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INFORMATION NOTE

REPUBLIC OF BENIN

Presentation of Sovereign issuers of

West African Monetary Union (WAMU)

August 2021

Quality review by Deloitte.

Summary

ACRONYMS

ADB	: African Development Bank
ADF	: African Development Fund
AED	: United Arab Emirates Dirham
AFD	: French Development Agency
ANSSFD	: National Agency for the Supervision of Decentralized Financial Systems
ARCH	: Insurance for Building Human Capital
BADEA	: Arab Bank for Economic Development in Africa
BCEAO	: Central Bank of West African States
BEPC	: Junior High School Diploma
BOAD	: West African Development Bank
CAA	: Caisse Autonome d'Amortissement
CAE	: Business Support Contract
CAP	: Certificate of Professional Competence
CENTIF	: National Financial Intelligence Processing Unit
CFAF	: West African CFA Francs
CI	: Class 1, Primary School
CIF	: Cost Insurance & Freight
CM	: Junior High School
CNY	: Chinese Yuan
CP	: Class 2, Primary School
CPEP	: First Professional Experience Contract
CQM	: Trade Qualification Certificate
CQP	: Professional Qualification Certificate
CRIET	: Economic Crimes and Terrorism Court
CSFAM	: Financial Stability and Microfinance Sector Reorganization Committee
CSPEF	: Economic and Financial Programs Monitoring Unit
CV	: Current Value
DGAE	: Directorate General of Economic Affairs
DGB	: Directorate General of the Budget
DPMF	: Microfinance Promotion Directorate
DSA	: Debt Sustainability Analysis
EBID	: `ECOWAS Bank for Investment and Development
ECOWAS	: Economic Community of West African States
ECT	: External Common Tariff
EIB	: European Investment Bank
ESG	: General Secondary Education
FDI	: Foreign Direct Investment
FDU	: United Democratic Forces
FEC	: Extended Credit Facility
GDP	: Gross Domestic Product
IDA	: International Development Association
IMB	: Directorate General of Taxes
IMF	: International Monetary Fund
INSAE	: National Institute of Statistics and Economic Analysis
IS	: Corporate income tax
IsDB	: Islamic Development Bank
JPY	: Japanese Yen
KFW	: Kreditanstalt für Wiederaufbau
KWD	: Kuwaiti Dinar
MDGLAT	: Ministry of Decentralization, Local Governance, Administration and Territorial Development
MEceF	: Certified Electronic Billing Machines

MEF : Ministry of Economy and Finance
MEMP : Ministry of Nursery and Primary Education
MEST : Ministry of Secondary Education and Vocational Training
MSP : Ministry of Public Health
NJC : National Microfinance Committee
NTCM : Microfinance Quarterly Review
P2RDE : Program of further training, retraining and retraining of job seekers
PaDE : Decentralized Employment Program
PAEI : Self-Employment Support Program
PAG : Government Action Program
PFE : Employment Focal Point
Prodij : Youth integration program
PS : Primary School
PSPIE : Special pre-integration program in education
RGPH : General Census of Population and Housing
RNIE : Inter-state highway
SAR : Saudi Riyal
SIGFIP : Integrated Public Finance Management System
SIGTAS : Integrated Tax Management System
TCAM : Average Annual Growth Rate
TVET : Technical and Vocational Education and Training
UNCTAD : United Nations Conference on Trade and Development
USD : United States Dollars
VAT : Value Added Tax
WAEMU : West African Economic and Monetary Union
WAMU : West African Monetary Union
WHO : World Health Organization
WTO : World Trade Organization
YRMB : Renminbi

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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 07 octobre 2021

Le Directeur Général du Trésor et de la Comptabilité Publique

République du Bénin • Direction Générale du Trésor et de la Comptabilité Publique
Le Directeur Général

Oumara KARIMOU ASSOUMA

Benin's economic activity in 2020, just like other countries, was affected by the Covid-19 pandemic. The restrictive measures taken at the national, regional and international levels to curb the spread of the disease slowed down the growth rate that had been rising since 2016. The growth rate was estimated at 3.8% in 2020, compared with 6.9% in 2019 and 6.7% in 2018. The slowdown in growth rate was driven by all sectors of activity, particularly agriculture, secondary and tertiary. The 3.8% growth rate achieved by Benin is mainly due to the innovative pandemic management strategy undertaken by the Beninese authorities and a certain resilience of the national economy to exogenous shocks.

Economic activity took place in an environment marked by an upturn in prices compared to 2019. Indeed, the year-on-year inflation rate in 2020 stood at 3% against -0.9% a year earlier. This inflation rate of 3% is within WAEMU range.

In terms of public finances, 2020 was marked by an increase in budgetary revenues and expenditures. In fact, budgetary revenue rose from CFAF 1,088.0 billion in 2019 to CFAF 1,142.1 billion in 2020 despite the Covid-19 pandemic. Expenditure rose to CFAF 1,719.89 billion in 2020 from CFAF 1,225.9 billion in 2019 due to the financing of the response to the Covid-19 pandemic and the continuation of projects part of the government's action program. As a percentage of GDP, public expenditure accounted for 19.1% in 2020 compared with 14.5% in 2019. In line with revenue and expenditure trends, the deficit, including grants, stood at 4.7% in 2020, compared with 0.5% in 2019.

The money supply recorded an increase of 15.8% linked to the growth of domestic assets (+27.4%) and foreign assets (+13.8%). The breakdown of the money supply shows that deposits stood at CFAF 2,044.73 billion in 2020 against CFAF 1,807.45 billion in 2019. The said deposits represent 74.30% of the money supply. As for currency in circulation, it stood at CFAF 707.16 billion against CFAF 569.12 billion in 2019.

Foreign trade figures indicate a decline in the nominal value of the structural current account deficit to CFAF 353.46 billion in 2020 from CFAF 340.17 billion in 2019. As a percentage of GDP, the deficit improved to 3.9% in 2020 against 4.0% a year earlier. The overall balance was in surplus in 2020 as in 2019. It amounted to 3.4% of GDP compared to 0.5% in 2019.

On the debt side, the debt ratio fell to 46.1% of GDP in 2020 from 41.2% in 2019, below the 70% criterion defined by the WAEMU. This rate reflects Benin's prudent management of public debt and the leeway available to the country to finance development projects in a bid to maintain debt sustainability.

The economic outlook is for a growth rate of 6.0% in 2021 and 7.0% in 2022, in connection with the gradual mitigation of the Covid-19 impact on the economy and the continued implementation of Government's policy, which aims to bring about an in-depth transformation of Benin, and especially its economic structure, with a view to ensuring strong, sustainable and wealth-creating economic growth.

Republic of Benin

Area	Population in 2020	Capital	Political system	Currency	Official language
114 763 km^2	12 123 198	Porto-Novo	Presidential	CFAF	French

Nominal GDP in 2020

9 008.80 billions of CFAF

(source : National services, BCEAO)

- Economy based on agriculture and services
- Growth rate in 2020 : 3.8%
- Main export product : Cotton
- GDP per capita in 2020 : 732 277.0 CFAF
- Indebtedness rate in 2020 : 46.1% of GDP
- Fiscal deficit , including grants, in 2020 : 4.7%

1.1. Political system

Benin, a former French colony, gained independence on 1er August 1960, under the name of Republic of Dahomey, before taking its current name in 1975. Benin has a constitution, known as "Law No. 90-32 of 11 December 1990, establishing the Constitution of the Republic of Benin, as amended by Law No. 2019-40 of 07 November 2019".

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

1.1.1. Executive power

The President of the Republic is the Head of State, the elected representative of the Nation and the embodiment of 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 or she is elected by direct universal suffrage for a five-year term, renewable only once. 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 President of the Republic and the Vice-President of the Republic shall take place by majority vote in two (02) rounds. The duo of candidates is elected by an absolute majority of the votes cast. If this majority is not obtained in the first round of voting, a second round shall be held. The two pairs of candidates who received the highest number of votes in the first ballot shall be admitted to the second ballot. In the event of the withdrawal of a pair, the following pairs shall be retained in the order of their ranking after the first ballot.

Criteria to be eligible for the office of President of the Republic or Vice-President of the Republic:

- To be of Beninese nationality by birth or acquired for at least ten years;
- To be of good character and great probity;
- To Enjoy all his civil and political rights, and to be at least 40 and not more than 70 years of age on the date of taking office;
- Not to have been elected twice (02) President of the Republic and not to have served two terms as such;
- To be present in the Republic of Benin at the time of filing his candidacy;
- To be in a state of full physical and mental well-being duly certified by a panel of three (03) sworn doctors appointed by the Constitutional Court;
- To be duly sponsored by elected officials under the conditions and in the manner prescribed 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 nation's policy. He exercises regulatory power. He has the administration and the defense and security forces at his disposal. He is responsible for national defense. He appoints the members of the Government after consultation with the Bureau of the House of Assembly; he determines their powers and terminates their functions.

Furthermore, the President of the Republic, after consulting the Speaker of the House of Assembly and the President of the Constitutional Court, may initiate a referendum on any question relating to the promotion and strengthening of human rights, subregional or regional integration and the organization of public authorities.

With regard to laws, the President of the Republic has the initiative concurrently with the members of the House of Assembly. He ensures the promulgation of laws within fifteen days of their transmission to him by the Speaker of the House of Assembly. This period is reduced to five days in the event of an emergency declared by the House of Assembly. Before the expiry of these time limits, he may ask the House of Assembly for a second reading of the law or of some of its articles. If, after this last vote, the President of the Republic refuses to promulgate the law, President of the House of Assembly may bring the matter to the Constitutional Court, which then declares the law enforceable if it is in conformity with the Constitution. The President of the Republic also ensures the execution of laws and guarantees the execution of court decisions.

In the event of a presidential vacancy due to death, resignation or permanent impediment, the duties of the President of the Republic shall be performed by the Vice-President of the Republic for the remainder of the current term of office. He shall immediately take the oath provided for in Article 53 of the Constitution. He appoints or at the latest forty-eight (48) hours after the taking of the oath, and after the advisory opinion of the Bureau of the House of Assembly, a new Vice-President of the Republic in accordance with the provisions of article 44, except that relating to sponsorship.

In the event of death, resignation or permanent incapacity of the elected Vice-President before the appointment of a new Vice-President of the Republic, the President of the House of Assembly shall refer the matter to the Constitutional Court, which shall establish the death, resignation or permanent incapacity 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 the President of the Republic are performed by the President of the House of Assembly, which elects a new President of the Republic. The same shall apply if the President of the Republic elected alone under the conditions of paragraph 5 of Article 45 dies, resigns or is permanently prevented from exercising his functions before the appointment of the Vice-President of the Republic.

Since the democratic renewal, Benin has experienced 6 presidential elections and 4 presidents have succeeded each other. The democratically elected presidents include Nicéphore Dieudonné SOGLO (1991-1996), followed by Mathieu KEREKOU (1996-2006); Thomas Boni YAYI (2006-2016) and the current President since April 6, 2016, Patrice Athanase Guillaume TALON, who was re-elected for a new 5-year term in a duo with Mariam Chabi TALATA (Vice-President) at the end of the presidential election on April 11, 2021.

1.1.2 Legislative power

Parliament is constituted by a single assembly, known as the House of Assembly. It is the representative assembly of the Republic of Benin, whose members bear the title of deputy (MP). It exercises legislative power and oversees the action of the Government. Parliament has 83 seats. Deputies are elected by direct universal suffrage. The term of office is five (5) years, renewable twice. Each deputy is the representative of the entire nation and any imperative mandate is null and void[1].

The House of Assembly passes the law and agrees on tax. The law is passed by the House of Assembly by a simple majority. However, the laws to which the Constitution confers the character of organic laws shall be voted and amended under the following conditions:

- The proposal or draft shall not be submitted to the Assembly for deliberation and vote until fifteen days after it has been tabled in the Assembly;
- The text can only be adopted by an absolute majority of the members of the Assembly;
- Organic laws may only be promulgated after the Constitutional Court has declared their conformity with the Constitution.
- The MPs of the 8th Parliament are drawn from the last parliamentary elections in April 2019. The composition of the MPs by political formation is as shown in the following table.

Table 1. Current composition of the Parliament by political party

Political parties	Number of seats
Progressive Union	46
Republican Bloc	37

Source : https://assemblee-nationale.bj

1.1.3. Judicial power

The judiciary is independent of the executive and legislative branches. It is exercised by the Supreme Court and the courts and tribunals established in accordance with the current Constitution. The President of the Republic is the guarantor of the independence of the judiciary. He is assisted by the Supreme Council of the Judiciary. The latter acts as a disciplinary council for judges. It examines pardon applications and forwards 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, the legislature and all courts. The Supreme Court may be consulted by the Government on all administrative and jurisdictional matters.

The Court of Auditors[2]

The Court of Audit is the highest jurisdiction of the State on auditing public accounts. It audits the accounts and controls the management of public companies and bodies with financial participation or receiving public funds. It is the supreme audit institution for public finances. 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, the legislature and all courts of law.

[1] The new provisions governing the election and term of office of Members of Parliament will come into force for the 2023 parliamentary elections.
[2] The court of auditors was established following the constitutional review of 07 November 2019

The High Court of Justice

The High Court of Justice is composed of members of the Constitutional Court, with the exception of its President, six deputies elected by the House of Assembly and the President of the Supreme Court. It has jurisdiction to try the President of the Republic and the members of the Government for acts qualified as high treason, for offences committed in the exercise of their functions or in connection with the exercise of their functions, as well as to try their accomplices in the case of conspiracy against State security. The ordinary courts shall retain jurisdiction over offences committed outside the exercise of their functions and for which they are criminally responsible. The High Court of Justice is bound by the definition of offences and the determination of penalties under the criminal laws in force at the time of the offence.

Lower courts

The first level of jurisdiction is the lower court. Lower courts are run by professional judges. They are ordinary judges in criminal, civil, commercial, social and administrative matters. The decisions of the lower courts may be appealed to the courts of appeal.

Conciliation courts

The conciliation court is set up by arrondissement in the communes with special status (Cotonou, Porto-Novo and Parakou). In the ordinary communes, one court is set up per commune. The mission of a conciliation court is to seek conciliation between protagonists in a dispute. They are run by notables and not professional judges; they do not issue decisions of a judicial nature. Their main area of intervention is currently the search for conciliation in land disputes, which are very frequent in the country.

Commercial courts

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

- Disputes relating to traders and commercial intermediaries for acts performed in the course of or for the needs of their trade and disputes concerning their commercial relations ;
- Disputes relating to commercial companies and economic interest groups, disputes relating to commercial acts between all natural or legal persons
- Disputes relating to security interests granted to secure the performance of commercial obligations ;
- Disputes relating to commercial leases ;
- Litigation in matters of competition, distribution, industrial property, counterfeiting;
- Accounting transactions ;
- Collective proceedings ;
- Takeover bids and financial market acts.

Courts of Appeal

There are three such courts. Each Court of Appeal comprises at least one modern civil and social chamber, one property rights chamber, one administrative chamber, one traditional law chamber, one correctional chamber, one audit chamber and one indictment chamber. The Court of Appeal is competent to rule on all judgments handed down by the courts of first instance within its jurisdiction and appealed against in the manner and within the time limits laid down by law. Decisions of the courts of appeal may be appealed to the Supreme Court.

Commercial Courts of Appeal

There are three commercial courts of appeal. Each Court of Appeal comprises at least one modern civil and social chamber, one property law chamber, one administrative chamber, one traditional law chamber, one correctional chamber, one audit chamber and one indictment chamber. The Commercial Court of Appeal has jurisdiction to rule on all judgments handed down by the commercial courts within its jurisdiction and appealed against in the manner and within the time limits laid down by law.

1.2. Administrative organization

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

Stretched out between the Niger River in the North and the coastal plain in the South, the relief of the country as a whole is not very uneven and includes a low, sandy coastal region bordered by lagoons; a plateau of ferruginous clay; a silico-clay plateau, dotted with some undergrowth; in the North-West, the Atacora Massif (800 meters); and in the North-East, the plains of Niger, which are silico-clay and very fertile.

The main rivers in northern Benin are the River Niger, which partly borders Niger, and its tributaries, the Sota (250 km), the Mékrou (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), bordering Togo, waters the southwestern part of the country.

The country also has several bodies of water in the South: Lake NOKOUE (138 km2), Lake AHEME (78 km2) and the Porto-Novo lagoon (35 km2).

Benin is a country with a hot and humid climate in the intertropical zone with seasonal and geographical nuances linked to latitude, relief and alternating seasons. There are two types of climate:

- The sub-equatorial climate in the south includes a long rainy season from April to July; a short dry season from July to September; a short rainy season from September to October; and a long 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: the tree savannah in the northern Sudanese regions; the savannah in the centre with species such as mahogany, iroko and samba; and the forest in the south and middle of Benin.

1.4. Population

Population structure

According to the general census conducted in 2013, Benin's population stood at 10,008,749, of which 51.2 per cent were women. Departments located in the southern basin, Atlantic, Couffo, Littoral, Mono, Ouémé, Plateau and Zou, are the most populated. More than 50 per cent of Benin's population was under 18 years of age. Young people between the ages of 15 and 35 accounted for about 60.3 per cent of the population. The population growth rate is about 2.8 per cent per year.

In 2020, the population of Benin is estimated by the United Nations at 12,123,198 inhabitants, compared with 11,801,153 in 2019. The population density was 107.5 inhabitants in 2020 against 104.7 inhabitants per km2 in 2019. Females accounted for 50.06% of the total population compared to 49.94% for males. The ratio of males to females was 99.8% in 2020 compared to 99.7% in 2019.

Table 2. Breakdown of the population by sex

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Total population (in millions)	9.46	9.73	10.00	10.29	10.58	10.87	11.18	11.49	11.80	12.12
Men	4.70	4.84	4.98	5.12	5.27	5.42	5.57	5.73	5.89	6.05
Women	4.76	4.89	5.03	5.16	5.31	5.45	5.60	5.75	5.91	6.07
Proportion Male/Female (%)	98.8	98.9	99.1	99.2	99.3	99.4	99.5	99.6	99.7	99.8
Population growth rate (%)*	2.8	2.8	2.8	2.8	2.8	2.8	2.8	2.7	2.7	-

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

The average annual population growth rate (AAGR)[3] was 2.5% between 2011 and 2020. It will be around 2.6% by 2025. The total fertility rate (TFR) was 5.7 children per woman in 2018 compared with 4.9 children 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. Fertility rates 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

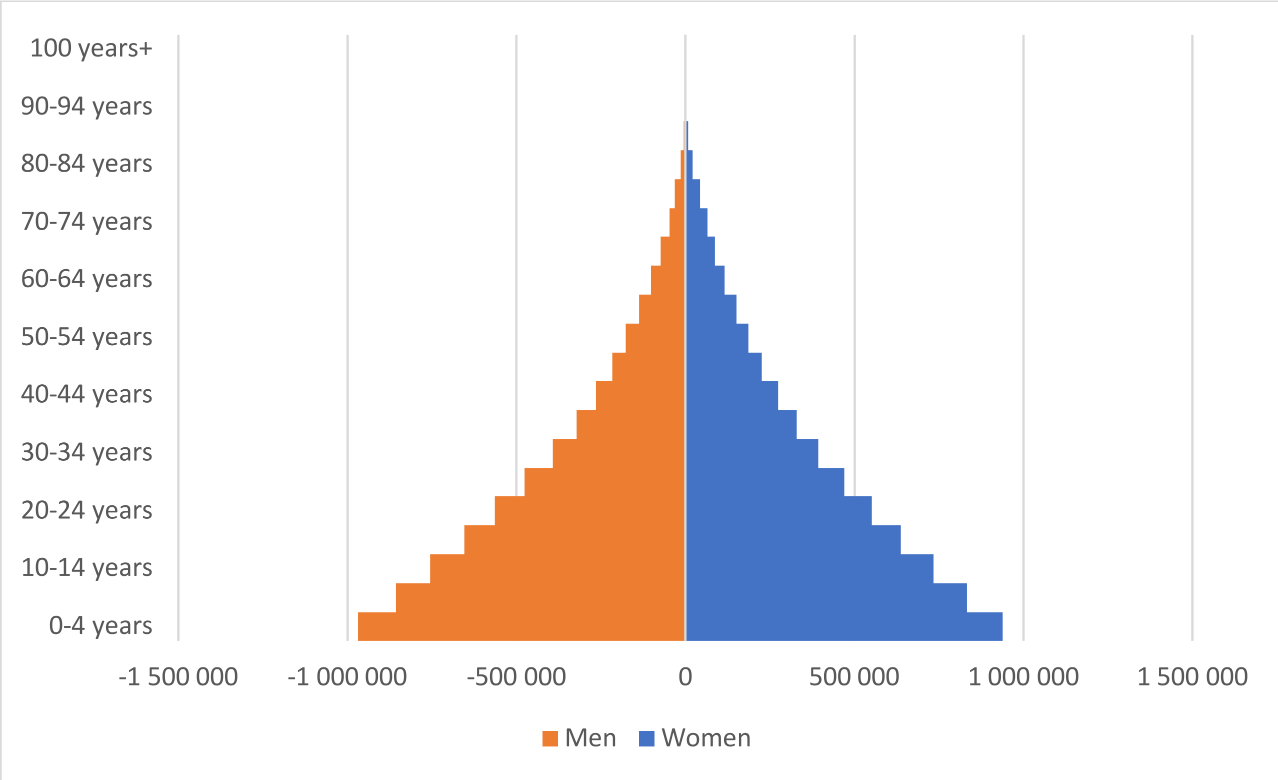
Source: INSAE: Demographic and Health Survey 2017-2018

[3] Calculated on the basis of the formula POWER (Pop2020/Pop2011;1/10)-1.

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

The population age pyramid has a broad base that is rapidly narrowing, a characteristic of populations with high fertility and mortality. On the basis of the age pyramid, Benin's population is predominantly young. In 2020, 69.6 per cent of the population was under 30 years of age, 61.8 per cent under 25, 52.6 per cent under 20, and only 5.1 per cent of the population was over 60.

Figure 1. Age pyramid in 2020



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

In terms of projections, Benin's population is expected to reach 15,672,310 in 2030 and 24,280,484 in 2050. From 2025 to 2050, the male population will exceed the female population.

Table 4. Projection of the Beninese population

	2021	2025	2030	2035	2040	2045	2050
Male	6 220	6 913	7 847	8 848	9 907	11 014	12 160
Female	6 231	6 909	7 826	8 815	9 868	10 973	12 120
Total	12 451	13 822	15 672	17 663	19 775	21 986	24 280
Male to Female Ratio	0.998	1.001	1.003	1.004	1.004	1.004	1.003

Source: World Population Prospects 2019, United Nations

The population structure would change slightly in terms of projections. In fact, the population under 30 years of age would represent 61.1% in 2050 against 67.2% in 2030.

Figure 2. Age pyramid in 2030

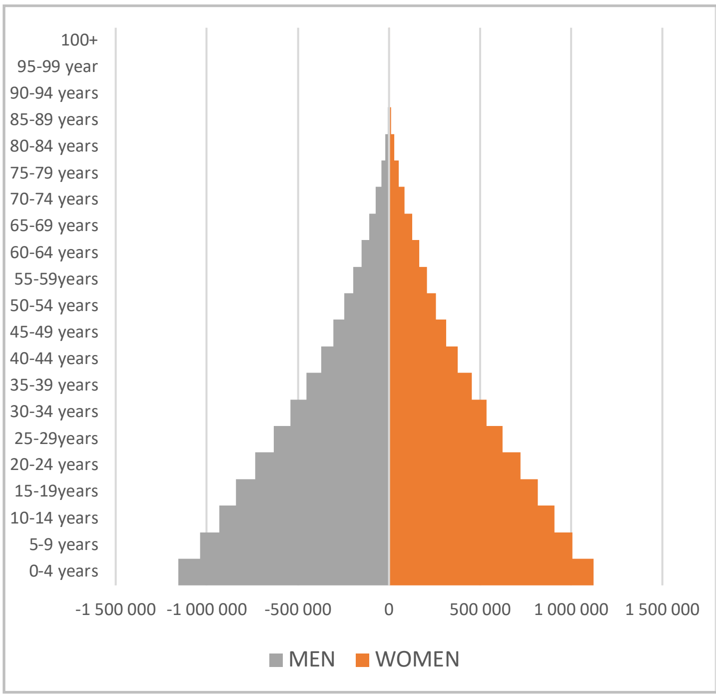
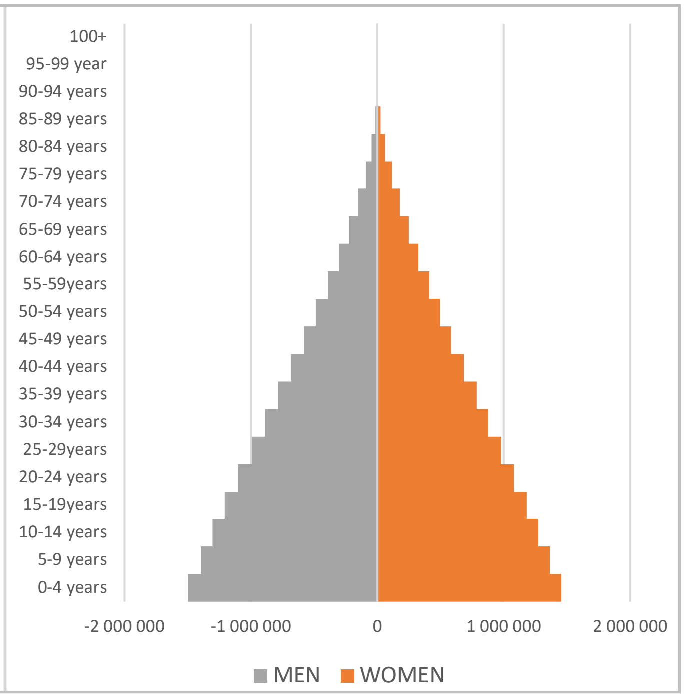


Figure 3. Age pyramid in 2050



Source: World Population Prospects 2019, United Nations

The rural population is larger than the urban population. Indeed, the rural population has increased from 5.34 million in 2011 to 6.25 million in 2020 while the urban population has increased from 4.13 million in 2011 to 5.87 million in 2020. The faster growth of the urban population reflects a more rapid urbanization of the population. In terms of proportion, the urban to rural population ratio has increased from 1.29 in 2011 to 1.07 in 2020. The urbanization rate is 48.4% in 2020 compared to 43.6% in 2011.

Table 5. Breakdown of the population by place of residence (millions)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Total Population	9.5	9.7	10.0	10.3	10.6	10.9	11.2	11.5	11.8	12.1
Urban population	4.1	4.3	4.5	4.7	4.8	5.0	5.2	5.4	5.7	5.9
Rural population	5.3	5.4	5.5	5.6	5.7	5.9	6.0	6.1	6.2	6.3
Rural/urban population	1.3	1.3	1.2	1.2	1.2	1.2	1.1	1.1	1.1	1.1
Urbanization rate	43.6	44.1	44.6	45.2	45.7	46.2	46.8	47.3	47.9	48.4

Source: World Urbanization Prospects 2018, United Nations

In terms of projections, the urban population is expected to equal the rural population in 2023 and the urban population is expected to exceed the rural population from 2024 onwards, with the ratio of rural to urban population decreasing to a level of less than 1% (0.8%) in 2030.

Table 6. Projected 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	10.0	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 population/urban population (%)	1.1	1.0	1.0	1.0	1.0	1.0	0.8	0.8	0.7	0.6	0.5

Source: World Population Prospects 2018, United Nations

Religion

Law No. 90-32 of 11 December 1990 on the Constitution of the Republic of Benin, as amended by Law No. 2019-40 of 07 November 2019, proclaims the secular nature of the State and freedom of thought, expression and religious practices. According to the 2013 census (RGPH4), 27.7% of the population was Muslim, 25.5% Catholic, 11.6% were followers of voodoo, 6.7% belonged to the Church of Celestial Christianity. The statistics do not reflect the real place of Voodoo in Benin, its historical cradle in the 17th century. Indeed, many Beninese associate its practice with those of other religions.

Table 7. Breakdown of the population by religion

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

Source: INSAE/RGPH4

1.5. Education

Benin's education system faces many challenges. In order to meet these challenges, the Government drew up the Post-2015 Education Sector Plan (2018-2030), together with an action plan for each sub-sector. The Beninese Government is active in ensuring the efficiency and quality of the education system through the consolidation and strengthening of actions dedicated to its improvement.

Like all sectors of activity, the education sector was impacted in 2020 by the Covid-19 pandemic. Indeed, as part of its response to the COVID-19 pandemic, the Government closed all schools (kindergarten, primary, secondary, vocational and universities) from 24 March until 10 May 2020. As a result, approximately 16,000 schools (all levels) were closed, affecting more than 3.3 million students and 88,000 teachers. Schools reopened on May 11, 2020 for fifth grade and high school students. Classes 1 to 5 pupils returned to school from August 4 to September 11, 2020 to complete the 2019-2020 school year.

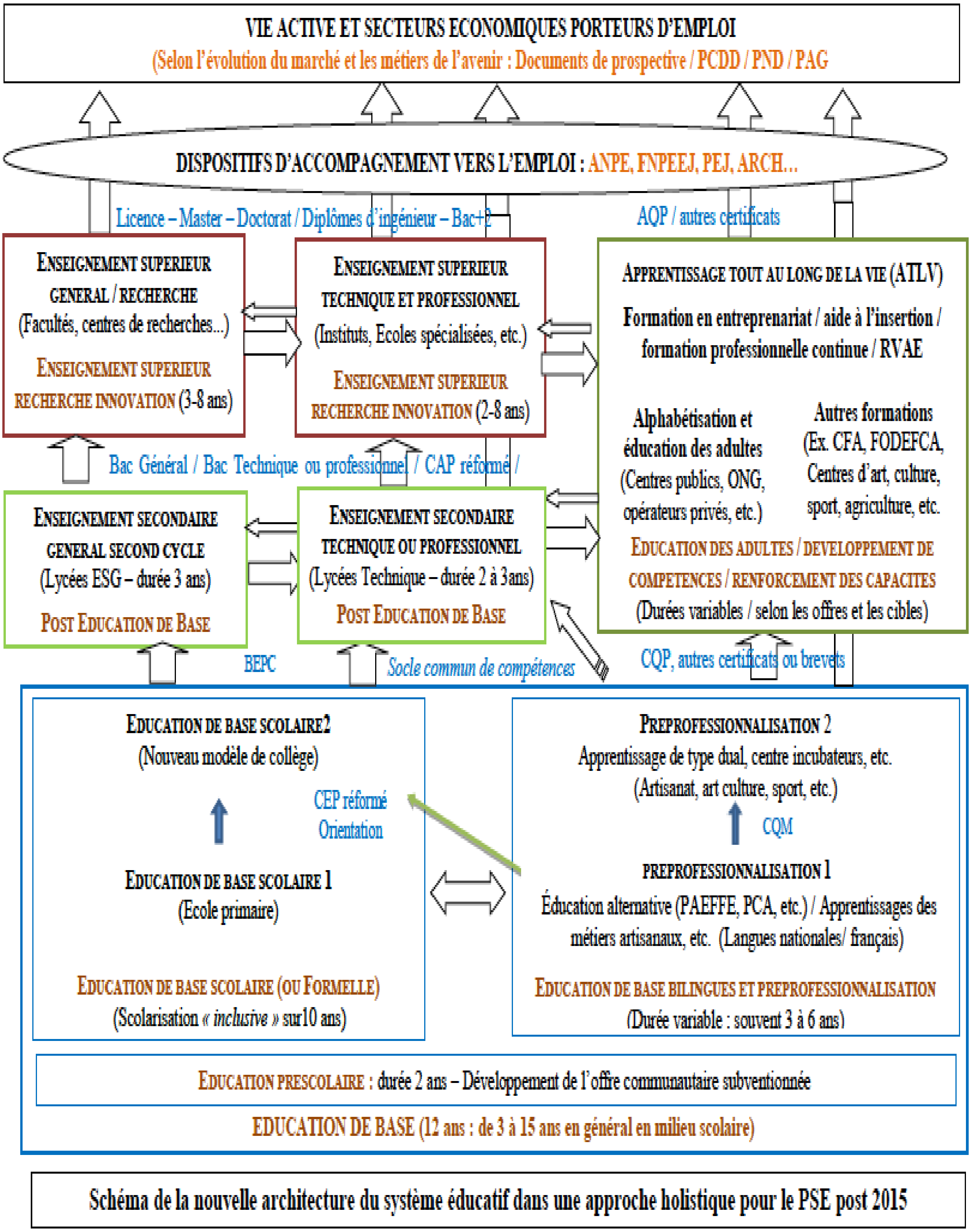
The Government, in collaboration with donors, developed a project for the national education sector to respond to COVID-19. The US$7 million project is fully aligned with the Government's national and sectoral response plan. The main objectives of the project are to:

- Support continuity of learning ;
- Anticipate measures to be taken for the reopening of schools and support for safe school practices;
- Build system resilience.
- Organization of school cycles
- The Beninese education system has been organized since April 2016 into three (03) sub-sectors corresponding to groupings of the six (06) orders 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 literacy rate in 2018 was 48.4 percent[4] compared to 47.9 percent in 2014. This reflects an improvement in the literacy level of the population. The adult literacy rate was 42.36% in 2018. It is higher among males (53.98%) than females (31.70%).

[4] BCEAO Statistical Yearbook 2018.

Figure 4. New structuring of the education system



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

Basic Education

Basic education has three components: pre-school basic education (kindergarten education), school basic education (primary and lower secondary education), and alternative education and pre-vocationalization. Alternative education and pre-professionalization are full-fledged components of basic education, for which there are bridges with school-based 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 and technical and vocational education and training. General secondary education is for learners who have obtained the BEPC at the end of the basic education cycle. It lasts three years and leads to the general education baccalaureate. Technical and vocational education and training trains learners who have obtained the BEPC or the Certificate of Vocational Qualification (CQP) (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 include vocational education and training, workplace learning, informal learning, learning opportunities in informal and rural economies, and lifelong learning.

Higher education, scientific research and innovation

This education corresponds to the third level of the new architecture of the educational system. It includes general and professional training for a varied public within the framework of the Bachelor's degree, Master's degree and 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 offer employment opportunities in 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

The pre-school education sub-sector had, in 2014-2015, 2,458 pre-schools, including 1,072 private ones, with an enrolment of 151,732 children, including 48,470 children in private schools. This number is constantly changing. According to the 2017-2018 Demographic and Health Survey, attendance at a preschool education program is more common in urban areas (31%), especially in Cotonou (55%), than in rural areas (12%). The gross preschool enrolment rate[5] had been steadily increasing. It had risen from 13% in 2014 to 16.8%[6] in 2018. As of 2019, a decline in the gross preschool enrolment rate (GER) has been noted. In fact, the GER fell by 1.3 points in 2020 to 15.2% compared with 2019, due to a 1.2% drop in the pre-schooling of girls and boys respectively. In 2020, the gross enrolment rate for girls remained higher than for boys.

Table 8. Gross pre-school enrolment rate at kindergarten level

	2014	2015	2016	2017	2018	2019	2020
Gross preschool enrolment rate	13.0	14.7	15.6	16.1	16.8	16.5	15.2
Rate of increase	-	1.7	0.9	0.5	0.7	-0.3	-1.3
Male	13.0	14.0	15.2	15.9	16.5	16.3	15.1
Rate of increase	-	1.0	1.2	0.7	0.6	-0.2	-1.2
Female	13.0	15.0	15.9	16.3	17.0	16.6	15.4
Rate of increase	-	2.0	0.9	0.4	0.7	-0.4	-1.2
Enrolment rate of girls over boys	100.0	93.3	95.6	102.5	103.0	101.8	102.0
Rate of increase	-	-6.7	2.3	6.9	0.5	-1.2	0.1

Source: INSAE/MEMP

The net enrolment rate[7] was 14.4 per cent in 2018, compared to 12.6 per cent in 2015.

Primary education

The gross enrolment rate[8] has been over 100 per cent for a number of years, thanks to the free pre-school and primary education measure decreed by the Government in 2006. As a reminder, the gross primary school enrolment rate was 95.5 per cent in 2006. This rate rose steadily until 2015 before declining slightly over the 2016-2020 period, due to the decline in the enrolment of both boys and girls. In fact, in 2020, the GER was 107.8% compared to 108.3% in 2019, i.e. a 0.5 point drop. This decline is attributable to both boys' (-0.4 points) and girls' (-0.6 points) GERs.

A gross enrolment rate well above 100% highlights the enrolment of children who are too old for their level of schooling, notably because of repetition or children who enter the school system late. Overall, the gross enrolment rate remained lower for girls than for boys in 2020.

[5] The gross enrolment ratio is the number of pupils in pre-school education, regardless of age, expressed as a percentage of the population in the theoretical age group corresponding to that level of education [6] MENP, however Unesco statistics are higher, the rate is 25.4% in 2018 with 25.87% for girls and 25.04% for boys. [7] UNESCO Institute for Statistics.[8] The gross enrolment ratio is the number of pupils enrolled in a given level of education, regardless of age, expressed as a percentage of the population in the theoretical age group corresponding to that level of education.

Table 9. Gross enrolment ratio at primary level

	2014	2015	2016	2017	2018	2019	2020
Gross enrolment rate	122.0	124.8	115.4	113.3	110.8	108.3	107.8
Rate of increase	-	*2.8*	*-9.4*	*-2.1*	*-2.5*	*-2.5*	*-0.5*
Male	123.7	126.2	119.1	117.1	114.6	112.6	112.2
Rate of increase	-	*2.5*	*-7.0*	*-2.0*	*-2.5*	*-2.0*	*-0.4*
Female	120.2	123.4	111.6	109.3	106.8	104.0	103.4
Rate of increase	-	*3.2*	*-11.8*	*-2.3*	*-2.5*	*-2.8*	*-0.6*
Enrolment rates for girls and boys	97.2	97.8	93.7	93.3	93.2	92.3	92.1
Rate of increase	-	*0.6*	*-4.1*	*-0.4*	*-0.1*	*-0.9*	*-0.2*

Source: INSAE/MEMP/Bank

For 2020, despite the crisis related to the coronavirus pandemic, the State reinforced its actions in the nursery and primary education sector through:

- The consolidation of the "integrated school feeding program" in order to increase, year after year, the retention rate of learners in school. After 31% in 2018 and the leap to 51% in 2019, the school canteen coverage rate should thus continue its march thanks to financial support and in-kind pledges from partners ;
- The implementation of the policy of making textbooks available to learners ;
- The construction, rehabilitation and equipment of classrooms at the communal level through the FADEC mechanism;
- The development of basic education through the implementation of the basic education development project, phase IV.
- For 2021, several new actions are planned to strengthen basic education, including:
- The continuation of the construction of 1040 classrooms to make up for the deficit of classrooms in previous years;
- The transfer of resources to the communes for the construction and rehabilitation of school infrastructures within the framework of the FADeC;
- The recruitment and training of educational advisers and inspectors;
- The acquisition and distribution of textbooks and activity books for schoolchildren;
- The continuous development of teaching and learning materials for English learning in primary schools; etc.

Secondary education

The gross rate is higher in lower secondary than in upper secondary. At the lower secondary level, it was 49.5% in 2020 compared to 50.1% in 2019, while at the upper secondary level, it was 25.9% in 2020 compared to 25.2% in 2019. It is also worth noting that there was a 0.6 point decline in 2020 compared to 2019 at the undergraduate level, unlike at the graduate level where there was a 0.7 point increase. Whether in the first cycle or the second cycle, the enrolment rate of boys is higher than that of girls.

Table 10. Gross enrolment ratio in secondary education

		2015	2016	2017	2018	2019	2020
1st cycle	Gross enrolment rate	69.6	68.7	58.7	53.7	50.1	49.5
	Rate of increase	-	-0.9	-10.0	-5.0	-3.6	-0.6
	Male	75.3	72.3	62.2	57.0	53.4	52.4
	Rate of increase	-	-3.0	-10.1	-5.2	-3.6	-0.9
	Female	63.6	64.3	54.9	50.2	46.7	46.4
	Rate of increase	-	0.7	-9.4	-4.7	-3.5	-0.3
2nd cycle	Gross enrolment rate	37.2	34.4	29.7	28.7	25.2	25.9
	Rate of increase	-	-2.8	-4.7	-1.0	-3.5	0.7
	Male	48.6	44.0	37.7	35.7	30.8	30.6
	Rate of increase	-	-4.6	-6.3	-2.0	-4.9	-0.2
	Female	25.0	24.3	21.2	21.3	19.3	21.1
	Rate of increase	-	-0.7	-3.1	0.1	-2.0	1.8

1st & 2nd cycles	Gross enrolment rate	57.1	55.5	47.6	44.3	40.7	nd
	Rate of increase	-	-1.6	-7.9	-3.3	-3.6	
	Male	65.0	61.7	52.8	48.9	44.8	nd
	Rate of increase	-	-3.3	-8.9	-3.9	-4.1	
	Female	48.6	48.9	42.1	39.4	36.4	nd
	Rate of increase	-	0.3	-6.8	-2.7	-3.0	
	Enrolment rates for girls and boys	74.8	79.3	79.7	80.6	81.3	nd
	Rate of increase	-	4.5	0.4	0.9	0.7	

Source: MESTP

In 2020, several actions were implemented by the Government to support secondary education, including

- Continued promotion of schooling, particularly technical education and vocational training, with a view to diversifying educational provision;
- The strengthening of educational efficiency in secondary and technical education and vocational training ;
- Construction, rehabilitation and equipment of classrooms at the communal level through the implementation of the FADeC Investment ;
- The establishment of subsidies for girls' high schools.

For 2021, the Government has planned to, among other things:

- Strengthen access to general secondary education through the construction of school infrastructure, technical vocational training and scholarships for learners;
- Improve equity by continuing to exempt girls from paying school fees.
- Tertiary education

At the tertiary level, the gross enrolment rate is quite low. It was 12.5 percent in 2018 compared to 12.3 percent a year earlier. The enrolment rate of girls at the secondary level is lower than that of boys, as evidenced by the ratio of girls' GER to boys' GER (+46.5 percent). In addition to its weakness, the girls' GER had registered a decline between 2015 and 2017 before experiencing an upturn in 2018.

Table 11. Gross enrolment ratio at tertiary level

	2014	2015	2016	2017	2018
Gross enrolment rate	16.0	13.6	13.0	12.3	12.5
Rate of increase	-	*-2.4*	*-0.6*	*-0.7*	*0.2*
Female	8.5	7.8	7.6	7.5	7.9
Rate of increase	-	*-0.7*	*-0.2*	*-0.1*	*0.4*
Male	23.3	19.3	18.2	17.0	17.0
Rate of increase	-	*-4.0*	*-1.1*	*-1.2*	*0*
Enrolment rates for girls and boys	36.5	40.2	42.1	44.0	46.5
Rate of increase	-	*3.7*	*1.9*	*1.9*	*2.5*

Source: Unesco

For 2020, the actions undertaken in the higher education sector revolved around:

- The operationalization of the International City of Innovation and Knowledge (CIIS) ;
- The construction and equipment of administrative and pedagogical infrastructures;
- The building of social infrastructure ;
- The construction of a center of excellence in applied mathematical sciences.
- In 2021, the State intends to work among other things to:
- Continue the establishment of governance bodies in MESRS structures;
- Continue the interconnection work of all the universities of Benin;
- Implement an Integrated Campus Management Platform ;
- Complete the e-service authentication and equivalence of diplomas and a platform for the orientation and classification of High School Diploma holders;
- Construct and equip infrastructures and laboratories with modern materials in behalf of Benin's national public universities.

1.6. Health

Benin's vision for health, set out in the 2018-2022 national health development plan, is to have a regulated, high-performing and resilient health system by 2030 based on the permanent availability of quality, equitable and accessible preventive, curative, rehabilitative and palliative promotional care according to the life cycle, at all levels of the health pyramid with the active participation of the population.

To achieve this vision, the Government has set itself the goal of ensuring good health for everyone throughout the life cycle by 2022. Specifically, the Government intends to:

- Ensure universal access to health services and improved quality of care for the achievement of the Sustainable Development Goals (SDGs);
- Strengthening the Health Partnership ;
- Improve governance and resource management in the health sector.
- To achieve these objectives, the Government intends to focus its interventions on five strategic directions:
- Service delivery and quality improvement ;
- Valuing Health Human Resources ;
- Development of infrastructure, equipment and health products;
- Improving the health information system and promoting health research ;
- Improving the financing mechanism for better universal health coverage.

In order to meet the challenges related to health indicators, the Government has opted for the establishment of a Universal Health Coverage (UHC) system within the framework of the "Insurance for Building Human Capital (ARCH)" project.

Architecture of the health care system in the country

The national health system has a pyramidal structure based on 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 is full of private practitioners and traditional medicine.

The Ministry of Health is responsible for designing, implementing, monitoring and evaluating State health policy, in accordance with the laws and regulations in force in Benin and the Government's development vision and policy. In addition to the administrative structures, the central level includes the reference hospitals.

The Departmental Health Directorates (DDS), six (06) in number, one for every two departments, 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 constitutes the base of the health pyramid and comprises 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; all supported by a public or private first referral hospital (zone hospital).

Sanitary Data

Life expectancy at birth

The life expectancy of Beninese has improved considerably in recent years. Indeed, life expectancy has increased from 61.4 years in 2011 to 64.9 years in 2018. By gender, life expectancy is longer for women than for men.

Table 12. Life expectancy by sex (in years)

	2011	2012	2013	2014	2015	2016	2017	2018
Male	59.2	60.0	62.2	62.3	62.5	62.7	63.0	63.2
Female	63.5	64.6	65.2	65.4	65.7	66.0	66.2	66.5
Set	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 is on a downward trend, falling from 34.1°/00 in 2011 to 30.6°/00 in 2019. The same is true of the mortality rate for children aged 0 to 5 years, which has fallen significantly to 90.0 per cent 00in 2019, compared with 108.6 per cent00 in 2011. The maternal mortality ratio per 100,000 live births fell considerably from 2016 and has since been on a downward trend. It was 190.9 per 100,000 live births in 2019 compared with 201 in 2016-2017 and 436 in 2011. The results obtained reflect a certain performance in terms of maternal and child health, encouraged by the free maternal and child health measures introduced by the Government.

Table 13. Neonatal, infant and maternal mortality rates

	2011	2012	2013	2014	2015	2016	2017	2018	2019
Neonatal mortality rate (per 1,000 live births)	34.1	33.7	33.3	32.8	32.3	31.9	31.5	31.0	30.6
Infant mortality rate, under 5 years, boys (per 1,000)	115.0	112.7	110.3	108.0	105.8	103.4	101.1	98.6	96.0
Infant mortality rate, under 5, girls (per 1000 live births)	101.9	99.7	97.5	95.3	93.0	91.0	88.8	86.6	84.2
Infant mortality rate, under 5 years (per 1,000)	108.6	106.3	104.0	101.8	99.6	97.4	95.1	92.8	90.3
Maternal mortality rate	436.0	429.0	422.0	414.0	405.0	201.0	201.0	195.0	190.9

Source: WHO, World Bank, Ministry of Health

Disease prevalence

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, with respectively 45.5% and 11.9% of cases recorded in centers in 2018 against 41.7% and 12.7% in 2011. This is followed by gastrointestinal conditions (5.1% in 2018 compared to 6.3% in 2011), trauma (3.5% compared to 5.4%) and diarrheal diseases (2.2% compared to 3.0%).

Overall, there was a decline in the prevalence of the various diseases, with the exception of malaria, which showed a positive difference of 0.8 points.

Table 14. Disease prevalence (%)

Conditions	2011	2012	2013	2014	2015	2016	2017	2018	2019
Malaria	41.7	41.4	39.7	39.8	38.9	43.1	43.4	44.7	45.5
Acute Respiratory Infections	12.7	12.3	12.4	12.1	12.7	13.7	11.5	11.9	11.9
Gastrointestinal disorders	6.3	6.5	6.4	6.2	5.6	6.9	5.7	5.4	5.1
Trauma	5.4	5.3	3.5	4.5	4.3	4.2	4.1	4.0	3.5
ANEMIA	4.8	5.0	4.7	4.3	3.6	3.5	3.3	2.7	2.6
Diarrhea	3.0	2.8	3.0	2.8	2.7	2.5	2.5	2.3	2.2
Other dermatological conditions	2.0	2.1	2.0	2.0	2.0	1.5	1.5	1.4	1.4
Lower abdominal pain	1.2	1.2	1.3	1.3	1.5	1.6	1.4	1.4	1.2
High blood pressure	1.5	1.5	1.5	1.4	1.6	1.4	1.4	1.3	1.2

Source: INSAE, Annuaire Statistiques de la Santé, MSP

The emergence of non-communicable diseases (NCDs) such as hypertension, diabetes and obesity has also been observed. These diseases are mainly linked to unbalanced diet, physical inactivity, smoking and harmful alcohol consumption.

Specifically among children, the prevalence rates of diseases appear to be higher. The prevalence of malaria in 2019 was 48.9 per cent, with 48.8 per cent among boys and 49.1 per cent among girls, as in 2018. For acute respiratory infections, the prevalence rate was 17% in 2019 compared to 16.7% in 2018.

Benin's HIV prevalence rate is low. UNAIDS statistics indicate that the prevalence rate has stabilized at 1 per cent for persons between 15 and 49 years of age. New cases among adults aged 15 years and over and children aged 0-14 years have decreased to 3 300 cases in 2020 compared to 3 500 cases in 2019. The number of children aged 0-14 years living with HIV decreased to 5,200 children in 2020 from 5,600 children in 2019.

Treatment coverage for people living with HIV AIDS has improved significantly. It has risen from 41% in 2011 to 65% in 2020, stabilizing in 2020 compared to 2019. For pregnant women, coverage has reached 100% since 2016 compared to 28% in 2011.

Table 15. HIV AIDS statistics

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
HIV prevalence, total (% of population aged 15-49)	1.1	1.1	1.1	1.1	1.0	1.0	1.0	1.0	1.0	1.0
HIV incidence (% of population 15-49 years)	0.8	0.7	0.7	0.7	0.6	0.6	0.6	0.6	0.5	-
New HIV infections among adults (15 years and older) and children (0-14 years)	4 400	4 400	4 500	4 600	4 300	4 000	4 000	3 800	3 500	3 300
New cases of HIV infection among children (0-14 years)	1 200	1 200	1 200	1 100	820	660	660	500	500	500
New cases of HIV infection among adults (15 years and older)	3 100	3 200	3 300	3 500	3 500	3 400	3 300	3 300	3 000	2 900
Children (0-14) living with HIV	7 900	7 800	7 700	7 500	7 100	6 700	6 300	6 000	5 600	5 200
Antiretroviral therapy coverage (% of people living with HIV)	41	44	38	43	50	56	55	61	65	65
Antiretroviral treatment coverage among pregnant women (% of HIV-positive pregnant women)	28	32	30	54	89	100	100	100	100	100
HIV prevalence, men (% of men aged 15-24)	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	-
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	-

Source: World Bank, UNAIDS.

Another infection usually linked to HIV is tuberculosis (TB). It is still common in Benin. In 2019, the number of TB cases tested was 4,235 compared to 4,031 in 2018, marking an increase. The number of TB/HIV increased from 584 in 2018 to 678 in 2019. The seroprevalence rate increased from 14% in 2018 to 16% in 2019. According to WHO data of the 678 TB/HIV patients, 92% were on Antiretroviral Therapy (ART).

Table 16. HIV testing and seroprevalence rates among tuberculosis patients in Benin (2010-2019)

	2011	2012	2013	2014	2015	2016	2017	2018	2019
Number of TBs screened	4 320	4 075	3 957	3 977	4 092	3 968	3 662	4 096	4 374
Number of TB tested	4 259	4 006	3 730	3 828	4 017	3 879	3 568	4 031	4 235
Implementation rate	98.6	98.3	94.3	96.3	98.2	97.8	97.4	98.4	97.0
number of TB/HIV	721	637	587	588	613	572	544	584	678
Seroprevalence (%)	17	16	16	15	15	15	15	14	16

Source: Health Statistics Yearbook 2019, WHO

Benin remains on alert for Lassa virus hemorrhagic fever. Since 2014, Benin has recorded epidemic episodes of Lassa virus hemorrhagic fever during the first and fourth quarters of the year. This fever is present in Nigeria and some cases are often identified at border towns with Nigeria.

Like most countries in the world, Benin has been affected by the Covid-19 pandemic. In order to fight effectively against the pandemic, Benin developed in February 2020 a response plan with an estimated amount of 389,594,756,464 CFA FRANCS[9]. The objective of the plan was to put in place an organized

[9] FINANCIAL REPORT COVID-19 AS AT 31 DECEMBER 2020, Ministry of Health.

and coordinated response to the Covid-19 epidemic in Benin.

Benin reported its first case of COVID-19 on 16 March 2020. The authorities quickly implemented containment and social distancing measures, including the partial closure (cordon sanitaire) of a dozen cities most at risk of the pandemic to isolate the infected population and contain the spread of the virus. They also (i) severely restricted the transit of people across land borders; (ii) restricted the issuance of visas to enter the country; (iii) introduced systematic and mandatory quarantine of all persons coming to Benin by air; (iv) suspended all public gatherings; (v) introduced a ban on public transport; and (vi) made it mandatory to wear a face mask in public. The restrictions were gradually eased to allow economic activities to resume.

Benin's response to COVID-19 involves a series of strategies. A toll-free number was first set up in April 2020 to inform and refer people to the screening centers that were gradually been opened in all 77 communes of the country. Screening sites were set up at the airport and at the borders, and mobile screening teams now visit administrative institutions and businesses. Investments have been strengthened in the health sector through the establishment of laboratories. Benin has gone from having a single laboratory in the economic capital Cotonou to 13 laboratories capable of carrying out tests, at least one in each of the 12 departments.

According to WHO, in October 2020, the country was among the 12 countries in Africa performing the most tests (more than 10 tests per 10,000 inhabitants per week)[10]. According to the national director of hospital medicine, Benin performs more than 7,900 tests per week. In collaboration with WHO, the Government has strengthened the diagnostic capacity of the laboratory for viral hemorrhagic fevers in Cotonou, making it a reference facility. Cooperation with the Pasteur Institute in Dakar and the Institute of Virology at the Charité University Hospital in Berlin has enabled a breakthrough in testing in Benin. This has propelled the hemorrhagic fever laboratory in Cotonou into the 47 national reference laboratories for COVID-19 testing. The progress made in the laboratory should benefit the country beyond this pandemic, in the fight against other forms of influenza, viral hemorrhagic fevers and other priority diseases.

In addition, in a show of solidarity, several donors supported the Government through budgetary support, cash donations, material donations consisting of protection kits (masks, hand sanitizers, gloves, soap, etc.), foodstuffs, medical equipment (hospital beds, rapid test kits, medical ambulances, CARDIOLINE AR600 VIEW ECG machines, thermometers, consultation tables, etc.), mobile telephones, televisions, etc. As at 31 December 2020, resources mobilized as part of the response amounted to 278.79 billion[11] CFA francs.

While the number of active cases has remained lower than in neighboring countries, it is also slowly increasing. As of 26 April 2021, 581,843 PCR tests and 36,276 RDT tests have been performed. The number of confirmed cases is 7,720, of which 7,510 have been cured, 113 are still under treatment and 97 have died.

On March 10, 2021, Benin received 144,000 initial doses of Astra Zeneca vaccine out of 792,000 doses of vaccine to be delivered through the COVAX initiative by May 2021. On March 21, Benin received another 203,000 doses of the Coronavac vaccine from the manufacturer SINOVAC. Of the 203,000 doses, 103,000 were purchased by Benin and 100,000 were donated by China. The Government, through the statement of the Council of Ministers of Wednesday, March 24, 2021, noted the launch of the vaccination campaign for Monday, March 29, 2021 for priority targets such as health workers, people with co-morbidities (diabetes, blood pressure, asthma, heart disease, sickle cell disease, etc.) and the elderly.

Several reforms have been initiated by the Government since 2016 to clean up the health sector including, among others, the fight against fake drugs and the regulation of private practice of medical personnel.

For 2021, in the health sector, State's policy will be aimed at guaranteeing good health for all in order to promote the well-being of the population according to the life cycle. Within this framework, the State will give priority among others to:

- Strengthening the management of epidemics and other health emergencies and crisis situations;
- The scaling up of the Medicare component of Project ARCH ;
- The recruitment of new health workers, including 1,600 contract workers for the year 2021;
- Continuous reinforcement of the technical facilities of hospitals and health facilities;
- Strengthening and upgrading of health infrastructures, including the continuation of construction work on the Abomey-Calavi regional reference hospital.

[10] Source : https://www.afro.who.int/fr/news/le-benin-renforce-sa-riposte-la-covid-19-en-augmentant-le-depistage-0
[11] FINANCIAL REPORT COVID-19 AS AT 31 DECEMBER 2020, Ministry of Health.

1.7. Employment

Employment policy

2020 saw the adoption of a new National Employment Policy (PNE) document for the 2020-2025 period. This document is based on the vision that, by 2025, the majority of Beninese of working age should have a job that can provide an income to satisfy their vital needs and overall well-being, with the general objective of promoting better opportunities for the creation of wealth and decent jobs for the population. This global objective is broken down into three (03) specific objectives which are:

- To improve the employability of graduates (products) of the education system ;
- To reduce underemployment and long-term unemployment ;
- To improve the performance of the institutional framework for governance and management of the employment sector.

Working population

Benin's working population is constantly growing. It has increased from 5.12 million in 2015 to 6.10 million in 2018. Women are more active than men. Indeed, they were 3.17 million against 2.93 million men in 2018. According to data from the United Nations projections, the working population (15-64 years) is estimated at 6.64 million in 2020 compared to 6.43 million in 2019.

Table 17. Active population from 2015 to 2020

	2015	2016	2017	2018	2019*	2020*
Female	2 593 337	2 726 444	2 659 891	3 170 518	3 234 818	3 336 519
Male	2 524 701	2 665 484	2 595 093	2 926 708	3 200 303	3 304 206
Total	5 118 038	5 391 928	5 254 984	6 097 226	6 435 121	6 640 725

Source: INSAE. WPP 2019 data (population 15-64)

According to, the 2018 Integrated Regional Employment and Informal Sector Survey, the ratio of employment to population aged 15-64 years stood at 60.5% compared to 67.9%[12] in 2015. The activity rate is higher for men (65.4%) than for women (56.0%). Taking into account the level of education, this ratio is much higher among individuals with no level (66%) and those with primary level (68%) but lower among individuals with secondary level (47.4%) and higher (57.4%). This is because people with a qualification are the most likely to enter the labor market.

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

In terms of residence, the departments of Alibori (40.8 per cent), Borgou (45.3 per cent), Donga (56.1 per cent), Littoral/Cotonou (56.9 per cent) and Mono (54.1 per cent) had the lowest rates of available jobs in the working-age population.

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

The pluriactivity rate, or the proportion of the population engaged in at least two activities in 2018, was 12.6%. Compared to the national level, men were more concerned (14.3%). The lowest pluriactivity rates were observed among people with higher education (8%), people aged 15-24 (9.1%) and 65 years or older (10.8%), those residing in Cotonou (3.9%), in the departments of Alibori (9.5%), Atacora (8.2%), Borgou (7.1%), Mono (6.7%) and Zou (4.8%).

Moreover, 95.3 per cent of the working population works mainly in the informal sector, compared with 4.7 per cent in the formal sector.

Table 18. Benin Employment Review (2018)

	Formal	Informal	Total	Workforce
Non-farm 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	92.5	100	2 328 677

[12] According to the Integrated Modular Survey on Living Conditions of Households in Benin (EMICOV)-2015.

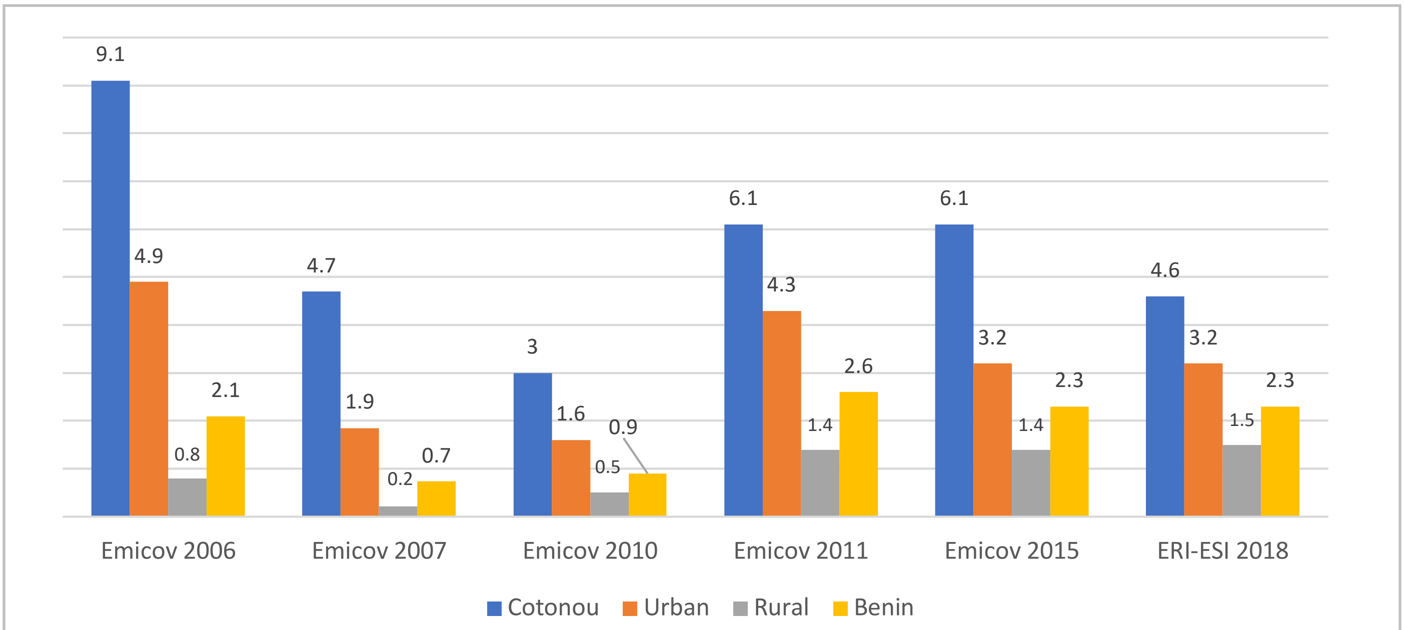
Agricultural institutional sector				
Public Sector	78.5	21.5	100	2 775
Private Sector	0	100	100	1 394 943
Households		100	100	405
Total	0.2	99.8	100	1 398 124
Set				
Public Sector	75.6	24.4	100	200 242
Private Sector	0.7	99.3	100	3 512 886
Households	0	100	100	13 672
Total	4.7	95.3	100	3 726 801

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

Unemployment rate

According to the 2018 Integrated Regional Employment and Informal Sector Survey, the ILO unemployment rate was 2.3 percent in Benin, the same as in 2015. The highest rates are observed among people with tertiary education (8.4 percent), people aged 15-24 (5 percent), residents of Cotonou (4.6 percent), and in the department of Couffo (5.8 percent).

Figure 5. Unemployment rate in Benin (%)



Source: INSAE

The unemployment rate is high in urban areas: 4.6% in 2018 in Cotonou. However, there has been a decline compared to 2015. The rate was 2.9 percent in other urbanized areas and 3.2 percent in all urban areas compared to rural areas (1.5 percent). In the region, 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 labor underutilization rate was 17.6%. It was 21.3% for women and 13.4% for men. This underutilization is more prevalent among the younger generations, especially among those aged 15-24 (33.2%) and 25-34 (20%). It is the most educated people who are exposed to underemployment. It was 22.4% and 23.9% respectively among those with secondary and higher education in 2018.

The combined rate of unemployment and time-related underemployment was estimated at 10.8 per cent of the labor force. The combined rate of unemployment and potential labor force was 9.7 per cent. These rates were higher among women (12.5 per cent and 12.0 per cent respectively), in Cotonou (13.8 per cent and 10.6 per cent), among persons aged 15-34 (13.7 per cent and 15.2 per cent), in the departments of Couffo (15.7 per cent and 16.5 per cent), Donga (13.5 per cent and 11.6 per cent) and Mono (13.2 per cent and 16.8 per cent).

Ilostat estimates for 2020 indicated a national unemployment rate of 2.5 per cent for persons aged 15 years and over. This rate was higher in 2019 in urban areas (3.6%) than in rural areas (1.1%). The unemployment rate was about 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 for women (1.3%) than for men (0.9%).

Employment dynamics

In 2003, the Government of Benin set up an agency called the National Employment Agency (ANPE). The ANPE has thirteen (13) branches which constitute its operational arms, distributed in the twelve (12) administrative departments of the country plus the special branch in Calavi. The mission of the ANPE is to "contribute to the development and implementation of the National Employment Policy" in Benin. As such, it is responsible for:

- Contributing to the development of indicators on employment, unemployment, vocational training and to the development of communication for employment;
- Facilitating the intermediation between the supply and demand of jobs through information, orientation, support and advice, proposal of job potentialities in urban, peri-urban, rural areas, etc. ;
- Contributing to the design, implementation and follow-up of employment development programs through activities supporting the promotion of self-employment as well as salaried employment through the development of pre-integration courses;
- Contributing to the development of employment through training and retraining activities;
- Managing the resources intended for the financing of the various programs and projects relating to the implementation of the National Employment Policy (Article 4 of its statutes).

The ANPE has a number of programs for the promotion of employment, the most important of which are briefly described below.

The Self-Employment Support Program (PAEI)

The PAEI is a measure designed to encourage the emergence of new entrepreneurs. Its objective is to develop the entrepreneurial spirit within the target population and to support private initiatives that create wealth and generate decent jobs.

The Decentralized Employment Partnership (DEP)

With the PaDE, the ANPE enters into functional relationship with the 77 communes of Benin in order to bring its service offers closer to the job seekers who reside there. This program aims to strengthen the 77 communes in terms of human resources. In the implementation of the PaDE, Employment Focal Points (PFE) have been appointed by the mayors in the 77 communes to serve as a relay of information from the ANPE at the local level. The ANPE's objective is for the PFEs to become communal institutions for the promotion of employment.

The Job Seekers Retraining and Re-qualification Program (JTRP)

P2RDE replaces the Capacity Building for Job Seekers (CBJS) program. Its overall objective is to improve the competitiveness of beneficiaries in the labor market through the upgrading, retraining and re-qualification of job seekers. It aims to increase the technical knowledge of young people in the execution of their professional activities. It is therefore a potential technical support implemented by the ANPE for the benefit of applicants seeking skills or efficiency.

The P2RDE program has a few special features, including

- The applicant in the course of his activity can benefit from this program whose training enriches his knowledge and favors the increase of his performances and his insertion ultimately;
- The P2RDE program can also intervene upstream. This is where the applicant decides to pursue a new activity for which they have not been trained or practiced. This is a change in activity or sector of activity after a retraining and reclassification process. It is a reconversion activity and the technical training is only to initiate the beneficiary;
- Re-qualification is reserved for manual workers who decide to acquire a new skill based on their professional training;
- It is a program that essentially offers both theoretical and practical training to job seekers.

The target group of the P2RDE program is job seekers who are required to undergo further training and retraining.

The program to support the prevention of unemployment through guidance (PAPCO)

The overall objective of the program is to prepare young people upstream through better school and university guidance in order to facilitate their integration into the labor market downstream and avoid unemployment and underemployment. In this regard, since the establishment of the program, hundreds of orientation sessions have been organized in schools and universities for pupils, students, parents and school officials. In addition, twenty-one (21) television programs have been produced to highlight the experiences of young entrepreneurs and have been broadcast on the national channel in order to better guide pupils and students to self-employment.

The Special Employment Integration Program (SEIP)

The Special Program for the Integration of Young People into Employment (PSIE) is a presidential initiative which consists of "recruiting each year, at the State's expense, 2,000 young graduates to be placed in private or public companies, over a period of two years, in the hope that they will be useful and effective in being recruited at the end of the integration period, or that they will be able to stand on their own two feet in "self-employment".

This program, which supports the promotion of employment, is innovative in that it places job creators, i.e. companies, at the heart of the mechanism for the sustainable integration of young people into working life. The new jobs created will not replace old jobs in the company; the aim of the PSIE is therefore to increase quantitatively and qualitatively the level of employment of the workforce in the beneficiary companies. Understood as a support to companies on the social aspect, the PSIE is essentially aimed at companies that have labor needs. In turn, job seekers whose skills and competencies would be useful for the growth of the companies will find employment opportunities, even if it is up to them to ensure attractiveness through their professional performance.

The beneficiaries of the Special Employment Integration Program (PSIE) are young graduates looking for jobs and companies looking for qualified and competent staff.

The job insertion will be two (02) full and consecutive years per cohort of beneficiaries, especially for job seekers. The duration of the program is five (05) years and will run from 2020 to 2024. Beneficiaries recruited for employment positions under the PSIE will benefit from the same social security scheme as workers in the private or parapublic sector.

All formal companies, regardless of their size, are beneficiaries, with the exception of jobs that are covered by other public programs, such as teachers and health workers. Holders of a higher education diploma (technical and professional BACs, BTS/DUT, DTS/LICENCE, MASTER/Engineer) are eligible for the PSIE.

The Special Pre-Integration into Education Program (SPIE)

The Special Program of Pre-Integration into Education (PSPIE) is a government measure designed to accelerate the integration process of young people in a situation of unemployment or underemployment and aims, among other things, a better preparation of young professionals for competitive examinations or recruitment test in the teaching profession. Started on 30 September and 08 November 2019, respectively for secondary and primary, this program has enabled 14,806 aspirants (secondary) and 9,193 substitutes (primary) to be placed in a work situation.

For 2020, the ANPE, despite the crisis linked to Covid-19, carried out its usual activities, in particular intermediation, which enabled it to receive, coach and support more than six thousand (6,000) young people in their employment projects, either as employees or in self-employment. Despite the crisis and the difficult environment, the ANPE organized the National Employment Fortnight in Parakou, which enabled companies in the northern part of the country to recruit. This fair made it possible to offer young residents more than 1,000 jobs in a single day. These jobs were offered by about fifty companies based in the North.

The challenges of the ANPE on the promotion of employment are:

- To take up a certain number of programs that has been successful in getting many young people out of precariousness. These are programs for the requalification and reconversion/readaptation of those whose profiles do not correspond to the needs of companies towards much more promising sectors;
- Review all its programs to adapt them to the current situation and bring them into line with the new national employment policy adopted in 2020. This review will ensure consistency between the Government's action program, the updated national employment policy and the various projects and programs that ANPE is implementing for harmony.
- Start a number of key programs that will impact thousands of young people. In particular, the youth integration program (Prodij) will impact more than 34,000 young people with little or no education who will be supported in the development of micro, small and medium-sized enterprises. The special feature of this program is that it also takes into account border regions where there is a risk of radicalization or extremism. With the support of the Government and the World Bank, all these young people will find their place in society as economic actors.

The ANPE also intends to boost intermediation at its 13 branches, which are open every day and operate throughout the country to welcome, listen to, guide and support young job seekers in their various projects.

1.8. 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. Theoretically, the index ranges from 0 to 1. It takes into account three dimensions of human development: (i) the possibility of 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 the different levels of the school system; and (iii) the standard of living, calculated on the basis of the gross domestic product (GDP) per capita taking into account the purchasing power parity (PPP)

Table 19. The development index in Benin

Year	HDI	Variation
1990	0.364	-
2000	0.416	14.3
2010	0.494	18.8
2014	0.527	6.7
2015	0.532	0.9
2017	0.536	0.8
2018	0.541	0.9
2019	0.545	0.7

Source: UNDP, Human Development Report 2020

Benin's HDI has improved over the years. It has risen from 0.364 in 1990 to 0.545 in 2019, marking an improvement in the population's standard of living in connection with free education and health investments. In terms of ranking, Benin occupied the 158th rank globally in 2019.

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 increased from 0.43 in 2011 to 0.48 in 2015, an increase of 10.14% in inequality.

Table 20. 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/head is steadily improving. In nominal terms, it rose in 2014 from 637,246.97 CFA FRANCS to 732,277.85 in 2020, an increase of 14.9%. Compared to 2019, the GDP per capita in 2020 recorded an increase of 3.2% despite the Covid-19 pandemic.

732.277,85

Table 21. GDP per capita (in CFAF)

	2014	2015	2016	2017	2018	2019	2020
Constant GDP, 2015 prices/Capita	642 673.13	636 075.14	639 318.02	657 228.73	682 374.87	705 417.23	707 637.96
Variation	-	-1.03	0.51	2.80	3.83	3.38	0.31
Current GDP /Capita	637 246.97	636 075.14	643 688.34	659 287.02	689 101.22	709 538.66	732 277.85
Variation	-	-0.18	1.20	2.42	4.52	2.97	3.20

Source: INSAE/DGAE

In real terms, GDP per capita recorded a slight increase in 2020 from its 2019 level in line with the weak growth observed in 2020 and induced by the Covid-19 pandemic.

1.8.2. Summary table

Table 22. The main economic aggregates observed from 2015 to 2020 (in billions of CFAF)

	2015	2016	2017	2018	2019	2020
National economy						
Nominal GDP	6 732.8	7 005.2	7 375.3	7 922.0	8 432.2	9 008.8
Real GDP growth (%)	1.8	3.3	5.7	6.7	6.9	3.8
Investment rate (as a % of GDP)	**20.7**	**20.3**	**24.0**	**26.4**	**25.6**	**25.6**
Inflation rate (%)	**0.2**	**-0.8**	**1.8**	**0.8**	**-0.9**	**3.0**
Balance of payments						
Exports FOB	1 414.4	1 680.3	1 730.7	1 857.6	1 788.0	1 330.3
Imports FOB	-1 724.0	-1 745.9	-1 930.2	-2 166.2	-2 051.4	-1 668.5
Overall balance including grants	-309.6	-65.6	-199.5	-308.6	-263.3	**-338.3**
Current balance	**-401.6**	**-209.9**	**-308.3**	**-360.4**	**-340.2**	**-353.5**
Public Finance						
Receipts and grants	848.3	780.4	1 001.7	1 075.8	1 185.7	1 294.3
Expenses	1 242.4	1 086.3	1 318.1	1 305.9	1 225.9	1 719.8
Balance	-394.1	-305.8	-316.4	-230.2	-40.2	-425.6
Public debt	**2 080.5**	**2 513.1**	**2 927.4**	**3 251.8**	**3 476.6**	**4 156.9**
Domestic debt	1 036.9	1 373.4	1 742.8	1 719.7	1 455.9	**1 817.2**
External debt	1 043.6	1 139.6	1 184.6	1 532.1	2 020.7	**2 339.7**
Domestic debt as % of nominal GDP	15.4	19.6	23.6	21.7	17.3	20.2
Budget deficit excluding grants						
In value	-422.9	-340.5	-373.7	-277.4	-137.9	-577.8
As a percentage of nominal GDP (%)	-6.3	-4.9	-45.9	-3.7	-1.8	-6.4

Source: DGAE, INSAE, CAA, CSPEF BCEAO

2.1. Assessment of gross domestic product

Benin's economic activity in 2020, like that of other countries in the world, took place in a context marked by the Covid-19 pandemic. The restrictive measures taken at the national, regional and international levels to curb the spread of the disease have slowed down growth rate which had been on the rise since 2016. The growth rate is estimated at 3.8% in 2020, compared with 6.9% in 2019 and 6.7% in 2018. The slowdown in growth rate was induced by all sectors of activity, particularly agriculture, secondary and tertiary.

Despite the difficult 2020 context, the economic growth achieved was supported, among others, by :

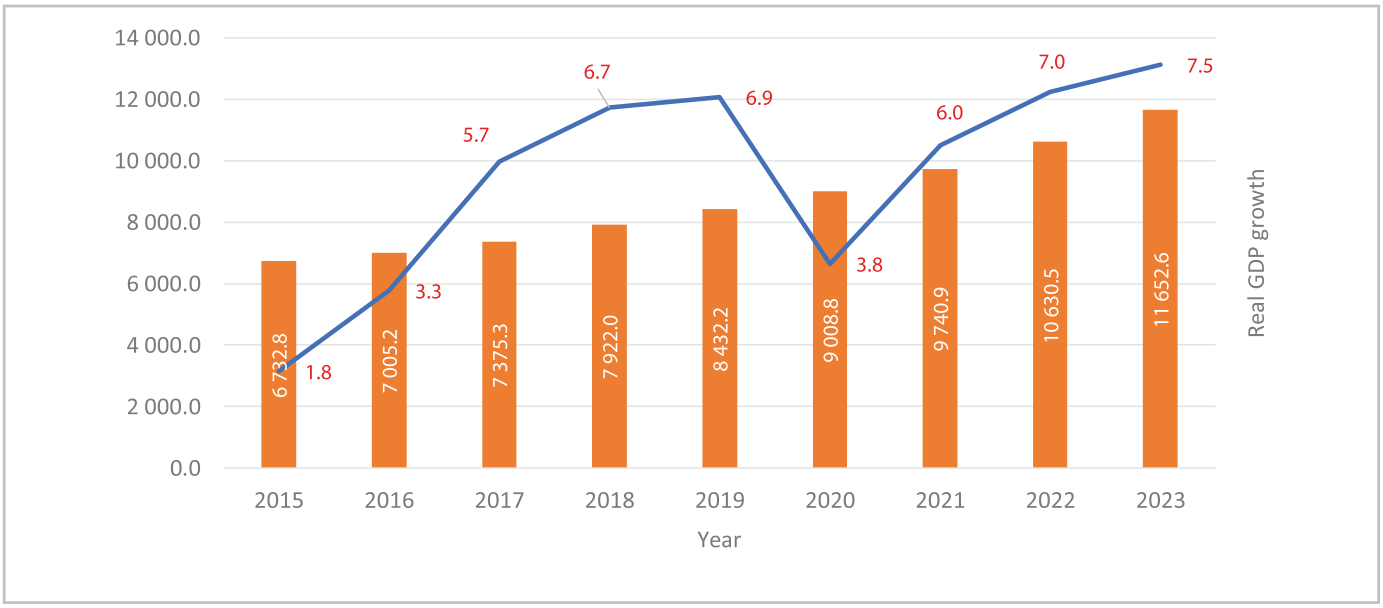
- The improvement of agricultural production, thanks in particular to cotton, and the good organization of the sector;
- The increase in ginning activities in connection with the increase in cotton production in the 2019/2020 season ;
- The effects on the economy of the commissioning, in the third quarter of 2019, of the new Maria-Gléta power plant2 ;
- The continuation of major works, in particular road works, the extension of Cotonou airport, etc.

The DGAE's economic outlook is based on a growth rate of 6.0% in 2021 and 7.0% in 2022, in connection with the gradual mitigation of Covid-19 impact on the economy and the continued implementation of government's policy, which aims to bring about a structural transformation of its economy, with a view to ensuring strong, sustainable and wealth-creating economic growth. In this regard, the State will mainly undertake actions at two levels, namely: i) consolidating the achievements of the 2016-2021 PAG; ii) raising the value-added chains for the development of the processing sector. In concrete terms, these actions will focus on:

- Continuation and strengthening of ongoing measures to promote high-potential sectors including agriculture, tourism, the digital economy and the knowledge economy, with a strong emphasis on technical education and vocational training;
- Continuation of major projects to fill Benin's infrastructure gap, particularly transport, energy and sanitation infrastructure;
- The development of the processing industry, as the State engages in relevant industrial investments; the objective being to launch the industrial dynamics to make the environment more attractive to the private investment;

In addition, this economic policy will be combined with a strategy to trickle down economic yields, particularly to the most vulnerable sectors of the population. To this end, the State will implement projects with a high social impact and those underway, such as ARCH Project, will be accelerated.

Figure 6. Nominal GDP (In billions of CFAF) and real growth rate from 2015 to 2023



Source: INSAE.DGAE, April 2021

2.1.1. GDP level

Benin's nominal gross domestic product (GDP) came out in 2020 at CFAF 9,008.8 billion against CFAF 8,432.2 billion in 2019, an increase of 6.8%. The increase in nominal GDP was driven by all sectors of activity and taxes net of subsidies. Over the 2016-2020 period, nominal GDP recorded an average growth of 6.0 percent. Agricultural GDP[13] grew at an average of 6.6 percent compared to 6.1 percent and 5.4 percent for the secondary and tertiary sectors respectively.

Table 23. Nominal GDP (In billions of CFA francs)

	2015	2016	2017	2018	2019	2020	2021	2022	2023
						Estimate	Forecast	Forecast	Forecast
Primary sector	1 776.9	1 944.2	2 101.2	2 223.3	2 266.2	2 442.2	2 627.2	2 834.5	3 035.0
Secondary sector	1 103.2	1 100.0	1 114.2	1 159.9	1 375.5	1 467.6	1 650.0	1 842.9	2 112.8
Tertiary sector	3 315.3	3 376.7	3 569.7	3 865.9	4 049.7	4 315.0	4 597.5	4 950.9	5 377.4
GDP at factor costs	**6 195.4**	**6 420.9**	**6 785.1**	**7 249.2**	**7 691.4**	**8 224.8**	**8 874.7**	**9 628.3**	**10 525.1**
Taxes net of grants	**537.4**	**584.3**	**590.2**	**672.8**	**740.8**	**784.0**	**866.2**	**1 002.2**	**1 127.5**
TOTAL GDP	**6 732.8**	**7 005.2**	**7 375.3**	**7 922.0**	**8 432.2**	**9 008.8**	**9 740.9**	**10 630.5**	**11 652.6**

Source: INSAE-DGAE, April 2021

2.1.2. Real GDP growth

As in 2017-2019, economic activity in 2020 benefited from the good performance of the agricultural sector in connection with the increase in cotton and food production. Cotton production reached 714,714[14] tons in the 2019-2020 season against 677,654 tons in the 2018-2019 season. Thus, Benin has maintained its position as the leading cotton producer in Africa.

This increase in cotton production since the 2016-2017 season is the result of the 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. Food production rose slightly by 1.9% thanks, among other things, to the reforms implemented, particularly the territorialization of the sector's governance through the creation and operationalization of the Territorial Agricultural Development Agencies (ATDA).

It should be noted, however, that the "cordon sanitaire", distancing and border closure measures taken at the national and sub-regional levels to combat the COVID-19 pandemic did not facilitate access to foreign labor (Burkinabe, Togolese, etc.) used on farms at the beginning of the season, nor did contact between agricultural advisers and producers, all of which had a negative impact on productivity in the sector. Despite this situation, the GDP growth rate in 2020 is expected to be[15] 3.8% compared with 6.9% in 2019, due to the good performance, albeit less than in 2019, of activities in all economic sectors.

The value added of the primary sector is expected to grow by 1.8% in 2020 compared with 5.2% in 2019. This resilience is attributable, despite the context, to the increase in food production (cereals and tubers), the notable performance recorded by cotton production and the significant contribution of ginning activities[16].

The secondary sector is expected to grow by 5.2% in 2020, compared with 13.6% in 2019, mainly because of a slowdown in activities in the agri-food and other industries sub-sector on the one hand, and in the construction sector on the other, at the start of the pandemic, attributable, among other things, to the restrictions imposed by the measures to combat Covid-19. The Government's determination to continue implementing its action program enabled the construction sector to regain some momentum over the rest of the year, particularly with the continuation of the asphalting project, the construction of 22 communal stadiums, the construction of urban markets, various road infrastructures, etc. The secondary sector also benefited from an improvement in energy production through the new power plant and activity in the manufacturing industries, notably driven by the construction materials manufacturing industries.

Table 24. Real Gross Domestic Product Growth (%)

	2015	2016	2017	2018	2019	2020	2021	2022	2023
						Estimate	**Forecast**	**Forecast**	**Forecast**
total GDP	**1.8**	**3.3**	**5.7**	**6.7**	**6.9**	**3.8**	**6.0**	**7.0**	**7.5**
Primary sector	0.0	9.0	7.6	7.3	5.2	1.8	4.6	4.8	4.9

[13] Agriculture in the broad sense [14] INSAE, Monographie de la filière " coton " au Bénin, October 2020 [15] This figure is still provisional. The final figures for year n are only available in year n+2.

Secondary sector	13.8	0.9	0.5	4.8	13.6	5.2	10.2	11.5	12.1
Tertiary sector	0.0	1.9	5.5	5.7	5.2	4.9	4.4	5.6	6.2
Duties and taxes	-2.8	-1.1	11.0	14.0	10.1	2.7	11.6	12.0	12.5

Source: INSAE/DGAE, April 2021

In the tertiary sector, value added grew by 4.9 percent compared to 5.2 percent in 2019. The value added of the tertiary sector recorded a slowdown in its growth linked in particular to the COVID-19 pandemic and the response measures it induced. Indeed, the pandemic had an impact on the volume of imports linked to the closure of factories in several European and Asian countries, hotel activities in relation to the low mobility of tourists and the transport sector due to the closure of borders, in the world, the suspension for a certain period of public transport of people and the reduction of the commercial margins of companies.

2.1.3. GDP breakdown by structure

The structure of GDP shows a predominance of the tertiary sector with a share of 47.9 percent in 2020 compared to 48 percent in 2019. The primary sector comes second with a share of 27.1 percent compared to 26.9 percent a year earlier. The secondary sector is behind the primary sector with a share of 16.3% in 2020. Duties and taxes complete the picture with a share of 8.7% in 2020.

Table 25. GDP Structure (%)

	2015	2016	2017	2018	2019	2020	2021	2022	2023
						Est.	Forecast	Forecast	Forecast
total GDP	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**
Primary sector	26.4	27.8	28.5	28.1	26.9	27.1	27.0	26.7	26.0
Secondary sector	16.4	15.7	15.1	14.6	16.3	16.3	16.9	17.3	18.1
Tertiary sector	49.2	48.2	48.4	48.8	48.0	47.9	47.2	46.6	46.1
Duties and taxes net of subsidies	8.0	8.3	8.0	8.5	8.8	8.7	8.9	9.4	9.7

Source: INSAE-DGAE, April 2021

In terms of structure, the tertiary sector remains dominant with an average share of 48.4 percent over the 2015-2020 period compared to 27.4 percent, 15.7 percent and 8.4 percent for the primary, secondary and duties and taxes net of subsidies sectors respectively.

Looking ahead to 2021, the tertiary sector is expected to remain predominant (47.2%), followed by the primary sector (27.0%), the secondary sector (16.9%) and duties and taxes (8.9%). The structure is not expected to change significantly over the next two years.

2.2. Gross domestic product details

2.2.1. GDP by value, by sector

In the primary sector, agriculture is the branch that generated the most income in 2020, i.e. CFAF 1,968.1 billion, compared with CFAF 266.9 billion and CFAF 207.2 billion for the "livestock, hunting" and "fishing, forestry and logging" branches respectively. The share of income generated by agriculture represented an average of 77.9% of primary sector income over the 2015-2020 period. Forecasts for 2021 predict a 7.6% growth in primary sector income compared to 2020, due to the expected increase in agricultural income of 8.8%.

In the secondary sector, agro-industry, construction and other manufacturing industries were the main branches that contributed most to the sector's revenue in 2020, with CFAF 559.8 billion (38.1%), CFAF 484.5 billion (33.0%) and CFAF 312.9 billion (21.3%) respectively. Forecasts for 2021 indicate a 12.4% increase in the value added of the secondary sector, supported, among other things, by the growth of construction activities (+16.3%) in connection with the continuation of the building sites included in the Government's Action Program, and the agro-industry (+10.1%) and other manufacturing industries (+11.7%) in response to the good performance of the 2020 agricultural campaign and the recovery of economic activity in general.

In the tertiary sector, the trade branch created the most wealth in 2020. It is followed by "transport", "public administration and social security", "education", "restaurants and hotels", "post and telecoms", "banks and other financial institutions" and "health and social work". The branches "trade", "transport", "public administration and social security" and "education" contributed on average, to the formation of the income of the tertiary sector to the tune of 67.6% over the 2015-2020 period.

In 2021, the income of the tertiary sector is expected to increase by 6.5% compared to 2020, driven in particular by the "trade", "transport" and "post and telecommunications" branches to a large extent.

Table 26. Nominal GDP by branch of activity (in billions of CFAF)

	2015	2016	2017	2018	2019	2020	2021	2022	2023
						Estimate	Forecast	Forecast	Forecast
Primary sector	**1 776.9**	**1 944.2**	**2 101.2**	**2 223.3**	**2 266.2**	**2 442.2**	**2 627.2**	**2 834.5**	**3 035.0**
Agriculture	1 347.7	1 486.8	1 648.8	1 743.5	1 761.6	1 968.1	2 140.6	2 332.7	2 517.3
Livestock, hunting	243.7	263.4	263.5	280.6	304.1	266.9	270.8	274.7	278.7
Fishing, forestry and logging	185.6	194.0	188.8	199.1	200.6	207.2	215.9	227.1	238.9
Secondary sector	**1 103.2**	**1 100.0**	**1 114.3**	**1 159.9**	**1 375.5**	**1 467.6**	**1 650.0**	**1 842.9**	**2 112.8**
Extractive Activities	26.1	26.6	28.3	30.5	34.4	39.1	43.3	47.9	54.3
Food and beverage industry	434.9	443.2	462.9	469.9	531.5	559.8	616.5	668.9	746.6
Other manufacturing industries	240.8	252.5	246.6	256.0	300.4	312.9	349.5	377.4	418.4
Electricity and water	89.4	53.3	55.5	55.8	60.6	71.2	77.4	83.9	93.3
Construction & civil engineering	312.0	324.4	321.0	347.7	448.6	484.5	563.4	664.8	800.2
Tertiary sector	**3 315.3**	**3 376.7**	**3 569.7**	**3 865.9**	**4 049.7**	**4 315.0**	**4 597.5**	**4 950.9**	**5 377.4**
Trade,	867.8	926.9	970.2	1 030.6	1 035.3	1 058.0	1 124.7	1 206.8	1 308.7
Restaurants and hotels	238.8	207.2	216.9	224.1	251.8	253.4	271.4	300.5	332.5
Transportation	580.0	629.7	659.1	706.9	795.0	857.0	947.0	1 018.0	1 126.6
Post and telecommunications	134.2	129.7	135.1	143.1	153.2	156.1	172.8	186.9	203.0
Banks and financial institutions	106.3	120.1	117.6	121.3	132.5	134.2	141.7	151.0	160.2
Public administration and social security	461.1	426.6	461.1	577.0	511.8	595.3	596.6	632.9	671.5
Education	334.2	291.1	317.2	331.2	367.4	420.8	421.3	447.0	469.6
Health and social work	75.3	64.6	70.2	73.2	82.7	93.9	94.0	99.8	105.8
Other services	517.7	580.8	622.3	658.7	720.2	746.3	828.2	908.1	999.4
GDP at factor costs	**6 195.6**	**6 420.9**	**6 785.1**	**7 249.2**	**7 691.5**	**8 224.8**	**8 874.7**	**9 628.3**	**10 525.1**
Taxes net of grants	**537.4**	**584.3**	**590.2**	**672.8**	**740.8**	**784.0**	**866.2**	**1 002.2**	**1 127.5**
TOTAL GDP	**6 732.8**	**7 005.2**	**7 375.3**	**7 922.0**	**8 432.2**	**9 008.8**	**9 740.9**	**10 630.5**	**11 652.6**

Source: INSAE-DGAE, April 2021

2.2.2. GDP by composition (%)

The composition of GDP shows that the tertiary sector is the engine of growth. The main branches of this sector are "trade", "transport", and "administration and social security". The primary sector, driven by agriculture, is the second most important contributor to GDP. As for the secondary sector, it is the agri-food industries, followed by the construction and civil engineering branch, which constitute the bulk of secondary GDP.

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

	2015	2016	2017	2018	2019	2020 Est.	2021 Forecast	2022 Forecast	2023 Forecast
Primary sector	**26.4**	**27.8**	**28.5**	**28.1**	**26.9**	**27.1**	**27.0**	**26.7**	**26.0**
Agriculture	20.0	21.2	22.4	22.0	20.9	21.8	22.0	21.9	21.6
Livestock, hunting	3.6	3.8	3.6	3.5	3.6	3.0	2.8	2.6	2.4
Fishing, forestry and logging	2.8	2.8	2.6	2.5	2.4	2.3	2.2	2.1	2.1
Secondary sector	**16.4**	**15.7**	**15.1**	**14.6**	**16.3**	**16.3**	**16.9**	**17.3**	**18.1**
Extractive Activities	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.5	0.5
Food and beverage industry	6.5	6.3	6.3	5.9	6.3	6.2	6.3	6.3	6.4
Other manufacturing industries	3.6	3.6	3.3	3.2	3.6	3.5	3.6	3.6	3.6
Electricity and water	1.3	0.8	0.8	0.7	0.7	0.8	0.8	0.8	0.8
Construction & civil engineering	4.6	4.6	4.4	4.4	5.3	5.4	5.8	6.3	6.9
Tertiary sector	**49.2**	**48.2**	**48.4**	**48.7**	**48.0**	**47.9**	**47.2**	**46.6**	**46.1**
Trade,	12.9	13.2	13.2	13.0	12.3	11.7	11.5	11.4	11.2
Restaurants and hotels	3.5	3.0	2.9	2.8	3.0	2.8	2.8	2.8	2.9
Transportation	8.6	9.0	8.9	8.9	9.4	9.5	9.7	9.6	9.7
Post and telecommunications	2.0	1.9	1.8	1.8	1.8	1.7	1.8	1.8	1.7
Banks and financial institutions	1.6	1.7	1.6	1.5	1.6	1.5	1.5	1.4	1.4
Public administration and social security	6.8	6.1	6.3	7.3	6.1	6.6	6.1	6.0	5.8
Education	5.0	4.2	4.3	4.2	4.4	4.7	4.3	4.2	4.0
Health and social work	1.1	0.9	1.0	0.9	1.0	1.0	1.0	0.9	0.9
Other services	7.7	8.3	8.4	8.3	8.5	8.3	8.5	8.5	8.6
GDP at factor costs	92.0	91.7	92.0	91.5	91.2	91.3	91.1	90.6	90.3
Taxes net of grants	8.0	8.3	8.0	8.5	8.8	8.7	8.9	9.4	9.7
TOTAL GDP	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**

Source: INSAE/DGAE, April 2021

2.2.3. GDP by component

On the demand side, final consumption, driven by its private component, was the main engine of growth between 2015 and 2020. Final consumption is supported by the increase in income generated by economic activities and the various transfers received by households. In 2020, final consumption recorded an increase of 7.7 percent attributable to a 6.2 percent rise in private consumption and, above all, a 17.8 percent rise in the public component.

Investment improved sustainably between 2015 and 2020. In 2020, the good performance of investment is mainly related to the public component. Public investment recorded a substantial increase of 26.3%, in connection with the government's response to the Covid-19 pandemic, through the acquisition of health equipment such as respiratory equipment and the development of sites for hospitalizing patients with Covid-19. As for private investment, it recorded a significant increase of 3.4%, but would have seen a better improvement had it not been for the perverse effects of the corona virus pandemic. The good performance of final consumption and investment led to an increase in domestic demand of 7.5%. It is expected to rise again, from CFAF 9 467.2 billion in 2020 to CFAF 10 243.0 billion in 2021, due to an increase in total consumption and gross fixed capital formation.

External demand also recorded an increase of 23.0% in 2020. The increase in external demand is expected to continue in 2021 and 2022.

Table 28. Nominal Gross Domestic Product, Employment-Resources (in billions of CFAF)

	2015	2016	2017	2018	2019	2020	2021	2022	2023
						Estimate	Forecast	Forecast	Forecast
1. internal demand	**7 225.3**	**7 269.6**	**7 896.4**	**8 496.0**	**8 805.0**	**9 467.2**	**10 243.0**	**11 186.5**	**12 255.8**
Total consumption	**5 829.5**	**5 849.5**	**6 129.2**	**6 405.7**	**6 643.8**	**7 157.9**	**7 525.0**	**7 980.8**	**8 698.5**
Private	5 061.2	5 129.3	5 356.4	5 581.0	5 771.7	6 131.0	6 499.7	6 878.3	7 504.3
Public	768.3	720.2	772.9	824.7	872.1	1 026.9	1 025.3	1 102.4	1 194.2
Total GFCF	**1 379.9**	**1 381.6**	**1 728.7**	**2 051.8**	**2 122.7**	**2 270.8**	**2 679.5**	**3 167.2**	**3 518.8**
Private	1 092.9	1 080.5	1 415.1	1 725.8	1 792.3	1 853.5	2 242.9	2 698.0	2 992.4
Public	287.0	301.1	313.6	326.0	330.4	417.3	436.6	469.3	526.4
Change in inventories	**15.9**	**38.5**	**38.5**	**38.5**	**38.5**	**38.5**	**38.5**	**38.5**	**38.5**
2. Total external demand	**-492.5**	**-264.3**	**-521.1**	**-574.1**	**-372.7**	**-458.4**	**-502.1**	**-556.0**	**-603.3**
GDP	**6 732.8**	**7 005.2**	**7 375.3**	**7 922.0**	**8 432.2**	**9 008.8**	**9 740.9**	**10 630.5**	**11 652.6**

Source: INSAE/DGAE

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

3.1. Recent Achievements and Completions

3.1.1. Presentation of the National Development Plan

Benin adopted a National Development Plan in 2018 with the technical and financial support of the United Nations Development 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 achievement and materialization of the vision. The plan will be operationalized in two phases: a first phase from 2018 to 2021, through the Growth Program for Sustainable Development (PC2D) and the Government Action Program (PAG) integrating the strategic axes and a second phase from 2022 to 2025.

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

Based on Benin's comparative advantages, in line with the aspirations set out in the "Benin 2025 scenario Alafia"[17], and international and regional trends, the strategic option adopted 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-ODD scenario is based on a satisfactory speed in the implementation of the Government's Action Program and its economic reforms as well as the four-year programs, PC2D. This scenario is therefore geared towards strengthening investment, particularly private investment.

The hypotheses adopted are based on the real improvement in the business climate and progress in the implementation of major reforms, in particular the modernization of public administration, the fight against corruption, the modernization of the social protection system and the efficiency of the public finance 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 2022-2025 period;
- The rate of precarious employment would represent less than 60% in 2025, compared to 83.7% in 2015;
- A reduction in the incidence of poverty to 23.2% in 2025 from 40.1% in 2015.

Financing the national development plan

The NDP's financing plan requires increased mobilization of domestic revenue, the development of Public Private Partnerships (PPPs), recourse to the financial market, particularly concessional and semi-concessional loans from Technical and Financial Partners (TFPs), active participation by the Diaspora, the use of innovative financing instruments, and the introduction of specialized financing windows (environment, health, education, etc.).

In addition to mobilizing financial resources, Benin must have a critical mass of human resources, consisting mainly of public administration staff (central government and local authorities), not forgetting technical assistance from international organizations. Benin has joined the initiative set up by the United Nations to assess development financing in the context of the Addis Ababa Action Program, which aims to explore all potential sources of financing available to the country (internal and external resources, the diaspora, sovereign wealth funds, financial markets, foundations, innovative financing, including climate-related financing, PPPs, etc.).

[17] The Benin 2025 vision, Alafia scenario, is a prospective document designed in 2000 whose vision is to make Benin a well-governed country, with a competitive and prosperous economy, cultural influence and well-being.

Mechanisms for monitoring the implementation of the national development plan

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

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 programs. This framework includes, in particular, the Council of Ministers, which is the body responsible for adopting overall guidelines; the National Orientation Council (NOC), which is the highest authority in the steering mechanism and is responsible for the strategic and political management of the NDP; the Government-Development Partners Committee (GDC), which ensures ongoing dialogue on the NDP; and the Technical Steering and Monitoring Committee (TSTC), which is responsible for the technical monitoring of the implementation of the NDP.

A performance measurement framework has been put in place and periodic evaluations and reviews are carried out to ensure the monitoring and evaluation of the plan. 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 allows for the periodic collection of data necessary for the monitoring and evaluation of the NDP.

3.1.2. Recent structural reforms related to the development plan

Within the framework of the PAG[18] implementation, several actions have been undertaken by the Government on all three pillars: consolidating democracy, the rule of law and good governance, and initiating the structural transformation of the economy and improving the living conditions of the people.

In terms of consolidating democracy, the rule of law and good governance, several large-scale actions have been carried out, including

- The revision of the Constitution of 11 December 1990, which strengthens and renews the Beninese democratic model;
- The reform of the party system that restores political parties to their vocation as exclusive animators of political life;
- The reform was carried out through the passage of various laws, including the political party charter, the financing of political parties, the opposition charter and the new electoral code.

These reforms have led to a cleaner political landscape. The number of political parties has been reduced from 250 to about 15. The deviations resulting from the full multiparty system have been gradually corrected (personification and regionalization of political parties, hidden financing, etc.). The new status of the opposition, offering guarantees for the existence of a responsible opposition, has been adopted. The electoral code has been revised to stabilize the electoral calendar and modernize the organization of various political elections.

- Strengthening the Judicial System, including, among others, the institutionalization of the Court of Auditors through the revision of the Constitution and the creation and operationalization of the CRIET to intensify the fight against corruption and impunity; a real instrument for promoting good governance and respect for public property.
- Improving the management of the State's assets through, among other things, the introduction of delegated management mandates awarded to private partners to rectify and improve the performance of public enterprises deemed strategic (SBEE, PAC, Cotonou Airport) and the adoption of a new law on public enterprises to modernize governance and make it more efficient.
- The modernization of civil status management through the establishment of a centralized and computerized national identity file for all nationals and residents (National Register of Natural Persons); the operationalization of the Personal Identification Number, which ensures interoperability between the various information systems of the government's digital development programs and the digitization of services to the population; and the implementation of measures aimed at reconstituting civil status records for several citizens.

In terms of the structural transformation of the economy, the State has embarked on a massive investment program which has had an impact on all socio-economic sectors. This investment program has made it possible to improve the business climate, strengthen Benin's energy capacities, digitalize tax collection procedures, increase road infrastructure, etc.

Measures to improve the business climate

Measures to improve the business climate have made it possible to review the institutional framework for managing relations with the private sector through the creation of the Interministerial Investment Promotion Committee (CIPI) to coordinate government's relations with the private sector, and the restructuring of the Investment and Export Promotion Agency to serve as the operational arm of the CIPI. The positive changes brought about by these reforms enabled Benin to mobilize, for its first euro bond is-

[18] The PAG is the sole instrument for steering government action during the five (5) years of President Patrice TALON's term of office

sue on the international market, more than CFAF 328 billion with a subscription rate of 250% in less than two hours on 19 March 2019 for a final maturity of 7 years and an interest rate of 5.75%. Similarly, there is an increase in foreign direct investments which have more than tripled between 2016 and 2020.

Strengthening Benin's energy capacities

For an estimated demand of 250 MW, Benin's total installed capacity was 181.5 MW between 2016 and 2019. The electrification rate at the national level increased from 46.6% in 2015 to 55.1% in 2020. Actions aimed at the development of energy infrastructure carried out during the 2016-2019 period included: (i) the rehabilitation and commissioning of 15 engines in the power plants of the Société Béninoise d'Energie Electrique (SBEE) for a total capacity of 30.00 MW, the completion of construction work on a 120 MW power plant and its commissioning on August 29, 2019. These investments have helped reduce Benin's energy dependency rate from 90% to 30% and put an end to load shedding. Several other works are underway, including the new 140MW power plant (Maria Gleta 2), solar photovoltaic plants for a total capacity of 95 MW, the 128 MW multifunctional hydroelectric dam on the Ouémé River at Dogo-bis, the construction of two "dispatching" distribution control centers (national and regional) and the construction of the Floating Storage and Regasification Terminal (FSRU) in the Port of Cotonou.

Digitization of tax collection procedures

The Government has undertaken several reforms in the General Directorate of Taxes, including

- The commissioning in 2018 of the Integrated System for the Management of Taxes and Assimilated (SIGTAS) in the Directorate of Large Enterprises. This system should ensure better management of taxpayers in order to fight against fraud and tax evasion and strengthen the monitoring of reporting and payment obligations. As of January 2019, SIGTAS has been deployed in four (4) of the eight (8) medium-sized business tax centers that the country has.
- The introduction of Certified Electronic Billing Machines (MEceF) in 2018 to improve the rate of VAT recovery. Its generalization to all VAT taxpayers has entered its active phase since December 2019. In 2021, the deployment of an e-MECeF platform has been effective.
- The effectiveness of remote tax filing and payment since 2018 ;
- Online filing of financial statements in 2019;
- The payment of motor vehicle tax by mobile phone from 1 January 2020 ;
- The single declaration of payroll taxes and social security contributions online from 1 January 2020.
- The implementation of a platform for online registration of deeds (e-Registration) functional since July 2020 ;
- Dematerialization and simplification of customs clearance procedures for all foreign trade formalities.

Strengthening transport, logistics and trade infrastructure

In the area of road infrastructure, works undertaken covered a linear distance of 1,823 km (rehabilitation and reinforcement: 835 km, new construction 989 km), improved maintenance of the road network and rural tracks. These works have made it possible to improve the general condition index of the classified road network, which has gone from 46% in 2016 to 63% in 2020.

The major projects carried out are particularly: the reconstruction of the section, old bridge of Cotonou-Loterie Nationale-Hôtel du Port-Carrefour CENSAD Erevan long of 5,80 km (development of concrete lanes dedicated to the port traffic) for a cost of 32,25 billion CFA FRANCS, the rehabilitation of the road Dassa-Savalou-Djougou (260,70 Km) for an amount of 64,15 billion CFA FRANCS. There was also the construction of the 324 m long Womey bridge at a cost of CFAF 9.5 billion, the development and asphalting of the fisheries road - Phase 1: Cotonou-Adounko section (12.547 km) at a cost of CFAF 27.15 billion and the rehabilitation and reinforcement of the RNIE 2 - Section: Beroubouay-Kandi-Malanville (177.20 km) at a cost of CFAF 65.59 billion

Another large-scale project is the rehabilitation and upgrading to international standards of the Cardinal Bernardin GANTIN International Airport of Cadjèhoun, for which work has been launched since April 2020. This project is financed by the Government of Benin to the tune of 10 billion CFA francs. These works should increase the airport's capacity from 500,000 passengers to 1.5 million passengers.

In the area of telecommunications, there has been the deployment of high-speed Internet, characterized by a fiber optic backbone that runs from north to south over more than 2,000 km, and access to high-speed Internet through fiber optics is now a reality in more than 90% of communes. The deployment of digital tools for the modernization of the administration is continuing with the establishment of a platform for the dematerialization of State services, the construction of a national data center in Abomey-Calavi and the interconnection of 187 decentralized sites of the finance administration (e-Gouv). Also planned is the setting up of the Beninese network for education and research (RBER), which interconnects the 4 public universities representing 80% of the student population; the setting up of a public key infrastructure

(PKI) platform securing administrative documents (passports, national identity card, etc.) and electronic communications using biometrics.

Particular attention has been paid to rural tracks in several communes to facilitate the movement of populations and especially the transport of their produce to (local) markets. In total, over the 2016-2019 period, 51,736.10 km of linear roads and rural tracks have been rehabilitated for a total amount of 23.74 billion CFA FRANCS.

Improving access to drinking water for the population

In terms of improving the living conditions of the population, reforms have focused on improving access to drinking water for the population and improving the living environment of the population.

In the area of rural drinking water supply, the short-term investment program started in October 2018 and works were launched for 110 new multi-village water supply systems throughout the country to serve 821,700 people, or about 20% of the population not yet served. The program continued in 2019 with the start of construction work for 500 new multi-village water supply systems towards universal access to safe drinking water by 2021.

The reforms undertaken have made it possible to mobilize financial resources of more than CFAF 500 billion (five times more than previously) for this sector. In urban areas, an additional 1 million people will be provided with drinking water by 30 September 2020, i.e. 3.6 million people will be provided with drinking water, which will bring the rate to 75% by 2020, compared with 55% in 2016. In rural areas, the drinking water coverage rate has increased from 42% in 2016 to 70% in 2020. In addition, the current investment program will enable an additional 1.9 million people to be served in rural areas by the end of December 2021 and 3.7 million people by 2040.

The implementation of the asphalting project and the rainwater sanitation program of Cotonou

The improvement of the living environment of the populations has also been a major concern of the Government. The works of the first phase of the "Asphalting Project" started in the last quarter of 2018. The asphalting project has enabled the rehabilitation and development of urban roads in 9 towns: Cotonou, Porto-Novo, Parakou, Sème-Podji, Abomey-Calavi, Abomey, Bohicon, Lokossa and Natitingou. In addition to these projects, which will beautify the cities and facilitate mobility, there is also the Rainwater Sanitation Program for the city of Cotonou, whose financial commitments of CFAF 238 billion cover the expressed needs. Thanks to this program, the flooding crisis in the city of Cotonou should be brought to an end.

Implementation of the Insurance for Building Human Capital (ARCH)

This project, with an overall cost of CFAF 313 billion, covers the health insurance, training, microcredit and pension insurance component. 2019 was marked by the enumeration of the poorest households on the basis of the EMICOV for the edition of insurance cards and their distribution. Thus, the health zones of the departments of Zou, Collines, Atacora and Donga received teams of enumerators under the supervision of local authorities. Poor households were thus counted and the first insurance cards were distributed during the 4th quarter of 2019 to the heads of the households counted. In 2020, the pilot phase of the project was conducted in 07 communes and more than 4,000 people received full health care. There was also the launch of mobile micro-credits ALAFIA with more than 19.3 billion CFA FRANCS injected by the State, the launch of the pilot phase of the training component. In addition to these actions, health insurance is currently being institutionalized for all persons residing in Benin.

3.2. Upcoming projects

Future achievements are closely linked to the implementation of the Government's action program. Some 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 of international standards, with an excellent interconnection with downtown Cotonou thanks to an express road. The Glo-Djigbe International Airport is expected to handle more than 900 passengers during peak hours for both arrivals and departures, and a cargo terminal capable of handling 12,000 tons per year. An expressway of 40 km will also be built linking the Fishing Road to the airport platform with a crossing of the RNIE1 at Cocotomey.

The expected economic and social impact of this project is to provide better air transport conditions to accelerate the country's growth. It will be executed for an overall financing of CFAF 360 billion, of which CFAF 145 billion will be borne by the public sector and CFAF 215 billion by the private sector. The preliminary works started in March 2017 are being completed and compensation to landowners who have completed the formalities has been done.

√ **The project to create a national airline**

Benin has a project to create a national airline[19]. To

[19] Statement on the sidelines of the celebration of the 75th anniversary of the International Civil Aviation Organization (ICAO) by the Minister of Infrastructure and Transport on December 7, 2019

that end, the Beninese Government wants to rely on the ongoing upgrading of its airport infrastructures: the modernization of the Cardinal Bernadin Gantin International Airport in Cadjèhoun, Cotonou, the construction of the new Glo-Djigbé airport, the renovation and effective operation of the Tourou International Airport in Parakou, as well as the continued compliance of the Beninese civil aviation system with international standards.

Beninese authorities are counting, moreover, on the new visa policy to position this future company well. Since 2018, Benin has, in fact, abolished visa fees for African nationals for stays of less than 90 days. If the project were to materialize, Benin's national airline would make its entry into an overcrowded West African sky where there is practically one national airline in every country in the region.

√ Modernization and extension of the port

This project aims to make the port of Cotonou a very efficient port by upgrading its infrastructure. The following are planned:

- The extension of the basin to the west by 154 m, the construction of a new 360 m quay in front of the current one (keeping the width of the basin at a minimum of 295 m) and the extension of the south quay by 154 m (phase 1);
- The reconstruction of the northern quays to increase the capacity and allow access to the fair trade container terminals. This should result in the construction of a new 340 m quay in front of the current quay, the demolition of land in the first line, the dredging of the basin to -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 the dredging of the basin to -15 m (phase 4). Non-containerised goods (bulk and vehicles) will be unloaded at the northern[20] quays.
- The development of the platforms 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 center in Cotonou.

The expected economic impact is to provide access to vessels adapted to market demands, to strengthen container capacity and to generate employment through the port's activities and the country's export capacity. This project will be financed exclusively by the private sector with an estimated amount of CFAF 502 billion. The construction of the Maritime Affairs Centre is also scheduled to start in the first half of 2021.

√ Modernization of the Dantokpa market

This project aims, on the one hand, to create a modern commercial zone centered on textiles, jewelry and cosmetics, and, on the other hand, to ensure better interconnection with the Cotonou agglomeration. The wholesale market and certain activities (second-hand goods, foodstuffs, household equipment, etc.) will be transferred to secondary markets, public rights of way will be cleared, the area will be cleaned up and waste will be managed in a sustainable manner, the roads and parking areas will be redesigned, the commercial facilities will be modernized and support will be provided for the relocation of traders. The expected economic and social impact of this project is to stimulate high value-added commercial activities and improve the hygiene and working conditions of traders. This project will be implemented with a total 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.

√ The construction of the Ouidah Marina

The realization of this infrastructure will contribute to developing the tourist offer of Benin in general and that of the city of Ouidah in particular. A colossal project of 129 billion F CFA, the complex includes in particular: a vodun arena for the celebration of endogenous religions and various cultural events; two parking lots with more than 350 places; memorial gardens; the tourist esplanade with restaurants, bars and entertainment sites; the historical reconstruction of a slave ship; a hotel area with about 130 rooms; a craft village, Zomachi, the annex of the tourist office; the floating promenade on the lagoon and a garden of recollection. The works started on July 20, 2020 with the installation of the life base. They should last 24 months.

√ The construction of an interchange at the Vèdoko crossroads in Cotonou

As a result of discussions held in 2017 between the Governments of Japan and Benin, the Vèdoko Crossroads Interchange construction project had been selected. Following the completion of preliminary studies, it was deemed necessary to conduct detailed studies of the project. It is within this framework that the Council of Ministers in its meeting of Wednesday, January 13, agreed to contract a group of offices with proven experience in agreement with the Japanese party. This project will not only make the traffic between Cotonou and Abomey-Calavi fluid but above all improve the management conditions of the Beninese economy.

√ The Niger-Benin export pipeline construction and operation project

The Niger-Benin pipeline is a 600 billion CFA FRANCS direct investment project for Benin. It has a total length of 1,982 km, of which 1,298 km is on Niger territory and 684 km on Beninese soil. On Beninese

[20] The north quays are public quays designed to receive all types of ships except oil tankers and ROROs. ROROs are ships equipped with a mobile access ramp allowing loading/unloading of goods by towing between the ship and the quay. They are fast and offer reduced loading/unloading times.

soil, the pipeline will cross the departments of Alibori, Borgou, Collines, Plateau and Ouémé, seventeen (17) communes and one hundred and fifty-two (152) villages/towns. With a transport capacity of 4.5 million tons per year, or 35 million barrels, the project will include the following on Beninese territory:

- the pipeline itself which will transport the crude oil from its entry into Benin at Malanville to the Beninese coast;
- two (02) pumping stations, in Gogounou and Tchatchou and twenty-four (24) valves;
- a terminal and export station in Sèmè (Sèmè-Kpodji).
- The 15 km long maritime section will be equipped with a single point mooring system that will allow the loading of ships for export.

Scheduled to be operational by January 2022, this project will create 3,000 jobs during the works, 500 permanent jobs after the works, 200 directly in Benin, then the other service providers, who will accompany the company for at least 40 years of operation.

Benin will receive more than CFAF 300 billion (€460 million) in transit fees and tax revenues from the operation of the pipeline for the first twenty years. Like Niger, Benin will benefit from the construction of socio-community infrastructure (classrooms, health centers, etc.) in the municipalities, villages and neighborhoods that the project will cross on its territory. Benin will also be known by all the oil-producing countries of the world.

√ Construction of an oil refinery[21]

With a view to ensuring better satisfaction of domestic consumption of petroleum products and contributing to the supply of those in the sub-region, the Government has opted to build an oil refinery, within the framework of a public-private partnership.

The implementation of this project in optimal conditions will allow the country to become in the long run an export corridor for the production of a neighbor, Niger, via the port of Cotonou. Without being a crude oil producer for the moment, Benin has the advantage of being surrounded by countries that produce crude oil but do not have sufficient refineries.

[21] https://sgg.gouv.bj/cm/2020-06-03/

4.1. Structural elements

4.1.1. Description of the Franc Zone

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

The 4 main principles of the Franc zone are:

- **A guarantee from the French Treasury for unlimited convertibility of the Central Bank currency:** currencies issued by the issuing institutions of the franc zone have unlimited convertibility guaranteed by the French Treasury. To ensure the free convertibility of each of the subzones, an operating account is opened with the French Treasury by each Central Bank of the zone, and on which the Central Banks have an unlimited right to draw in the event of exhaustion of their foreign exchange reserves;
- **A fixed parity with the euro of 1 euro for 655.957 CFA francs:** the parity of the zone's currency with the euro is fixed and defined for each subzone. The currencies of the zone are convertible among themselves, at fixed parities, without limitation of amounts. The switch to euro resulted in a simple substitution of the peg to the French franc by the peg to the euro, at equivalent parity, i.e., CFAF 655.957 = 1 euro (the parity being identical for the West and Central Africa sub-zones).
- **Free and unlimited transfer of reserves:** Transfers are, in principle, free within the Zone.
- **Centralization of reserves:** governments centralize their foreign exchange reserves in their central banks, while in return for the unlimited convertibility guaranteed by France, the central banks of the franc zone are required to deposit a portion of their net external assets (foreign exchange reserves) with the French Treasury in an operating account opened in the name of each of them. Since the September 2005 reform, BCEAO has had to deposit 50% of its external assets in its operating account.

A new monetary agreement was signed in December 2019 by WAEMU member States and France to reform the West African CFA franc (XOF). It lays the groundwork for member countries to join ECO, ECOWAS' single currency project. In order to enable WAEMU economies to prepare for ECO, the monetary cooperation agreements linking the member States of the zone to France were thoroughly revised. Three decisions were taken:

- Name change of the currency from CFA Franc to ECO, when WAEMU countries will integrate the new ECO zone of ECOWAS;
- End the centralization of foreign exchange reserves at the French Treasury, closing the operations account and transferring available resources into BCEAO's account;
- Withdrawal of all French representatives from the decision-making and management bodies of WAMU (BCEAO Board of Directors, Banking Commission and Monetary Policy Committee).

Two key pillars 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 francs was adopted by the French Council of Ministers. It validates the transformation of the CFA francs, which will become the ECO, by maintaining a fixed parity with the euro as well as the end of the centralization of foreign exchange reserves of West African States at the French Treasury.

4.1.2. Description of BCEAO

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

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.

Organs

The organs of the Central Bank are: the Governor, the Monetary Policy Committee, the Board of Directors, the Audit Committee, and the National Credit Councils, one in each WAMU member State.

Operation

The Central Bank, its organs, any member of its organs or staff may not seek or receive orders or instructions from community institutions or organs, from any government of WAEMU Member States, from any other organization or from any other person. Community institutions and bodies and the governments of WAEMU member States undertake to respect this principle.

The primary 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.

Role

The Central Bank has the following fundamental missions:

- √ Define and implement monetary policy within WAEMU;
- √ Ensure the stability of WAEMU banking and financial system;
- √ Promote proper functioning and ensure the supervision and security of payment systems in WAMU;
- √ Implement the WAEMU exchange rate policy under the conditions set by the Council of Ministers;
- √ Manage the official foreign exchange reserves of WAEMU member States.

The Central Bank may conduct, with due regard for monetary equilibrium, specific missions or projects that contribute to the improvement of the monetary policy environment, diversification and strengthening of the WAEMU financial system and technical and professional capacities in the banking and financial sector.

The main objective of the Central Bank's monetary policy is to ensure price stability. As such, it defines the monetary policy to keep the currency's external coverage rate at a satisfactory level, and to support the economic activity of member countries without inflationary pressure[22].

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

To conduct its common monetary policy, the BCEAO relies on market mechanisms and indirect liquidity regulation instruments, in particular interest rate management and the reserve requirement system.

4.1.3. Monetary policy

BCEAO has the exclusive privilege of issuing money for all the member States of the West African Monetary Union. It issues monetary signs, banknotes and coins, which are legal tender with discharging effect in all the member States of the Union. The creation, issue and cancellation of monetary signs are decided by the Council of Ministers.

The Central Bank's management of member States monetary policy consists in adjusting the global liquidity of the economy according to economic trends, in order to ensure price stability, on the one hand, and to promote economic growth, on the other hand.

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

The functioning of BCEAO is based on:

- Open market operations: seven-day and twenty-eight-day refinancing (weekly and monthly, respectively, for banks subject to reserve requirements) allotted at variable rates; the minimum bid rate considered by BCEAO as its key rate (currently[23] 2.0%). Planned auctions are generally calibrated according to BCEAO's forecast of liquidity needs over the maturity of operations;
- Standing loan windows: refinancing from 1 to 7 days or 90 to 360 days against government securities and credit requests with maturities ranging from 5 to 20 years, at the request of banks (marginal lending window). Rates at these windows are 200 basis points above the policy rate. As of June 2017, the use of the lending window was capped at two times the counterparty's equity.

The minimum bidding rate for open market operations (tenders) and the interest rate applicable to the marginal lending window (repo rate), whose levels are set by the Monetary Policy Committee, are 2% and 4% respectively, and constitute BCEAO's two main key rates.

Money supply

The money supply grew steadily over the 2015-2020 period. In 2020, it stood at CFAF 2,751.89 billion against CFAF 2,376.57 billion in 2019, an increase of 15.8% linked to the growth of domestic assets (+27.4%) and foreign assets (+13.8%). The breakdown of the money supply shows that deposits stood at CFAF 2,044.73 billion in 2020 against CFAF 1,807.45 billion in 2019. The said deposits represent 74.30% of the money supply. As for currency in circulation, it stood at CFAF 707.16 billion against CFAF 569.12 billion in 2019.

[22] The BCEAO Monetary Policy Committee, at its first meeting held on September 14, 2010 in Dakar, defined the operational objective of price stability as an annual inflation rate in the Union within a margin of ± one percentage point (1%) around 2%, over a twenty-four (24) month horizon. [23] BCEAO lowered its main policy rates by 50 basis points. Thus, the minimum bidding rate for liquidity injection tenders 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 became effective on June 24, 2020.

Table 29. Benin's monetary situation (in billions of CFAF)

	2015	2016	2017	2018	2019	2020
Foreign assets	**1 272.97**	**1 108.52**	**990.23**	**1 187.09**	**1 353.22**	**1 539.74**
Central Bank	303.25	40.12	203.55	425.95	314.04	260.28
Banks	969.72	1 068.40	786.68	761.14	1 039.19	1 279.47
Domestic assets	**1 119.47**	**1 336.26**	**1 520.30**	**1 543.94**	**1 345.25**	**1 714.37**
To the credit of the State	**-131.17**	**30.48**	**189.32**	**-40.01**	**-227.46**	**52.25**
Central Bank	-43.44	13.93	-69.30	-226.11	-167.84	7.86
Banks	-87.73	16.55	258.61	186.10	-59.61	44.39
To the credit of the economy	**1 250.64**	**1 305.77**	**1 330.99**	**1 583.96**	**1 572.70**	**1 662.12**
Other	-306.30	-354.97	-398.91	-518.08	-321.90	174.63
Money supply (M2)	**2 086.15**	**2 089.81**	**2 111.62**	**2 212.96**	**2 376.57**	**2 751.89**
Currencies in circulation	605.88	526.36	527.01	513.74	569.12	707.16
Deposit	1 480.27	1 563.45	1 584.61	1 699.22	1 807.45	2 044.73
	% increase observed as of 31. Dec from n-1 to n					
Net foreign assets	-	-12.92	-10.67	19.88	13.99	13.78
Net domestic assets	-	19.37	13.77	1.55	-12.87	27.44
Credit to the State	-	-123.24	521.13	-121.13	468.51	-122.97
Central Bank	-	-132.07	-597.49	226.28	-25.77	-104.68
Banks	-	-118.86	1 462.60	-28.04	-132.03	-174.47
Credit to the economy	-	4.41	1.93	19.01	-0.71	5.69
Money supply (M2)	-	0.18	1.04	4.80	7.39	15.79

Source: BCEAO, February 2021

Domestic assets stood at CFAF 1,714.37 billion in 2020 against CFAF 1,345.25 billion. This increase in domestic assets was driven by credit to the economy which recorded an increase of 5.69%. Credit to the State, on the other hand, recorded a 122.9% decline in 2020 compared to 2019 to stand at CFAF 52.25 billion.

Like domestic assets, foreign assets registered an increase of 13.8% compared to 2019 to stand at CFAF 1,539.74 billion in connection with an increase in external assets of primary banks (+23.1%). BCEAO's external assets, for their part, recorded a 13.1% decline in 2020 compared to 2019 to stand at CFAF 260, 28 billion.

4.2. Banking system and financial markets

4.2.1. The banking environment

According to BCEAO, Benin's banking environment as at 31 December 2020 comprised fourteen (14) banks and one financial institution of a banking nature. Of the fourteen (14) banks, twelve (12) are subsidiaries and two (2) are branches. They are:

- The subsidiaries
  - BANK OF AFRICA - BENIN (BOA - BENIN)
  - BANQUE ATLANTIQUE DU BENIN (BANQUE ATLANTIQUE)
  - SAHELO-SAHARAN BANK FOR INVESTMENT AND TRADE - BENIN (BSIC-BENIN)
  - BGFIBANK BENIN
  - NSIA BANK BENIN
  - ECOBANK - BENIN (ECOBANK)
  - ORABANK BENIN
  - SOCIETE GENERALE - BENIN
  - UNITED BANK FOR AFRICA BENIN (UBA - BENIN)
  - CCEI BANK BENIN
  - INTERNATIONAL BANK FOR INDUSTRY AND COMMERCE (IBIC)
  - CORIS BANK INTERNATIONAL - BENIN
- Branches
  - CBAO, ATTIJARIWAFA BANK GROUP, BENIN BRANCH
  - SOCIETE NIGERIENNE DE BANK (SONIBANK), BENIN BRANCH

- The financial institution of a banking nature is the African Guarantee and Bonding Company (AFGC).

It should be noted that, in 2019, the International Bank of Benin (BIBE) has seen its approval withdrawn by Order No. 1063 -C/MEF/CAB/SGM/DGTCP/DAMF/SMPE/SP/152SGG20.

Also by Order n°1091 -C/MEF/CAB/SGM/DGTCP/DAMF/SMPE/SP/155SGG20, the change of name of the African Bank for Industry and Commerce to International Bank for Industry and Commerce was made.

The net external assets of commercial banks in 2020 stood at CFAF 1,279.47 billion against CFAF 1,039.19 billion, representing an increase of 23.1% due to the combined effect of the fall in commitments to non-residents (-13%) and the increase in claims on non-residents (+14%).

Claims on the Central Bank increased by 142.7% to CFAF 291.98 billion in 2020 in line with the increase in deposits and cash. Cash increased from CFAF 47.2 billion in 2019 to CFAF 57.78 billion in 2020. As for deposits, they recorded an increase of 220.3% compared to 2019 to stand at CFAF 234.2 billion.

Net receivables from the central government stood at CFAF 44.39 billion in 2020 against CFAF -59.61 billion in 2019 in connection with a 7.4% decline in commitments and a 10.6% increase in receivables.

Credit to the economy, granted by commercial banks in 2020, increased to CFAF 1,658.13 billion against CFAF 1,568.67 billion in 2019. Claims on the private sector represent the bulk of credit to the economy. Indeed, claims on the private sector accounted for an average of 89.5% of credit to the economy between 2015 and 2020, against 7.8% for claims on public non-financial companies and 0.7% for claims on other financial companies. Claims on the private sector rose from CFAF 1,413.28 billion in 2019 to CFAF 1,395.72 billion.

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

	2015	2016	2017	2018	2019	2020
Assets						
Net external assets	969.72	1068.4	786.68	761.14	1039.19	1279.47
Claims on non-residents	1509.35	1626.89	1335.22	1165.53	1390.73	1584.93
Liabilities to non-residents	-539.64	-558.48	-548.54	-404.39	-351.54	-305.46
Claims on the Central Bank	165.43	156.04	186.2	116.48	120.31	291.98
Cash	54.27	48.07	41.73	48.70	47.20	57.78
Deposits	111.16	107.97	144.47	67.78	73.11	234.21
Other claims on the central bank	0	0	0	0	0	0
Net claims on central government	-87.73	16.55	258.61	186.1	-59.61	44.39
Claims on central government	380.36	453.34	616.61	555.88	556.02	614.69
Commitments to Headquarters	-468.09	-436.79	-358	-369.78	-615.63	-570.30
Claims on the economy	1244.33	1299.66	1326.59	1579.97	1568.67	1658.13
Claims on other financial companies	5.38	5.76	5.57	21.49	12.70	12.97
Claims on state and local governments	0	0	0	103.88	0.17	95.29
Claims on public non-financial corporations	118.48	75.34	102.75	82.93	142.53	154.15
Claims on the private sector	1120.47	1218.57	1218.27	1371.67	1413.28	1395.72
Liabilities						
Liabilities to the central bank	*435.58*	*643.86*	*569.37*	*378.85*	*460.48*	*712.54*
Transferable deposits included in broad money supply	*666.46*	*694.75*	*727.35*	*816.57*	*902.13*	*1039.85*
Other deposits included in broad money supply	*802.59*	*857.40*	*846.13*	*871.41*	*894.27*	*993.54*
Securities other than shares included in broad money supply	*0*	*0*	*0*	*0*	*0*	*0*
Deposits excluded from broad money supply	*47.44*	*37.59*	*42.13*	*66.68*	*60.82*	*68.04*
Securities other than shares excluded from the broad money supply	*0.81*	*0.41*	*0*	*0*	*0*	*0*

Borrowing	*30.04*	*31.52*	*47.02*	*39.90*	*63.65*	*52.57*
Financial derivatives	*0*	*0*	*0*	*0*	*0*	*0*
Insurance reserves	*0*	*0*	*0*	*0*	*0*	*0*
Shares and other equity securities	*217.07*	*197.42*	*245.44*	*227.55*	*263.96*	*336.80*
Other items (net)	*91.74*	*77.71*	*80.65*	*242.74*	*23.24*	*70.64*

Source: BCEAO, 2020

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. In 2020, with the exception of loans which recorded a decline of 17.4%, all the components of liabilities recorded an increase.

Interest rates vary for short, medium and long credit and deposit terms. Average deposit rates fluctuated between January and December and peaked at 8.17% in August 2020. The lowest rate was observed in December of the same year. Average pay rates fluctuated between 4.8% and 5.1% during the different months of 2020.

Table 31. Average rate of return on loans granted and deposits during 2019

	Average interest rate for loans granted								
	Average	less than a 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	over 10 years
January	7.92	6.93	7.53	8.51	7.04	8.26	8.00	9.74	2.00
February	7.17	6.85	6.87	7.39	6.86	9.76	7.06	8.37	2.00
March	7.57	7.20	7.70	9.63	7.38	6.63	8.03	8.28	5.09
April	6.44	7.24	7.78	8.72	6.29	7.18	7.05	5.36	2.00
May	7.64	8.49	7.34	9.59	8.74	8.68	8.05	7.02	6.74
June	7.70	7.37	7.13	7.82	6.91	9.05	7.99	8.12	4.79
July	7.44	6.95	7.12	8.99	5.67	7.53	7.87	8.09	3.80
August	8.17	7.77	8.65	10.03	8.41	7.46	7.87	8.50	5.40
September	7.40	8.08	6.68	9.08	8.30	8.99	7.67	7.24	2.00
October	7.46	8.46	6.84	8.34	7.65	7.83	8.17	7.18	2.98
November	7.52	6.61	6.95	8.53	7.09	9.69	7.23	8.96	7.63
December	6.18	6.31	7.56	3.64	6.58	7.65	5.56	6.53	7.17
	Average rate of return on deposits								
	Average	less than 1 month	between 1 and 3 months	between 3 and 6 months	6 months and 1 year	between 1 and 2 years	between 2 and 5	between 5 and 10 years	over than 10 years
January	5.37	3.75	4.58	4.24	6.27	6.18	6.47	nd	5.95
February	5.18	3.25	4.28	3.87	5.47	5.03	5.73	nd	5.63
March	5.05	3.65	6.58	5.66	5.77	3.82	5.29	nd	5.27
April	5.33	4.09	6.01	4.35	5.32	5.61	5.92	nd	4.79
May	5.10	3.89	3.16	5.54	5.59	4.92	5.49	nd	5.07
June	-	-	6.86	4.18	5.88	3.94	5.83	nd	6.08
July	5.13	6.56	4.31	6.43	5.63	4.94	5.56	nd	nd
August	4.96	-	3.97	4.47	5.27	4.95	5.52	nd	nd
September	5.22	0.85	5.40	5.62	4.82	5.06	5.06	nd	nd
October	5.07	0.23	5.26	5.23	5.95	3.52	5.91	nd	nd
November	5.95	0.38	6.30	5.54	5.53	5.26	5.88	nd	nd
December	4.89	4.38	4.81	5.31	4.94	5.58	5.38	nd	nd

Source: BCEAO, February 2021

Microfinance

As of December 31, 2019, the decentralized finance sector in Benin is composed of one hundred and twelve (112) Decentralized Financial Systems (DFS) approved to carry out all or part of the operations of collecting deposits, granting loans and commitment by signature. These 112 DFS were composed of three (3) networks of approved basic funds; 30 DFS of mutual or cooperative form approved and not affiliated to a network; 19 DFS of associative form; six (6) DFS of private capital company type (SA) and 54 DFS of mutual or cooperative form approved and affiliated to networks (FECECAM and RENACA).

Microfinance indicators show a change in outlets over the 2019-2020 period. Indeed, in Q3 2020, the number of outlets was 870 compared to 826 in Q4 2019. In 2020, the number of outlets fluctuated from 880 in Q1 to 870 in Q3 after reaching 907 in Q2. The geographical penetration rate of microfinance services was 6.06% in 2019 compared to 5.58% in 2018[24].

The number of depositors increased from 5.33 million in Q1 2020 to 5.30 million in Q3 2020 after reaching 5.40 million in Q2. Depositors' deposits reached CFAF 1.52 billion in Q3 2020 against 324.85 million in Q1 2020.

Table 32. Microfinance indicators in Benin

	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020
Number of service points	745	760	832	826	880	907	870
Number of customers (in millions)	3.29	3.59	3.80	3.64	3.96	4.07	3.98
Number of depositors (in millions)	4.63	4.75	5.12	4.98	5.33	5.40	5.30
Amount of deposits (millions OF CFAF)	949.98	501.46	2 491.13	1 448.23	324.85	333.35	1524.30
Outstanding sound loans (millions OF CFAF)	1 087.56	1 120.28	2 737.71	491.85	448.61	440.78	429.63
Outstanding debts (millions OF CFAF)	388.95	314.07	728.08	561.92	248.27	103.98	114.93
Own funds (In millions of CFAF)	92 906.46	93 550.51	97 151.16	95 985.24	102 438.25	105 238.45	105 593.55
Quarterly result (In millions of CFAF)	5 872.29	1 552.91	3 201.31	6 879.96	994.89	-545.73	5 568.03
Total assets	334 539.73	336 762.34	345 151.05	329 146.66	376 792.84	383 439.92	372 466.96

Source: ANSSFD/MEF

In terms of quarterly results, microfinance institutions achieved a surplus of CFAF 5.56 billion in Q3 2020 against a deficit of CFAF 545.73 billion in Q2 2020.

Interest rates charged by microfinance institutions range from 0.6% to 1.5% for the lending rate and from 3.0% to 5.1% for the deposit rate. In the second quarter of 2019, lending rates were up compared to the previous quarter. In terms of lending rates, the top rate was down in Q2 2019 compared to Q1 2019.

Table 33. Interest rates applied in microfinance institutions in Benin (%)

	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019
interest rate Quarterly						
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
DEBITEUR						
Minimum	3.0	3.1	3.2	3.3	3.2	3.2
Maximum	4.7	5.0	4.7	5.0	5.1	4.9

Source: ANSSFD/MEF/ NTCM 1st semester 2019

4.2.2 Financial Markets

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 market for public securities by auction is organized and regulated by BCEAO through Agence UMOA-Titres, while public securities by syndication, private bonds and shares are regulated by the Regional Council for Public Savings and Financial Markets (CREPMF) and organized by the Regional Securities Exchange (BRVM) and the Central Depository/ Settlement Bank (DC/BR).

[24] BCEAO

Regional Stock Exchange (BRVM) : Presentation and roles

The Regional Stock Exchange (BRVM) is a specialized financial institution created on December 18, 1996, pursuant to 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. This stock exchange is common to the 8 countries of West Africa. BRVM/DC/BR started its activities on September 16, 1998 in Abidjan. Its main missions are the following:

- The organization of the stock market ;
- Publication of stock market transactions;
- Dissemination of information on the stock market;
- Promotion and market development.

Evolution of BRVM bonds and equity market

Since 2016, the underperformance of the WAEMU stock market (BRVM) shows that it has not fully resisted the general downward movement that has gripped the world's financial markets. The decline in 2018 of BRVM was particularly marked. Preferred stocks in 2015, focused on food and beverage sector as well as agribusiness, consumer, automotive and equipment and banking, have experienced a decline.

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

The year 2020 has negatively impacted BRVM, like all financial markets, following the outbreak of the coronavirus. The regional market recorded its largest quarterly decline (-15.8% in the first quarter of 2020) in the last 10 years. However, investors showed continued confidence in the potential of BRVM, which posted one of the best balances since 2016, despite the pandemic and the presidential election in Côte d'Ivoire. More than 35% of listed companies ended the year in the green.

During the 2020 trading year, the BRVM Composite Index fell from 159.2 on 12/31/2019 to 145.37 on 12/31/2020. The market capitalization of the equity market fell from CFAF 4,741 billion at the end of 2019 to CFAF 4,368 billion at the end of 2020, a decline of 7.9%.

The market capitalization of bonds stood at CFAF 6,051 billion as at December 31, 2020, compared with CFAF 4,233 billion the previous year, an increase of 43%. This increase is linked to the need for States to support their respective economies in the context of the pandemic.

Table 34. BRVM financial market trends

	2014	2015	2016	2017	2018	2019	2020
BRVM 10 Indexes	268	290	262	220	154	149	131
BRVM composite Indexes	258	304	292	243	172	159	145
Composite market capitalization (stocks and bonds) in billions of CFA francs	7 459	9 079	10 216	9 806	8 289	8 973	10 418
Equity Market	6 320	7 500	7 706	6 836	4 845	4 741	4 368
Bond market	1 139	1 579	2 509	2 970	3 444	4 233	6 051
Number of listed companies	38	39	43	45	45	46	46

Source: BRVM

Bond market

For 2020, Benin issued thirty-three (33) public securities, including twenty-eight (28) Treasury bonds (T-bond) and five (05) Treasury bills (T-bill). Of the five (05) T-bonds, four (04) were Covid-19 bonds and of the twenty-eight (28) T-bonds, one (01) was a bond buyback. The amounts retained for the Covid-19 bonds are respectively CFAF 133 billions with weighted average rates of 2.54% and 2.35%.

For 2021, on March 16, Benin carried out one (01) simultaneous issue of Treasury bonds (T-bond) with maturities of three (03) and five (05) years. The issues planned for March, i.e. a simultaneous issue of three (03) T-bonds and one T-bill were postponed.

T-bills are short-term debt securities issued by the State through an auction. T-bonds are medium- and long-term debt securities issued by the State through auctions.

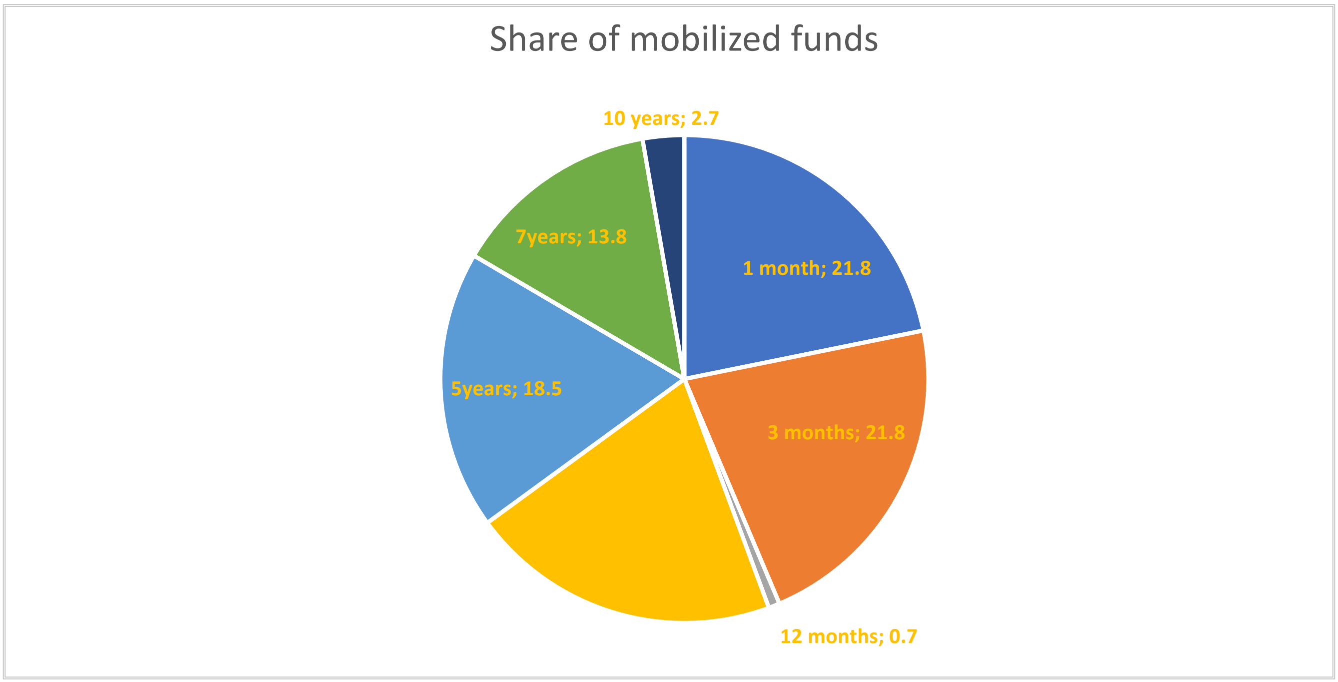
Table 35. Benin's issuance as of 20 April 2021

Date of operation	Instrument	Details	Maturity (months)	Amount with-held (millions of CFAF)	Interest rate	Marginal rate (%)	Weighted average rate (%)
07/01/2021	T-BOND		36	29041.5	5.9	--	--
07/01/2021	T-BOND		60	53458.5	6.0	--	--
02/12/2020	T-BILL	COVID-19 vouchers	1	133000	Multiple	2.43	2.35
19/11/2020	T-BOND		84	22000	6.4	--	--
04/11/2020	T-BILL	COVID-19 vouchers	1	133000	Multiple	2.65	2.54
22/10/2020	T-BOND		84	22000	6.4	--	--
08/10/2020	T-BOND		84	21761	6.4	--	--
10/09/2020	T-BOND		60	7571.7	6.0	--	--
10/09/2020	T-BOND		84	19928.3	6.4	--	--
20/08/2020	T-BOND		36	20000	5.9	--	--
06/08/2020	T-BOND	Bond re-demption	60	3500	6.3	--	--
06/08/2020	T-BOND		36	30000	5.9	--	--
30/07/2020	T-BILL	COVID-19 vouchers	3	133000	Multiple	2.25	2.21
02/07/2020	T-BOND		36	15414.88	5.9	--	--
02/07/2020	T-BOND		60	10585.12	6.0	--	--
04/06/2020	T-BOND		36	14260	5.9	--	--
04/06/2020	T-BOND		84	13981.81	6.4	--	--
22/05/2020	T-BOND		36	24301.86	5.9	--	--
22/05/2020	T-BOND		60	7998	6.0	--	--
22/05/2020	T-BOND		84	22700.14	6.4	--	--
06/05/2020	T-BILL	COVID-19 vouchers	3	133000	Multiple	3.14	3.11
23/04/2020	T-BILL		12	9044	Multiple	5.09	4.99
23/04/2020	T-BOND		36	45956	5.9	--	--
02/04/2020	T-BOND		60	25742.85	6.0	--	--
02/04/2020	T-BOND		84	5542.84	6.4	--	--
02/04/2020	T-BOND		120	12596.5	6.5	--	--
19/03/2020	T-BOND		36	19503.06	5.9	--	--
19/03/2020	T-BOND		60	10496.94	6.0	--	--
05/03/2020	T-BOND		60	26642.16	6.0	--	--
05/03/2020	T-BOND		84	40447.84	6.4	--	--
05/03/2020	T-BOND		120	20910	6.5	--	--
06/02/2020	T-BOND		60	38500	6.0	--	--
23/01/2020	T-BOND		36	38500	5.9	--	--
09/01/2020	T-BOND		36	14136.39	5.9	--	--
10/01/2020	T-BOND		60	40863.61	6.1		

Source : www.umoatitres.org

An analysis by maturity of the resources mobilized shows that 21.8% of the resources have a maturity of 1 month and 3 months respectively. These resources mainly concern Covid-19 bonds. 20.6% of mobilizations have a maturity of 3 years and 35% of mobilizations have a maturity of between 5 and 10 years.

Figure 7. Share (%) of Funds Mobilized by Maturity



Source : www.umoatitres.org

Stock market

In Benin, only one financial company, BOA Benin, is listed on the BRVM. The closing price as at 31 December 2020 stood at CFAF 3 695, recording an increase of 2.4% compared to 2019 after the series of declines noted from 2017. The average annual closing price growth rate as at 31 December 2020 was down 6.2%. Earnings per share stood at CFAF 656 compared to 740 in 2019. As for the market capitalization value, it recorded an increase by standing at CFAF 74.9 billion against CFAF 73.2 billion in 2019.

Table 36. BOA BENIN's stock market performance

	2015	2016	2017	2018	2019	2020	AARC *
Closing price at 31/12	6 500	8 400	7 450	4 200	3 610	3 695	-6.2 %
Annual performance	58.5 %	29.2 %	-11.3 %	-43.6%	-14.0%	2.4%	
Earnings per share	622	801	735	627	740	656	2.3 %
Shareholders' equity per share	3 201	3 596	3 785	3 931	4232	4 430	6.2 %
Closing market capitalization (in billions)	130.9	169.2	150.1	85.2	73.2	74.9	-6.2 %
Dividend per share	415	436	481	438	459	459	2.4 %
Dividend yield	6.4 %	5.2 %	6.5 %	10.4%	12.7%	12.4 %	
PER (Price Earning Ratio)	10.4x	10.5x	6.45x	6.7x	4.9x	5.6x	
P/B (Price to Book)	2.0x	2.3x	2.0x	1.1x	0.9x	0.8x	

Source: BRVM,* 2018-2020

4.2.2. Debt underwriting mechanisms

Any investor based inside or outside WAEMU can invest in public securities issued by way of auction or syndication. Orders are placed through authorized market participants: investment syndicate or any brokerage firms operating within the Union as part of issues by syndication, and credit institutions established in the Union or brokerage firms having an account in the books of the Central Bank as regards issues by auction. Transactions on the BRVM's stock market are made by stock exchange intermediaries, notably brokerage firms.

Organization of the auction markets and amount of subscriptions

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

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

- The Central Bank of West African States (BCEAO), which is the regulator of this market. As such, it issues the applicable provisions, intervenes in the organization of auctions of public securities, ensures the function of Central Depository / Settlement Bank, the clearing, settlement and delivery of transactions among participants with an account in its books, through its electronic platform SAGETIL-UMOA[25];
- States which are the issuers of public debt securities on the Union's money market, under the responsibility of the Minister of Finance;
- UMOA-Titres, the regional agency in charge of issuing and managing public debt securities, physically organizes issues and provides assistance to member States in mobilizing resources on the capital markets and managing their debt;
- Investors, which are credit institutions, MFIs and regional financial organizations with a settlement account in the books of the Central Bank[26];
- Primary dealers (SVTs), which are credit institutions and SGIs that have obtained the approval of the Ministers of Finance of WAEMU Member States to act in this capacity and thus benefit from the status of privileged partners of one or more Member States' Treasuries in operations on public debt securities issued on the regional market.[27]

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

The public debt of Benin is co-managed by the Caisse Autonome d'Amortissement (CAA) and the Direction Générale du Trésor et de la Comptabilité Publique (DGTCP). In accordance with Articles 3 and 6 of Order 5061/MEFPD/DC/SGM/DGTCP/CAA/SP of October 6, 2015 on the delimitation of the competencies and responsibilities of the DGTCP and the CAA in terms of public debt management in Benin, the DGTCP is responsible for, among other things:

- The development of the government securities issuance schedule ;
- The issuance of public securities (by auction or public offering) on the WAEMU regional financial market;
- Capital market monitoring ;
- Managing relations with Primary Dealers (PDs) and investors in the regional financial market;
- Participation in the work related to the formulation of the Medium Term Debt Strategy (MTDS) and the Debt Sustainability Analysis (DSA);
- The production of statistics and the preparation of periodic reports and publications related to government securities.

In addition to these public debt responsibilities, the Treasury Department has implemented international best practices by integrating debt management with cash management. Thus, the activities carried out in 2020 were as follows:

- Updating and regular monitoring of the execution of the provisional Cash Flow Plan annexed to the Finance Act, 2020 management;
- The valuation of outstanding government securities as of December 31, 2020;
- The quarterly update and execution of the public securities issuance schedule, 2020 management ;
- The development of the 2021 management public securities issuance schedule ;
- The design of the State's Cash Flow Forecast Plan, 2021 management.

As of December 31, 2020, the outstanding amount of securities mobilized by auction is CFAF 1,271.27 billion for a total of 60 securities. The weighted average rate is 6.13% and the residual maturity is 2.64 years. The outstanding securities are composed of CFAF 1,262.23 billion of Treasury bonds and CFAF 9.04 billion of Treasury bills.

[25] Automated Securities and Liquidity Management System of the West African Monetary Union. [26] All other investors wishing to participate will have to go through the approved stakeholders.
[27] The operationalization of primary dealers within WAEMU started on March 1, 2016.

Table 37. Characteristics of the government securities portfolio as of December 31, 2020

Characteristic	Auction	Syndication	total
	Treasury Bill		
Outstanding	9.04	0	9.04
Number of live titles	1		1
Weighted average rate	5%		
Average Residual Time (year)	0.5		
	Treasury Bond		
Outstanding	1 262.23	234.14	1 496.37
Number of live titles	59	2	61
Weighted average rate	6.14%	6.50%	6.20%
Average Residual Time (year)	2.65	3.23	2.74
Outstanding	1 271.27	234.14	1 505.41
Number of live titles	60	2	62
Weighted average rate	6.13%	6.50%	6.19%
Average Residual Time (year)	2.64	3.23	2.73

Source: CAA, Debt Statistics Bulletin 2020

Organization of the syndication markets and subscription amounts

The WAEMU regional financial market is characterized by a mixed organization. Indeed, it is composed of a public pole made up of the Conseil Régional de l'Epargne Publique et des Marchés Financiers (CREPMF) (Regional Council for Public Savings and Financial Markets) and a private pole comprising, on the one hand, central agencies such as the Bourse Régionale des Valeurs Mobilières (BRVM) (Regional Stock Market) and the Central Depository/Settlement Bank (DC/BR), and, on the other hand, the market participants.

CREPMF is the regulator of the WAEMU regional financial market. Its missions are, among others, to:

- Ensure the authorization and control of public offering procedures;
- Empower market management agencies and accrediting market participants;
- Approve commercial stakeholder rates;
- Regulate market operation;
- Monitor the regularity of stock market transactions.

BRVM is organized in a central site based in Abidjan (Côte d'Ivoire) and represented in each member State by a National Stock Exchange (ANB). The main attributions of the BRVM are:

- Authorization of stock market participants to carry out their activities;
- Management of the market, in particular the centralization of buy or sell orders, listing management, dissemination of market information, as well as the promotion and popularization of the financial culture within WAEMU;
- Management of unsettled transactions.

The Central Depository/Settlement Bank (CD/BR) is a financial institution, whose role is:

- To proceed with the clearance of the applicants for the function of account holder ;
- To ensure the settlement of negotiations and the management of the financial service of the securities;
- To ensure the maintenance of current accounts of securities opened by primary dealers (SGI) in its books;
- To ensure the safekeeping and the scriptural circulation of securities;
- To make cash payments, as settlement bank, of the balances of stock exchange transactions.

As part of organizing issues by syndication, States entrust the securities placement process to a placement syndicate, whose members are made up of primary dealers approved by the CREPMF. In addition, the issuer chooses a lead manager from among the members of the syndicate, who is in charge of specific missions in the issue process.

Since its inception, the main products on the regional financial market have been equities and bonds. In recent years, several new products such as mortgage refinancing and securitization (Sukuk debt securitization funds) have been introduced. Securities issued through syndication are traded on the secondary market on the BRVM's electronic trading platform.

The outstanding amount of securities mobilized by syndication is CFAF 234.14 billion as at 31 December 2020. This outstanding amount is essentially made up of treasury bonds with a weighted average rate of 6.5% and a residual maturity of 3.23 years. The number of securities in life is 2.

Procedures for investing in government securities

4.3. Inflation rate

Over the period 2015-2020, inflation was contained within the 3% limit prescribed by the WAEMU. The average inflation rate stood at 3% in December 2020 against -0.9% a year earlier. This level of inflation is induced by the increase observed compared to 2019 in transport (8.05% against 1.49%), food (2.98% against -2.65%), alcoholic beverages, tobacco and narcotics (2.81% against -1.27%), furniture (2.87% against -1.67%), hotels and restaurants (2.82% against -0.21%). These levels of inflation in the various functions are due to the Covid-19 crisis in connection with the mitigating measures taken at the international and national levels.

Table 38. Inflation in Benin (%)

	2015	2016	2017	2018	2019	2020	2021*	2022*
BENIN	0.3	-0.8	1.7	0.8	-0.9	3.0	2.0	2.0
WAEMU	1.0	0.3	1.1	1.2	-0.7	2.3	1.9	1.9

Source: INSAE -UEMOA* IMF, Regional Outlook April 2021

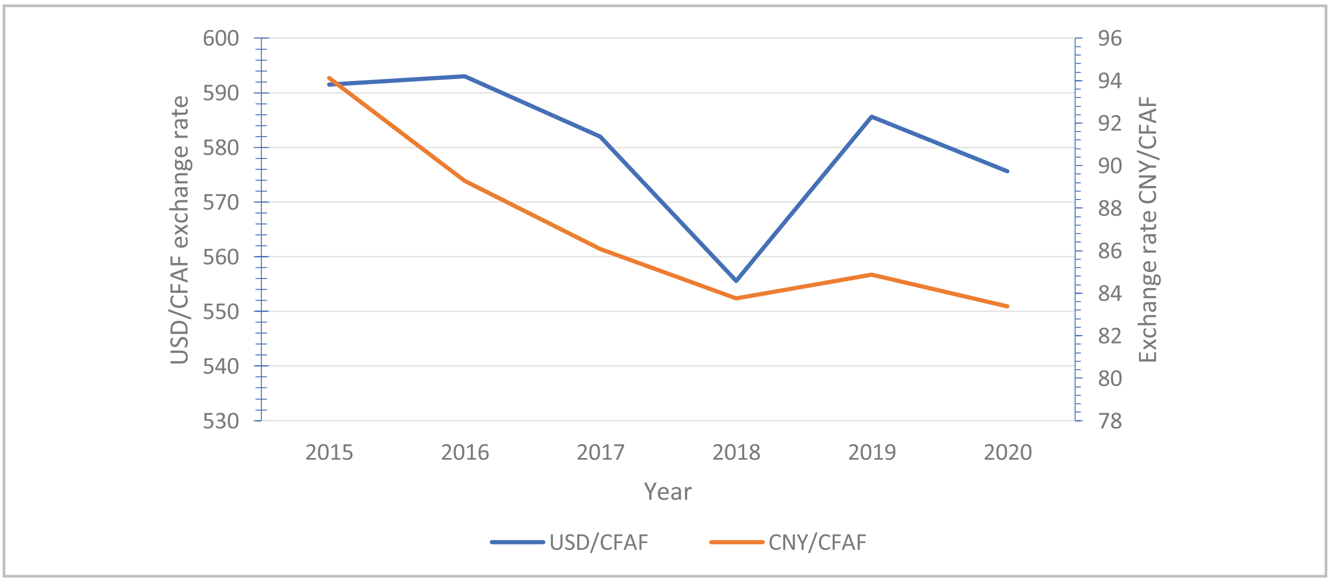
The inflation outlook for 2021 and 2022 assumes that inflation will be contained. The inflation rate would be below the community norm of 3% in Benin. The same inflationary trend will be observed in the WAEMU.

4.4. Exchange rates

The dollar/CFAF exchange rate moved up and down between 2015 and 2020. It rose in 2015 and 2016 without reaching the 600 CFA francs per dollar mark. In 2017 and 2018, the dollar depreciated against the CFAF, followed by a rise in 2019 and a fall in 2020. It was CFAF 575.59 to the dollar in 2020 compared with CFAF 585.67 to the dollar in 2019.

From 94.12 CFA francs in 2015 for one CNY, the Chinese currency depreciated to 83.74 CFA francs in 2018 for one CNY. It appreciated slightly to CFAF 84.87 in 2019 before declining in 2020 to CFAF 83.38 per CNY.

Figure 8. USD/CFAF and CNY/CFAF exchange rates



Source: BCEAO

4.5. Foreign reserves

Total net external assets-claims on non-residents stood at CFAF 850.06 billion against CFAF 600.09 billion in 2019. These external assets were driven up by official reserve assets and other external assets.

Official reserve assets rose from CFAF 73.71 billion in 2019 to CFAF 228.64 billion in 2010, recording an increase of 210.2% driven by special drawing rights. They are made up of CFAF 222.40 billion in special drawing rights, CFAF 5.17 billion in IMF reserve positions and CFAF 1.06 billion in foreign currencies. Other external assets rose from CFAF 526.38 billion in 2019 to CFAF 621.42 billion, an increase of 18.1%.

Table 39. Total net external assets - Official reserve assets, Benin (CFAF billion)

	2015	2016	2017	2018	2019	2020
Claims on non-residents	**507.26**	**167.35**	**425.58**	**579.14**	**600.09**	**850.06**
Official reserve assets	41	38.05	43.35	63.48	73.71	228.64
Foreign Currencies	1.67	2.91	1.91	1.23	0.65	1.06
Reserve position in the IMF	2.74	17.24	9.34	16	13.11	5.17
SDR Holdings	36.6	17.9	32.1	46.25	59.96	222.404
Other external assets	466.26	129.30	382.24	515.66	526.38	621.42

Source: BCEAO

5.1. Balance of payments[28]

Balance of payments figures indicate a decline in the nominal value of the structural current account deficit to CFAF 353.46 billion in 2020 from CFAF 340.17 billion in 2019. In relative terms, the current account deficit improved slightly to 3.9% of GDP in 2020 against 4.0% in 2019. In 2021, the current account deficit is expected to reach CFAF 337.85 billion, representing 3.5% of GDP, as a result of an improvement in the trade balance and primary income. The forecast for 2022 is for a current account deficit of CFAF 439.8 billion, a deterioration compared to 2020 and 2021.

Benin's trade balance, which is structurally in deficit, worsened in 2020, coming out at CFAF -338.30 billion against CFAF -263.34 billion in 2019. Due to the Covid-19 pandemic, exports and imports recorded a decline compared to their 2019 level. The deterioration in the trade balance is induced by a larger decline in exports (-26%) compared to imports (-19%). In terms of outlook, the trade deficit in 2021 is estimated at CFAF 227.2 billion, an improvement on 2020, due to a greater increase in exports compared to imports.

The services balance deficit improved considerably in 2020 to CFAF 89.45 billion against CFAF 162.43 billion in 2019. In perspective, the services account deficit is expected to deteriorate to CFAF 110.9 billion in 2021 and CFAF 186.15 billion in 2020.

The balance of the primary revenue account recorded deterioration in its deficit, which stood at CFAF 124.12 billion in 2020 against CFAF 41.48 billion in 2019, mainly due to an increase in interest on the public debt. The deficit is projected to reach CFAF 114.0 billion in 2021 and CFAF 118.3 billion in 2022.

The balance of the secondary income account remained in surplus and increased in line with an increase in transfers received by the government as part of development aid. It stood at CFAF 198.4 billion in 2020 against CFAF 127.1 billion in 2019. The outlook is for a decline in the balance of secondary income in 2021 and 2022, linked to a fall in public transfers.

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, licenses, copyrights, trademarks, etc.).). It shows a surplus that has steadily increased from CFAF 116.30 billion in 2019 to CFAF 134.12 billion in 2020. This development reflects an increase in capital transfers received by public administrations and non-governmental organizations operating in Benin. The outlook for 2021 and 2022 places the capital account balance at CFAF 117.14 billion, down from its 2020 level.

The financial account ended with net liabilities in 2020 of CFAF 526.4 billion against CFAF 265.5 billion in 2019. This increase in the liabilities of the financial account is largely induced by other investments (+927%) and portfolio investments (+17%). It is explained in particular by the needs linked to the implementation of the Government's Action Program and the external commitments of other sectors. Foreign direct investment fell due to the Covid-19 pandemic. In view of this, it is expected that the net liabilities of the financial account will amount to CFAF 271.4 billion in 2021 and CFAF 361.3 billion in 2022, driven mainly by foreign direct investments.

The overall balance showed a surplus in 2020 as in 2019. The surplus stood at CFAF 307 billion in 2020 representing 3.4% of GDP against CFAF 45.5 billion in 2019 (0.5% of GDP). In view of this, the overall balance of payments should come out at CFAF 50.7 billion in 2021 and CFAF 51.3 billion in 2022, i.e. 0.5% of GDP for the two years.

Table 40. Benin's balance of payments (in billions of CFAF)

	2015	2016	2017	2018	2019	2020	2021	2022
					Estimates	Forecasts		
Current account balance	-401.6	-209.9	-308.3	-360.4	-340.2	-353.5	-337.9	-439.8
Current account balance excluding grants	-419.8	-234.1	-349.8	-419.2	-389.7	-490.6	-	-
Trade balance in goods and services	-447.4	-311.7	-408.5	-456.1	-425.8	-427.8	-338.1	-422.1
Balance of Goods	-309.6	-65.6	-199.5	-308.6	-263.3	-338.3	-227.2	-235.9
Exports of Goods FOB	1414.4	1680.3	1730.7	1857.6	1788.0	1330.3	1714.9	1880.8
Imports of goods FOB	-1724.0	-1745.9	-1930.2	-2166.2	-2051.4	-1668.5	-1942.1	-2116.7

[28] The data used for the analysis over the 2015-2022 period are from BCEAO estimates and forecasts.

Balance of Services	**-137.8**	**-246.1**	**-209.0**	**-147.5**	**-162.4**	-89.5	-110.9	-186.2
Transportation	-123.6	-239.9	-230.4	-188.8	-175.2	-	-	-
of which freight	-101.9	-217.4	-163.6	-163.4	-146.5	-	-	-
Travel	46.5	35.3	58.2	73.0	85.4	-	-	-
Other services	-60.7	-41.6	-36.8	-31.6	-72.6	-	-	-
Primary income balance	**-38.8**	**-22.4**	**-18.5**	**-30.6**	**-41.5**	**-124.1**	**-114.0**	**-118.3**
Compensation of female employees	1.9	-0.1	0.6	-0.9	-1.2	-	-	-
Investment Income	-35.7	-17.5	-19.1	-33.4	-40.3	-	-	-
of which interest on the public debt	-16.0	-25.6	-60.9	-23.7	-38.8	-86.9	-79.8	-82.8
Other primary income	-5.0	-4.8	0.0	3.7	0.0	-	-	-
Secondary (transfer) income balance	**84.7**	**124.2**	**118.6**	**126.3**	**127.1**	**198.4**	**114.3**	**100.6**
Other sectors	66.5	78.4	77.2	67.5	77.6	74.3	79.0	81.5
Audiences	18.2	45.8	41.4	58.8	49.4	124.1	35.3	19.1
CAPITAL ACCOUNT AND FINANCIAL OPERATIONS	**-331.0**	**120.0**	**41.8**	**-335.6**	**-149.2**	**-392.2**	**-154.2**	**-231.5**
Capital account	**74.1**	**81.6**	**113.9**	**109.2**	**116.3**	**134.1**	**117.1**	**129.8**
Acquisition and sale of non-financial non-produced assets	-0.2	-0.1	-0.1	0.0	0.0	0.0	0.0	0.0
Capital transfer	74.3	81.7	114.0	109.2	116.3	134.1	117.1	129.8
Public Administration	28.8	35.1	73.3	70.1	74.9	94.8	73.4	84.4
Other sectors	45.5	46.6	40.7	39.0	41.5	39.3	43.7	45.4
Financial account	**-405.2**	**38.5**	**-72.2**	**-444.7**	**-265.5**	**-526.4**	**-271.4**	**-361.3**
Direct investments	-69.2	-67.8	-98.1	-102.4	-112.0	-87.2	-129.0	-133.9
Portfolio investments	-117.5	-50.8	-54.5	54.0	-125.0	-146.3	-66.3	-71.3
Other investments	-218.8	157.0	80.5	-396.3	-28.5	-292.9	-76.0	-156.0
Statistical errors and omissions	**2.3**	**2.4**	**4.0**	**3.3**	**3.9**	**0.0**	**0.0**	**0.0**
Overall balance	**80.0**	**-164.4**	**-118.3**	**196.9**	**45.5**	**307.0**	**50.7**	**51.3**

Source: BCEAO

5.2. Regional trade

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 - IEPA) and multilateral (World Trade Organization - WTO and regional EPA) levels.

Good coordination between the various negotiations at the regional and international levels (CET; EPA; WTO, AGOA, etc.) is essential to achieving the trade performance objectives of WAEMU member States.

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

- The finalization of the Common External Tariff (CET) at the ECOWAS level, and thus the constitution of a Customs Union;
- A space for bilateral negotiations, particularly between the West African region and the EU, regarding the EPA;
- A multilateral negotiating space, which refers to WTO rules, 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 only have ad hoc observer status in the WTO Trade and Development Commission.

With regard specifically to WAEMU, it has a common trade policy based in particular on

- A common market set up on July 1, 1996 for local and unprocessed products (products of the Union from the animal, mineral and vegetable kingdoms) and traditional crafts, and until January 1, 2000 for approved industrial products. This common market was extended to all ECOWAS countries in 2004;
- A customs union established on January 1, 2000, based on a CET applicable to all WAEMU member countries, which includes four categories of products, taxed from 0 to 20%, in force until January 1, 2015, when the WAEMU CET was replaced by the ECOWAS CET, which enshrines the expansion of the customs union to the 15 ECOWAS countries.
- • Common rules of origin and competition, harmonization of VAT and excise duties, harmonization and mutual recognition of standards,

common safeguards and protections (Degressive Protection Tax (DPT), short-term export tax (STT), reference values and anti-dumping duty).

WAEMU also has a regional trade promotion program, "a regional strategy and a logical framework for the implementation of the WAEMU aid-for-trade program".

The overall objective of the aid for trade strategy is to enable member States to increase their exports of goods. The logical framework serves as the basis for an agenda for international donors, as well as national and regional financial institutions. It identifies five specific objectives corresponding to the categories of aid for trade:

- Ensure 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 essential adjustments and take into account other business needs.

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

- **The Common External Tariff**

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

The CET aims to harmonize tariffs and taxes in order to deepen economic integration through the establishment of a customs union; provide a platform for building the common trade policy and regional trade negotiations such as the EPA; stimulate regional production and investment capacity; and consolidate the regional market.

The CET is organized around an architecture including:

i. A Tariff and Statistical Nomenclature (TSN), i.e. a common customs nomenclature based on the Harmonized Commodity Description and Coding System (HS) of the World Customs Organization (WCO) adopted by the Community;
ii. A table of duties and taxes applicable to imported products which includes: the customs duty (DD), the statistical fee (RS) and the ECOWAS community levy (PC ECOWAS);
iii. Trade defense measures or supplementary protective measures, if any, which may generate duties that may affect the final price of products imported into the Community from third countries;
iv. The statistical royalty rate is set at 1% and applies 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	Rates
0	Essential social goods	0 %
1	Basic raw materials and capital goods	5 %
2	Intermediate products	10 %
3	Final consumer goods	20 %
4	Specific assets for economic development	35 %

The CET was established in accordance with the requirements of the World Customs Organization's Harmonized System and the World Trade Organization's Regional Trade Agreements (Article 24 of GATT).

- **Specific rules applicable to ECOWAS countries' foreign trade of goods**

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

PARTNERS	SPECIFIC SCHEMES
European Union (EU)	APEI, SPG, SPG+, TSA
ECOWAS	TEC, SLE
Rest of AFRICA	Bilateral agreements
USA	AGOA
ASIA	Bilateral Agreements
Other industrialized countries	Generalized System of Preferences (GSP)
Rest of the world	Bilateral agreements, GSP

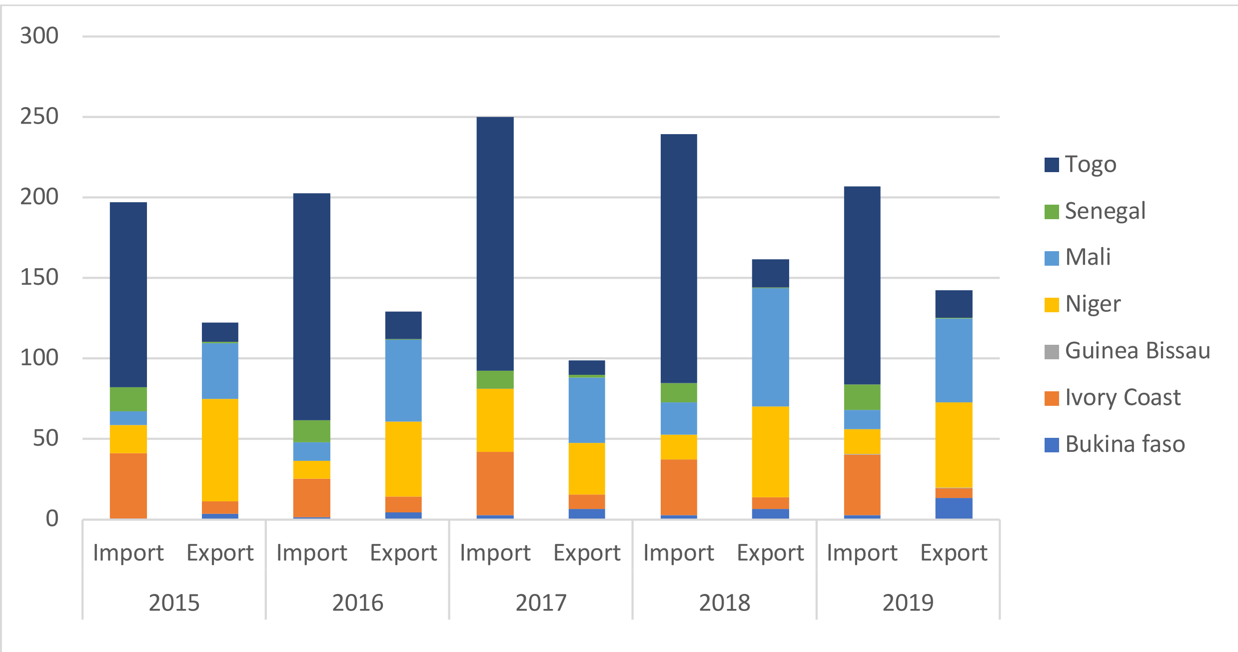
Pending the implementation of the EPA, different tariff regimes apply depending on the status of countries in the framework of trade between ECOWAS and the EU:

- **Côte d'Ivoire and Ghana** ratified interim EPAs in 2016. Côte d'Ivoire's EPA has been provisionally applied since September 4, 2016, and Ghana's EPA has been applied since December 15, 2016. These interim EPAs guarantee both countries full access to the European market and provide for eventual liberalization of 80% of tariff lines by Côte d'Ivoire and Ghana, spread over a period of 15 years[29] ;
- Under the GSP, **Nigeria** benefits from a reduction in European customs duties on approximately 1/3 of tariff lines and a total exemption from customs duties on 1/3 of additional tariff lines
- **Cape Verde** benefits from the GSP+ which grants an exemption from European customs duties on about 2/3 of the tariff lines;
- **The other twelve** countries (including the seven WAEMU countries besides of Côte d'Ivoire), because of their LDC status, benefit from the Everything But Arms GSP, which grants them access to the European market for all their exports to the EU without duty or quota.

5.2.2. Regional trade in value

Exports to WAEMU countries showed an erratic trend over the period under review, rising to CFAF 142.36 billion from CFAF 122.43 billion in 2015. Compared to 2018, exports in 2019 recorded a decline of 11.9% induced by a drop in products to Niger (-6.3%), Mali (-28.9%), Côte d'Ivoire (-14.4%) and Togo (-1.9%). It should be noted that products to Burkina recorded an increase of 97.5% in 2019 compared to 2018. Trade with WAEMU countries over the 2015-2019 period represented an average of 7.7% of Benin's total exports. Over the period under review, Benin's main customers in the WAEMU are Mali (2.9%), Niger (3.0%) and Togo (0.8%). Benin exports frozen fish, petroleum products, medicines and paint to Togo. Exports to Mali are mainly petroleum products. Niger 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. Extracts from the balance of payments and international investment position reports 2015-2019

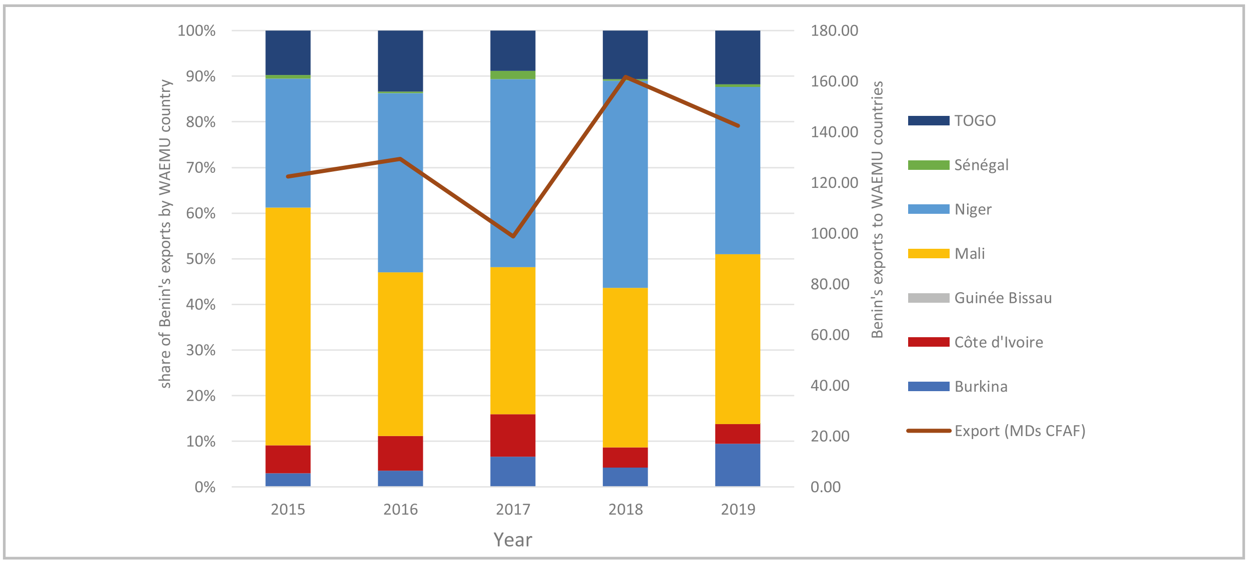
[29] Over 11 years (2019-2029) currently for Côte d'Ivoire.

Imports from the WAEMU have been on a downward trend since 2018. They came out in 2019 at CFAF 207.03 billion against CFAF 239.09 billion in 2018, a decline of 13.5% linked to the drop in products from Mali (-38.6%), Togo (-20.3%). Benin's imports from WAEMU countries over the period 2015-2019 represented on average 10.3% of Benin's total imports. Benin's main partners in terms of imports over the 2015-2019 period are Togo (6.4%), from which Benin mainly imports electrical energy through the Communauté Electrique du Bénin. It is followed by Côte d'Ivoire (1.9%), Niger (0.9%) and Mali (0.5%).

5.2.3. Regional exchanges by partner

Since 2015, Mali and Niger have been Benin's two main partners, accounting for an average of 38.5% and 38.1% of exports to the WAEMU respectively. The structure of trade between Benin and its main partners reveals that the share of exports to Niger has declined and will represent only 36.6% in 2019, compared with 45.4% in 2018. In contrast to Niger, exports to Mali increased to 37.5% in 2019 from 35% a year earlier. Mali thus became the first destination of Beninese products in 2019 ahead of Niger followed Togo and Burkina.

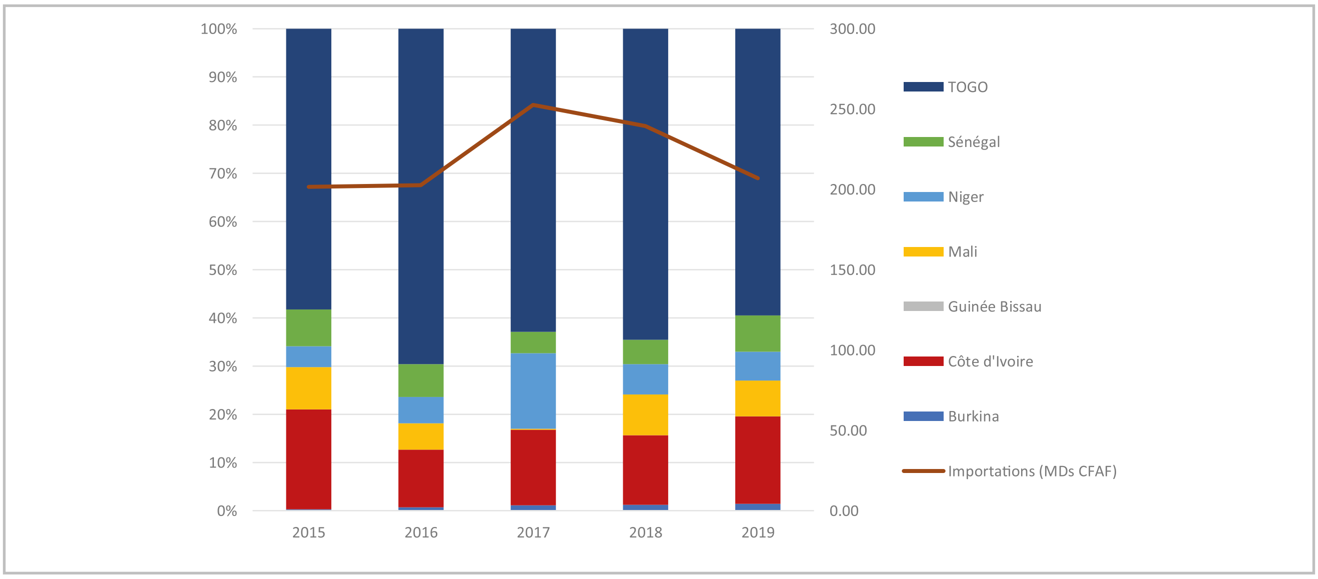
Figure 10. Share of each WAEMU country in Benin's exports



Source: BCEAO. Excerpts from the balance of payments and international investment position reports 2015-2019

In terms of imports, Togo, remained Benin's main supplier in 2019, followed by Côte d'Ivoire, Senegal, Mali and Niger. Imports from Togo, mainly consisting of electrical energy accounted for 59.5% of imports from the WAEMU in 2019 compared to 64.5% in 2018. Imports from Côte d'Ivoire, meanwhile, rose from 14.5% in 2018 to 18.2% in 2019.

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

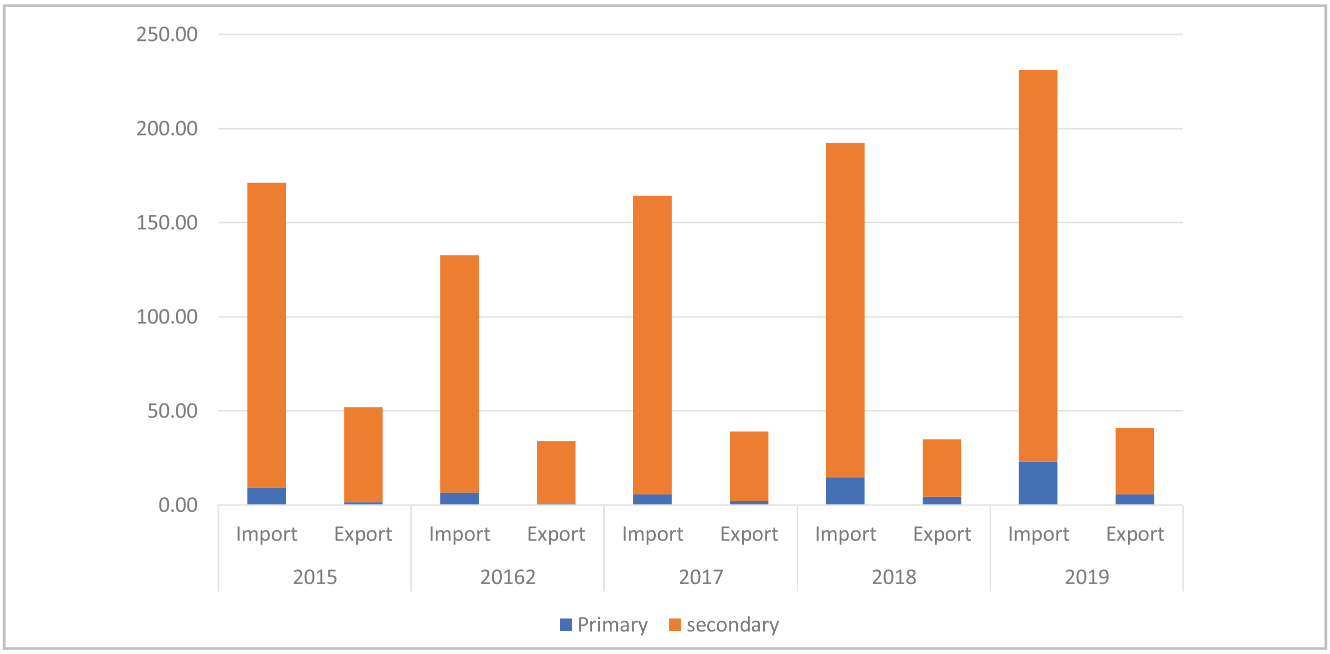


Source: BCEAO. Excerpts from the balance of payments and international investment position reports 2015-2019

5.2.4. Regional trade by type

Benin's products traded with WAEMU countries, grouped according to the primary and secondary sectors[30], 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 primary and secondary categories (in billions of CFAF)



Source: ITC/ www.trademap.org[31]

In terms of exports, secondary sector products accounted for an average of CFAF 37.31 billion over the 2015 - 2019 period, compared with CFAF 2.86 billion for primary sector products. The products that pulled the most exports are:

- Primary sector: oil seeds and fruits, miscellaneous seeds and fruits, industrial or medicinal plants, straw and fodder, cereals, fish and shellfish, molluscs and other aquatic invertebrates;
- Secondary sector: salt, sulphur, earths and stones, plasters, limes and cements, cotton, cast iron and steel, sugars and sugar factories, mineral fuels and mineral oils, machines, appliances and mechanical devices, nuclear reactors, boilers, parts of these machines or devices.

In terms of imports, products in the secondary sector accounted for an average of CFAF 166.52 billion over the 2015 to 2019 period, compared with CFAF 11.78 billion for products in the primary sector. The products that pulled the imports are:

- Primary sector: milk and dairy products, birds' eggs, natural honey, original edible products, cereals, fish and shellfish, molluscs and other aquatic invertebrates, wood and woodwork;
- Secondary sector: mineral fuels, mineral oils and products of their distillation, bituminous materials, salt, sulphur, earths and stones, plasters, limes and cements, cast iron and steel; cotton products, plastic materials and articles thereof, cars, tractors, cycles and other land vehicles

5.3. International trade

5.3.1. Commercial policy

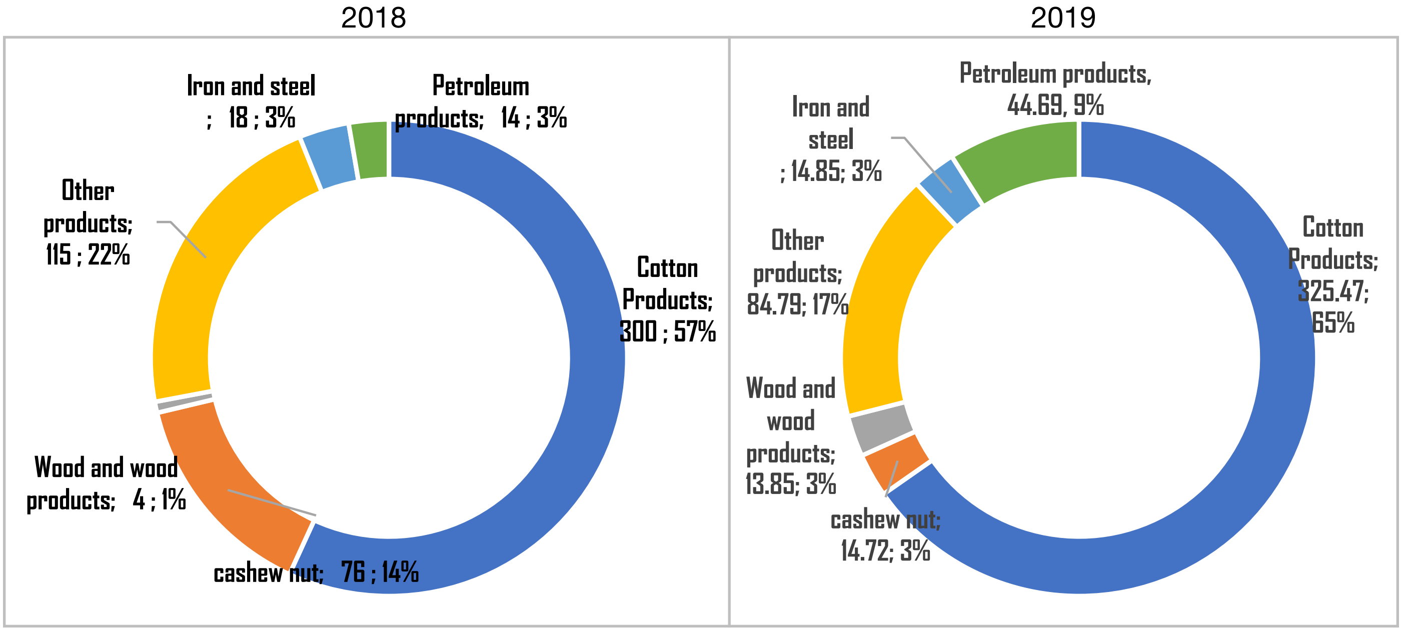
Benin's trade balance has been structurally in deficit for many years, mainly because of the weakness of its exports, which are mainly low-cost agricultural products, and the country's heavy dependence on the outside world, especially for its oil and electricity supplies. The promotion of high-value-added sectors such as pineapple, cashew nuts, maize, cassava 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 at least partially absorb the trade deficit.

Benin's exports remain dominated by cotton products, which account for more than half (65% in 2019 compared to 57% in 2018) of foreign sales. Benin also exports cashew nuts (14.72% in 2019), coconuts, Brazil nuts, shea nuts, cement, wood and wood products, textile products and seafood to India, Niger, Malaysia, Singapore, Vietnam and Ban-

[30] Benin's trade in services with WAEMU countries is not available.
[31] The data were collected in thousands of euros and converted on the basis of 1 euro for 655.957 CFA francs.

gladesh. Exports of iron, cast iron and steel consist of the production of the metallurgical industries exported to West and Central African countries (Niger, Togo, Burkina and Chad) as well as scrap metal sent to Asian countries, while petroleum products, which are imports, are re-exported to the hinterland countries (Mali and Burkina Faso)

Figure 13. Benin's official exports (in billions of CFAF)



Source: BCEAO. Balance of payments and international investment position reports 2018-2019

The main imported products are foodstuffs (rice, meat) with a proportion of 37.9% in 2019 against 47.9% in 2018, petroleum products, electricity, medicines and capital goods from France, China, India, Thailand, and the Netherlands. Benin is also very active in re-exporting, mainly to Nigeria. Benin has been a member of GATT since 12 September 1963 and a member of WTO since 22 February 1996. With ECOWAS countries, Benin applies the Common External Tariff which came into force on 1 January 2015.

Table 41. Specific rules that apply to imported goods and services, partners and exported products

Section A.1	Tariffs and imports: Summary and tariffs by interval								
Summary		Total	Ag	Non-Ag	Member of the WTO since 1996				
Average final consolidated duties		29.2	61.4	11.2	Scope of consolidations :			Total	38.7
Average MFN duty applied	2019	12.1	15.8	11.5				Non-Ag	28.9
Trade weighted average	2018	12.3	16.0	9.3	Ag: Tariff quotas (in %)				
Imports in US$ billion	2018	3.3	1.5	1.8	Ag: Special backups (in %)				
Section A.2	**Tariffs and imports by product group**								
Product groups	Final consolidated duties				MFN duties applied			Imports	
	Average	Exempt in%.	Max Consolidation		Average	Exempt in%.	Max.	Share	Exempt in %.
				in % of				in % of	
Animal products	60.0	0	60	100	24.5	0	35	3.5	0
Dairy products	37.3	0	60	100	17.2	0	35	0.3	0
Fruits, vegetables, plants	60.0	0	60	100	17.8	0	35	0.4	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	29.9	0
Oilseeds, fats & oils	78.5	0	100	98.8	11.1	0	35	7.4	0
Sugars and sweets	60.0	0	60	100	12.6	0	35	2.5	0
Drinks and tobacco	60.1	0	75	100	17.4	0	35	0.6	0
Cotton	60.0	0	60	100	5.0	0	5	0.0	0

Other agricultural products	60.3	0	100	100	9.6	0	20	0.4	0
Fisheries and fishery products	8.6	41.4	60	11.2	16.0	0	20	3.2	0
Metals & Minerals	28.4	5.7	50	11.7	11.6	2.0	20	9.6	9.9
Oil	7.5	0	10	83.3	7.7	19.0	10	12.9	2.5
Chemical products	24.6	0	60	1.5	7.2	4.8	35	7.1	47.9
Wood, paper, etc.	5.8	0	15	4.3	11.2	4.6	20	1.2	7.4
Textiles	18.4	0	25	26.3	16.1	0.3	35	2.2	3.2
Clothing	15.0	0	15	70.6	20.0	0	20	0.1	0
Leather, shoes, etc.	16.5	0	25	25.3	12.3	1.3	20	0.6	3.2
Non-electrical machines	5.3	4.3	25	90.9	6.8	0	20	3.1	0
Electrical Machines	6.9	0.4	7	93.6	11.2	0.4	20	3.2	3.8
Transport equipment	13.2	0.8	25	75.0	8.3	2.3	20	6.4	0.1
Other manufactured articles, n.e.s.	7.2	0	15	2.9	14.2	2.1	20	5.3	0.1

Section B **Exports to main partners and applicable duties**

Main partners	Bilateral imports		Diversification		Mean MFN		Margin	Import. Exempt	
		in millions	95% comm. in nb SH		trade in LT		preferred.	LT	Value
		US$	2 figures	6 figures	Simple	Weighted	Weighted	in % of	in % of
Agricultural products									
1. India	2018	317	2	2	22.3	29.6	29.3	75.0	99.2
2. Egypt	2018	40	1	1	6.7	0	0	66.7	99.8
3. China	2018	36	4	4	13.3	18.4	1.7	92.9	58.4
4. Turkey	2018	27	3	3	17.9	1.8	0	42.9	77.0
5. United States of America	2018	16	1	1	1.9	0.1	0.1	100.0	100.0
Non-agricultural products									
1. United Arab Emirates	2018	252	1	1	3.9	0.0	0.0	22.2	100.0
2. Mali	2017	79	1	2	14.7	3.7	3.7	100.0	100.0
3. India	2018	59	5	6	7.6	5.5	5.3	87.1	94.8
4. Republic of Korea	2018	57	1	1	2.9	0	0	100.0	100.0
5. Republic of Lebanon	2018	39	1	1	3.0	0	0	40.0	100.0

Source: WTO-ITC-UNCTAD

Benin's import tariffs vary according to product. The average final bound duty is 29.2%, including 61.4% for agricultural products and 11.2% for non-agricultural products, the average final bound duty varies from 5.3% for non-electrical machinery to 78.5% for oilseeds with a maximum duty of 100%. Regarding applied most-favoured-nation (MFN) duties, the average in 2019 is 12.1% of which 15.8% for agricultural products and 11.5% for non-agricultural products. Average rates range 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, these are Turkey, India, China, the United States of America and Egypt. The average simple MFN tariffs vary from 1.9% for the United States of America to 22.3% for India.

For non-agricultural products, the main partners are the United Arab Emirates, Mali, the Republic of Lebanon, India and the Republic of Korea. Average simple MFN duties range from 2.9% for the Republic of Korea to 14.7% for Mali.

5.3.2. International trade by value and by destination

Benin's exports in 2019 are destined for African countries (78%) and Asian countries (18.9%). Europe with 2.5% of exports is the third partner of Benin. In Africa, Benin's main export partner in 2019 was Nigeria (68.0%). Benin's exports to Nigeria were down by 2.3% in 2019 compared to 2018. They had come out at CFAF 1,216.38 billion against CFAF 1,244.45 billion in 2018 attributable to the decrease in rice exports. Following Nigeria, the WAEMU is the second largest destination for Beninese exports with a share of 8%.

In Asia in 2019, Benin's top export partners were

Bangladesh (7.5%), India (4.0%), Vietnam (2.9%), China (2.1%) and Malaysia (0.8%). Bangladesh's market share is witnessing an increase since 2017.

Table 42. Exports by country of destination and imports by country of origin (billions of CFAF)

	2015	2016	2017	2018	2019
Country of destination	**EXPORTS OF GOODS (billions of CFAF)**				
ASIA	**219.94**	**137.01**	**271.25**	**373.18**	**338.75**
China	19.48	16.13	33.62	40.67	36.79
Vietnam	27.58	7.80	59.78	52.74	51.73
Pakistan	10.35	4.22	2.51	0.82	0.17
Indonesia	13.84	2.68	4.15	2.22	0.69
Bangladesh	27.46	24.80	54.07	119.84	134.14
India	48.48	37.32	44.96	96.04	70.70
Malaysia	32.53	31.91	49.17	24.98	14.18
Singapore	29.01	1.61	2.76	12.88	9.39
Other	11.22	10.53	20.24	23.00	20.42
EUROPE	**39.47**	**31.39**	**38.95**	**39.18**	44.24
European Union	**32.48**	**20.32**	**31.94**	**33.39**	32.36
Belgium	2.72	2.67	**4.65**	**5.22**	**2.73**
France	9.00	4.96	2.65	1.84	1.81
Netherlands	5.64	2.05	6.28	2.58	5.49
Denmark	7.88	4.96	14.38	19.79	17.78
Other	7.24	5.68	3.98	3.97	4.56
Non-European Union	**7.00**	**11.07**	**7.01**	**5.79**	11.82
AFRICA	**730.80**	**1 506.22**	**1 406.00**	**1 430.49**	**1 395.00**
WAEMU	**122.44**	**129.32**	**98.78**	**161.72**	**142.36**
Burkina	3.64	4.54	6.56	6.82	13.47
Côte d'Ivoire	7.49	9.92	9.14	7.08	6.06
Niger	63.78	46.31	31.90	56.53	52.97
Mali	34.65	50.77	40.64	73.39	52.16
Senegal	0.89	0.54	1.83	0.52	0.71
Togo	11.99	17.22	8.68	17.17	16.85
Guinea Bissau	-	-	-	-	0.14
Non WAEMU	**608.35**	**1 376.90**	**1 307.22**	**1 268.77**	**1 252.64**
Nigeria	578.31	1 358.74	1 282.38	1 244.45	1 216.38
Chad	3.76	1.47	2.91	1.85	3.04
Other	26.28	16.69	21.93	22.47	33.22
AMERICA	**4.69**	**5.73**	**13.41**	**13.52**	**9.90**
USA	2.54	4.14	13.04	13.17	9.16
Other	2.15	1.59	0.36	0.36	0.74
Not elsewhere classified	**419.46**	**0.01**	**0**	**1.23**	**0.24**
Total	**1 414.37**	**1 680.34**	**1 729.61**	**1 857.61**	**1 788.06**
Country of origin	**GOODS IMPORTS (billions of CFAF)**				
ASIA	**567.94**	**717.05**	**988.58**	**872.00**	**732.15**
China	162.18	132.63	138.96	144.56	190.07
Thailand	144.47	227.92	254.78	190.96	92.54
India	144.47	227.92	336.33	218.92	233.98
Malaysia	34.64	38.37	68.90	55.16	19.99
Singapore	33.53	16.00	21.86	13.95	7.60
Other	79.17	110.68	167.75	248.47	187.96
EUROPE	**524.68**	**433.25**	**425.86**	**489.46**	**463.12**
European Union	**504.30**	**405.12**	**406.49**	**398.63**	**383.78**
Belgium	74.11	63.75	61.95	74.21	64.85
France	173.43	155.25	120.17	136.58	150.11
Germany	20.91	30.55	16.10	21.07	24.20
Spain	87.29	30.60	23.45	30.77	23.16

Netherlands	46.91	56.38	127.25	59.36	44.85
Denmark	6.85	4.01	3.97	17.90	5.09
Other	94.79	64.59	53.60	58.73	71.54
Non-European Union	**20.39**	**28.13**	**19.37**	**90.83**	**79.34**
AFRICA	**518.02**	**477.65**	**526.20**	**969.69**	**1 007.90**
WAEMU	**201.58**	**202.71**	**252.59**	**239.39**	**207.03**
Burkina	0.51	1.43	2.76	2.82	2.89
Côte d'Ivoire	40.91	24.14	39.38	34.72	37.64
Niger	17.20	11.17	39.06	15.16	15.38
Mali	8.65	11.18	0.59	20.09	12.34
Senegal	14.94	13.70	11.17	12.06	15.47
Togo	114.74	141.09	157.63	154.52	123.23
Guinea Bissau					0.09
Non WAEMU	**316.45**	**532.92**	**411.35**	**756.79**	**800.88**
Ghana	12.41	11.88	12.37	16.17	25.28
Nigeria	245.32	429.37	335.23	602.43	650.47
Chad	5.87	0.01	0.00	0.00	0.27
South Africa	2.60	8.78	13.52	16.40	7.41
Other	50.24	82.88	50.23	121.80	117.44
AMERICA	**100.92**	**73.83**	**91.01**	**97.62**	**99.35**
USA	47.75	33.95	51.21	49.14	41.58
Brazil	41.07	30.88	34.51	40.63	24.63
Other	12.10	8.99	5.29	7.86	33.13
Not elsewhere classified	**206.71**	**259.72**	**139.86**	**1.24**	**1.21**
Total	**1 918.28**	**1 961.50**	**2 171.51**	**2 430.01**	**2 303.74**

Source: BCEAO

Benin's imports in 2019 came from several continents including, Asia (31.8%), Europe (20.1%) and Africa (43.8%). Analysis by country shows that Benin's main suppliers are China, India, Thailand in Asia; France and the Netherlands in Europe; Nigeria and Togo in Africa, and the United States and Brazil in America. In 2019, compared to 2018, the share of imports from Asia declined to the benefit of imports from Africa. The decline in imports from Asia is attributable to the decline recorded by Thailand (4.0% in 2019 compared to 7.9% in 2018).

In Africa, Benin's main African supplier countries in 2019 were Nigeria (28.2 percent compared to 24.8 percent in 2018) and Togo (5.3 percent compared to 6.4 percent in 2018). Benin mainly imports electrical energy from Togo, through the Communauté Electrique du Bénin, and petroleum products from Nigeria.

5.3.3. International trade 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 wood products, the value of which is still low compared to cotton fiber. Exports of iron, cast iron and steel consist of the production of the metallurgical industries and scrap metal shipped to Asian countries, while oil products exported are in fact re-exports.

Among cotton products, cotton fiber remains the main product with an average share of 89% over the period 2015-2019. In 2019, exported cotton fiber had increased by 1.1%, evolving from 273.72 thousand tons in 2018 to 276.70 thousand tons, in connection with the 2018-2019 cotton season which resulted in a seed cotton production of 677,564 tons against 597,986 tons in the previous season. In terms of value, exports of cotton product had recorded an increase of 8.7% in 2019 compared to 2018. Cotton production has recovered since the 2016-2017 season 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 the supervision of cotton crops and the improvement of yield per hectare. It should also be noted that the average placement price of cotton fiber abroad stood at CFAF 988.6 per kilogram in 2019 against CFAF 933.5 per kilogram in 2018.

Cashew nuts are the second most significant export crop after cotton. Its production is driven by the growing interest of farmers in this crop, whose prices on the international market remained relatively high until 2018. In 2019, cashew prices collapsed in connection with an excess of supply compared to demand. Cashew nut sales abroad amounted to CFAF 44.69 billion in 2019 against CFAF 76.19 billion in 2018, down 41.3%.

“Iron, cast iron and steel” products are also one of the main export products. They 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, exports under this heading relate to scrap metal[32] from recovery. These products are subsequently exported to Asia, mainly China, India and Vietnam. In 2019, "iron, cast iron and steel" products had declined by 22.9% in value compared to 2018. In volume terms, exports were down 40.1%.

Petroleum products come from imports and are re-exported to hinterland markets (Mali and Burkina Faso). These re-exports increased from CFAF 14.32 billion in 2018 to CFAF 14.72 billion in connection with the increase in shipments from depots installed at the port of Cotonou.

Table 43. Benin's exports and imports by product

Posts	2015	2016	2017	2018	2019
	Exports (in billions of CFAF)				
COTTON PRODUCTS	**168.43**	**117.49**	**243.67**	**300.24**	**325.47**
Cotton fibers	161.61	110.36	211.77	255.52	273.56
Cottonseed	0.66	2.05	13.90	24.35	32.90
Cottonseed cake	3.29	2.34	4.03	7.25	8.03
Cottonseed oil	2.88	2.74	13.98	13.11	10.98
PALM TREE PRODUCT	**2.90**	**2.76**	**14**	**13.46**	**11.24**
Palm oil	2.88	2.74	13.98	13.11	10.98
Palm kernel oil	0.02	0	0	0.35	0.26
Palm kernel cake	0.003	0.026	0.026	0	0
OTHER REVENUES of which:	**198.31**	**122.04**	**172.01**	**214.34**	**161.68**
Meat and edible offal	0.12	0.01	13.25	17.12	**11.55**
Cashew nuts	42.52	23.14	48.29	76.19	44.69
Rice	0.10	0	0	0	0
Tobacco and cigarettes	0.06	0.16	0.02	0.02	0
Sugar and candy factory	2.24	3.4	2.99	2.05	0.06
Drinks	0.31	0.46	0.49	0.19	**0.33**
Wood and wooden articles	7.27	3.35	4.59	3.96	14.85
Petroleum products	13.43	8.58	10.72	14.33	14.72
Precious metals	8.87	10.62	13.16	7.19	8.67
Cast iron and steel	19.24	12.14	9.37	17.97	13.85
TOTAL (official statistics)	**369.64**	**242.29**	**429.69**	**528.03**	**498.38**
Field adjustment	**1 044.72**	**1 438.06**	**1 301.01**	**1 329.58**	**1 289.68**
of which re-exported	550.20	835.87	853.06	852.30	785.797
Total adjusted exports	**1 414.36**	**1 680.34**	**1 730.70**	**1 857.61**	**1 788.06**
	TOTAL CIF IMPORTS (in billions of CFA francs)				
FOOD PRODUCTS	**605.87**	**766.13**	**969.01**	**873.76**	**649.65**
Cereals	272.26	453.76	620.94	488.63	341.20
of which Rice	271.71	453.44	618.2	486.33	335.40
Sugars and sweets	23.54	20.35	34.32	44.87	29.67
Drinks and tobacco	12.31	9.75	6.67	11.21	8.23
Other food products	297.76	282.26	307.07	329.05	270.54
OTHER CONSUMER GOODS	**154.44**	**127.71**	**124.88**	**83.16**	**163.74**
INTERMEDIATE GOODS	**172.39**	**157.73**	**139.5**	**221.54**	**269.77**
Chemical products	43.52	47.9	29.86	94.37	131.28
Cotton and cotton products	21.96	14.01	14.82	13.1	12.29
Other intermediate goods	106.91	95.81	94.82	114.08	126.21
ENERGY PRODUCTS	**258.07**	**204.1**	**307.12**	**335.63**	**341.29**
Petroleum products	183.77	144.73	231.77	247.99	251.07
Electrical energy	71.33	55.53	70.6	79.26	82.41
Other energy products	2.97	3.85	4.75	8.38	7.80
CAPITAL GOODS	**283.08**	**222.46**	**218.51**	**240.41**	**270.41**
Machines and devices	136.93	108.11	122.15	123.61	146.31
Transport equipment	146.14	114.35	96.36	116.8	124.09

[32] Scrap metal is acquired by wholesalers from collectors or intermediaries who visit homes and garages to collect household items and used vehicles, which have been crushed beforehand.

OTHER PROPERTY NOT ELSEWHERE CLASSIFIED	8.63	6.74	10.82	69.29	18.74
TOTAL (CAF off. statistics)	1 482.47	1 484.87	1 769.83	1 823.80	1 713.59
Field adjustment	435.81	476.64	401.68	606.21	590.15
Unregistered trade	435.81	476.64	401.68	606.21	590.15
TOTAL CIF IMPORTS	1 918.28	1 961.50	2 171.51	2 430.01	2 303.74

Source: BCEAO

Benin's imports reflect the structure of its economy and are dominated by trade activities. Thus, food products remain the main import products with a proportion of 37.9 percent in 2019 against 47.9 percent in 2018. These products mainly fuel informal re-export cross-border trade. These include rice, whose imports came out at CFAF 335.40 billion in 2019 against CFAF 486.33 billion in 2018. Overall, food imports had recorded a decline of 25.6% in Value and 11% in volume from one year to the next.

As for capital goods, they accounted for 15.8% in 2019 against 13.2% of official imports in 2018. In value, foreign purchases of capital goods rose by 12.5% to CFAF 270.41 billion. This increase is related to the consolidation of imports of machinery and appliances (+18.4%) and transport equipment (+6.2%).

Imports of energy products amounted to CFAF 341.29 billion compared with CFAF 335.63 billion. They represented 19.9% of total official imports. The increase observed is due in particular to imports of petroleum products (+1.2%) and electrical energy (+4.0%).

Finally, imports of intermediate goods rose by 21.8% to CFAF 269.77 billion in 2019 compared to CFAF 221.54 billion in 2018. They accounted for 15.7% of Benin's official imports. The increase observed in 2019 was driven by the subcategories "chemical products" (+39.1%) and "other intermediate goods" (+7.4%).

5.4. Foreign direct investment

5.4.1. FDI by country of origin

Net direct investment inflows (FDI) stood at CFAF 111.95 billion in 2019 against CFAF 102.37 billion in 2018, up by CFAF 9.58 billion, in connection with the favorable outlook for the Beninese economy. Europe constitutes in 2019, the main provider of FDI to Benin with 93.39 billion CFA FRANCS representing a share of 83.4%. It is followed by Asia with 13.20 billion CFA FRANCS (11.8%) and Africa with 5.84 billion CFA FRANCS (5.2%). By country, the main providers are France (78.0%), China (10.8%), Nigeria (5.9%) and Côte d'Ivoire (5.0%). Compared to 2018, net FDI flows from Togo, Nigeria and China have literally fallen back. Indeed, as a reminder, in 2018, the main providers of net direct investment flows were Togo (52.9%), China (36.2%), Senegal (12.2%) and Nigeria (8.2%).

Table 44. Foreign Direct Investments by country of origin (in millions of CFAF)

	2015		2016		2017		2018		2019	
	Amount	Share (%)	Amount	Share (%)	Amount	Share (%)	Amount	Share (%)	Amount	Share (%)
AFRICA	-2 892.80	-3.3	8 011.40	10.3	45 980.60	46.9	24 574.90	24	5 840.30	5.2
WAEMU	-830.8	-0.9	31 996.80	41	25 313.60	25.8	41 317.30	40.4	7 936.50	7.1
Benin	0	0	0	0	0	0	0	0		0.0
Burkina	118.6	0.1	27 068.80	34.7	0	0	-7 591.60	-7.4	1 145.70	1.0
Côte d'Ivoire	2 053.10	2.3	-4 533.20	-5.8	7 319.30	7.5	-12 988.50	-12.7	5 600.10	5.0
Guinea-Bissau	0	0	5	0	3 696.70	3.8	0	0	0	0.0
Mali	-69.5	-0.1	2.2	0	1	0	-8 696.70	-8.5	1 592.60	1.4
Niger	2 592.80	2.9	-78	-0.1	1 500.00	1.5	3 920.00	3.8	-0.10	0.0
Senegal	-5 726.20	-6.5	-683.4	-0.9	-166	-0.2	12 478.70	12.2	-1 833.80	-1.6
Togo	200.3	0.2	10 215.40	13.1	13 556.10	13.8	54 195.40	52.9	1 432.00	1.3
ECOWAS outside WAEMU of which :	-3 007.40	-3.4	-6 939.50	-8.9	6 525.90	6.7	8 378.80	8.2	6 556.60	5.9
Ghana	36.2	0	0	0	-846	-0.9	-143	-0.1	0	0.0
Nigeria	-3 043.60	-3.4	-6 939.50	-8.9	7 371.90	7.5	8 410.80	8.2	6 556.60	5.9

CEMAC	15 954.60	18	-2 279.40	-2.9	1 114.60	1.1	-8 579.40	-8.4	-3 905.50	-3.5
Africa outside ECOWAS, CEMAC and WAEMU of which :	-15 009.20	-17	-14 766.50	-18.9	13 026.50	13.3	-16 541.80	-16.2	-4 747.20	-4.2
South Africa	-810.4	-0.9	-20 137.60	-25.8	0	0	0	0	0	0.0
Libya	0	0	-353	-0.5	4 205.50	4.3	292	0.3	-7431.3	-6.6
EUROPE	**92 435.00**	104.4	**67 033.70**	85.8	**18 790.30**	19.1	**24 448.40**	23.9	**93 394.10**	83.4
EUROPEAN UNION	86 021.30	97.2	71 328.10	91.3	9 221.30	9.4	-15 139.30	-14.8	92 078.40	82.2
EURO ZONE of which :	82 556.50	93.2	63 535.30	81.4	9 221.30	9.4	-25 139.30	-24.6	87 078.40	77.8
France	80 867.40	91.3	62 652.90	80.2	9 034.40	9.2	-25 844.20	-25.2	87 366.40	78.0
Netherlands	-5	0	0	0	0	0	0	0	0	0.0
Portugal	-21	0	-344.2	-0.4	0	0	0	0	0	0.0
Other	1 100.50	1.3	1 178.60	1.5	86.9	0.1	581.5	0.6	-288	-0.3
European Union outside the euro zone of which :	3 464.90	3.9	7 792.70	10	0	0	10 000.00	9.8	5 000.00	4.5
United Kingdom	198.2	0.2	0	0	0	0	0	0	0	0.0
Europe outside the EU of which :	6 413.60	7.2	-4 294.40	-5.5	9 569.00	9.8	39 587.70	38.7	1 315.70	1.2
Switzerland	6 413.60	7.2	-2 591.40	-3.3	219	0.2	237.7	0.2	315.7	0.3
AMERICA of which :	**-289.8**	-0.3	**2 393.40**	3.1	**9 865.20**	10.1	**18 294.70**	17.9	**-486.60**	-0.4
Brazil	0	0	0	0	0	0	0	0	0	0.0
United States of America	-289.8	-0.3	2 645.60	3.4	9 865.20	10.1	10 218.00	10	0.00	0.0
ASIA of which :	**-712.4**	-0.8	**661.5**	0.8	**23 492.30**	23.9	**33 904.00**	33.1	**13 203.00**	11.8
China	-657.3	-0.7	0	0	23 394.40	23.8	37 023.00	36.2	12 050.00	10.8
International Institutions	0	0	0	0	0	0	875	0.9	0	0.0
Other	109.9	0.1	65.1	0.1	92.9	0.1	359.5	0.4	0	0.0
TOTAL	**88 539.90**	100	**78 100.00**	100	**98 128.30**	100	**102 370.50**	100	**111 950.8**	**100**

Source: BCEAO

Net direct investment flows in 2019 are mainly made up of debt instruments (CFAF 56.61 billion) and equity (CFAF 55.34 billion).

5.4.2. FDI by sector

The economic sectors that benefited from FDI in 2019 were "financial intermediation, insurance and pension" (47.5%), "construction" (24.5%), transportation and warehousing (18.7%) and wholesale and retail trade (6.8%). Compared to 2018, net direct investment flows were down in "transport and storage" (74.7% in 2018) and "wholesale and retail trade" (72.1% in 2018).

Table 45. FDI by product (in millions CFAF)

	2015		2016		2017		2019		2020	
	Amount	Share (%)	Amount	Share (%)	Amount	Share (%)	Amount	Share (%)	Amount	Share (%)
Forestry and Fisheries	0	0	0	0	0	0	0	0	0	0
Mining	-70.6	-0.1		0		0	0	0	0	0
Manufacturing industry	-3 302.2	-3.7	11 849.2	15.2	19.7	0	1 143.7	1.1	980.0	0.9
Production and distribution of electricity and gas	-122.9	-0.1		0	9 900.0	10.1	9 900.0	9.7	0	0.
Water supply Sewerage	0	0		0	0	0	0	0	0	0
Construction	23 375.2	26.4	19 235.0	24.6		0	-27 991.2	-27.3	27 423.6	24.5
Wholesale and retail trade	24 152.1	27.3	26 940.8	34.5	8 115.0	8.3	73 815.3	72.1	7 578.9	6.8
Transportation, Warehousing	42 386.0	47.9	29 776.3	38.1	18 921.2	19.3	76 487.7	74.7	20 889.5	18.7
Hotels, restaurants and pubs	-107	-0.1	-23.4	0		0	-56.3	-0.1	-175	-0.2
Communication	-23 457.6	-26.5	-8 877.9	-11.4		0	-20 770.60	-20.3	2 000.0	1.8
Financial intermediation, insurance, pensions	25 411.6	28.7	-813.6	-1	61 172.4	62.3	-10 191.9	-10	53 185.8	47.5

Real estate, rental, business services	275.3	0.3	13.8	0		0	33.9	0	68	0.1
Other	1	0		0		0	0	0	0	0.0
Total	**88 540.9**	**100**	**78 100.2**	**100**	**98 128.3**	**100**	**102 370.5**	**100**	**111 950.8**	**100**

Source: BCEAO

5.5. Regional integration

5.5.1. WAEMU convergence criteria

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

Benin met two first-tier criteria from 2015 to 2020, namely those relating to the inflation rate and debt stock. The criterion relating to the budget balance was met in 2018 and 2019. In 2020, as a result of weak growth in tax revenue (+6.1%) and a larger increase in expenditure (+40.3%) induced, among other things, by the response to the Covid-19 pandemic, the budget balance turned out to be in deficit by 4.7%, thus reflecting a failure to meet the key criterion. However, it is important to note that the application of the 3% of GDP ceiling was temporarily suspended by the WAEMU Heads of State on 27 April 2020 in response to the Covid-19 crisis.

None of the second-tier criteria were met by Benin over the 2015 - 2020 periods. However, an effort has been made in this area. Indeed, the criterion relating to the wage bill to tax revenue had improved since 2017 until 2019, following a downward trend in line with the measures taken by the government to control the wage bill. However, the faster growth of the wage bill in 2020 (+7.3%) than that of tax revenue (+6.1%) led to a slight increase in the wage bill/GDP ratio, which stood at 41.7% compared with 41.2% in 2019. With regard to the tax burden, Benin managed to maintain a rate similar to that of 2019 despite the health situation. However, Benin still needs to boost tax revenue mobilization in order to approach the 20% threshold recommended by WAEMU.

Table 46. WAEMU convergence indicators for Benin

BENIN	Standard	2015	2016	2017	2018	2019	2020
First row							
Overall fiscal balance (including grants) / nominal GDP	**≥-3 %**	-5.9	-4.4	-4.3	-2.9	-0.5	-4.7
Average annual inflation rate	**≤3 %**	0.3	-0.8	1.7	0.8	-0.9	3.0
Outstanding domestic and external public debt / nominal GDP	**≤ 70 %**	30.9	35.9	39.7	41.0	41.2	46.1
Second row							
Wage bill/tax revenue	**≤35 %**	48.2	55.2	47.3	44.0	41.2	41.7
Tax pressure rate	**≥20**	10.6	9.2	9.7	10.3	10.6	10.5

Source: DGAE

5.5.2. Regional integration

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

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

Overall, the annual review of community policies and projects organized in December 2020 shows that Benin achieved an average rate of 77% in 2020 compared to 77.3% in 2019 in the implementation of these reforms. Despite this slight decline, Benin has maintained its achievements in several areas. The 2020 review covered 116 texts and 84 community programs and projects being implemented in the eight member states for a total amount of EUR 316 billion financed by the WAEMU Commission. The

116 community texts include 60 Directives, 38 Regulations, 16 Decisions and 2 Additional Protocols.

By area, there are 25 texts on economic governance and convergence, 42 texts on the common market and 49 texts on sectoral reforms. Of the 84 programs and projects, there are 54 in the areas of agriculture, livestock, fisheries and the environment, 18 in the areas of crafts and energy and 12 in the areas of community land use planning and transport. Of the 84 projects and programs, 10 are being implemented in Benin at a cost of CFAF 33.28 billion. The disbursement rate at the end of December 2020 is 86% for a physical implementation rate of 72%. The performance index for Benin stood at 43% in 2020, slightly below the WAEMU average of 45%.

More specifically, in the area of economic governance, the average rate of implementation of community texts was 80% in 2020 compared with 81.48% in 2019. In terms of convergence, Benin met two of the three primary criteria in 2020, compared to three in 2019. The criteria met are the inflation rate and the public debt ratio. The criterion relating to the budget balance was not met due to a significant increase in expenditure particularly that linked to the response to the Covid-19 pandemic. The two second-tier criteria relating to the wage bill and the tax burden were not met in 2020 as in previous years.

On the common market, the rate of implementation of community texts in this area increased from 67.2% in 2019 to 69% in 2020. More specifically for domestic taxation, the implementation rate is 95.33%; nine (09) guidelines out of ten (10) and one (01) decision out of three (3) have been implemented at 100%. With regard to the Customs Union, Benin has implemented almost all (93 per cent) of the Community provisions. Of the two competition directives, only one has been partially transposed. Benin implements all the Community provisions on preferential treatment.

In terms of structural reforms, the average implementation rate was 81% in 2020, compared with 83.20% in 2019. These reforms concern sectors such as transport and transport facilitation, telecommunications, agriculture, the environment, human and social development, crafts and quality. In the telecommunications sector, Benin is implementing all the Community texts.

6.1. Business climate

Over the past five (05) years, Benin's rank in "ease of doing business" has generally improved even though it has deteriorated in 2019 compared to 2018. Indeed, Benin's rank has dropped from 158 in 2016 to 149 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 47. Benin's Doing Business ranking

	2015	2016	2017	2018	2019	2020
Number of countries ranked	**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*
Connection to electricity	*173*	*179*	*174*	*174*	*176*	*178*
Transfer of ownership	*165*	*172*	*173*	*127*	*130*	*126*
Obtaining credits	*116*	*133*	*139*	*142*	*144*	*152*
Protection of minority investors	*135*	*150*	*145*	*146*	*149*	*120*
Tax 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 resolution	*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. Indeed, substantial progress has been made in setting up businesses, obtaining construction permits, transferring property, obtaining loans and resolving 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 transparency in the processing of construction permits by publishing the construction regulations online, free of charge. In the area of property registration, Benin has reduced costs by eliminating multi-year tax registration. It has also improved the transparency of land administration by publishing requirements and fee schedule for real estate transactions. Benin has improved its credit information system by introducing regulations governing the licensing and operation of credit bureaus in West African Economic and Monetary Union (WAEMU) member States.

In addition, Benin has facilitated the creation of businesses by eliminating the need to legalize the company's articles of association to activate a bank account after incorporation. It has facilitated insolvency resolution by introducing a new conciliation procedure for enterprises in financial difficulty and a simplified preventive settlement procedure for small enterprises. Benin has also made it less expensive to set up a company by reducing the fees for filing company documents with 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 performance and reap the beneficial impacts of these regulatory developments.

Table 48. Doing Business Indicators

Indicator	Control	Metric (indicate those available)
	Name of the law or program passed or under development.	Time of procedures, average number of procedures, cost spent
Starting a business	Decree No. 2014-547 of September 12, 2014 on the creation, attributions, organization and operation of the Investment and Export Promotion Agency of Benin (APIEX) specifies in its Article 4 among others that it deals with formalities for the creation of companies, exercise, modification, termination of activities or dissolution.	- Procedures - Men (number): 5 - Time-Men (days): 8 - Cost-Men (% of income per capita): 3.4 - Proceedings - Women (number): 6 - Time-Women (days): 9 - Cost-Women (% of income per capita): 3.5 - Minimum capital required: 25000 CFA FRANCS - Minimum capital requirement (% of income per capita): 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 orders.	- Proceedings (number): 14 - Delay (days): 88 - Cost (% of construction value): 4.8 - Construction Quality Control Index (0-15): 9.0
Access to electricity		- Procedures (number): 5 - Delay (days): 90 - Cost (revenue per hbt): 11584.3 Supply reliability and tariff transparency indicator (0-8): 0
Property registration	Law N°2017-15 amending and supplementing law N°2013-01 of 14 August 2013 on the land and property code in the Republic of Benin.	- Procedures (number): 4 - Delay (days): 120 - Cost (% of property value): 3.4 - Quality of land administration indicator (0-30): 9.0
Access to credit	Law N°2017-02 of May 03, 2017 on leasing in the Republic.	- Collateral Reliability Index (0-12): 6 - Extent of Credit Information Index (0-8): 0 - Credit register coverage (% adults): 0.0 - Credit bureau coverage (% adults): 1.3
Average time to get paid		
Protection of minority investors		- Index of information disclosure (0-10): 7.0 - Index measuring management accountability (0-10): 1.0 - Shareholder Suitability Index (0-10): 5.0 - Shareholder Rights Index (0-6): 4.0 - Detention and control index (0-7): 2.0 - Transparency Index of Companies (0-7): 2.0
Level of taxes		
Easy to pay taxes	The tax administration is implementing several reforms in terms of facilitating the payment of taxes by taxpayers. These reforms are contained in the Strategic Orientation Plan of the Tax Administration (POSAF) 2016-2021. The reforms concern, among other things, telepayment and tele-procedures. These two reforms became effective in the first quarter of 2018.	- Payments (number per year): 54 - Time frame (hours per year): 270 - Total payable (% of gross profit): 48.9 - Post-tax index (0-100): 49.3
Ease of export		- Time to export: compliance with cross-border trade procedures (in hours): 78 - Export cost: Compliance with cross-border trade procedures (USD) 354 - Time to export: Compliance with documentation requirements (in hours) 48 - Export cost: Compliance with documentation requirements (USD) 80 - Time to import: compliance with cross-border trade procedures (in hours): 82 - Import cost: Compliance with cross-border trade procedures (USD) 599 - Time to import: Compliance with documentation requirements (in hours) 59 - Import cost: Compliance with documentation requirements (USD) 110
Enforcing contract law		Time (days): 595 Cost (% of claim): 64.7 - Quality of legal proceedings (0-18): 6.5
Insolvency resolution		- Recovery rate (US cents): 23.9 - Time (years): 4.0 - Cost (% of assets): 21.5 - Result (0 if the assets are sold separately and 1 if the business continues to operate): 0 - Index of the adequacy of the legal framework for insolvency (0-16): 9.0

Bankruptcy Resolution		
Rules for hiring and firing		

Source: Doing Business 2020 Report

In terms of governance, the results of the 2020 ranking of the MO Ibrahim Index show that Benin has risen to 13th place out of the 54 countries on the continent with a margin of progression of 1.1 for a score of 58.6 points out of 100 compared to the last decade (2010-2019) in a context of an overall downward trend in good governance in Africa. The international ranking of Transparency International according to the corruption perception index published in 2020 ranks Benin in 80th in 2019 against 85th in 2017.

The Government is determined to fight corruption and the pre-emption of State resources. To this end, an "Operation Clean Hand" has been launched with the objective of prosecuting those who, in the course of their duties, have siphoned off State resources and of dissuading those who are still tempted to engage in corruption. Thus, those involved in proven cases of corruption are brought before the courts.

In addition, Benin acquired in 2018 the Court for the Repression of Economic Offences and Terrorism (CRIET). This court was operationalized towards the end of 2018 and the beginning of 2019. It has seen the investigation of several cases of misappropriation of public funds. Following grievances from the Constitutional Court and the African Court of Human and Peoples' Rights, in 2020, Parliament adopted Law No. 2020-07 amending and supplementing Law No. 2001-37 of 27 August 2002 on the organization of the judiciary in the Republic of Benin, as amended by Law No. 2018-13 of 2 July 2018 on the CRIET. Thus, the public prosecutor's office and the registry are strengthened. The new law also involves the indicative enumeration of offences that fall under the Criet, the precise indication of the profile of magistrates called to officiate there, the clarification of the procedural regime applied there and to the simplified transitional law. Benin has also adopted a law transforming the ANLC into a technical coordination body for the prevention of corruption, the High Commission for the Prevention of Corruption in Benin.

6.2. Financial Governance

At the end of the 6th review of Benin's Extended Credit Facility (ECF) arrangement in May 2020, the IMF found that Benin's recent economic performance remains good despite a less favorable external environment and the border closure with Nigeria. Performance under the IMF-supported program remains very satisfactory. All quantitative performance criteria at end-December 2019 and structural benchmarks have been met. After strong growth estimated at close to 7 percent in 2019, the covid-19 pandemic as well as the prolonged border closure with Nigeria are expected to significantly weaken Benin's near-term economic outlook.

According to the IMF's initial forecast, economic growth was expected to decelerate to 3.2% in 2020[33] due to COVID-19-related restrictions on domestic activity, a substantial decline in external demand, and disruptions in global trade and supply chains. The fiscal deficit for 2020 was projected to widen to 3.5 percent of GDP, due to lower revenues, higher health care spending, and economic support measures. The authorities are in the process of mobilizing additional financing from the IMF and other international partners to finance this increase in the fiscal deficit. The response plan, estimated at 1.7% of GDP, includes increased health spending, assistance to the most vulnerable segments of the population, and targeted and temporary support to affected businesses. The authorities are committed to maintaining good governance and full transparency in the implementation of these programs. While public debt is projected to reach 43.3% of GDP in 2020, the authorities remain focused on the goal of fiscal sustainability, anchored in a steady decline in the public debt-to-GDP ratio over the medium term as the crisis abates.

On May 15, 2020, the IMF Executive Board had approved an increase in access under the 2017-20 CEF arrangement to $103.3 million. In December 2020, the IMF provided a second emergency assistance of $177.96 million under the Rapid Financing Instrument (RFI) and Rapid Credit Facility (RCF). This disbursement is in addition to the $103.3 million increase approved under the ECF in May 2020.

IMF staff had further indicated that the debt reprofiling in 2018 and the issuance of Eurobonds in 2019 have reduced borrowing costs, diversified the funding structure, and extended the maturity of the debt. 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 strengthening their debt management framework and welcomed their decision to update the medium-term debt management strategy. The December 2020 IMF/World Bank debt sustainability analysis shows that Benin is at moderate risk of external and overall public debt distress.

[33] These figures are the first IMF projections produced in April 2020. In December 2020, the IMF estimated 2020 growth at 2%.

Initial estimates of GDP for 2020 point to growth of 3.8% and a budget deficit, including grants, of 4.7% of GDP. This level of growth compared to the IMF's forecast of 2% reflects Benin's good management of the crisis and the relative resilience of the Beninese economy to exogenous shocks. The worsening of the deficit on the basis of authorization is linked to the weak growth in budgetary revenue following a decline in gate receipts and a virtual stability of non-tax receipts, on the one hand, and the very significant increase in budgetary expenditure linked in part to the response to the health crisis. It should also be recalled that the good mobilization of domestic revenue despite the pandemic helped mitigate the impact of the crisis on the budget deficit.

6.3. Benin's awards and financial ratings

The good performance of the national economy over the 2016-2020 period has earned it several accolades which include:

- Benin has consistently received a "highly satisfactory" rating on its Article IV Economic and Financial Program reviews with the IMF for the 2019-2022 period, the highest level in the IMF's assessment scale;
- Benin was recognized in 2019 as the only ECOWAS country that promotes the principles and rules of free trade and movement of goods and people ;
- Benin has been ranked 1st in budget transparency in 2019 in Francophone Africa by the European Union and the International Monetary Fund ;
- In 2018, Benin carried out a partial reprofiling of its domestic debt. It consisted in the early repayment of part of the debt contracted with certain local and regional banks on expensive terms (high interest rates with short residual maturities) through financing obtained from an international commercial bank on more attractive terms. The operation benefited from the partial guarantee of the World Bank debt and an international insurance agency.

It enabled Benin to reduce the exposure of its portfolio to refinancing risk (by smoothing the debt repayment profile) and to make gains estimated at EUR 52.4 million;

- In recognition of good macroeconomic management and good governance, Benin was awarded the 2018 WAEMU Best Minister of Finance Award and the 2019 African Development Bank Best Minister of Finance Award ;
- Benin joined the G20 Compact with Africa in recognition of its efforts in the area of governance. Only 12 African countries had joined by then;
- 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 chosen, Rwanda being the second country);
- Benin was the first African country to issue its inaugural Eurobond in Euro. The subscription rate was over 200% and the coupon was 5.75%;
- In 2021, Benin will make its second appearance on the international market, this time making African financial history with a successful 31-year issue;
- Benin tops IDA country assessment on debt data transparency. Following the distinction for the good quality of its debt management, through the Global Markets 2019 award for the best sovereign debt manager in sub-Saharan Africa, obtained on the sidelines of the Annual Meetings of the World Bank and the International Monetary Fund in October 2019. Benin has once again distinguished itself for its good management of public debt. In fact, as part of the evaluation of transparency in debt management, the World Bank awarded Benin the maximum score for 7 of the 9 indicators selected, thus raising Benin to the top among the 76 countries benefiting from IDA financing. ;
- Benin scored 77% in 2020 in the assessment of the implementation of EU reforms, policies, programs and projects;
- Benin's continuous efforts in debt management have enabled it to remain at the top of the IDA country rankings for debt data transparency for two consecutive years. This confirms the willingness of the Government of Benin to pursue good management of its public debt in accordance with good practices;
- Benin is rated B+, stable outlook by Standard & Poor's in 2018 and confirmed in 2019. This rating places Benin in the top tier of African countries;
- Benin is rated A-, stable outlook by the regional agencies Bloomfield and WARA. This is again one of the best ratings in the WAEMU region;
- 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;

- Benin recorded an improvement in its CPIA score from 3.5 in 2018 to 3.6 in 2019; a first in over a decade. This improvement is driven in particular by the good performance of debt management. Indeed, the score for the "Debt Policy and Management" sub-dimension of the CPIA rose from 4.0 in 2018 to 4.5 in 2019. Benin is thus ranked in the top tier of African countries; on equal points with Ghana, just after Senegal, Kenya and Uganda on equal points (3.7), Cape Verde (3.8) and Rwanda (4.0) ;

- Benin became a middle-income country in 2020, for the first time in its history, according to the World Bank's ranking, released on July 1er2020 ;

- Benin's Minister of Economy and Finance has been honored by Financial Afrik for the third successive year (2018-2019 and 2020) as the best Minister of Economy and Finance on the African continent particularly because of his role in the CFAF reforms and his reform decisions that enabled Benin to maintain its economic stability despite the covid-19 pandemic, and to move from a low-income country to a middle-income country ;

- Benin, the first country to benefit from a revision of its outlook from "stable" to "positive" by the FITCH agency since the beginning of the Covid-19 crisis. In its latest assessment in February 2021, the international rating agency Fitch confirmed Benin's B rating with an outlook that has now been changed from stable to positive. This revision is supported by the country's ability to return to strong growth in 2021;

- In March 2021, Moody's upgraded Benin's sovereign rating from B2 with a positive outlook to B1 with a stable outlook. The upgrade is due to Benin's strong fiscal consolidation and public debt improvement.

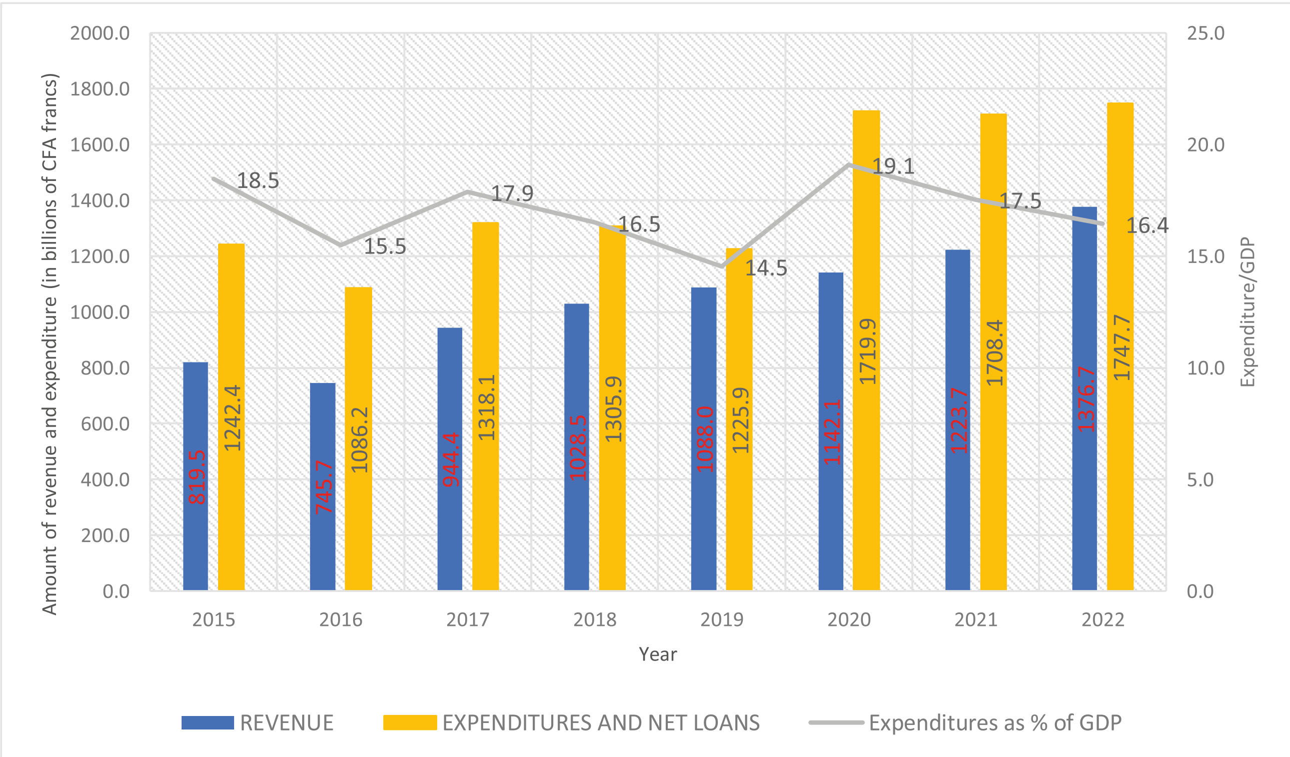
7.1. Budget

7.1.1. Expenditure and revenue

State revenues have increased overall over the 2015-2020 period, in connection, among other things, with the reforms undertaken within the financial authorities from 2016. Despite the Covid 19 pandemic, budgetary revenue recorded an increase from CFAF 1,088.0 billion in 2019 to CFAF 1,142.1 billion in 2020. Expenditure increased after two years of consecutive decline. In fact, it stood at CFAF 1,719.9 billion in 2020 against CFAF 1,225.90 billion in 2019. As a percentage of GDP, public expenditure represented 19.1% in 2020 against 14.5% in 2019.

In line with revenue and expenditure trends, the deficit on the basis of authorization amounted to CFAF 577.79 billion in 2020 against CFAF 137.9 billion in 2019, thus marking a deterioration. As a percentage of GDP, the deficit excluding grants represented 6.4% against 1.6% in 2019.

Figure 14. Revenues and expenditures (in billions of CFAF)



Source: CSPEF/DGAE/

7.1.2. Detailed presentation of expenditure and revenue

There has been an upward trend in State revenue since 2017 linked mainly to tax revenue. Tax revenue in 2020 stood at CFAF 947.8 billion against CFAF 641.10 billion in 2017, an average increase of 10.3%. In 2020, due to the covid-19 pandemic and the unilateral closure of the Nigerian borders, tax revenue slowed down. The increase in revenue in 2020 over 2019 was 6.1% compared to 10.1% in 2019 over 2018.

The increase in tax revenue is induced by domestic revenue in connection with the many reforms undertaken by the General Tax Directorate. These reforms include the introduction of remote procedures (remote declaration and remote payment of taxes), the reform of the standardized invoice, the declaration of salary taxes and social security contributions on a single slip, etc. Gate receipts were severely affected by the health crisis and the closure of Nigeria's borders, which led to a drop in imports.

Despite the increase in tax revenue from one year to the next, the tax burden remains fairly low, reflecting the need for Benin to boost reforms to broaden the tax base. Indeed, the tax burden stood at 10.5% in 2020 against 10.6% in 2019, well below the minimum rate of 20% set by the WAEMU as part of the convergence of member states.

Non-tax revenues recorded a decline for the third consecutive year, coming out at CFAF 194.2 billion in 2020 against CFAF 194.8 billion in 2019 and CFAF 217.2 billion in 2018.

Grants amounted to CFAF 194.20 billion in 2020 against CFAF 97.67 billion in 2019, representing an increase of 57.9%. The increase in grants is driven by program grants which rose by 248.1% from CFAF 30.82 billion in 2019 to CFAF 107.30 billion in 2020.

Government expenditure and net lending in 2020 amounted to 19.1 percent of GDP compared to 14.5 percent of GDP in 2019, reflecting increased government spending. The increase in public expenditure is driven by both current and capital expenditure. Current expenditure rose from CFAF 899.4 billion in 2019 to CFAF 1,095.64 billion in 2020, an increase of 22% due to an increase in exceptional expenditure (+58.5%), transfer expenditure (+28.8%) and interest on external debt (+153.8%). Investment revenue rose from CFAF 330.4 billion to CFAF 633.43 billion, thus recording an 88.0% year-on-year increase. This increase in investment expenditure was driven both by the budgetary contribution to investment (+56%) and by resources from external financing (+160.5%).

The increase in exceptional expenditure, transfers and investment is partly attributable to the fight against the covid-19 pandemic, which required Benin to adopt and implement a response plan with an estimated total cost of CFAF 466.4 billion. The response plan includes health measures, social measures and economic recovery measures. The financing of the response plan was ensured by own resources, covid-19 bonds mobilized on the sub-regional market, the solidarity fund set up by the government and fed by friendly countries, public and private companies and individuals, resources received from technical and financial partners. It is important to note that covid-19 did not hinder the implementation of the government's action program, which continued through the execution of several registered projects.

Table 49. Detailed development of government revenue and expenditure

	2015	2016	2017	2018	2019	2020	2021	2022
							Projections	
Revenues and Grants	**848.32**	**780.39**	**1 001.66**	**1 075.70**	**1 185.70**	**1 296.28**	**1 390.29**	**1 544.00**
Revenues	**819.48**	**745.68**	**944.38**	**1 028.50**	**1 088.04**	**1 142.08**	**1 277.69**	**1 443.90**
Tax revenues	**713.09**	**641.10**	**712.82**	**811.30**	**893.28**	**947.84**	**1 076.69**	**1 199.90**
Foreign trade taxes	345.67	288.50	315.98	331.90	358.02	331.51	422.5	472.9
Direct and indirect taxes	367.42	352.60	396.84	479.40	535.26	616.33	654.20	727
Of which taxes on oil	2.89	3.49	2.93	1.98	3.70	28.35	-	-
Non-tax revenues	106.38	104.58	231.56	217.20	194.75	194.25	201	244
Grants	**28.84**	**34.71**	**57.28**	**47.20**	**97.67**	**154.20**	**112.6**	**100.1**
Projects	28.84	26.11	43.29	31.20	66.84	46.90	74.40	84.40
Programs	-	8.60	13.99	16.00	30.82	107.30	38.20	15.70
Total Expenditures and Net Loans	**1 242.40**	**1 086.20**	**1 318.10**	**1 305.90**	**1225.90**	**1719.87**	**2028.0**	**1854.8**
Current Expenses	**845.30**	**781.10**	**820.20**	**857.80**	**899.40**	**1095.60**	**1184.6**	**1213.3**
Wages and compensation	343.40	353.80	337.30	356.70	368.30	395.1	411.6	449.1
Social Security	75	78.40	95.60	92.20	90.50	92.9	111.0	121.3
Transfers and other	249.50	185.50	166.60	179.40	180.90	233.0	269.5	219.5
Exceptional expenses	141.10	100.10	114.30	103.60	125.10	198.30	170.8	218.6
Interest due	36.30	63.30	106.40	125.90	134.60	176.30	221.7	204.8
On domestic debt	*20.30*	*51.40*	*88.40*	*108.80*	*106.8*	105.7	*148.7*	*111.9*
On external debt	*16.00*	*11.90*	*18.00*	*17.10*	*27.8*	70.6	*73.0*	*92.9*
Capital expenditures	**376.90**	**299.60**	**491.50**	**445.60**	**330.4**	**622.4**	**843.3**	**641.5**
From domestic resources	*216.60*	*178.50*	*313.00*	*279.10*	*228.3*	*356.4*	*542.1*	*397.1*
From external resources	*160.30*	*121.10*	*178.50*	*166.50*	*102.1*	*266.0*	*301.2*	*244.4*
Net loans	**20.20**	**5.50**	**6.40**	**2.50**	**- 3.90**	1.8	0	0
Primary balance	**- 206.12**	**- 150.62**	**- 82.42**	**17.50**	**94.94**	**- 133.69**	**-227.37**	**38.30**

Source: DGAE/CSPEF

In connection with revenue trends marked by a weak progression (+5.0%) and a more significant progression of primary current expenditure (+20.2%) and the budgetary contribution (+56.1%), the primary balance showed a deficit of CFAF 133.69 billion in 2020 against a surplus of CFAF 94.94 billion in 2019. As a percentage of GDP, the primary deficit represents 1.5% in 2020.

The outlook for 2021 is for an increase in government revenue excluding grants, a decline in grants and a decline in expenditure. The overall budget deficit (on an orderly basis, including grants) is expected to be 6.9 percent compared to 4.7 percent in 2020. The budget deficit is expected to improve to 2.9% in 2022, below the community standard of 3.0%. The primary balance would show a deficit of CFAF 227.37 billion and represent 2.3% of GDP in 2021 against 1.5% in 2020. In 2022, the primary balance would show a surplus of CFAF 38.30 billion, representing 0.4% of GDP.

7.1.3. General presentation of the budget

The 2021 budget law is up by 16.5% compared to the execution of the 2020 budget law. With regard to allocations to ministries, with the exception of the "Health", "Labor and Public Service", "Quality of Life", "Social Affairs" and "Agriculture, Livestock and Fisheries" sectors, which have a respective decrease, all other sectors have seen an increase in their budgets.

The decrease in the allocation for the "health" sector could be justified by the importance of investments already made in 2020. The capital allocation for 2021 is CFAF 38.91 billion as against CFAF 94.54 billion in 2020.

In terms of structure, the "Education" sector leads with a share of 12.6%, followed by the "Energy, Mines and Water" (4.6%) and "Infrastructure and Transport" (4.3%) sectors. The "Urbanism and Habitat" (4.1%) and "Health" (3.7%) sectors follow the "Infrastructure and Transport" sector.

Table 50. State expenditure by sectoral ministry

	2016		2017		2018		2019		2020		2021 (Forecast)	
	Value (In billions of CFAF)	Structure (%)	Value (In billions of CFAF)	Structure (%)	Value (In billions of CFAF)	Structure (%)	Value (billion CFAF)	Structure (%)	Value (billion CFAF)	Structure (%)	Value (billion CFAF)	Structure (%)
Education	200.2	31.7	208.0	11.5	226.5	11.0	229.3	13.0	260.2	12.4	309.3	12.6
Health[34]	47.2	3.5	61.5	3.4	63.7	3.1	54.5	3.1	142.6	6.8	91.9	3.7
Labor and Public Service	-		28.2	1.6	7.7	0.4	7.7	0.4	7.3	0.4	7.2	0.3
Social Affairs	-8.2	-0.6			4.7	0.2	3.70	0.21	11.3	0.54	7.6	0.3
Agriculture, Livestock, Fisheries	57.6	4.3	58.6	3.2	53.9	2.6	39.4	2.2	83.5	4.0	77.7	3.2
Energy, Mining and Water	36.7	2.8	97.8	5.4	111.5	5.4	96.4	5.5	96.8	4.6	113.7	4.6
Interior	19.1	1.4	37.2	2.1	38.9	1.9	38.7	2.2	41.7	2.0	50.2	2.0
Justice	10.4	0.8	17.0	0.9	14.1	0.7	13.5	0.8	16.9	0.8	20.3	0.8
Army	49.5	3.7	59.2	3.3	66.4	3.2	44.74	2.53	41.8	1.99	54.0	2.2
Urban planning and housing	9.7	0.7	101.0	5.6	113.4	5.5	54.3	3.1	200.5	9.5	101.3	4.1
Industry and commerce, small and medium-sized enterprises	41.4	3.1	55.1	3.0	19.2	0.9	10.6	0.6	8.5	0.4	17.6	0.7
Infrastructure and Transportation	39.0	2.9	55.5	3.1	33.4	1.6	38.0	2.2	76.5	3.6	106.6	4.3
Communication and digital	14.2	1.1	31.2	1.7	17.5	0.8	17.7	1.00	10.3	0.5	15.1	0.6
Total[35]	**1 329.1**		**1 808.5**		**2 061.8**		**1 768.7**		**2105.4**		**2 452.2**	

Source: SIGFIP/DGP/MEF

The "Education", "Infrastructure and Transport", "Energy-Mine and Water" and "National Defense", "Industry and Trade" and "Interior" sectors recorded the highest increases in absolute terms. Indeed, the "Education" sector saw its budget increase by CFAF 49.08 billion, i.e. an increase of 18.9% compared to 2020 in connection with the pursuit of reforms undertaken by the Government to restore Benin's school system to its former glory. To achieve the objectives set in the education sector, the provisional budget is distributed as follows: CFAF 126.25 billion for nursery and primary education, CFAF 107.76 billion for secondary education and vocational training and CFAF 75.25 billion for higher education and scientific research.

The "Infrastructure and Transport" sector saw its allocation increase in 2021 by CFAF 30.06 billion compared to 2020, corresponding to an increase of 39.3% induced by the continuation of major works undertaken by the Government.

The "Energy" sector recorded an increase of CFAF 16.86 billion in its budget, corresponding to an increase of 17.4% compared to 2020, in connection with planned investments to further reduce the country's energy dependence on the outside.

[34] These are the three levels of education
[35] The total represents the amount executed under the Finance Act

The "National Defense" and "Interior" sectors recorded an increase in their budgets of CFAF 12.19 billion and CFAF 8.51 billion respectively, corresponding to an increase of 29.1% and 20.4% compared to their 2020 level, in connection with the implementation of the internal security policy aimed at strengthening internal security and the fight against organized crime.

The "Industry and Commerce", "Communication" and "Justice" sectors also recorded increases of CFAF 9.12 billion, CFAF 4.75 billion and CFAF 3.38 billion respectively in 2021 compared to 2020.

7.1.4. Detailed presentation of the budget by expenditure item

The Finance Act for the 2021 management is consistent with the National Development Plan (NDP 2018-2025) and constitutes the last support for the implementation of the Government Action Program (PAG 2016-2021), an instrument for operationalizing the Growth Program for Sustainable Development (PC2D). It is based on the guidelines defined in the 2021-2023 Multi-year Budgetary and Economic Programming Document (DPBEP) and opts to consolidate the achievements of the experimentation of the provisions of the Organic Law No. 2013-14 of 27 September 2013 on finance laws (LOLF).

Thus, it continues to strengthen budget management in program mode, particularly the budgeting of public investments in commitment and payment appropriations (AE/CP), as well as the improvement of the performance framework of budget programs. The State budget for the 2021 management, in view of the context of its preparation, carries the dual challenge of economic resilience and its recovery in the face of endogenous and exogenous shocks and must, therefore, enable our country to guarantee the viability of the macroeconomic framework and the integrity of the budgetary policy in progress since April 2016. In addition, it should strengthen the social model being built in Benin, in relation to the health, social and economic implications of the COVID-19 pandemic.

In terms of public finance, overall, the general tax framework remains favorable to the revival of economic activity (revitalizing production, encouraging consumption, promoting youth employment, empowering women, simplifying tax formalities and procedures, dematerialization, etc.). The provisions of the Finance Act also emphasize tax policy measures to improve understanding of taxable income and to strengthen tax compliance. As a result, for 2021, the revenue forecast of the financial administrations is prudent, reasonable and takes into account the uncertainties linked to the wait-and-see attitude of economic operators in an election year and to the health crisis caused by the Covid-19 pandemic.

With regard to expenditure, the general operation of public administrations (excluding Covid-19 measures and benefits for aspiring and substitute teachers) remains almost stable with a growth rate of 3.28%. Greater attention is being paid to socially sensitive actions and to the targeting of expenditure in favor of the financial commitments already made by the budgetary units within the framework of the execution of flagship projects and programs of the Government's Action Program

The 2021 Management Budget Bill (including the State budget) balances in resources and expenses at CFAF 2,452.19 billion. This is an increase of CFAF 346.42 billion compared to the 2020 achievements which were CFAF 2,105.38 billion.

Table 51. The main elements of the Finance Act (2021)

Budgetary Expenditures	2020	2021
	Amount (in billions of CFAF)	
General budget	**1 565.1**	**1 665.3**
Regular expenses	**934.2**	**1068.5**
Personnel costs	396.7	410.8
Financial expenses of the debt	176.3	220.8
Expenditures for the acquisition of goods	104.4	168.5
Current Transfer Expenditures	256.8	268.4
Capital expenditures	**630.9**	**596.8**
Domestic Financing	364.9	375.8
External Financing	266	221
FNRB Annex Budget	**89.8**	**97**

Trust account	6.4	18
Total General Budget	1 661.3	1 780.3
Cash flow expense	444.1	671.9
Total Budget	2 105.4	2 452.2

Source: Budget Presentation Report Management 2020, DGB/MEF

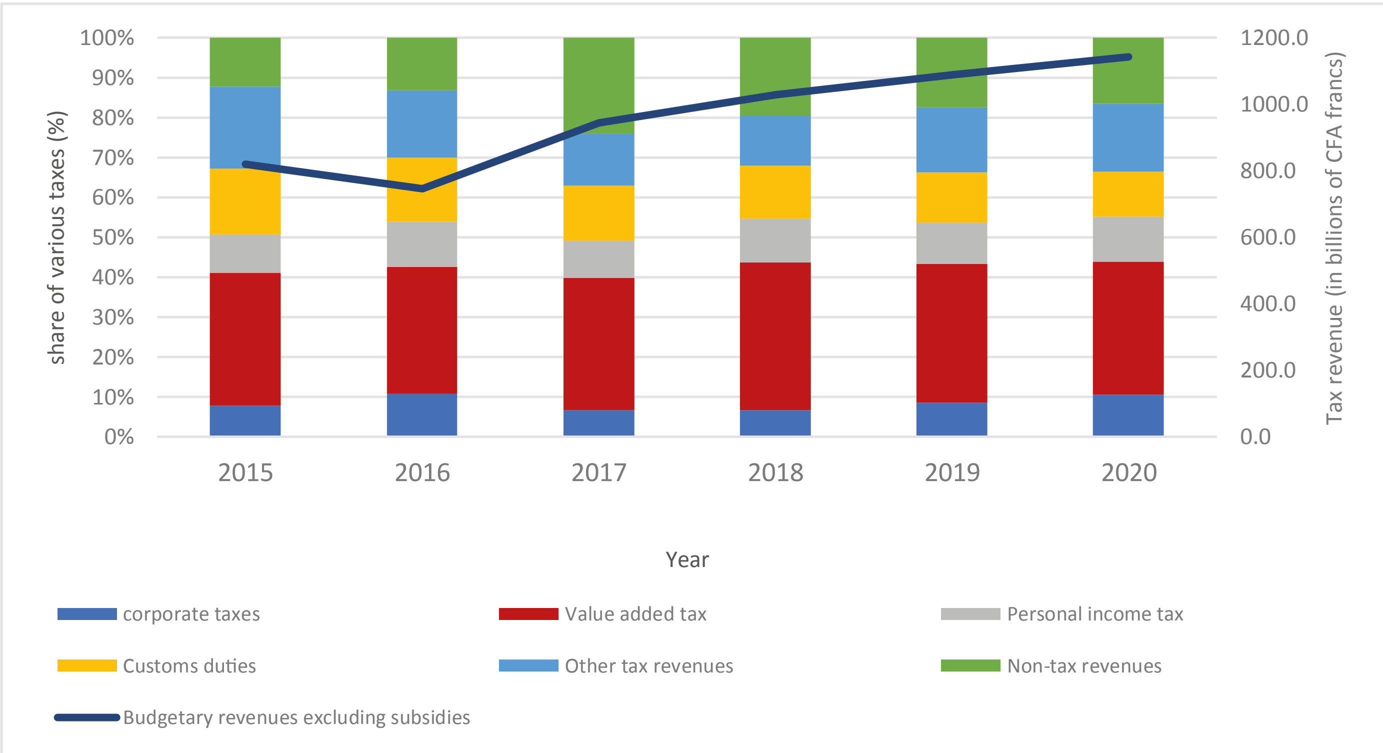
An analysis of individual expenditure items shows an increase in recurrent expenditure (including financial debt charges) of 14.4 per cent and a decline in capital expenditure of 5.4 per cent. The increase in ordinary expenditure is largely driven by expenditure on the acquisition of goods and services and financial debt charges. As for capital expenditure, its decline is essentially linked to the drop in external financing. The State's general budget would increase by 7.2% in 2021 compared to 2020. Cash expenses will increase by 51.3%.

7.2. Tax policy

7.2.1. General budget revenue broken down by source

Revenue-generating taxes include value added tax, customs duty, personal income tax and corporate income tax.

Figure 15. Tax revenue by type of tax (in billions of CFA francs)



Source: CGI/DGI

Value Added Tax (VAT)

VAT remains the main revenue-raising tax and is composed of domestic VAT and VAT on imports. VAT on imports is a 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 the input VAT, i.e. the VAT paid on purchases by the taxpayer. Input VAT is deductible only if the corresponding output transactions are taxable. Tax on goods that may be appropriated by the directors is not deductible. The number of taxable persons was 2,413 in 2020[36]. The share of VAT in mobilized revenue in 2020 is 33.2% compared to 34.9% in 2019.

Corporate income tax

Corporate income tax (IS) is applied to net profits

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

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 taxable profit obtained on the basis of the accounting result after the reintegration of non-deductible expenses for tax purposes and the deduction of items not subject to tax.

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

- 30% for legal entities other than industries;
- 25% for legal entities with industrial activity and mining companies (profits exclusively from the exploitation of a mineral deposit);
- Between 35% and 45% for profits derived from the exploration for, and the exploitation, production and sale of hydrocarbons, including transport operations ancillary thereto.

However, the tax amount cannot be less than 0.75% of the collectable income for legal entities with an industrial activity; 1% for mining companies and legal entities other than industries; and CFAF 0.60 per liter of petroleum products sold for service stations. In all cases, the amount of the minimum tax cannot be less than CFAF 250,000. The corporate tax mobilized in 2020 represents 10.6% of total revenue compared to 8.5% in 2019.

Personal Income Tax (IRPP)

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

Individuals and similar entities include the State, municipalities, public administrative, cultural or scientific institutions, associations, NGOs, etc. The tax scale is specified by type of income.

The annual global gross income used as a basis for the IRPP has been modified as of the 2020 tax year. It is obtained by adding together the profits or net categorical income that are: (i) industrial, commercial, craft and agricultural profits (BIC); (ii) profits from non-commercial professions and similar income (BNC). The resulting tax is no longer subject to a reduction for family responsibilities.

Other taxes on salaries and wages, income from movable capital and property income are subject to flat-rate deductions.

Table 52. IRPP tax scale

Type of income	Taxable income brackets	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 %
Non-commercial profits and similar income.	More than 20,000,000 CFA francs	40 %
Property income	0 to 3 000 000 CFA francs	10 %
	More than 3,000,000 CFA francs	20 %
Salary and wages[37]	More than 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 Securities		15%[38]

Source: CGI 2020/DGI

The tax amount resulting from the application of the BIC -BNC scale can in no case be less than a minimum, determined according to each category of income: 1% of the income of taxpayers making industrial, commercial and non-commercial, craft and agricultural income, 0.60 franc per liter of petroleum products sold for service station managers. This amount can in no case be less than two hundred and fifty thousand (250,000) francs. The share of revenue mobilized in terms of IRPP is 11.4% in 2020 against 10.3% in 2019.

Customs duty

The customs duty or tariff is a tax levied on imported goods when they cross the border. The taxable base is the customs value of the goods. Persons subject to the tax 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 goes up to 35% for specific goods for the country's economic development. Customs duty revenue mobilized in 2020 represents 11.3% of total revenue, compared with 12.6% in 2019.

[37] For salaries and wages, the result of the application of the progressive rate scale is subject to 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%). [38] This rate is reduced to : 10% for regularly distributed income; 5% for income from shares regularly distributed to associates not resident in Benin unless an agreement for the elimination of double taxation between Benin and the country of the said associates provides for a more favorable 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 realized on the sale of shares and received by individuals; 6% for income from bonds and for redemption prizes and premiums paid to creditors and bondholders; 3% and 0% for the proceeds of bonds issued by WAEMU member states, by public authorities and their dismemberments, depending on whether the term of the bonds is between 5 and 10 years or more than 10 years; 5% for capital gains realized on the sale of bonds

Table 53. Duty rate by type of product

Products	Rate
Social assets	0 %
Necessities, 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: ECOWAS TEC

7.2.2. Presentation of the new tax measures recently voted or under discussion and about to be voted

The draft 2021 budget is in line with the reference framework of the organic law N°2013-14 of 27 September 2013 on finance laws. It is geared towards the continued implementation of the Government's 2016-2021 Action Program and the ensuing National Investment Program. It is in line with the commitments made with the IMF, the European Union and other partners and focuses on improving governance and transparency of public finances. Within this framework, in 2021 the implementation of the investment projects planned in the PAG will be accelerated. This investment-oriented policy will make it possible to support economic activity. This orientation of the Government's economic policy is supported by a certain number of new fiscal measures, which are, among others, as follows:

- Extension of the exemption from customs duties and taxes and from value added tax (VAT) for electric and hybrid motorcycles ;
- Exemption of tax on the first twelve (12) months of activities of new companies and clarification of the method of determining the fixed duty of the tax;
- GST exemption for the first twelve (12) months of operation of new businesses and restructuring of its calculation rules ;
- Exemption of internship remuneration from personal income tax (IRPP) and employer's payment on salaries (VPS);
- Increase in the threshold for free registration of real estate transfers in the name of commercial and industrial companies ;
- Institution of VAT treatment rules for cancelled or unpaid sales ;
- Harmonization of the general time limits for submitting documents for registration ;
- Taxation of foreign exchange gains ;
- Revision of the conditions for deductibility of head office expenses and other remuneration paid to associated companies ;
- Simplification of the liquidation and collection of the real estate capital gains tax.

In addition, with a view to strengthening revenue mobilization, the Government is pursuing its policy of dematerialization of tax administrations. In 2020, several dematerialization projects were implemented, including the remote declaration and payment of local taxes due by large and medium-sized enterprises and the implementation of the e-registration platform. In the first quarter of 2021, the General Directorate of Taxes will put into service the e-Mecef (web version of the electronic invoicing and standardized invoice issuing machines).

8.1. Political and security risks

Election-related risks

Political risks are generally those resulting from dispute election results linked to malfunctions in the organization of the electoral process, which can have a negative impact on the economy. In Benin, communal elections were organized in 2020 without incident despite the high stakes involved. The first round of presidential elections is scheduled for 11 April 2021. Several candidates were rejected for not having been able to collect the number of sponsorships required for the validation of their candidacy. Three duos of candidates were able to collect sponsorships in accordance with the constitutional provisions in force. The rejection of candidacy files can be a potential source of political tension that could lead to uprisings. However, given the measures taken by the authorities to contain attempts at destabilization and public order disturbances, the risk of an uprising is reduced.

Generally, presidential elections are characterized by a wait-and-see attitude in the business community. However, the maturity of Benin's democracy is an important element in mitigating this risk for Benin.

Internal security risks

The advent of the republican police force, created by the merger of the gendarmerie and the national police, has significantly reduced crime and repeated cases of robbery in certain areas.

There is a risk of terrorism in northern Benin following the May 2019 kidnapping of two French tourists in Pendjari National Park and the killing of their local guide. The February 2020 attack on a police station in the W Park and the increase in attacks in southeastern Burkina Faso indicate that jihadists, most likely affiliated with the Islamic State of the Greater Sahara (ISGS), are operating along the border. Benin's support for counterinsurgency efforts in Mali and Nigeria also increases the risk of terrorism, although jihadist penetration further south will be more difficult due to lack of networks. In response, the Beninese government has taken prompt and necessary action by further strengthening the security apparatus in the border area with Burkina Faso and by consolidating counterterrorism and border security cooperation with States in the region. The promptness of the actions taken by the Government has increasingly dispelled security risks.

8.2. Social risks

Since the historic national conference, Benin has not experienced a social crisis. The only blockages that have been noted are linked to strikes, sometimes paralyzing the administration, hospitals and health centers, schools and courts.

To remedy this situation, in September 2018, 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 duration. It may not exceed 10 days in any one year. Similarly, the strike may not exceed seven days in the course of a half-year and two days in the course of a month. It is also specified that, regardless of the duration, the cessation of work on the same day is considered as a full day of strike. As a result of these amendments, strike movements in the public administration have subsided.

8.3. Macroeconomic risks

In Benin, macroeconomic risks are mainly driven by Nigeria's trade and exchange rate policies and commodity prices, particularly cotton, cashew nuts and oil. The geographic proximity of Benin to Nigeria and the close trade relations between the two countries represent an opportunity but also present uncertainties, even though much of the trade is done informally.

These uncertainties stem from both Nigeria's trade policy and its monetary policy. On the monetary front, for example, Nigeria's monetary policy decision of June 20, 2016 that enshrined the depreciation of naira was strongly felt in Benin. This has resulted in a decline in activity in Beninese industries, especially agribusinesses.

Aware of this situation, the Government, a few months after its installation in 2016, drew uṕ an Action Program geared towards the resilience of the economy and the commitment to its structural transformation. The initial 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 mostly involves second-hand vehicles, frozen products, beverages or rice, vegetable oils, etc. Nigeria is Benin's largest trading partner. From Nigeria, Benin imports petroleum products, spare parts, etc. In Africa, outside the WAEMU, Benin's main export partner in 2019 is Nigeria (68%). Similarly, Nigeria is Benin's top African supplier country in 2019 (28.2%).

Nigeria unilaterally closed its border with its neighbors in 2019 including Benin and the closure lasted for 16 months. The closure induced a contraction in trade between the two countries. This led to the increase in prices of petroleum products in the informal market and other goods imported from Nigeria. Benin's exports to Nigeria have also slowed down. However, the impact of the border closure on the national economy seems to be limited in view of the increasing resilience of the national economy to exogenous shocks induced by Nigeria's economic policy.

Cotton is Benin's leading export crop. The price trend on the international market in the second half of the year 2020 suggests encouraging prospects for 2021. Indeed, the Cocklook A-index recorded a surprising recovery to 80 cents per pound at the end of the year, after having fallen below 50 cents per pound in April 2020. The big uncertainty in 2021 is fiber consumption. Spinning has resumed but there are of course several reserves and in addition, the Covid-19 pandemic is still raging in many countries. Also the current high cotton prices and the relatively low oil prices could exacerbate the competition between cotton and synthetic fibres and make cotton lose market share. In addition, there is fierce competition from Bangladesh. Cotton production in Benin is steadily increasing and if prices continue to rise, Benin should benefit.

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 remained relatively high until 2018. In contrast, 2019 was characterized by an excess of supply compared to demand on the international market. This resulted in a collapse of prices. Under these conditions, Benin's sales abroad amounted to 44,691.0 million in 2019, down 41.3% compared to 2018 when they stood at 76,185.6 million. It is also expected that production will improve in the 2020-2021 season due to good weather conditions in the production areas. The minimum price guaranteed to cashew nut producers continues to fall. During the 2020/2021 season, the kilogram of the raw material will be traded at 300 CFA francs against 325 CFA francs a year earlier, according to a communiqué of the Council of Ministers. In the interval of three years, the on-field tariff will have dropped by half from a level of 650 CFA francs/kg in 2017/2018. The reasons for the price decline in 2020 and 2021 include the impact of the coronavirus on global consumption of the product and the industry's more moderate growth prospects.

As for the prices of petroleum products, an increase is expected in 2021. However, the continuation of the pandemic in several countries could lead to a further fall in prices.

On the terms of trade, Benin's currency is stable with the euro. Thus, the risks of exchange rate losses with the main partners are relatively contained. On the other hand, the risks linked to changes in the terms of trade are linked to changes in the world prices of exported raw materials and the prices of imported products. The diversification of the economy and the multiplication of the sources of growth in progress should contribute to mitigate this risk.

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

Mobilization of fiscal resources

The risks related to tax revenue mobilization in Benin are linked to the preponderance of informal trade (about 57% of GDP). To address this situation, the Government has been implementing a strategy since 2016 that is oriented, on the one hand, towards securing the revenue collected through, in particular, the dematerialization of procedures (e.g. online tax payment, introduction of electronic VAT invoicing machines, etc.) and, on the other hand, the expansion of the tax base (better supervision of exemptions, implementation of incentives for the formalization of businesses such as the institution of a synthetic business tax, etc.). In addition, since March 2020 Benin has had a new, much more attractive investment code and a law on the promotion and development of micro, small and medium-sized enterprises in the Republic of Benin.

In addition, Benin has benefited from several assistance missions from the International Monetary Fund to develop a plan to improve tax compliance. The implementation of this strategy and the tax compliance improvement plan has led to an increase in revenue, mainly domestic. A new medium-term tax revenue mobilization strategy aimed at increasing the tax burden is currently being developed.

However, in connection with the development of new technologies, some lucrative online activities are growing and many transactions are done through social networks like Facebook, WhatsApp, etc. These activities are not subject to taxation. The risk of revenue loss from the expansion of these businesses in the economy is permanent.

The decline in international oil prices in 2020 has provided Benin with additional revenue. The mobilization of exceptional revenue should continue for some time, but at a much slower pace as prices gradually rise. A rise in international prices beyond the current level would constitute a risk factor for underperformance.

The persistence of the covid-19 pandemic poses a risk to the mobilization of domestic tax revenues because of its impact on economic activity and the restrictive measures taken in partner countries that trade with Benin.

External donor funding

Benin has an ambitious reform Program aimed at restoring investor confidence by giving priority to improving the business environment. This Program is attracting the attention of several donors who have come forward with specific projects to support the Government. Similarly, the quality of governance and the strengthened fight against corruption are likely to reassure donors.

Benin has also shown very encouraging results in the implementation of its current program with the IMF. Indeed, at the 6th review conducted in April 2020, the IMF confirmed that the results of the Program are and continue to be very satisfactory. All quantitative performance criteria at end-December 2019 and structural benchmarks have been met. It was noted that after strong growth estimated at nearly 7 percent in 2019, the pandemic as well as the prolonged closure of the border with Nigeria are expected to significantly weaken Benin's short-term economic prospects. On the other hand, macroeconomic management is very good, with a very prudent fiscal policy and a budget deficit that is expected to widen to 3.5% of GDP according to the IMF. All these elements reflect a limited risk for the mobilization of external resources. At end-December 2020, the Beninese authorities estimated growth at 3.8%, up from the 2.0% forecast by the IMF, and the deficit on grants at 4.7% of GDP.

External financing through foreign direct investment

The risks of external financing by foreign direct investors are limited. Indeed, Benin has embarked on an extensive reform Program to improve the business climate and attract foreign direct investment (FDI). Net direct investment inflows stood at 111,950.8 million in 2019 compared to 102,370.5 million in 2018, up by 9,580.3 million, in conjunction with the favorable outlook for the Beninese economy. France (78.0%), China (10.8%), Nigeria (5.9%) and Côte d'Ivoire (5.0%) are the main providers of net direct investment flows to Benin in 2019. However, with the lingering effects of the Covid-19 pandemic the economy, financing risks are real, given the magnitude of the pandemic on developed countries and even on African countries providing net FDI to Benin.

8.5. Health risks

Benin is facing the global Covid-19 pandemic. Benin reported its first case of COVID-19 on 16 March 2020. Although the number of active cases has remained lower than in neighboring countries, it is also slowly increasing. As of 28 March 2021, Benin is at 7100 confirmed cases and 90 deaths. The authorities have rapidly implemented strong containment and social distancing measures, including the partial closure (cordon sanitaire) of a dozen cities most exposed to the pandemic to isolate the contaminated population and contain the spread of the virus. They have also (i) severely restricted the transit of people across land borders; (ii) restricted the issuance of visas for entry into the country; (iii) introduced systematic and mandatory quarantine of all persons coming to Benin by air; (iv) suspended all public gatherings; (v) introduced a ban on public transport; and (vi) made it compulsory to wear a face mask in public.

Economic activity was mainly affected in the second quarter of 2020, due to containment and mitigation measures in Benin and the global economic slowdown. A response plan for the 2020-2022 period has been adopted and implemented. With this plan, Benin has been able to contain the spread of the virus and limit its impact on the national economy. The response plan includes health response measures and support for businesses in the formal sector and vulnerable households. With the receipt of a first batch of vaccine on 10 March 2021 and the launch of the vaccination campaign on 29 March 2021, the health risks associated with Covid-19 will be limited.

Apart from Covid-19, Benin does not really face any epidemic health risks. However, it should be noted that some diseases are common in Benin, including malaria (Benin is classified as a Group 3 country with the most severe form of the disease), meningitis (the country is in the "meningitis belt"), and diarrheal diseases are widespread in Benin. However, these diseases are well managed by medical personnel.

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

8.6. Environmental risks

Environmental risks in Benin are mainly related to climatic hazards which constitute a serious obstacle to the smooth running of the agricultural season. Agriculture, one of the strategic sectors of the economy, is still exposed to disturbances related to climate and other natural phenomena. The manifestations of these phenomena include the appearance of pockets of drought, delays in the arrival of rainfall or its poor distribution, the recurrence of floods, the appearance of new pests that decimate crops[39], the degradation of agricultural land, the decline in yields, etc.

Simulations show that a 10% drop in agricultural production would be enough to reduce the growth rate by 2 points, which shows the level of vulnerability of the economy. In response to this situation, mitigation measures have been taken, particularly with regard to water management through hydro-agricultural developments planned in various projects and Programs, the promotion of irrigation methods and the introduction of improved seeds that are resilient to climate change. In addition, Benin has undertaken, with the support of its technical and financial partners, several initiatives, reforms and Programs in the area of disaster risk preparedness and management. These include: (i) the establishment of the Early Warning System (EWS); (ii) the implementation of several projects and Programs aimed at strengthening the resilience of the economy; and (iii) the ongoing conclusion of the CAT-DDO (Catastrophes Deffered Drawdown Option) project.

[39] Case of army worms that devastated maize crops in Benin in 2016

9.1. General description of the public debt

9.1.1. Overall image

As at 31 December 2020, the stock of public debt is estimated at CFAF 4,156.85 billion against CFAF 3,476.59 billion in 2019. That is an increase of 19.6% driven by both external debt (+15.8%) and domestic debt (+24.8%). External and domestic debt accounted for 56% and 44% respectively of the portfolio at end-December 2020, in line with the financing options retained by the 2020 debt strategy and operated by Benin during the year. As a percentage of GDP, Benin's outstanding debt stood at 46.1 percent against 41.2 percent in 2019, an increase of 4.9 percentage points of GDP. Despite this increase, the outstanding public debt remained below the 70% defined in the WAEMU convergence criteria. This rate is in line with the projected landing and reflects Benin's prudent management of public debt and the leeway available to the country to finance development projects in a way that maintains debt sustainability.

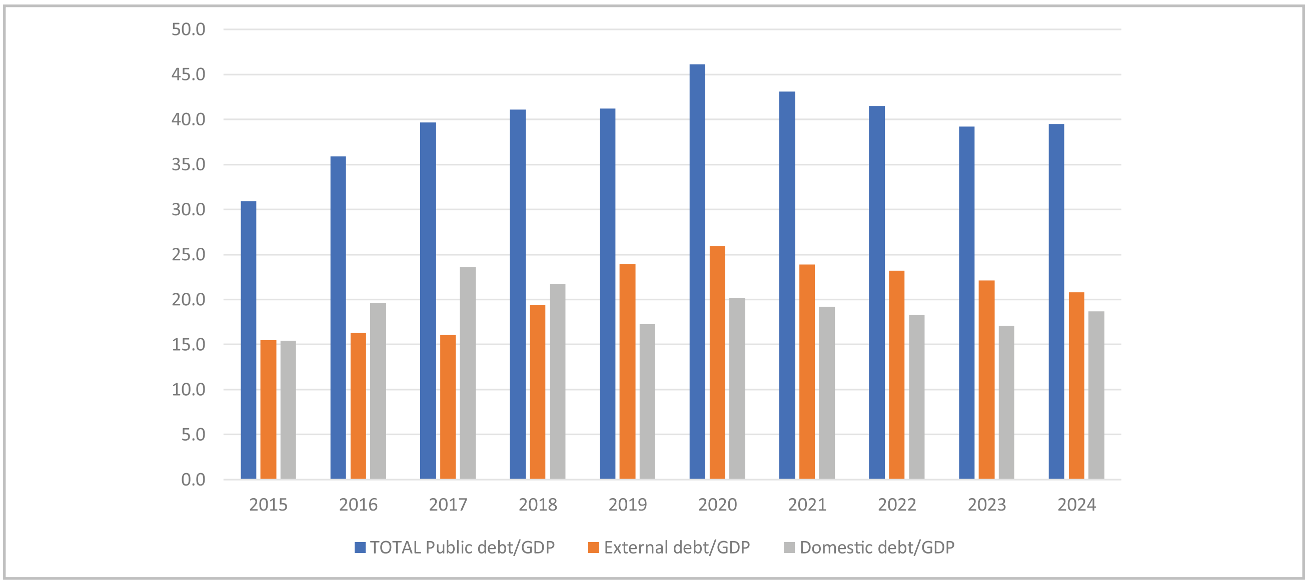
Table 54. Benin's outstanding public debt (in billions of CFAF)

	2015	2016	2017	2018	2019	2020
Total debt (% of GDP)	30.9	35.9	39.7	41.0	41.2	46.1
Total debt	2 080.5	2 513.1	2 927.4	3 251.8	3 476.6	4 156.9
External debt	1 043.6	1 139.6	1 184.6	1 532.1	2 020.7	2 339.7
Domestic debt	1 037.0	1 373.4	1 742.8	1 719.7	1 455.9	1 817.2
Nominal GDP	6 732.8	7 005.2	7 375.3	7 922.0	8 432.3	9 008.8

Source: CAA-Benin

In terms of forecasts, the public debt stock-to-GDP ratio is expected to remain below 70% and to be on a downward trend from 2021 onwards. In fact, according to the latest debt sustainability analysis, the public debt stock to GDP ratio will be 43.1 percent in 2021 and should reach 39.5 percent in 2024. It will be dominated by external debt.

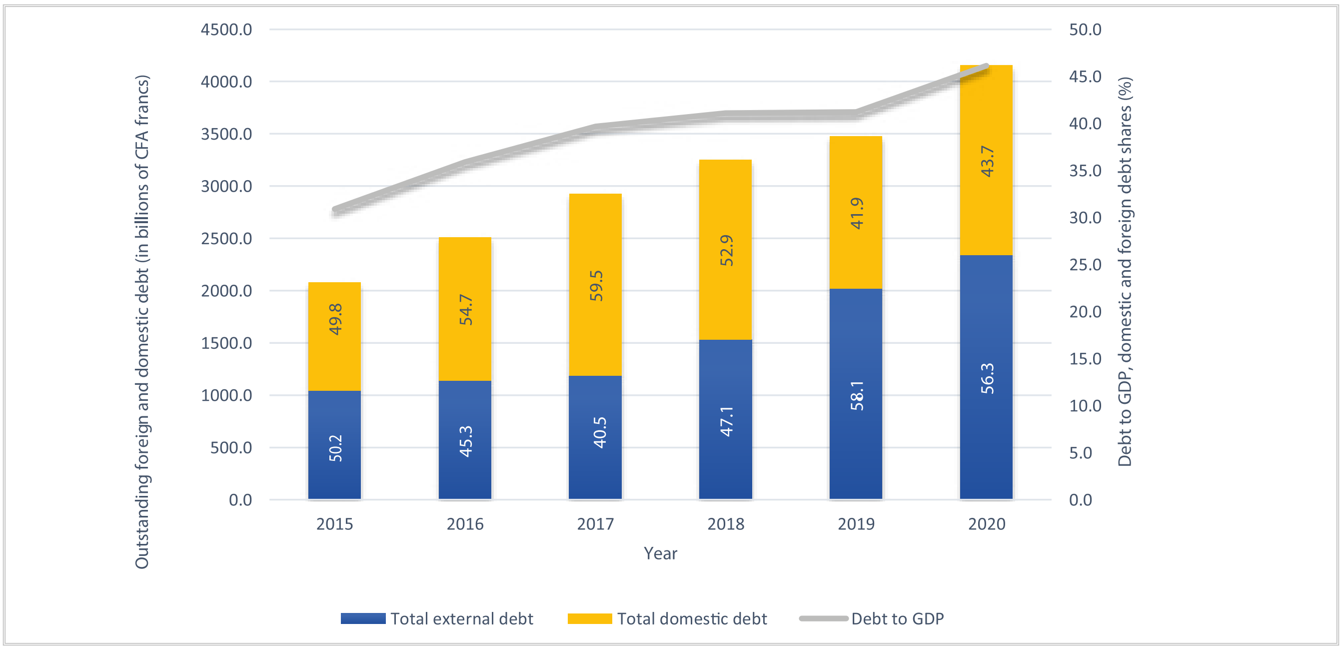
Figure 16. Debt as a percentage of GDP from 2014 to 2024



Source: CAA (2014-2019); forecast (DSA report June 2020)

In terms of composition, the share of domestic debt in total debt increased in 2020 to 43.7 percent from 41.9 percent in 2019. The share of external debt rose from 58.1% in 2019 to 56.3% in 2020. The domestic debt to external debt ratio thus rose from 72.1% in 2019 to 77.7% in 2020. All these factors reflect a greater increase in the relative value of domestic debt than that of external debt. In absolute terms, the increase in domestic debt is less than that of external debt.

Figure 17. Percentage of domestic and external debt

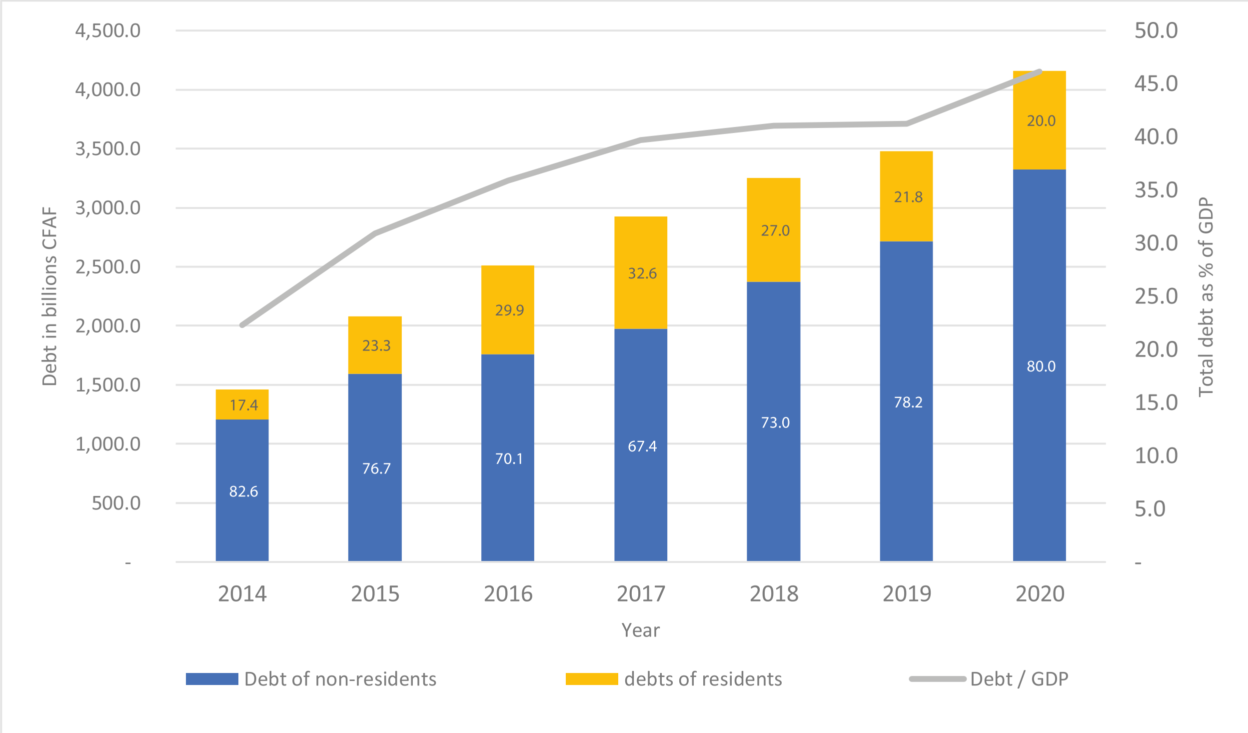


Source: CAA-Benin

Debt to non-resident creditors is made up of foreign currency-denominated debt (including the 2026 Eurobond), debt contracted with BOAD and subscriptions by foreign investors (resident outside Benin's economic territory: banks, insurance companies, SGIs and other institutions) to public securities issued by Benin. Debt to non-resident creditors reached CFAF 3326.01 billion, or 80.0% of total debt as at 31 December 2020, compared with 78% a year earlier. As at 31 December 2020, drawings on borrowings from non-resident creditors amounted to CFAF 685.64 billion. The participation of non-resident investors in public securities amounted to CFAF 297.18 billion, representing 49.42% of the amount issued during the year. This reflects the confidence of these investors in the quality of Benin's credit risk and confirms the country's good credit rating.

Debt to resident creditors consists of subscriptions by Beninese banks and other investors (resident in Benin's economic territory: banks, insurance companies, SGIs and other local institutions) to public securities and direct loans by the government to local banks. Its share of total debt as of December 31, 2020 came out at 20.0% compared to 21.8% as of December 31, 2019. Drawdowns on borrowings from resident creditors amounted to CFAF 315.17 billion during the year.

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

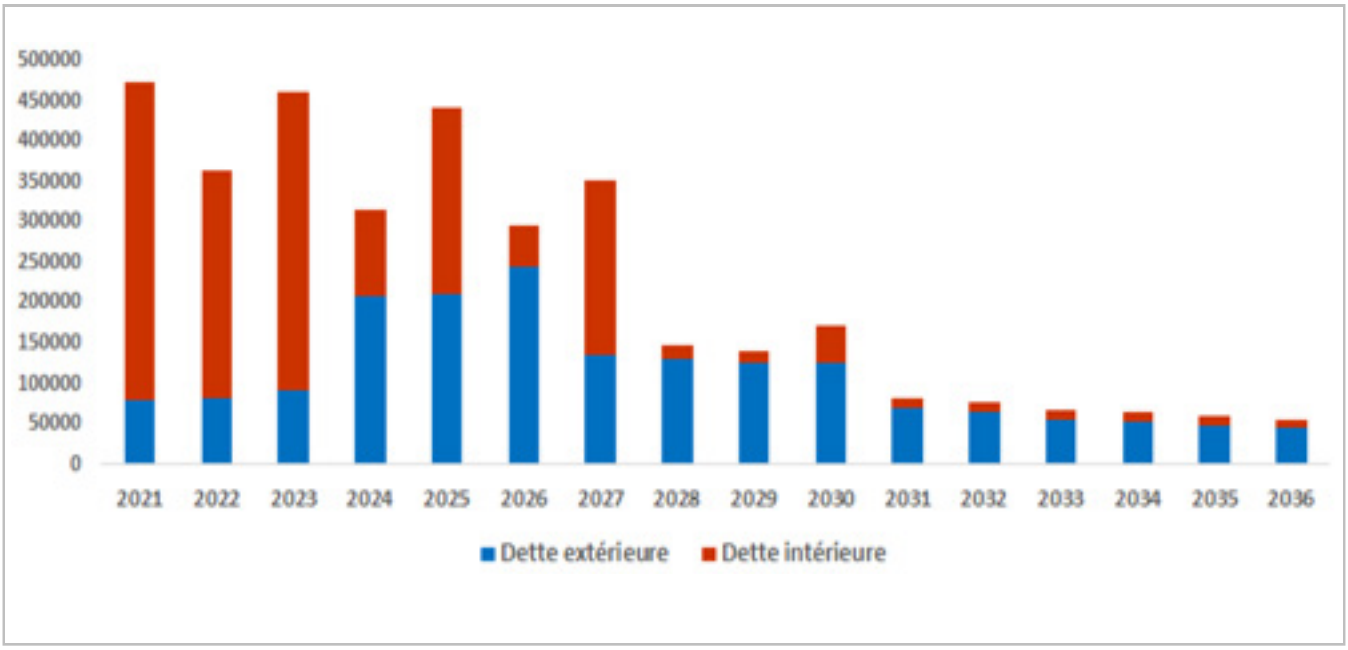


Source: AAC/BENIN/Debt Management Report 2015-2020. *2020 (realized as of September 30, 2020)

9.1.2. Time profile of the debt to be repaid

The time profile of the debt to be repaid as at 31 December 2020 shows a predominance of domestic debt over the 2021-2023 period. External debt becomes predominant from 2024 to 2026 in connection with the concessional loans mobilized by Benin. In 2027, due to the size of the outstanding debt, domestic debt will predominate over external debt. From 2028 onwards, the external debt to be repaid becomes predominant again.

Figure 19. Amortization profile of the public debt at December 31, 2020



Source: CAA

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

Debt service paid in 2020 was CFAF 604.04 billion against CFAF 647.00 billion a year earlier. The principal repaid was CFAF 427.76 billion and interest and fees were CFAF 176.28 billion. Debt service is largely driven by local currency debt. In fact, debt service in local currency amounted to CFAF 483.0 billion in 2020, representing 80.0% of total debt service as against only 20% for debt service in foreign currency.

According to the amortization profile, the debt to be repaid in the short term consists largely of domestic debt between 2021 and 2023.

Table 55. Debt service

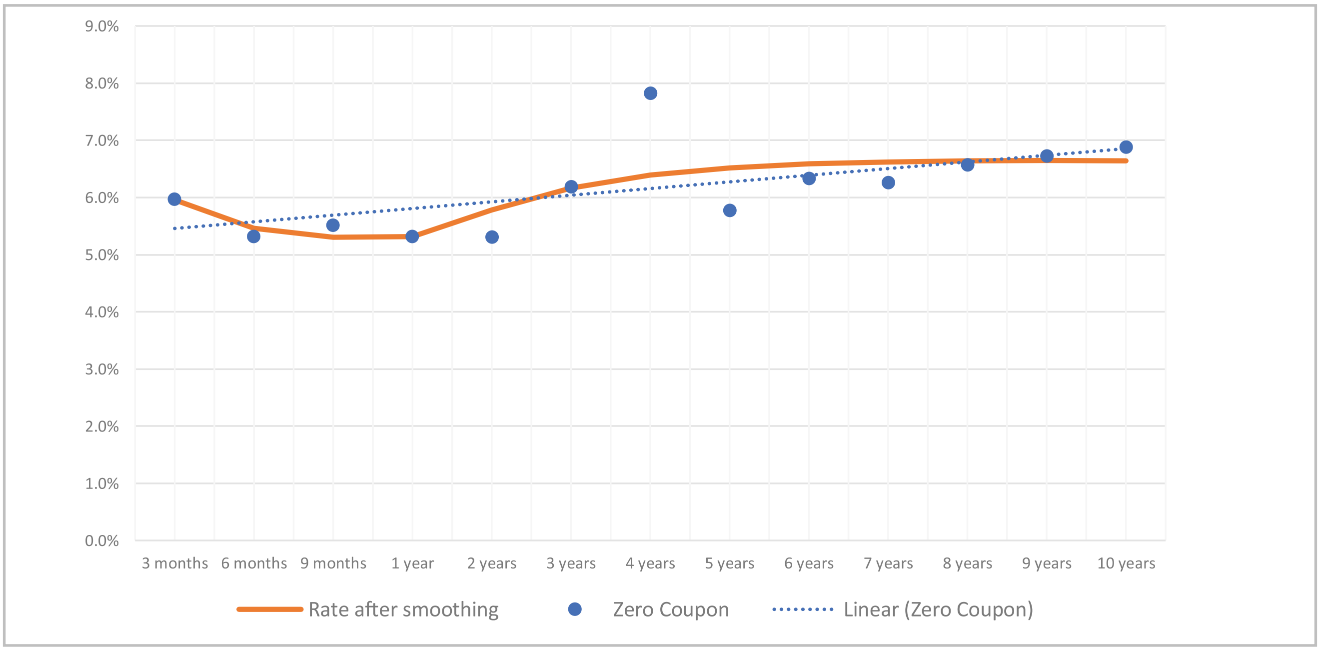
	2015	2016	2017	2018	2019	2020
Foreign currency debt	33.7	36.2	69.8	45.9	74.3	121.1
Principal	23.3	24.3	51.8	28.8	41.7	50.5
Interests	10.3	11.9	18	17.2	32.6	70.6
Debt in local currency	293.6	265.6	381.4	672.1	572.7	483.0
Principal	263	212.2	293.1	560.7	465.9	377.2
Interests	30.5	51.4	88.4	111.4	106.8	105.7
Service of the public debt	327.2	299.8	451.3	718.0	647.0	604.0
Principal	286.3	236.5	344.9	589.5	507.6	427.8
Interests	40.8	63.3	106.4	128.5	139.4	176.3

Source: CAA Debt Management Report

An analysis of the yield curve as at 23 April 2021 shows that the one-year zero-coupon rate was 5.30 %, the same level as at 31 December 2020. After smoothing, it was still 5.3 % on 23 April 2021. At 31 December 2020, the 4-year zero-coupon rate was the highest, at 7.8%. This rate remained at the same value on April 23, 2021.

The following figures show the yield curves[40] at the end of December 2020 and at April 23, 2021.

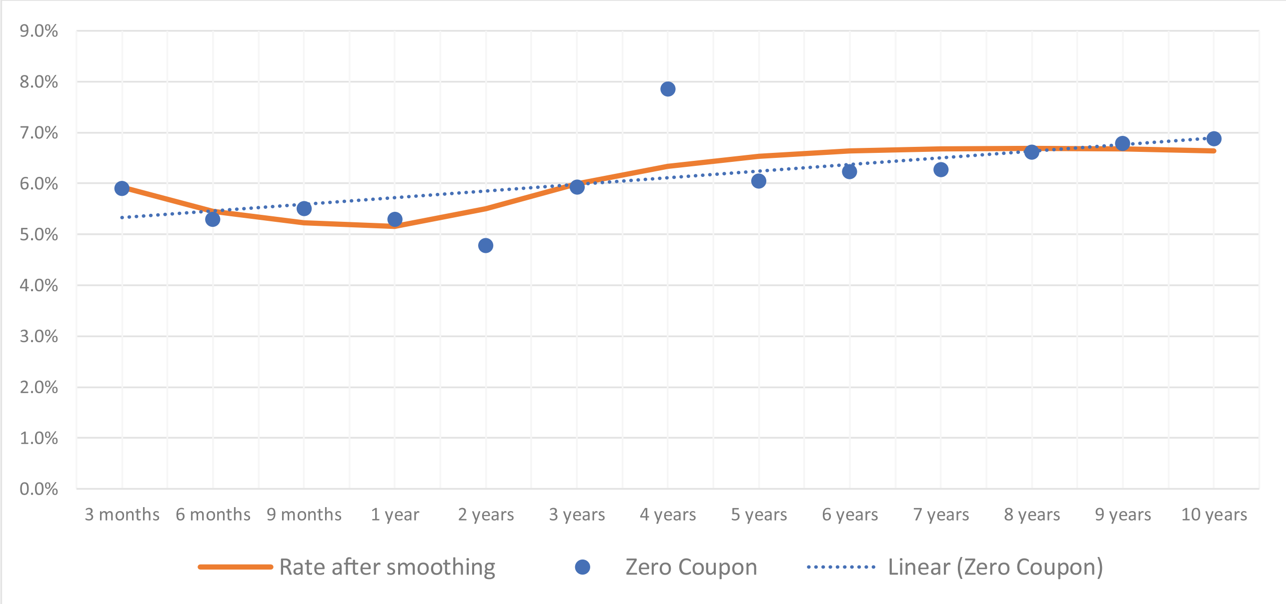
Figure 20. Rate curve at December 31, 2020



Source: UMOA-Titres

[40] A yield curve shows the yield offered for an issuer's debt securities at different maturities.

Figure 21. Rate curve as of April 23, 2021



Source: UMOA-Titres

9.2. Debt Strategy and Sustainability

9.2.1. Description of the strategy

The medium-term debt management strategy contributes to the rationalization and efficiency of borrowing resources. The International Monetary Fund (IMF) and the World Bank have jointly developed a tool to help 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 appended to the budget law. The preparation of this document is a response to the need for a reference framework for better public debt management.

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

- The State's financing needs and the timely payment of its obligations are met at the lowest possible cost in the medium and long term;
- The risk associated with the public debt portfolio is maintained at a prudent level;
- The debt sustainability and viability indicators are below the defined thresholds;
- The development of government securities markets is promoted.

In line with the above objectives, the general recommendations for public debt strategy will be guided by the following guidelines:

- Give priority to the mobilization of concessional external loans and the issuance of public securities to cover the State's financing needs;
- Limit the exposure of the public debt portfolio to market risks. In this context, priority is given to fixed-interest loans; recourse to variable-interest loans may only be authorized in exceptional cases.

The Government will also ensure that it maintains a diversified foreign currency debt portfolio.

Analysis of the public debt repayment profile shows that more than half (53.84%) of the debt stock at the end of 2020 matures over the next five years (2021-2025). The refinancing risk is mainly related to the repayment of public securities. These public securities represent 72.38% of the 2021 repayments. The State's borrowing decisions in 2021 will be based on the medium-term debt strategy, the objective of which is to improve the repayment profile of the public debt by prioritizing Treasury bonds with increasingly longer maturities. In fact, the 2021 borrowing plan provides for a reduction in external financing in favor of domestic financing with a dominance of long maturity public securities whose repayment dates do not fall in the peak years (2021, 2023 and 2025).

For the implementation of the 2020-2024 MTDS in 2021, the government will maintain its proactive management approach and selective choice of the most competitive and attractive financing mechanisms and tools (in terms of duration, rate and currency). Benin will continue its strategy of diversifying its sources of financing while further strengthening its relations with its traditional donors. Benin will continue to meet its debt service commitments to all its donors and partners on time. The transparency dynamic implemented in recent years will be maintained and strengthened through the periodic publication of debt statistics on the appropriate channels.

On the external front, the effort undertaken in the search for concessional and quasi-concessional resources will be continued in order to reduce the refinancing and interest rate risk without increasing the debt cost, and priority will be given to loans denominated in euros. Benin's preferred partners will be traditional multilateral and bilateral creditors such as the International Development Association (IDA), the African Development Fund (ADF), China, the French Development Agency (AFD), etc. The Government will work to continue diversifying its sources of financing by resorting to international commercial banks while giving priority to stable currencies, in a context of scarce concessional resources. As part of improving the structure of its debt portfolio, Benin could carry out new reprofiling operations with a view to extending the maturity and reducing the cost of the portfolio. Benin will remain open and attentive to changes in bond market conditions (international and regional) and will position itself for issues of securities (regional/Eurobond) on the most attractive terms.

On the domestic front, the government will continue its policy of extending the maturity of public securities in order to reduce the refinancing risk of the public debt portfolio. The government will also use the West African Development Bank (BOAD) and local banks to finance development projects.

In terms of potential targets for the cost and risk indicators of the debt portfolio for the year 2021, it is expected that the share of external debt in the public debt portfolio will be between 55% and 60%. The share of the debt maturing within one year is expected to be in the range of 10% to 13% of the total debt. It is therefore envisaged that the external debt service to budget revenue liquidity ratio will be maintained in the range of 9% to 13%. The public debt ceiling for the year 2021 (total amount of new commitments of the State towards donors) would be established at CFAF 1,528.13 billion, or 16.12% of GDP. The total amount of projected drawings on project loans would be CFAF 226.81 billion in 2021, of which CFAF 146.60 billion would be for external financing and CFAF 80.21 billion for financing obtained from BOAD and local banks.

In line with the macroeconomic assumptions made and the debt strategy defined, Benin's risk of debt distress would remain moderate. Indeed, according to the assumptions of the debt sustainability analysis, the risk of exceeding the thresholds could occur only in the event of the most extreme shock scenario. Under the most extreme shock assumptions, a probability of overshooting could occur in 2022 with respect to the Present Value of debt (PV) to exports ratio, which is the most relevant indicator.

However, such an occurrence is not reasonably to be feared. The debt service/exports ratio would remain below its threshold in the baseline scenario. The most extreme shock scenario shows a probability of exceeding the threshold in 2024. The debt service/revenue ratio would remain below its threshold in the baseline scenario. The most extreme shock scenario shows a probability of exceedance in 2024. In all cases, the PV/GDP ratio would remain well below its 40% reference point, reflecting the positive effects of the rebasing operations on the one hand and of debt control on the other.

9.2.2. Sustainability of Benin's public debt

The Debt Sustainability Framework (DSF) analyses both external debt and total public sector debt. A discount rate of 5% is used to calculate the present value of external 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 as well as guarantees issued by the central government. The DSA classifies external and domestic debt according to the currency criterion, allowing for a better analysis of the structure of public debt.

The December 2020 joint Benin/IMF staff debt sustainability analysis (DSA) shows that Benin is at moderate risk of external and overall public debt distress. This assessment is unchanged from the December 2019 and May 2020 DSAs.

All but one of the public external debt indicators remain below the thresholds in the baseline scenario. A temporary overshoot (two years) is observed in the case of the debt service/turnover ratio in 2024 and 2025. This is mainly due to the repayment of the Eurobond from 2024. Indeed, the PV of total external debt to GDP is expected to stabilize at about 18.9% of GDP on average over 2021-2025, reaching 4.9% of GDP in 2040. It would remain below the 40% of GDP threshold throughout the projection period.

Debt service to revenue, debt service to exports and PV of external debt to exports exceed their thresholds in case of a shock, implying a moderate risk of debt distress. For the PV of external debt to exports ratio, it exceeds its threshold in 2022-27 in the event of an export shock. Similarly, the ratio of debt service to exports exceeds its threshold from 2024 onwards in the event of a shock to exports or a combination of shocks. As for the debt service to income ratio, it exceeds its threshold in 2024-2026 for all shocks. This is mainly due to the repayment of the Eurobond in 2024-2026.

Table 56. DSF debt thresholds and benchmarks

	PV of the debt external (%)		External debt service (%)		PV of total public debt (%)
	GDP	Exports	Exports	Recipes	GDP
Average policy *	**40**	**180**	**15**	**18**	**55W**
2019	18.6	76.4	5	9.4	36
2020	20.7	112	6.8	11.1	39.5
2021	19.5	89.8	6.1	11.5	40.1
2022	19.5	83.5	5.7	10.9	39.5
2023	19.4	84.3	5.7	10.3	38.2
2024	18.4	80.6	11.3	19.9	36.6
2025	17.5	76.9	11	19.1	35.1
2030	11.4	49.9	7.4	11.8	26.8
2040	4.9	21.6	2.8	4.2	20.8

Source: IMF Country Report No. 21/14, January 2021

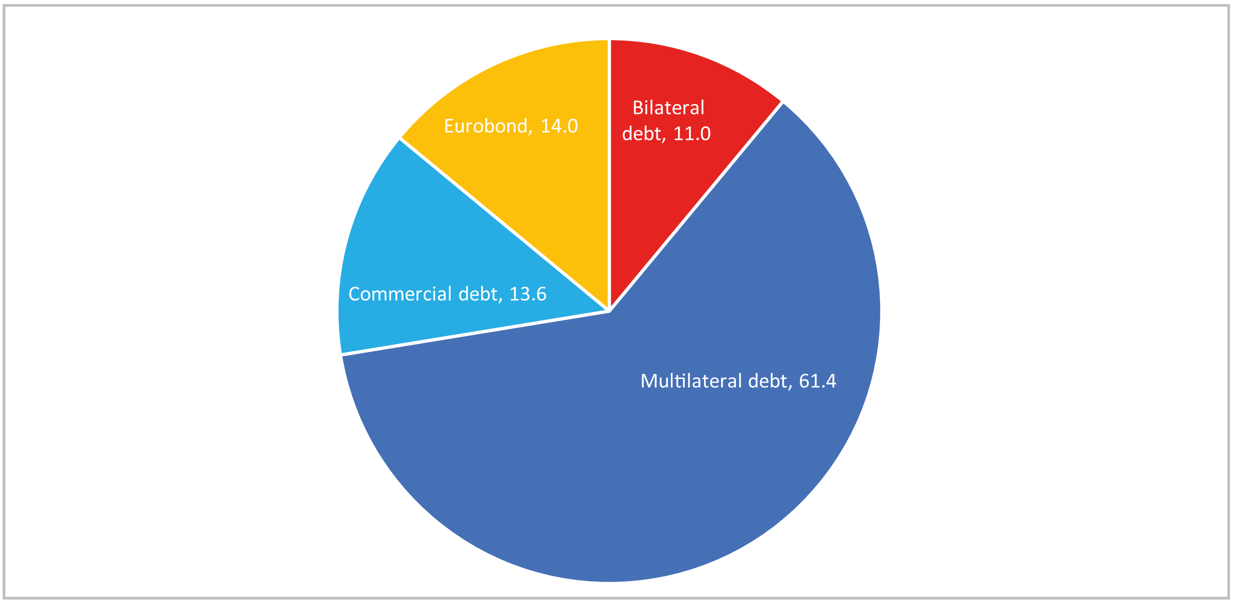
Overall public debt indicators (external plus domestic) remain below their thresholds in both the baseline scenario and the sensitivity analyses. The overall risk of debt distress remains moderate. The moderate risk of external debt to GDP drives the moderate risk of total debt. Other vulnerabilities include: the higher uncertainty surrounding projections in the context of the COVID-19 pandemic; the rapid increase in domestic debt in recent years; the relatively high ratio of debt service to revenue; the potential for contingent liabilities related to State-owned enterprises; and revenue losses induced by the effect of COVID-19 on economic activity.

9.3. External debt

9.3.1. Holders

Benin's external public debt is composed of multilateral, bilateral, commercial and Eurobond debt. As of December 31, 2020, outstanding public debt is made up of 61.4% multilateral debt, 13.6% commercial debt, 14.0% Eurobonds and 11.0% bilateral debt. As a reminder, in 2019, the public debt stock was made up of 57.0% multilateral debt, 16.2% Eurobonds, 14.7% commercial debt and 12.1% bilateral debt. The share of multilateral debt thus increased by 4.4 points.

Figure 22. Breakdown of external debt stock by holder in 2020



Source: CAA

The breakdown of multilateral debt by donors as at 31 December 2020 shows that the World Bank Group, particularly the International Development Association (IDA), has the largest share, at 29.0 percent of total external debt. IDA is followed by the African Development Fund (ADF) with 11.4 percent of total external debt. On the bilateral side, China is the largest creditor with a share of 7.3 percent of total external debt.

Table 57. Outstanding external debt by holder at 31 December 2020

	Total debt (billions of CFAF)	Expressed as a % of total external debt*.	Expressed as a % of nominal GDP
Total external debt	**2339.7**	**100.0**	**26.0**
Bilateral	**257.7**	**11.0**	**2.9**
Of which China	170.9	7.3	1.9
Of which other	86.9	3.7	1.0
Multilateral	**1436.8**	**61.4**	**15.9**
Of which World Bank - IDA	678.4	29.0	7.5
Of which ADB (ADF)	265.9	11.4	3.0
Of which other	492.4	21.1	5.5
Commercial	**317.1**	**13.6**	**3.5**
Eurobonds	**328.0**	**14.0**	**3.6**

Source: CAA Statistical debt bulletin as of December 31, 2020. Calculated on the basis of breakdown and total external debt

9.3.2. Status of external debt payments

In order to support African countries in their response to Covid-19, the G20 countries have decided on a moratorium on debt service payments by African countries to G20 countries through the Debt Service Suspension Initiative (DSSI). Benin, while welcoming the initiative, and with a view to preserving the country's credit quality, reassuring investors and guaranteeing access to capital markets, has decided not to take part in the DSSI. In line with its position, Benin has endeavored during the year to honor all its debt maturities in accordance with the projected repayment schedule.

External debt service comprises principal and interest plus fees. It evolved erratically during the period under review. At the end of 2020, debt service amounted to CFAF 121.1 billion against CFAF 74.3 billion a year earlier, representing an increase of 62.9%, which was due to the debt principal, interest and commissions. The principal in 2020 recorded an increase of 21.1% to CFAF 50.5 billion against CFAF 41.7 billion in 2019. Interest plus commission more than doubled (+116.4%) to CFAF 70.6 billion against CFAF 32.6 billion a year earlier.

Table 58. Detailed view of external debt payment

	Creditors	bilateral official	Multilateral creditors	Trade payables	TOTAL
2015	**P**	10.9	12.4	-	**23.3**
	IC	2.7	7.6	-	**10.3**
	Total	13.6	20	-	**33.6**
2016	**P**	11.3	13	-	**24.3**
	IC	2.9	9	-	**11.9**
	Total	14.2	22	-	**36.2**
2017	**P**	7.2	44.6	-	**51.8**
	IC	5.1	13	-	**18**
	Total	12.3	57.6	-	**69.8**
2018	**P**	7.5	21.2	-	**28.8**
	IC	5.6	11.5	-	**17.1**
	Total	13.2	32.7	-	**45.9**

2019	P	10.7	31	-	**41.7**
	IC	12.7	19.9	-	**32.6**
	Total	23.4	50.9	-	**74.3**
2020	P	6.6	25.2	18.7	**50.5**
	IC	7.9	14.2	48.4	**70.6**
	Total	14.6	39.4	67.1	**121.1**

Source: CAA. Statistical Bulletin

9.3.3. Debt currencies

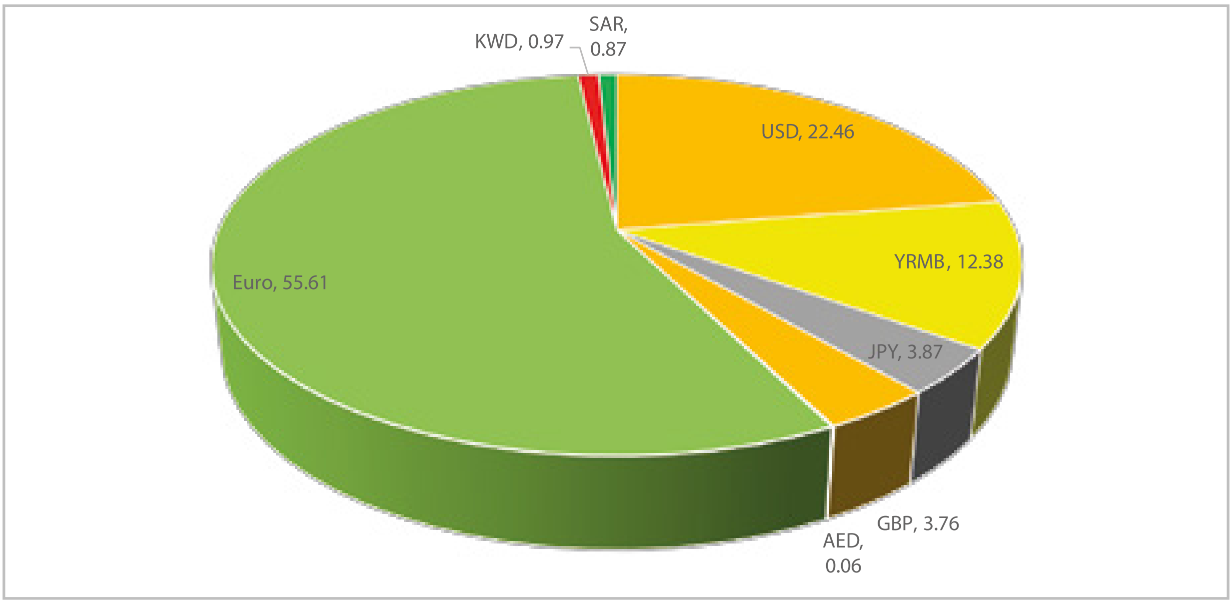
External debt is issued in several currencies, with a larger proportion in euros (55.59%), US dollars (22.31%) and YRMB (11.91%) at 31 December 2020. Because the CFA franc is pegged to the euro, euro-denominated debt is not exposed to exchange rate fluctuations. With dollar, the external debt portfolio remains highly exposed to exchange rate risk.

Table 59. Detailed view of foreign currency debt as at 31 December 2020

Currency	Total debt originally denominated in this currency** (in thousands of dollars)	CFAF exchange rate as of December 31, 2020	Total debt in billions of CFA francs	Exchange rate in EUR at 31 December 2020* (in EUR)	Total debt expressed in EUR	Distribution of debt by currency [41]
EUR	1 983 352 643.45	655.96	1 301.00	1.00	1 983 352 643.45	55.59
USD	982 703 814.51	534.80	525.55	0.81	795 990 089.75	22.31
YRMB	3 539 589 442.82	81.84	289.68	0.12	424 750 733.14	11.91
JPY	16 847 583 643.12	5.38	90.64	0.01	168 475 836.43	4.72
GBP	114 177 875.20	770.99	88.03	1.11	126 737 441.47	3.55
AED	10 438 126.63	145.62	1.52	0.22	2 296 387.86	0.06
KWD	12 932 086.68	1 761.51	22.78	2.68	34 657 992.29	0.97
SAR	143 398 078.68	142.61	20.45	0.22	31 547 577.31	0.88

Source: CAA *fxtop,com/en/history-exchange-rates, php ** authors' calculations based on distribution and total external debt

Figure 23. Breakdown of external debt by currency at 31 December 2020



Source: CAA

[41] Pending the availability of end-December data on the distribution of external debt, data as at 30 September have been used on the assumption that these data are not likely to change significantly

9.4. Domestic debt

9.4.1. Situation as at 31 December 2020

Domestic debt is dominated by government securities (Treasury bills and bonds), which account for 82.8 percent of outstanding domestic debt, compared with 17.2 percent for bank financing. Treasury bills and bonds stood at 1505.4 in 2020 and represented 16.7% of GDP. Bank loans stood at CFAF 311.8 billion, representing 3.5% of GDP.

Table 60. Detailed view of domestic debt as at 31 December 2020

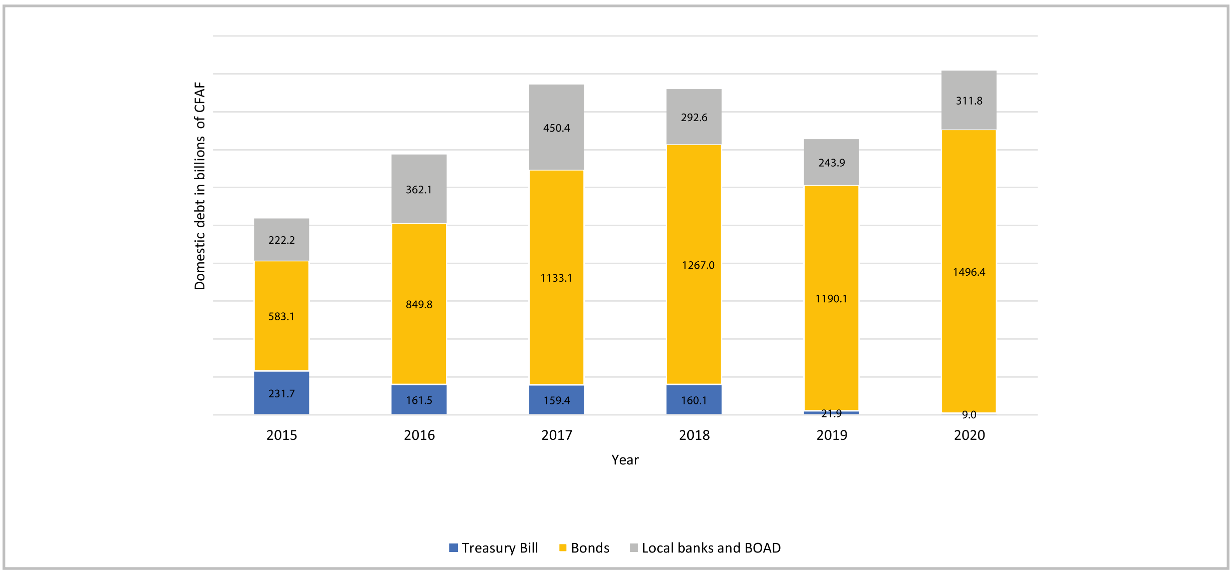
	Domestic debt in value (billions of CFA francs)	Domestic debt as a % of total domestic debt	Domestic debt as % of nominal GDP 2020
Total domestic debt	1817.2	100.0	20.2
Safety features	1505.4	82.8	16.7
Treasury bills	9.0	0.5	0.1
OAT	1496.4	82.3	16.6
Bank loan	311.8	17.2	3.5
Local commercial banks and BOAD	311.8	17.2	3.5

Source: CAA

9.4.2. Composition of the domestic debt

An analysis of the composition of Benin's domestic public debt shows that bond issues predominated throughout the period under review. Borrowing is followed by loans from local banks and BOAD. In 2020, bond issues recorded an increase of 25.7% compared to their level in 2019 to stand at CFAF 1,496.4 billion. It is important to note that Benin's economy was also resilient in the face of the coronavirus pandemic thanks to the Public Securities Market in view of the amount mobilized in 2020, including CFAF 532 billion of covid-19 bonds.

Figure 24. Outstanding domestic debt by type of instrument



Source: CAA, Debt Statistics Bulletin

Bank loans are the second largest component of domestic debt. Like Treasury bonds, bank loans had grown faster between 2015 and 2017 before declining from 2018. The said loans came out at CFAF 243.9 billion in 2019 against CFAF 292.6 billion in 2018, a decline of 16.6%. In 2020, there was an increase in bank loans of 27.8%. Following bank loans, treasury bills which recorded a considerable drop of 58.8% compared to 2019, to stand at CFAF 9.04 billion in 2020.

9.4.3. Status of domestic debt payments

Domestic debt servicing in 2020 amounted to CFAF 483.0 billion against CFAF 572.7 billion in 2019, representing a decline of 15.7%. This level of debt service is induced by the principal which stood at CFAF 377.2 billion in 2020 against CFAF 465.9 billion in 2019, representing a decline of 19.0%. Debt service also recorded a slight decline of 1.0% to CFAF 105.7 billion in 2020 against CFAF 106.8 billion a year earlier.

Table 61. Detailed view of domestic debt payments

	Creditors	Banking Sector	Non-banking sectors	TOTAL
2015	P	10.7	252.0	**263.0**
	IC	7.2	23.3	**30.5**
	Total	17.8	275.6	**293.6**
2016	P	12.2	200.0	**212.2**
	IC	9.7	41.7	**51.4**
	Total	219.1	241.7	**263.6**
2017	P	22.8	270.2	**293.1**
	IC	23.0	65.3	**88.4**
	Total	45.8	335.5	**381.4**
2018	P	216.8	344.0	**560.7**
	IC	29.0	82.3	**111.4**
	Total	245.8	426.3	**672.1**
2019	P	59.4	406.5	**465.9**
	IC	22.3	84.5	**106.8**
	Total	81.7	491.0	**572.7**
2020	P	69.2	308.0	**377.2**
	IC	23.6	82.1	**105.7**
	Total	92.8	390.2	**483.0**

Source: CAA

In terms of creditor, debt service paid to the non-banking sector accounted for 80.8 percent of domestic debt service in 2020 compared to 85.7 percent in 2019. In terms of change, service paid to the non-banking sectors was down 20.5 percent in 2020 from its 2019 level.

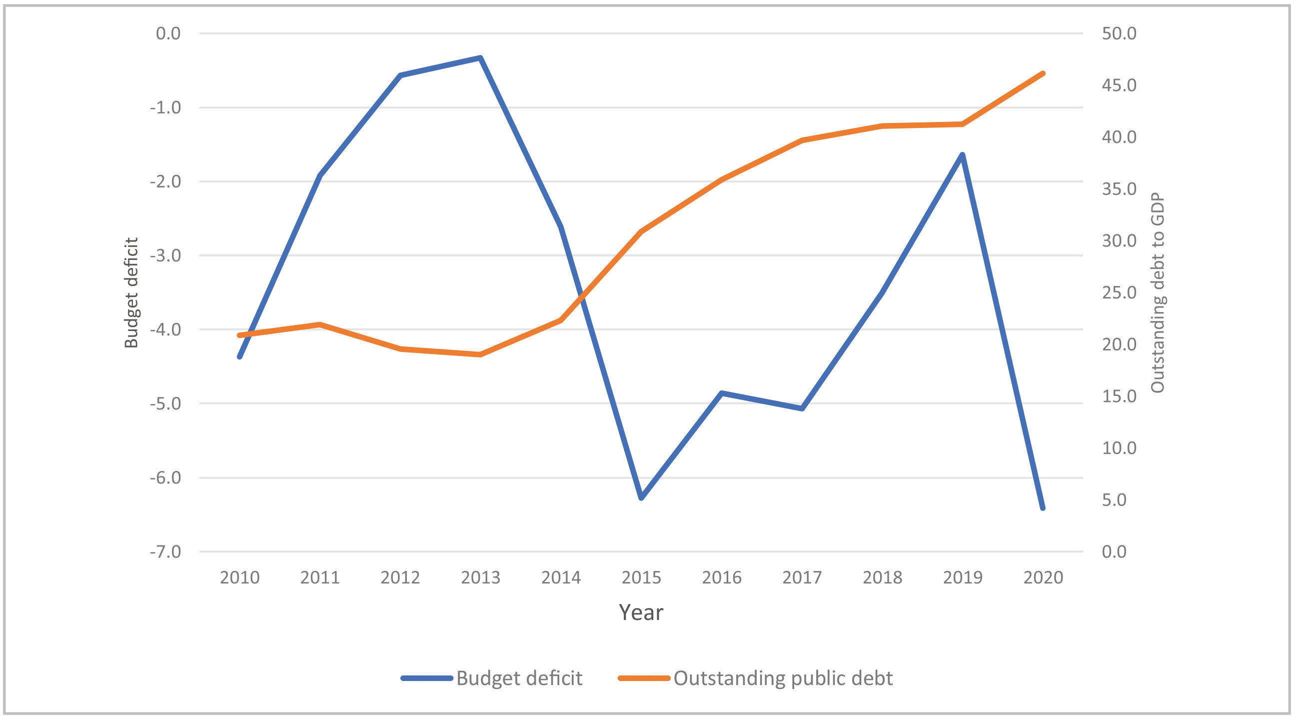
As for the service paid to the banking sector, it accounted for 19.2 percent in 2020 compared to 14.3 percent in 2019. In terms of change, it recorded an increase of 13.6% in 2020 compared to its 2019 level.

9.5. Viability and sustainability

The budget deficit, excluding grants, increased in 2015 to 6.3 percent of GDP from 2.6 percent in 2014. From 2016 onwards, there was a gradual improvement in the budget deficit, which stood at 1.6 percent in 2019. In 2020, as a result of the Covid-19 pandemic, which led to a slowdown in the rate of tax revenue mobilization, coupled with an increase in public expenditure to finance the health response, the budget deficit excluding grants deteriorated to 6.4%.

Since 2016, the outstanding debt to GDP ratio has risen moderately, from 35.9% in 2016 to 41.2% in 2019, as a result of the resource mobilization options and the satisfactory progress of the projects financed. In 2020, in connection with the financing of projects included in the PAG on the one hand and the response to the Covid-19 pandemic on the other, the debt ratio recorded an increase of 4.9 percentage points compared to 2019, standing at 46.1%. Despite this increase, the debt stock remained well below the WAEMU threshold of 70%.

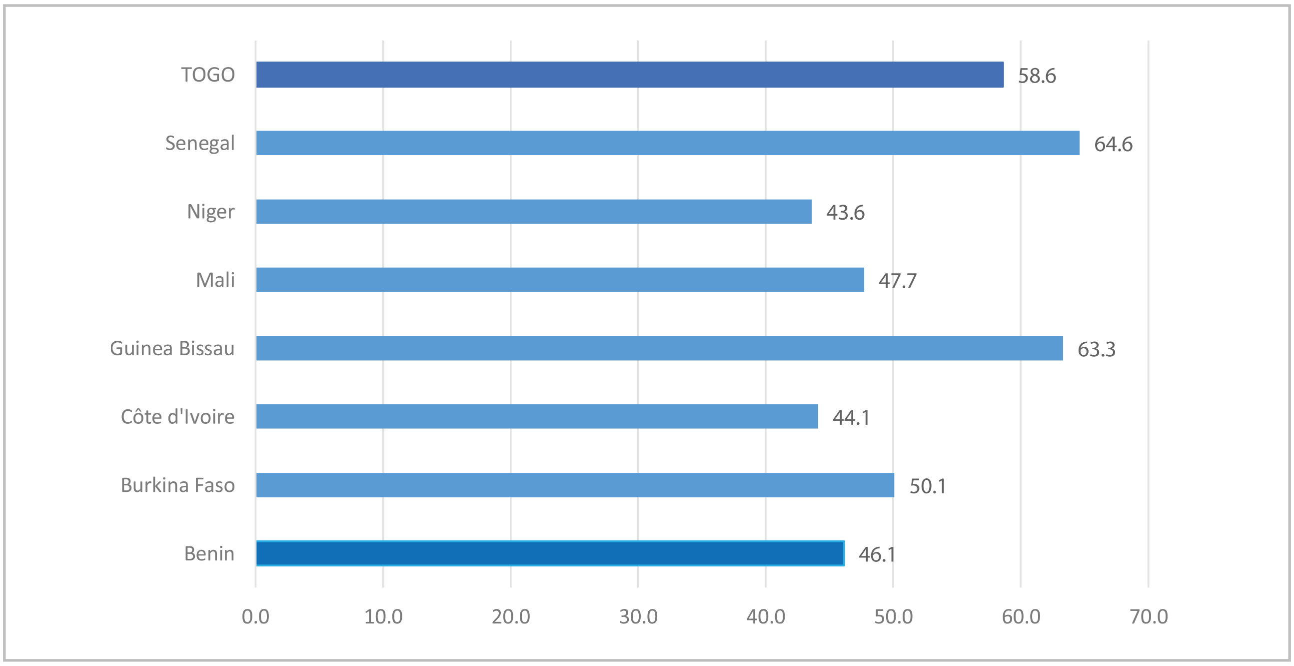
Figure 25. Budget deficit excluding grants and debt stock on GDP



Source: DGAE

In 2020, Benin is the third least indebted country in the WAEMU after Côte d'Ivoire and Niger.

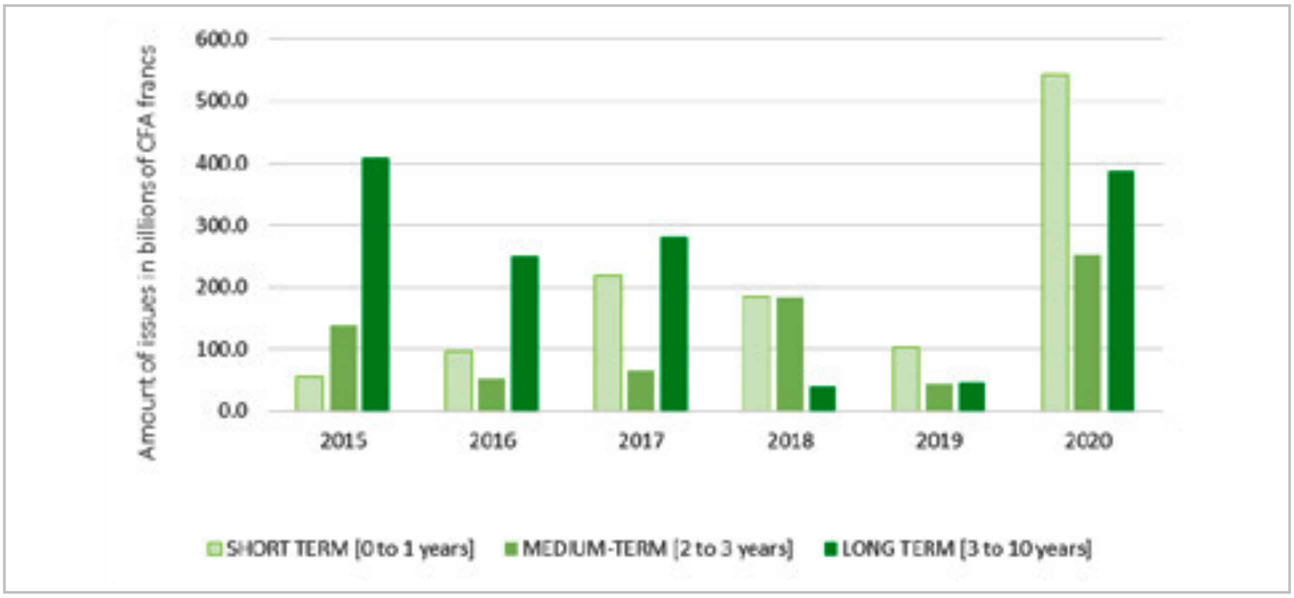
Figure 26. Level of general government debt in the 8 WAEMU countries in 2020 (% of GDP)



Source: WAEMU

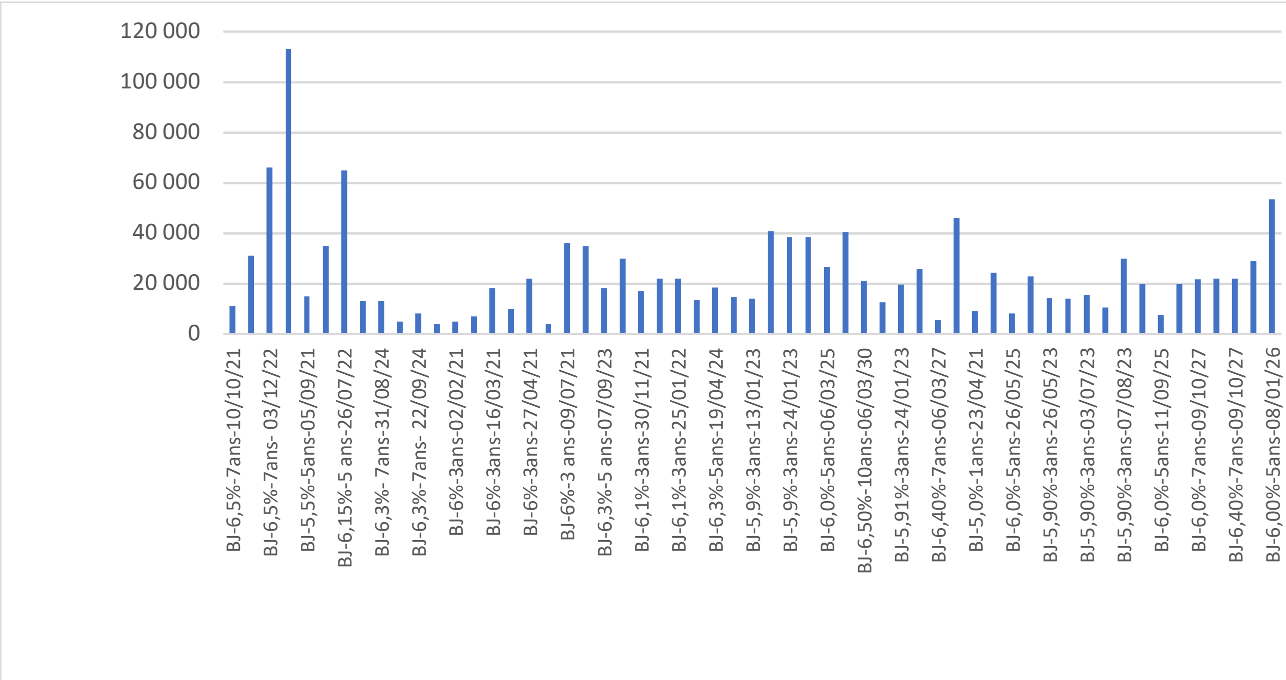
10.1. Details of the country's issues from 2015 to 2020

Figure 27. Short, medium and long-term bond issues



Source: UMOA-Titres

Figure 28. Outstanding securities by maturity as at 28 April 2021 (millions CFAF)



Source: UMOA-Titres

Table 62. Details of Benin's issues from 2015 to 26 April 2021

Instrument	Details	Date of operation	Value date	Deadline	Maturity (months)	Deferred (year)	Amount (millions of CFAF)	Amount withheld (millions of CFAF)	ISIN	TMP (%)	RMP
T-BOND		07/01/2021	08/01/2021	08/01/2024	36	--	75000	29041.5	BJ0000001533	--	5.88
T-BOND		07/01/2021	08/01/2021	08/01/2026	60	--	75000	53458.5	BJ0000001541	--	6.08
T-BILL	COVID-19 vouchers	02/12/2020	03/12/2020	30/12/2020	1	--	133000	133 000	BJ0000001525	2.3536	2.36
T-BOND		19/11/2020	20/11/2020	09/10/2025	60	--	20000	--	BJ0000001491	--	--
T-BOND		19/11/2020	20/11/2020	09/10/2027	84	--	20000	22 000	BJ0000001509	--	6.39
T-BILL	COVID-19 vouchers	04/11/2020	05/11/2020	02/12/2020	1	--	133000	133 000	BJ0000001517	2.5431	2.55
T-BOND		22/10/2020	23/10/2020	09/10/2025	60	--	20000	--	BJ0000001491	--	--
T-BOND		22/10/2020	23/10/2020	09/10/2027	84	--	20000	22 000	BJ0000001509	--	6.4
T-BOND		08/10/2020	09/10/2020	09/10/2025	60	--	20000	--	BJ0000001491	--	--
T-BOND		08/10/2020	09/10/2020	09/10/2027	84	--	20000	21 761	BJ0000001509	--	6.4
T-BOND		10/09/2020	11/09/2020	03/07/2025	60	--	25000	7 572	BJ0000001400	--	6.11
T-BOND		10/09/2020	11/09/2020	26/05/2027	84	--	25000	19 928	BJ0000001384	--	6.5
T-BOND		20/08/2020	21/08/2020	07/08/2023	36	--	20000	20 000	BJ0000001434	--	6.14
T-BOND	Bond redemption	06/08/2020	07/08/2020	18/12/2020	60	--	27500	3 500	B600632E2	--	6.13
T-BOND		06/08/2020	07/08/2020	07/08/2023	36	--	30000	30 000	BJ0000001434	--	6.38
T-BILL	COVID-19 vouchers	30/07/2020	06/08/2020	04/11/2020	3	--	133000	133 000	BJ0000001426	2.2081	2.22
T-BOND		02/07/2020	03/07/2020	03/07/2023	36	--	25000	15 415	BJ0000001392	--	6.44
T-BOND		02/07/2020	03/07/2020	03/07/2025	60	--	25000	10 585	BJ0000001400	--	6.57
T-BOND		04/06/2020	05/06/2020	26/05/2023	36	--	30000	14 260	BJ0000001368	--	6.08
T-BOND		04/06/2020	05/06/2020	26/05/2025	60	--	30000	--	BJ0000001376	--	--
T-BOND		04/06/2020	05/06/2020	26/05/2027	84	--	30000	13 982	BJ0000001384	--	6.7
T-BOND		22/05/2020	26/05/2020	26/05/2023	36	--	50000	24 302	BJ0000001368	--	6.05
T-BOND		22/05/2020	26/05/2020	26/05/2025	60	--	50000	7 998	BJ0000001376	--	6.13
T-BOND		22/05/2020	26/05/2020	26/05/2027	84	--	50000	22 700	BJ0000001384	--	6.7
T-BILL	COVID-19 vouchers	06/05/2020	07/05/2020	05/08/2020	3	--	130000	133 000	BJ0000001350	3.1095	3.13
T-BILL		23/04/2020	24/04/2020	22/04/2021	12	--	50000	9 044	BJ0000001335	4.9968	5.26
T-BOND		23/04/2020	24/04/2020	24/04/2023	36	--	50000	45 956	BJ0000001343	--	6.61
T-BOND		02/04/2020	03/04/2020	06/03/2025	60	--	70000	25 743	BJ0000001301	--	6.49
T-BOND		02/04/2020	03/04/2020	06/03/2027	84	--	70000	5 543	BJ0000001319	--	6.75
T-BOND		02/04/2020	03/04/2020	06/03/2030	120	--	70000	12 597	BJ0000001327	--	6.75
T-BOND		19/03/2020	20/03/2020	24/01/2023	36	--	30000	19 503	BJ0000001285	--	5.91
T-BOND		19/03/2020	20/03/2020	06/03/2025	60	--	30000	10 497	BJ0000001301	--	6.64
T-BOND		05/03/2020	06/03/2020	06/03/2025	60	--	80000	26 642	BJ0000001301	--	6.2
T-BOND		05/03/2020	06/03/2020	06/03/2027	84	--	80000	40 448	BJ0000001319	--	6.61
T-BOND		05/03/2020	06/03/2020	06/03/2030	120	--	80000	20 910	BJ0000001327	--	6.7
T-BOND		06/02/2020	07/02/2020	07/02/2025	60	--	35000	38 500	BJ0000001293	--	6.25
T-BOND		23/01/2020	24/01/2020	24/01/2023	36	--	35000	38 500	BJ0000001285	--	5.93
T-BOND		09/01/2020	13/01/2020	13/01/2023	36	--	50000	14 136	BJ0000001269	--	5.89
T-BOND		09/01/2020	13/01/2020	13/01/2025	60	--	50000	40 864	BJ0000001277	--	6.13
T-BILL		13/06/2019	14/06/2019	12/09/2019	3	--	25000	26646	BJ0000001251	5.6957	5.7789
T-BILL		16/05/2019	17/05/2019	14/11/2019	6	--	25000	27500	BJ0000001244	5.0652	5.1983
T-BOND		18/04/2019	19/04/2019	19/04/2024	60	--	30000	18447.44	BJ0000001228	--	6.7698
T-BOND		18/04/2019	19/04/2019	19/04/2026	84	5	30000	14552.56	BJ0000001236	--	7.063
T-BOND		07/03/2019	08/03/2019	08/03/2024	60	--	15000	13319.99	BJ0000001210	--	6.9913
T-BILL		21/02/2019	22/02/2019	22/08/2019	6	--	25000	25000	BJ0000001202	6.103	6.3
T-BOND		07/02/2019	08/02/2019	25/01/2022	36	--	20000	22000	BJ0000001194	--	6.9907
T-BOND		24/01/2019	25/01/2019	25/01/2022	36	--	20000	22000	BJ0000001194	--	7.1829
T-BILL		09/01/2019	11/01/2019	09/01/2020	12	--	20000	21947	BJ0000001186	6.3099	6.7399
T-BOND		14/12/2018	17/12/2018	11/05/2020	36	--	25000	18991.05	BJ0000000790	--	9.07

T-BOND		29/11/2018	30/11/2018	30/11/2021	36	--	15000	16500	BJ0000001178	--	7.3339
T-BOND		25/10/2018	26/10/2018	19/09/2021	36	--	15000	13322.29	BJ0000001160	--	7.3401
T-BOND		18/09/2018	19/09/2018	19/09/2021	36	--	15000	16500	BJ0000001160	--	7.1952
T-BOND		06/09/2018	07/09/2018	07/09/2021	36	--	50000	35221.11	BJ0000001152	--	7.4556
T-BOND		06/09/2018	07/09/2018	07/09/2023	60	3	50000	18019.17	BJ0000001145	--	7.2195
T-BILL		09/08/2018	10/08/2018	07/02/2019	6	--	25000	27500	BJ0000001111	5.8573	6.0361
T-BILL		10/07/2018	11/07/2018	09/07/2019	12	--	25000	27500	BJ0000001103	6.2861	6.7128
T-BILL		05/07/2018	09/07/2018	07/07/2019	12	--	70000	41114	BJ0000001087	6.1896	6.6028
T-BOND		05/07/2018	09/07/2018	09/07/2021	36	--	70000	35885.38	BJ0000001095	--	7.4856
T-BILL		21/06/2018	22/06/2018	20/06/2019	12	--	20000	22000	BJ0000001079	6.0822	6.4808
T-BOND		24/05/2018	25/05/2018	16/03/2021	36	--	20000	9638.7	BJ0000001004	--	7.705
T-BOND		26/04/2018	27/04/2018	27/04/2021	36	--	25000	21916.73	BJ0000001046	--	7.37
T-BOND		26/04/2018	27/04/2018	27/04/2023	60	--	25000	3934.47	BJ0000001053	--	7.0647
T-BILL		13/04/2018	16/04/2018	15/04/2019	12	--	20000	22000	BJ0000001038	6.2629	6.6876
T-BILL		29/03/2018	30/03/2018	28/06/2018	3	--	20000	22000	BJ0000001020	6.3758	6.4802
T-BOND		15/03/2018	16/03/2018	16/03/2021	36	--	35000	8109.84	BJ0000001004	--	7.6777
T-BOND		15/03/2018	16/03/2018	16/03/2023	60	--	35000	10228	BJ0000001012	--	7.6837
T-BOND		15/02/2018	16/02/2018	02/02/2021	36	--	15000	6838.32	BJ0000000998	--	7.226
T-BOND		01/02/2018	02/02/2018	02/02/2021	36	--	15000	5003.57	BJ0000000998	--	6.89
T-BILL		11/01/2018	12/01/2018	10/01/2019	12	--	20000	19998	BJ0000000980	6.3381	6.7721
T-BILL		20/12/2017	21/12/2017	07/06/2018	6	--	35000	0	BJ0000000964	0	0
T-BOND		20/12/2017	21/12/2017	08/12/2020	36	--	35000	0	BJ0000000972	--	0
T-BILL		07/12/2017	08/12/2017	07/06/2018	6	--	35000	9855	BJ0000000964	5.9864	6.1732
T-BOND		07/12/2017	08/12/2017	08/12/2020	36	--	35000	19152.76	BJ0000000972	--	6.97
T-BILL		09/11/2017	10/11/2017	08/11/2018	12	--	25000	15644	BJ0000000923	6.0137	6.403
T-BOND		18/10/2017	19/10/2017	22/09/2020	36	--	25000	14060	BJ0000000881	--	6.971
T-BILL		09/10/2017	10/10/2017	20/09/2018	12	--	15000	16500	BJ0000000873	5.7052	6.0362
T-BILL		21/09/2017	22/09/2017	20/09/2018	12	--	55000	8847	BJ0000000873	5.5836	5.9177
T-BOND		21/09/2017	22/09/2017	22/09/2020	36	--	55000	2330.04	BJ0000000881	--	6.5322
T-BOND		21/09/2017	22/09/2017	22/09/2022	60	--	55000	5238.5	BJ0000000899	--	6.658
T-BOND		21/09/2017	22/09/2017	22/09/2024	84	--	55000	8349	BJ0000000907	--	6.6944
T-BOND		21/09/2017	22/09/2017	22/09/2027	120	--	55000	4415.5	BJ0000000915	--	6.8066
T-BOND		30/08/2017	31/08/2017	31/08/2020	36	--	25000	2404.44	BJ0000000840	--	6.48
T-BOND		30/08/2017	31/08/2017	31/08/2022	60		25000	12575	BJ0000000865	--	6.86
T-BOND		30/08/2017	31/08/2017	31/08/2024	84	5	25000	12520.56	BJ0000000857	--	6.78
T-BOND		09/08/2017	10/08/2017	10/08/2020	36	--	25000	15634	BJ0000000832	--	6.69
T-BOND		25/07/2017	26/07/2017	26/07/2022	60	--	60000	65430.77	BJ0000000824	--	6.5074
T-BILL		05/07/2017	06/07/2017	04/10/2017	3	--	25000	27500	BJ0000000816	5.7829	5.8687
T-BILL		10/05/2017	11/05/2017	08/11/2017	6	--	35000	5155	BJ0000000774	6.0851	6.2782
T-BILL		10/05/2017	11/05/2017	09/05/2018	12	--	35000	21365	BJ0000000782	6.1531	6.5613
T-BOND		10/05/2017	11/05/2017	11/05/2020	36	--	35000	11980	BJ0000000790	--	7.29
T-BILL		13/04/2017	14/04/2017	12/04/2018	12	--	35000	35000	BJ0000000766	5.9822	6.3673
T-BILL		21/03/2017	22/03/2017	20/06/2017	3	--	25000	14750	BJ0000000741	5.8035	5.8899
T-BILL		21/03/2017	22/03/2017	19/09/2017	6	--	25000	12750	BJ0000000758	5.902	6.0835
T-BILL		02/02/2017	03/02/2017	01/02/2018	12	--	35000	22462	BJ0000000733	6.1824	6.5946
T-BILL		18/01/2017	19/01/2017	17/01/2018	12	--	27000	29700	BJ0000000725	6.1097	6.512
T-BOND		03/11/2016	04/11/2016	14/10/2021	60	3	25000	25000	BJ0000000717	--	6.97
T-BOND		13/10/2016	14/10/2016	14/10/2021	60	3	40000	44000	BJ0000000717	--	6.58
T-BOND		02/09/2016	05/09/2016	05/09/2021	60	3	35000	29547.2	BJ0000000709	--	6.352
T-BILL		19/07/2016	20/07/2016	18/07/2017	12	--	35000	35000	BJ0000000691	5.2854	5.5838
T-BOND		28/06/2016	29/06/2016	29/06/2023	84	3	150000	150000	BJ0000000683	--	6.2162
T-BILL		13/04/2016	14/04/2016	12/04/2017	12	--	30000	33000	BJ0000000675	5.4132	5.7266
T-BOND		15/03/2016	16/03/2016	16/03/2019	36	--	25000	27500	BJ0000000667	--	6.0609

T-BILL		17/02/2016	18/02/2016	15/02/2017	12	--	25000	27500	BJ0000000659	5.3584	5.6653
T-BOND		12/01/2016	13/01/2016	13/01/2019	36	--	25000	25000	BJ0000000642	--	5.6334
T-BOND		17/12/2015	18/12/2015	18/12/2020	60	3	100000	55000	BJ0000000634	--	6.4783
T-BOND		02/12/2015	03/12/2015	03/12/2022	84	2	150000	165000	BJ0000000626	--	6.4849
T-BOND		27/10/2015	28/10/2015	31/07/2020	60	1	30000	33000	BJ0000000618	--	5.8271
T-BOND		30/09/2015	01/10/2015	09/07/2018	36	-	35000	36580	BJ0000000600	--	5.3541
T-BOND		27/08/2015	28/08/2015	31/07/2020	60	1	40000	44000	BJ0000000618	--	5.8395
T-BOND		30/07/2015	31/07/2015	31/07/2020	60	1	30000	33000	BJ0000000618	--	5.8842
T-BOND		08/07/2015	09/07/2015	09/07/2018	36	--	35000	35000	BJ0000000600	--	5.2794
T-BOND		17/06/2015	18/06/2015	19/03/2022	84	2	30000	33000	BJ0000000576	--	6.469
T-BILL		13/05/2015	15/05/2015	11/05/2017	24	--	30000	33000	BJ0000000592	4.9845	5.5432
T-BILL		17/04/2015	20/04/2015	16/04/2017	24	--	30000	33000	BJ0000000584	5.1897	5.7982
T-BOND		18/03/2015	19/03/2015	19/03/2022	84	2	40000	44000	BJ0000000576	--	6.5685
T-BILL		18/02/2015	19/02/2015	17/02/2016	12	--	25000	25000	BJ0000000568	5.5631	5.8947
T-BILL		13/01/2015	14/01/2015	12/01/2016	12	--	30000	30000	BJ0000000550	5.7508	6.1058
T-BILL		23/10/2014	24/10/2014	20/10/2016	24	--	40000	40000	BJ0000000543	6.0786	6.9305
T-BOND		09/10/2014	10/10/2014	10/10/2021	84	2	70000	56715.73	BJ0000000535	--	6.9179
T-BILL		28/08/2014	29/08/2014	27/08/2015	12	--	25000	40000	BJ0000000527	5.9308	6.3091
T-BILL		10/07/2014	11/07/2014	08/07/2016	24	--	40000	40000	BJ0000000519	6.3111	7.2358
T-BILL		19/06/2014	20/06/2014	18/06/2015	12	--	25000	40000	BJ0000000501	5.9601	6.3423
T-BILL		22/05/2014	23/05/2014	21/05/2015	12	--	25000	20985	BJ0000000493	5.6368	5.9775
T-BILL		24/04/2014	25/04/2014	23/04/2015	12	--	30000	46000	BJ0000000485	5.3555	5.6621
T-BILL		20/03/2014	21/03/2014	17/03/2016	24	--	40000	30710	BJ0000000477	5.5476	6.2486
T-BILL		27/02/2014	28/02/2014	26/02/2015	12	--	25000	25000	BJ0000000469	4.8023	5.0474
T-BILL		15/01/2014	16/01/2014	14/01/2015	12	--	30000	30000	BJ0000000451	4.7965	5.041

Source: UMOA-Titres

10.2. Details of outstanding securities as of April 28, 2021

Table 63. Details of outstanding securities as of April 28, 2021

Issuer	Instrument	ISIN	Maturity (years)	Date of issue	RMP	Coupon	Outstanding at the end of year N (millions CFAF)
BENIN	BJ-6.5%-7years-10/10/21	BJ0000000535	7 years	09/10/2014	6.92%		11 000
BENIN	BJ-6.5%-7years-19/03/22	BJ0000000576	7 years	18/03/2015	6.57%		31 000
BENIN	BJ-6.5%-7yr- 03/12/22	BJ0000000626	7 years	02/12/2015	6.48%		66 000
BENIN	BJ-6.1%-7years- 29/06/23	BJ0000000683	7 years	28/06/2016	7.22%		113 000
BENIN	BJ-5.5%-5years-05/09/21	BJ0000000709	5 years	02/09/2016	6.35%		15 000
BENIN	BJ-6%- 5 years-14/10/21	BJ0000000717	5 years	13/10/2016	6.58%		35 000
BENIN	BJ-6.15%-5 years-26/07/22	BJ0000000824	5 years	25/07/2017	6.51%		65 000
BENIN	BJ-6.15%- 5 yrs 31/08/22	BJ0000000865	5 years	30/08/2017	6.86%		13 000
BENIN	BJ-6.3%- 7years-31/08/24	BJ0000000857	7 years	30/08/2017	6.78%		13 000
BENIN	BJ-6.15%- 5 years- 22/09/22	BJ0000000899	5 years	21/09/2017	6.66%		5 000
BENIN	BJ-6.3%-7years- 22/09/24	BJ0000000907	7 years	21/09/2017	6.69%		8 000
BENIN	BJ-6.5%-10 years- 22/09/27	BJ0000000915	10 years	21/09/2017	6.81%		4 000
BENIN	BJ-6%-3yr-02/02/21	BJ0000000998	3 years	01/02/2018	6.89%		5 000
BENIN	BJ-6%-3yr-02/02/21	BJ0000000998	3 years	15/02/2018	7.24%		7 000
BENIN	BJ-6%-3years-16/03/21	BJ0000001004	3 years	15/03/2018	7.68%		18 000
BENIN	BJ-6.15%- 5 years-16/03/23	BJ0000001012	5 years	15/03/2018	7.12%		10 000
BENIN	BJ-6%-3years-27/04/21	BJ0000001046	3 years	26/04/2018	7.37%		22 000
BENIN	BJ-6.15%-5years-27/04/23	BJ0000001053	5 years	26/04/2018	7.06%		4 000
BENIN	BJ-6%-3 years-09/07/21	BJ0000001095	3 years	05/07/2018	7.49%		36 000
BENIN	BJ-6.1%-3years-07/09/21	BJ0000001152	3 years	06/09/2018	7.46%		35 000
BENIN	BJ-6.3%-5 years 07/09/23	BJ0000001145	5 years	06/09/2018	7.22%		18 000
BENIN	BJ-6.1%-3 years-19/09/21	BJ0000001160	3 years	18/09/2018	7.20%		30 000
BENIN	BJ-6.1%-3years-30/11/21	BJ0000001178	3 years	29/11/2018	7.33%		17 000

BENIN	BJ-6.1%-3years-25/01/22	BJ0000001194	3 years	24/01/2019	7.18%		22 000
BENIN	BJ-6.1%-3years-25/01/22	BJ0000001194	3 years	07/02/2019	6.99%		22 000
BENIN	BJ-6.3%-5years-08/03/24	BJ0000001210	5 years	07/03/2019	6.99%		13 320
BENIN	BJ-6.3%-5years-19/04/24	BJ0000001228	5 years	18/04/2019	6.77%		18 447
BENIN	BJ-6.4%-7years-19/04/26	BJ0000001236	7 years	18/04/2019	7.06%		14 553
BENIN	BJ-5.9%-3years-13/01/23	BJ0000001269	3 years	09/01/2020	5.89%		14 136
BENIN	BJ-6.0%-5years-13/01/25	BJ0000001277	5 years	09/01/2020	6.13%		40 864
BENIN	BJ-5.9%-3years-24/01/23	BJ0000001285	3 years	23/01/2020	5.93%		38 500
BENIN	BJ-6.0%-5years-07/02/23	BJ0000001293	5 years	06/02/2020	6.25%		38 500
BENIN	BJ-6.0%-5years-06/03/25	BJ0000001301	5 years	05/03/2020	6.2%		26 642
BENIN	BJ-6.40%-7years-06/03/27	BJ0000001319	7 years	05/03/2020	6.61%		40 448
BENIN	BJ-6.50%-10years-06/03/30	BJ0000001327	10 years	05/03/2020	6.7%		20 910
BENIN	BJ-6.5%-10years-06/03/30	BJ0000001327	10 years	05/03/2020	6.75%		12 597
BENIN	BJ-5.91%-3years-24/01/23	BJ0000001285	3 years	19/03/2020	5.91%		19 503
BENIN	BJ-6.0%-5years-06/03/25	BJ0000001301	5 years	02/04/2020	6.49%		25 743
BENIN	BJ-6.40%-7years-06/03/27	BJ0000001319	7 years	02/04/2020	6.75%		5 543
BENIN	BJ-5.90%-3years-24/04/23	BJ0000001343	3 years	23/04/2020	6.61%		45956
BENIN	BJ-5.0%-1years-23/04/21	BJ0000001335	1 year	23/04/2020	5.26%		9 044
BENIN	BJ-5.90%-3years-26/05/23	BJ0000001368	3 years	22/05/2020	6.05%		24 302
BENIN	BJ-6.0%-5years-26/05/25	BJ0000001376	5 years	22/05/2020	6.13%		7 998
BENIN	BJ-6.40%-7years-26/05/25	BJ0000001384	7 years	22/05/2020	6.7%		22 700
BENIN	BJ-5.90%-3years-26/05/23	BJ0000001368	3 years	04/06/2020	6.08%		14 260
BENIN	BJ-6.40%-7years-26/05/27	BJ0000001384	7 years	04/06/2020	6.7%		13 982
BENIN	BJ-5.90%-3years-03/07/23	BJ0000001392	3 years	02/07/2020	6.44%		15 415
BENIN	BJ-6.0%-5years-03/07/25	BJ0000001400	5 years	02/07/2020	6.57%		10 585
BENIN	BJ-5.90%-3years-07/08/23	BJ0000001434	3 years	06/08/2020	6.38%		30 000
BENIN	BJ-5.90%-3years-07/08/23	BJ0000001434	3 years	20/08/2020	6.14%		20 000
BENIN	BJ-6.0%-5years-11/09/25	BJ0000001400	5 years	10/09/2020	6.11%		7 572
BENIN	BJ-6.40%-7years-26/05/27	BJ0000001384	7 years	10/09/2020	6.5%		19 928
BENIN	BJ-6.0%-7years-09/10/27	BJ0000001509	7 years	08/10/2020	6.4%		21 761
BENIN	BJ-6.40%-7years-09/10/27	BJ0000001509	7 years	22/10/2020	6.4%		22 000
BENIN	BJ-6.40%-7years-09/10/27	BJ0000001509	7 years	19/11/2020	6.39%		22 000
BENIN	BJ-5.90%-3years-08/01/24	BJ0000001533	3 years	08/01/2021	5.88%		29 042
BENIN	BJ-6.00%-5years-08/01/26	BJ0000001541	5 years	08/01/2021	6.08%		53 459

Auction (for public securities): auction of securities issued by the central government. In the WAEMU zone, it is organized by BCEAO and only banks and other regional financial institutions that have accounts at the BCEAO can participate,

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

Public offering: an invitation to tender on the financial market for public securities through an SGI. It is open to all savers,

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

Government borrowing requirement: the overall amount needed to cover the primary budget deficit and the interest and amortization charges associated with the debt,

Treasury bills: short-term public 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 meet in Paris to negotiate debt restructuring agreements with debtor countries experiencing debt service problems,

Bilateral creditors: governments, central banks, agencies and export credit agencies, which 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,

Credit to the economy (CE): all 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 + Government net position (see NGP),

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

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

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

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

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

Domestic public debt: central government borrowing from residents,

Non-concessional debt: debt contracted on market terms,

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

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

Estimates: correspond to semi-final or provisional accounts, based on economic information for a given year. They are generally not exhaustive and/or not fully validated;

Economic projections or forecasts: correspond to economic data calculated on the basis of assumptions made about the future development of economic activity. These projections may partially cover certain accounts for which only provisional and/or partial data are 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 (or Eurobond): a dollar bond on the London financial market,

Inflation: a general rise 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 external debt problems of heavily indebted poor countries, with the objective of providing comprehensive debt relief sufficient to achieve debt sustainability,

Money supply (MS): the total amount of claims held by the rest of the economy on monetary institutions,

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

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

Contingent liabilities: debts incurred by other public entities except central government (local governments and the parastatal sector),

Net government position (NGP): the Treasury's net claims on or liabilities to the rest of the economy,

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

By convention, a crediting PNG is preceded by a (-) sign while a debiting PNG is preceded by a (+) sign,

Tax burden: the ratio of tax revenues to GDP.

Refinancing risk: risk related to the renewal of maturing debt. It may concern the cost of refinancing or the inability to obtain the desired amounts,

Interest rate risk: Interest rate risk refers to the vulnerability of the Government's debt portfolio and debt costs to high market interest rates at the point where maturing fixed- and floating-rate debt is repriced,

Foreign exchange risks: risks related to fluctuations in exchange rates,

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

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

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

Primary balance : (see primary deficit),

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

Exchange rate: Price of one currency in terms of another

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

Terms of trade : express for a country the ratio between the price of exports and the price of imports, They are usually calculated from price indices and indicate a change with respect to a base year (T= [export price index / import price index] x 100), The terms of trade improve over time (T>100) if an economy exports a lesser quantity of goods to procure the same quantity of imported goods (in other words, the same quantities exported allow for the purchase of an increased quantity of imported goods): export earnings improve in this case, In the opposite case, the terms of trade worsen (T),

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

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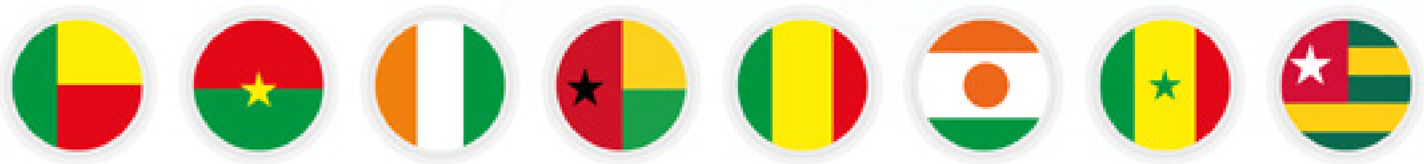

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