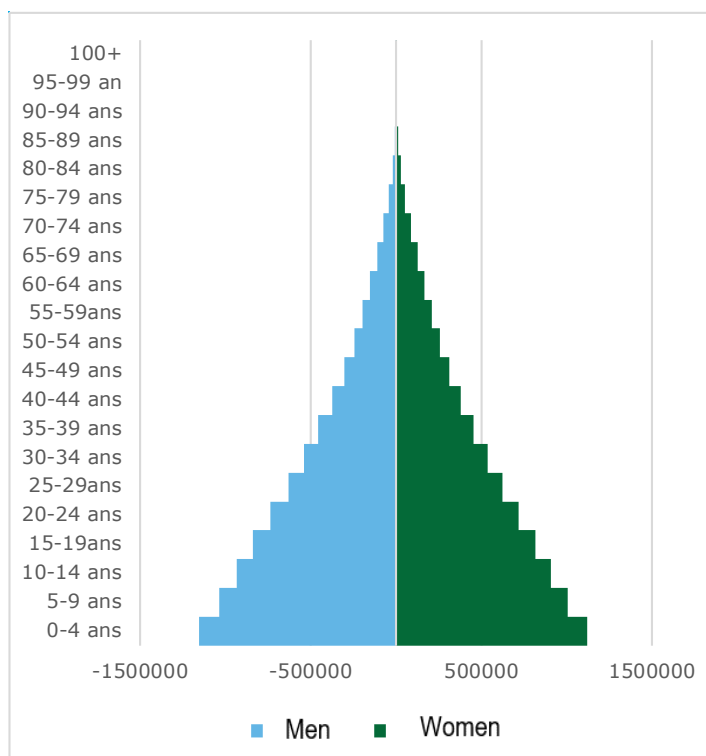
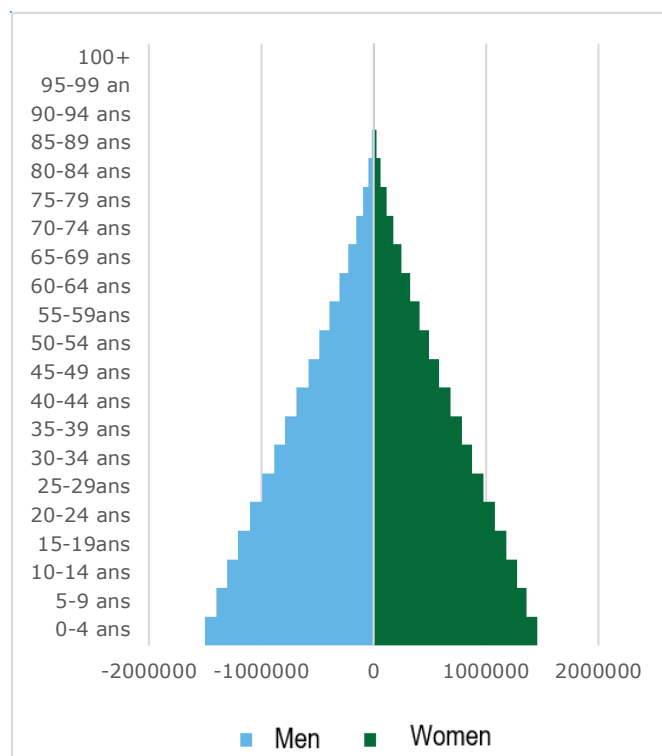


Figure 3. Age pyramid in 2050



Source : World Population Prospects 2019, United Nations

The rural population is larger than the urban population. Indeed, the rural population increased from 5.23 million in 2010 to 6.15 million in 2019, while the urban population increased from 3.96 million in 2010 to 5.65 million in 2019, reflecting faster ur-

banization of the population. In terms of proportion, the rate of urban to rural population increased from 1.3 in 2010 to 1.1 in 2019. The urbanization rate was 48.2 % in 2018 compared to 44.1 % in 2010⁴.

Tableau 5. Distribution of Benin's population by place of residence (millions)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Total Population	9.20	9.46	9.73	10.00	10.29	10.58	10.87	11.18	11.49	11.80
Urban population	3.96	4.13	4.29	4.47	4.65	4.83	5.03	5.23	5.43	5.65
Rural population	5.23	5.34	5.44	5.54	5.64	5.74	5.85	5.95	6.05	6.15
Rural/Urban Population	1.3	1.3	1.3	1.2	1.2	1.2	1.2	1.1	1.1	1.1
Urbanization rate (%)*	44.1	44.1	45.6	44.6	45.2	45.9	46.7	47.4	48.2	-

Source : World Population Prospects 2018, Nations Unies ; * INSAE

In terms of projections, the urban population is expected to be equal to the rural population in 2023 and to exceed the rural population from 2024 onwards, with the rate of rural to urban population declining to a level below 1 (0.8) in 2030.

⁴ INSAE.

Table 6. Projection of Benin's population by place of residence (millions)

	2020	2021	2022	2023	2024	2025	2030	2035	2040	2045	2050
Urban Population	5.9	6.1	6.3	6.6	6.8	7.1	8.5	10	11.8	13.6	15.7
Rural Population	6.3	6.4	6.5	6.5	6.6	6.7	7.2	7.5	7.9	8.1	8.3
Rural/Urban Popula- tion	1.1	1.04	1.02	1.00	0.97	1	0.8	0.8	0.7	0.6	0.5

Source : World Population Prospects 2018, United Nations

Religion

The 1990 Constitution proclaims the secular nature of the State and freedom of thought, expression and religious practice. According to the 2013 census (GCPH4), 27.7 % of the population was Mus-

lim, 25.5 % Catholic, 11.6 % practised voodoo, 6.7 % belonged to the Church of Heavenly 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 that of other religions.

Table 7. Distribution of the Beninese population by religion

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

Source : INSAE /GCPH4

1.5 Education

Organisation of school cycles

Since April 2016, the Beninese education system has been organised into three (03) sub-sectors corresponding to clusters of the six (06) levels of education that comprise it :

- Teaching in kindergarten and primary school ;
- General secondary education, technical and vocational training and literacy ;

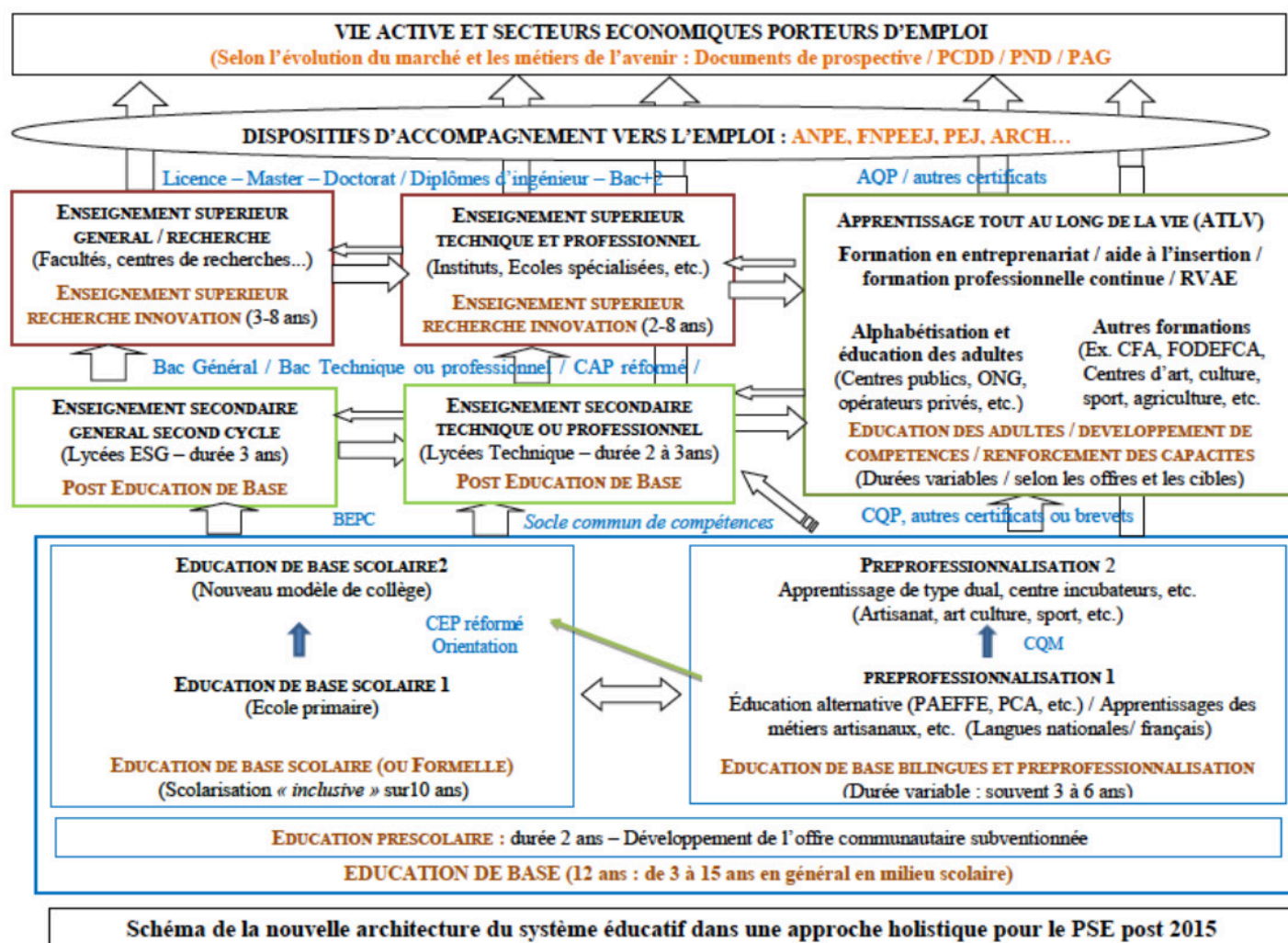
Higher education.

The new architecture structures the education system in three blocks :

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

The adult literacy rate in 2018 was 48.4 % compared to 47.9 % in 2014. This reflects an improvement in the adult literacy level.

Figure 4. New structuring of the education system



Source : Post-2015 Education Sector Plan (2018-2030)

The Basic Education

The basic education has three components : pre-school basic education (kindergarten education), school basic education (primary and lower secondary education), and alternative education and pre-vocational training. Alternative education and pre-vocationalization are integral components of basic education for which bridges are provided with school basic education.

Post-basic education, literacy, adult education, skills development and capacity building

There are three components for the training of learners aged 15 and over. Post-basic education refers

to formal education and includes upper general secondary education as well as technical and vocational education and training. General secondary education includes learners who have obtained the USC at the end of the school-based basic education cycle. It lasts three (03) years and leads to the baccalaureate of general education. Technical and vocational education and training trains learners who have obtained the USC or PQC (under certain conditions).

Skills development and capacity building is a cross-cutting component that can be articulated with post-basic education, literacy and adult or higher education. Skills development policies and

systems encompass vocational education and training, learning at work, informal learning, learning opportunities in informal and rural economies, and life-long 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 addressed to a varied public within the framework of the Bachelor's Master's Doctorate reform. The duration of studies varies from 3 to 11 years. Short vocational training courses lasting two years are also offered in specific branches deemed to be promising in terms of employment in the light 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 valorization of research products and inventions.

Statistics by cycle

Pre-school education

In 2014-2015, the pre-school education subsector had 2.458 nursery schools, 1.072 of which were private, with a total of 151.732 children, including 48,470 children in the private sector. This number is constantly changing. According to the 2017-2018 Demographic and Health Survey, attendance at a pre-school education programme is more common in urban areas (31 %), especially in Cotonou (55 %), than in rural areas (12 %). The gross pre-school enrolment rate is constantly rising. It rose from 13 % in 2014 to 16,8 %⁵ in 2018. The gross pre-school enrolment rate for girls was higher than that for boys in 2017 and 2018.

Table 8. Gross pre-school enrolment rate at the kindergarten level (%)

	2014	2015	2016	2017	2018
Gross pre-school enrolment rate	13	14.7	15.6	16.1	16.8
Rate of progress	-	1.7	0.9	0.5	0.7
Male	13	14	15.2	15.9	16.5
Rate of progress	-	1	1.2	0.7	0.6
Female	13	15	15.9	16.3	17
Rate of progress	-	2	0.9	0.4	0.7
Rate of girls' enrolment over boys' enrolment	100	93.3	95.6	102.5	103
Rate of progress	-	-6.7	2.3	6.9	0.5

Source : INSAE /MPPE

The net school enrolment⁶ rate was 14.4 % in 2018, compared to 12.6 % in 2015.

Primary education

The gross school enrolment⁷ rate has risen to over 100 % thanks to the free pre-school and primary education measure decreed by the Government in 2006. As a reminder, the gross primary school enrol-

ment rate was 95.5 % in 2006. This rate increased steadily until 2015 before declining slightly over the period 2016-2018, due to the decline in enrolment of both boys and girls. Overall, the gross enrolment rate is lower for girls than for boys. However, a gross enrolment rate well above 100 % highlights the enrolment of children who are too old for their level of schooling, particularly because of repetition or children entering the school system late.

⁵ MENP, however the Unesco statistics are higher, the rate is 25.4% in 2018 of which 25.87% for girls and 25.04% for boys. ⁶UNESCO Institute for Statistics. ⁷The gross enrolment rate is the number of pupils enrolled in a given level of education, regardless of age, expressed as a percentage of the population of the theoretical age group corresponding to that level of education.

Table 9. Gross enrolment rate at the primary education level (%)

	2014	2015	2016	2017	2018
Gross enrolment rate	122	124.82	115.4	113.3	110.8
Rate of progress	-	2.82	-9.42	-2.1	-2.5
Male Sex	123.68	126.16	119.12	117.1	114.6
Rate of progress	-	2.48	-7.04	-2.02	-2.5
Female Sex	120.18	123.37	111.58	109.3	106.8
Rate of progress	-	3.19	-11.79	-2.28	-2.5
Enrolment rate girls / boys	97.2	97.8	93.7	93.3	93.2
Rate of progress	-	0.6	-4.1	-0.4	-0.1

Source : INSAE /MPPE /World Bank

With regard to the net⁸ school enrolment rate, in 2018, nearly 7 out of 10 school-age children of primary school age in Benin were enrolled in school (68.8 %), with little difference by gender : girls at 69.4 % and boys at 68.2 %. In terms of place of residence, Cotonou (93.4 %) is in the lead, with 9 out of 10 children in school, followed by other urban areas (77.8 %) and rural areas (61 %). According to the departments, the departments in the north (Alibori with 30.8 p%, Atacora with 51.1 %, Borgou with 56 %)

and to a lesser extent Couffo (61.4 %) had the lowest primary school attendance rate.

Secondary education

The gross secondary school enrolment rate declined. It fell from 57.1% in 2014 to 40.7% in 2018. The crude rate is higher at junior high school than at senior high school. At both lower and upper secondary levels, the enrolment rate for boys is higher than for girls.

Table 10. Gross enrolment rate in secondary education (%)

		2014	2015	2016	2017	2018
GER 1st cycle	Gross school enrolment rate	69.6	68.7	58.7	53.7	50.1
	Rate of progress	-	-0.9	-10	-5	-3.6
	Male sex	75.3	72.3	62.2	57	53.4
	Rate of progress	-	-3	-10.1	-5.2	-3.6
	Female sex	63.6	64.3	54.9	50.2	46.7
	Rate of progress	-	0.7	-9.4	-4.7	-3.5
GER 2nd cycle	Gross Enrolment Rate	37.2	34.4	29.7	28.7	25.2
	Rate of progress	-	-2.8	-4.7	-1	-3.5
	Male sex	48.6	44	37.7	35.7	30.8
	Rate of progress	-	-4.6	-6.3	-2	-4.9
	Female sex	25	24.3	21.2	21.3	19.3
	Rate of progress	-	-0.7	-3.1	0.1	-2
TBS 1er et 2nd cycle	Gross Enrolment Rate	57.1	55.5	47.6	44.3	40.7
	Rate of progress	-	-1.6	-7.9	-3.3	-3.6
	Male Sex	65	61.7	52.8	48.9	44.8
	Rate of progress	-	-3.3	-8.9	-3.9	-4.1
	Female sex	48.6	48.9	42.1	39.4	36.4
	Rate of progress	-	0.3	-6.8	-2.7	-3
	Enrolment rate girls / boys	74.8	79.3	79.7	80.6	81.25
	Rate of progress	-	4.5	0.4	0.9	0.65

Source : INSAE /MPPE /World Bank

⁸ Net rate is the percentage of the school-age population attending primary or secondary school.

The analysis of the net school enrolment rate shows that nearly 4 out of 10 children aged between 12 and 18 (37.7 %) are actually in secondary school in Benin. As in the case of primary education, analysis of the results taking into account the place of residence puts Cotonou in the lead (66%), followed by other urban areas (48.3%) and rural areas (28.5%). In contrast to primary education, a gender disparity is observed, with 40.8 % of boys attending school compared to 34.1 % of girls at the national level. An analysis, according to the department, also reveals a disparity to the disadvantage of Alibori, Atacora,

Donga and Borgou, where the net enrolment rates in secondary education were 17.1 %, 25.7 %, 22.5 % and 33.4 % respectively. In the South, the Couffo department also has a low secondary school enrolment rate (27.0 %).

Tertiary education

At the tertiary level, the gross enrolment rate is quite low and has been declining slightly since 2014. Overall, the rate is fairly low for both girls and boys.

Table 11. Gross school enrolment rate at the tertiary level (%)

	2014	2015	2016	2017
Gross school enrolment rate	16	13.6	13	12.3
Rate of progress	-	-2.4	-0.6	-0.7
Female Sex	8.5	7.8	7.6	7.5
Rate of progress	-	-0.7	-0.2	-0.1
Male Sex	23.3	19.3	18.2	17
Rate of progress	-	-4	-1.1	-1.2
Enrolment rate girls / boys	36.5	40.2	42.1	44
Rate of progress	-	3.7	1.9	1.9

Source : Unesco

In order to meet the challenges related to education, the Government intends, for the period 2018-2021, to focus its interventions on (i) strengthening the achievements of the 2006-2015 PDDSE5; (ii) promoting holistic, inclusive and quality basic education; (iii) improving 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 education sector coordination.

In addition, the National Education Council was set up in January 2020 to coordinate all the reforms undertaken so that Beninese schools can regain their letters of nobility. Composed of 29 members, 4 of whom are appointed by the President of the Republic, 13 selected through a free candidacy process, 6 elected, 6 appointed by ministers, the NEC is chaired by Professor Noël GBAGUIDI, previously holder of the UNESCO Chair in Human Rights, the Person and Democracy (HRPD) at the University of Abomey-Calavi.

1.6 Health

Benin's health development policy aims among other things at :

- The reduction of maternal and child mortality, prevention, control of disease and improvement of the quality of care ;
- The valorisation of human resources ;
- The strengthening of partnership in the sector and the promotion of ethics and medical responsibility ;
- The improvement of the financing mechanism for the sector ;
- The strengthening of the management of the sector.

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

To meet the challenges related to health indicators, the government has opted to set up a Universal Health Coverage (UHC) system within the framework of the "Insurance for the Strengthening of Human Capital (ISHC)" project.

Architecture of the health care system in the country

The national health system has a pyramidal structure modelled on the territorial division and comprises three different levels : the central or national level, the departmental or intermediate level and the peripheral level. In addition to the public structures, the Beninese health system abounds with private practitioners and traditional medicine practitioners.

The Ministry of Health is responsible for the design, implementation, monitoring and evaluation of the State's health policy, in accordance with the laws and regulations in force in Benin and the govern-

ment's vision and development policy. In addition to the administrative structures, the central level includes the reference hospitals.

There are six (06), one for every two departments, the Departmental Health Directorates (DHD) represent the intermediate level of the health system and are the bodies responsible for programming, integrating and coordinating all health actions at the departmental level. They supervise the health structures at the intermediate and peripheral levels.

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

Health Data

Life expectancy at birth

The life expectancy of Beninese people has improved considerably over the last 10 years. Indeed, life expectancy has increased from 61.4 years in 2010 to 64.9 years in 2018. By gender, life expectancy is longer for women than for men.

Table 12. Evolution of life expectancy by sex (in years)

	2010	2011	2012	2013	2014	2015	2016	2017	2018
Male sex	58.9	59.2	60	62.2	62.3	62.5	62.7	63	63.2
Female sex	63.5	63.5	64.6	65.2	65.4	65.7	66	66.2	66.5
Together	61.4	61.4	62.3	63.7	63.9	64.1	64.4	64.6	64.9

Source : INSAE

Infant and maternal mortality

The neonatal mortality rate has followed a downward trend over the last ten years, dropping from 35°/00 in 2009 to 31.3°/00 in 2018. The same is true of the mortality rate for children aged 0 to 5 years, which has dropped significantly to 93.0 per 100 in

2018 compared to 113.3 per 100 in 2009. The maternal mortality rate per 100.000 live births has been reduced by nearly 60 %, from 457 in 2009 to 195 in 2018. The results achieved reflect a certain performance in the area of maternal and child health.

Table 13. Neonatal, infant and maternal mortality rates

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Neonatal mortality rate (per 1.000 live births)	35	34.7	34.3	34	33.5	33.1	32.6	32.2	31.8	31.3
Infant mortality rate, under-5s, boys (per 1.000)		117.4					106			98.8
Infant mortality rate, under-5s, girls (per 1.000 live births)		104.5					93.4			86.8
Infant mortality rate, under 5 years (per 1.000)	113.3	111.1	108.9	106.6	104.4	102.1	99.9	97.6	95.5	93
Maternal mortality rate	457	446	436	429	422	414	405	201	201	195

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 44.7 % and 11.9 % respectively of cases registered at the centre level in 2018, compared with 41.7 % and 12.7

% in 2011. Next come gastrointestinal diseases (5.4 % in 2018 against 6.3 % in 2011), traumas (4.0 % against 5.4 %) and diarrhoeal diseases (2.3 % against 3.0 %).

On the whole, there has been a decline in the prevalence of the various diseases with the exception of malaria.

Table 14. Prevalence of diseases (%)

Affections	2011	2012	2013	2014	2015	2016	2017	2018
Malaria	41.7	41.4	39.7	39.8	38.9	43.1	43.4	44.7
Acute Respiratory Infections	12.7	12.3	12.4	12.1	12.7	13.7	11.5	11.9
Gastrointestinal disorders	6.3	6.5	6.4	6.2	5.6	6.9	5.7	5.4
Trauma	5.4	5.3	3.5	4.5	4.3	4.2	4.1	4.0
ANEMIA	4.8	5	4.7	4.3	3.6	3.5	3.3	2.7
Diarrhoea	3	2.8	3	2.8	2.7	2.5	2.5	2.3
Other dermatological affections	2.0	2.1	2.0	2.0	2.0	1.5	1.5	1.4
Lower abdominal pain	1.2	1.2	1.3	1.3	1.5	1.6	1.4	1.4
High blood pressure	1.5	1.5	1.5	1.4	1.6	1.4	1.4	1.3

Source : INSAE, Health Statistics Yearbook, MHP

There is also the emergence of non-communicable diseases (NCDs), such as high blood pressure, diabetes or obesity. These pathologies are mainly linked to unbalanced diet, physical inactivity, smoking and harmful alcohol consumption.

Specifically among children, disease prevalence rates appear to be higher. The malaria rate was 48.9%, 48.8% for boys and 49.1% for girls. For acute respiratory infections, the prevalence rate was 16.7% in 2018.

With regard to HIV/AIDS, Benin has a low prevalence rate. Indeed, UNAIDS statistics indicate a stabilisation of the prevalence rate at 1% for people between

15 and 49 years old. New cases among adults aged 15 and over and children aged 0 to 14 have decreased to 3,800 cases in 2018 compared to 4,000 cases in 2016.

The number of children aged 0 to 14 living with HIV has declined significantly to 4,600 children in 2018 from 7,400 in 2014.

The therapeutic coverage of people living with HIV/AIDS has improved considerably. It increased from 27% in 2009 to 61% in 2018. For pregnant women, coverage has been 95% since 2014 compared to 61% in 2009.

Tableau 15. HIV and AIDS statistics

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
HIV prevalence, total (% of population aged 15-49)	1.1	1.1	1.1	1.1	1.1	1.1	1.0	1.0	1.0	1.0
HIV incidence (% of population aged 15-49)	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.06	0.06	0.06
New cases of HIV infection in adults (15 years and older) and children (0-14 years)	4 400	4300	4400	4400	4500	4600	4300	4000	4000	3800
New cases of HIV infection in children (0-14 years)	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
New cases of HIV infection in adults (15 years and older)	3200	3100	3100	3200	3300	3500	3500	3400	3300	3300
Children (0-14) living with HIV	7000	7200	7300	7300	7400	7400	7200	6900	6700	4600
Coverage of antiretroviral therapy (% of people living with HIV))	4 400	4 300	4 400	4 400	4 500	4 600	4 300	4 000	4 000	3 800
Antiretroviral treatment coverage among pregnant women (% of HIV-positive pregnant women)	61	30	39	45	42	76	95	95	95	95
HIV prevalence, men (% of men aged 15-24)	1 200	1 200	1 200	1 200	1 200	1 100	820	660	660	500
HIV prevalence, women (% of women aged 15-24)	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4

Source : World Bank, UNAIDS.

Another infection often linked to HIV is tuberculosis (TB). It is still common in Benin. In 2018, the number of TB cases detected was 4.096 compared to 3.662 in 2017. The number of TB/HIV cases increased from 544 in 2017 to 584 in 2018. The seroprevalence rate is around 14%-15% over the last 5 years.

Table 16. Evolution of the rate of HIV testing and seroprevalence among tuberculosis patients in Benin (2009-2018)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Number of TB detected	3 987	3 841	4 320	4 075	3 957	3 977	4 092	3 968	3 662	4 096
Number of TB detected	3 845	3 774	4 259	4 006	3 730	3 828	4 017	3 879	3 568	4 031
Achievement rate	96.4	98.3	98.6	98.3	94.3	96.3	98.2	97.8	97.4	98.4
Number of TB/HIV	629	585	721	637	587	588	613	572	544	584
Seroprevalence (%)	16	16	17	16	16	15	15	15	15	14

Source : Yearbook of Health Statistics 2018, MS

Benin has never experienced an Ebola-related pandemic. However, the country remains on alert for Lassa haemorrhagic fever. Since 2014, Benin has recorded outbreaks of Lassa haemorrhagic fever during the first and fourth quarters of the year. This fever is present in Nigeria and a few cases are often identified in border towns with Nigeria.

Following the example of most countries in the world, Benin has set up a prevention and warning system against the coronavirus that has been raging in China since December 2019. This system consists of a thermal camera that analyses the temperature of travellers, an isolation room for suspicious cases, and other instruments such as masks, hand-washers, etc.

With the registration of the first cases of coronavirus in the country, the authorities launched the implementation of response measures, including the closure of large assembly areas, quarantine for travellers from affected countries, the establishment of a cordon sanitaire, compulsory wearing of masks and systematic screening of certain categories of

personnel, including health personnel, teachers and Republican police officers. As of 23 May 2020, on the basis of the PCR (polymerase chain reaction) tests used by the WHO, Benin had registered 191 confirmed cases of Covid-19, 82 cures, 106 people under treatment and 3 deaths.

In total, 13.932 tests have been carried out as of May 22, 2020. In a spirit of solidarity, several donors have given their support to the Government through material donations consisting of protection kits (masks, hydroalcoholic gel, gloves, soap, etc.), food goods, medical equipment (hospital beds, rapid test kits, medical ambulances, CARDIOLINE AR600 VIEW ECG devices, thermometers, consultation tables, etc.), mobile phones, television sets, etc. Financial donations as of 22 May 2020 were 2.552.397.307 CFAF. According to the authorities, these financial and material donations do not take into account donations received from States, public institutions and international cooperation institutions.

Several reforms have been undertaken by the government since 2016 to clean up the health sector, including the fight against fake medicines and the regulation of the private practice of medical personnel.

1.7. Employment

Employment policy

The government's vision of employment promotion contained in the GAP 2016-2021 has been translated into the National Employment Policy (NEP 2018-2025). The vision of the NEP is: "By 2025, all Beninese men and women of working age will have a job likely to provide them with an income that satisfies their vital needs and full well-being". From this vision, the following Specific Objectives (SOs) are derived :

- SO1 : Strengthening human capital to improve the productivity of enterprises and the inclusiveness of economic growth ;
- SO2 : Strengthen the employment promotion mechanism ;

- SO3 : Improve the effectiveness and efficiency of cross-cutting and sectoral policies in terms of job creation ;
- SO4 : Improve governance of the employment sector.

Labour force

Benin's labour force is in constant evolution. It has grown from 4.86 million to 6.10 million in 2018. Women are more active than men. In fact, there were 3.17 million women compared to 2.93 million men in 2018. According to data from United Nations projections, the active population is estimated at 6.435.121 in 2019.

Table 17. Evolution of the labour force from 2014 to 2019

	2014	2015	2016	2017	2018	2019*
Female Sex	2 467 470	2 593 337	2 726 444	2 659 891	3 170 518	3 234 818
Male Sex	2 391 757	2 524 701	2 665 484	2 595 093	2 926 708	3 200 303
Total	4 859 227	5 118 038	5 391 928	5 254 984	6 097 226	6 435 121

Source : INSAE. * data from WPP 2019 (population aged 15 to 64)

According to the 2018 Integrated Regional Survey on Employment and the Informal Sector, the employment to population rate of 15-64 years old was 60.5 % in 2018, compared to 67.9 % in 2015. The activity rate is higher among men (65.4%) than among women (56.0%). Taking into account the level of education, this rate is much higher among individuals with no education at all (66%) and those with primary education (68%), but lower among individuals with secondary education (47.4%) and those with tertiary education (57.4%). Indeed, people with

a qualification are the most likely to be able to enter the labour market.

The 35-64 age group is the one with the highest share of employed workers (54.6%) with 50.6% of women and 58.1% of men. It is followed by the 25-34 age group (28.8%) for which the figure was 31.3% for women and 26.6% for men.

In terms of residence, the departments of Alibori (40.8%), Borgou (45.3%), Donga (56.1%), Littoral/

Cotonou (56.9%) and Mono (54.1%) had the lowest employment rates available among the working age population.

The precarious employment rate in 2018 was 24.2%. This precarious employment was less marked in the Atlantic (10.2%), Borgou (13.3%) and Donga (13.9%) departments, in rural areas (18.6%), among people aged 65 or over (14.4%) and those with no education (18.8%).

The rate of precarious employment in 2018 was The multi-skilling rate, or the proportion of the population engaged in two or more activities in 2018, was 12.6%. Compared to the national level, men were more con-

cerned (14.3%). The lowest rates of pluriactivity were observed among people who had reached the highest level (8%), people aged 15-24 years (9.1%) and 65 years or older (10.8%), those living in Cotonou (3.9%), Alibori (9.5%), Atacora (8.2%), Borgou (7.1%), Mono (6.7%) and Zou (4.8%). 24,2 %. This precarious employment was less marked in the Atlantic (10.2%), Borgou (13.3%) and Donga (13.9%) departments, in rural areas (18.6%), among people aged 65 or over (14.4%) and those with no education (18.8%).

On the other hand, 95.3% of the working population works mainly in the informal sector, compared with 4.7% in the formal sector.

Table 18. Benin's employment situation (2018)

	Formal	Informal	Total	Workforce
Non-agricultural institutional sector				
Public sector	75.5	24.5	100	197 467
Private sector	1.2	98.8	100	2 117 943
Households	0	100	100	13 267
Total	7.5	9.5	100	2 328 677
Agricultural institutional sector				
Public sector	78.5	21.5	100	2 775
Private sector	0	100	100	1 394 943
Households		100	100	405
Total	0.2	99.8	100	1 398 124
Together				
Public sector	75.6	24.4	100	200 242
Private sector	0.7	99.3	100	3 512 886
Households	0	100	100	13 672
Total	4.7	95.3	100	3 726 801

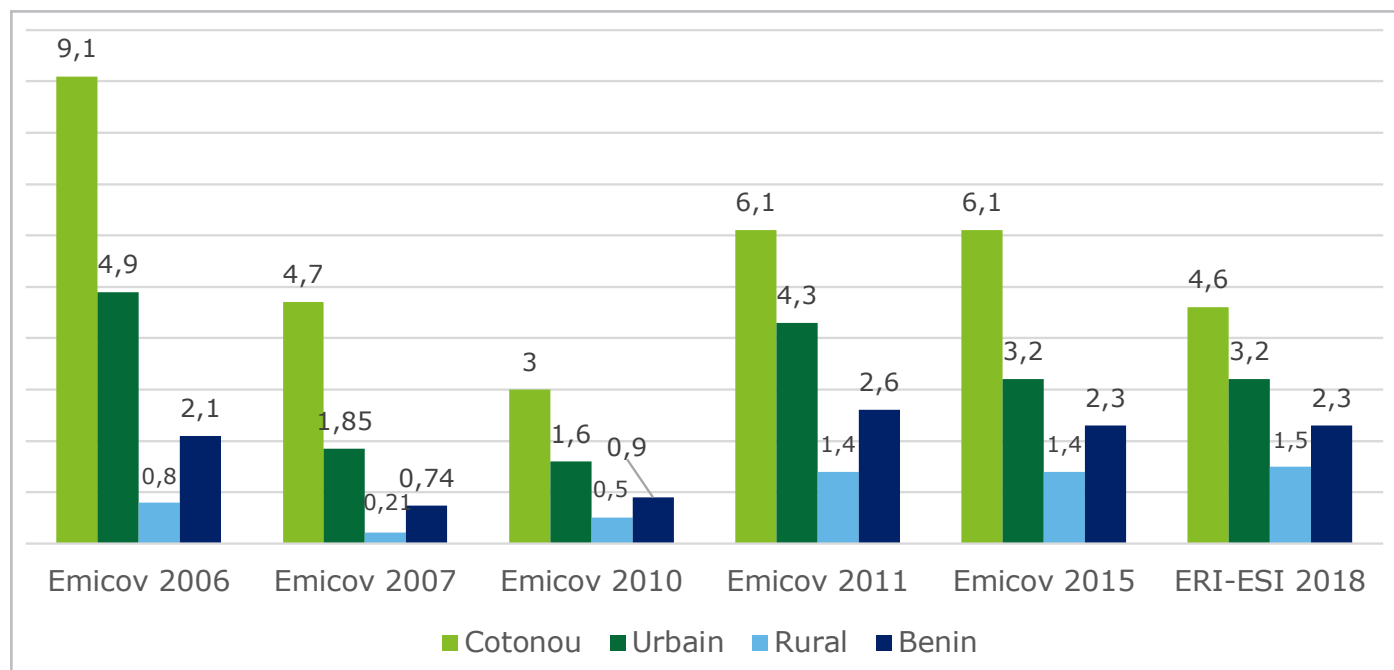
Source : Integrated Regional Survey on Employment and the Informal Sector, 2018, INSAE

Unemployment rate

According to the 2018 Integrated Regional Survey on Employment and the Informal Sector, the ILO unemployment rate was 2.3 % in Benin in 2018, the same

as in 2015. The highest rates are observed among people who have reached the upper level (8.4 %), people aged 15-24 years (5 %), residents in Cotonou (4.6 %) and in the Couffo department (5.8 %).

Figure 5. Evolution of the unemployment rate in Benin (%)



Source : INSAE

The unemployment rate is high in urban areas : 4.6% in 2018 in Cotonou. However, there is a decline compared to 2015. The rate was 2.9% in other urban areas and 3.2% in all urban areas compared with 1.5% in rural areas. In the regions, the departments of Couffo (5.8%), Littoral (4.6%), Mono (3.7%), Donga (3.1%) and Ouémé (2.7%) have the highest unemployment rates.

The labour force underutilization rate was 17.6%. It was 21.3% for women and 13.4% for men. This under-utilisation is more prevalent among the younger generations, especially young people aged 15-24 (33.2%) and those aged 25-34 (20%). It is the most highly educated people who are exposed to under-employment. It was 22.4% and 23.9% respectively among those with secondary and higher education in 2018.

The combined rate of unemployment and underemployment related to working hours was estimated at 10.8% of the labour force. The combined rate of un-

employment and potential labour force was 9.7%. These rates were higher among women (12.5% and 12.0% respectively), in Cotonou (13.8% and 10.6%), among 15-34 years old (13.7% and 15.2%), in the departments of Couffo (15.7% and 16.5%), Donga (13.5% and 11.6%) and Mono (13.2% and 16.8%).

Ilostat's estimates for 2019 indicate a national unemployment rate of 2.2% for people aged 15 and over. This rate is higher in urban areas (3.6%) than in rural areas (1.1%). The unemployment rate is approximately the same in 2019 for women (2.3%) and men (2.1%). In urban areas, unemployment affects both men and women to the same extent (3.6%). In rural areas, unemployment is higher among women (1.3%) than men (0.9%).

Employment dynamics

The government of Benin established an agency called the National Employment Agency (NEA) in 2003. The NEA has twelve (12) branches which

constitute its operational arms, spread across the twelve (12) administrative departments of the country. The mission of the NEA is to "contribute to the development and implementation of the National Employment Policy" in Benin. As such, it is responsible for :

- Contribute to the elaboration of indicators on employment, unemployment, vocational training and the development of communication for employment ;
- Facilitate intermediation between job supply and demand through information, guidance, support and advice activities, and by proposing job opportunities in urban, peri-urban and rural areas, etc. ;
- Contribute to the elaboration, implementation and monitoring of employment development programmes through activities supporting the promotion of self-employment as well as salaried employment through the development of pre-insertion courses ;
- Contribute to the development of employment through training and retraining activities ;
- Manage the resources intended to finance the various programmes and projects relating to the implementation of the National Employment Policy (Article 4 of its statutes).

The NEA has several programmes for the promotion of employment, the most important of which are briefly presented below

The Salaried Employment Support Programme (SESP)

It is a programme aimed at first-time job seekers, specifically women and young graduates from universities, schools and vocational training centres. It is designed to improve the employability of young people and support them in their integration. The age group eligible for this programme is "18 to 40 years old". In 2018, 2.250 young people benefited from this programme compared to 1.028 in 2017, including 750 renewals among the 2017 beneficiaries. The ASPP has two (02) components :

- The First Professional Experience Contract (FPEC) which allows, on the one hand, to put the beneficiaries in a pre-insertion internship in the ministries and decentralised and deconcentrated structures of the State, and on the other hand, in private companies, for a period of six (06) months renewable once ;
- The Support Contract for Businesses (SCB) which enables young companies to benefit from the provision of trainees paid by the NEP for a period of twelve (12) months with the obligation to recruit the trainee at the end of the contract.

The Self-Employment Support Programme (SESP)

The SESP 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 decent jobs. In 2018, 88 young people benefited from this programme compared to 300 in 2017. The young entrepreneurs were trained in the agribusiness (85) and services (03) sectors.

The Decentralised Employment Partnership (DEP)

With the DEP, the NEA enters into a functional relationship with the 77 communes of Benin in order to bring its service offers closer to the jobseekers who reside there. This programme aims to strengthen the 77 communes in terms of human resources. In the implementation of the DEP, Employment Focal Points (EFP) have been appointed by the Mayors in the seventy-seven (77) communes to act as information relays for the NEA at the local level. The objective of the NEA is for the EFPs to become communal institutions for the promotion of employment. In 2018, 82 communal agents have been trained for this programme as in 2017.

The Job Seekers Capacity Building Support Programme (JCBP)

The JCBP Programme enables the target group's technical capacities to be strengthened or retrained if necessary, through training modules. The objective is, among others, to contribute to the reduction of the mismatch between supply and demand. In 2018,

167 people out of the 200 expected to benefit from this programme compared to 226 beneficiaries in 2017. The beneficiaries of the JCBP programme in 2018 are mainly in three sectors : livestock (71), market gardening (60) and processing (36).

In addition, in order to make up the shortage of teachers in the nursery, primary and secondary education sector, the Government recruited a large number of aspiring teachers in September 2019 for

the start of the 2019-2020 school year. More than 10 000 contracts have been signed for the benefit of the aspiring teachers.

It should also be recalled that the Government is working in the area of business promotion to increase the supply of jobs. Similarly, since 2016, the Government has created several public jobs through the recruitment of young graduates for the public administration.

1.8. Reminder of the main aggregates

1.8.1. Level of development

Human Development Index

The HDI is a composite index that measures the average quality of life of a country's population. In theory, the index varies from 0 to 1 and takes into account three dimensions of human development: (i)

the possibility of having a long and healthy life, based on life expectancy at birth, (ii) the level of schooling, assessed on the basis of the illiteracy rate and attendance at different levels of the school system, and (iii) the standard of living, calculated on the basis of per capita gross domestic product (GDP), taking into account purchasing power parity (PPP).

Table 19. Evolution of the development index in Benin

Year	HDI	Variation (%)
2010	0.470	0.00
2011	0.480	2.13
2012	0.490	2.08
2013	0.500	2.04
2014	0.510	2.00
2015	0.510	0.00
2016	0.510	0.00
2017	0.520	1.96
2018	0.515	-0.96
2019	0.520	0.97

Source : World Bank

Over the last ten years, Benin's HDI has improved. Indeed, the index stood at 0.52 in 2019 against 0.47 in 2010, marking an improvement in the population's standard of living in line with the free education and health programmes. In terms of ranking, Benin is ranked 30th in Africa and 163rd in the world.

GINI Index

The Gini index is an indicator that measures per capita income inequality and varies between 0 and 1. The following table shows the evolution of inequality between 2011 and 2015. There is a slight increase in inequality in income distribution between 2011 and 2015. Indeed, the Gini index rose from 0.43 in 2011 to 0.48 in 2015, representing a 10.14% increase in inequality.

Table 20. Evolution of the Gini Index

Year	Index (%)	Variation
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. It rose from CFAF 637,640 in 2014 to CFAF 714,523.5 in 2019, an increase of 12.1%. This is explained by a greater increase in GDP in relation to population growth rate.

Table 21. Evolution of GDP/per capita (in CFA Francs)

	2014	2015	2016	2017	2018	2019
GDP/Constant per capita, 2015 prices	643 074.1	636 613.5	639 960.8	657 912.6	683 036.7	710 379.9
GDP/ Current inhabitant	637 640.0	636 613.5	644 329.8	659 970.8	689 218.6	714 523.5

Source : Calculation by the editors based on GDP data (INSAE) and population projections (WPP 2019 United Nations).

1.8.2 Summary table

Table 22. The main economic aggregates observed over the last five years (in billions of CFA Francs)

	2014	2015	2016	2017	2018	2019
National economy						
Nominal GDP	6 559.3	6 732.8	7 005.2	7 375.3	7 915.7	8 432.2
Real GDP growth (%)	6.4	1.8	3.3	5.7	6.7	6.9
Investment rate (% of GDP)	19.3	20.7	20.3	24.0	26.4	25.6

Inflation rate (in %)	-1.1	0.3	-0.8	0.1	0.8	-0.9
Balance of payments						
Exports FOB	1 267.3	1 414.40	1 680.30	1 730.70	1 857.60	2 014.57
Imports FOB	-1 618.5	-1 724.00	-1 745.90	-1 930.20	-2 166.20	-2 131.96
Balance	-351.2	-309.60	-65.60	-199.50	-308.60	-117.39
Current balance	-437.6	-401.6	-209.9	-308.3	-360.3	-193.3
Government finances						
Revenues and grants	824.8	848.3	780.4	1 001.7	1 075.8	1 185.7
Expenditure	916.5	1 242.3	1 086.3	1 318.1	1 305.9	1 227.27
Balance	-91.7	-394.0	-305.9	-316.4	-230.1	-41.57
Public debt	1 461.9	2 080.50	2513.1	2 927.43	3 251.78	3 476.59
Domestic debt	511.01	1 036.9	1 373.4	1 742.83	1 719.70	1 455.91
Foreign debt	950.87	1 043.59	1 139.61	1 184.60	1 532.08	2 020.68
Domestic debt as % of nominal GDP	7.8	15.4	19.6	23.6	21.7	17.3
Budget deficit excluding grants						
In value terms	-135.8	-422.9	-340.6	-373.7	-277.3	-139.2
In percentage of nominal GDP (%)	-2.1	-6.3	-4.9	-5.1	-3.5	-1.7

Source : DGEA, INSAE, AAF, EFPMU BCEAO

2.1. Evaluation of the gross domestic product

From 2016 onwards, economic activity will be in a phase of continuous improvement. In fact, the Beninese economy has climbed on a path of constantly accelerating growth. The growth rate is expected to reach 6.9% in 2019, compared with 6.7% in 2018 and 5.7% in 2017. The performances recorded are mainly driven by:

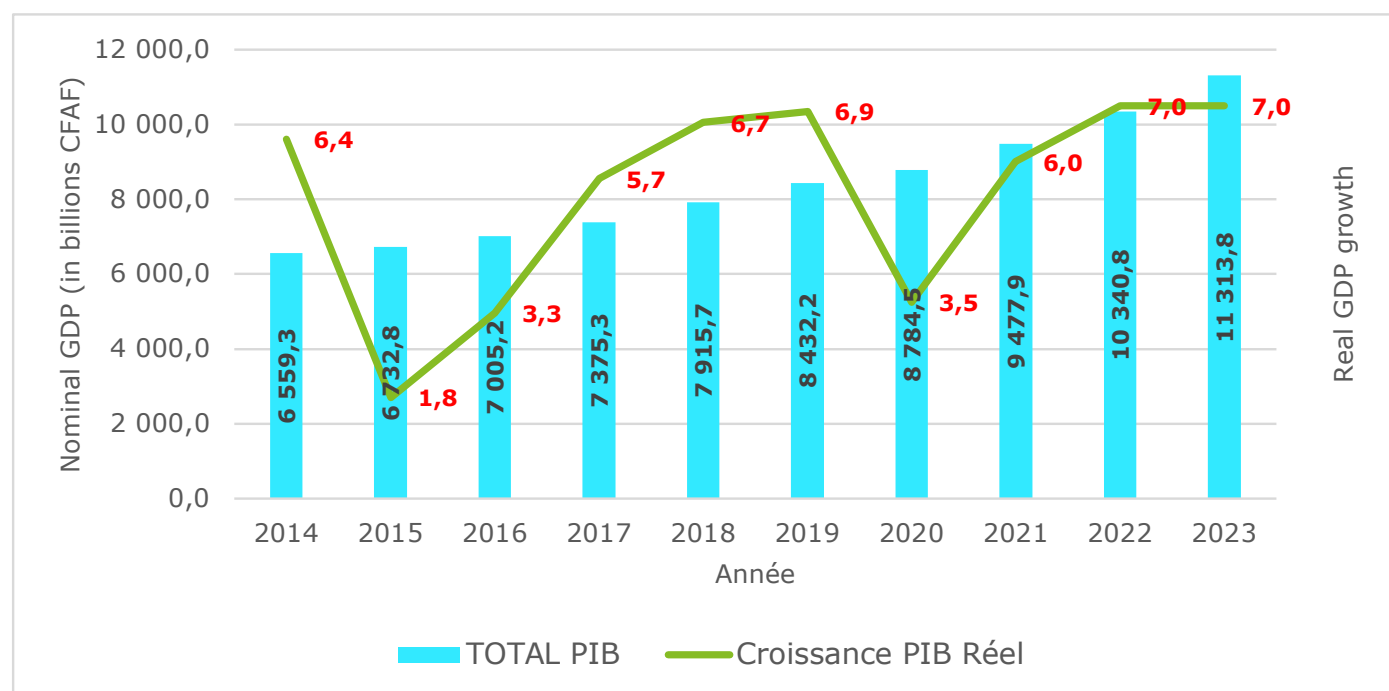
- The good performance of cotton production, which has continued to reach record levels since 2016⁹ ;
- The vitality of activity in the building and public works sector in relation to the effective implementation of the GAP;
- Favourable developments in the agro-industry branch in response to the good performance of the agricultural sector;
- The increase in the supply of electrical energy with the commissioning of the Maria-Gléta 2 power station, with a capacity of 127 MW ;
- The dynamism in the Port of Cotonou and its effects on transport activity, following the reforms

implemented by the Government. Moreover, the improvement of economic and financial governance has made it possible to strengthen the efficiency of the financial authorities in the mobilisation of public revenue.

The economic outlook for 2020 assumes a growth rate of 3.5% against an initial forecast of 7.6%, thus slowing the pace of growth. This deceleration in the pace of national wealth creation is mainly due to the coronavirus pandemic, which has induced a double shock on global supply and demand. Indeed, the COVID-19 pandemic is expected to have a significant impact on the Beninese economy. The various containment and prevention measures put in place to contain the spread of the virus, combined with global spillovers (remittances, trade and lower FDI) are expected to have a significant impact on domestic and external demand, resulting in lower economic growth.

From 2021 onwards, the dynamism of growth observed before 2019 is expected to pick up again. The growth forecast for 2021 is based on a rate of 6.0% and should stabilise at around 7.0% by 2023¹⁰.

Figure 6. Evolution of nominal GDP and the real growth rate from 2014 to 2023



Source : INSAE.DGAE, june 2020

⁹ According to the AIC, cotton production for the 2019/2020 campaign would amount to 732,273.0 tonnes against 678,000.3 tonnes for the 2018/2019 campaign and 597,573.2 tonnes for the 2017/2018 cotton campaign. ¹⁰ MF, Baseline as of 04/16/2020

2.1.1. Level of GDP

Benin's nominal gross domestic product has been on an upward trend since 2015, rising from CFAF 6,732 billion to CFAF 8,432.2 billion in 2019. The increase in nominal GDP is stimulated by all sectors of activity and taxes net of subsidies. However, it should be noted that the primary sector is the main driver of this rise with an average increase of 6.8% against 5.6% and 5.0% respectively for the secondary and tertiary sectors over the 2014-2019 period

Table 23. Evolution of nominal GDP (in billions of CFA Francs)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
						Est	Forecasts	Forecasts	Forecasts	Forecasts
Primary sector	1 680.4	1 776.9	1 944.2	2 101.2	2 223.3	2 266.2	2 406.0	2 586.2	2 814.6	3 037.9
Secondary sector	1 076.5	1 103.2	1 100.0	1 114.2	1 159.9	1 375.5	1 486.5	1 633.5	1 768.1	1 956.3
Tertiary sector	3 248.7	3 315.3	3 376.7	3 569.7	3 859.6	4 049.7	4 172.2	4 443.2	4 854.7	5 325.5
GDP at factor costs	6 005.6	6 195.4	6 420.9	6 785.1	7 242.8	7 691.4	8 064.7	8 662.9	9 437.4	10 319.7
Duties and taxes net of subsidies	553.7	537.4	584.3	590.2	672.9	740.8	719.8	815.0	903.4	994.1
TOTAL GDP	6 559.3	6 732.8	7 005.2	7 375.3	7 915.7	8 432.2	8 784.5	9 477.9	10 340.8	11 313.8

Source : INSAE-DGEA, june 2020

2.1.2. Real GDP growth

Over the period 2017-2019, economic activity has benefited from the good performance of the agricultural sector in connection with both increased cotton and food production. Cotton production increased by 13.4 % to 678,000.3 tonnes for the 2018-2019 campaign against 597,573.2 tonnes for the 2017-2018 campaign, making Benin the leading cotton producer in Africa. According to the AIC, the expected production for the 2019-2020 campaign would be 732.273.0 tonnes.

This strong increase in cotton production since the 2016-2017 season is the result of reforms undertaken by the Government, which has repositioned the Interprofessional Cotton Association in its initial role as manager of the cotton sector, and efforts to supervise cotton growers. As for food crop production, it has been strengthened during the 2017-2018 and 2018-2019 campaigns, thanks in particular to the reforms implemented, notably the territorialisation of the governance of the sector through the creation and operationalisation of the Territorial Agricultural Development Agencies (TADAs).

The growth rate in 2019 is expected¹¹ to be 6.9% compared to 6.7% in 2018 in line with strong activity

across all economic sectors. The value added of the primary sector would show an increase of 5.2% and a contribution to growth of 1.5% in 2019 due to the increase in food production (cereals and tubers), the notable performance recorded by cotton production and the significant contribution of ginning¹² activities.

The secondary sector would grow by 13.6% in 2019, with a contribution to growth of 2.0% related to :

- The strengthening of construction activity as part of the continued implementation of the 2016-2021 GAP projects ;
- The dynamism displayed by the agro-food industries ;
- The strengthening of the electricity supply through, among other things, the commissioning of the Maria-Gléta 2 power plant in August 2019 and the rehabilitation of the existing power station.

In the tertiary sector, value added grew by 5.2% in 2019, with a contribution to growth of 2.5% induced, on the one hand, by the good performance recorded in the sub-sector of telecommunications, hotels and restaurants and other services.

Table 24. Real Gross Domestic Product Growth (%)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
						Est	Forecasts	Forecasts	Forecasts	Forecasts
Total GDP	6.4	1.8	3.3	5.7	6.7	6.9	3.5	6.0	7.0	7.0
Primary sector	8.3	0	9.0	7.6	7.3	5.2	4.5	4.7	5.9	5.8
Secondary sector	3.9	13.8	0.9	0.5	4.8	13.6	6.5	7.7	8.2	8.3
Tertiary sector	5.0	0	1.9	5.5	5.7	5.2	2.1	5.0	7.1	7.2
Duties and taxes	13.6	-2.8	-1.1	11.0	14.0	10.1	2.5	12.5	7.3	7.3

Source : INSAE/DGEA, june 2020

¹¹ The conditional is used in this section because the figures are still provisional. Final figures for year n are only available in year n+2.

¹² Ginning is now accounted for in the primary sector for the new accounts, in line with the recommendations of the 2008 SNA.

2.1.3. Decomposition of GDP in structure

The structure of GDP shows a predominance of the tertiary sector with an average share of 48.5% between 2014 and 2019. The primary sector comes in second place with an average of 27.5%. The secondary sector is behind the primary sector with an average of 15.6%.

Table 25. Structure of GDP (%)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
						Est	Forecasts	Forecasts	Forecasts	Forecasts
Total GDP	100	100	100	100	100	100	100	100	100	100
Primary sector	25.6	26.4	27.8	28.5	28.1	26.9	27.4	27.3	27.2	26.9
Secondary sector	16.4	16.4	15.7	15.1	14.7	16.3	16.9	17.2	17.2	17.3
Tertiary sector	49.5	49.2	48.2	48.4	48.8	48.0	47.5	46.9	46.9	47.1
Duties and taxes net of subsidies	8.5	8.0	8.3	8.0	8.5	8.8	8.2	8.6	8.7	8.7

Source : INSAE-DGEA, june 2020

2.2 Details of gross domestic product

2.2.1 GDP by value, sectors detail

At the level of the primary sector, agriculture is the branch which generates the most income, i.e. on average 1.597.68 billion CFAF between 2015 and 2019, against 271.06 billion CFAF and 193.62 billion CFAF respectively for the branch "breeding, hunting" and the branch "fishing, forestry". The share of income generated by agriculture represented on average over the 2014-2019 period, 77.5% of the income of the primary sector. Forecasts for 2020 predict a 6.2% increase in primary income compared to 2019.

At the level of the secondary sector, agro-industry, construction and other manufacturing industries are the main branches which have contributed most to the sector's income with respectively on average over the period 2015-2019, 468.48 billion CFAF

(40.0%), 350.74 billion CFAF (30.0%) and 259.26 billion CFAF (22.1%). Forecasts for 2020 indicate an increase of 8.1% in the added value of the secondary sector supported, among others, by the contribution of the building and public works branch (+9.1%) in connection with the continuation of the worksites registered in the Government's Action Programme.

In the tertiary sector, the trade branch creates the most wealth. It is followed by "transport", "public administration and social security", "education", "post and telecommunications" and "catering and hotel". On average, the "commerce", "transport" and "public administration and social security" branches contribute 58.5% to the income of the tertiary sector over the period 2015-2019. The income of the tertiary sector is expected to increase by 3.0% in 2020 compared to 2019.

Table 26. Evolution of nominal GDP by branch of activity (in billions of CFA francs)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
					EST	Forecasts	Forecasts	Forecasts	Forecasts	Forecasts
Primary sector	1 680.4	1 776.9	1 944.2	2 101.1	2 223.2	2 266.3	2 406.0	2 586.1	2 814.6	3 037.9
Agriculture	1 317.5	1 347.7	1 486.8	1 648.8	1 743.5	1 761.6	1 882.1	2 035.5	2 228.7	2 414.2
Breeding, hunting	188.1	243.7	263.4	263.5	280.6	304.1	319.3	341.9	369.6	399.5
Fishing, forestry and logging	174.8	185.6	194.0	188.8	199.1	200.6	204.6	208.7	216.3	224.2
Secondary sector	1 076.3	1 103.2	1 100.0	1 114.3	1 159.9	1 375.5	1 486.4	1 633.5	1 768.1	1 956.3
Extractive Activities	24.8	26.1	26.6	28.3	30.5	34.4	36.8	40.5	43.7	48.3
Food and Beverage Industry	466.7	434.9	443.2	462.9	469.9	531.5	561.8	601.7	643.8	715.3
Other manufacturing industries	214.5	240.8	252.5	246.6	256.0	300.4	326.3	356.1	384.9	426.7
Electricity and water	80.2	89.4	53.3	55.5	55.8	60.6	72.2	76.2	80.8	88.6
CONSTRUCTION	290.1	312.0	324.4	321.0	347.7	448.6	489.3	559.0	614.9	677.4
Tertiary sector	3 248.7	3 315.4	3 376.7	3 569.7	3 859.7	4 049.7	4 172.2	4 443.2	4 854.7	5 325.5
Trade,	877.9	867.8	926.9	970.2	1 030.6	1 035.3	1 024.3	1 058.5	1 152.0	1 263.5
Restaurants and hotels	240.5	238.8	207.2	216.9	224.1	251.8	256.8	269.6	296.3	323.1
Transport	543.0	580.0	629.7	659.1	706.9	795.0	781.4	822.0	878.8	960.0
Post and telecommunications	201.7	134.2	129.7	135.1	143.1	153.2	168.7	185.9	201.4	218.8
Banks and financial institutions	122.3	106.3	120.1	117.6	121.3	132.5	141.9	162.0	186.9	211.7

Government administration and social security	400.0	461.1	426.6	461.1	577.0	511.8	540.0	594.0	651.6	713.4
Education	301.4	334.2	291.1	317.2	324.8	367.4	382.8	419.9	460.6	499.6
Health and Social Action	60.1	75.3	64.6	70.2	73.2	82.7	135.0	127.9	139.6	152.9
Others services	501.8	517.7	580.8	622.3	658.7	720.2	741.3	803.2	887.4	982.5
GDP at factor costs	6 005.4	6 195.6	6 420.9	6 785.1	7 242.8	7 691.5	8 064.7	8 662.8	9 437.4	10 319.7
Duties and taxes net of subsidies	553.7	537.4	584.3	590.2	672.8	740.8	719.8	815.0	903.4	994.1
TOTAL GDP	6 559.3	6 732.8	7 005.2	7 375.3	7 915.7	8 432.2	8 784.5	9 477.9	10 340.8	11 313.8

Source : INSAE-DGEA, june 2020

2.2.2. GDP in composition

The composition of GDP shows that the tertiary sector is the engine of growth. The main branches of this sector include "trade", "transport", and "administration and social security". The primary sector,

led by agriculture, is the second largest contributor to the composition of GDP. At the level of the secondary sector, it is the agro-food industries followed by the building and public works branch that make up the bulk of secondary GDP.

Table 27. Structure of nominal Gross Domestic Product in %.

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
						Est	Forecasts	Forecasts	Forecasts	Forecasts
Primary sector	25.6	26.4	27.8	28.5	28.1	26.9	27.4	27.3	27.2	26.9
Agriculture	20.1	20.0	21.2	22.4	22	20.9	21.4	21.5	21.6	21.3
Breeding, hunting	2.9	3.6	3.8	3.6	3.5	3.6	3.6	3.6	3.6	3.5
Fishing, forestry and logging	2.7	2.8	2.8	2.6	2.5	2.4	2.3	2.2	2.1	2.0
Secondary sector	16.4	16.4	15.7	15.1	14.7	16.3	16.9	17.2	17.2	17.3
Extractive Activities	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4
Food and Beverage Industry	7.1	6.5	6.3	6.3	5.9	6.3	6.4	6.3	6.2	6.3
Other manufacturing industries	3.3	3.6	3.6	3.3	3.2	3.6	3.7	3.8	3.7	3.8

Electricity and water	1.2	1.3	0.8	0.8	0.7	0.7	0.8	0.8	0.8	0.8
CONSTRUCTION	4.4	4.6	4.6	4.4	4.4	5.3	5.6	5.9	5.9	6.0
Tertiary sector	49.5	49.2	48.2	48.4	48.8	48.0	47.5	46.9	46.9	47.1
Trade,	13.4	12.9	13.2	13.2	13.0	12.3	11.7	11.2	11.1	11.2
Restaurants and hotels	3.7	3.5	3.0	2.9	2.8	3.0	2.9	2.8	2.9	2.9
Transports	8.3	8.6	9.0	8.9	8.9	9.4	8.9	8.7	8.5	8.5
Post and telecommunications	3.1	2	1.9	1.8	1.8	1.8	1.9	2.0	1.9	1.9
Banks and financial institutions	1.9	1.6	1.7	1.6	1.5	1.6	1.6	1.7	1.8	1.9
Government administration and Social Security	6.1	6.8	6.1	6.3	7.3	6.1	6.1	6.3	6.3	6.3
Education	4.6	5	4.2	4.3	4.1	4.4	4.4	4.4	4.5	4.4
Health and Social Action	0.9	1.1	0.9	1.0	0.9	1.0	1.5	1.3	1.3	1.4
Other services	7.7	7.7	8.3	8.4	8.3	8.5	8.4	8.5	8.6	8.7
GDP at factor costs	91.6	92	91.7	92	91.5	91.2	91.8	91.4	91.3	91.2
Duties and Taxes net of subsidies	8.5	8.0	8.3	8.0	8.5	8.8	8.2	8.6	8.7	8.7
TOTAL GDP	100	100	100	100	100	100	100	100	100	100

Source : INSAE/DGEA, june 2020

2.2.3. GDP by component

On the demand side, privately led final consumption is the main driver of growth between 2014 and 2019. Final consumption is supported by the increase in income generated by economic activities and the various transfers received by households.

Investment has shown continued improvement between 2014 and 2019, with an encouraging out-

look following the resumption of some road construction and the launch of several other infrastructure projects included in the Government Action Programme (GAP)

The domestic demand should increase in 2020, passing from 8.805 billion CFAF in 2019 to 9,126 billion CFAF, with an increase in total consumption but a slight fall in gross fixed capital formation.

Table 28. Nominal Gross Domestic Product, Employment-resources (in billions of CFA Francs)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
						Est	Forecasts	Forecasts	Forecasts	Forecasts
1.Internal demand	6 677.8	7 225.3	7 269.6	7 896.4	8 489.7	8 805.0	9 126.0	9 907.6	10 644.1	11 290.9
Total consumption	5 454.0	5 829.5	5 849.5	6 129.2	6 400.6	6 643.8	7 177.1	7 653.0	7 986.2	8 334.4
Private	4 786.2	5 061.2	5 129.3	5 356.4	5 576.6	5 771.7	6 124.2	6 670.9	6 914.7	7 162.1
Public	667.8	768.3	720.2	772.9	824.1	872.1	1 052.9	982.2	1 071.5	1 172.3
Total GFCF	1 379.9	1 379.9	1 381.6	1 728.7	2 050.6	2 122.7	1 910.4	2 216.1	2 619.4	2 918.0
Private	1 092.9	1 092.9	1 080.5	1 415.1	1 605.0	1 792.3	1 452.9	1 663.2	2 067.9	2 348.5
Public	287.0	287.0	301.1	313.6	445.6	330.4	457.5	552.9	551.5	569.5
Stock variations	-156.1	15.9	38.5	38.5	38.5	38.5	38.5	38.5	38.5	38.5
2.Total external demand	-157.8	-492.5	-264.3	-521.1	-574.1	-372.7	-341.5	-429.7	-303.4	22.8
GDP	6 520.0	6 732.8	7 005.2	7 375.3	7 915.7	8 432.2	8 784.5	9 477.9	10 340.8	11 313.8

Source : INSAE/DGEA



The National Development Plan 2018-2025 is organised around the major themes of human capital development and the well-being of the population, the productivity and competitiveness of the national economy, the 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 the implementation and monitoring-evaluation framework.

3.1. Recent Achievements and Completion

3.1.1. Presentation of the National Development Plan

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

The NDP aims to specify the strategic benchmarks for development action for the eight (08) years between now and 2025, the deadline set for the realisation and concretisation of the vision. The plan will be operationalized in two phases : a first phase from 2018 to 2021. Through the Growth Programme for Sustainable Development (PC2D/GPSD) and the Government Action Programme (GAP) integrating the strategic axes, and a second phase from 2022 to 2025.

The implementation of the NDP 2018-2025 should help to reinforce the achievements of the GAP 2016-2021 by ensuring the continuity of development action from one government to another. It also provides an opportunity to ensure that the priority targets of the Sustainable Development Goals (SDOs) and Africa's Agenda 2063 are achieved at all levels of the development management process (central, sectoral and local levels).

Based on Benin's comparative advantages, in line with the aspirations enshrined in the "Benin Vision 2025 Alafia scenario", 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 while focusing on the development of human capital and infrastructure.

The NDP-SDO scenario is based on satisfactory speed in the implementation of the Government's Action Programme and its economic reforms, as well as the four-year PC2D programmes. This scenario is therefore oriented towards a strengthening of investment, particularly private investment.

The hypotheses adopted revolve around a real improvement in the business climate and progress in the implementation of major reforms, in particular the modernisation of public administration, the fight against corruption, the modernisation 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 would 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 period 2022-2025 ;
- The rate of precarious employment would represent less than 60% in 2025, against 83.7% in 2015 ;
- A reduction in the incidence of poverty of 23.2% in 2025 compared to 40.1% in 2015.

The financing of the national development plan

The financing scheme of the NDP requires an increased mobilisation of domestic revenue, the development of Public Private Partnerships (PPP), the

recourse to the financial market, notably concessional and semi-concessional loans from Technical and Financial Partners (TFP), the active participation of the diaspora, the exploitation of innovative financing instruments, and the introduction of specialised financing windows (environment, health, education etc.).

In apart from the mobilisation of financial resources, Benin must have a critical mass of human resources, mainly public administration staff (central state and local authorities), without overshadowing technical assistance from international bodies. Benin is part of the initiative set up by the United Nations for the evaluation of development financing within the framework of the Addis Ababa Action Programme which aims to explore all the potential sources of financing accessible to the country (internal, external, diaspora resources, sovereign wealth funds, financial markets, foundations, innovative financing including that linked to the climate, PPP, etc.).

Mecanisms for monitoring the implementation of the national development plan

The implementation of the NDP is monitored at a strategic and operational level through the Growth Programme for Sustainable Development (PC2D), the Government's Action Programme and actions that contribute to the achievement of the Sustainable Development Objectives.

The institutional framework for implementing the NDP is designed to strengthen the coordination and synergy necessary for the effectiveness and complementarity of sectoral plans and programmes. This framework includes : (i) the Council of Ministers, which is the body responsible for adopting overall guidelines; (ii) the National Orientation Council (NOC), which is the highest body in the steering mechanism and is responsible for the strategic and political management of the NDP; (iii) the Government-Development Partners Committee (GDPC), which ensures ongoing dialogue on the NDP; and (iv) the Technical Steering and Monitoring Committee (TSMC), which is responsible for technical monitoring of the implementation of the NDP.

A performance measurement framework is put in

place and periodic evaluations and reviews are carried out to ensure that the plan is monitored and evaluated. In addition, an information system has been set up based on the standard data collection systems of the National Institute of Statistics and Economic Analysis (INSAE). It enables the periodic collection of the data needed to monitor and evaluate the NDP.

3.1.2. Recent structural reforms linked to the development plan

In the context of the implementation of the GAP, several actions have been undertaken by the Government, including : improving access to drinking water for the rural population, digitising tax collection procedures, setting up road infrastructure, improving the living conditions of the population, etc. The Government has also taken a number of measures to improve the quality of life of the rural population.

Improving the population's access to drinking water.

In the field of supplying drinking water in rural areas, the short-term investment programme started in October 2018 and enabled work to begin on 110 new multi-village water supply systems throughout the country to serve 821.700 people, i.e. around 20% of the population not yet served. The programme continued in 2019 with the start of construction work on 500 new multi-village drinking water supply systems with a view to achieving universal access to drinking water by 2021. In three years, the programme set up for universal and equitable access to drinking water in urban areas has made it possible to improve storage capacity by more than 143.600 cubic metres, but also to extend the distribution network by 176 km and the water supply network by 47 km.

Digitisation of duties and taxes collection procedures

The government has undertaken several reforms at the level of the Directorate General of Taxes, in particular with :

- The commissioning in 2018 of the Integrated Tax Management and Assimilation System (SIGTAS)

at the level of the Large Companies Department. This system should ensure better management of taxpayers, with a view to combating tax fraud and evasion and strengthening the monitoring of reporting and payment obligations. As of January 2019, SIGTAS has been deployed in four (4) of the country's eight (8) medium-sized business tax centres. It is planned to extend SIGTAS to the four (4) remaining centres by 2021 ;

- The introduction of Certified Electronic Billing Machines (CEBM) in 2018 to improve the VAT recovery rate. Its generalisation to all VAT taxable persons has entered its active phase since December 2019 ;
- The effectiveness of electronic filing and payment of taxes since 2018 ;
- Online filing of financial statements in 2019 ;
- The payment of motor vehicle tax by mobile phone as of 1 January 2020 ;
- The unique declaration of wage tax and social security contributions online as of 1 January 2020.

The construction of road infrastructure, rural tracks and major works

From 16 December 2016, the date of the launch of the Government Action Programme, to December 2018, the major projects of the GAP were more than 60% completed. The achievements cover a total of 776 kilometres at a cost of 710 billion CFA francs. During the first half of 2019, eleven (11) projects for a total linear distance of 1.077 kilometres and a total cost of 750 billion CFA francs were launched. As for the major works, three are built or almost completed. These are the Womey bridge which borders Cocotomey in the Godomey district, the Tovègbamè bridge in the valley and the bridge over the Affon river between Djougou and Péhunco.

Among the other projects executed or in progress there are the road Porto-Novo-Akpro Missérété ; the road Akpro-Méssérété-Pobè-Adja-Ouèrè-Ou-inhi ; the fishing road Phase 1. the road Cococodji-Hèvié-Calavi Kpota, the road Zinvié-Zè-Sèdjèdénou, the road Comè-Lokossa-Dogbo

; the Toffo-Lallo-Agbangnizoun-Abomey road and its junctions Abomey-Mougnon, Mougnon-Djidja and Bohicon-Mougnon ; the Dassa-Savalou-Bantè-Bassila-Djougou road and its junctions Bassila-Togo border, Bassila-Manigri and Prèkètè-Togo border ; the Natitingou-Boukounbé-Korontière road

The same attention has been given to rural tracks in several communes to facilitate the movement of people and especially the transport of their produce to (local) markets. Thus, maintenance work has involved more than 11.000 km of rural tracks for the year 2018. In total, over the period 2016-2019, 51.736.10 km of roads and rural tracks have been repaired for a total amount of CFAF 23.736 billion.

The implementation of the asphalt paving project and the rainwater sanitation programme of the city of Cotonou

Improving the living environment of the population has also been a major concern of the government. Work on the first phase of the "Asphalting Project" began in the last quarter of 2018. These worksites, which will beautify the cities and facilitate the mobility of their inhabitants, are associated with the Rainwater Sanitation Programme of the city of Cotonou, whose financial commitments of CFA Francs 238 billion cover the needs expressed. Thanks to this programme, the flooding crisis in the city of Cotonou should be contained.

The effective start of the implementation of Insurance for Human Capital Strengthening (ISHC)

This project, with a total cost of CFA Francs 313 billion, covers health insurance, training, microcredits and pension insurance. The year 2019 was marked by the enumeration of the poorest households on the basis of the EMICOV for the publication of insurance cards and their distribution. The health zones in the departments of Zou, Collines, Atacora and Donga received teams of enumerators under the supervision of the local authorities. Poor households were therefore counted and the first insurance cards were distributed during the 4th quarter of 2019 to the heads of households surveyed.

3.2. Future achievements

Future achievements are closely linked to the implementation of the Government's Action Programme timeline. The three (03) major projects with a major impact on the economy and its potential are described below.

✓ **The construction of the new international airport in Glo-Djigbé**

This project aims to provide Benin with an airport that meets international standards, with an excellent interconnection with Cotonou city centre thanks to an express road. The Glo-Djigbé international airport should be able to handle more than 900 passengers per peak hour, both arriving and departing, and a freight terminal capable of handling 12.000 tonnes per year. A 40 km express road will also be built linking the Fishing Road to the airport platform with a crossing of the NR1E at Cocotomey.

The expected economic and social impact of this project is to offer better air transport conditions to accelerate the country's growth. It will be executed for a global financing of 360 billion CFAF, of which 145 billion of CFAF will be borne by the public sector and 215 billion by the private sector. The preliminary work is being completed and the compensation of landowners who have completed the formalities has been made.

✓ **The renovation of Cotonou airport**

In April 2020, the Société des aéroports du Bénin launched work to bring the runway at Cotonou airport into compliance, in partnership with Anac and Anescna. This project is financed by the government of Benin to the tune of CFAF 10 billion. This work should make it possible to increase the airport's reception capacity from 500.000 passengers to 1.5 million.

✓ **Modernisation and extension of the port**

This project aims to make the port of Cotonou a high-performance port thanks to the upgrading of its infrastructure. It is planned to :

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

- Reconstruction of the northern quays to increase capacity and allow access to fair trade container terminals. This should result in the construction of a new 340 m quay in front of the current quay, demolition of land on the front line, basin dredging at -15 m (phase 2); the construction of a new 436 m quay in front of the current quay (phase 3); the construction of a new 500 m quay in front of the current quay and basin dredging at -15 m (phase 4). Non-containerised goods (bulk and vehicles) will be unloaded at the north quays¹³.
- The installation of the open areas and the oil quay managed by the operator ORYX ;
- The construction of a new control tower ;
- The acquisition of a tugboat, 2 mobile cranes and other equipment ;
- The construction of a maritime business centre in Cotonou.

The expected economic impact is to provide access to ships adapted to market demands, to reinforce container capacity and to generate employment through the port's activities and the country's export capacity. This project will benefit from an estimated CFAF 502 billion in financing exclusively from the private sector.

✓ **The modernisation of the Dantokpa market**

This project aims, on the one hand, to create a modern commercial zone centred on textiles, jewellery and cosmetics and, on the other hand, to ensure better interconnection with the Cotonou agglomeration. The wholesale market and certain activities (second-hand goods, food, household equipment, etc.) will be transferred to secondary markets, public land will be freed up, the area will be cleaned up and cleaned up and waste will be managed sustainably, roads and parking spaces will be redeveloped, shopping facilities will be modernised and support will be provided for the movement of traders. The expected economic and social impact of this project is to stimulate commercial activities with high added value and to improve the hygiene and working conditions of traders. This project will be implemented for a global financing of CFAF 80 billion, of which CFAF 8 billion will be borne by the public sector and CFAF 72 billion by the private sector.

¹³ The north docks are public wharves designed to receive all types of vessels except tankers and ROROs. ROROs are ships equipped with a mobile access ramp allowing loading/unloading of goods by towing between the shore and the quay. They are fast and offer reduced loading/unloading times.

4.1. Structural elements

4.1.1. Description of Franc zone

The Franc zone is characterised 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' issuing zone 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** : currencies issued by issuing institutions in the Franc zone have unlimited convertibility guaranteed by the French Treasury. To ensure the free convertibility of each of the sub-areas, an operations account is opened with the French Treasury by each Central Bank of the zone and on which the Central Banks have an unlimited drawing right in case of exhaustion of their foreign currency reserves ;
- **A fixed parity with the Euro of 1 Euro for 655.957 CFAF** : the parity of the zone's currency with the Euro is fixed and defined for each sub-zone. The currencies of the zone are convertible between them, at fixed parities, without limitation of amounts. The changeover to the euro resulted in a simple substitution of the peg to the French franc by the peg to the euro, at an equivalent parity, i.e. $655.957 \text{ CFAF} = 1 \text{ euro}$ (the parity being identical for the West and Central African sub-areas)
- **Free and unlimited transfer of reserves** : transfers are, in principle, free within the Zone.
- **Centralisation of reserves**: the States centralise 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 reform of September 2005, BCEAO has been required to deposit 50% of its foreign assets on its operations account.

A new monetary agreement was signed in December 2019 by WAEMU member states and France to reform the CFAF. It lays the foundations for the accession of member countries to the ECO, the single currency project of ECOWAS. In order to enable WAEMU economies to prepare for the ECO, the monetary cooperation agreements linking member states of the zone to France have been profoundly revised. Three decisions were taken :

- The change of the name of the currency from CFA Franc to ECO, when the WAEMU countries join the new ECOWAS ECO zone ;
- The end of the centralisation of foreign exchange reserves at the French Treasury, the closure of the operations account and the transfer to BCEAO of the resources available in the account ;
- The withdrawal of all French representatives in the decision-making and management organs of WAMU (BCEAO Board of Directors, Banking Commission and Monetary Policy Committee).

Two key elements of monetary stability have been retained :

- Maintaining the fixed exchange rate against the euro (which ensures the current parity).
- The guarantee of unlimited convertibility of the currency by France.

In May 2020, the bill ratifying the end of the CFA franc was adopted by France in the Council of Ministers. It validates the transformation of the CFA franc, which will become the ECO, by maintaining a fixed parity with the Euro and the end of the centralisation of foreign exchange reserves of West African states with the French Treasury.

4.1.2 Description of BCEAO

WAEMU Treaty Article 41 designates the Central Bank of West African States (BCEAO) as an autonomous specialised institution of the Union. In

complete independence, the BCEAO contributes to the achievement of the objectives of the Treaty.

Members

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

Organes

The organs 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

Functioning

The Central Bank, its organs, any member of its organs or its staff may not seek or receive instructions or directives from Community institutions or organs, from the governments of WAEMU Member States, from any other body or from any other person. Community institutions and bodies and the governments of 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 supports the economic policies of the West African Economic and Monetary Union (WAEMU) with a view to achieving sound and sustainable growth.

Roles

The Central Bank is entrusted with the following fundamental tasks :

- ✓ Defining and implementing monetary policy within WAEMU ;
- ✓ Ensure the stability of the WAEMU banking and financial system ;
- ✓ Promote the smooth functioning and ensure the supervision and security of payment systems in WAMU ;
- ✓ Implement WAEMU's exchange rate policy in ac-

cordance with the conditions laid down by the Council of Ministers ;

- ✓ Manage the official foreign exchange reserves of WAEMU member states.

The Central Bank may carry out, while respecting the monetary balance, 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. To this end, it defines the monetary policy that makes it possible to maintain the external coverage rate of the currency at a satisfactory level and to support the economic activity of the member countries without inflationary pressure¹⁴.

BCEAO oversees the monetary policy of each member country through the elaboration of money supply and credit targets set on an annual basis. Statutory advances to the national treasuries of member states were suspended in 2001 and abolished as from 2010.

For the management of the common monetary policy, the BCEAO relies on market mechanisms and indirect instruments for regulating liquidity, in particular the steering of interest rates and the system of compulsory reserves.

4.1.3 Monetary policy

BCEAO benefits from the exclusive privilege to issue money in all member states of the West African Monetary Union. It issues monetary signs, banknotes and coins, which are legal tender and have the power of discharge in all member states of the Union. The creation, issue and cancellation of monetary signs are decided by the Council of Ministers.

The management of the monetary policy of the Member States of the Union by the Central Bank consists of adjusting the overall liquidity of the economy in accordance with the evolution of the economic situation in order to ensure price stability on the one hand and to promote economic growth on the other.

¹⁴ The Monetary Policy Committee of the BCEAO, 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 within a margin of \pm one percentage point (1%) around 2%, with a horizon of twenty-four (24) months.

The current money and credit management system relies on market mechanisms and indirect instruments to regulate liquidity, including interest rates and the reserve requirement system.

The functioning of BCEAO is based on :

Open market operations : seven-day and twenty-eight-day refinancing (respectively every week and every month for banks subject to compulsory reserves) allocated at variable rates ; the minimum bid rate considered by the BCEAO as its key rate (currently¹⁵ 2.0%). Planned auctions are generally calibrated according to the BCEAO's forecasts of liquidity needs over the maturity of the operations ;

Permanent lending windows : refinancing for 1 to 7 days or 90 to 360 days against government securities and credit applications with maturities ranging from 5 to 20 years, at the request of banks (marginal lending window). The rates of these windows are above the key rate of 200 basis points. As of June 2017, recourse to the lending window has been capped at twice the counterparty's own funds.

The minimum interest rate for bidding in open market operations (tenders) and the interest rate appli-

cable on the marginal lending window (repo rate), the levels of which are set by the Monetary Policy Committee, are 2.00% and 4.00% respectively, and constitute the two main key rates of BCEAO.

Money supply

The monetary mass has regularly progressed over the period under review, rising from CFAF 1965.5 billion in 2014 to CFAF 2376.6 billion in 2019. This increase is linked to the growth of national assets (2014-2018) and foreign assets (2015, 2018-2019). Deposits represented on average over the period under review 74% of the money supply against 26% for currencies in circulation.

Domestic labour force participation rises over the 2014-2018 period before declining 12.9% in 2019 from its 2018 level. The decline in 2019 was driven by a 0.7% decline in credit to the economy. The credit to the state, for its part, recorded an erratic evolution over the entire period under review, coming out at -227.46 billion CFA francs in 2019 against -128.23 billion CFA francs in 2014.

Table 29. Monetary situation of Benin (in billions of CFA francs)

	2014	2015	2016	2017	2018	2019
Foreign assets	1 192.94	1 272.97	1 108.52	990.23	1 187.09	1 353.22
Central Bank	258.78	303.25	40.12	203.55	425.95	314.04
Banks	934.16	969.72	1 068.40	786.68	761.14	1 039.19
Domestic assets	1 087.51	1 119.47	1 336.26	1 520.30	1 543.94	1 345.25
To the credit of the State	- 128.23	- 131.17	30.48	189.32	- 40.01	- 227.46
Central Bank	2.73	- 43.44	13.93	- 69.30	- 226.11	- 167.84
Banks	- 130.96	- 87.73	16.55	258.61	186.10	- 59.61
To the credit of the economy	1 215.74	1 250.64	1 305.77	1 330.99	1 583.96	1 572.70
Others	- 314.91	- 306.30	- 354.97	- 398.91	- 518.08	- 321.90
Money supply (M2)	1 965.53	2 086.15	2 089.81	2 111.62	2 212.96	2 376.57
Currencies in circulation	629.98	605.88	526.36	527.01	513.74	569.12
Deposit	1 335.56	1 480.27	1 563.45	1 584.61	1 699.22	1 807.45

¹⁵ The BCEAO cut its main key rates by 50 basis points. Thus, the minimum interest rate for bidding in liquidity injection tender operations was reduced from 2.50% to 2.00% and the interest rate for the marginal lending window was reduced from 4.50% to 4.00%. This decision came into force on 24 June 2020.

% increase observed at 31. Dec from n-1 to n						
Net foreign assets	-	6.7	-12.9	-10.7	19.9	14.0
Net domestic assets	-	2.9	19.4	13.8	1.6	-12.9
Credit to the State	-	2.3	-123.2	521.0	-121.1	468.4
Central Bank	-	-1693.4	-132.1	-597.3	226,3	-25.8
Banks	-	-33.0	-118.9	1462.6	-28.0	-132.0
Credit to the economy	-	2.9	4.4	1.9	19.0	-0.7
Money supply (M2)	-	6.1	0.2	1.0	4.8	7.4

Source : BCEAO

Foreign assets declined over the 2016-2017 period before rising from 2018 onwards. In 2019, the increase in foreign labour force participation was 14.0%. It is linked to primary bank assets against 19.9% in 2018, the year in which it was driven by Central Bank assets.

4.2 Banking system and financial markets

4.2.1 The banking environment

Benin's banking environment had 15 banks at 31 December 2019 :

- Orabank BENIN
- BANK OF AFRICA - BENIN
- BANQUE INTERNATIONALE DU BÉNIN (B.I.BE.) (INTERNATIONAL BANK OF BENIN)
- ECOBANK –BENIN
- UNITED BANK FOR AFRICA BÉNIN (UBA - BENIN)
- NSIA BANK
- SOCIETE GENERALE - BENIN
- Banque Sahélo-Saharienne pour l'Investissement et le Commerce (BSIC-BENIN) (Sahelo-Saharan Bank for Investment and Trade)
- BANQUE ATLANTIQUE BENIN
- Banque Gabonaise de Financement et d'investissement BGFI-BANK (Gabonese Bank of Finance and Investment)
- CBAO Groupe Attijariwafa bank
- BAIC
- CCEI BANK BENIN
- CORIS BANK
- SONIBANK, succursale du BENIN

Net foreign assets of commercial banks increased somewhat between 2014 and 2016 before declining in 2017 and 2018. The decline in 2017 and 2018 is re-

lated to the combined effect of the decline in claims on residents and the size of liabilities to non-residents. In 2019, external assets increased again in line with an increase in claims on non-residents.

As regards credit to the Central Bank, it has evolved in a sawtooth pattern with a peak in 2017. They consist more of deposits than cash. This reflects the financial health of commercial banks. Claims on the central government amounted to CFAF -59.61 billion in 2019 in line with the high level of commitments.

The credit to the economy increased to CFAF 1.568.67 billion in 2019 against CFAF 1.208.88 billion in 2014. Claims on the private sector represent the bulk of credit to the economy. In fact, between 2014 and 2019, claims on the private sector represented on average 90% of credit to the economy against 8% for claims on non-financial public companies and 1% for claims on other financial companies. Claims on the private sector increased from CFAF 1 090.98 billion in 2014 to CFAF 1 413.28 billion in 2019.

The transferable deposits and other deposits included in the broad money supply, and liabilities to the Central Bank, constitute the three (3) most important elements of commercial banks' liabilities. With the exception of deposits, excluded from broad money supply, which recorded a decline in 2019, all liabilities followed an upward trend.

Table 30. Assets and liabilities of commercial banks in Benin (in billions of CFA francs)

	2014	2015	2016	2017	2018	2019
Assets						
Net foreign assets	934.16	969.72	1 068.40	786.68	761.14	1 039.19
Credits to non-residents	1 266.91	1 509.35	1 626.89	1 335.22	1 165.53	1 390.73
Commitments to non-residents	-332.75	-539.64	-558.48	-548.54	-404.39	-351.54
Credit to the Central Bank	132.33	165.4	156.04	186.20	116.48	120.31
Numeric	63.90	54.27	48.07	41.73	48.70	47.20
Deposits	68.43	111.16	107.97	144.47	67.78	73.11
Other credits to the central bank	0.00	0.00	0.00	0.00	0.00	0.00
Net credits on central government	-130.96	-87.73	16.55	258.61	186.10	-59.61
Credits on central government	284.09	380.36	453.34	616.61	555.88	556.02
Commitments to central government	-415.05	-468.09	-436.79	-358.00	-369.78	-615.63
Credits to the economy	1 208.88	1 244.33	1 299.66	1 326.59	1 579.97	1 56.67
Credits to other financial companies	5.36	5.38	5.76	5.57	21.49	12.70
Credits to state and local governments	0.00	0.00	0.00	0.00	103.88	0.17
Assets						
Credits to non-financial public companies	112.54	118.48	75.34	102.75	82.93	142.53
Credits to the private sector	1 090.98	1 120.47	1 218.57	1 218.27	1 371.67	1 413.28
Liability						
Commitments to the central bank	412.72	435.58	643.86	569.37	378.85	460.48
Transferable deposits included in broad monetary supply	613.76	666.46	694.75	727.35	816.57	902.13

Other deposits included in broad monetary supply	712,94	802.59	857.40	846.13	871.41	894.27
Securities other than shares included in broad money	0.00	0.00	0.00	0.00	0.00	0.00
Deposits excluded from broad money supply	37.30	47.44	37.59	42.13	66.68	60.82
Securities other than shares excluded from the broad monetary supply	1.22	0.81	0.41	0.00	0.00	0.00
Borrowings	19.31	30.04	31.52	47.02	39.90	63.65
Financial derivatives	0.00	0.00	0.00	0.00	0.00	0.00
Technical insurance reserves	0.00	0.00	0.00	0.00	0.00	0.00
Shares and other equity securities	199.01	217.07	197.42	245.44	227.55	263.96
Other items (net)	148.15	91.74	77.71	80.65	242.74	23.24

Source : BCEAO, 2020

The interest rates vary according to whether the duration of the credit and the deposit is short, medium or long. The following table shows the average monthly rates charged by commercial banks for 2019.

Table 31. Average rate of remuneration for loans and deposits in 2019

Average interest rate of loans granted									
	Average	less than one month	between 1 and 3 months	between 3 and 6 months	between 6 months and 1 year	between 1 and 2 years	between 2 and 5 years	between 5 and 10 years old	more than 10 years old
January	7.57	7.59	7.10	8.81	6.96	7.73	8.55	7.63	3.05
February	7.36	7.39	9.08	9.15	6.96	8.46	8.98	7.16	2.58
March	7.70	8.86	10.29	8.31	7.64	7.51	7.81	7.14	3.64
April	7.32	6.00	8.26	8.74	6.58	7.34	8.18	7.44	5.69
May	6.82	8.13	9.22	10.70	7.92	7.07	6.39	8.64	4.95
June	7.02	9.67	8.97	8.44	7.37	6.14	6.30	8.84	3.98
July	8.03	9.82	8.32	7.96	7.94	7.90	8.58	7.86	3.28
August	7.67	8.10	7.60	7.93	8.63	7.67	5.84	7.69	8.31
September	7.57	8.53	7.41	9.30	8.18	8.52	8.04	6.90	2.53
October	7.37	8.35	7.15	8.86	7.05	10.41	7.44	6.97	3.07
November	6.80	7.89	9.02	7.88	8.52	7.54	6.26	8.60	2.00
December	7.28	6.54	6.91	9.41	7.16	6.77	7.53	7.34	3.19

Average rate of return on deposits									
	Average	less than one month	between 1 and 3 months	between 3 and 6 months	between 6 months and 1 year	between 1 and 2 years	between 2 and 5 years	between 5 and 10 years old	more than 10 years old
January	5.98	5.49	5.30	5.46	4.82	5.63	6.26	Nd	7.17
February	5.77	1.23	4.07	6.64	5.54	6.14	6.13	Nd	6.11
March	3.42	1.60	6.15	0.10	2.57	4.63	6.57	Nd	5.40
April	6.11	5.50	6.33	5.12	5.82	6.03	6.71	Nd	5.98
May	3.69	3.56	5.55	5.81	5.21	5.94	1.69	Nd	5.26
June	5.30	4.16	6.72	5.52	6.16	5.85	5.77	Nd	5.89
July	5.76	3.65	4.42	5.96	5.27	5.66	6.15	Nd	5.13
August	5.63	4.06	4.23	5.88	5.80	5.88	5.57	Nd	5.35
September	5.58	0.43	4.72	6.62	5.48	4.91	5.57	Nd	5.93
October	5.65	2.69	4.53	5.42	5.04	4.91	5.64	Nd	6.31
November	5.58	4.50	4.27	5.01	5.90	5.88	5.61	Nd	5.31
December	5.44	0.08	4.26	5.04	5.91	5.90	5.79	Nd	5.02

Source : BCEAO, 2020

The rates on credit and savings also vary from one bank to another, as shown in the tables on credit and debit conditions for the second half of 2019.

Table 32. Debit conditions applied by credit institutions for the second half of 2019

	Bank base rate	Maximum lending rate	Date of the last modification of the bank base rate
Orabank BENIN	7.5	15.0	01/01/2019
BANK OF AFRICA – BENIN	9.0	13.0	01/02/2018
BANQUE INTERNATIONALE DU BENIN (B.I.BE.)	9.0	13.0	01/04/2019
ECOBANK – BENIN	9.0	15.0	01/01/2017
UNITED BANK FOR AFRICA BENIN (UBA - BENIN)	9.0	14.0	01/04/2011
NSIA BANK	9.0	14.0	17/11/2015
SOCIETE GENERALE – BENIN	9.0	13.0	01/10/2014
BSIC-BENIN	9.0	13.5	04/01/2019
BANQUE ATLANTIQUE BENIN	9.0	14.0	01/08/2005
BGFIBANK	9.80	15.0	01/09/2018
CBAO	9.0	14.0	01/03/2018
BAIC	9.0	13.0	01/07/2019
CCEI BANK BENIN	9.0	13.0	31/12/2016
CORIS BANK	8.0	14.0	01/01/2018
SONIBANK, succursale du BENIN	9.0	12.5	23/03/2018

Source : BCEAO, 2020

Table 33. Credit conditions applied by credit institutions for the second half of 2019

	DAT rate Excluding Regulated Savings				Contractual savings	
	Minimum	Date of modification	Maximum	Date of modification	Rate (%)	Date of modification
Orabank BENIN	3.5	10/05/2019	5.75	10/05/2019	3.5	01/01/2014
BANK OF AFRICA – BÉNIN	3.5	01/02/2018	7.0	01/02/2018	4.5	01/05/2018
ECOBANK - BENIN	3.25	24/07/2017	5.75	24/07/2017	4.5	01/12/2017
BANQUE INTERNATIONALE DU BENIN (B.I.BE.)	3.5	12/12/2018	5.6	12/12/2018	3.5	18/09/2011
UNITED BANK FOR AFRICA BENIN (UBA - BENIN)	3.5	01/01/2013	7.00	01/07/2013	3.5	01/04/2011
NSIA BANK	1	31/07/2018	7.00	07/05/2019	4.0	01/02/2019
SOCIETE GENERALE – BENIN	3.0	16/12/2019	7.0	16/12/2019	3.5	01/10/2014
BSIC-BENIN	2.85	04/01/2019	7.25	04/01/2019	N/A	N/A
BANQUE ATLANTIQUE BENIN	3.5	01/08/2005	7.0	01/09/2018	4.8	01/11/2010
BGFIBANK	3.75	01/09/2018	6.75	01/09/2018	N/A	N/A
CBAO	3.5	01/03/2018	6,0	01/07/2019	3.5	01/03/2018
BAIC	3.5	06/11/2015	6.5	01/07/2019	3.5	01/07/2019
CCEI BANK BENIN	3.5	30/09/2019	6.0	01/01/2019	3.5	01/01/2019
CORIS BANK	4.0	30/06/2017	6.0	30/06/2019	3.5	23/03/2018

Source : BCEAO, 2020

Microfinance

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

Thus, at 31 December 2017, the new configuration of the decentralised finance sector in Benin consisted of 03 networks of approved basic mutuals (FECECAM, UNACREP and RENACA) ; 32 SFD of mutual or cooperative form approved and not affiliated to a network ; 19 SFD of associative form; 04 SFD of private capital company type Société Anonyme (SA); 41 SFD of mutual or cooperative form approved and affiliated to the networks (FECECAM and RENACA).

A total of 99 SFD authorised to carry out all or part of deposit-taking, loan-granting and signature commitment operations.

The microfinance indicators show an evolution of the outlets over the period 2018-2019. Indeed, in the 4th quarter of 2019, the number of outlets was 826 compared to 546 in the 1st quarter of 2018. The geographical penetration rate of microfinance services increased from 4.56% in 2014 to 5.58% in 2018¹⁶.

The number of applicants increased from 2.96 million in Q1 2018 to 4.98 million in Q4 2019. Deposits by depositors reached CFAF 2.49 billion in the third quarter 2019 before declining to CFAF 1.45 billion the following quarter against 987.36 million in the first quarter 2018.

Table 34. Microfinance indicators in Benin

	T1 2018	T2 2018	T3 2018	T4 2018	T1 2019	T2 2019	T3 2019	T4 2019
Number of service points	546	595	601	585	745	760	832	826
Number of customers (in millions)	2.33	2.12	2.21	2.25	3.29	3.59	3.80	3.64
Number of applicants (in millions)	2.96	2.65	2.82	2.94	4.63	4.75	5.12	4.98
Amount of deposits (millions CFAF)	987.36	240.20	313.35	101.22	949.98	501.46	2 491.13	1 448.23
Outstanding healthy loans (Millions CFA)	430.38	136.46	904.38	128.60	1 087.56	1 120.28	2 737.71	491.85
Outstanding credits (CFA francs million)	24.64	326.99	133.14	2 236.92	388.95	314.07	728.08	561.92
Fonds propres (Millions FCFA)	66 600.46	64 245.22	65 147.51	44 586.04	92 906.46	93 550.51	97 151.16	95 985.24
Quarterly result (Millions CFA francs)	-406.28	-1 120.54	1 356.41	1 490.08	5 872.29	1 552.91	3 201.31	6 879.96
Total assets	235 377.64	224 542.21	216 942.44	193 790.88	334 539.73	336 762.34	345 151.05	329 146.66

Source : NASDFS/MEF

¹⁶ BCEAO

In terms of quarterly results, microfinance institutions achieved a surplus of CFAF 6.88 billion in the 4th quarter of 2019 against a deficit of CFAF 1.12 billion in the 2nd quarter of 2018.

The interest rates applied by microfinance institu-

tions vary from 0.6% to 1.5% for the loan rate and from 3.0% to 5.1% for the lending rate. In the second quarter of 2019, deposit rates were higher than in the previous quarter. Lending rates were lower in the second quarter of 2019 than in the first quarter of 2019.

Table 35. Interest rates applied in microfinance institutions in Benin (%)

	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019
Quarterly interest rate						
CREDITOR						
Minimum	0.6	0.6	0.7	0.7	0.6	0.7
Maximum	1.3	1.2	1.4	1.4	1.3	1.5
DEBITOR						
Minimum	3	3.1	3.2	3.3	3.2	3.2
Maximum	4.7	5.0	4.7	5.0	5.1	4.9

Source : NASDFS/MEF/ QMON 1st semester 2019

4.2.2 Financial markets

The WAEMU financial market is structured around the debt securities market (public and private bonds) and the equity market. The regional public securities market has two (2) components : the auction market and the syndication market.

The public securities auction market is organised and regulated by the BCEAO through Agence UMOA-Titres ; while the public securities syndication market, private bonds and shares are regulated by the Regional Council for Public Savings and Financial Markets (CREPMF) and organised by the Regional Stock Exchange (BRVM) and the Central Custodian/Settlement Bank (CC/BS).

REGIONAL SECURITIES EXCHANGE : Presentation and roles

The Regional Stock Exchange (BRVM) is a specialised 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 (WAEMU) taken in December 1993.

BRVM is a public limited company with a community public service mission. It is common to the 8 countries of West Africa. BRVM/CC/SB started its

activities on 16 September 1998 in Abidjan. Its main missions are the following :

- The organisation of the stock market ;
- The publication of stock exchange transactions ;
- Dissemination of information on the stock exchange ;
- The promotion and development of the market.

Evolution of BRVM bond and equity market

Since 2016, the WAEMU stock market (BRVM) has been experiencing successive declines that accelerate until 2018 and then slow down in 2019. It fell from -3.8% in 2016 to -16.81% in 2017 and -29.14% in 2018. However, the decline slows to -3.4% in 2019.

This underperformance shows that the WAEMU market did not fully withstand the general downward trend that gripped the world's financial markets. The BRVM's decline in 2018 is particularly marked. The stocks preferred in 2015, oriented towards the food and beverage as well as agribusiness, consumer, automobile and equipment and banking sectors, have experienced a decline.

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

During the 2019 financial year, the BRVM Composite Index rose from 172.2 on 31/12/2018 to 159.2 on 31/12/2019. The market capitalisation of the stock market fell from CFAF 4.845 billion at the end of 2018 to CFAF 4.741 billion at the end of 2019, a drop of 2%.

The BRVM also reached the CFAF 236 billion mark in transactions in 2018 and 117.303.543 shares were exchanged for a value of CFAF 174.449.217.023.

Concerning the bond compartment, 6.359.442 bonds were traded for a value of CFAF 61.767.647.783 in 2018. The market capitalisation of bonds amounted to CFAF 4.233 billion as at 31 December 2019 against CFAF 3.444 billion the previous year, an increase of 23%. This improvement was driven by the appetite of WAEMU member states to use the regional financial market to support their respective economies.

Table 36. Evolution of BRVM financial market

	2013	2014	2015	2016	2017	2018	2019
BRVM 10 index	246	268	290	262	220	154	149
BRVM composite index	232	258	304	292	243	172	159
Composite market capitalisation (shares and bonds) in billions of CFA francs	6 706	7 459	9 079	10 216	9 806	8 289	8 973
Equity Market	5 634	6 320	7 500	7 706	6 836	4 845	4 741
Bond Market	1 073	1 139	1 579	2 509	2 970	3 444	4 233
Number of listed companies	37	38	39	43	45	45	46

Source : BRVM

Bonds market

For the year 2019, Benin has carried out nine (09) issues of government securities, including five (5) FTBs (Fungible treasury bond) and four (04) BATs (Treasury bills). As of May 6, 2020, Benin has carried out fifteen (15) issues for the year 2020, including 13 FTBs and 2 BATs. BATs (Treasury bills) are short-term debt securities issued by the State through auctions. FTBs (Fungible treasury bond) are medium- and long-term debt securities issued by the State by auction.

Table 37. Benin's public securities issues in 2019 and 2020

Date of issue	Maturity	Amount in CFA francs million	Marginal rate	Weighted average rate
06/05/2020	3	133 000	3.14%	3.10%
23/04/2020	12	9 044	5.09%	5.00%
23/04/2020	36	45 956	-	-
02/04/2020	60	25 743	-	-

02/04/2020	84	5 543	-	-
02/04/2020	120	12 597	-	-
19/03/2020	36	19 503	6.50%	5.91%
19/03/2020	60	10 497	6.67%	6.64%
05/03/2020	60	26 642	6.39%	6.20%
05/03/2020	84	40 448	6.78%	6.61%
05/03/2020	120	20 910	6.92%	6.70%
06/02/2020	60	38 500	6.42%	6.25%
23/01/2020	36	38 500	6.26%	5.93%
09/01/2020	36	14 136	5.89%	5.89%
09/01/2020	60	40 864	6.23%	6.13%
13/06/2019	3 months	27 000	6.00%	5.70%
16/05/2019	6 months	28000	5.35%	5.07%
18/04/2019	7 years	14 553	7.19%	7.06%
18/04/2019	5 years	18 447	6.84%	6.77%
06/09/2018	5 years	13 319	7.53%	6.99%
21/02/2019	6 months	25 000	6.35%	6.10%
07/02/2019	3 years	22 000	7.25%	6.99%
24/01/2019	3 years	22 000	7.24%	7.18%
09/01/2019	1 year	22 000	6.45%	6.31%

Source : www.umoaitres.org

Stock markets

In Benin, only one financial company, BOA Benin, is listed on the RSE. The share price as well as the value of market capitalisations have fluctuated up and down over the last three years. The average annual growth rate (2017-2019) of share prices at 31 December 2019 was down 30.4%. The closing price on December 31, 2019 was 3,610, down 14.0% from 2018.

Table 38. Stock market performance of the BOA BENIN

	2015	2016	2017	2018	2019	TCAM17-19
Closing price at 31/12	6 500	8 400	7 450	4 200	3610	-30.4 %
Annual performance	58.5 %	29.2 %	-11.3 %	-43.6%	-14.0%	
Earnings per share	622	801	735	627	740	9.5 %
Equity per share	3 201	3 596	3 785	3931	4232	6.4 %
Closing market capitalisation (in billions)	130.9	169.2	150.1	85.2	73.2	-30.4 %
Dividend per share	415	436	481	438	459	2.4 %
Dividend yield	6.38 %	5.18 %	6.45 %	10.4%	12.7%	
PER (Price Earning Rate)	10.4x	10,5x	6.45x	6.7x	4.9x	
P/B (Price to Book)	2.0x	2.3x	2.0x	1.1x	0.9x	

Source : BRVM

4.2.3. Debt subscription mechanisms

Any investor based in or outside the WAEMU may invest in public securities issued by auction or syndication. Orders are placed through authorised market participants : an underwriting syndicate or any MIC operating in the Union in the case of issues by syndication, and credit institutions based in the Union or MICs having an account in the books of the Central Bank in the case of issues by auction. Transactions on the BRVM share market are carried out through stock exchange intermediaries, in particular MIC.

Organisation of market by auction and amount of subscriptions

The auction market is a segment of the public securities market, on which WAEMU member states issue Treasury bills and bonds following an auction procedure in order to finance their budgets.

Unlike the syndication market, the auction market is led 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 public securities, acts as Central Custodian / Settlement Bank, clearing, settlement and delivery of transactions between participants with an account in its books, through its electronic platform SAGETIL-UMOA¹⁷ ;
- States which are the issuers of public debt securities on the Union's money market, under the responsibility of the Minister of Finance ;
- Agence UMOA-Titres, a regional structure in charge of issuing and managing public debt securities, materially organises issues and, in this capacity, provides assistance to Member States in mobilising resources on the capital markets and managing their debt ;
- Investors which are credit institutions, IMS and regional financial bodies with a settlement account in the books of the Central Bank¹⁸ ;
- Specialists in Treasury Securities (STSs) which are credit institutions and IMSs that have obtained the approval of the Ministers in charge of Finance of WAEMU Member States to act in this capacity and thus benefit from the status of privileged partners of one or more Treasuries of Member States on transactions on public debt securities

issued on the regional market.¹⁹

Securities issued by auction are traded on the secondary market, following an over-the-counter procedure.

Benin's public debt is co-managed by the Autonomous Amortization Fund (AAF) and the General Directorate of the Treasury and Public Accounting (GDTPA). In accordance with Articles 3 and 6 of Order 5061/MEFPD/DC/SGM/ GDTPA/AAF/SP of 6 October 2015 delimiting the powers and responsibilities of the GDTPA and the AAF in terms of public debt management in Benin, the GDTPA is responsible for, among other things:

- The elaboration of the issuance schedule of government securities ;
- Issuance of government securities (by auction or public offering) on the WAEMU regional financial market ;
- Monitoring the capital market ;
- Relationship management with Treasury Securities Specialists (TSSs) and investors in the regional financial market ;
- Participation in the work related to the formulation of the Medium-Term Debt Strategy (MTDS) and Debt Sustainability Analysis (DSA) ;
- The production of statistics and the preparation of periodic reports and publications related to State securities.

In addition to these allocations of public debt, the Treasury Department has seen its scope of action broaden with the preparation of the Projected Cash Flow Plan appended to the Finance Bill. The activities carried out in 2019 were as follows : preparation and execution of the 2019 management government securities issue schedule, evaluation of outstanding government securities at December 31, 2019, and preparation of the State's Projected Cash Flow Plan, 2020 management.

The public government securities schedule for 2019 was carried out in a context marked from the first few months by unfavourable market conditions for Treasury bonds, while the State's preference remained oriented towards medium- and long-term

¹⁷Automated Securities and Liquidity Management System of the West African Monetary Union - ¹⁸All other investors wishing to participate will have to go through the approved participants.
¹⁹ The operationalisation of primary dealers in the WAEMU started on 1 March 2016.

securities, due in particular to the financing of vast infrastructure projects under the Government's Action Programme, which aims to reduce the deficit in basic infrastructure in order to accelerate economic growth.

The funds raised on the government securities market

for the year 2019 are set out in the table below. The State of Benin had completed 109.3% of its government securities issuance programme at December 31, 2019 compared to 100.87% the previous year. More than half of the funds raised, i.e. 63.1%, came from investors on the international market compared with 36.9% from the regional market.

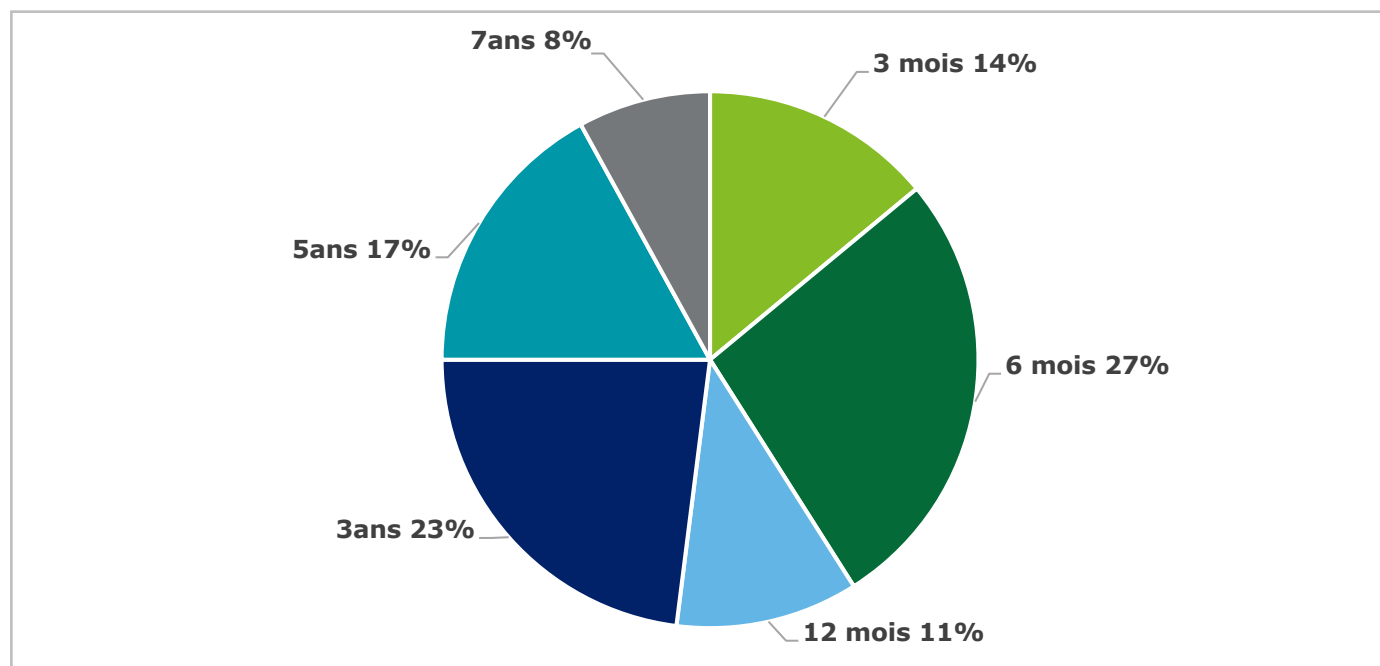
Table 39. Situation of funds raised in the government securities market for the year 2019

	Forecast		Realisation		Execution rate	
	Including infra-annual emissions	Excluding infra-annual emissions	Including infra-annual emission	Excluding infra-annual emissions	Including infra-annual emissions	Excluding infra-annual emissions
Amount	472 895.00	397 895.00	519 391.49	440 245.49	109.3 %	110.60 %
Treasury Bills	125 000		101 093.00			
Treasury bonds	347 895		90 319.99			
Eurobonds			327 978.50			
Number of issues	16		9			56.25 %

Source : GDTPA/DTr/SGDP

All the funds were raised through an auction process. The following chart shows the breakdown of funds by maturity.

Figure 7. Funds raised by maturity



Source : GDTPA/DTr/SGDP

On 19 March 2020, Benin's General Directorate of the Treasury and Public Accounting raised CFAF 30 billion ('45 million) on the financial market of the West African Monetary Union (WAMU) at the end of its simultaneous issue of 3 and 5-year Fungible treasury bond (FTBs). This mobilization of savings of individuals and legal entities of WAMU countries is intended to cover the financing needs of the State budget of Benin.

This amount corresponds to the amount put up for auction. However, at the end of the issue, the issuer received global bids from investors of CFAF 35.404 billion, i.e. a coverage rate of the amount auctioned by the bids was 118%. All WAEMU countries took part in the auction with the exception of Guinea-Bissau, Niger and Togo.

Out of the total amount of bids, the issuer retained CFAF 30 billion and rejected the remaining CFAF 5.404 billion, i.e. an absorption rate of 84.74%. Redemption of the securities issued will take place in full on the first business day following the maturity date set at 24 January 2023 for the 3-year FTBs and 6 March 2025 for the 5-year FTBs. Interest will be paid at a rate of 5.90% per annum from the first year for 3-year FTBs and 6% for 5-year FTBs.

Organisation of the markets by syndication and amount of subscriptions

The WAEMU regional financial market is characterised by a mixed organisation. Indeed, it is composed of a public sector consisting of the Regional Council for Public Savings and Financial Markets (CREPMF) and a private sector which includes the central structures of the Regional Stock Exchange (BRVM) and the Central Custodian/Bank of Settlement (CC/BS) on the one hand, and the commercial players on the other.

CREPMF is the WAEMU's regional financial market regulator (FMR). Its missions are, among others, to :

- To ensure the authorisation and control of public offering procedures ;
- Authorise market management structures and approve commercial operators ;
- Approve the tariffs of commercial operators ;
- Regulating the operation of the market ;
- Ensure the supervision of the regularity of stock exchange operations.

BRVM is organised at a central site based in Abidjan (Côte d'Ivoire) and represented in each member state by a National Stock Exchange Antenna (NSEA). The main responsibilities of BRVM are :

- Authorisation of the scholarship holders to carry out their activity ;
- The management of the market, in particular ensuring the centralization of buy or sell orders, the management of the coast, the dissemination of market information, as well as the promotion and popularization of financial culture within the WAE-MU;
- The management of unsettled transactions.

The Central Custodian/Settlement Bank (CC/BS) is a financial institution whose role is to :

- To clear applicants for the position of account keeper ;
- Ensuring the settlement of negotiations and the management of the financial service of securities ;
- Ensure the maintenance of current accounts for securities opened by Management and Intermediation Companies (MIC) in its books ;
- To ensure the safekeeping and the scriptural circulation of securities ;
- Proceed to the payment in cash, in its capacity as settlement bank, of the balances of stock exchange transactions.

When organising issues by syndication, the States entrust the process of placing the securities to an underwriting syndicate, whose members are MICs approved by **CREPMF**. In addition, the issuer chooses a lead manager from among the syndicate's members to carry out specific tasks in the issuance process.

Since its creation, the main products present on the regional financial market have been equities and bonds. In recent years, several new products such as mortgage refinancing and securitisation (Sukuk Debt Securitisation Fund) have been introduced. Securities issued by syndication are traded on the secondary market on BRVM's electronic trading platform.

Benin raised no funds through syndication in 2019.

4.3. Inflation rate

Since 2014, inflation has been contained within the 3% limit prescribed by the WAEMU. The average inflation rate was 0.28% over the 2014-2019 period. This low level of inflation can be explained on the one hand by the fall in oil prices and its induced effects on transport costs and food prices, and on the other hand by the availability of food products following good agricultural campaigns, which have had a downward effect on prices.

Table 40. Evolution of the inflation rate in Benin (%)

	2013	2014	2015	2016	2017	2018	2019	2020*	2021*
BENIN	0.4	-0.6	0.2	-0.8	1.8	0.8	-0.9	0.6	1.3
WAEMU	1.5	-0.2	1.0	0.3	1.2	1.2	-0.7	0.8	1.4

Source : BCEAO. INSAE * IMF forecasts

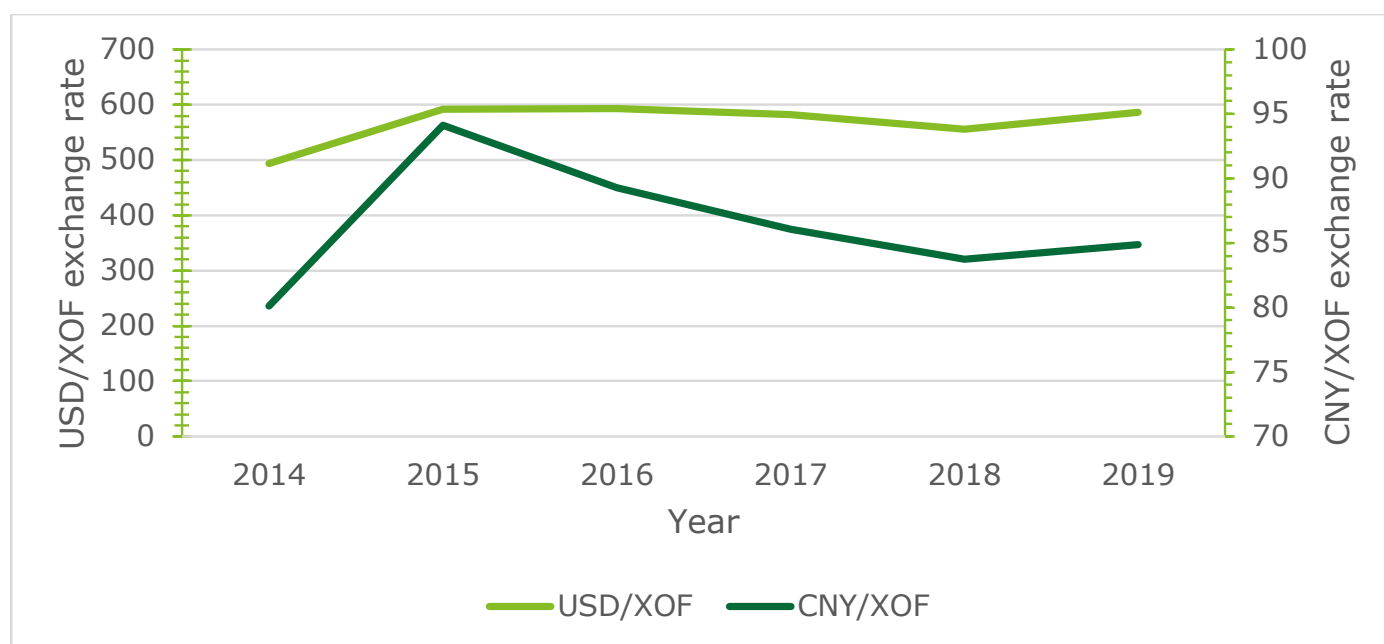
The inflation outlook for 2020 and 2021 assumes a rise in prices. The inflation rate is expected to be 0.6% in 2020 and 1.3% in 2021 in Benin. The same inflationary trend will be observed in the WAEMU, where the inflation rate is expected to be 0.8% in 2020 and 1.4% in 2021.

4.4. Exchange rates

The dollar/CFAF exchange rate did not show any significant fluctuations. It rose between 2014 and 2016 but did not reach the 600 CFAF per dollar mark. In 2017 and 2018, there was a slight depreciation of the dollar against the CFAF followed by a rise in 2019.

From 80.11 CFAF for one CNY in 2014, the Chinese currency has appreciated to reach 94.13 CFAF in 2015. From 2016, the CNY currency depreciated to reach 84.87 CFAF at the end of 2019.

Figure 8. Evolution of USD/XOF and CNY/XOF exchange rate



Source : BCEAO

4.5. Foreign reserves

Total net external assets-total claims on non-residents stood at CFAF 600.09 billion in 2019 against CFAF 167.35 billion in 2016, the year in which they recorded their lowest level during the period under review. These external assets were pulled up by other external assets. Indeed, the latter rose from CFA francs 129.3 billion CFAF in 2016 to 526.38 bil-

lion CFA francs in 2019.

Official reserve assets in 2019 consisted of 59.96 billion Special Drawing Rights, 13.11 billion reserve positions in the IMF and 0.65 billion CFA francs in terms of foreign currencies.

Table 41. Total net foreign assets - Official reserve assets, Benin (CFAF billion)

	2014	2015	2016	2017	2018	2019
Credit to non-residents	392.97	507.26	167.35	425.58	579.14	600.09
Official reserve assets	43.97	41.00	38.05	43.35	63.48	73.71
Foreign Currencies	0.32	1.67	2.91	1.91	1.23	0.65
Reserve position in the IMF	4.77	2.74	17.24	9.34	16.00	13.11
Assets in SDRs	38.89	36.60	17.90	32.10	46.25	59.96
Other foreign assets	349.00	466.26	129.30	382.24	515.66	526.38

Source : BCEAO

5.1 Balance of payments²⁰

The balance of payments²¹ statistics, compiled in accordance with the methodology of the sixth edition of the IMF manual and new data from the rebasing of national accounts, indicate an increase in the nominal value of the structural deficit of the current account which stood at CFAF 392.3 billion in 2019 against CFAF 360.4 billion in 2018. In relative terms, the current account deficit widened to 4.7% of GDP in 2019, against 4.6% of GDP in 2018. In 2016, the current account deficit improved to CFAF 209.9 billion against CFAF 401.6 billion in 2015. In connection with the Covid-19 pandemic, it is expected for 2020, a quasi-stagnation of imports, and a slight increase in exports driven by the performance of cotton production in the 2019/2020 agricultural season. As a result, there is an improvement in the current account deficit, which would rise from CFAF 392.3 billion (4.7% of GDP) in 2019 to CFAF 361.4 billion (4.1% of GDP) in 2020. It is expected to deteriorate in 2021 to reach CFAF 492.6 billion in 2024. The evolution of the current account is linked to the evolution of the trade balance and that of income.

Benin's trade balance, which is structurally in deficit, deteriorated in 2019 to CFAF -495.40 billion against CFAF -456.02 billion in 2018. This evolution is attributable to the faster growth of imports compared to exports. Imports came out in 2019 at CFAF 2.252.3 billion against CFAF 2.166.20 billion in 2018 while exports rose from CFAF 1.857.60 billion in 2018 to CFAF 1.912.4 billion in 2019. It should also be noted that the trade deficit improved in 2016 compared to 2015. In terms of prospects, the trade deficit would appear in 2020 at 535.70 billion CFAF in relation to the increase in imports.

The deficit in the balance of services deteriorated slightly in 2019 to CFAF 155.5 billion against CFAF 147.44 billion in 2018.

The balance of the primary income account remained in deficit at CFAF -39.0 billion in 2019 against CFAF -30.59 billion in 2015, mainly due to net interests

paid on other investments and net income paid on direct investments, in relation to the performance of companies benefiting from direct investment flows.

The balance of the secondary income account was in surplus due to workers' remittances and transfers received by governments and private organizations as part of development assistance. It stood at 111.9 billion CFA francs in 2019 against 126.25 billion CFA francs in 2018, although it remained higher than its level in 2015.

The capital account records flows relating to debt forgiveness, project grants to finance investments and acquisitions and disposals of non-produced non-financial assets (land, subsoil resources, patents, operating licences, copyrights, trademarks, etc.). It presents a surplus which has steadily increased from CFAF 74.11 billion in 2015 to CFAF 113.9 billion in 2017. This evolution reflects an increase in capital transfers received by public administrations and non-governmental organisations operating in Benin. In 2018, it remained in surplus but down by 4.2% from its 2017 level. This downward profile is mainly underpinned by the decline in capital transfers received by Benin's public administration and non-governmental organisations. Estimates for 2019 put the capital account balance at CFAF 147.4 billion, up from its 2019 level. This increase is expected to continue over the period 2020-2024.

The financial account resulted in a net liability in 2018 of CFAF 443.3 billion against CFAF 405.19 billion in 2015 after CFAF 38.45 billion, CFAF 72.19 billion and CFAF 444.7 billion respectively in 2016, 2017 and 2018. The decrease in net financial flows received in 2016 results from a decrease in the issuance of government securities by the Benin Treasury and the mobilisation of external financing by the government. The decline in the mobilisation of external financial resources in 2016 is explained by the reorientation of public finance management as of April by the new regime. The consolidation of net

²⁰ The data used for the analysis over the period 2015-2021 come from BCEAO estimates and forecasts. ²¹ The rebasing of the national accounts led to a revaluation of exports of goods (credit), imports of goods (debit) and freight services (debit) which was balanced in the financial account by cash and deposits (credit) under "Other investment". The adjustments recorded in the financial account of the balance of payments are identical to those made in the international investment position; - changes in net foreign assets have been taken into account in the financial account on the line "other reserve assets" (for the Central Bank) and "portfolio investment" (for primary banks). Errors and omissions have been balanced. The changes thus made in the financial account of the balance of payments are identical to those made in the international investment position. This has led to the modification of the statistics from 2015 to 2018.

financial flows received from 2017 onwards is the result of the mobilisation of other investments and direct investments. It is explained in particular by the needs related to the implementation of the Government's Action Programme and the external commitments of other sectors. In 2020, the net liabilities of the financial account are expected to reach CFAF 235.9 billion.

With regard to foreign direct investments, they have recorded an increase to 108.0 billion CFAF in 2019 against 69.20 billion CFAF in 2015. The level observed in 2015 can be explained by the cessation of investments in the oil exploration sector. As for the consolidation in 2018 and 2019 compared to 2017, it is linked to the favourable prospects of the Beninese economy. The net flows of direct investment in 2018 are essentially made up of debt instruments (CFAF 111.22 billion).

As regards the net financial flows received in respect of portfolio investments, they stood at CFAF 381.9 billion in 2019 against CFAF 54.52 billion in 2017, CFAF 50.8 billion in 2016 and CFAF 117.5 billion in 2015. The decline observed in 2016 is explained by the policy of rationalisation of government securities issues implemented by the Government in 2016. Indeed, in 2016, the Benin Treasury raised an amount of CFAF 396.6 billion on the Union's government securities market against CFAF 599.6 billion in 2015. In 2018, the net financial flows received in respect of portfolio investments can be explained in particular by the securities issues carried out by the Treasury, which resulted vis-à-vis non-resident investors in a net mobilisation through treasury bills (+ CFAF 4.97 billion) and a net redemption of bonds (- CFAF 56.17 billion).

Indeed, the Benin Treasury has raised resources on the Union's financial market to the tune of CFAF 273.3 billion against CFAF 503.6 billion in 2017. Out of these amounts, the acquisitions of non-resident investors amounted to 177.2 billion in 2018 against a realisation of 279.8 billion in 2017. As regards repayments, they amounted to CFA F 399.3 billion in 2018 against CFA F 339.8 billion in 2017, including CFA F 228.4 billion in 2018 for non-resident investors against CFA F 207.4 billion in 2017.

The other net investments resulted in a net liability of CFAF 396.34 billion in 2018 against CFAF 218.76 billion in 2015. This level of realisation comes from the net drawdowns made by the Central Administration in the form of loans from bilateral and multilateral partners and the net debt of other sectors vis-à-vis non-residents. Drawdowns from partners have been allocated to the financing of development projects and programmes in the fields of infrastructure, energy, environment, education, agriculture and telecommunications. They were also used to reimburse the West African Development Bank and local banks as part of the reprofiling of public debt. Estimates for 2019 show a net liability of CFAF 46.5 billion.

The overall balance shows a surplus in both 2019 and 2018 and a deficit in 2016 and 2017. The surplus stood at 168.2 billion CFAF and 196.86 billion CFAF respectively in 2019 and 2018 against a deficit of 118.28 billion CFAF and 164.44 billion CFAF respectively in 2016 and 2017. The balance was a surplus of CFAF 80.02 billion in 2015. In 2020, the overall balance is expected to record a deficit of CFAF 75.6 billion.

Table 42. Benin's balance of payments (in billions of CFAF)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
					Est	Projections				
Current account balance	-401.55	-209.93	-308.33	-367.38	-422.50	-466.80	-342.70	-401.90	-458.60	-492.60
Current account balance excluding grants	-419.78	-255.68	-349.7	-419.1	-456.3	-490.6	-357	-417.4	-475.4	-510.8
Balance of trade in goods and services	-447.43	-311.73	-408.48	-463.04	-495.40	-535.70	-377.10	-450.30	-520.00	-579.00
Balance of Goods	-309.6	-65.6	-199.5	-315.60	-339.90	-372.50	-203.60	-261.80	-314.40	-355.50
Exports of Goods FOB	1 414.40	1 680.30	1 730.70	1 857.60	1 912.40	1 851.20	2 165.10	2 314.80	2 484.30	2 672.60
Imports of goods FOB	-1 724.00	-1 745.90	-1 930.20	-2 166.20	-2 252.30	-2 223.70	-2 368.70	-2 576.60	-2 798.70	-3 028.10
Balance of Services	-137.83	-246.13	-208.98	-147.44	-155.5	-163.2	-173.5	-188.5	-205.6	-223.5
Transports	-123.63	-239.86	-230.36	-188.77	-	-	-	-	-	-
Including freight	-101.92	-217.38	-163.58	-163.42	-	-	-	-	-	-
Travels	46.46	35.28	58.2	72.96	-	-	-	-	-	-
Other services	-60.66	-41.55	-36.82	-31.64	-	-	-	-	-	-
Primary income balance	-38.82	-22.4	-18.46	-30.59	-39	-50.7	-91.9	-95.8	-100.6	-94.4
Remuneration of employees	1.87	-0.05	0.64	-0.88	-	-	-	-	-	-
Investment Incomes	-35.71	-17.53	-19.09	-33.42	-	-	-	-	-	-
Including interest on public debt	-16	-25.6	-60.9	-25.3	-	-	-	-	-	-

Other primary incomes	-4.98	-4.82	0	3.7	-	-	-	-	-	-
Secondary income balance (transfer)	84.7	124.2	118.61	126.25	111.9	119.6	126.3	144.2	162	180.8
Other sectors	66.5	78.4	77.23	67.5	81.1	95.8	112.1	128.7	145.1	162.6
Publics	18.23	45.8	41.38	58.8	30.82	23.8	14.2	15.4	16.8	18.3
CAPITAL AND FINANCIAL OPERATIONS ACCOUNT	-330.96	120	41.79	-335.64	-296	-80.7	465.38	499.8	519.35	344.55
Capital account	74.11	81.6	113.9	109.1	147.4	155.2	159.8	169.2	179.8	190.9
Acquisition and sale of non-produced non-financial assets	-0.2	-0.1	0	0	0					
Transfer in capital	74.3	81.6	113.9	109.1	-	-	-	-	-	-
Government administration	28.8	35	73.2	70.1	-	-	-	-	-	-
Other sectors	45.5	46.6	40.7	39	-	-	-	-	-	-
Financial account	-405.19	38.45	-72.19	-444.74	-443.4	-235.9	-305.6	-330.6	-339.6	-153.7
Direct investments	-69.2	-67.8	-98.1	-102.37	-108	-85	-134.6	-145.1	-142.7	-155.1
Portfolio investments	-117.54	-50.79	-54.5	53.97	-381.9	-44.8	-71	-76.5	-75.2	81.8
Other investments	-218.76	157	80.49	-396.34	46.5	-106.1	-99.98	-109.1	-121.65	-83.25
Statistical errors and omissions	2.27	2.36	3.99	3.33	0	0	0	0	0	0
Overall balance	80.03	-164.32	-118.32	196.88	168.2	-75.6	122.68	97.8	60.8	-148.0

Source : BCEAO *estimate and projections, IMF

5.2.1. Regional trade policy

West African countries are engaged in numerous trade negotiations at the regional (integration process), bilateral (Interim Economic Partnership Agreement - IEPAi) and multilateral (World Trade Organisation - WTO and regional EPAs) levels.

Good articulation between the various negotiations at regional and international level (CET; EPAs; WTO, AGOA, etc.) is essential to achieve the trade performance objectives of WAEMU member states.

National and regional trade policies in West Africa depend on different spaces. Indeed, the regional negotiating space is articulated around the following elements :

- The finalisation of the Common External Tariff (CET) at ECOWAS level, and thus the constitution of a Customs Union ;
- A space for bilateral negotiations, particularly between the West African region and the union, on the EPA ;
- A multilateral negotiating space, which refers to the rules of the WTO, of which all West African states are members (with the exception of Liberia, which has observer status). It should be noted that each country negotiates individually and that WAEMU and ECOWAS have only ad hoc observer status in the WTO Trade and Development Commission.

With regard specifically to the WAEMU, it has a common commercial policy based in particular on :

- A common market was established on 1 July 1996 for local and unprocessed products (animal, mineral and plant products of the Union) and traditional crafts, and until 1 January 2000 for approved industrial products. This common market was extended to all ECOWAS countries in 2004 ;
- A customs union set up on 1 January 2000, based on a CET applicable to all WAEMU member countries, comprising four categories of products, taxed from 0 to 20%, in force until 1 January 2015, the date on which the WAEMU CET was replaced by the ECOWAS CET, which enshrines the enlargement of the customs union to the 15 ECOWAS countries.

- Common rules of origin and competition, harmonisation of VAT and excise duties, harmonisation and mutual recognition of standards, common safeguards and protection measures (degressive protection tax (DPT), cyclical export tax (CET), reference values and anti-dumping duty)

WAEMU also has a regional trade promotion programme, a "Regional Strategy for the Implementation of the WAEMU Aid for Trade Programme" and a "Logical Framework for the Implementation of the WAEMU Aid for Trade Programme".

The overall objective of the Aid for Trade strategy is to help Member States increase their exports of goods. The logical framework provides the basis for a programme that involves international donors, as well as national and regional financial institutions. It identifies five specific objectives corresponding to the categories of Aid for Trade :

- Ensuring ownership and control of trade policies and regulations by experts from Member States and the Commission ;
- To develop intra-regional and international trade of the Member States ;
- Strengthen trade-related infrastructure in the sub-region ;
- Diversify and increase the production capacities of Member States ;
- Make necessary adjustments and take into account other trade-related needs.

The needs and priorities were identified on the basis of the Regional Economic Programme (REP) which constitutes the reference framework for the WAEMU integration process, as well as existing capacity building programmes in the States.

• The Common External Tariff

The rules in force at ECOWAS borders in terms of customs policy are those laid down in the ECOWAS Common External Tariff (CET). The applicable rules of origin are defined by the Trade Liberalisation Scheme (TLS).

The CET aims to harmonise customs duties and taxes with a view to deepening economic integration through the establishment of a Customs Union,

providing a platform for building the common trade policy and regional trade negotiations such as the EPA ; boosting regional production and investment capacity, and consolidating the regional market.

The CET is organised around an architecture including :

- (i) A Tariff and Statistical Nomenclature (TNS), i.e. a common customs nomenclature based on the Harmonised System for the Description and Coding of Goods (HS) of the World Customs Organisation (WCO) adopted by the Community ;
- (ii) A schedule of duties and taxes applicable to imported products and which includes : customs duty (CD), statistical fee (SF) and the ECOWAS

Community Levy (ECOWAS CL) ;

- (iii) Trade defence measures or additional protective measures, where appropriate, which may generate duties which may affect the final price of products imported into the Community from third countries ;
- (iv) The statistical royalty rate set at 1% applicable equally to all imported products, whether exempt or not ;
- (v) The tax base for the application of the Common External Tariff is ad valorem.

The tariff structure of the CET is presented in the following table :

Category	Description	Rate
0	Essential social goods	0 %
1	Basic raw materials and capital goods	5 %
2	Intermediate products	10 %
3	Final consumer goods	20 %
4	Specific goods for economic development	35 %

The CET has been established in accordance with the requirements of the World Customs Organisation's (WCO) Harmonised System and those of the World Trade Organisation (WTO) relating to Regional Trade Agreements (Article 24 of the GATT).

• **Specific rules applicable to external trade in goods of ECOWAS countries**

Several trade regimes are in force within ECOWAS. The following table presents the existing regimes according to trading partners.

PARTNERS	SPECIFIC REGIMES
European Union (EU)	IEPA, GSP, GSP +, TSA
ECOWAS	CET, TLS
Rest of AFRICA	Bilateral agreements
USA	AGOA
ASIA	Bilateral Agreements
Other industrialised countries	Generalised System of Preferences (GSP)
Rest of the world	Bilateral agreements, GSP

Pending the implementation of the EPA, different tariff regimes apply depending on the status of the countries in the framework of trade between ECOWAS and the union :

- **Côte d'Ivoire** and Ghana ratified interim EPAs in 2016. Côte d'Ivoire's EPA has been in provisional application since 4 September 2016 and Ghana's EPA applies since 15 December 2016. These IE-PAs guarantee both countries full access to the

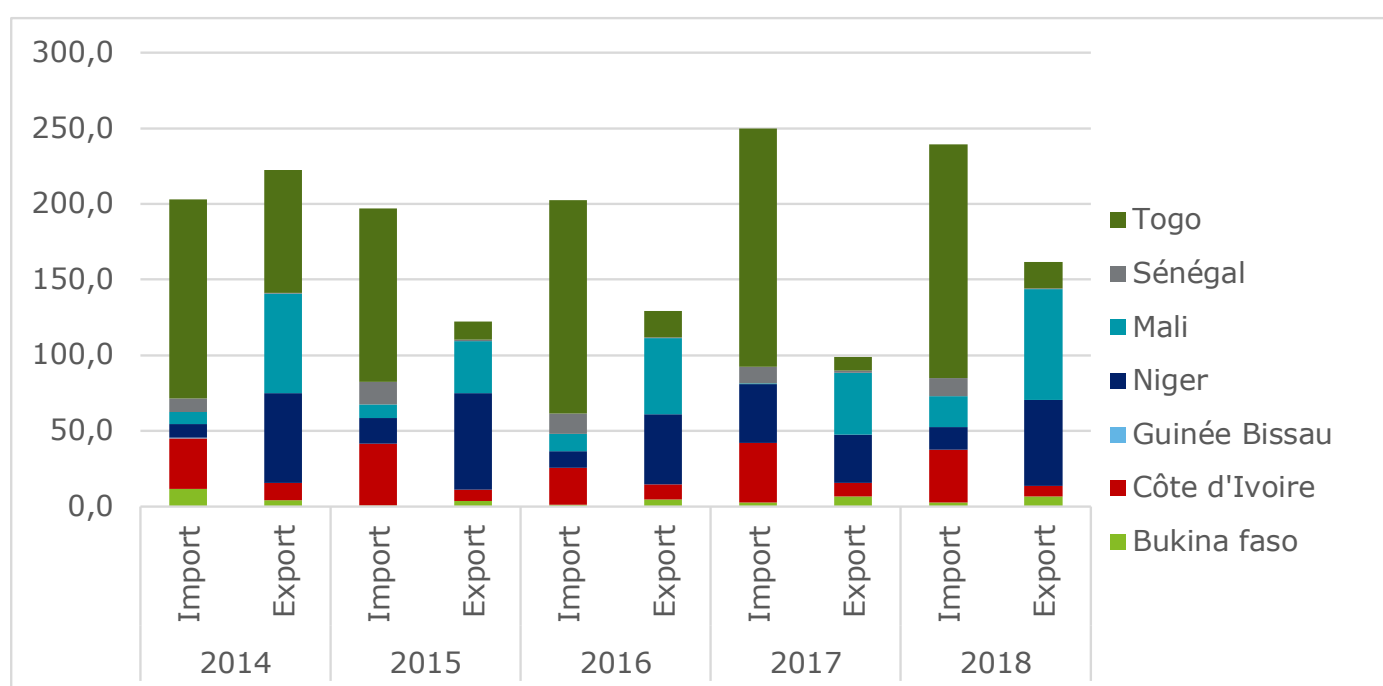
European market and provide for the eventual liberalisation of 80% of tariff lines by Côte d'Ivoire and Ghana over a period of 15 years.²²;

- Under the GSP, **Nigeria** benefits from a reduction of the union customs duties on about 1/3 of tariff lines and total exemption from customs duties on an additional 1/3 of tariff lines.
- **Cape Verde** benefits from the GSP+ which grants exemption from European customs duties on about 2/3 of the tariff lines ;
- **The other 12** countries (including the seven WAEMU countries outside Côte d'Ivoire), because of their LDC status, benefit from the Everything But Arms GSP, which gives them access to the European market for all their exports to the union without duties or quotas.

5.2.2. Regional exchanges in value

The exports to the WAEMU payment countries have experienced an erratic evolution over the period under review, coming out at 161.72 billion CFA francs in 2018 against 122.43 billion CFA francs in 2015. Compared to 2017, exports in 2018 recorded an increase of 63.7% induced by a rise in products to Niger (77%), Mali (81%) and Togo (98%). Trade with WAEMU countries over the period 2015-2018 represented on average 7.7% of Benin's total exports. Benin's main clients in the WAEMU are Mali (3.6%), Niger (3.7%) and Togo (2.0%). Benin exports frozen fish, petroleum products, medicines and paint to Togo. As for exports to Mali, they are mainly oil products. As for Niger, it imports food and metal products from Benin.

Figure 9. Value of exports and imports between Benin and the 7 other WAEMU countries (in billions of CFAF)



Source : BCEAO. Excerpts from the Balance of Payments and International Investment Position Reports 2014-2018

Imports from the WAEMU evolved irregularly over the period under review, coming out at CFAF 239.09 billion in 2018 against CFAF 196.96 billion in 2015. Compared to 2017, imports in 2018 recorded a decline of 4.3% linked to the decline in products from

Côte d'Ivoire (-12%), Togo (-2%) and Niger (-61%). Intra-WAEMU trade over the period 2015-2018 represented on average 10.6% of Benin's total imports. Benin's main partners in terms of imports are Togo (7.7%), from which Benin mainly imports elec-

²⁰ Over 11 years (2019-2029) currently for Côte d'Ivoire.

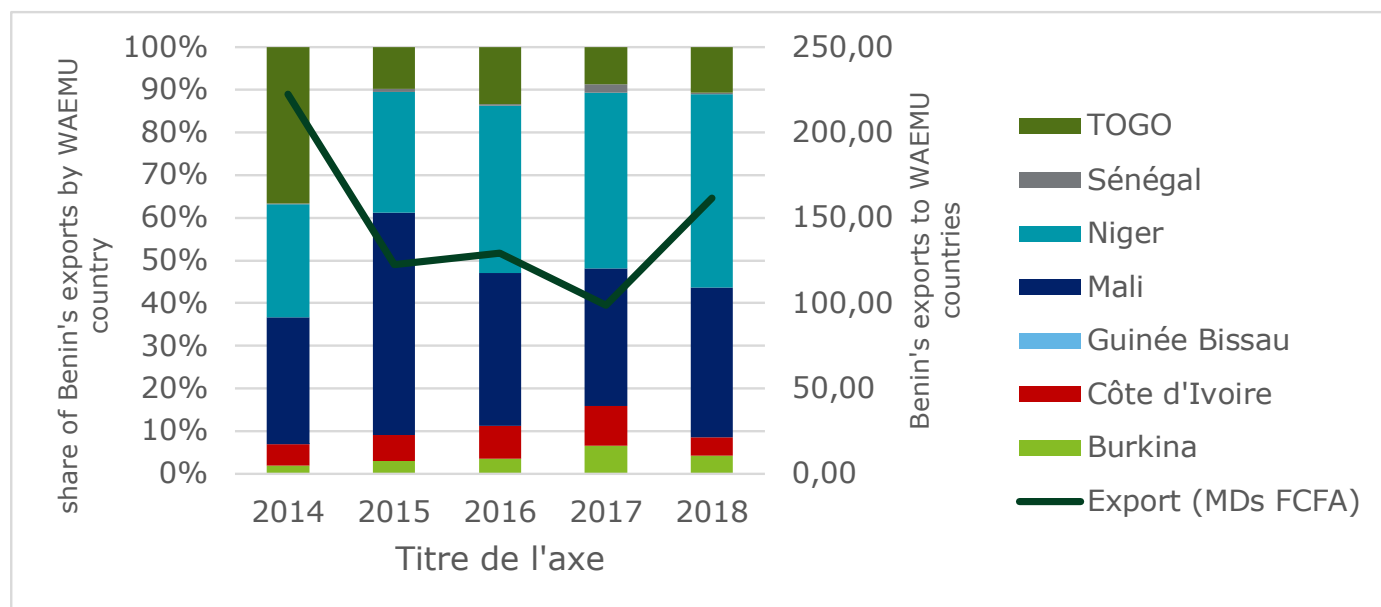
trical energy through the Communauté Electrique du Bénin. It is followed by Côte d'Ivoire (1.9%) and Niger (0.8%).

5.2.3. Regional exchanges by partner

In 2014, Togo was the main destination country for

Beninese products with a 36.6% share of exports, followed by Mali (29.6%) and Niger (26.6%). From 2015 onwards, trade with Togo declined, making Niger and Mali Benin's two main partners. In 2018, Niger is the first country to receive Benin's exports with a share of 45.4%, followed by Mali (35.0%).

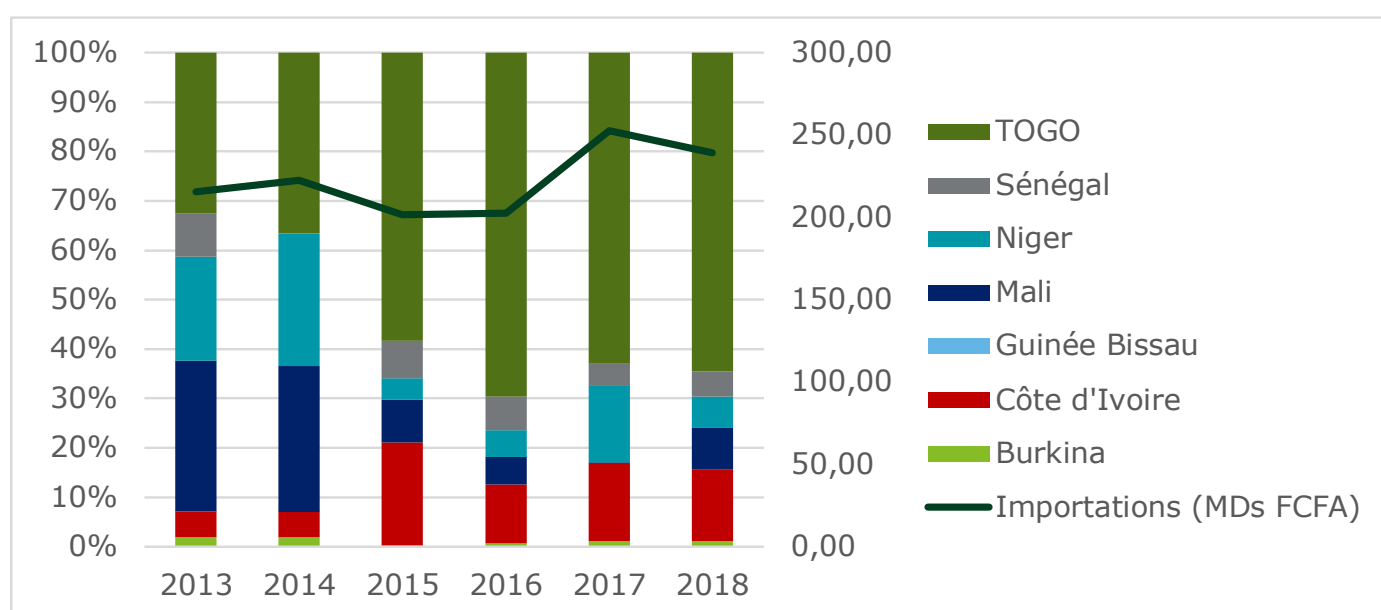
Figure 10. Share of each WAEMU country in Benin's exports



Source : BCEAO. Excerpts from the reports on the balance of payments and international investment position 2014-2018

In terms of imports, Togo remained Benin's main supplier, followed by Côte d'Ivoire, Niger and Mali. Imports from Togo, mainly made up of electric power, accounted for 64.5% of imports from the WAEMU in 2018 against 62.4% in 2017.

Figure 11. Share of each WAEMU country in Benin's imports

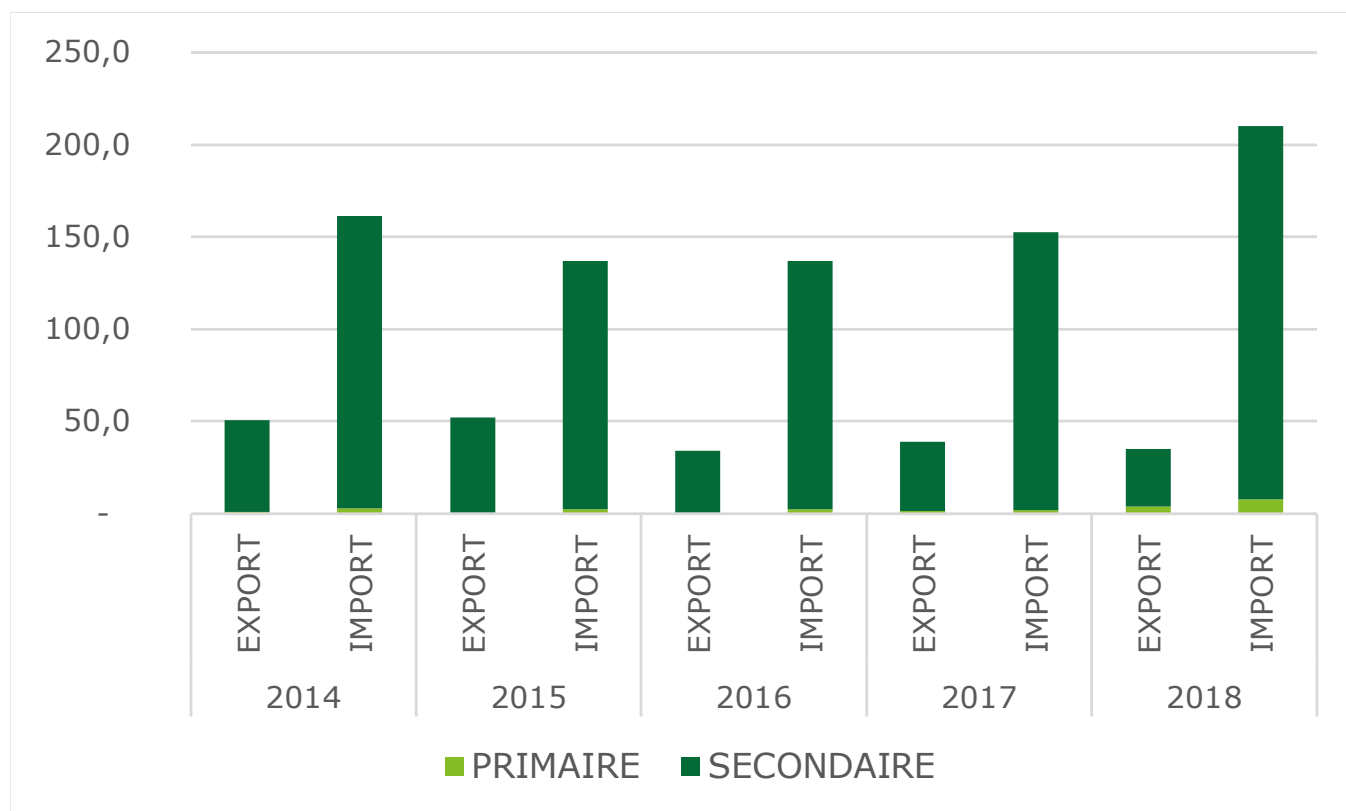


Source : BCEAO. Excerpts from the reports on the balance of payments and international investment position 2014-2018

5.2.4. Regional exchanges by type

Benin's products traded with WAEMU countries, grouped according to the primary and secondary sectors²³ show a higher level of products in the secondary sector in terms of both exports and imports.

Figure 12. 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, the products of the secondary sector represented over the period 2014 to 2018 on average 40.76 billion CFAF against 1.45 billion CFAF for the products of the primary sector. The products which have drawn the most from exports are:

- Primary sector: oil seeds and fruits, miscellaneous seeds and fruits, industrial or medicinal plants, straw and fodder (52%), cereals (14%), fish and crustaceans, molluscs and other aquatic invertebrates (14%) ;
- Secondary sector: salt, sulphur, earth and stone, plaster, lime and cement (28%), cotton (14%), cast iron, iron and steel (15%), sugar and sugar confectionery (7%), mineral fuels and mineral oils (6%), machinery, mechanical appliances and equipment, nuclear reactors, boilers, parts of such machinery or equipment (6%).

In terms of imports, the products of the secondary sector represented on average over the period 2014 to 2018, 162.78 billion CFAF against 3.80 billion CFAF for the products of the primary sector. The products which drew the imports are:

- Primary sector: milk and dairy products, birds' eggs, natural honey, edible products of origin (28%), cereals (24%), fish and crustaceans, molluscs and other aquatic invertebrates (24%), wood and wood products (10%);
- Secondary sector: mineral fuels, mineral oils and products of their distillation, bituminous materials (57%), salt, sulphur, earths and stones, plaster, lime and cement (6%), cast iron, iron and steel (3%), cotton (4%), plastics and articles thereof (3%), cars, tractors, cycles and other land vehicles (3%).

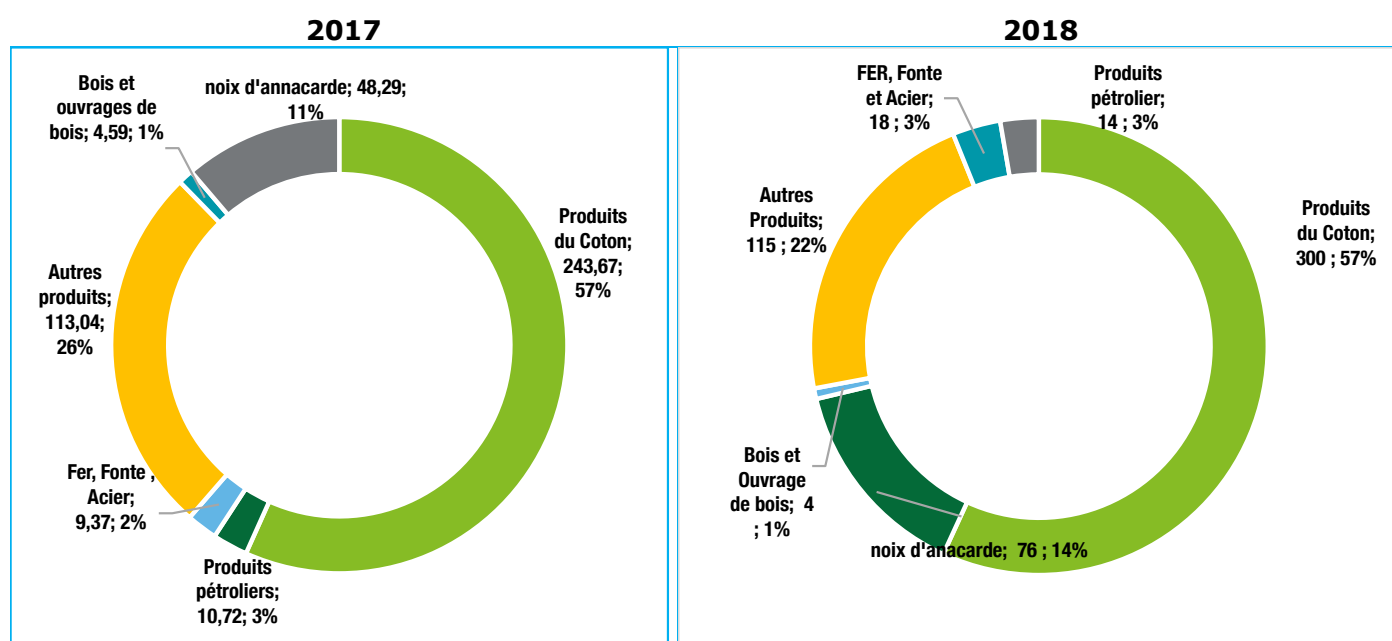
²³ Benin's trade in services with WAEMU countries is not available. ²⁴ The data was collected in thousands of euros and converted on the basis of 1 euro for 655,957 CFAF.

5.3.1 Commercial policy

Benin records a structural trade balance deficit for years, mainly due to the weakness of exports, which are mainly made up of low-cost agricultural products, and the country's heavy dependence on the outside world, particularly for its oil and electricity supplies. The promotion of high value-added sectors such as pineapple, cashew nuts, maize, manioc and rice, the steady expansion of cotton production and investments in the energy sector to increase the country's energy capacity should make it possible to reduce the trade deficit at least partially.

Benin's exports remain dominated by cotton products, which account for more than half (57%) of foreign sales. Benin also exports cashew nuts (14% in 2018), coconuts, Brazil nuts, shea, cement, wood and wood products, textiles and seafood to India, Niger, Malaysia, Singapore, Vietnam and Bangladesh. Exports of iron, cast iron and steel consist of the production of metallurgical industries as well as scrap metal shipped to Asian countries, while petroleum products are in fact partly re-exported to hinterland countries (Mali and Burkina Faso).

Figure 13. Official exports from Benin (in billions of CFAF)



Source : BCEAO. Balance of payments and international investment position reports 2017-2018

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-export, 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 43. Specific rules that apply to imported goods and services, partners and exported products

Tariffs and imports by product group									
Product groups	Final consolidated duties				Applied MFN duties			Imports	
	Average	Exempt in %	Max.	Consolidation in %	Average	Exempt in %	Max.	Part en %	Exempt en %
Animal products	60.0	0	60	100	24.5	0	35	3.4	0
Dairy products	37.3	0	60	100	17.0	0	35	0.3	0
Fruits, vegetables, plants	60.0	0	60	100	17.9	0	35	0.5	0
Coffee, tea	60.0	0	60	100	18.5	0	35	0.1	0
Cereals & other preparations	59.7	0	100	100	13.6	0	35	38.6	0
Oilseeds, fats & oils	78.5	0	100	98.8	11.1	0	35	7.1	0
Sugar and confectionery	60.0	0	60	100	12.6	0	35	2.0	0
Beverages and tobacco	60.1	0	75	100	17.3	0	35	0.5	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
Fishing and fishery products	9.7	36.0	60	11.2	15.6	0	20	3.0	0
Metals & Mineralsx	28.4	5.7	50	11.7	11.6	1.9	20	6.3	12.2
Oil	7.5	0	10	83.3	7.7	19.0	10	12.1	0.0
Chemical products	24.6	0	60	1.6	7.4	3.8	35	5.2	57.6
Bois, papier, etc.	5.8	0	15	4.7	11.3	5.1	20	1.3	5.8
Textiles	18.4	0	25	26.4	16.1	0.3	35	1.9	1.0
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	5.0
Non-electrical machinery	5.3	4.2	25	91.2	6.8	0	20	3.5	0
Electrical machines	6.9	0	7	93.5	11.2	0.4	20	3.1	4.0
Transport equipment	12.5	0.3	25	72.3	8.1	2.5	20	5.4	0.0
Other manufactured articles, n.e.s.	7.4	0	15	2.7	14.2	2.1	20	4.5	0.5

Exports to the main partners and applicable duties									
	Import. bilaterals		Diversification		Average MFN		Marge	Import. Exempt	
Main partners		in billion	95% comm. in nb SH		of trade in LT		prefer.	LT	Value
		US\$	2 numbers	6 numbers	Simple	Weighed	Weighed	in %	in %
Agricultural products									
1. Viet Nam	2017	205	3	3	1.7	2.6	0.0	66.7	48.0
2. India	2017	168	3	3	23.6	24.8	24.2	92.9	98.1
3. China	2017	61	1	1	16.5	19.4	0.3	66.7	52.2
4. Belarus	2017	24	2	24	8.2	6.7	6.7	100.0	100.0
5. Egypt	2017	23	1	1	0.0	0.0	0.0	100.0	100.0
Non-agricultural products									
1. United Arab Emirates	2016	341	1	1	4.2	0.0	0.0	16.7	100.0
2. Mali	2017	79	1	2	14.7	3.7	3.7	100.0	100.0
3. Lebanese Republic	2017	70	1	1	1.3	0.0	0.0	75.0	100.0
4. India	2017	44	5	6	5.5	4.6	3.7	80.0	83.1
5. Niger	2017	31	8	10	15.7	17.3	17.3	100.0	100.0

Source : OMC-ITC-CNUCED

The tariffs applied by Benin vary according to the products. At the import level, average final bound tariffs range from 5.8 % for wood and paper to 78.5 % for oilseeds with a maximum duty of 100 %. In terms of applied most-favoured-nation (MFN) duties, average rates vary from 5 % for cotton to 24.5 % for animal products 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, they are Vietnam, India, China, Belarus and Egypt. Simple average MFN tariffs vary from 0% for Egypt to 23.6% for India.

For non-agricultural products, the main partners are the United Arab Emirates, Mali, the Republic of Lebanon, India and Niger. Simple average MFN

tariffs range from 1.3% for the Republic of Lebanon to 15.7% for Niger.

5.3.2 International exchanges in value and by destination

Benin's exports go to African and Asian countries, particularly for cotton products. In Africa, outside the WAEMU, Benin's main export partner in 2018 was Nigeria (67.0%). Benin's exports to Nigeria are on the decline, falling to CFA Francs 1.244.45 billion in 2018 against CFA Francs 1.282.38 billion in 2017. This decline concerns notably the rice trade.

In Asia, in 2018, Benin's main export partners were Bangladesh (6.5%), India (5.2%), Vietnam (2.8%), China (2.2%) and Malaysia (1.3%). Since 2013, there

has been a loss of market share from China to Southeast Asian countries. In 2018, exports by value to China are mainly cotton (79.7 %), iron, cast iron and steel (11.3 %) and wood (4.5 %). India, for its part, imports from Benin mainly cashew nuts (53.4 %), cotton (25.8 %) and wood (4.5 %).

Table 44. Exports by country of destination and imports by country of origin (billion CFAF)

	2014	2015	2016	2017	2018
Country of destination	EXPORTS OF GOODS (billion CFAF)				
ASIA	190.32	219.94	137.01	271.25	373.18
China	46.68	19.48	16.13	33.62	40.67
Vietnam	19.52	27.58	7.80	59.78	52.74
Pakistan	2.24	10.35	4.22	2.51	0.8168
Indonesia	16.96	13.84	2.68	4.15	2.22
Bangladesh	20.78	27.46	24.80	54.07	119.84
India	40.60	48.48	37.32	44.96	96.04
Malaysia	17.95	32.53	31.91	49.17	24.98
Singapour	0.21	29.01	1.61	2.76	12.88
Others	25.25	11.22	10.53	20.24	23.00
EUROPE	73.49	39.47	31.39	38.95	39.18
European union	64.62	32.48	20.32	31.94	33.39
France	14.87	9.00	4.96	2.65	1.84
The Netherlands	14.20	5.64	2.05	6.28	2.58
Danmark	9.25	7.88	4.96	14.38	19.79
Others	25.93	9.96	8.35	8.63	9.19
Non European Union	8.87	7.00	11.07	7.01	5.79
AFRICA	993.02	730.80	1 506.22	1 406.00	1 430.49
WAEMU	222.41	122.44	129.32	98.78	161.72
Burkina	4.09	3.64	4.54	6.56	6.82
Côte-D'Ivoire	11.36	7.49	9.92	9.14	7.08
Niger	59.24	63.78	46.31	31.90	56.53
Mali	65.92	34.65	50.77	40.64	73.39
Senegal	0.34	0.8857	0.5439	1.83	0.52
Togo	81.36	11.99	17.22	8.68	17.17
NON WAEMU	770.61	608.35	1 376.90	1 307.22	1 268.77
Nigeria	645.40	578.31	1 358.74	1 282.38	1 244.45
Tchad	12.67	3.76	1.47	2.91	1.85
Others	183.06	26.28	16.69	21.93	22.47

AMERICA	10.44	4.69	5.73	13.41	13.52
USA	5.77	2.54	4.14	13.04	13.17
Others	4.68	2.1494	1.587	0.3642	0.36
Not classified elsewhere	0.01	419.46	0.0052	0.0014	1.23
Total	1 267.29	1 414.37	1 680.34	1 729.61	1 857.61
Countries of origin	IMPORTS OF GOODS (billions of CFAF)				
ASIA	559.86	567.94	717.05	988.58	872.00
China	137.82	162.18	132.63	138.96	144.56
Thaïlande	96.98	144.47	227.92	254.78	190.96
India	163.64	144.47	227.92	336.33	218.92
Malaysia	0.00	34.64	38.37	68.90	55.16
Singapour	0.00	33.53	16.00	21.86	13.95
Others	24.57	79.17	110.68	167.75	248.47
EUROPE	455.73	524.68	433.25	425.86	489.46
European Union	431.40	504.30	405.12	406.49	398.63
Belgium	56.47	74.11	63.75	61.95	74.21
France	165.61	173.43	155.25	120.17	136.58
Spain	22.06	87.29	30.60	23.45	30.77
The Netherlands	61.64	46.91	56.38	127.25	59.36
Danmark	0.00	6.85	4.01	3.97	17.90
Others	36.49	122.56	99.14	73.67	79.80
Non European Union	24.33	20.39	28.13	19.37	90.83
AFRICA	346.37	518.02	477.65	526.20	969.69
WAEMU	203.01	201.58	202.71	252.59	239.39
Burkina	2.99	0.5135	1.43	2.76	2.82
Côte-D'Ivoire	38.33	40.91	24.14	39.38	34.72
Niger	9.20	17.20	11.17	39.06	15.16
Mali	8.00	8.65	11.18	0.59	20.09
Senegal	10.69	14.94	13.70	11.17	12.06
Togo	158.30	114.74	141.09	157.63	154.52
NON WAEMU	0.00	316.45	532.92	411.35	756.79
Ghana	12.30	12.41	11.88	12.37	16.17
Nigeria	37.98	245.32	429.37	335.23	602.43
Tchad	0.00	5.87	0.01	0.0024	0.0005
South africa	13.89	2.60	8.78	13.52	16.40
Others	0.00	50.24	82.88	50.23	121.80

AMERICA	123.98	100.92	73.83	91.01	97.62
USA	76.70	47.75	33.95	51.21	49.14
Brazil	35.91	41.07	30.88	34.51	40.63
Others	7.03	12.10	8.99	5.29	7.86
Not classified elsewhere	409.03	206.71	259.72	139.86	1.24
Total	1 894.97	1 918.28	1 961.50	2 171.51	2 430.01

Source : BCEAO

Benin imports come from several continents, notably Asia, Europe and Africa. Country analysis shows that Benin's main suppliers are China, India and Thailand in Asia, France and the Netherlands in Europe, Togo and Nigeria in Africa, and in America, the United States and Brazil. In 2018, compared to 2017, the share of imports from Asia declined in favour of imports from Africa and Europe. Indeed, India (8.9% in 2018 against 15.5% in 2017) and Thailand (8.9% in 2018 against 15.5% in 2017) lost market share to the benefit of Nigeria (25.6% in 2018 against 15.4% in 2017) and France (5.6% in 2018 against 5.5% in 2017).

In Africa, the main African countries supplying Benin in 2018 were Nigeria (25.6%) and Togo (6.3%). Benin mainly imports electricity from Togo, through the Communauté Electrique du Bénin, and petroleum products from Nigeria.

5.3.3 International exchanges in value and by product

Benin's official exports remain dominated by cotton products, which account for more than half of foreign sales. Benin also exports cashew nuts, wood and wooden articles, whose values are still low compared to cotton fibre. Exports of iron, cast iron and steel are made up of the production of metallurgical industries and scrap metal shipped to Asian countries, while oil products exported are in fact re-exports.

The quantity of cotton fibre exported increased by 17.2%, rising from 233.58 thousand tonnes in 2017 to 273.72 thousand tonnes in 2018, in line with the development of the 2017-2018 cotton campaign, which resulted in seed cotton production of 597,986 tonnes against 451.121 tonnes in the previous campaign. In value terms, exports of cotton products

recorded a 23.2% increase in 2018 compared to 2017. Cotton production has recovered since the 2016-2017 campaign thanks to restructuring measures initiated by the government, including the repositioning of the Interprofessional Cotton Association as the manager of the sector, the strengthening of cotton crop supervision and the improvement in yield per hectare. It should also be noted that the average price of cotton fibre investment outside the country was CFAF 933.5 per kilogram in 2018, compared to CFAF 906.6 per kilogram in 2017.

Cashew nuts are the second most important export crop after cotton. Its production is driven by the growing interest of farmers in this crop, whose prices on the international market have recovered as a result of rising global demand, particularly from Asia, Europe and the US. In 2018, cashew nut sales abroad amounted to 76.19 billion CFA francs, up 57.8% compared to 2017.

Iron, cast iron and steel" products are mainly exported by the metallurgical industries to the countries of West Africa (Niger, Togo and Burkina Faso) and Central Africa (Chad). In addition to industrial production, the exports recorded under this heading relate to scrap metal²⁵ from recovery. These products are subsequently exported to Asia, mainly China, India and Vietnam.

Exported petroleum products are re-exported to hinterland markets (Mali and Burkina Faso). These re-exports increased from CFAF 10.72 billion in 2017 to CFAF 14.32 billion in 2018, in line with the increase in shipments from depots at the port of Cotonou.

²⁵ The scrap metal is acquired by wholesalers from collectors or intermediaries who visit homes and garages to recover previously crushed household items and user vehicles.

Table 45. Benin's exports and imports by product

Posts	2014	2015	2016	2017	2018
	Exports (in billions of CFAF)				
COTTON PRODUCTS	156.24	168.3	117.49	243.67	300.24
Cotton fibres	150.43	161.61	110.36	211.77	255.52
Cotton seeds	0.39	0.6571	2.05	13.90	24.35
Cotton cakes	2.64	3.29	2.34	4.03	7.25
Cottonseed oil	2.77	2.88	2.74	13.98	13.11
PALM PRODUCTS	2.80	2.90	2.76	14.00	13.46
Palm oil	2.77	2.88	2.74	13.98	13.11
Palm kernel oil	0.02	0.0154	0	0	0.3486
Palm kernel cakes	0.00	0.0033	0.0262	0.0262	0.00
OTHER PRODUCTS of which :	314.71	198.31	122.04	172.01	214.34
Meat and edible offal	0.20	0.1185	0.0128	13.25	17.12
Cashew nuts	32.44	42.52	23.14	48.29	76.19
Rice	3.57	0.1033	0	0	0.00
Tobacco and cigarettes	0.19	0.0611	0.1609	0.015	0.0192
Sugar and sweets	4.37	2.24	3.40	2.99	2.05
Drinks	0.18	0.3141	0.4592	0.4949	0.1855
Wood and wooden articles	6.18	7.27	3.35	4.59	3.96
Petroleum products	51.41	13.43	8.58	10.72	14.33
Precious Metals	10.75	8.87	10.62	13.16	7.19
Cast iron and steel	26.07	19.24	12.14	9.37	17.97
TOTAL (official statistics)	473.74	369.64	242.29	429.69	528.03
Field adjustment	793.54	1 044.72	1 438.06	1 201.58	1 329.58
Of which re-export	641.51	550.20	835.87	853.06	852.30
Adjusted total exports	1 267.29	1 414.36	1 680.34	1 729.61	1 857.61
	TOTAL CIF IMPORTS (in billions of CFAF)				
FOOD PRODUCTS	846.83	605.87	766.13	969.01	873.76
Cereals	505.28	272.26	453.76	620.94	488.63
Including Rice	504.66	271.71	453.44	618.20	486.33
Sugars and sweets	15.94	23.54	20.35	34.32	44.87
Beverages and tobacco	10.55	12.31	9.75	6.67	11.21
Other food products	315.06	297.76	282.26	307.07	329.05
OTHER CONSUMER GOODS	167.84	154.44	127.71	124.88	83.16
INTERMEDIATE GOODS	207.91	172.39	157.73	139.50	221.54
Chemical products	60.00	43.52	47.90	29.86	94.37
Cotton and cotton articles	28.35	21.96	14.01	14.82	13.10
Other intermediate goods	119.55	106.91	95.81	94.82	114.08
ENERGY PRODUCTS	258.35	258.07	204.10	307.12	335.63
Petroleum products	187.91	183.77	144.73	231.77	247.99
Electrical energy	68.48	71.33	55.53	70.60	79.26
Other energy products	1.97	2.97	3.85	4.75	8.38

CAPITAL GOODS	366.18	283.08	222.46	218.51	240.41
Machines and appliances	146.49	136.93	108.11	122.15	123.61
Transport equipment	219.69	146.14	114.35	96.36	116.80
OTHER GOODS NOT CLASSIFIED ELSEWHERE	7.58	8.63	6.74	10.82	69.29
TOTAL (off. CIF statistics)	1 854.70	1 482.47	1 484.87	1 769.83	1 823.80
Field adjustment	40.27	435.81	476.64	401.68	606.21
Unregistered trade	40.27	435.81	476.64	401.68	606.21
TOTAL IMPORTS CIF	1 894.97	1 918.28	1 961.50	2 171.51	2 430.01

Source : BCEAO

Benin's imports reflect the structure of the Beninese economy, which is dominated by commercial activities. Thus, food products remain the main import products with a proportion of 47.9% in 2018 against 54.8% in 2017. These products essentially feed the informal cross-border re-export trade. These include rice, whose imports reached CFAF 486.33 billion in 2018 against CFAF 618.20 billion in 2017.

As for capital goods, they represented 13.2% of official imports in 2018 against 12.3% in 2017. In value terms, foreign purchases of capital goods increased by 10.0% to CFAF 240.41 billion. This increase was driven by the consolidation of imports of transport equipment (+21.2%).

As for machines and appliances, they are in pro-

gression by 1.2%, coming out at 123.61 billion CFAF against 122.15 billion CFAF in 2017.

As regards imports of energy products, they amounted to 335.63 billion CFAF, an increase of 9.3%. They represented 18.4% of total imports. They represented 18.4% of total imports. The observed progression is mainly due to imports of petroleum products (+7.0%) and electrical energy (+12.3%).

Finally, imports of intermediate goods increased by 58.8% to reach CFAF 221.54 billion in 2018. They accounted for 12.1% of Benin's official imports. The increase observed in 2018 is driven by the sub-categories "chemical products" (+216%) and "other intermediate goods" (+20.3%).

5.4. Foreign direct investment

5.4.1. FDI by country of origin

Most foreign direct investment comes from countries in Africa, Europe and Asia. Net inflows of direct investment stood at CFAF 102.37 billion in 2018 against CFAF 98.13 billion in 2017, an increase of CFAF 4.24 billion, in line with the favourable outlook for the Beninese economy.

The net flows of direct investment in 2018 are essentially made up of debt instruments (CFAF 111.22 billion). Togo (52.9%), China (36.2%), Senegal (12.2%) and Nigeria (8.2%) are the main providers of net direct investment flows to Benin in 2018. In 2017, the main providers of FDI in Benin were China (23.8%), Togo (13.8%), France (9.2%) and Nigeria (7.5%).

Tableau 46. Foreign Direct Investment by country of origin (in millions of CFAF)

	2014		2015		2016		2017		2018	
	Amount	Share (%)	Amount	Share (%)	Amount	Share (%)	Amount	Share (%)	Amount	Share (%)
AFRICA	64 293.50	32.1	-2 892.80	-3.3	8 011.40	10.3	45 980.60	46.9	24 574.90	24.0
WAEMU	27 508.90	13.7	-830.8	-0.9	31 996.80	41	25 313.60	25.8	41 317.30	40.4
Benin	0	0	0	0	0	0	0	0	0	0,0
Burkina	-1 708.90	-0.9	118.6	0,1	27 068,80	34.7	0	0	-7 591.60	-7.4
Côte d'Ivoire	21 285.50	10.6	2 053.10	2.3	-4 533.20	-5.8	7 319.30	7.5	-12 988.50	-12.7
Guinea-Bis-sau	0	0	0	0	5	0	3 696.70	3.8	0.00	0.0
Mali	0	0	-69.5	-0.1	2.2	0	1	0	-8 696.70	-8.5
Niger	1.2	0	2 592.80	2.9	-78	-0.1	1 500.00	1,5	3 920.00	3.8
Senegal	8 228.00	4.1	-5 726.20	-6.5	-683.4	-0.9	-166	-0.2	12 478.70	12.2
Togo	-194.5	-0.1	200.3	0.2	10 215.40	13.1	13 556.10	13.8	54 195.40	52.9
ECOWAS outside WAE-MU of which :	36 173.20	18.1	-3 007.40	-3.4	-6 939.50	-8.9	6 525.90	6.7	8 378.80	8.2
Ghana	35.8	0	36.2	0	0	0	-846	-0.9	-143	-0.1
Nigeria	36 137.40	18	-3 043.60	-3.4	-6 939.50	-8.9	7 371.90	7.5	8 410.80	8.2
EMCCAS	-298.1	-0.1	15 954.60	18	-2 279.40	-2.9	1 114.60	1.1	-8 579.40	-8.4
Africa outside ECOWAS, EMCCAS and WAEMU of which :	909.5	0.5	-15 009.20	-17	-14 766.50	-18.9	13 026.50	13.3	-16 541.80	-16.2
South Africa	0	0	-810.4	-0.9	-20 137.60	-25.8	0	0	0	0,0
Libya	325.9	0.2	0	0	-353	-0.5	4 205.50	4.3	292.00	0.3
EUROPE	102 664.20	51.2	92 435.00	104.4	67 033.70	85.8	18 790.30	19.1	24 448.40	23.9
EUROPEAN UNION	93 605.30	46.7	86 021.30	97.2	71 328.10	91.3	9 221.30	9.4	-15 139.30	-14.8
EURO ZONE of which :	93 617.90	46.7	82 556.50	93.2	63 535.30	81.4	9 221.30	9.4	-25 139.30	-24.6
France	89 795.40	44.8	80 867.40	91.3	62 652.90	80.2	9 034.40	9.2	-25 844.20	-25.2
The Nether-lands	2 171.10	1.1	-5	0	0	0	0	0	0	0.0
Portugal	0	0	-21	0	-344.2	-0.4	0	0	0	0,,
Others	257.3	0,1	1 100.50	1.3	1 178.60	1.5	86.9	0.1	581.5	0.6
European Union outside the euro zone including :	-12.6	0	3 464.90	3.9	7 792.70	10	0	0	10 000.00	9.8
United King-dom	0.4	0	198.2	0.2	0	0	0	0	0	0.0

Europe outside the EU including:	9 059.00	4.5	6 413,60	7.2	-4 294.40	-5.5	9 569.00	9.8	39 587.70	38.7
Switzerland	1 407.80	0.7	6 413.60	7.2	-2 591.40	-3.3	219	0.2	237.7	0.2
AMERICA of which:	31 696.10	15.8	-289.8	-0.3	2 393.40	3.1	9 865.20	10.1	18 294.70	17.9
Brazil	32 550.00	16.2	0	0	0	0	0	0	0	0.0
United States of America	174	0.1	-289.8	-0.3	2 645.60	3.4	9 865.20	10.1	10 218.00	10.0
ASIA including :	600.8	0.3	-712.4	-0.8	661.5	0.8	23 492.30	23.9	33 904.00	33.1
China	-2 195.30	-1,1	-657.3	-0,7	0	0	23 394.40	23.8	37 023.00	36.2
International Institutions	0	0	0	0	0	0	0	0	875.0	0.9
Others	1204.9	0.6	109.9	0.1	65.1	0.1	92.9	0.1	359.5	0.4
TOTAL	200 335.80	100	88 539.90	100	78 100.00	100	98 128.30	100	102 370.50	100.0

Source : BCEAO

5.4.2 FDI by sector

(2014-2015, and 2017)

Economic sectors that have benefited from FDI over the past five years include mining (2014), manufacturing (2014 and 2016-2018), construction (2014-2016), wholesale and retail trade (2014 -2018), transportation and warehousing (2014-2018), and financial intermediation, insurance, and pension

In 2018, the main sectors in which direct investment is consolidated are "transportation and warehousing" (74.7% of the total) and "wholesale and retail trade" (72.1%). In contrast, net investment flows declined in "Construction" (-27.3%) and "Financial intermediation, insurance and pension funds" (-10.0%).

Table 47. FDI by product (in millions of CFAF)

	2014	Share (%)	2015	Share (%)	2016	Share (%)	2017	Share (%)	2018	Share (%)
Sylviculture and Fishing	0	0	0	0	0	0	0	0	0	0
Mining Exploitation	76 000.00	37.9	-70.6	-0.1		0		0	0	0
Manufacturing industry	12 636.60	6.3	-3 302.20	-3.7	11 849.20	15.2	19.7	0	1 143.70	1.1
Production and distribution of electricity gas		0	-122.9	-0.1		0	9 900.00	10.1	9 900.00	9.7
Water supply Sanitation		0	0	0		0	0	0	0	0
Construction	3 659.00	1.8	23 375.20	26.4	19 235.00	24.6		0	-27 991.20	-27.3
Wholesale and retail trade	22 791.30	11.4	24 152.10	27.3	26 940.80	34.5	8 115.00	8.3	73 815.30	72.1
Transportation, Warehousing	9 530.90	4.8	42 386.00	47.9	29 776.30	38.1	18 921.20	19.3	76 487.70	74.7
Hotels, restaurants and pubs	3 399.70	1.7	-107	-0.1	-23.4	0		0	-56.3	-0.1
Communication	-3 497.20	-1.7	-23 457.60	-26.5	-8 877.90	-11.4		0	-20 770.60	-20.3
Financial intermediation, insurance, pensions	75 653.50	37.8	25 411.60	28.7	-813.6	-1	61 172.40	62.3	-10 191.90	-10.0
Real estate, renting, business services	161	0.1	275.3	0.3	13.8	0		0	33.9	0
Others	1	0	1	0		0		0	0	0
Total	200 335.80	100	88 540.90	100	78 100.20	100	98 128.30	100	102 370.50	100

Source : BCEAO

5.5.1. WAEMU convergence criteria

The convergence criteria are five (05) in number. Three (03) first-tier criteria and two (2) second-tier criteria. The key criterion is that of the overall budget balance (including grants) in relation to nominal GDP.

Over the last five years, Benin has met two top-ranking criteria, namely the inflation rate and the debt stock. The criterion relating to the budget

balance was met in 2014, 2018 and 2019. None of the second-tier criteria has been met by Benin. However, an effort in this area is noted. Indeed, the criterion relating to the wage bill in relation to tax revenue has improved since 2017 in line with the measures taken by the government to control the wage bill. With regard to the tax burden, Benin still needs to boost tax revenue mobilisation if it hopes to approach the 20 % threshold recommended by WAEMU.

Table 48. WAEMU convergence indicators for Benin

BENIN	Standard	2014	2015	2016	2017	2018	2019
First rank							
Overall fiscal balance (including grants) / nominal GDP	≥3%	-1.4	-5.9	-4.4	-4.3	-2.9	-0.5
Average annual inflation rate	≤3%	-0.6	0.2	-0.8	1.8	0.8	-0.9
Outstanding domestic and foreign public debt /nominal GDP	≤ 70%	22.3	30.9	35.9	39.7	41.1	41.2
Second row							
Payroll/Tax revenue	≤35%	45.3	48.2	55.2	47.3	44.0	41.2
Rate of tax pressure	≥20	10.7	10.6	9.2	9.7	10.3	10.6

Source : DGEA

5.5.2. Review of the state of regional integration

Benin is a member of several regional and sub-regional organisations, including the African Union, the Economic Community of West African States (ECOWAS), the West African Economic and Monetary Union (WAEMU), the Council of the Entente and CEN SAD. ECOWAS is primarily an economic union while UEM deals with both economic and monetary matters.

Benin's membership of ECOWAS has enabled it to implement the Common External Tariff at the customs cordon since 1st January 2015. In terms of integration within WAEMU, it should be noted that the countries' performance is assessed through the implementation of sectoral projects and programmes, particularly in the areas of economic governance, convergence, the common market and structural reforms.

On the whole, the annual review of community poli-

cies and projects organised in December 2019 notes that Benin achieved a rate of 77.3% in 2019 against 80.2% in the implementation of these reforms. Despite this slight decline, Benin has maintained its achievements in several areas.

More specifically in terms of economic governance, the average rate of implementation of Community texts was 81.48% in 2019 compared to 88.15% in 2018. This situation can be explained by the lack of implementation of certain dynamic provisions for taking into account in the new 2019 rating of the provisions relating to the Additional Act No. 01/2015/CCEG/WAEMU relating to the convergence criteria.

In terms of convergence, Benin has met the three primary convergence criteria in 2018 and 2019, compared to two in 2017. These are the criterion on the basic budget balance, the inflation rate and the public debt rate in 2018 and 2019 against the criterion on the inflation rate and the public debt rate in

2017. The two other criteria not yet met are those relating to the wage bill and the tax burden.

At the level of the common market, the rate of implementation of Community texts in this area was 67.2% in 2019 compared to 69.10% in 2018. More specifically for internal taxation, nine (09) directives out of ten (10) and one (01) decision out of three (3) have been fully implemented. With regard to the customs union, Benin applies almost all (98%) of the Community provisions. Of the two directives on competition, only one is partially transposed. Benin implements all Community provisions relating to the preferential regime. As of December 30, 2017, ~60 companies and 460 products are eligible for the preferential regime for intra-community trade.

The four (04) directives relating to the free movement and establishment of health professionals have not yet been transposed in Benin. In the field of higher education, the four (04) public universities imple-

ment the provisions relating to Directive n°01/2005/CM/WAEMU of 16 September 2005 relating to the equal treatment of Union students enrolled in public higher education institutions through rectors' orders and Directive n°02/2007/CM/WAEMU of 04 July 2007 on the establishment of a single period for holding the baccalaureate in Member States is fully transposed and applied. With regard to the regulation on the harmonisation of rules governing the legal profession in WAEMU, the three provisions are implemented. Directive n°01/2013/CM/WAEMU relating to the harmonisation of the rules governing the profession of Architect within the WAEMU has still not been transposed.

In terms of structural reforms, the average implementation rate was 83.20% in 2019 compared to 83% in 2018. These reforms concern sectors such as transport and transport facilitation, telecommunications, agriculture, environment, human and social development, crafts and quality.

6.1 Business climate

Over the last five (05) years, Benin's ranking in terms of "ease of doing business" has generally improved even if it has deteriorated in 2019 compared to 2018. Indeed, Benin's rank has gone from 158th in 2016 to 149th in 2020. Benin's score rose from 51.42 in the 2019 report to 52.4 points out of 100 in the 2020

report, placing Benin above the African average of 51.8. The performance recorded in 2020 compared to 2019 indicates the effectiveness of the reforms undertaken by the Beninese authorities to improve the business climate.

Table 49. Benin Doing Business Ranking

	2015	2016	2017	2018	2019	2020
Number of classified countries	189	189	190	190	190	190
Benin's overall ranking	151	158	155	151	153	149
Starting a business	117	115	57	56	61	65
Obtaining a building permit	64	82	74	46	51	82
Electricity connection	173	179	174	174	176	178
Transfer of ownership	165	172	173	127	130	126
Transfer of ownership	116	133	139	142	144	152
Protection of minority investors	135	150	145	146	149	120
Taxes and duties payments	178	179	173	174	176	171
Cross-border trade	121	116	133	136	107	110
Execution of contracts	167	168	169	170	171	162
Insolvency Regulation	115	112	115	105	110	108

Source : World Bank

From 2016 to 2020, Benin has implemented more than 12 reforms to make the business climate more attractive. Substantial progress has been made in setting up businesses, obtaining building permits, transferring property, obtaining loans and settling insolvency.

Benin has improved access to credit information by launching a new credit bureau. It has facilitated the enforcement of contracts by adopting a law regulating all aspects of mediation as an alternative dispute resolution mechanism. Benin has amended its regulations on fixed-term contracts. It has increased the transparency of the processing of building permits by publishing construction regulations online, free of charge. With regard to property registration, Benin has reduced costs by abolishing the registration of taxes over several years. It has also improved the

transparency of land administration by publishing the documentary requirements and fee schedule required for real estate transactions. Benin has improved its credit information system by introducing regulations governing the licensing and operation of credit bureaus in member states of the West African Economic and Monetary Union (WAEMU).

In addition, Benin has facilitated the creation of enterprises by eliminating the need to legalise company statutes to activate a bank account after incorporation. It has facilitated the resolution of insolvency by introducing a new conciliation procedure for companies in financial difficulty and a simplified preventive settlement procedure for small businesses. Benin has also made business creation less costly by reducing the cost of filing company documents at the one-stop shop.

Benin has also made cross-border trade easier by developing its electronic single window system, which has reduced the time needed to cross the border". Nevertheless, much remains to be done to improve results and benefit from the beneficial impacts of these regulatory changes.

Table 50. Indicators of Doing Business

Indicator	Regulation	Metric (indicate those available)
	Name of the law or programme passed or in progress.	Procedure time, average number of procedures, cost spent
Starting a business	Decree N°2014-547 of 12 September 2014 on the creation, attributions, organisation and functioning of the Investment and Export Promotion Agency of Benin (APIEX) specifies in its article 4 among others that it deals with the formalities of company creation, exercise, modification, cessation of activities or dissolution.	<ul style="list-style-type: none"> - Procedures - Men (number): 5 - Times-Men (days) : 8 - Cost-Men (% of income per hbt): 3.4 - Procedures - Women (number): 6 - Time - Women (days): 9 - Cost-Women (% of income per hbt): 3,5 - Minimum capital required : 25000 CFAF - Minimum capital required (% of income per hbt): 5.0
Building permits	Decree N°2014-205 of 13 March 2014 regulating the issuance of building permits in the Republic of Benin and its implementing decrees.	<ul style="list-style-type: none"> - Procedures (number): 14 - Delay (days): 88 - Cost (% of construction value): 4.8 - Construction Quality Control Index (0-15): 9.0
Access to electricity		<ul style="list-style-type: none"> - Procedures (number): 5 - Deadline (days) : 90 - Cost (revenue per hbt): 11584.3 - Reliability of supply and tariff transparency indicator (0-8): 0
Property registration	Law N°2017-15 modifying and supplementing Law N°2013-01 of 14 August 2013 on the Land and State Code in the Republic of Benin.	<ul style="list-style-type: none"> - Procedures (number): 4 - Delay (days) : 120 - Cost (% of the value of the property): 3.4 - Land administration quality indicator (0-30): 9.0
Access to credit	Law N°2017-02 of 03 May 2017 relating to leasing in the Republic.	<ul style="list-style-type: none"> - Index of reliability of guarantees (0-12): 6 - Index of extent of credit information (0-8): 0 - Credit Register Coverage (% adults): 0.0 - Credit bureau coverage (% adults): 1.3

Average time to be paid		
Protection of minority investors		<ul style="list-style-type: none"> - Index of disclosure of information (0-10): 7.0 - Index measuring managerial responsibility (0-10): 1.0 - Index of ease of prosecution by shareholders (0-10): 5.0 - Shareholder rights index (0-6): 4.0 - Ownership and control index (0-7): 2.0 - Transparency Index of Companies (0-7): 2.0
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 Tax Administration Strategic Orientation Plan(TASOP) 2016-2021. The reforms concern, among others, tele-paiement and tele-procedures. These two reforms became effective during the first quarter of 2018	<ul style="list-style-type: none"> - Payments (number per year): 54 - Delay (hours per year): 270 - Total payable (% of gross profit): 48.9 - Post-tax return index (0-100): 49.3
Export facility		<ul style="list-style-type: none"> - Time to export : compliance with cross-border trade procedures (in hours): 78 - Export cost : Compliance with cross-border trade procedures (USD) 354 - Export lead time : Compliance with documentation requirements (in hours) 48 - Export cost : Compliance with documentation requirements (USD) 80 - Import deadline : compliance with cross-border trade procedures (in hours): 82 - Import deadline : compliance with cross-border trade procedures (in hours): 82 - Time to import : Compliance with documentation requirements (in hours) 59 - Import cost : Compliance with documentation requirements (USD) 110
Enforcing contract law		<ul style="list-style-type: none"> -Time (days): 595 -Cost (% of the debt): 64.7 - Quality of legal proceedings (0-18): 6.5

Insolvency resolution		<ul style="list-style-type: none"> - Recovery rate (U.S. cents): 23.9 - Time (years): 4.0 - Result (0 if the assets are sold separately and 1 if the business 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		

Source : Rapport Doing Business 2020

In terms of governance, the Mo Ibrahim index for Benin was 58.7 in 2017 against 58.9 in 2016 and 58.6 in 2015. Transparency International's international ranking according to the Corruption Perception Index published in 2020 ranks Benin 80th in 2019 against 85th in 2017.

The Government is determined to fight corruption and the pre-emption of state resources. With this in mind, a "clean hands" operation has been launched with the aim, on the one hand, of prosecuting those who, in the exercise of their duties, have siphoned off State resources and, on the other hand, to deter those who may still be tempted to engage in corruption. Thus, those involved in proven cases of corruption are brought before the courts.

In addition, in 2018, Benin established the Court for the Repression of Economic Offences and Ter-

rorism (CREOT). This court was operational towards the end of 2018 and the beginning of 2019. Several cases of misappropriation of public funds have been investigated. Following complaints by the Constitutional Court and the African Court of Human and Peoples' Rights, the parliament adopted in 2020 Law No. 2020-07 amending and supplementing Law No. 2001-37 of 27 August 2002 on the organisation of the judiciary in the Republic of Benin, as amended by Law No. 2018-13 of 2 July 2018 relating to the CREOT. Thus, the public prosecutor's office and the registry are strengthened. The new law also involves an indicative list of offences falling within the jurisdiction of the CREOT, a precise indication of the profile of magistrates called upon to officiate there, the clarification of the procedural regime applied there and the simplified transitional law.

6.2 Financial Governance

At the end of the 6th review of the agreement with Benin under the Extended Credit Facility (ECF), from 9 to 17 April 2020, the IMF estimated that Benin's recent economic performance remains good despite a less favourable external environment and the closure of the border with Nigeria. The results obtained under the IMF-supported programme remain very satisfactory. All quantitative performance criteria at end-December 2019 and structural benchmarks have been met. After strong growth estimated at close to 7% in 2019, the pandemic and the prolonged closure of the border with Nigeria are expected to significantly weaken Benin's short-term economic prospects.

Economic growth is expected to decelerate to 3.2 % in 2020 due to COVID-related restrictions on do-

mestic activity, a substantial decline in external demand and disruptions to global trade and supply chains. The budget deficit for 2020 is projected to widen to 3.5 % of GDP due to declining revenues, increased health spending and measures to support the economy. The authorities are in the process of mobilising additional funding from the IMF and other international partners to finance this widening budget deficit. The response plan, estimated at 1.7% of GDP, includes an increase in health spending, assistance to the most vulnerable sections of the population and targeted and temporary support for affected businesses. The authorities are committed to maintaining good governance and full transparency in the implementation of these programmes. While public

debt is projected to reach 43.3% of GDP in 2020, the authorities remain focused on the objective of fiscal sustainability, anchored in a steady decline in the public debt-to-GDP rate over the medium term as the crisis subsides.

Under the 5th However, these operations may also

create new vulnerabilities that need to be taken into account. In this context, IMF staff encouraged the authorities to continue to strengthen their debt management framework and welcomed their decision to update the medium-term debt management strategy.

6.3 Benin awards and financial ratings

The good performance of the national economy over the period 2016-2019 has earned it several distinctions, including the following :

1. Benin has consistently received a "Very Satisfactory" rating following Article IV reviews of its Economic and Financial Programme with the IMF for the period 2019-2022. which is the highest level on the IMF's rating scale ;
2. Benin was recognised by the WAEMU in 2019 as the country having made the best progress (more than 80%) in terms of reforms and internalisation of WAEMU texts at the national level;
3. Benin was recognised in 2019 as the only ECOWAS country that promotes the principles and rules of free trade and movement of goods and persons ;
4. Benin was ranked 1st in terms of budget transparency in 2019 in French-speaking Africa by the European Union and the International Monetary Fund;
5. Benin won the GlobalMarkets award for the best sovereign debt manager in sub-Saharan Africa in 2019 at the World Bank's Annual Meeting in Washington ;
6. In recognition of good macroeconomic management and good governance, Benin was awarded the Best Finance Minister of Africa in 2019 by the African Development Bank and the Best Finance Minister of WAEMU in 2018;
7. Benin joined the G20 Compact With Africa in recognition of its efforts in the area of governance. Only 12 African countries had signed up to this date ;
8. Benin carried out a sovereign debt rescheduling operation with the partial guarantee of the World Bank. This operation was recognised as the best international transaction in 2018 because it involved the use of IDA (World Bank) allocations in the form of a partial guarantee, the ATI-ACA Agency (Assurance pour le Commerce en Afrique) and the syndication of a pool of some twenty Lloyd's of London insurance companies ;
9. Benin has been selected by the United Nations to carry out a study on the financing of the Sustainable Development Goals with four (04) other countries in the world (In Africa, only two (02) countries have been selected, Rwanda being the second country) ;
10. Benin is rated B+, stable outlook by Standard & Poor's in 2018 and confirmed in 2019. This rating places Benin among the leading African countries ;
11. Benin is rated A-, stable outlook by regional agencies Bloomfield and WARA. This is again one of the best ratings in the WAEMU region.
12. Benin was the first African country to issue its inaugural Eurobonds in Euro. The subscription rate of over 200% and a coupon of 5.75%;
13. In 2020, the international financial rating agency Standard & Poor's maintained the "B+ with stable outlook" rating assigned to the Republic of Benin. This decision confirms the solidity of the country's economic fundamentals and underlines the good management of the Covid-19 crisis by the authorities, while several African countries have seen their ratings downgraded since the beginning of the pandemic ;
14. Benin recorded an increase in its CPIA score for the first time in 12 years, from 3.5 in 2018 to 3.6 in 2019, and is now only 5 countries ahead of Africa;
15. Benin becomes a middle-income country in 2020, for the first time in its history, according to the World Bank's ranking, published on 1 July 2020.

7.1 Budget

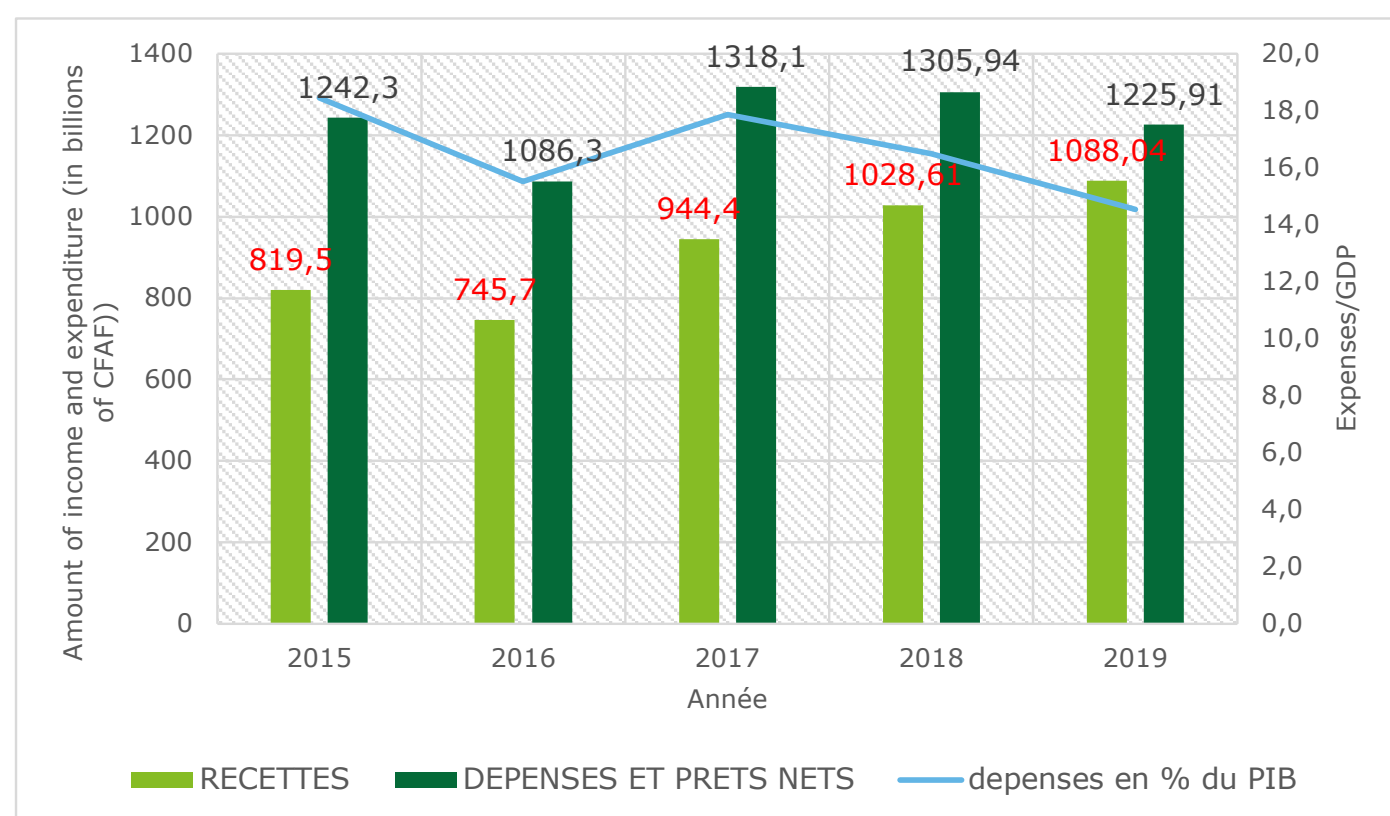
7.1.1 Expenditure and revenues

The State revenues have globally increased over the period 2015-2019, in connection, among other things, with the reforms undertaken by the financial authorities from 2016 onwards. They amounted to CFAF 1 088.8 billion in 2019 against CFAF 819.5 billion in 2015. Expenditure, for its part, fell for the second consecutive year after having reached CFAF 1.318.1 billion in 2017. Indeed, they amounted to 1.225.91 billion CFA francs in 2019 against 1.305.94

billion CFA francs in 2018. As a percentage of GDP, public expenditure represented 14.5% in 2019 against 18.5% in 2015.

In line with the evolution of revenue and expenditure, the deficit on an order basis was CFAF 137.9 billion in 2019 against CFAF 422.9 billion in 2015. As a percentage of GDP, the deficit represented 1.6% in 2019 against 6.3% in 2015.

Figure 14. Evolution of income and expenditure (in billions of CFAF)



Source : EFPMU/DGEA/IMF

7.1.2. Detailed presentation of expenditure and income

The evolution of State revenues reflects an upward trend mainly linked to tax revenues. Over the period, tax revenue recorded an average increase of 5.3% to CFAF 893.3 billion against CFAF 713.1 billion in 2015. Despite their increase, the tax burden remains fairly low, reflecting the need for Benin to boost re-

forms in order to broaden the tax base. In fact, the tax burden averaged 10.0% during the period under review compared to the minimum rate of 20% set by the WAEMU as part of the convergence of member states. It was 10.6% in 2019 against 10.3% in 2018.

Non-tax revenues recorded for the second consecutive year, a decline to CFAF 194.8 billion in 2019 against CFAF 217.2 billion in 2018, a drop of 10.3%.

In 2015, they were 106.4 billion CFAF.

Public expenditure and net lending came out at 14.5% of GDP in 2019 against 18.5% of GDP in 2015, reflecting a decline in public expenditure. However, the analysis per year of the different expenditure items shows that public expenditure recorded an increase in 2017 compared to 2016, attributable to both current and capital expenditure. The increase in capital expenditures is related to the actual start up of several projects included in the Government Action Program (GAP)

The decline in public expenditure in 2016 compared to 2015 is linked to the contraction of current transfers and operating expenditure following the non-renewal of subsidies to the cotton sector on the one hand, and investment expenditure on the other.

In 2017, there has been a contraction in personnel costs in connection with the measures taken by the

government to control the wage bill: i) the periodic census of state employees; ii) the audit of staff numbers and skills; iii) the forward-looking management of jobs and skills; iv) the interfacing of the FUR and SUNKWE6 systems; v) the banking of benefits for state employees; vi) the prioritisation of essential sectors for the recruitment of state employees; vii) the payment by bank transfer of diplomatic and consular post employees.

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Table 51. Detailed evolution of government revenue and expenditure

	2015	2016	2017	2018	2019	2020	2021	2022	2023
						Projections			
Income and grants	848.30	780.40	1 001.70	1 075.80	1185.7	1236.7	1353.4	1476.7	1615.8
Revenues	819.50	745.70	944.40	1 028.60	1088	1107	1261.6	1376.7	1506.2
Tax revenues	713.10	641.10	712.80	811.40	893.3	920.6	1060.6	1157.3	1266.2
Taxes on foreign trade	345.70	288.50	316.00	331.90	358	371.3	446.4	487.1	532.9
Direct and indirect taxes	367.40	352.60	396.80	479.40	535.3	549.3	614.2	670.2	733.2
Including oil taxes	2.89	3.49	2.93	1.98	3.7	-	-	-	-
Non-tax revenues	106.40	104.60	231.60	217.20	194.8	186.3	201	219.4	240
Grants	28.80	34.70	57.30	47.20	97.7	129.7	91.8	100	109.6
Projects	28.80	26.10	43.30	31.20	66.8	74	77.4	84.4	92.4
Programmes	-	8.60	14.00	16.00	30.8	55.7	14.4	15.7	17.2

Total Expenditure and Net Loans	1 242.40	1 086.20	1 318.10	1 305.90	1225.9	1537	1634.2	1730.1	1858.5
Current expenditure	845.30	781.10	820.20	857.80	899.4	1079.5	1081.3	1178.6	1289
Wages and compensation	343.40	353.80	337.30	356.70	368.3	405.9	437.9	477.8	522.7
Social Security	75.00	78.40	95.60	92.20	90.5	103	111.1	121.3	132.7
Transfers and others	249.50	185.50	166.60	179.40	180.9	256.5	201.2	219.5	240.2
Exceptional expenses	141.10	100.10	114.30	103.60	125.1	151.8	120.3	131.3	143.6
Due interest	36.30	63.30	106.40	125.90	134.6	162.3	210.7	228.8	249.8
On domestic debt	20.30	51.40	88.40	108.80	106.8	123.4	131	146	163.4
On foreign debt	16.00	11.90	18.00	17.10	27.8	38.9	79.8	82.8	86.4
Capital expenditure	376.90	299.60	491.50	445.60	330.4	457.5	552.9	551.5	569.5
On domestic resource	216.60	178.50	313.00	279.10	228.3	243.3	328.9	307.1	302.1
From external resources	160.30	121.10	178.50	166.50	102.1	214.2	224	244.4	267.4
Net loans	20.20	5.50	6.40	2.50	- 3.90	-	-	-	-
Primary balance	- 206.10	- 150.60	- 82.40	17.60	94.90	- 53.50	62.20	119.80	16.90

Source : DGEA/EFPMU/DGB/IMF

The primary deficit increased from CFAF 386.6 billion in 2015 to CFAF 3.2 billion in 2019 due to a decline in investment expenditure in 2018 and 2019, and a slight increase in current expenditure.

In 2020, according to the IMF, COVID-19 will lead to a shortfall in income and higher health-related expenditures. In addition, some non-priority capital expenditures may be deferred. Preliminary estimates indicate an overall budget deficit (on an order-by-order basis, including grants) of at least 3.4% of GDP in 2020, compared to 1.8% of GDP before COVID-19. Both government revenues and expendi-

tures are projected to increase. Revenues would rise from CFAF 1 261.6 billion in 2021 to CFAF 1 506.2 billion in 2023 and total expenditure would rise from CFAF 1 634.2 billion in 2021 to CFAF 1 858.5 billion in 2023.

7.1.3 General presentation of the budget

The 2020 Finance Act increased by 12.3% compared with the achievements of the 2019 Finance and Management Act. In terms of allocations to the ministries, with the exception of the sectors "Energy, Mining and Water", "Industry, Commerce and Small

and Medium-sized Enterprises", "National Defence" and "Labour and Civil Service", which recorded a respective decrease, all other sectors saw an increase in their budgets

Table 52. Evolution of the State expenditure by sectoral ministry

	2015		2016		2017		2018		2019		2020	
	Value (Bils CFAF)	Structure (%)	Value (Bils CFAF)	Structure (%)	Value (Bils CFAF)	Structure (%)	Value (Bils CFAF)	Structure (%)	Value (Bils CFAF)	Structure (%)	Value (Bils CFAF)	Structure (%)
Education	193.4	19.9	200.2	31.7	208.0	11.5	226.463	11.0	229.30	12.96	270.6	13.6
Health ²⁶	65.23	3.7	47.16	3.5	61.5	3.4	63.7	3.1	54.46	3.08	70.3	3.5
Labour and Public Service	-		-		28.2	1,6	7.7	0.4	7.66	0.43	7.1	0.4
Social Affairs	-21.9	-1.2	8.2	-0.6			4.7	0.2	3.70	0.21	7.7	0.4
Agriculture, Livestock, Fishing	67.3	3.8	57.6	4.3	58.6	3.2	53.9	2.6	39.37	2.23	70.9	3.6
Energy, Mining and Water	23.5	1.3	36.7	2.8	97.8	5.4	111.5	5.4	96.37	5.45	95.7	4.8
Interior	19.8	1.1	19.1	1.4	37.2	2.1	38.9	1.9	38.71	2.19	54.4	2.7
Justice	13.9	0.8	10.4	0.8	17.0	0.9	14.1	0.7	13.51	0.76	17.3	0.9
Army	48.9	2.8	49.5	3.7	59.2	3.3	66.4	3.2	44.74	2.53	41.3	2.1
Urbanism and Housing	26.8	1.5	9.7	0.7	101.0	5.6	113.4	5.5	54.34	3.07	86.3	4.3
Industry and commerce, small and medium-sized enterprises	29.4	1.7	41.4	3.1	55.1	3.0	19.2	0.9	10.61	0.60	9.7	0.5
Infrastructure and Transport	43.3	2.4	39.0	2.9	55.5	3.1	33.4	1.6	37.99	2.15	91.5	4.6
Communication and digital	28.9	1.6	14.2	1.1	31.2	1.7	17.5	0.8	17.65	1.00	19.0	1.0
Total²⁷	1 772.7		1 329.1		1 808.5		2 061.8		1 768.69		1 986.9	

Source : SIGFIP/DGP/MEF

The sectors "Education", "Infrastructure", "Urbanism and Habitat" and "Agriculture" recorded the highest increases in absolute terms. In fact, the "Education" sector saw its budget increase by 41.30 billions CFAF, an increase of 18.0% compared to 2019, in line with the reforms undertaken by the Government to give back to the Beninese school all its letters of nobility. In order to achieve the objectives set in the education sector, the provisional budget is distributed as follows : CFAF 118.93 billion for nursery and primary education, CFAF 87.89 billion for secondary

education and vocational training, and CFAF 63.76 billion for higher education and scientific research.

The "Infrastructure" and "Urbanism" sectors recorded a level of increase in their budgets of respectively CFAF 53.51 billion and CFAF 31.96 billion corresponding to an increase of 140.8% and 58.8% compared to their 2019 level in connection with the implementation of the worksites registered in the Government's Action Programme. Among other worksites, there are asphaltting and asphaltting works.

²⁶It concerns the three levels of education. ²⁷The total represents the amount executed under the Finance Act.

The "Agriculture" sector saw its allocation grow in 2020 by CFAF 31.53 billion compared to 2019 corresponding to an increase of 80.1% induced by several reforms underway to strengthen agricultural diversification and enhance food security.

The domestic security sector and the health sector have also recorded respective increases of 15.69 billion CFAF and 15.84 billion CFAF in 2020 compared to 2019. The increase in the security budget is justified by the actions that the State plans to implement to strengthen internal security and the fight against organised crime. As for the health sector, in connection with the response to the COVID-19 pandemic, its budget is expected to grow faster than initially planned.

7.1.4 Detailed presentation of the budget by item of expenditure

The Finance Bill, Management 2020 continues and reinforces the implementation of the Government's Action Programme (GAP 2016-2021), the application of the provisions of Organic Law n°2013-14 of 27 September 2013 relating to finance laws (OLFL) and the respect of commitments made with international financial institutions. The implementation of the state budget for 2020 management should enable Benin to consolidate its position on the path of economic growth and stabilisation of the macro-economic framework. The 2020 budget integrates in

the philosophy of its construction, additional efforts to develop the budgetary space in favour of investment and the social sector, by means other than increasing taxes and duties in particular:

- Widening the tax base (formalisation of informal sector enterprises) ;
- The apprehension of new tax niches, etc. ;
- The continued fight against tax fraud and tax evasion ;
- The dematerialisation of procedure ;
- Capacity building for the staff of public spending agencies and actors in the public spending chain;
- The continuation of the exercise to rationalise the operating credits of public services and the targeting of expenditure in favour of the financial commitments already made by the ministries in the context of the implementation of the flagship projects and programmes of the Government's Action Programme.

The finance bill (including the state budget) is balanced in terms of resources and charges, at the sum of CFAF 1.986.910 billion. It is an increase of 109.367 billion CFAF compared to the 2019 finance law which was 1.877.543 billion CFAF.

Tableau 53. The major outlines of the finance bill (2020)

Budgetary Expenditure	2019	2020
	Montant (en milliards de FCFA)	
General Budget	1 264.3	1 381.4
Ordinary expenditure	824.5	895.9
Staff expenditures	374.8	407.8
Financial expenses of the debt	153.9	162.3
Expenditure on the acquisition of goods	94.7	110.7
Current transfer expenses	201.1	215.2
Expenditures in capital	439.8	485.5
Domestic Financing	208.8	274.3
Foreign Financing	231.0	211.2

Budget Annex of the FNRB	85.5	89.0
Trust Fund Account	23.3	16.5
Total General Budget	1 373.0	1 486.9
Treasury charges	504.5	500.0
Total Budget	1 877.5	1 986.9

Source : Report on the presentation of the Management 2020 Budget, DGB/MEF

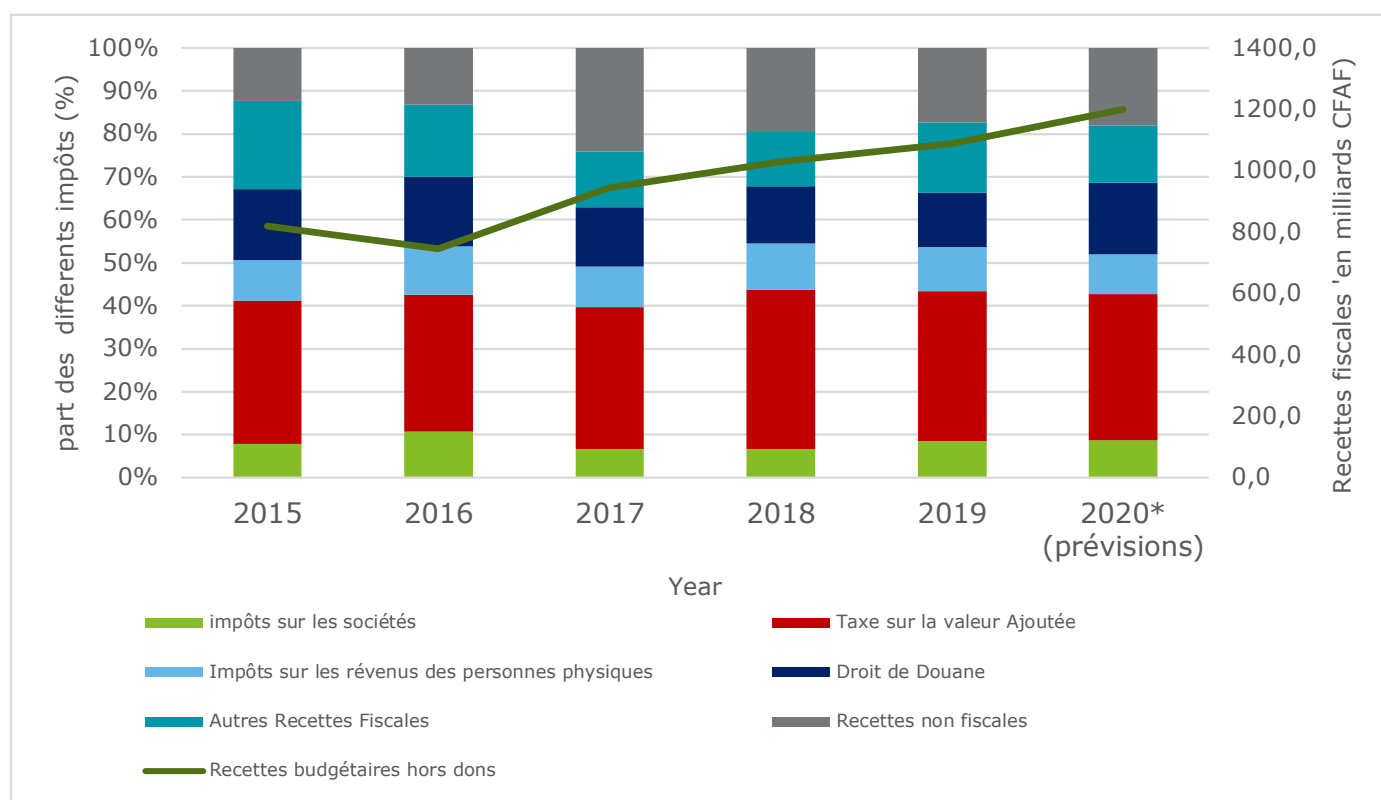
The analysis of the different expenditure posts shows an increase in ordinary expenditure of 8.7% and capital expenditure of 10.7%. The increase in ordinary expenditure is largely driven by the increase in personnel expenditure. As for capital expenditures, their growth is mainly related to the increase in domestic financing.

7.2. Fiscal policy

7.2.1 General budget revenue broken down by source

Revenue-generating taxes are in particular value added tax, customs duty, personal income tax and corporation tax.

Figure 15. Tax revenue by type of taxes (in billions of CFAF)



Source : CGI/DGI

The Value Added Tax (VAT)

The VAT remains the main revenue-generating tax, consisting of domestic VAT and import VAT. VAT on imports is deductible VAT. The VAT rate is 18% of the taxable base. The VAT contribution to be paid

corresponds to the excess of VAT collected by the company from customers on its sales or services (output VAT) over input VAT, i.e. the VAT paid on purchases by the taxpayer. Input VAT is deductible only if the corresponding output transactions are taxable.

The tax charged on goods that may be appropriated by the managers is not deductible. The number of taxable persons was 2.411 in 2019²⁸.

Corporate tax

Corporate Income Tax (CIT) is applied on net profits made in Benin, as well as those whose taxation is attributed to Benin by an international convention for the elimination of double taxation. The taxable profit is the net fiscal profit obtained on the basis of the accounting result after the reintegration of charges not deductible for tax purposes and the deduction of items not subject to tax.

Once the net taxable profit has been calculated, the rates applied are as follows :

- 30% for legal persons other than industries ;
- 25% for legal persons with industrial activity and mining enterprises (profits exclusively from the exploitation of a deposit of mineral substances) ;
- Between 35% and 45% for profits from the activities of searching for, exploiting, producing and selling hydrocarbons, including transport operations that are ancillary to these activities.

However, the amount of the tax cannot be less than 0.75% of the collectable income for legal persons having an industrial activity ; 1% for mining companies

and legal persons other than industries ; and CFAF 0.60 per litre of petroleum products sold for service stations. In all cases, the amount of the minimum tax cannot be less than CFAF 250,000.

Personal Income Tax (PIT)

The Personal Income Tax (PIT) is a single annual tax on the taxpayer's total net income. It is payable by all individuals and assimilated persons whose tax domicile is located in Benin.

Physical persons and assimilated persons are in particular the State, municipalities, public institutions of an administrative, cultural or scientific nature, associations, NGOs, etc. The scale of taxation is specified by type of income.

The overall annual gross income used as the basis for the PIT has been modified as of the 2020 fiscal year. It is obtained by totaling the categorical net profits or revenues which are : (i) industrial, commercial, craft and agricultural profits (BIC) ; (ii) profits from non-commercial professions and assimilated income (BNC). The resulting tax is no longer subject to a reduction for family expenses.

Other taxes levied on wages and salaries, income from movable assets and income from land are subject to withholding taxes.

Table 54. PIT Tax Schedule

Type of income	Taxable income portions	Applicable rates
Industrial, commercial, craft and agricultural profits.	From 0 to 10.000.000 CFA francs	30 %
	From 10.000.001 CFA francs to 20.000.000 CFA francs	35 %
Profits from non-commercial occupations and similar income	Over 20.000.000 CFA francs	40 %
Land income	0 to 3.000.000 CFA francs	10 %
	Over 3.000.000 CFA francs	20 %
Wages and salaries ²⁹	Over 3.000.000 CFA francs	20 %
	From 50.001 to 130.000 CFA francs	10 %
	From 130.001 to 280.000 CFA francs	15 %
	From 280.001 to 530.000 CFA francs	20 %
	More than 530.000 CFA francs	30 %
Income from movable assets		15% ³⁰

Source : CGI 2020/DGI

²⁸ <http://tva.impots.bj/cdgi/> - ²⁹ For wages and salaries, the result of the application of the progressive rate scale is a tax reduction to take into account the dependent children of the head of the family, Taxpayers with 2 dependent children (5%), Taxpayers with 3 dependent children (10%), Taxpayers with 4 dependent children (15%), Taxpayers with 5 dependent children (20%), Taxpayers with 6 or more dependent children (23%). - ³⁰ This rate is reduced to : 10 % for regularly distributed income; 5 % for income from shares regularly distributed to members not resident in Benin unless a convention aiming at eliminating double taxation between Benin and the country of the said members provides for a more favourable tax rate; 5 % for income from shares regularly distributed by companies listed on a stock exchange approved by the Regional Council for Public Savings and Financial Markets (CREPMF) within the WAEMU; 7% for capital gains generated by the sale of shares and received by private individuals; 6% for income from bonds and for redemption lots and premiums paid to creditors and bondholders; 3% and 0% for income from bonds issued by WAEMU member states, public authorities and their branches, depending on whether the term of the bonds is between 5 and 10 years or more than 10 years; 5% for capital gains generated by the sale of bonds.

The amount of tax resulting from the application of the BIC-BNC scale may in no case be less than a minimum, determined according to each category of income: 1% of cashable income for taxpayers earning industrial, commercial and non-commercial, craft and agricultural income, 0.60 franc per litre of petroleum products sold for service station managers. This amount may in no case be less than two hundred and fifty thousand (250,000) francs.

The customs duty

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

Tableau 55. Rate of customs duty by type of product

Products	Rate
Social goods	0 %
Staple goods, Basic raw materials, Equipment, and Specific inputs	5 %
Intermediate Products	10 %
Final consumer goods	20 %
Specific goods for the economic development of the country	35 %

Source : CET ECOWAS

7.2.2 Presentation of the tax innovations recently voted or under discussion and in the process of being voted on

The draft 2020 budget has been drawn up, among other things, on the basis of the securing and strengthening of the fiscal potential initiated since the amended finance law for the 2016 management. The objective is to continuously increase revenue without necessarily aggravating the levels of levies. The government's operationalisation of this ambition includes broadening the tax base, securing tax and non-tax revenue, and combating tax evasion and fraud. The fiscal measures for the year 2020 are :

- The maintenance of the penalty exemption for companies that have been regularly created but which have remained in conflict with the tax law (penalty exemption for taxpayers who make their tax return for the first time, spontaneously ;
- Updating the procedures for exercising visiting, investigation and seizure rights to better adapt to the working hours of companies ;

- The readjustment of the corporate tax rate of 0.25% and of the minimum corporate tax (IS) to CFAF 250,000 against CFAF 200,000.
- The grouping of property taxes into a single tax called the single property tax to solve the problems linked to the complexity of collection procedures applicable to land in local authorities;
- The grouping of excise taxes into a single tax known as a specific tax and the readjustment of certain rates, notably that of tobacco ;
- The strengthening of transfer pricing legislation ;
- The introduction of a new tax called "property capital gains tax";
- The reorganisation of the taxation of business and property income ;
- The abolition of the exemption for computer equipment ;
- The abolition of free registration of registration fees on parcel agreements and other deeds ;

In addition, in order to strengthen revenue mobilisation, the Government has introduced mobile payment of motor vehicle tax.

As part of the promotion of the business climate, the Government has decided to suspend the collec-

tion of registration fees on transfers of immovable property in the name of commercial and industrial companies and on court decisions in commercial matters for amounts not exceeding CFAF 25,000,000 and CFAF 5,000,000 respectively.

8.1. Political and security risks

Election-related risks

Political risks are generally those resulting from the contestation of election results linked to dysfunctions in the organisation of the electoral process, the effects of which may result in a slowdown in economic activity. In Benin, the year 2020 will mark the organisation of communal elections. However, in view of the political climate marked by a lull in political tension following the legislative elections of 2019, the risks of an uprising are less likely. In fact, to date, all the political parties that have been duly constituted and registered at the Ministry of the Interior have obtained their certificates of conformity. This will enable them to participate in the next communal elections.

It should also be noted that communal elections, despite their high stakes, have never been a risk in Benin. Generally, it is the presidential elections that are characterised by a wait-and-see attitude on the part of the business world. However, the maturity of Benin's democracy is an important element in mitigating this risk for Benin.

Risks related to internal security

The advent of the republican police, born from the merger of the gendarmerie and the national police, has made it possible to significantly reduce crime marked by repeated cases of robbery in certain sectors of activity.

The year 2019 was marked by the kidnapping of two Frenchmen in Pendjari Park in the north of the country by terrorist groups from the Sahel. In response to this, the Beninese government promptly took the necessary action by further strengthening the security arrangements in the border area and consolidating counter-terrorism and security cooperation at the borders with the states in the region.

In an effort to strengthen internal security, the government has opted to recruit 1.100 officers for the defence and security forces, including 600 for the republican police and 500 for the Beninese armed forces. The aim of these recruitments is to strengthen the human capacity of the defence and security forces in existing and newly created units, to activate new territorial and mobile units of the republican police and to compensate for retirements.

8.2 Social risks

Since the historic conference of the nation's living forces, Benin has not experienced a social crisis. The only blockages that have been noted are linked to strike movements, sometimes paralysing the administration, hospitals and health centres, schools and courts.

To remedy this situation, in September 2018, the parliament made amendments to Law No. 2001-09 of 21 June 2002 on the exercise of the right to strike in the Republic of Benin. These amendments stipulate

that when the conditions are met, the right to strike is exercised within a well-defined period of time. It cannot exceed ten days in the same year. Similarly, the strike cannot exceed seven days in the same semester, and two days in the same month. It is also specified that, regardless of the duration, the cessation of work on the same day is considered a full day of strike action. As a result of these amendments, strike action in the public administration has become less frequent.

8.3 Macroeconomic risks

In Benin, macroeconomic risks are mainly driven by Nigeria's trade and foreign exchange policies and the evolution of commodity prices, especially cot-

ton, cashew nuts and oil. The geographical proximity between Benin and Nigeria and the close trade relationship between the two countries presents oppor-

tunities but also uncertainties, even though much of the trade is informal.

These uncertainties relate to Nigeria's trade policy as well as its monetary policy. On the monetary front, for example, Nigeria's monetary policy decision of 20 June 2016 to devalue the naira was strongly felt in Benin. This has resulted in a decline in activity in Benin's industries, particularly the agri-food industries.

Aware of this situation, the Government, a few months after its installation in 2016, has élaboré an Action Programme oriented towards the resilience of the economy and the commitment to its structural transformation. The first results of this strategy show a weakening of the link between the Beninese and Nigerian economies.

With regard to trade policy, apart from market garden products, Benin is very active in re-exporting to Nigeria. This re-export notably concerns second-hand vehicles, frozen products, drinks or rice, vegetable oils, etc. Nigeria is one of Benin's leading trading partners. From Nigeria, Benin imports petroleum products, spare parts, etc. from Nigeria. In Africa, outside the WAEMU, the main export partner of Benin in 2018 is Nigeria (67%), Nigeria is the main African supplier country of Benin in 2018 (25.6%).

Since August 2019, Nigeria has unilaterally closed its border with its neighbours including Benin. This closure has led to a contraction of trade between the two countries. This situation has led to an increase in the prices of oil products on the informal market and other goods imported from Nigeria, particularly formal imports and exports. Imports from Benin to Nigeria have also slowed down.

On the cashew nut market, Benin exports most of the raw cashew nut volume to India and Vietnam.

The export volume has been increasing significantly since 2016, rising from 95,700 tonnes to 146,500 tonnes in 2018, an increase of 53% in two years. This good performance has enabled Benin to become the fourth largest African cashew nut supplier behind Côte d'Ivoire, Nigeria and Guinea-Bissau.

Prospects are expected to be good in 2020 with the increase in international demand and few stocks carried over from the previous season. Nevertheless, Cambodia should be counted on as a future competitor to Africa. Indeed, Vietnam, the world's largest importer of raw cashew nuts and the largest exporter of cashew kernels, has shown its willingness to reduce its dependence on cashew nut imports from Africa by promoting trade with Cambodia and investing in plantations. In addition, the Vietnamese Cashew Association (Vinacas) has signed an agreement with the Cambodian Ministry of Agriculture to increase Cambodia's cashew exports to 1 million tonnes by 2028.

For cotton, international prices are expected to decline by 23% in real terms until 2021. due to the existence of a competitive market for synthetic fibres such as polyester. The price of raw cashew nuts is expected to remain relatively stable at the plank price of 400 F CFA/kg. As for the oil bill, it should fall in real terms, due to the restrictions linked to the response to the covid-19 pandemic which induce a contraction of economic activity.

As for the terms of trade, Benin enjoys a stable currency with the euro. Thus, the risks of exchange rate losses with its main partners are relatively contained. On the other hand, the risks linked to the evolution of the terms of trade are linked to the evolution of world prices of exported raw materials and the prices of imported products.

8.4 Risks concerning the mobilisation of public and private financial resources

Mobilisation of fiscal resources

The risks associated with tax revenue mobilisation in Benin are linked to the preponderance of informal trade (around 57% of GDP). To address this situation, since 2016 the government has been implementing a strategy geared, on the one hand, towards securing the revenue collected through, in particular, the dematerialisation of procedures (e.g. online tax payment, introduction of electronic VAT invoicing machines, etc.) and, on the other hand, the broadening of the tax base (better supervision of exemptions, implementation of

incentives for the formalisation of businesses such as the introduction of a synthetic business tax, etc.).

In addition, Benin has benefited from several assistance missions from the International Monetary Fund for the development of a plan to improve fiscal citizenship. The implementation of this strategy and the plan to improve fiscal citizenship has led to an increase in revenue, mainly domestic.

However, in connection with the development of new technologies, some lucrative online activities are developing and many transactions are made via social networks such as Facebook, WhatsApp, etc. These activities escape taxation. The risk of loss of revenue linked to the expansion of this business in the economy is permanent.

The fall in international oil prices should enable the state to reap additional revenue. On the other hand, a rise in international prices would constitute a risk factor for underperformance.

In terms of gate revenues, it should be noted that the unilateral closure of the Nigerian border by the Nigerian authorities also poses risks of loss of revenue, as several Nigerian operators for reasons of speed are moving their goods through the port of Cotonou.

External funding by donors

Benin has an ambitious programme of reforms aimed at restoring investor confidence by giving priority to improving the business environment. This programme is attracting the attention of several donors who have shown their support for the government through specific projects. Similarly, the quality of governance and the strengthened fight against corruption are likely to reassure donors.

8.5 Health risks

Benin really does not face any epidemic health risks. However, it should be pointed out that certain diseases are common in Benin, including malaria (Benin is classified in group 3 - Countries with the most severe form of the disease), meningitis (the country is in the "meningitis belt" zone, and diarrhoeal diseases are widespread in Benin. However, these diseases are well managed by medical staff.

Benin has also shown very encouraging results in the implementation of the programme underway with the IMF. Indeed, during the 5th review carried out in November 2019, the IMF considered that the results of the programme are and continue to be very satisfactory. All performance indicators for the first half of 2019 have been achieved. It was noted that the macroeconomic environment is very good (growth above 6% with extremely low inflation and a very minimal foreign exchange rate), macroeconomic management is very good with a very prudent fiscal policy and a budget deficit that is reduced, the risk of over-indebtedness is really moderate, a notable improvement in economic governance. All these elements reflect a limited risk for the mobilisation of external resources.

Foreign financing through foreign direct investment

The risks of foreign financing by foreign direct investors are limited. Indeed, Benin has embarked on a vast programme of reforms aimed at improving the business climate and attracting foreign direct investment (FDI). Net inflows of direct investment stood at 102 370.5 million in 2018, compared with 98 128.3 million in 2017, an increase of 4 242.2 million, thanks to the favourable outlook for the Beninese economy. Net direct investment flows in 2018 are mainly made up of debt instruments (111.221.4 million). Togo (52.9%), China (36.2%), Senegal (12.2%) and Nigeria (8.2%) are the main providers of net direct investment flows to Benin in 2018.¹⁹ However, in relation to Covid-19, the financing risks are real, given the scale of the pandemic in developed countries.

It should also be remembered that Benin benefits from a great deal of support from bilateral and multi-lateral development partners for the implementation of the various strategies adopted by the Ministry of Health. The areas of intervention include the fight against sexually transmitted diseases (HIV/AIDS), tuberculosis and malaria.

Furthermore, with the emergence of the new coronavirus in China and its global spread, the Government has taken diligent measures to prevent its emergence in Benin and to ensure its proper management. To this end, the Government has approved the urgent prevention, preparedness and response measures recommended by the Ministry of Health. These measures include :

- The strengthening of health surveillance at all points of entry to our country, particularly at Cotonou airport and port ;
- The systematic prescription of self-isolation for travellers from affected or at-risk countries
- The restriction of non-essential travel to affected or at-risk countries ;
- The organisation of information and awareness-raising campaigns in municipalities as well as in schools and universities ;
- The establishment of isolation and care sites in all departments ;
- The establishment of a green line to inform, advise and guide the population ;

- The recommendation to avoid handshakes and hugs ;
- Systematic quarantine of travellers from affected countries ;
- The setting up of sanitary barriers in the most exposed communes.

In order to ensure the coherent and efficient implementation of these measures, a contingency plan has been drawn up with short-, medium- and long-term actions. As part of the response, the Beninese authorities also envisage increased spending of 60 billion CFA francs (0.7% of GDP). They are currently approaching donors and international institutions to finance this package. For the acquisition of the necessary medical equipment, the authorities have already mobilised 16 million dollars (0.1% of GDP) from the World Bank

As of 23 May 2020, on the basis of PCR ("polymerase chain reaction") tests used by the WHO, Benin has registered 191 confirmed cases of Covid-19, 82 cures, 106 people under treatment and 3 deaths.

8.6 Environmental risks

The environmental risks in Benin mainly relate to climatic hazards that 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 climate-related disruptions and other natural phenomena. These include pockets of drought, delayed or poorly distributed rainfall, recurrent flooding, the emergence of new pests that decimate crops, the degradation of agricultural land, reduced yields, etc. The impact of climate change on agriculture, one of the strategic sectors of the economy, is still vulnerable to climate-related and other natural hazards.

Simulations show that a 10% drop in agricultural production would be enough to lower the growth rate by 2 points in 2020, which shows the level of vulnerability of the economy. Faced with this situation, mitigation measures have been taken, particularly with regard to water control through hydro-agricultural developments planned in various projects and programmes, the promotion of irrigation methods and the introduction of improved seeds that are resilient to climate change.

9.1. General description of the public debt

9.1.1 Overall picture

As at 31 December 2019, the stock of public debt was estimated at CFAF 3,476.59 billion against CFAF 3,251.78 billion in 2018. As a percentage of GDP, Benin's outstanding debt stood at 41.2% in

2019 against 22.3% in 2014. During the period under review, outstanding public debt remained below the 70% defined in the framework of the WAEMU convergence criteria.

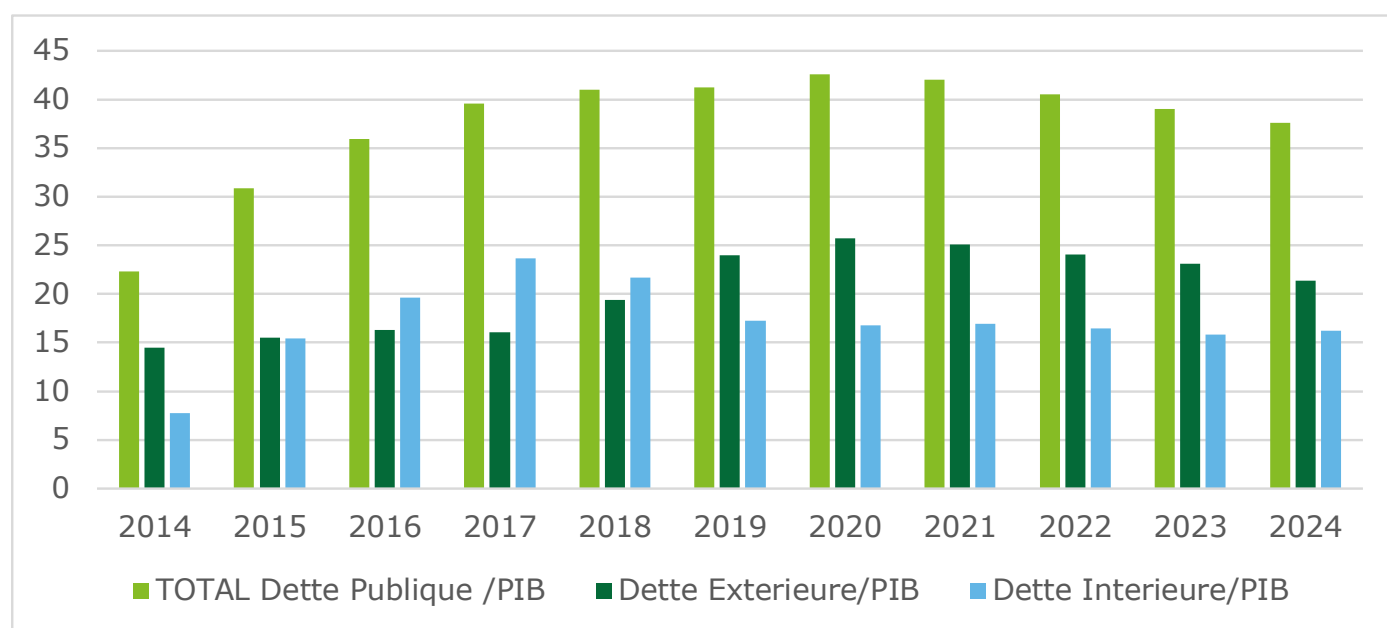
Table 56. Evolution of Benin's public debt stock (billion of CFAF)

	2014	2015	2016	2017	2018	2019
Total debt (% of GDP)	22.3	30.9	35.9	39.7	41.0	41.2
Total debt	1 461.81	2 080.53	2 513.05	2 927.44	3 251.78	3 476.59
Total foreign debt	860.27	1 043.59	1 139.61	1 184.60	1 532.08	2 020.68
Total domestic debt	601.54	1 036.95	1 373.44	1 742.84	1 719.70	1 455.91
Nominal GDP	6 559.3	6 732.8	7 005.2	7 375.3	7 915.7	8 432.2

Source : CAA-Benin

In terms of forecasts, the rate of outstanding public debt to GDP is expected to remain below 70% and to follow a downward trend from 2021 onwards. In fact, the outstanding public debt/GDP rate would be 42.6% in 2020 and would then fall to 37.6% in 2024. Outstanding debt will be dominated by foreign debt.

Figure 16. Evolution of debt as a percentage of GDP from 2014 to 2024

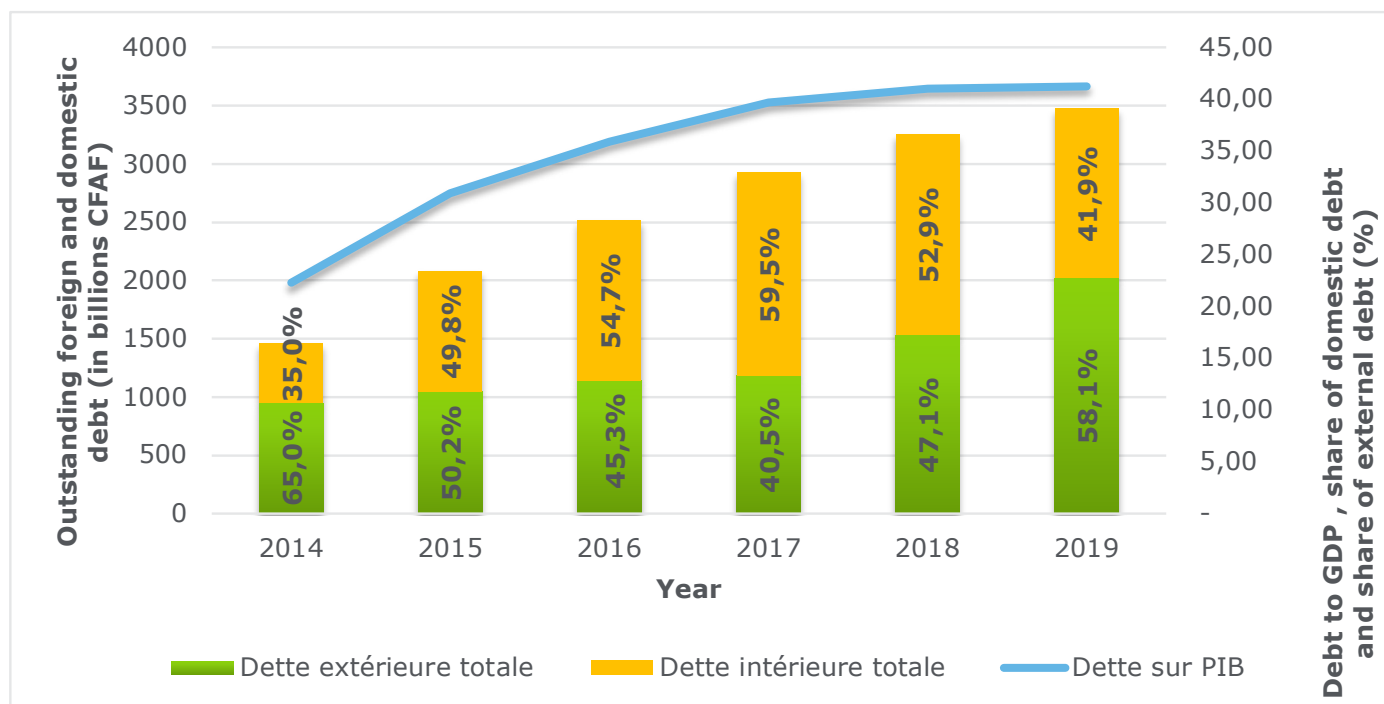


Source : FAC (2014-2019); IMF (Forecast 2020-2024) ³¹

In terms of composition, the foreign debt increased from 2018 onwards, in contrast to the domestic debt, which followed a downward trend.

³¹ IMF, *Cartastrophe Containment and relief trust*, page 20

Figure 17. Percentage of domestic and foreign debt



Source : CAA-Benin

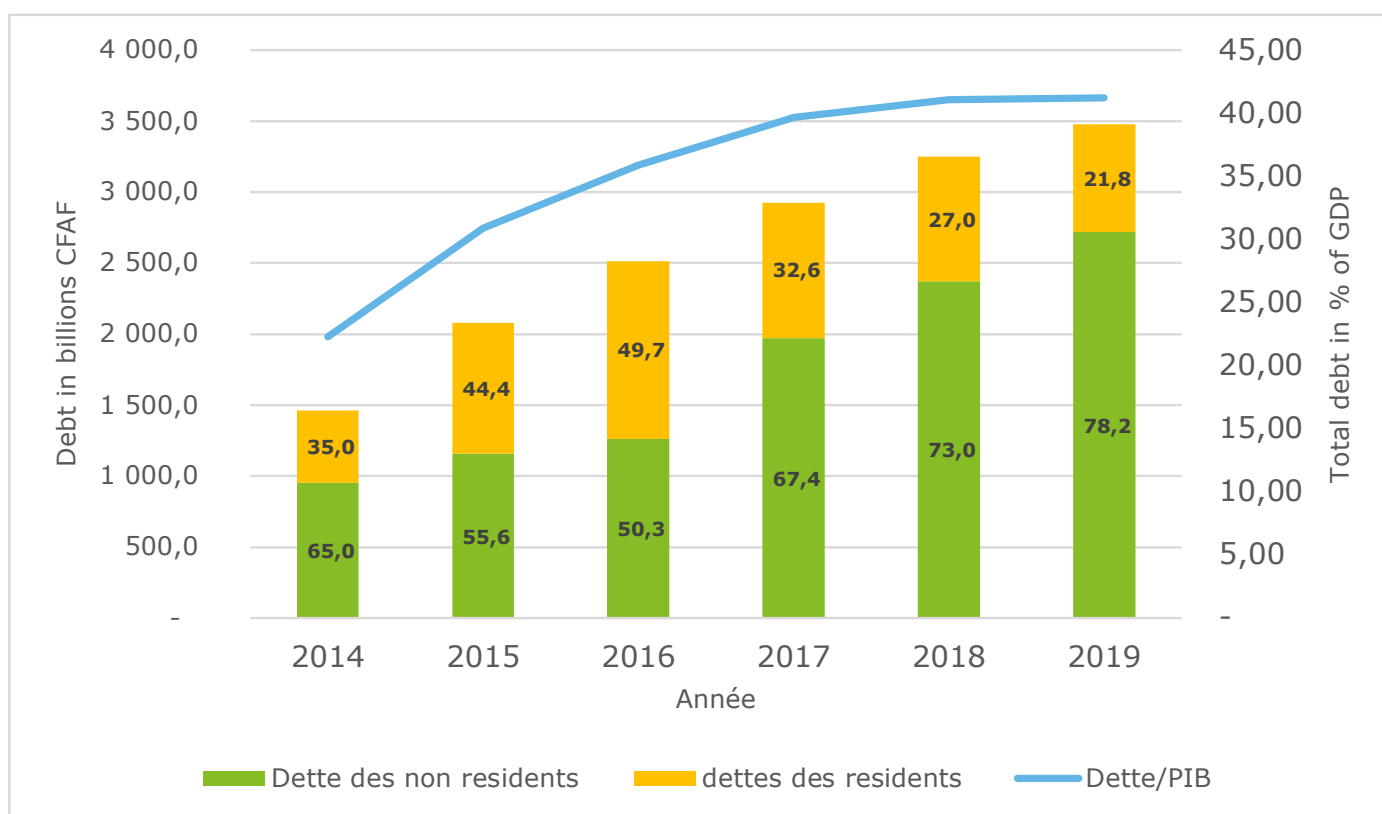
The increase in foreign debt is induced by the combined effect of the reprofiling of the debt in 2018 and the euro bond in March 2019. Indeed, the October 2018 debt re-profiling operation, which led to the issuance of cheap and long-term foreign debt to buy back more expensive and shorter-term domestic debt, has started to rebalance the composition of the debt stock. At the end of December 2018, foreign debt accounted for 47.1% of total debt, while domestic debt accounted for 52.9% of debt. Subsequently, with the March 2019 Eurobond issue, the share of foreign debt increased further to 58.1% of total debt in 2019 compared to a share of 41.9% for domestic debt.

Debt owed to non-resident creditors is made up of debt denominated in foreign currency, debt con-

tracted with the WADB and subscriptions by foreign investors (other than Beninese banks) to government securities. Debt to resident creditors is made up of subscriptions by Beninese banks and other investors to government securities and direct loans from the State to local banks.

The share of non-resident debt increased from 2017 onwards, in contrast to the debt of residents. In 2019, residents' debt accounted for 21.8% of total debt, compared with 78.2% for non-resident debt. This increase in non-resident debt is due to the reprofiling operation that has enabled the State to replace part of the domestic debt with international financing with a longer maturity and lower cost.

Figure 18. Distribution of public debt between residents and non-residents

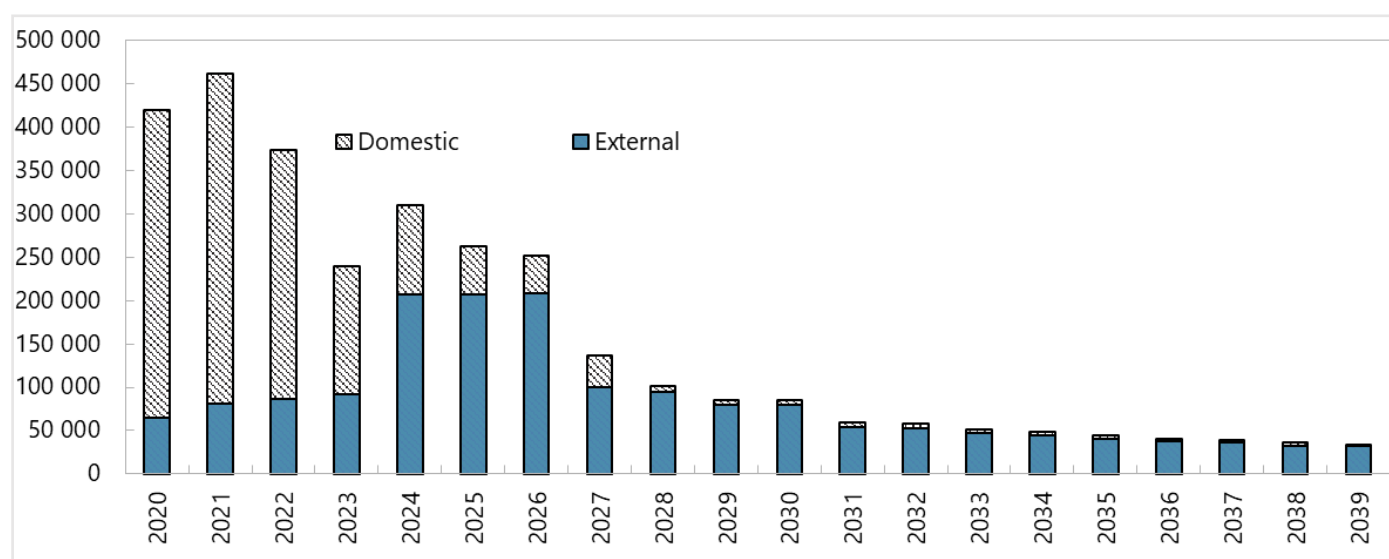


Source : CAA/BENIN/Debt Management Report 2015-2018.

9.1.2 Time profile of the debt to be repaid

The time profile of the debt to be repaid at December 31. 2019 shows that over the period 2019-2023 the debt to be repaid is dominated by domestic debt. Foreign debt becomes predominant from 2024 to 2039. This reflects the long maturity of the foreign debt.

Figure 19. Redemption profile of the public debt as of December 31. 2019



Source : CAA

9.1.3 Amount of debt to be repaid in the short term

The debt to be repaid in the short term consists to a large extent of domestic debt.

Table 57. Evolution of debt service

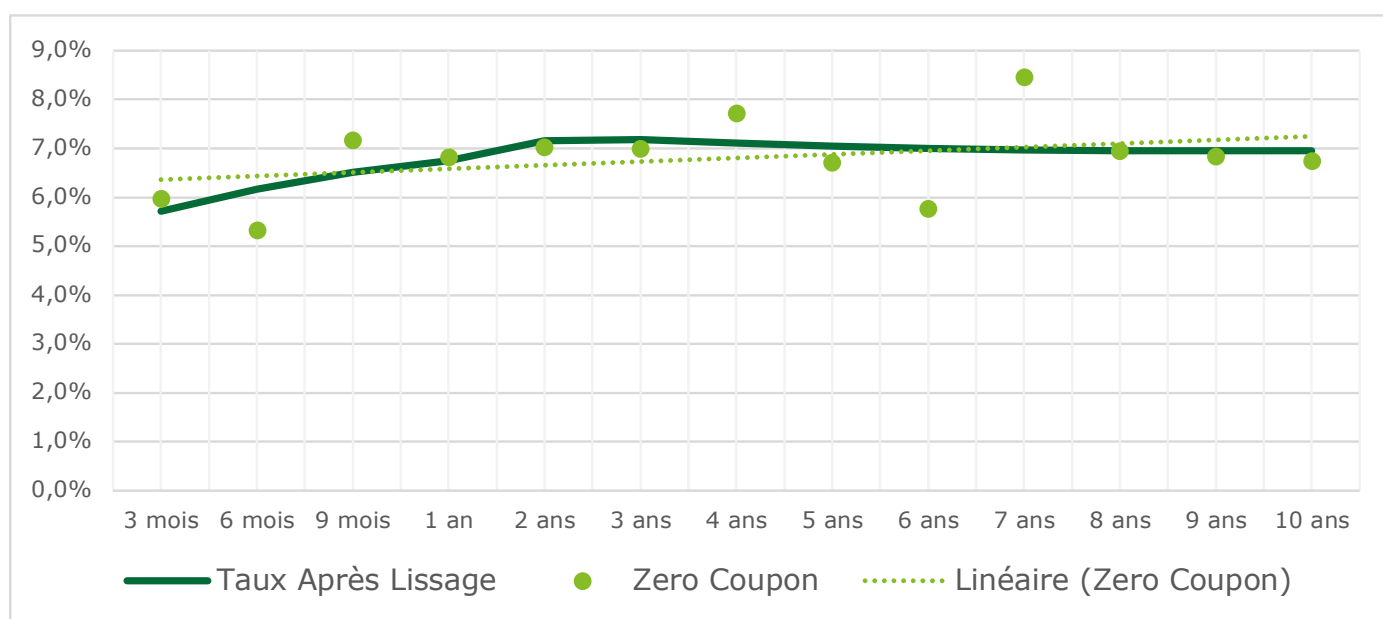
	2014	2015	2016	2017	2018	2019
Debt in foreign currencies	30.2	33.7	36.2	69.8	46.28	74.28
Principal	22	23.3	24.3	51.8	28.78	41.71
Interests	8.2	10.3	11.9	18	17.5	32.57
Debt in local currency	327.1	293.4	265.3	381.4	718.02	572.70
Principal	304.6	263	200.5	293.1	589.52	465.91
Interests	22.5	30.4	64.8	88.3	128.5	106.79
Service of the public debt	357.3	327.1	301.5	451.2	764.3	646.98
Principal	326.6	286.3	224.8	344.9	618.30	507.62
Interests	30.7	40.8	76.7	106.3	146.00	139.36

Source : CAA Debt management report

The analysis of the rates curve at 08 May 2020 shows that the one-year zero coupon rate stood at 5.32%, compared with 6.81% at 27 December 2019. After smoothing, it was 5.59% on May 8, 2020 compared to 6.7% on December 27, 2019. At December 27, 2019, the 7-year zero coupon rate was the highest, at 8.47% compared with 6.80% at May 8, 2020. On May 8, 2020, the highest zero coupon rate was the 4-year zero coupon rate, with a value of 7.77%.

The following figures show the yield curves³² at the end of December 2018 and the end of December 2019.

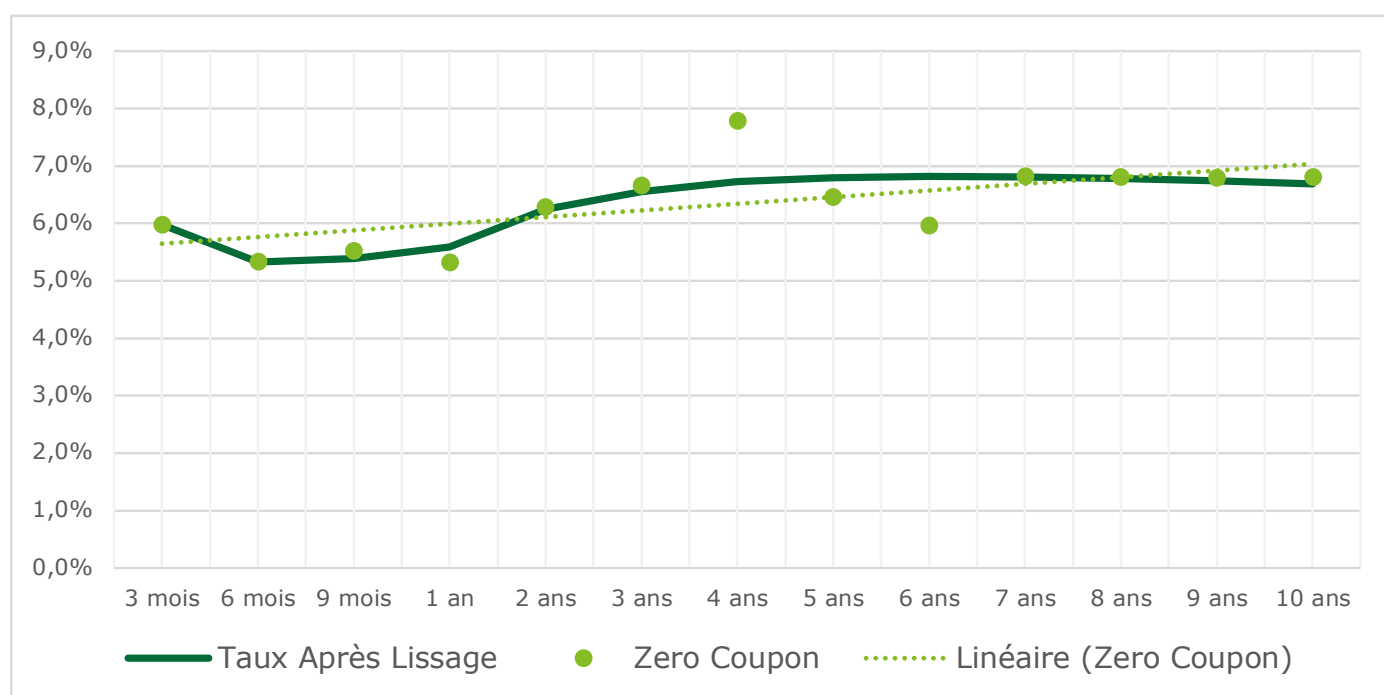
Figure 20. Yield curve at 31december 2019



Source : Agence UMOA-Titres

³² A yield curve indicates the yield offered for an issuer's debt securities at different maturities.

Figure 21. Yield curve at 08 may 2020



Source : Agence UMOA-Titres

9.2 Debt strategy and debt sustainability

9.2.1 Description of the strategy

The medium-term debt management strategy contributes to the rationalisation 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 strategy. Since 2009, Benin has been developing a public debt strategy document based on this tool, which is annexed to the finance law. This document was drawn up in response to the need for a reference framework for better public debt management.

The debt management objectives have not changed since 2015. They are governed by Decree No. 2015-581 of 18 November 2015 on Benin's debt policy and public debt management and are clearly defined in Article 3. They are formulated as follows :

- The State's financing needs and the punctual payment of its obligations are met at the lowest possible cost in a medium and long-term perspective ;
- The risk associated with the public debt portfolio is maintained at a prudent level ;

- The debt viability and sustainability indicators are below the defined thresholds ;
- The development of government securities markets is promoted.

In line with the above objectives, the general recommendations for the public debt strategy for the period 2020-2024 will be guided by the following orientations :

- The State's financing needs and the punctual payment of its obligations are met at the lowest possible cost in a medium and long-term perspective ;
- Limit the exposure of the public debt portfolio to market risks. In this context, priority is given to fixed interest rate borrowings ; recourse to variable interest rate borrowings may only be authorised in exceptional circumstances. The Government will also ensure that it maintains a diversified portfolio of foreign currency-denominated foreign debt.

In 2020, it is anticipated that there will be a decrease in foreign currency financing in favour of local currency financing. However, should conditions on the

international financial market become more attractive, recourse to an international bond issue would be considered. Emphasis will be placed on long-term Treasury bonds in line with the favourable conditions expected on the domestic financial market to continue the effort to extend the maturity of local currency debt.

Externally, priority will continue to be given to euro-denominated loans (in order to contain exchange rate risk) and the effort to mobilise concessional resources will be maintained.

The main objective of the state in terms of economic policy is to continue the structural transformation of the Beninese economy. Specifically, this will involve the state: i) continue the operationalisation of the Development Poles; ii) speed up the implementation of ongoing projects aimed at a good fibre optic network and the availability of high and very high speed internet; iii) continue to develop the national tourist potential; iv) build infrastructures to promote culture; v) pursue actions aimed at modernising the road network and the living environment; vi) strengthen the implementation of the Insurance for the Strengthening of Human Capital (ISHC) and health training; vii) operationalise the International City of Innovation and Knowledge (CIIS); viii) achieve universal and sustainable access to drinking water; etc.; and ix) develop the development of a network of water supply and sanitation facilities. To this end, the needs of the State would be partly covered by drawing on project loans for CFAF 216.1 billion and the issue of Treasury bills and bonds for CFAF 388.9 billion. The public debt ceiling (total amount of new commitments of the State vis-à-vis donors) would be set at CFAF 1.014.6 billion.

In relation to the macroeconomic hypotheses adopted and the defined debt strategy, Benin's risk of over-indebtedness would be moderate. Indeed, the Current Value (PV) rate of debt to exports, which is the most relevant indicator, would show occasional overruns of its threshold in 2021 and 2023 in a scenario of the most extreme shock. The said overruns would be one-off with values of 11 points and 14 points respectively above the threshold. The debt-service/exports rate would remain below its threshold in the baseline scenario, and would exceed the threshold on a one-off basis in 2024 in a most extreme shock

scenario. In any case, the public debt rate (VA/GDP) would remain well below its reference point of 56%, reflecting the positive effects of the resetting operations on the one hand and debt control on the other.

9.2.2. Sustainability of Benin's public debt

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

In Benin's debt sustainability analysis, public debt includes central government debt and guarantees issued by the central government. The DSA classifies external and domestic debt according to the currency criterion, which allows for the best possible structure of public debt.

The debt sustainability analysis conducted jointly by Benin and IMF staff on the margins of the 6th review of the FEC Programme in April 2020 indicates that Benin has a moderate risk of debt distress. This assessment is unchanged compared to the DSAs of December and May 2019.

Compared to the 2018 DSA, the determinants of debt dynamics show a higher foreign debt trajectory, offset by a declining domestic debt. This evolution is in line with the rate of progression of the various projects financed by these funds.

The key foreign debt indicators remain below the thresholds applicable in the reference scenario. The VA of total foreign debt in relation to GDP should stabilise at around 17.5% on average over the period 2020-2024, reaching 7.5% in 2039. Thus, the rate would remain below the corresponding threshold of 40% of GDP throughout the projection period.

Table 58. DSF debt thresholds and benchmarks

Scenario of reprofiling of the debt					
	VA of the debt foreign (%)		External debt service (%)		VA of total public debt (%)
	GDP	Exports	Exports	Revenues	GDP
Average policy *	40	180	15	18	55
2019	19.4	115.5	5.4	6.8	36.8
2020	19.1	111.4	7.8	9.9	36.0
2021	18.1	102.0	8.2	10.8	33.0
2022	17.4	96.1	7.7	10.3	31.7
2023	16.4	91.2	7.5	10.0	30.9
2024	17.2	96.0	11.7	15.6	30.0
2029	13.0	49.6	6.0	10.9	26.6
2039	5.4	20.8	2.0	3.4	21.7

Source : Country report IMF December 2019 *Applicable

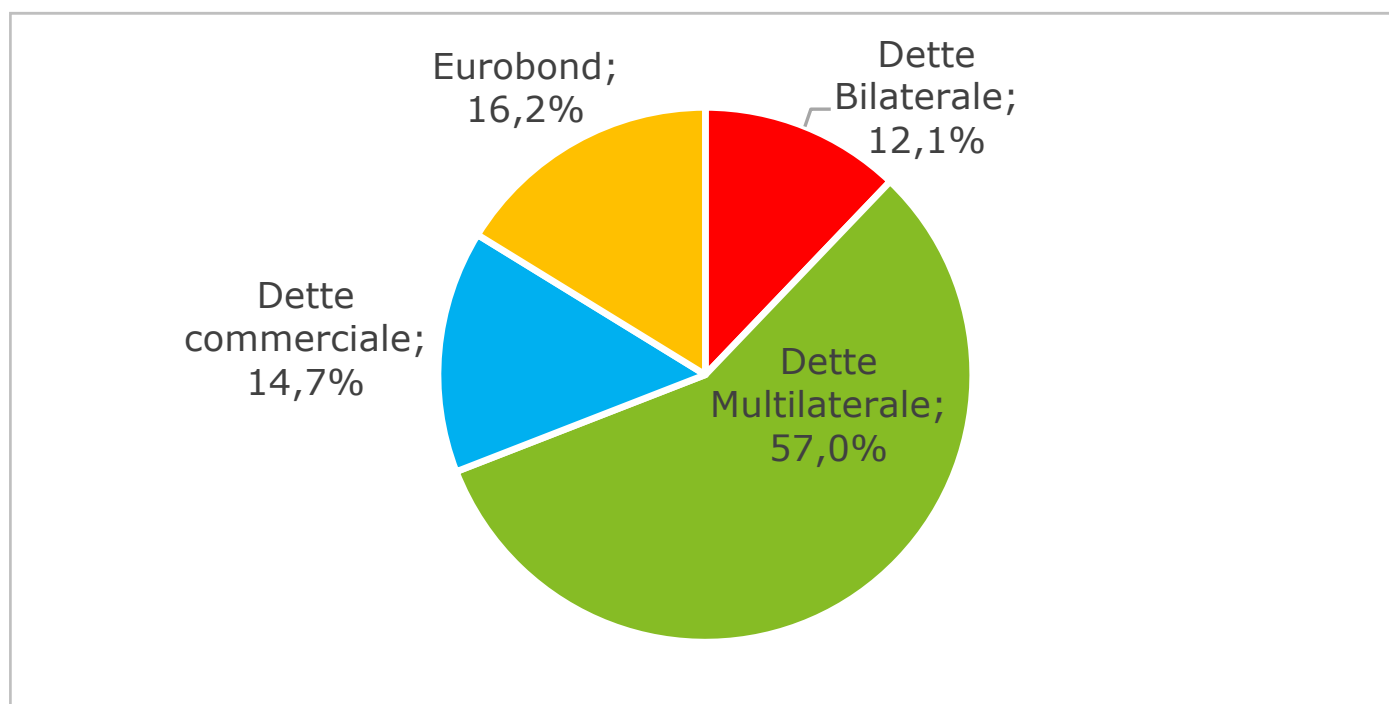
9.3. External debt

9.3.1 The holders

Benin's public external debt consists of multilateral, bilateral, commercial and Eurobonds denominated debt. At the end of 2018, Benin's external debt is subdivided into 66.6% multilateral, 17.6% commercial and 15.8% bilateral. In 2019, the share of multilateral debt decreased after the issuance of the Eurobond to 57% compared to 16.2% for Eurobonds, 14.7% for commercial debt and 12.1% for bilateral debt respectively.

cial and 15.8% bilateral. In 2019, the share of multilateral debt decreased after the issuance of the Eurobond to 57% compared to 16.2% for Eurobonds, 14.7% for commercial debt and 12.1% for bilateral debt respectively.

Figure 22. Distribution of the stock of external debt by holder in 2019



Source : CAA

The distribution of multilateral debt by donor shows that the World Bank group, notably the International Development Association (IDA), holds the largest share, 28.4% of total external debt. IDA is followed by the African Development Fund (ADF) with 13% of total external debt. On the bilateral debt side, China is the largest creditor with a share of 8.5% of total external debt.

Table 59. Outstanding external debt by holder at December 31. 2019

	Total debt (bil- lions of CFAF)	Expressed as a % of total foreign debt	Expressed as a % of nomi- nal GDP
Total external debt	2020.68	100	24.0
Bilateral	245.33	12.14	2.9
Including China	174.1*	8.47	2.1
Including others	87.1*	3.67	1.0
Multilateral	1150.9	57.9	13.6
Including World Bank- IDA	574.1*	28.41	6.8
Including ADB (FAD)	261.9*	12.96	3.1
Including others	315.0*	15.59	3.7
Commercial	296.47	14.67	3.5
Eurobonds	327.98	16.23	3.9

Source : CAA Debt Statistics Bulletin as at December 31. 2019. *Calculations based on the distribution and total of external debt

9.3.2. External debt payment situation

External debt service includes principal and interest plus commissions. It evolved erratically during the period under review. Debt service at the end of 2019 stood at CFAF 74.3 billion against CFAF 45.9 billion a year earlier, an increase of 62% induced by both the principal of the debt and the interests and commissions. The principal in 2019 recorded an increase of 45%, coming out at CFAF 41.7 billion against CFAF 28.8 billion in 2018. The interests plus commissions, for their part, recorded an increase of 91% by standing at CFA 32.6 billion CFAF against 17.1 billion CFAF a year earlier.

Table 60. Detailed view of external debt payments

	2015			2016			2017			2018			2019		
Creditors	P	IC	Total	P	IC	Total	P	IC	Total	P	IC	Total	P	IC	Total
official bilaterals	10.9	2.7	13.6	11.3	2.9	14.2	7.2	5	12.2	7.5	5.6	13.2	10.7	12.7	23.4
Multilateral creditors	12.4	7.6	20	13	9	22	44.6	13	57.6	21.2	11.5	32.7	31.0	19.9	50.9
TOTAL	23.3	10.3	33.6	24.3	11.9	36.2	51.8	18	69.8	28.8	17.1	45.9	41.7	32.6	74.3

Source : CAA. Statistical bulletin

9.3.3. Currencies of the debt

External debt is issued in several currencies with a higher proportion for the Euro (53%), the US dollar (23.4%), and the Yuan (14%) at December 31. 2019.

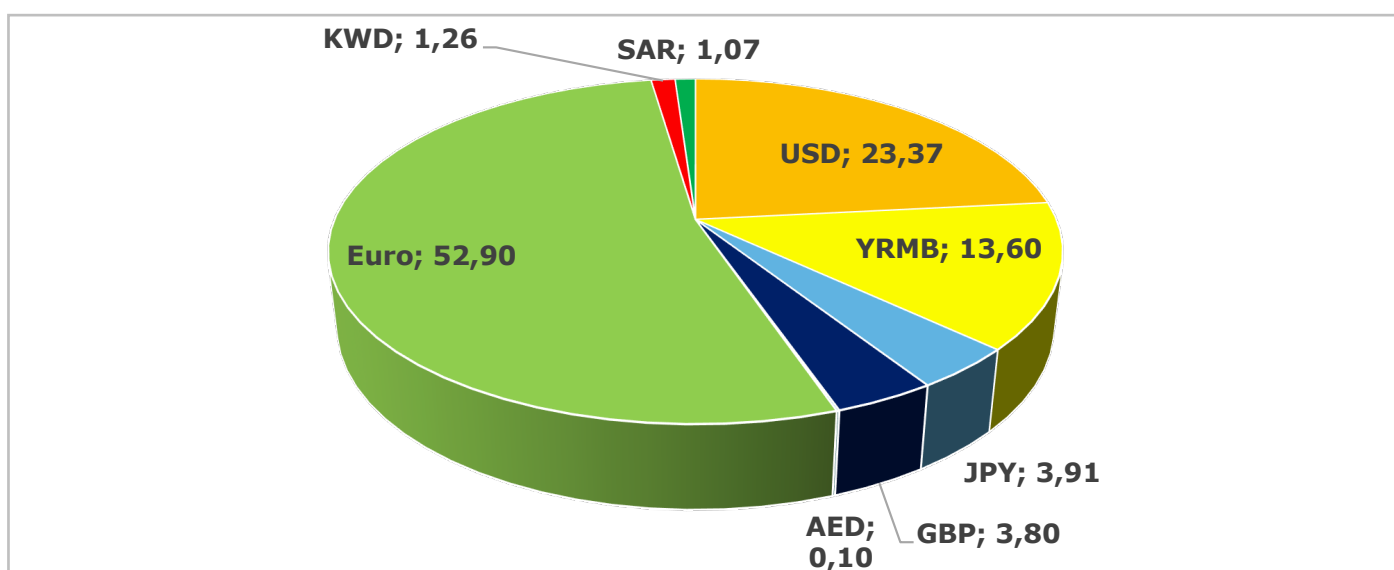
In connection with the pegging of the CFA franc to the euro, debt denominated in euros is not exposed to exchange rate fluctuations. With the dollar, the external debt portfolio remains highly exposed to exchange rate risk.

Table 61. Detailed view of foreign currency debt at 31 December 2019³³

Currency	Total debt originally denominated in this currency	CFAF exchange rate as at 31 December 2019	Total debt expressed in billions of CFAF	EUR exchange rates at 31 December 2019*	Total debt expressed in EUR	Debt distribution by currency
EUR	1 629 588 098	655.9570	1068.94	1.00	1 629 588 098	52.90
USD	808 751 882	583,033	472.23	0.89	719 914 531	23.37
CNY	3 273 980 972	83.8766	274.61	0.13	418 640 673	13.6
JPY	14 687 407 493	5.3793	79.01	0.01	120 451 429	3.91
GBP	99 594 017	770.9885	76.79	1.18	117 059 222	3.80
AED	12 709 205	158.9934	2.02	0.24	3 080 508	0.10
KWD	13 205 197	1928.0717	25.46	2.94	38 814 380	1.26
SAR	138 858 234	155.7076	21.62	0.24	32 961 473	1.07

Source : CAA *fxtop.com/fr/historique-taux-change.php ** Authors' calculations based on the distribution and total of the external debt

Figure 23. Structure of external debt by currency at December 31 2019



Source : CAA

³³ As the SDR is composed of the US dollar (41.73%), the Euro (30.93%), the Yuan renminbi (10.92%), the Yen (8.33%) and the Pound Sterling (8.09%), it has been broken down according to its different currencies. This explains the evolution of rates in these currencies.

9.4. Domestic debt

9.4.1. Presentation of the situation as of December 31. 2019

Domestic debt is dominated by government securities (Treasury bills and bonds) which represent 83.2% of the outstanding amount, followed by bank financing (16.8%). Treasury bills and bonds amounted to 1212.04 in 2019 and represented 17.3% of GDP. Bank loans amounted to CFAF 243.87 billion, or 2.9% of GDP.

Table 62. Detailed view of debt in local currency at December 31. 2019

	Domestic debt expressed in value (billions of CFAF)	Domestic debt expressed as a % of total domestic debt	Domestic debt as a % of nominal GDP 2019
Total domestic debt	1455.91	100.0	17.3
Securities	1212.04	83.2	14.4
Treasury Bills	21.95	1.5	0.3
FTB	1190.10	81.7	14.1
Bank loan	243.87	16.8	2.9
Local commercial bank and WADB	243.87	16.8	2.9

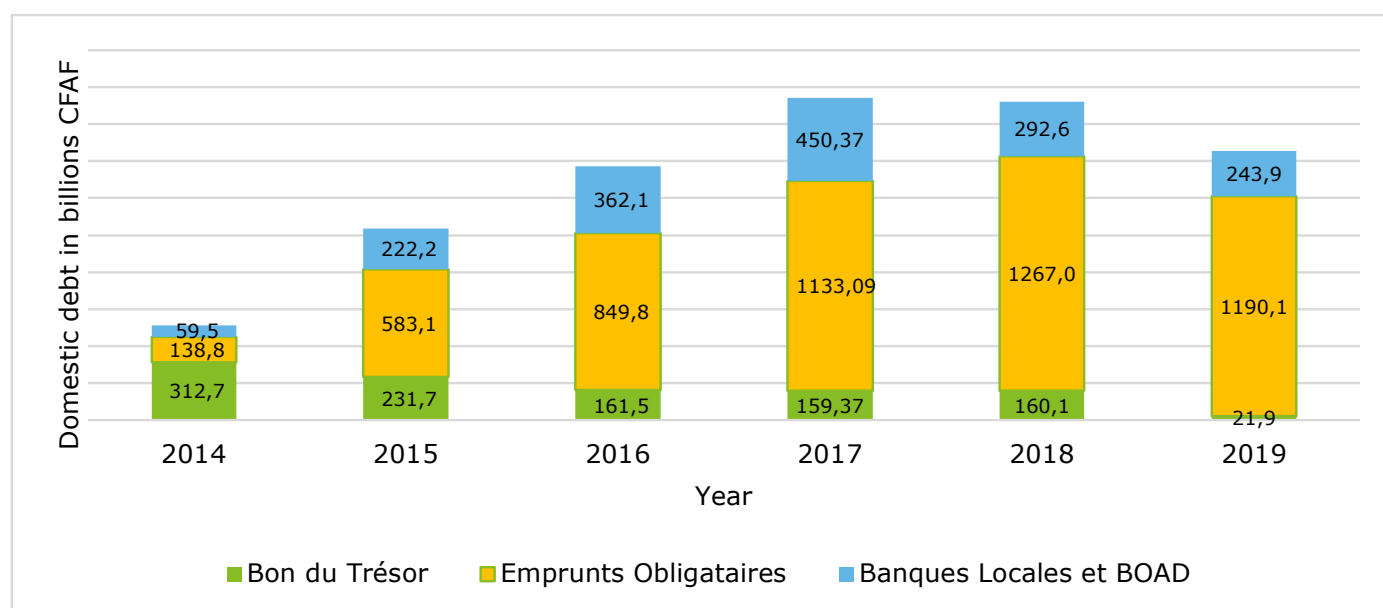
Source : CAA

9.4.2. Evolution of the composition of domestic debt

Benin's domestic public debt increased considerably between 2014 and 2017, mainly due to the growing dependence on the regional bond market to raise funds. It declined in 2018 and 2019 following

the debt rescheduling operation in 2018 and the issuance of eurobonds in 2019. At the end of 2019, 81.7% of domestic commitments consisted of government securities issued on the regional financial market (Treasury Bonds), i.e. CFAF 1.190.10 billion.

Figure 24. Outstanding domestic debt by type of instrument



Source : CAA, Debt Statistical Bulletin

Bank loans constitute the second component of domestic debt. Like treasury bonds, bank loans grew faster between 2014 and 2017 before declining from 2018 onwards. These loans amounted to 243.9 billion CFAF in 2019 against 292.6 billion CFAF in 2018, a decline of 16.6%. Following bank loans, there are treasury bills which recorded a considerable drop of 86.3% to 21.9 billion CFAF in 2019.

9.4.3. Situation of domestic debt payments

Domestic debt service in 2019 amounted to CFAF 572.7 billion against CFAF 672.1 billion in 2018, a fall of 14.8%. This level of debt servicing is induced by the principal, which stood at CFAF 465.9 billion in 2019 against CFAF 560.7 billion in 2018, a fall of 16.9%. Debt service also recorded a slight decline of 0.4% to CFAF 106.8 billion in 2019 against CFAF 111.4 billion.

Table 63. Detailed view of domestic debt payments

	2015			2016			2017			2018			2019		
Creditors	P	IC	Total	P	IC	Total	P	IC	Total	P	IC	Total	P	IC	Total
Banking sector	10.7	7.1	17.8	12.2	12.9	25.1	22.8	23	45.8	216.8	29.0	245.8	59.4	22.3	81.7
Non-Banking Sectors	252.3	23.3	275.6	188.3	51.9	240.2	270.2	65.3	335.5	344.0	82.3	426.3	406.5	84.5	491.0
TOTAL	263.0	30.4	293.4	200.5	64.8	265.3	293.0	88.3	381.3	560.7	111.4	672.1	465.9	106.8	572.7

Source : CAA

In terms of creditors, debt service paid to the non-bank sector represented 85.7% of domestic debt service in 2019 compared with 63.4% in 2018. In terms of change, debt service paid to the non-bank sectors is up 15.2% in 2019 from its 2018 level.

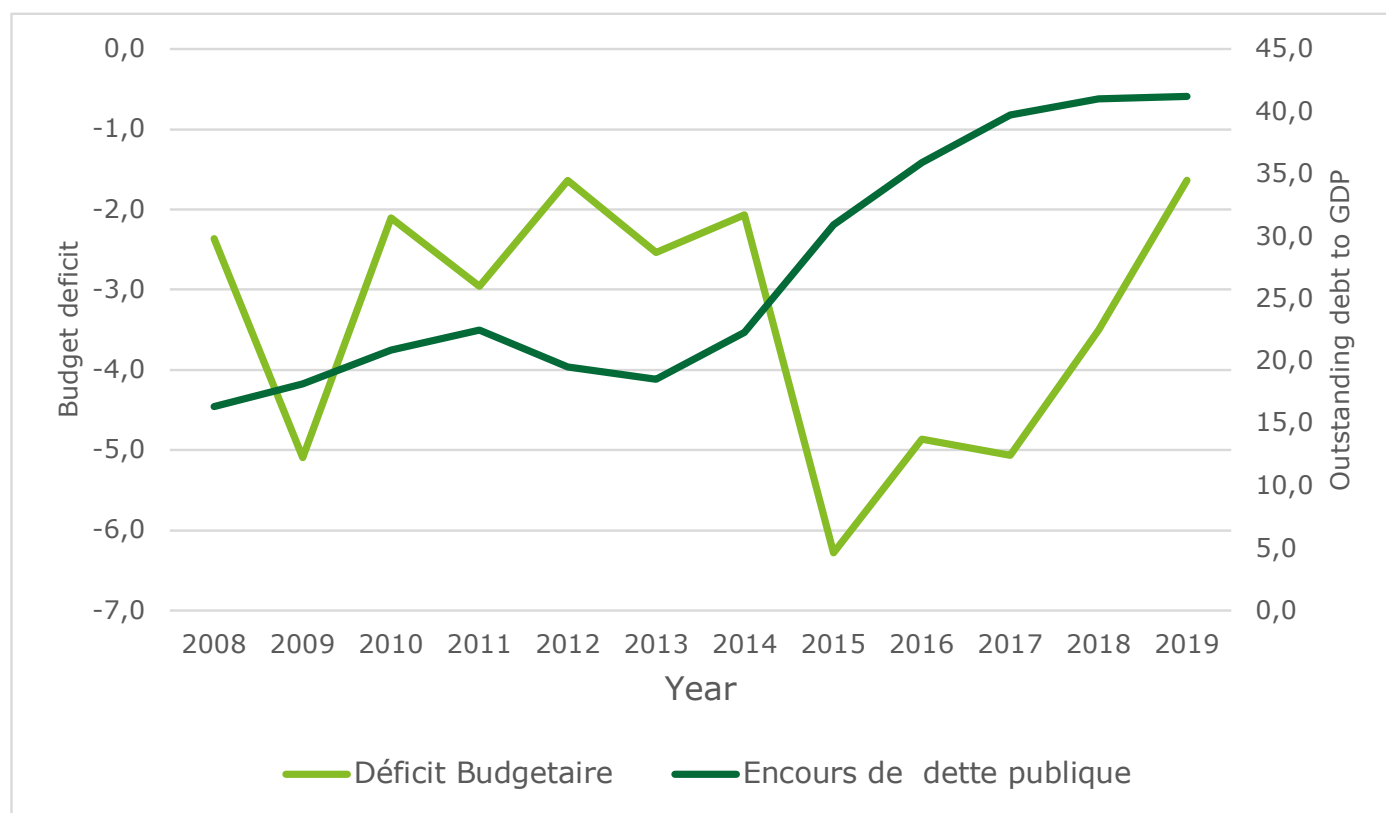
As for the service paid to the banking sector, it represented 14.3% in 2019 against 36.6% in 2018. In terms of change, it recorded a decline of 66.8% in 2019 from its 2018 level.

9.5. Viability and sustainability

The budget deficit, excluding grants, increased in 2015 to 5.9% of GDP against 1.4% in 2014. From 2016 onwards, there is a gradual improvement in the budget deficit, which stood at 1.6% in 2019. During the 2014 - 2019 period, the outstanding debt to GDP rate as described above increased in line with the

resource mobilisation options and the satisfactory progress of the projects financed. Over the period 2020 - 2024 the debt rate should follow a downward trend to reach 37.6% in 2024 well below the Community threshold of 70%.

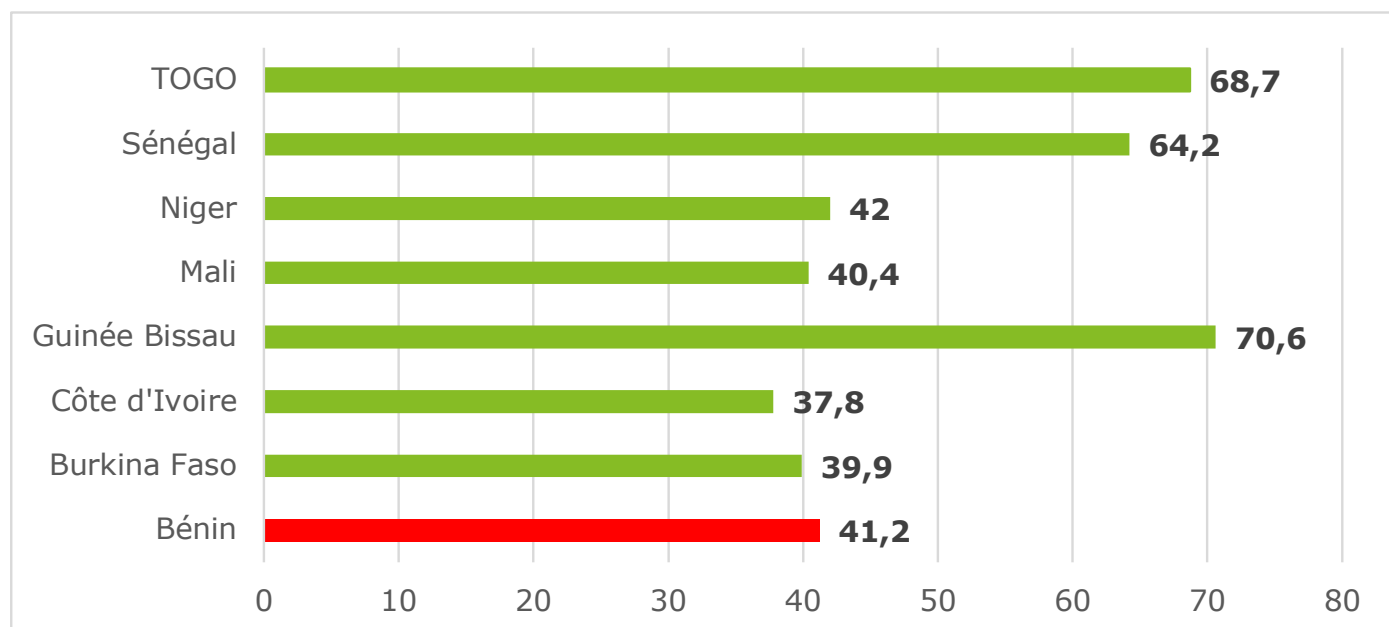
Figure 25. Evolution of the budget deficit excluding grants and the stock of debt over GDP



Source : DGEA

In 2019, Benin is the fourth least indebted WAEMU country after Côte d'Ivoire, Burkina Faso and Mali.

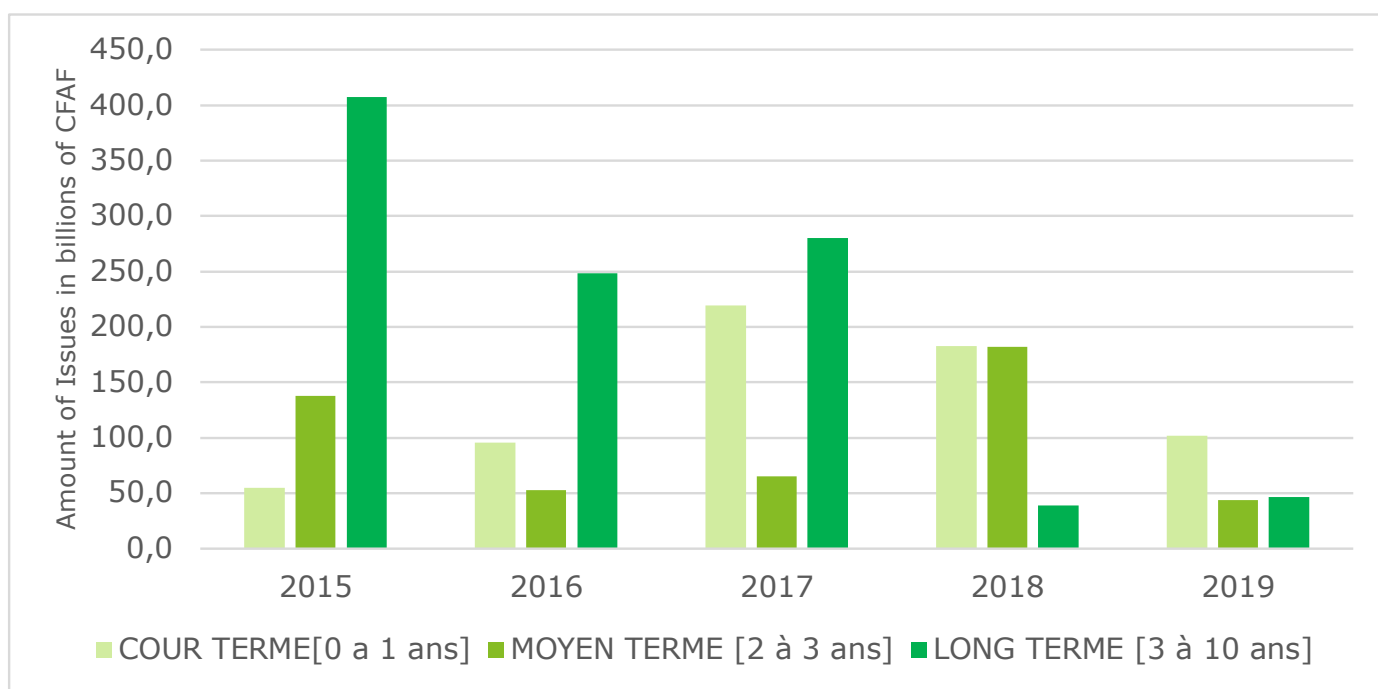
Figure 26. Level of public debt of the 8 WAEMU countries in 2019 (% of GDP)



Source : IMF, April 2020

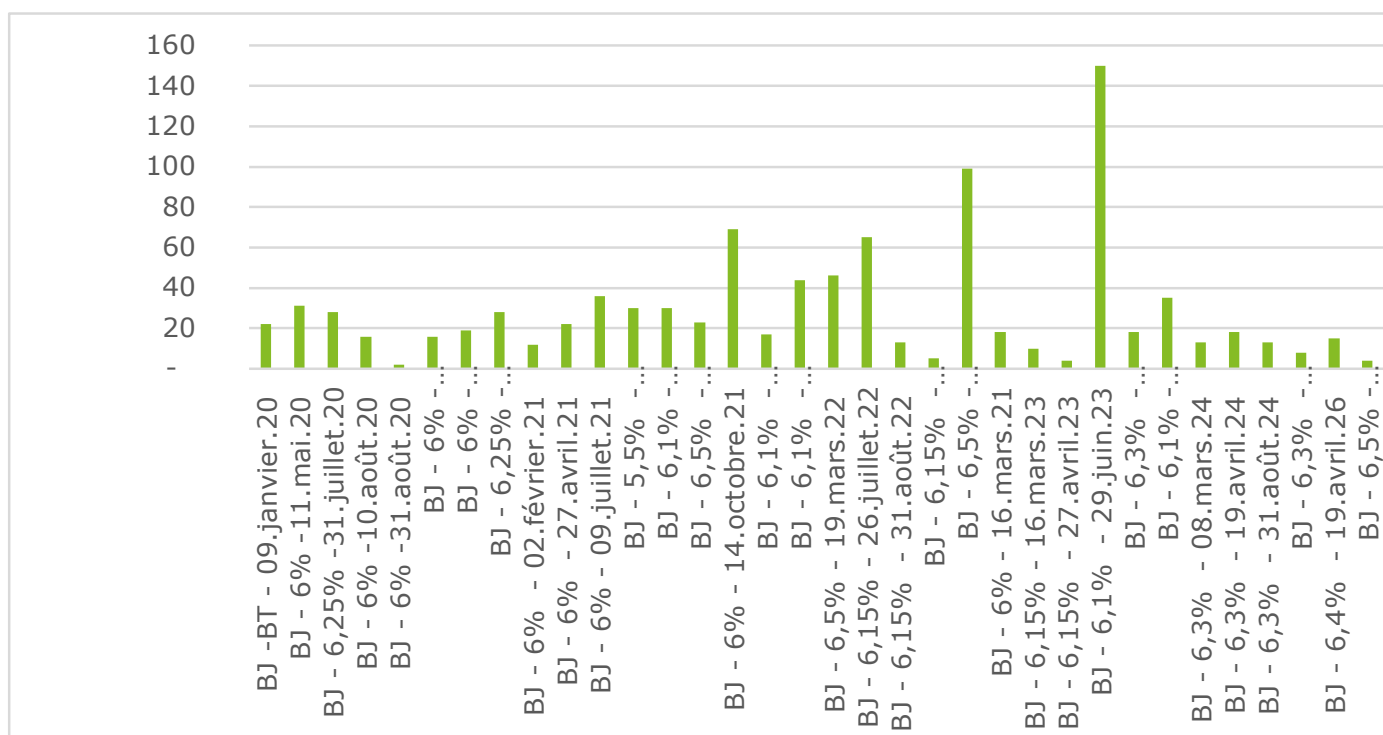
10.1 Details of country emissions from N-5 to N

Figure 27. Situation of short-medium- and long-term bond issues



Source : Agence UMOA-Titres

Figure 28. Situation of outstanding securities according to maturity at 31st December 2019 (CFAF billion)



Source : Agence UMOA-Titres

Table 64. Details of Benin's emissions from 2015 to 2019

ISSUER	INSTRUMENT	TRANSACTION DATE	VALUE DATE	DEADLINE DATE	MATURITY (MONTHS)	DEFERRED	AMOUNT (MILLIONS OF CFAF)	AMOUNT SUBMITTED (MILLIONS OF CFAF)	AMOUNT RETAINED (MILLIONS OF CFAF)	ISIN
BENIN	BAT	13/06/2019	14/06/2019	12/09/2019	3	(Year)	25 000	26 646.00	26 646.00	BJ0000001251
BENIN	BAT	16/05/2019	17/05/2019	14/11/2019	6	--	25 000	50 911.00	27 500.00	BJ0000001244
BENIN	FTB	18/04/2019	19/04/2019	17/04/2024	60	--	30 000	58 104.51	18 447.44	BJ0000001228
BENIN	FTB	18/04/2019	19/04/2019	17/04/2026	84	5	30 000	16 502.56	14 552.56	BJ0000001236
BENIN	FTB	07/03/2019	08/03/2019	08/03/2024	60	--	15 000	20 319.99	13 319.99	BJ0000001210
BENIN	BAT	21/02/2019	22/02/2019	22/08/2019	6	--	25 000	26 890.00	25 000.00	BJ0000001202
BENIN	FTB	07/02/2019	08/02/2019	25/01/2022	36	--	20 000	40 082.57	22 000.00	BJ0000001194
BENIN	FTB	24/01/2019	25/01/2019	25/01/2022	36	--	20 000	47 425.11	22 000.00	BJ0000001194
BENIN	BAT	09/01/2019	11/01/2019	09/01/2020	12	--	20 000	36 211.00	21 947.00	BJ0000001186
BENIN	FTB	14/12/2018	17/12/2018	11/05/2020	36	--	25 000	29 391.05	18 991.05	BJ0000000790
BENIN	FTB	29/11/2018	30/11/2018	30/11/2021	36	--	15 000	24 036.25	16 500.00	BJ0000001178
BENIN	FTB	25/10/2018	26/10/2018	17/09/2021	36	--	15 000	23 462.29	13 322.29	BJ0000001160
BENIN	FTB	18/09/2018	19/09/2018	19/09/2021	36	--	15 000	25 718.92	16 500.00	BJ0000001160
BENIN	FTB	06/09/2018	07/09/2018	07/09/2021	36	--	50 000	37 021.11	35 221.00	BJ0000001152
BENIN	FTB	06/09/2018	07/09/2018	07/09/2023	60	3	50 000	18 019.17	18 019.00	BJ0000001145
Bénin	BAT	09/08/2018	10/08/2018	07/02/2019	6	--	25 000	65 668.00	27 500.00	BJ0000001111
BENIN	BAT	10/07/2018	11/07/2018	09/07/2019	12	--	25 000	28 624.00	27 500.00	BJ0000001103
BENIN	BAT	05/07/2018	09/07/2018	07/07/2019	12	--	70 000	62 833.00	41 114.00	BJ0000001087
BENIN	FTB	05/07/2018	09/07/2018	09/07/2021	36	--	70 000	35 932.34	35 885.00	BJ0000001095
BENIN	BAT	21/06/2018	13/09/2018	13/09/2018	12	--	20 000	24 579.00	22 000.00	BJ0000001079
BENIN	FTB	24/05/2018	13/09/2018	16/03/2021	36	--	20 000	9 638.70	9 638.70	BJ0000001004
BENIN	FTB	26/04/2018	27/04/2018	27/04/2021	36	--	25 000	21 916.73	21 916.73	BJ0000001046
BENIN	FTB	26/04/2018	27/04/2018	27/04/2023	60	--	25 000	3 934.47	3 934.47	BJ0000001053
Bénin	BAT	13/04/2018	16/04/2018	15/04/2019	12	--	20 000	50 381.00	22 000.00	BJ0000001038
Bénin	BAT	29/03/2018	30/03/2018	28/06/2018	3	--	20 000	24 369.00	22 000.00	BJ0000001020
BENIN	FTB	15/03/2018	16/03/2018	16/03/2021	36	--	35 000	10 228.00	10 228.00	BJ0000001004
BENIN	FTB	15/03/2018	16/03/2018	16/03/2023	60	--	35 000	8 109.84	8 109.84	BJ0000001012
BENIN	FTB	15/02/2018	16/02/2018	02/02/2021	36	--	15 000	10 006.32	6 838.32	BJ0000000998
BENIN	FTB	01/02/2018	02/02/2018	02/02/2021	36	--	15 000	6 421.99	5 003.57	BJ0000000998
BENIN	BAT	11/01/2018	12/01/2018	10/01/2019	12	--	20 000	19 998.00	19 998.00	BJ0000000980
BENIN	BAT	07/12/2017	08/12/2017	07/06/2018	6	--	35 000	9 855.00	9 855.00	--
BENIN	FTB	07/12/2017	08/12/2017	08/12/2020	36	--	35 000	19 152.76	19 152.76	--
BENIN	BAT	09/11/2017	10/11/2017	08/11/2018	12	--	25 000	18 644.00	15 644.00	BJ0000000923
BENIN	BAT	09/11/2017	10/11/2017	08/11/2018	12	--	25 000	18 644.00	15 644.00	BJ0000000923
BENIN	FTB	18/10/2017	19/10/2017	22/09/2020	36	--	25 000	20 165.00	14 060.00	BJ0000000881
BENIN	BAT	09/10/2017	10/10/2017	20/09/2018	12	--	15 000	35 835.00	16 500.00	BJ0000000873
BENIN	BAT	21/09/2017	30/09/2018	30/09/2018	12	--	55 000	8 877.00	8 847.00	--
BENIN	FTB	21/09/2017	30/09/2018	30/09/2018	120	--	55 000	5 915.50	4 415.50	BJ0000000907
BENIN	FTB	21/09/2017	30/09/2018	30/09/2018	60	--	55 000	10 238.50	5 238.50	BJ0000000899
BENIN	FTB	21/09/2017	30/09/2018	30/09/2018	36	--	55 000	4 201.90	2 330.04	BJ0000000881
BENIN	FTB	21/09/2017	30/09/2018	30/09/2018	84	--	55 000	11 635.00	8 349.00	--
BENIN	FTB	30/08/2017	31/08/2017	31/08/2020	36	--	25 000	15 257.00	2 404.44	--
BENIN	FTB	30/08/2017	31/08/2017	31/08/2024	84	--	25 000	12 746.56	12 520.56	--
BENIN	FTB	30/08/2017	31/08/2017	31/08/2022	60	--	25 000	13 575.00	12 575.00	--
BENIN	FTB	09/08/2017	10/08/2017	10/08/2020	36	--	25 000	20 134.00	15 634.00	BJ0000000832
BENIN	FTB	25/07/2017	26/07/2017	26/07/2022	60	--	60 000	65 430.77	65 430.77	BJ0000000824
BENIN	BAT	05/07/2017	06/07/2017	04/10/2017	3	--	25 000	43 197.00	27 500.00	BJ0000000816
BENIN	BAT	10/05/2017	11/05/2017	09/05/2018	12	--	35 000	21 365.00	21 365.00	BJ0000000782
BENIN	BAT	10/05/2017	11/05/2017	08/11/2017	6	--	35 000	8 100.00	5 155.00	BJ0000000774
BENIN	FTB	10/05/2017	11/05/2017	11/05/2020	36	--	35 000	15 071.00	11 980.00	BJ0000000790

BENIN	FTB	10/05/2017	11/05/2017	11/05/2020	36	--	35 000	15 071.00	11 980.00	BJ0000000790
BENIN	BAT	13/04/2017	14/04/2017	12/04/2018	12	--	35 000	43 142.00	35 000.00	BJ0000000766
BENIN	BAT	21/03/2017	22/03/2017	19/09/2017	6	--	25 000	27 472.00	12 750.00	--
BENIN	BAT	21/03/2017	22/03/2017	20/06/2017	3	--	25 000	14 884.00	14 750.00	--
BENIN	BAT	02/02/2017	03/02/2017	01/02/2018	12	--	35 000	24 962.00	22 462.00	BJ0000000733
BENIN	BAT	18/01/2017	19/01/2017	17/01/2018	12	--	27 000	37 398.00	29 700.00	BJ0000000725
BENIN	FTB	03/11/2016	04/11/2016	14/10/2021	60	--	25 000	31 062.50	25 000.00	BJ0000000717
BENIN	FTB	13/10/2016	14/10/2016	14/10/2021	60	--	40 000	80 068.00	44 000.00	BJ0000000717
BENIN	FTB	02/09/2016	05/09/2016	05/09/2021	60	--	35 000	30 547.20	29 547.20	BJ0000000709
BENIN	BAT	19/07/2016	20/07/2016	18/07/2017	12	--	35 000	40 995.00	35 000.00	BJ0000000691
BENIN	FTB	28/06/2016	29/06/2016	29/06/2023	84	--	150 000	202 281.00	150 000.00	BJ0000000683
BENIN	BAT	13/04/2016	14/04/2016	12/04/2017	12	--	30 000	55 930.00	33 000.00	BJ0000000675
BENIN	FTB	15/03/2016	16/03/2016	16/03/2019	36	--	25 000	28 350.00	27 500.00	BJ0000000667
BENIN	BAT	17/02/2016	18/02/2016	15/02/2017	12	--	25 000	32 465.00	27 500.00	BJ0000000659
BENIN	FTB	12/01/2016	13/01/2016	13/01/2019	36	--	25 000	43 250.00	25 000.00	BJ0000000642
BENIN	FTB	17/12/2015	18/12/2015	18/12/2020	60	--	100 000	124 082.00	55 000.00	--
BENIN	FTB	02/12/2015	03/12/2015	03/12/2022	84	--	150 000	234 025.90	165 000.00	BJ0000000626
BENIN	FTB	27/10/2015	28/10/2015	31/07/2020	60	--	30 000	63 210.04	33 000.00	--
BENIN	FTB	30/09/2015	09/07/2015	09/07/2018	36	--	35 000	36 580.00	36 580.00	--
BENIN	FTB	27/08/2015	28/08/2015	31/07/2020	60	--	40 000	64 936.00	44 000.00	--
BENIN	FTB	30/07/2015	31/07/2015	31/07/2020	60	--	30 000	78 807.74	33 000.00	BJ0000000618
BENIN	FTB	08/07/2015	09/07/2015	09/07/2018	36	--	35 000	44 240.00	35 000.00	BJ0000000600
BENIN	FTB	17/06/2015	18/06/2015	19/03/2022	84	--	30 000	94 072.35	33 000.00	--
BENIN	BAT	13/05/2015	15/05/2015	11/05/2017	24	--	30 000	58 341.00	33 000.00	--
BENIN	BAT	17/04/2015	20/04/2015	16/04/2017	24	--	30 000	67 635.00	33 000.00	BJ0000000584
BENIN	FTB	18/03/2015	19/03/2015	19/03/2022	84	--	40 000	111 834.36	44 000.00	--
BENIN	BAT	18/02/2015	19/02/2015	17/02/2016	12	--	25 000	49 830.00	25 000.00	--
BENIN	BAT	13/01/2015	14/01/2015	12/01/2016	12	--	30 000	50 704.00	30 000.00	--

Source : Agence UMOA-Titres

10.2 Details of securities outstanding at the end of 2019

Table 65. Details of securities outstanding at the end of 2019

Issuer	Wording	ISIN	Maturity (years)	Issuing date	TMP	Coupon	Outstanding amount at the end of year N (millions CFAF)
BENIN	BJ-BT-12months- 10/01/19	BJ0000000980	12 months	11/01/2018	6,34%		20 000
BENIN	BJ-5,5%-3years -13/01/19	BJ0000000642	3 years	12/01/2016	5,63%		25 000
BENIN	BJ-BT-6 months 07/02/19	BJ0000001111	6 months	09/08/2018	5,86%		28 000
BENIN	BJ-5,5%-3years-16/03/19	BJ0000000667	3 years	15/03/2016	6,06%		28 000
BENIN	BJ-BT-12 months -15/04/19	BJ0000001038	12 months	13/04/2018	6,26%		22 000
BENIN	BJ-BT-12 months s-20/06/19	BJ0000001079	12 months	21/06/2018	6,08%		22 000
BENIN	BJ-BT-12 months - 07/07/19	BJ0000001087	12 months	05/07/2018	6,19%		41 000
BENIN	BJ-BT-12 months -09/07/19	BJ0000001103	12 months	10/07/2018	6,29%		28 000
BENIN	BJ-6%-3 years -11/05/20	BJ0000000790	3 years	10/05/2017			31 000
BENIN	BJ-6,25%- 5 years -31/07/20	BJ0000000618	5 years	30/07/2015	-		55 000
BENIN	BJ-6%-3 years -10/08/20	BJ0000000832	3 years	09/08/2017			16 000
BENIN	BJ-6%-3 years -31/08/20	BJ0000000840	3 years	30/08/2017			2 000
BENIN	BJ-6%-3 years -22/09/20	BJ0000000881	3 years	21/09/2017			16 000
BENIN	BJ-6%-3 years -08/12/20	BJ0000000972	3 years	07/12/2017			19 000
BENIN	BJ-6,25%- 5 years -18/12/20	BJ0000000634	5 years	17/12/2015	6,48%		55 000
BENIN	BJ-6%-3 years -02/02/21	BJ0000000998	3 years	01/02/2018	6,89%		5 000
BENIN	BJ-6%-3 years -02/02/21	BJ0000000998	3 years	15/02/2018	7,24%		7 000
BENIN	BJ-6%-3 years -16/03/21	BJ0000001004	3 years	15/03/2018	7,68%		8 000
BENIN	BJ-6%-3 years -27/04/21	BJ0000001046	3 years	26/04/2018	7,37%		22 000
BENIN	BJ-6%-3 years -09/07/21	BJ0000001095	3 years	05/07/2018	7,49%		36 000
BENIN	BJ-5,5%-5 years -05/09/21	BJ0000000709	5 years	02/09/2016	6,35%		30 000
BENIN	BJ-6,1%-3 years -07/09/21	BJ0000001152	3 years	06/09/2018	7,46%		35 000
BENIN	BJ-6,1%-3 years -19/09/21	BJ0000001160	3 years	18/09/2018	7,20%		17000
BENIN	BJ-6,5%-7 years -10/10/21	BJ0000000535	7 years	09/10/2014	6,92%		34 000
BENIN	BJ-6%- 5 years -14/10/21	BJ0000000717	5 years	13/10/2016	6,58%		44 000
BENIN	BJ-6%- 5 years -14/10/21	BJ0000000717	5 years	03/11/2016	6,97%		25 000
BENIN	BJ-6,1%-3 years -30/11/21	BJ0000001178	3 years	29/11/2018	7,33%		17 000
BENIN	BJ-6,5%-7 years -19/03/22	BJ0000000576	7 years	18/03/2015	6,57%		62 000
BENIN	BJ-6,15%-5 years -26/07/22	BJ0000000824	5 years	25/07/2017			65 000
BENIN	BJ-6,15%- 5 years -31/08/22	BJ0000000865	5 years	30/08/2017			13 000
BENIN	BJ-6,15%- 5 years - 22/09/22	BJ0000000899	5 years	21/09/2017			5 000
BENIN	BJ-6,5%-7 years 03/12/22	BJ0000000626	7 years	02/12/2015	6,48%		132 000
BENIN	BJ-6,15%- 5 years -16/03/23	BJ0000001012	5 years	15/03/2018	7,12%		10 000
BENIN	BJ-6,15%-5 years -27/04/23	BJ0000001053	5 years	26/04/2018	7,06%		4 000
BENIN	BJ-6,1%-7 years - 29/06/23	BJ0000000683	7 years	28/06/2016	7,22%		150 000
BENIN	BJ-6,3%-5 years -07/09/23	BJ0000001145	5 years	06/09/2018	7,22%		18 000
BENIN	BJ-6,3%- 7 years -31/08/24	BJ0000000857	7 years	30/08/2017			13 000
BENIN	BJ-6,3%-7 years - 22/09/24	BJ0000000907	7 years	21/09/2017			8 000
BENIN	BJ-6,5%-10 years - 22/09/27	BJ0000000915	10 years	21/09/2017			4 000

Source : Agence UMOA-Titres, government securities Market Statistics

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

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

Public offering : an invitation to tender on the financial market for government securities through the intermediary of an SGI. It is open to all investors,

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

Government funding needs : the overall amount needed to cover the primary budget deficit and the interest and amortisation charges linked to the 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) that meets in Paris to negotiate debt restructuring agreements with debtor countries with debt service problems,

Bilateral creditors : governments, central banks, agencies and export credit 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, World Bank and regional development banks,

Credits to the economy (EC) : all the loans granted to the economy by banks (refinanced or not), financial institutions (part refinanced by the Central Bank) and by the Treasury (through the acceptance of customs drafts),

Domestic credit : Credit to the economy + Net Government Position (see PNG),

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

Budget deficit : difference between total revenue and total expenditure and net lending,

Current account deficit : deficit balance of current transactions in the balance of payments,

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

Public external deb : central government loans to non-residents,

Foreign public debt : central government borrowing from non-residents,

Non-concessional debt : debt contracted at market conditions,

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

Achievements : economic data for past years, calculated on the basis of exhaustive economic information collected on economic activity by national administrations, should correspond more or less to the data in the final accounts for year N-3 ;

Estimates : correspond to the semi-final or provisional accounts, drawn up on the basis of the eco-

conomic information for a given year, they are generally not based on the exhaustive and/or not fully validated ;

Economic projections or forecasts : correspond to economic data calculated on the basis of assumptions made on the future development of economic activity. These projections may partially cover certain accounts for which only provisional and/or partial data is available,

Grant element : difference between the nominal value (NV) and the present value (PV) of the debt service expressed as a percentage of the nominal value of the loan $((NV-VA)/VN)$,

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

Euro-bond : dollar-denominated bond on the London financial market,

Inflation : Generalised increase in consumer prices, resulting in a loss of purchasing power of money,

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 the IMF in 1996 to address the foreign debt problems of Heavily Indebted Poor Countries (HIPC), which aims to provide comprehensive debt relief sufficient to achieve debt sustainability,

Money supply (MO) : all creditss held by the rest of the economy on monetary institutions,

It covers cash in hand (fiduciary circulation + sight deposits) and quasi-monetary assets (savings accounts and time deposits),

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

Contingent liabilities : debts contracted by other public entities with the exception of central government (local authorities and para-public sector),

Net Government Position (NGP) : net claims or net liabilities of the Treasury vis-à-vis the rest of the economy,

The Government's net position is made up of the difference between the Treasury's debts and its claims on the Central Bank, banks and individuals and companies,

By convention, a credit PNG is preceded by a (-) sign and a debit PNG is preceded by a (+) sign,

Tax pressure : the rate of tax revenue to GDP.

Refinancing risk : risk linked to the renewal of the maturing debt. It may relate to the cost of refinancing or the impossibility of obtaining the desired amounts,

Interest rate risk : Interest rate risk refers to the vulnerability of the debt portfolio and the cost of government debt to high market interest rates, to the point where maturing fixed and floating rate debt is revalued,

Currency risks : risks related to exchange rate fluctuations,

Debt service : any payment to be made in respect of the principal, interest and commission on a loan,

Primary balance : (see primary deficit),

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

Stock of public debt : amount at a given date of disbursements of debts not yet repaid,

Exchange rate : Price of one currency in terms of another.

Debt rate : rate of the stock of public debt to GDP,

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

Terms of exchange : They express for a country the difference 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 ($T = [\text{export price index} / \text{Import prices index}] \times 100$), The terms of trade improve over time ($T > 100$) if an economy exports a smaller quantity of goods to purchase the same quantity of imported goods (in other words, the same quantities exported buy more imported goods): export earnings improve in this case, In the opposite case, the terms of trade deteriorate (T),

This price rate thus translates the evolution of the purchasing power of exports into imports, for a given volume of trade (the structure of trade is fixed) : it reflects the price-competitiveness of a country (independently of the quantity effect),

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