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INFORMATION NOTE

Republic of Benin

Presentation of Sovereign issuers of **West African Monetary Union (WAMU)**

Quality review by Deloitte.

November 2022

Summary

ACRONYMS

AfDB	:	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	:	Autonomous Amortization Fund
CAE	:	Business Support Contract
CAP	:	Certificate of Professional Competence
CENTIF	:	National Financial Intelligence Processing Unit
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	:	General Directorate 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
CFAF	:	West African Francs CFA
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

MINISTÈRE
DE L'ÉCONOMIE
ET DES FINANCES
RÉPUBLIQUE DU BÉNIN

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Attestation de l'émetteur

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

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

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

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

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

Fait à Cotonou, le 03 octobre 2022

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

Economic activity in Benin in 2021, despite the continuation of the COVID-19 pandemic, recorded renewed dynamism with a growth rate of 7.2% compared to 3.8% a year earlier. This growth rate reflects the resilience of the national economy in the face of exogenous shocks, notably COVID-19 and the closure of Nigerian borders. The achieved economic growth was sustained by the dynamism of several sub-sectors, notably the port, construction and public works, agricultural production, particularly cotton and tourism.

Economic activity took place in an environment marked by an easing of prices compared to 2020. Indeed, the year-on-year inflation rate in 2021 was 1.7% compared with 3.0% a year earlier. This inflation rate remains below the WAEMU threshold of 3%.

In terms of public finances, the year 2021 was marked by an increase in budgetary revenue and expenditure. Indeed, budgetary revenue rose from CFAF 1 142.1 billion in 2020 to CFAF 1 295.70 billion in 2021 despite the COVID-19 pandemic. This performance is attributable, among other things, to the reforms undertaken within the financial authorities since 2016. Expenditure rose from CFAF 1,719.87 billion in 2020 to 1,949.41 billion in 2021, an increase of 13.3% due to the continued response to the COVID-19 pandemic and the financing of infrastructure projects under the government's action program. In line with the evolution of revenue and expenditure, the deficit, including grants, increased from CFAF 423.6 billion in 2020 to CFAF 561.7 billion in 2021. As a percentage of GDP, it represented 5.7% in 2021 against 4.7% in 2020.

The money supply recorded an increase of 16.7% in 2021 compared to 2020, standing at CFAF 3 210.53 billion. This increase is essentially linked to the growth of foreign assets (+38.8%). Despite the increase in credit to the economy, domestic assets recorded a decline of 0.47% compared to their 2020 level, due, to the fall in net claims on the central government. The breakdown of money supply shows that deposits stood at CFAF 2,452.52 billion in 2021 against CFAF 2,044.73 billion in 2020. The said deposits represent 76.4% of the money supply. As for notes and coins in circulation, they stood at CFAF 751.01 billion in 2021 against CFAF 707.16 billion in 2020.

Balance of payments statistics indicate a worsening of the current account deficit, which stood at CFAF 418.30 billion in 2021, compared to CFAF 157.30 billion in 2020. In relative terms, in 2021, the current account deficit represents 4.3% of GDP against 1.7% of GDP in 2020. The overall balance of payments was in surplus and improved in 2021 as in 2020, rising from CFAF 45.6 billion in 2019 to CFAF 306.9 billion in 2020 before settling at CFAF 597.5 billion in 2021. It represented 6.1% in 2021 against 3.4% a year earlier.

On the debt side, the debt ratio fell to 49.7% in 2021 from 46.1% in 2020, below the 70% criterion defined by the WAEMU. Despite its increase, this rate reflects Benin's prudent management of public debt and the room for maneuver available to the country to finance development projects to maintain debt sustainability. It is one of the lowest rates in sub-Saharan Africa in 2021.

The economic outlook is for a growth rate of 5.7% in 2022 and 6.2% in 2023, based on a boost to economic activity, increased agricultural production, especially cotton, and continued investment under the government's 2021-2026 action program. However, since the outbreak of the Russia-Ukraine conflict, the growth outlook has been confronted with a global inflationary crisis with its corollaries, which may lead to a slowdown in growth.

Republic of
Benin

Area
114 763 km km²

Population in 2021 :
12 451 031 Hbts
(Source : World Bank)

Capital
Porto-Novo

Political system
Presidential

Currency
CFAF

Official Language
French

Nominal GDP in 2021
9 809.7 billions of CFAF
(Source : National services, BCEAO)

- Economy based on agriculture and services
- Growth rate in 2021 : 7.2%
- Main export product : Coton
- Debt ratio : 49.8 %
- Budget deficit including grants : -5.7 (2021)

1.1. Political system

Benin, a former French colony, gained independence on August 1st, 1960 as the Republic of Dahomey before taking its current name in 1975. Benin has a constitution, known as "law n°90-32 of December 11th, 1990, establishing the Constitution of the Republic of Benin, as amended by law n°2019-40 of November 7th , 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 alternation of power.

1.1.1. Executive power

The President of the Republic is the Head of State, elected by the Nation and embodies national unity. He is the guarantor of national independence, territorial integrity and respect for the Constitution, treaties and international agreements. As established in the Constitution, he is elected by direct universal suffrage for a five-year term, renewable only once. In no case may anyone 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 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 declared admitted to the second ballot. In the event of the withdrawal of a pair, the following pairs shall be retained according of their ranking after the first round.

No one may be a candidate for the office of President of the Republic or Vice-President of the Republic if he or she:

- Is not of Beninese nationality by birth or acquired for at least ten years.
- Is not of good character and integrity.
- Enjoys all his or her civil and political rights, is not less than 40 and not more than 70 years of age on the date of taking office.
- Has been elected President of the Republic twice and has served two terms as such.
- Is not present in the Republic of Benin at the time of filing his or her candidature.
- Is not in a complete state of physical and mental well-being duly certified by a panel of three (03) sworn doctors appointed by the Constitutional Court.
- Is not duly sponsored by elected representatives in the conditions and according to the modalities fixed by the 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 National Assembly; he determines their powers and terminates their functions.

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

Regarding laws, the President of the Republic has the initiative concurrently with the members of the National Assembly. He ensures the promulgation of laws within fifteen days (15) of their transmission to him by the President of the National Assembly. This period is reduced to five (5) days in the event of an emergency declared by the National Assembly. Before the expiry of these deadlines, he may ask the National Assembly for a second deliberation of the law or of some of its articles. If after this last vote, the President of the Republic refuses to promulgate the law, the Constitutional Court, seized by the President of the National Assembly, declares the law enforceable if it is in conformity with the Constitution. The President of the Republic also ensures the execution of laws and guarantees the execution of court decisions.

In the event of a vacancy in the Presidency of the Republic due to death, resignation or permanent impediment, the functions of the President of the Republic shall be exercised 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 or she shall designate, or at the latest forty-eight (48) hours after taking the oath, and after receiving the advisory opinion of the Bureau of the National Assembly, a new Vice-President of the Republic in accordance with the provisions of Article 44, except for that relating to sponsorship.

If he or she dies, resigns, or is permanently prevented from acting before the appointment of the new Vice-President of the Republic, the President of the National Assembly shall refer the matter to the Constitutional Court, which shall establish the death, resignation or permanent impediment of the elected Vice-President, the absence of a Vice-President of the Republic, and the vacancy of the Presidency of the Republic. The functions of the President of the Republic are exercised by the President of the National Assembly, who 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 definitively prevented from exercising his functions before the appointment of the Vice-President of the Republic.

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

1.1.2. Legislative power

Parliament is constituted by a single assembly, known as the National Assembly. It is the representative assembly of the Republic of Benin whose members bear the title of deputy. It exercises legislative power and controls the action of the Government. The parliament is composed of 83 seats. Deputies are elected by direct universal suffrage. The term of office is five (05) years, renewable twice (02). Each deputy is the representative of the whole nation, and any imperative mandate is null and void [1].

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

- The proposal or draft shall not be submitted to the Assembly for deliberation and vote until fifteen (15) days after it has been laid on the table of the Assembly.
- The text can only be adopted by an absolute majority of the members of the Assembly.
- Organic laws can only be promulgated after the Constitutional Court has declared their conformity with the Constitution.

The deputies of the 8th legislature are from the last legislative elections of April 2019. The composition of the deputies by political party is shown in the following table 2.

Table 1. Current composition of parliament by political party

Political parties	Number of seats
Progressive Union	46
Republican Bloc	37

Source : https://assemblee-nationale.bj, 2020

1 The new provisions governing the election and term of deputies will come into force for the 2023 parliamentary elections.

1.1.3. Judicial power

The judiciary is independent of the executive and legislative branches. It is exercised by the Supreme Court, the courts and tribunals created in accordance with the Constitution in force. The President of the Republic is the guarantor of the independence of the judiciary. He is assisted by the Superior Council of the Magistracy. The latter acts as a disciplinary council for magistrates. It studies the pardon files and transmits them with its reasoned opinion to the President of the Republic.

The Supreme court

The Supreme Court is the highest court of the state in administrative and judicial matters. It also has jurisdiction over local elections. The decisions of the Supreme Court are not subject to appeal. They are binding on the executive, 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 in the field of 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.

The High Court of Justice

The High Court of Justice is composed of the members of the Constitutional Court except its President, six deputies elected by the National Assembly and the President of the Supreme Court. It is competent to judge the President of the Republic and the members of the government for acts qualified as high treason, for offences committed in the exercise of their functions or during the exercise of their functions, as well as to judge their accomplices in the case of conspiracy against State security. The ordinary courts remain competent for offences committed outside the exercise of their functions and for which they are criminally responsible. The High Court of Justice is bound by the definition of offences and by the determination of sanctions resulting from the criminal laws in force at the time of the events.

Lower courts

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

Conciliation courts

The conciliation court is set up by district in the communes with special status (Cotonou, Porto-Novo, Parakou and Abomey Calavi[3]). As for the ordinary communes, one court is set up per commune. The mission of the conciliation tribunals is to seek conciliation between the protagonists of a dispute. They are run by notables and not professional judges; they do not make judicial decisions. Their main area of intervention is currently the search for conciliation about land disputes, which are very frequent in the country.

Commercial courts

There are three commercial courts, which deal with:

- Disputes relating to traders and commercial intermediaries for acts performed on the occasion 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 securities granted to guarantee the performance of commercial obligations.
- Disputes relating to commercial leases.
- Disputes relating to competition, distribution, industrial property, counterfeit.
- Accounting transactions.

2 The court of auditors was established following the constitutional revision of November 7th , 2019.

3 The commune of Abomey Cavali became a commune with special status following the vote of the law on the territorial administration code on October 21st , 2021.

- Collective procedures.
- Public takeover bids and financial market acts.

Law courts of appeal

There are three such chambers. Each Court of Appeal under ordinary law comprises at least one civil chamber, one social chamber, one chamber for property rights, one administrative chamber, one investigation chamber, one chamber for freedoms and detention, one criminal chamber, one correctional chamber and one chamber for appeals by the enforcement judge. The ordinary Court of Appeal has jurisdiction 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. The decisions of the Courts of Appeal may be appealed to the Supreme Court.

Commercial Courts of appeal

There are three commercial courts of appeal. 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 political capital is Porto-Novo, and Cotonou is the economic capital.

1.3. Geographical location

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

Stretching between the Niger River in the north and the coastal plain in the south, the relief of the country is slightly uneven and includes a low, sandy coastal region bordered by lagoons; a plateau of ferruginous clay; a silico-clay plateau, dotted with a few undergrowth's; 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 Niger River, which partly borders Niger, and its tributaries, the Sota (250 km), the Mékrou (410 km), the Alibori (338 km) and the Pendjari (500 km). The Ouémé (510 km) and the Couffo (190 km) drain most of southern Benin, while the Mono (350 km), bordering Togo, waters in the southwest of the country.

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

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

- The sub-equatorial climate in the south, with 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 with 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 center with species such as mahogany, iroko and samba; and the forest in southern and middle Benin.

1.4. Population

Population structure

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

In 2021, the population of Benin is estimated by the United Nations at 12,451,031 inhabitants, compared with 12,123,198 in 2020. The population density is 110.4 inhabitants in 2021 compared with 107.5 inhabitants per km2 in 2020. Women accounted for

50.04% of the total population compared to 49.96% for men. The male/female ratio is 99.83% in 2021 compared to 99.76% in 2020. This shows a faster increase of men in 2021, i.e., 2.74% against 2.67% for women.

Table 2. Breakdown of the population by sex

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Total population (in millions)	9.73	10.00	10.29	10.58	10.87	11.18	11.49	11.80	12.12	12.45
Men	4.84	4.98	5.12	5.27	5.42	5.57	5.73	5.89	6.05	6.22
Women	4.89	5.03	5.16	5.31	5.45	5.60	5.75	5.91	6.07	6.23
Proportion Male/Female (%)	98.9	99.1	99.2	99.3	99.4	99.5	99.6	99.7	99.8	99.8
Population growth rate (%)	2.8	2.8	2.8	2.8	2.8	2.8	2.7	2.7	2.7	2.7

Source: UN estimates and projections, Nov.2021

The average annual population growth rate (AAGR)[4] is 2.5% between 2012 and 2021. 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

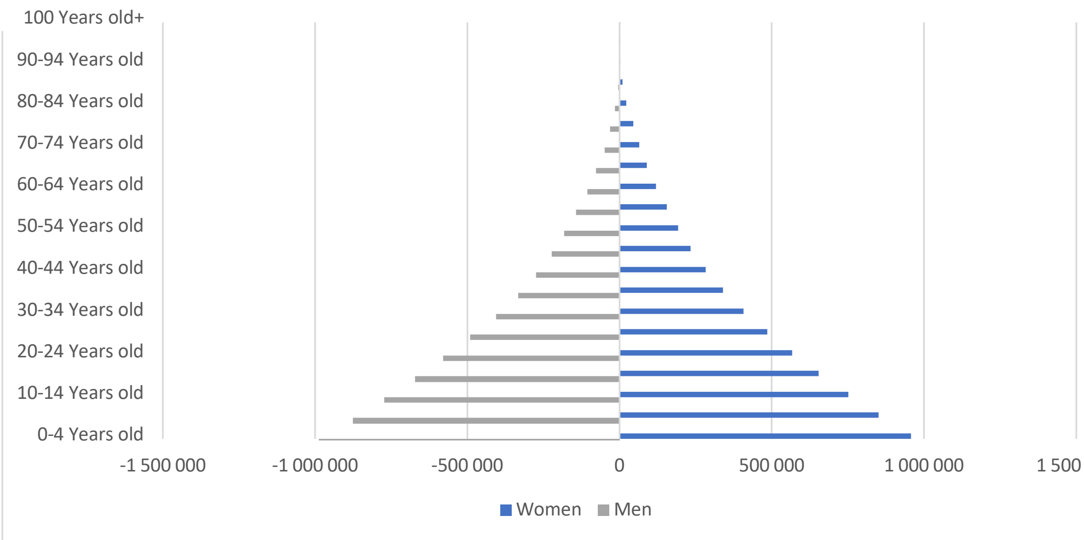
	EDSB-I 1996	EDSB II 2001	EDSB-III 2016	EDSB-IV 2011-2012	EDSB-V 2017-2018
Total fertility rate (15-49 years)	6.0	5.6	5.7	4.9	5.7

Source: INSTAD: Demographic and Health Survey 2017-2018

The population age pyramid has a broad base that is rapidly narrowing, a characteristic of populations with high fertility and mortality. Based on the age pyramid, Benin's population is predominantly young. 69.4% of the population was under 30 years old in 2021, compared with 69.6% in 2020, 61.6% under 25 years old, compared with 61.8% in 2020, 52.4% under 20 years old, compared with 52.6% in 2020, and only 5.1% of the population was over 60.

Analysis by gender shows that the proportion of men is greater in the young population. Indeed, in 2021, 70.3% of men were under 30 years of age compared to 68.6% of women.

Figure 1.Age pyramid in 2021



Source: Based on UN estimates and projections, Nov. 2021

4 *Calculated based on the formula POWER (Pop2021/Pop2011 ;1/12) -1.*

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

Table 4. Projection of the Beninese population

	2022	2025	2030	2035	2040	2045	2050
Male	6 389	6 913	7 847	8 848	9 907	11 014	12 160
Female	6 396	6 909	7 826	8 815	9 868	10 973	12 120
Total	12 785	13 822	15 672	17 663	19 775	21 986	24 280
Male to Female Ratio	0.999	1.001	1.003	1.004	1.004	1.004	1.003

Source: UN estimates and projections, Nov. 2021

The structure of the population would change slightly in terms of projections. Indeed, the population under 30 years of age would represent 61.1% in 2050 compared to 67.2% in 2030.

Figure 1. Age pyramid in 2030

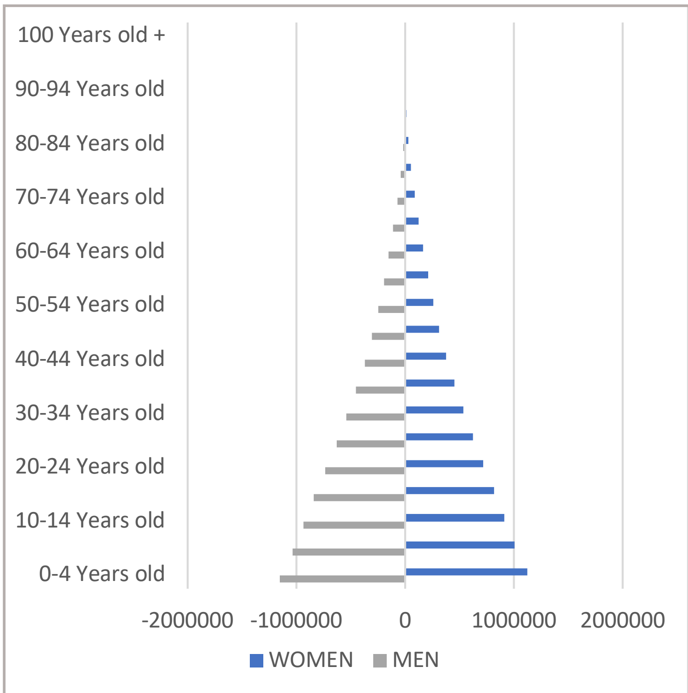
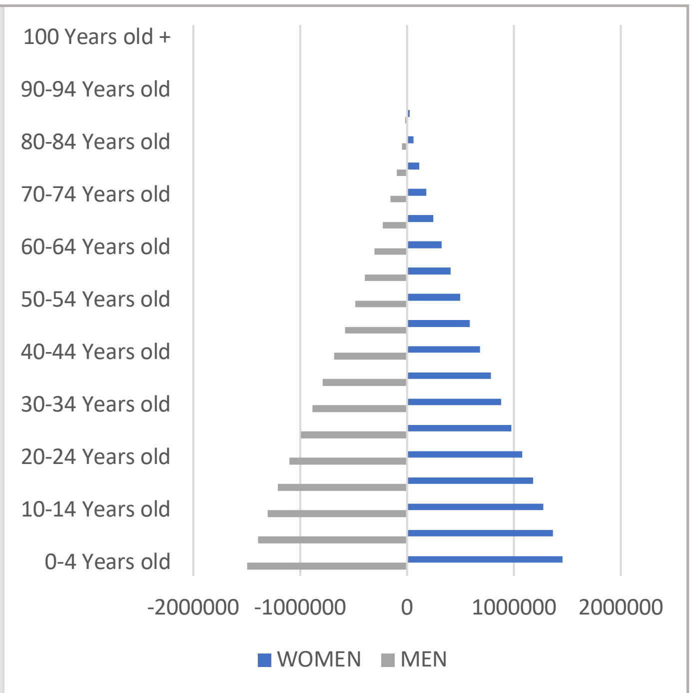


Figure 2. Age pyramid in 2050



Source: UN estimates and projections, Nov. 2021

The rural population is larger than the urban population. Indeed, the rural population increased from 5.44 million in 2012 to 6.35 million in 2021, while the urban population increased from 4.29 million in 2012 to 6.10 million in 2021. Compared to 2020, the urban population has grown by 3.9% compared to 1.6% for the rural population.

The faster growth of the urban population reflects a more rapid urbanization of the Beninese population. In terms of proportion, the urban population to rural population ratio has risen from 1.27 in 2012 to 1.04 in 2021 and 1.07% in 2020. The urbanization rate has increased to 49% in 2021 compared with 48.4% in 2020.

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Total Population	9.73	10	10.29	10.58	10.87	11.18	11.49	11.8	12.12	12.45
Urban population	4.29	4.47	4.65	4.83	5.03	5.23	5.43	5.65	5.87	6.10
Rural population	5.44	5.54	5.64	5.74	5.85	5.95	6.05	6.15	6.25	6.35
Rural/urban population	1.27	1.24	1.21	1.19	1.16	1.14	1.11	1.09	1.07	1.04
Urbanization rate	44.1	44.6	45.2	45.7	46.2	46.8	47.3	47.9	48.4	49.0

Source: UN estimates and forecasts, Nov 2020

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 below 1% (0.8%) in 2030.

Table 6. Projected population by place of residence (millions)

	2023	2024	2025	2030	2035	2040	2045	2050
Urban Population	6.6	6.8	7.1	8.5	10	11.8	13.6	15.7
Rural Population	6.5	6.6	6.7	7.2	7.5	7.9	8.1	8.3
Rural population/urban population (%)	1.0	0.97	1.0	0.8	0.8	0.7	0.6	0.5

Source: UN estimates and projections, Nov. 2021

Religion

Law No. 90-32 of December 11th, 1990 on the Constitution of the Republic of Benin, as amended by Law No. 2019-40 of November 7th , 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 were Muslims, 25.5% Catholics, 11.6% were followers of voodoo and 6.7% belonged to the Church of Heavenly Christianity. The statistics do not reflect the real place of Voodoo in Benin, its historical cradle in the 17th century. Indeed, many Beninese associate its practice with those of other religions.

Table 7. Breakdown of the population by religion

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

Source: INSTAD/RGPH4

1.5. Education

Benin's education system continues to face many challenges. To meet these challenges, the Government has developed the Post 2015 Education Sector Plan (2018-2030), with an action plan for each sub-sector. Emphasis has been placed on improving the efficiency and quality of the education system through the consolidation and strengthening of actions dedicated to its improvement.

The government's 2021-2026 action program, through Pillar 2 "pursuing the structural transformation of the economy", intends to focus on the promotion of quality education and technical and vocational training.

Organization of school cycles

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

- kindergarten and primary education.
- 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%[5] compared to 47.9% 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 men (53.98%) than among women (31.70%).

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-professionalization. Alternative education and pre-professionalization are fully-fledged components of basic education for which there are bridges to 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 (03) years and leads to the general education baccalaureate. Technical and vocational education, and training train learners who have obtained the BEPC or the Certificate of Professional 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 education or higher education. Skills development policies and systems include vocational education and training, workplace learning, informal learning, learning opportunities in informal and rural economies, and lifelong learning.

Higher education, scientific research, and innovation

This education corresponds to the third level of the new architecture of the education system. It includes general and vocational training for a varied public within the framework of the License Master 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 and the exploitation of research products and inventions.

Statistics by cycle

Pre-school education

In 2014-2015, the pre-school education sub-sector had 2,458 pre-schools, including 1,072 public schools, 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 pre-school education program is more common in urban areas (31%), especially in Cotonou (55%), than in rural areas (12%). The gross preschool[6] enrolment rate had been steadily increasing from 14.7% in 2015 to 16.8% in 2018. From 2019 to 2020, it fell because of the respective decline in pre-school enrolment for both girls and boys. In 2021, the GER rose again to 15.9%, i.e., an increase of 0.7 points compared to its 2020 level. This increase in GER is driven by both girls and boys. The ratio of GER for girls to boys is 103.2% in 2021 compared to 102.0% in 2020, indicating a higher level of pre-schooling for girls than for boys.

5 Statistical yearbook of the BCEAO 2018.

6 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.

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

	2015	2016	2017	2018	2019	2020	2021
Gross preschool enrolment rate	14.7	15.6	16.1	16.8	16.5	15.2	15.9
Rate of increase	1.7	0.9	0.5	0.7	-0.3	-1.3	0.7
Male	14	15.2	15.9	16.5	16.3	15.1	15.6
Rate of increase	1	1.2	0.7	0.6	-0.2	-1.2	0.5
Female	15	15.9	16.3	17	16.6	15.4	16.1
Rate of increase	2	0.9	0.4	0.7	-0.4	-1.2	0.7
Enrolment rate of girls over boys	93.3	95.6	102.5	103	101.8	102.0	103.2
Rate of increase	-6.7	2.3	6.9	0.5	-1.2	0.1	1.2

Source: INSTAD/MEMP, January 2022

Primary education

The gross enrolment rate[7] has exceeded 100% for several years, thanks to the government's 2006 measure of free education in kindergarten (pre-school) and primary school. As a reminder, the gross primary schooling rate was 95.5% in 2006. This rate rose steadily until 2015 before declining slightly over the period 2016-2020, due to a decline in the enrolment of both boys and girls. In 2021, the GER stood at 112.09% compared with 107.8% a year earlier, an increase of 4.25 points attributable to both boys' (+4.2 points) and girls' (+4.3 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 in 2021 remained lower for girls than for boys, although it is increasing.

Table 9. Gross enrolment ratio at primary level

	2015	2016	2017	2018	2019	2020	2021
Gross enrolment rate	124.82	115.4	113.3	110.8	108.32	107.84	112.09
Rate of increase	2.82	-9.42	-2.1	-2.5	-2.48	-0.48	4.25
Male	126.16	119.12	117.1	114.6	112.61	112.21	116.45
Rate of increase	2.5	-7.0	-2.0	-2.5	-2.0	-0.4	4.2
Female	123.37	111.58	109.3	106.8	103.95	103.36	107.61
Rate of increase	3.2	-11.8	-2.3	-2.5	-2.8	-0.6	4.3
Enrolment rates for girls and boys	97.8	93.7	93.3	93.2	92.3	92.1	92.4
Rate of increase	0.6	-4.1	-0.4	-0.1	-0.9	-0.2	0.3

Source: INSTAD/MEMP January 2022

For the year 2021, several new actions were implemented 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 infrastructure under the FADeC.
- The recruitment and training of educational advisors and inspectors.
- The acquisition and distribution of textbooks and activity books for schoolchildren.
- The continuous development of didactic and pedagogical documents and materials for learning English in primary schools; etc.

For the year 2022, the government intends to implement, among others, the following actions:

- Construction of 1,200 classrooms provided for in the PAG to overcome the deficit in classrooms in previous years.

7 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.

- Transfer of resources to the communes for the construction and rehabilitation of school infrastructure within the framework of the Fonds d'Appui au Développement des Communes (FADeC).

- Acquisition and distribution of textbooks and activity books to schools.

- Strengthening the professional qualifications of teachers and supervisory staff.

Secondary technical and vocational education

General secondary education and technical and vocational secondary education constitute secondary education. This level of education aims to deepen the learner's knowledge, know-how and interpersonal skills the sense of observation, logical reasoning, the mindset of research, practical skills, attitudes, and aptitudes for innovation as well as elements of knowledge related to techniques and professions. The aim is to ensure the quantitative and qualitative development of human resources capable of being integrated into the labor market and capable of stimulating the economic growth necessary for the social development of Benin.

The gross rate is higher in lower secondary than in upper secondary. At lower secondary level, it was 49.4% in 2021 compared to 49.5% in 2020, while at upper secondary level it was 26.3% compared to 25.9% in 2020. In 2021, the GER at the undergraduate level almost stabilized at 49.4% compared to 49.5% in 2020, while at the graduate level it increased by 0.4 percentage points to 26.3%. Whether at the first or second cycle, the enrolment rate for boys is higher than that of girls.

Taken as a whole, the GER at secondary school level is 40.2% in 2021 compared to 40.37% a year earlier. The GER for boys is 43.2% in 2021 against 37.0% for girls.

Table 10. Gross enrolment ratio in secondary education

		2015	2016	2017	2018	2019	2020	2021
1st cycle	Gross enrolment rate	69.6	68.7	58.7	53.7	50.1	49.5	49.4
	Rate of increase	-	-0.9	-10.0	-5.0	-3.6	-0.6	-0.1
	Male	75.3	72.3	62.2	57	53.4	52.4	51.9
	Rate of increase	-	-3.0	-10.1	-5.2	-3.6	-1.0	-0.5
	Female	63.6	64.3	54.9	50.2	46.7	46.4	46.7
	Rate of increase	-	0.7	-9.4	-4.7	-3.5	-0.3	0.3
2nd cycle	Gross enrolment rate	37.2	34.4	29.7	28.7	25.2	25.9	26.3
	Rate of increase	-	-2.8	-4.7	-1.0	-3.5	0.7	0.4
	Male	48.6	44	37.7	35.7	30.8	30.6	30.2
	Rate of increase	-	-4.6	-6.3	-2.0	-4.9	-0.2	-0.4
	Female	25	24.3	21.2	21.3	19.3	21.1	22.2
	Rate of increase	-	-0.7	-3.1	0.1	-2.0	1.8	1.1
1st & 2nd cycles	Gross enrolment rate	57.1	55.5	47.6	44.3	40.7	40.37	40.2
	Rate of increase	-	-1.6	-7.9	-3.3	-3.6	-0.3	-0.2
	Male	65	61.7	52.8	48.9	44.8	43.91	43.2
	Rate of increase	-	-3.3	-8.9	-3.9	-4.1	-0.9	-0.7
	Female	48.6	48.9	42.1	39.4	36.4	36.68	37.0
	Rate of increase	-	0.3	-6.8	-2.7	-3.0	0.3	0.4
	Enrolment rates for girls and boys	74.8	79.3	79.7	80.6	81.3	83.5	85.7
	Rate of increase	-	4.5	0.5	0.8	0.7	2.3	2.2

Source: MESFP March 2022

On the technical and vocational education and training side, Benin adopted the national strategy for technical and vocational education and training (SNEFTP) in December 2019. The objective is to "train fulfilled professionals capable of meeting the needs of a stable, sustainable and inclusive economy". Specifically, it is to:

- Improving the conditions of access and performance of technical and vocational education and training.
- Developing an effective monitoring system for the continuous improvement of the employability of TVET trainees.
- Developing more inclusive, effective, and efficient governance.

The number of students enrolled in public technical and vocational education establishments has increased from 19 603 in 2016 to 24 415 in 2020, i.e., an increase of 25.6%. However, there are disparities in the spatial distribution of TVET schools across the country. Indeed, out of 103 establishments providing TVET education in 2020, 27 are in the public sector with 586 classrooms against 76 in the private sector with 479 classrooms, all concentrated in the Atlantic and Littoral departments.

Tertiary education

In the field of education, the sub-sector of higher education and scientific research ensures the development, transmission and dissemination of knowledge, know-how and life skills necessary to master the human environment and improve living conditions. It ensures the harmonious development of the entire education system and trains competent and competitive senior staff, capable of ensuring their own development and the development of the nation. It welcomes in the faculties, schools and institutes, the holders of the baccalaureate or any other certification admitted as equivalent to prepare them for the various national diplomas of higher education, in courses of two to eight years (2 to 8 years). The variation in the length of training depends on the degree, the fields, and the branches.

The gross enrolment rate is quite low. It was 12.5% in 2018 compared to 12.3% a year earlier. Girls' secondary school enrolment is lower than boys', as evidenced by the ratio of girls' GER to boys' GER (+46.5%). In addition to its weakness, the girls' GER had been declining between 2015 and 2017 before rising again in 2018.

Table 11. **Gross enrolment ratio at tertiary level[8]**

	2014	2015	2016	2017	2018
Gross enrolment rate	16	13.6	13	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	17
Rate of increase	-	-4	-1.1	-1.2	0
Enrolment rates for girls and boys	36.5	40.2	42.1	44	46.5
Rate of increase	-	3.7	1.9	1.9	2.5

Source: UNESCO, February 2022

1.6. Health

Benin's health vision, set out in the 2018-2022 national health development plan, is to have a regulated, efficient, and resilient health system by 2030, based on the permanent availability of quality, equitable and accessible preventive, curative, rehabilitative and palliative 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).
- Strengthen the partnerships for health.

8 The data available is from 2018

- Improve governance and resource management in the health sector.

To achieve these objectives, the Government has focused its interventions on five strategic orientations:

- Improvement of service delivery and care quality.
- Development of human resources for health.
- Development of infrastructure, equipment, and health products.
- Improvement of the health information system and promotion of health research.
- Improvement of the financing mechanism for better universal health coverage.

To meet the challenges related to health indicators, the government has opted to set up a Universal Health Coverage (UHC) system within the framework of the "Insurance for Human Capital Strengthening (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 the design, implementation, monitoring, and evaluation of state health policy, in accordance with the laws and regulations in force in Benin and the government's development visions and policies. In addition to the administrative structures, the central level includes the reference hospitals.

The Departmental Health Directorates (DDS), which number six (06), 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 departmental level. They supervise health structures at the intermediate and peripheral levels.

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

Sanitary data

Life expectancy at birth

Life expectancy in Benin 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	62.2	62.3	62.5	62.7	63	63.2
Female	63.5	64.6	65.2	65.4	65.7	66	66.2	66.5
Set	61.4	62.3	63.7	63.9	64.1	64.4	64.6	64.9

Source: INSTAD, BCEAO Statistical yearbook 2018

Infant and maternal mortality

The neonatal mortality rate has evolved according to a downward trend, falling from 33.1 °/00 in 2012 to 29.7 °/00 in 2020. The same is true of the mortality rate for children aged 0 to 5 years, which has fallen significantly to 85.9 °/00 in 2020, compared with 104.4 °/00 in 2012. 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 429 in 2012. 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	2020
Neonatal mortality rate (per 1,000 live births)	33,5	33,1	32,7	32,3	31,9	31,5	31,1	30,6	30,2	29,7
Infant mortality rate, under 5 years, boys (per 1,000)	113,2	110,8	108,5	106,2	103,8	101,5	99,2	96,7	94,3	91,6
Infant mortality rate, under-5, girls (per 1000 live births)	99,8	97,6	95,4	93,2	91	88,9	86,9	84,6	82,3	79,9
Infant mortality rate, under 5 years (per 1,000)	106,7	104,4	102,1	99,8	97,6	95,4	93,2	90,9	88,4	85,9
Maternal mortality rate	436	429	422	414	405	201	201	195	190,9	

*Source: World Bank, *WHO February 2022*

Disease prevalence

Communicable diseases remain the main causes of morbidity and mortality in Benin in 2020. Malaria and acute respiratory infections are the two main causes of consultation and hospitalization, with 44.2% and 11.3% of cases recorded in centers in 2020, compared with 45.5% and 11.9% in 2019. This represents a drop of 1.3 points for malaria and 0.6 points for acute respiratory infections. This is followed by gastrointestinal diseases (5.5% in 2020 compared to 5.1% in 2019), trauma (3.9% in 2020 compared to 3.5% one year earlier) and diarrheal diseases (2.3% compared to 2.2% in 2019).

Table 14.	Disease prevalence (%)

Conditions	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Malaria	41.7	41.4	39.7	39.8	38.9	43.1	43.4	44.7	45.5	44.2
Acute Respiratory Infections	12.7	12.3	12.4	12.1	12.7	13.7	11.5	11.9	11.9	11.3
Gastrointestinal disorders	6.3	6.5	6.4	6.2	5.6	6.9	5.7	5.4	5.1	5.5
Trauma	5.4	5.3	3.5	4.5	4.3	4.2	4.1	4	3.5	3.9
ANEMIA	4.8	5	4.7	4.3	3.6	3.5	3.3	2.7	2.6	2.2
Diarrhea	3	2.8	3	2.8	2.7	2.5	2.5	2.3	2.2	2.3
Other dermatological conditions	2	2.1	2	2	2	1.5	1.5	1.4	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	1.4
High blood pressure	1.5	1.5	1.5	1.4	1.6	1.4	1.4	1.3	1.2	1.4

Source: INSTAD, Health Statistics Yearbook, MSP 2012-2020

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

Benin has a low HIV prevalence rate. Indeed, UNAIDS statistics indicate a stabilization of the prevalence rate at 0.9% for people aged between 15 and 49. Prevalence among young people aged 15 to 24 is more dominant (0.5% since 2018) among women than among boys (0.3% since 2018).

New cases among adults aged 15 years and over and children aged 0-14 years declined to 2,300 cases in 2020 from 2,600 cases in 2019. The number of children aged 0-14 years living with HIV decreased to 8,900 in 2020 from 9,500 in 2019.

Treatment coverage for people living with HIV AIDS has significantly improved year on year. It has increased from 37% in 2011 to 70% in 2020. For pregnant women, coverage has improved from one year to the next, reaching 98% in 2020 compared to 31% in 2014.

Table 15. **HIV AIDS Statistics**

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
HIV prevalence. total (% of population aged 15-49)	1.2	1.2	1.1	1.1	1.1	1.1	1.0	1.0	1.0	0.9
HIV incidence (% of population 15-49 years)	0.6	0.5	0.5	0.5	0.5	0.4	0.4	0.4	0.3	0.3
New HIV infections among adults (15 years and older) and children (0-14 years)	4 700	4 400	4 300	4 300	3 900	3 500	3 300	3 100	2 600	2 300
New cases of HIV infection among children (0-14 years)	2 000	1 900	1 900	1 800	1 500	1 200	1 300	1 100	810	670
New cases of HIV infection among adults (15 years and older)	2 600	2 300	2 200	2 300	2 300	2 100	1 900	1 900	1 700	1 500
Children (0-14) living with HIV	13 000	13 000	12 000	12 000	12 000	11 000	11000	10000	9 500	8 900
Antiretroviral therapy coverage (% of people living with HIV)	37	39	34	39	45	51	51	58	65	70
Antiretroviral treatment coverage among pregnant women (% of HIV-positive pregnant women)	17	19	17	31	51	66	62	75	91	98
HIV prevalence. men (% of men aged 15-24)	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
HIV prevalence. women (% of women aged 15-24)	0.7	0.7	0.6	0.6	0.6	0.6	0.6	0.5	0.5	0.5

Source: World Bank, UNAIDS[9] . Estimate 2021

Another infection usually linked to HIV is tuberculosis (TB). It is still common in Benin. In 2020, the number of TB cases tested was 3,963 out of 4,002 cases detected, compared with 4,235 out of 4,374 cases detected in 2019. There was an improvement in the test completion rate in 2020, which was 99% compared with 97% a year earlier. The number of TB/HIV cases in 2020 decreased by 17.3% to 561 from 678 in 2019. The seroprevalence rate decreased to 14% in 2020 from 16% in 2019.

Table 16. **HIV testing and seroprevalence rates among tuberculosis patients in Benin (2011-2020)**

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Number of TBs screened	4 320	4 075	3 957	3 977	4 092	3 968	3 662	4 096	4 374	4 002
Number of TB tested	4 259	4 006	3 730	3 828	4 017	3 879	3 568	4 031	4 235	3 963
Implementation rate	98.6	98.3	94.3	96.3	98.2	97.8	97.4	98.4	97.0	99.0
number of TB/HIV	721	637	587	588	613	572	544	584	678	561
Seroprevalence (%)	17.0	16.0	16.0	15.0	15.0	15.0	15.0	14.0	16.0	14.0

Source: Health Statistics Yearbook 2020, WHO

Benin remains on alert for Lassa hemorrhagic fever. Since 2014, Benin has recorded epidemic episodes of Lassa hemorrhagic fever during the first and fourth quarter of the year. This fever is present in Nigeria and some cases are often identified in border towns with Nigeria. In 2020, out of 11 suspected cases, 5 were confirmed and 3 deaths recorded.

Like most countries in the world, Benin has been affected by the Covid-19 pandemic. In order to effectively combat the pandemic, Benin developed a response plan in February 2020 with an estimated budget of CFAF 389,594,756,464. The objective of the plan was to put in place an organized and coordinated response to the Covid-19 epidemic in Benin.

9 UNAIDS data was reviewed in the latest Statistics Publication

In 2021, the budget for the response was estimated at 204,233,501,047 CFAF.

Benin reported its first case of COVID-19 on March 16th, 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 people 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. The restrictions were gradually eased to allow economic activities to resume.

Benin's response to COVID-19 has been broken down into a series of strategies. A toll-free number was first set up in April 2020 to inform and direct people to the screening centers that have gradually been opened in all 77 communes of the country. Screening sites have been 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 setting up 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. It should be noted that Benin has benefited from the support of several technical and financial partners in the framework of the response to Covid 19.

In 2021, Benin has received several doses of vaccine through the COVAX initiative. It has also acquired large quantities of vaccine from its own resources. The vaccination campaign launched on Monday March 29th, 2021, coupled with other response measures, has made it possible to limit the spread of the pandemic. As of December 31, 2021, out of a target of 7.2 million people, 1.4 million had been fully vaccinated, i.e., a rate of 19.49%. Health workers have been vaccinated at a rate of 89.9%.

The main areas of response in 2021 include epidemiological surveillance at all levels of the health pyramid, strengthening of the laboratory for diagnosing cases, community-based management of simple and moderate cases of COVID-19 in health centers, and management of serious cases in five treatment centers. Vaccination against COVID-19 through routine and mass campaigns; communication and social mobilization and the mobilization and management of resources and logistics. As of December 31, 2021, Benin had 467 active cases for a total of 25,440 confirmed cases, of which 24,812 were cured and 161 died.

1.7. Employment

Employment policy

In 2020, Benin adopted a new National Employment Policy (PNE) document for the period 2020-2025. 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, namely:

- To improve the employability of graduates (products) of the education system.
- Reduce underemployment and long-term unemployment.
- 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 increased from 5.39 million in 2016 to 6.10 million in 2018. Women are more active than men. In fact, there were 3.17 million women in 2018, compared to 2.93 million men. According to United Nations estimates, the active population (15-64 years) is estimated at 6.84 million in 2021, compared with 6.64 million in 2020, with women still predominating.

Table 17. Active population from 2016 to 2021

	2016	2017	2018	2019*	2020*	2021*
Female	2 726 444	2 659 891	3 170 518	3 234 818	3 336 519	3 437 665
Male	2 665 484	2 595 093	2 926 708	3 200 303	3 304 206	3 407 415
Total	5 391 928	5 254 984	6 097 226	6 435 121	6 640 725	6 845 080

*Source: INSTAD. * UN estimates and projections, Nov. 2021 (population aged 15-64)*

According to the 2018 Integrated Regional Employment and Informal Sector Survey, the ratio of employment to population aged 15-64 was 60.5%, compared to 67.9%[10] in 2015. The activity rate is higher for men (65.4%) than for women (56.0%). Considering the level of education, this ratio is much higher for individuals with no education (66%) and primary education (68%) but lower for individuals with secondary education (47.4%) and higher education (57.4%). The population with a qualification is 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%), Borgou (45.3%), Donga (56.1%), Littoral/Cotonou (56.9%) and Mono (54.1%) recorded the lowest rates of available jobs among 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 carrying out at least two activities in 2018, was 12.6%. Compared to the national level, men were more concerned (14.3%). The lowest rates of pluriactivity were observed among people with higher education (8%), those aged 15-24 (9.1%) and 65 years or more (10.8%), those living in Cotonou (3.9%), in the departments of Alibori (9.5%), Atacora (8.2%), Borgou (7.1%), Mono (6.7%) and Zou (4.8%).

In addition, 95.3% of the workforce works mainly in the informal sector, compared to 4.7% in the formal sector.

Table 18. Benin Employment Review (2018)

	Formal	Informal	Total	Workforce
Non-agricultural institutional sector				
Public Sector	75,5	24,5	100	197 467
Private Sector	1,2	98,8	100	2 117 943
Households	0	100	100	13 267
Total	7,5	92,5	100	2 328 677
Agricultural institutional sector				
Public Sector	78,5	21,5	100	2 775
Private Sector	0	100	100	1 394 943
Households		100	100	405
Total	0,2	99,8	100	1 398 124
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, INSTAD

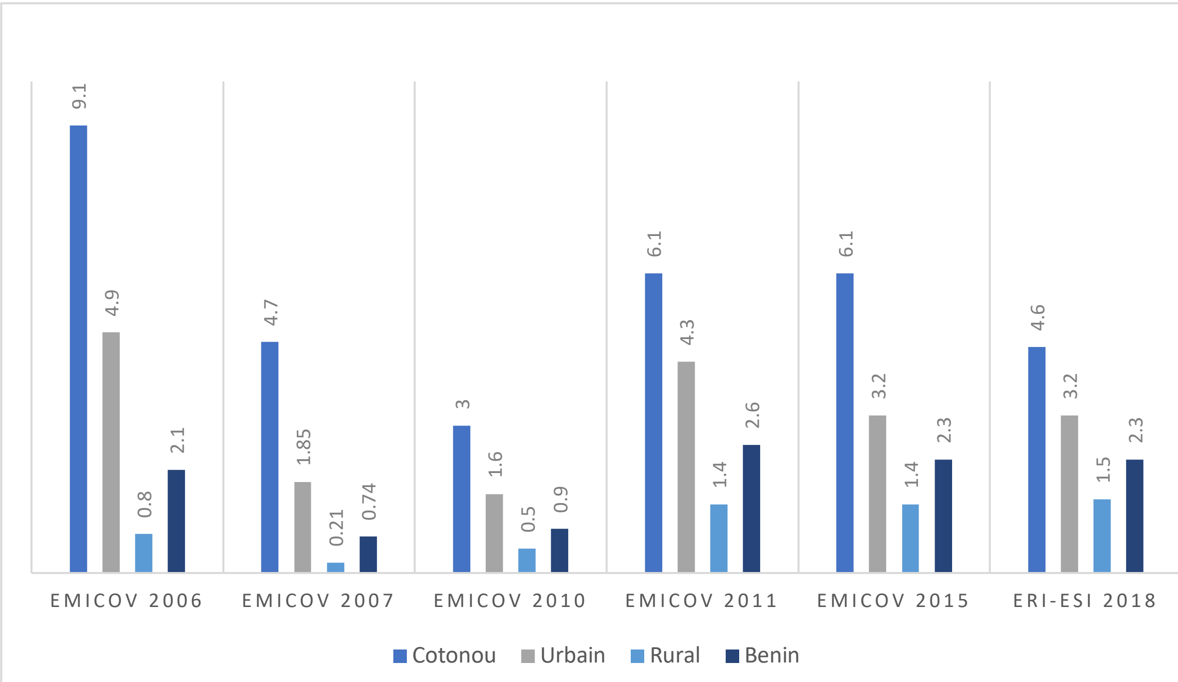
10 *According to the Integrated Modular Survey on Living Conditions of Households in Benin (EMICOV)-2015.*

Unemployment rate

According to the 2018 Integrated Regional Employment and Informal Sector Survey, the ILO unemployment rate was 2.3% in Benin, the same as in 2015.

The highest rates are observed among people with tertiary education (8.4%), people aged 15-24 (5%), residents of Cotonou (4.6%) and in the department of Couffo (5.8%).

Figure 4. Evolution of the unemployment rate in Benin (%)



Source: INSTAD, 2019

The unemployment rate is high in urban areas: 4.6% in 2018 in Cotonou. However, there has been a decline since 2015. The rate was 2.9% in other urban areas and 3.2% in urban areas, compared to rural areas (1.5%). 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%). The most educated people are exposed to underemployment. It was 22.4% and 23.9% respectively among people with secondary and tertiary education in 2018.

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

Ilostat estimates for 2021 indicated a national unemployment rate of 1.6% for people aged 15 years and over. Unemployment is higher for women (1.9%) than for men (1.3%). The unemployment rate is more pronounced among young people aged between 15 and 24 (3.9%), with women still predominating (4.6%). According to place of residence, the unemployment rate in 2020 was 2.2% in urban areas and 1.1% in rural areas for the population aged 15 and over. For men, the rate is 2.0% in urban areas and 0.8% in rural areas. For women, the unemployment rate is 2.4% in urban areas and 1.4% in rural areas.

Employment dynamics

In 2003, the Beninese Government set up an agency called the National Employment Agency (ANPE). The ANPE has thirteen (13) branches which constitute its operational arms, spread over the twelve (12) administrative departments of the country plus the special branch in Calavi. The ANPE's mission is the operational implementation of the National Employment Policy, in collaboration with the competent national and international structures. In this regard, it is responsible for:

The elaboration of indicators on employment, unemployment, vocational training, and the development of communication for employment.

- The intermediation between the supply and demand for jobs through information, guidance, support and advice, and the proposal of job potential in urban, peri-urban, and rural areas, etc.
- The elaboration, implementation, and monitoring of employment development programs through activities supporting the promotion of self-employment as well as salaried employment through the development of pre-integration training courses.
- The development of employment through training and retraining activities.
- The support and promotion of innovative volunteer programs for national development.
- The participation of job seekers in international volunteer programs.
- The management of resources intended for the financing of various programs and projects relating to the implementation of the National Employment Policy (Article 4 of its statutes).

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

The Self-Employment Support Program (PAEI)

The PAEI is a measure designed to encourage the emergence of new entrepreneurs. It aims 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 or PaDE)

With the PaDE, the ANPE is entering into partnership with the 77 communes of Benin in order to bring its service offers closer to the job seekers who live there. This program aims to strengthen the 77 communes in terms of human resources and facilitate the integration of young people at the local level. In the implementation of the PaDE, Local Employment Promotion Units (ULPE) have been created in accordance with the provisions of the National Employment Policy (PNE) and appointed by the mayors in the 77 communes to serve as a relay for information from the ANPE at the local level. The ANPE's objective is for the Local Employment Promotion Units to become communal employment promotion institutions.

The Program Job Seekers Retraining and Re-qualification Program (P2RDE)

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 requalification 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 in search of skills or efficiency.

The P2RDE program has some special features, including:

- The applicant during his or her activity can benefit from this program, the training of which enriches his or her knowledge and favors the increase of his or her performance and, by extension, his or her integration.
- The program can also intervene upstream. This is the case when the applicant decides to carry out a new activity for which he/she has not received training, nor has he/she really practiced. It is a change of activity or sector of activity at the end of a retraining and reclassification process. It is a retraining activity, and the technical training is only to initiate the beneficiary.
- The requalification is reserved for the manual worker who decides to acquire a new skill based on his or her professional training.
- It is a program that essentially offers job seekers both theoretical and practical training.

The target group of the P2RDE program is jobseekers who are prescribed further training, retraining or re-skilling.

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 to facilitate their professional integration downstream and avoid unemployment and underemployment. To this end, since the program was set up, hundreds of orientation sessions have been organized in schools and universities for pupils, students, parents, and school managers. In addition, twenty-one (21) television programs have been produced to highlight the experiences of young entrepreneurs and have been broadcast on national television to better orient 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 able to make themselves useful and effective in order to be recruited at the end of the integration period, or else 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 since it places the job creators, i.e., the companies, more 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 employment level of the workforce in the beneficiary companies. Understood as support to companies on the social side, 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 enterprises will find employment opportunities, even if it is up to the latter to ensure their sustainability through their professional performance.

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

The labor market integration 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 regime as workers in the private or parapublic sector.

All formal enterprises, regardless of their size, are beneficiaries except for jobs that are covered by other public programs, such as teachers, 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 for Pre-Integration into Education (PSPIE) is a government measure designed to accelerate the integration process of unemployed or underemployed young people and aims, among other things, to better prepare young professionals for competitive examinations or tests for recruitment into the teaching profession. Started on September 30th and November 8th, 2019, respectively for secondary education (general education, technical and vocational education, and agricultural education) and primary education, this program has enabled 72,365 teachers in total to be put to work, including 28,944 for primary education. In fact, for the start of the 2019-2020 school year, we have a total of 23,935 teachers, including 9,189 for primary education, for the start of the 2020-2021 school year, a total of 23,580 teachers, including 9,896 for primary education, and for the start of the 2021-2022 school year, a total of 24,850 teachers, including 9,859 for primary education.

The Youth Inclusion Project (PRODIJ)

The objectives of this project are to increase the economic inclusion of underemployed or inactive young people aged 15 to 30 with a low level of education (maximum BEPC), and to strengthen employment services and the technical training system in Benin.

The beneficiaries of the project are vulnerable young people in the 77 communes of Benin, aged between 15 and 30 with little or no education (BEPC at the most), in a situation of unemployment or underemployment, namely women (50%) and young people living in areas vulnerable to radicalization or violent extremism (40%). The project has four components, namely:

- Support the development of an integrated scheme for economic inclusion and improved employability of vulnerable youth.

- Strengthen the vocational training system through apprenticeships to improve the technical skills of vulnerable youth.

- Support the improvement of the financial capacities of vulnerable young people and their access to financial services. At this level, two specific objectives are retained. These are (i) the establishment and operationalization of the grant window for non-refundable start-up funds in the form of cash transfers to beneficiaries for the initial phase of their activities and (ii) the linking of the ARCH credit window or other lines of credit at a subsidized rate available at the level of the Decentralized Financial Systems and supported or not by the National Microfinance Fund. It is expected that 6,000 young people will receive the start-up grant under the project and 50% of the young beneficiaries of the business development services will have access to financial services to develop their business.

- Project management, monitoring, and evaluation.

The challenges of the ANPE related to the promotion of employment are:

- The resumption of a certain number of programs that have 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.

- The review of all its programs to adapt them to current situations and to conform to the new national employment policy adopted in 2020. This review will ensure coherence between the government's action program, the updated national employment policy and the various projects and programs that the ANPE is implementing so that there is harmony.

- The continued implementation of the Youth Inclusion Project (Prodij) launched in 2021, which 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 particularity of this program is that it also considers border regions where there is a risk of radicalization or extremism. Thanks to 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 continue to revitalize its core business, which is intermediation between the supply of jobs and the demand for them, through 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. Reminder of the main aggregates

1.8.1. Level of development

Human Development Index

The HDI is a composite index that measures the average quality of life of a country's population. 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 knowledge measured by the average number of years of education of the adult population, i.e. the average number of years of education received over a lifetime by people aged 25 and over; access to education and knowledge is measured by the expected duration of schooling for school-age children, i.e. the total number of years of schooling that a school-age child can receive if the prevailing trends in age-specific enrolment rates remain unchanged over the course of his or her life (iii) the standard of living, calculated from gross national income (GNI) per capita, expressed in constant 2017 international dollars converted using purchasing power parity (PPP) conversion rates.

Table 19. The development index in Benin

Year	Life expectancy at birth	Expected schooling length	Average schooling length	GNI per capita (dollar from 2017 in PPP)	HDI Value	Change (%)
1990	53.8	5.3	1.6	2.133	0.364	
1995	55.2	5.9	2.1	2.209	0.391	7.42
2000	55.4	6.7	2.6	2.47	0.416	6.39
2005	57.4	9.1	2.8	2.575	0.459	10.34
2010	59.3	11.0	2.8	2.69	0.494	7.63
2015	60.6	12.8	3.5	2.922	0.532	7.69
2016	60.9	12.6	3.6	2.935	0.533	0.19
2017	61.2	12.6	3.6	3.011	0.536	0.56
2018	61.5	12.6	3.8	3.129	0.541	0.93
2019	61.8	12.6	3.8	3.254	0.545	0.74
2021					0.525	-0.02

Source: UNDP, Human Development Report 2020 and 2021

Benin's HDI has improved over the years. It has risen from 0.364 in 1990 to 0.525 in 2021, marking an improvement in the population's standard of living because of free education programs and investments in education and health. In terms of ranking, Benin was 166th in the world in 2021.

GINI Index

The Gini index is an indicator that measures per capita income inequality and varies between 0 and 1. Its evolution in Benin shows a slight increase in inequality in income distribution between 2011 and 2015. Indeed, the Gini index rose from 0.43 in 2011 to 0.48 in 2015, 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, February 2022

Gross domestic product per capita

Benin's GDP per capita is constantly improving. In nominal terms, it rose in 2015 from 634,812.04 CFAF to 780,781.35 CFAF in 2021, an increase of 23.0%. Compared to 2020, GDP per capita in 2021 has recorded an increase of 5.91% despite the continuing Covid-19 pandemic.

Table 21. Evolution of GDP/ head (in CFAF)

	2015	2016	2017	2018	2019	2020	2021
Constant GDP. 2015 prices/Capita	634 812.04	637 419.05	654 609.30	678 929.89	705 417.23	712 401.51	742 511.26
Variation (%)	-	0.41	2.70	3.72	3.90	0.99	4.23
Current GDP /Capita	634 812.04	641 776.39	656 659.40	685 622.27	709 538.66	737 186.67	780 781.35
Variation	-	1.10	2.32	4.41	3.49	3.90	5.91

Source: INSTAD/DGE, March 2022

In real terms, GDP per capita, after an increase of 0.99% in 2020 in connection with the weak economic growth induced by the Covid-19 pandemic, increased by 4.23% in 2021. This growth in GDP per capita in real terms is driven by the economic recovery noted in 2021 despite the persistence of 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	2021
National economy							
Nominal GDP	6 732.81	7 005.23	7 375.30	7 922.00	8 432.25	9 008.81	9809.69
Real GDP growth (%)	1.8	3.3	5.7	6.7	6.9	3.8	7.2
Investment rate (% of GDP)	**20.7**	**20.3**	**24.0**	**26.4**	**25.6**	**25.6**	**28.9**
Inflation rate (%)	**0.3**	**-0.8**	**1.8**	**0.8**	**-0.9**	**3.0**	**1.7**
Balance of payments (BCEAO)							
Exports FOB	995.10	1 052.28	1 289.87	1 857.61	1 790.95	1 720.49	1 910.50
Imports FOB	1 293.61	1 449.10	1 784.44	2 166.19	2 051.38	1 810.21	2 106.60
Trade balance	-298.51	-396.82	-494.57	-308.58	-260.43	-89.72	-196.10
Current balance including grants	**-437.27**	**-479.65**	**-539.73**	**-360.36**	**-337.27**	**-157.33**	**-418.30**
Government Finances							
Receipts and grants	848.32	780.39	1001.66	1075.70	1185.70	1296.28	1387.72
Expenses	1242.40	1086.20	1318.10	1305.90	1225.90	1719.87	1949.41
Balance	-394.1	-305.8	-316.4	-230.2	-40.2	-423.6	-561.7
Public debt	**2080.54**	**2513.06**	**2927.43**	**3251.78**	**3476.59**	**4156.85**	**4885.81**
Domestic debt	1036.95	1373.45	1742.83	1719.7	1455.91	1817.18	1540.64
External debt	1043.59	1139.61	1184.6	1532.08	2020.677	2339.67	3345.17
Domestic debt as % of nominal GDP	15.4	19.6	23.6	21.7	17.3	20.2	15.7
Budget deficit excluding grants							
In value	-422.9	- 340.5	- 373.7	- 277.4	- 137.8	- 577.8	- 653.7
As a percentage of nominal GDP (%)	- 6.3	- 4.9	- 5.1	- 3.5	- 1.6	- 6.4	- 6.7

Source: DGE, INSTAD, CAA, CSPEF, BCEAO - March 2022

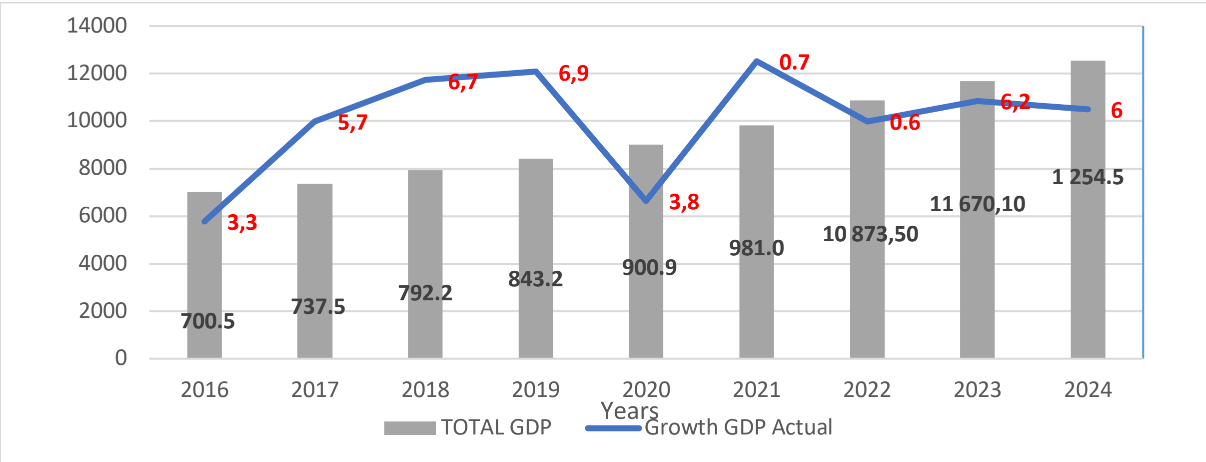
2.1. Assessment of gross domestic product

Economic activity in 2021, despite the continuation of the covid-19 pandemic, recorded renewed dynamism with a growth rate of 7.2% against 3.8% a year earlier. This growth rate reflects the resilience of the national economy in the face of exogenous shocks, notably covid-19 and the closure of Nigerian borders. The economic growth achieved is supported by:

- The sharp increase in port traffic beyond expectations, linked to the opening of Nigeria's borders and the recovery of the international economy.
- The acceleration of the construction of socio-economic infrastructure due to the timely availability of resources, especially through the two international bond issues and the IMF Special Drawing Rights (SDR) allocations.
- The better-than-expected dynamism of activity in the tourism-related sectors.
- The improvement in agricultural production, thanks to the cotton sector's good organization.
- The increase in ginning activities in connection with the increase in cotton production during the 2020/2021 season.
- etc.

The economic outlook is for a slowdown in growth in 2022. In fact, due to the Russia-Ukraine war, the growth rate is expected to fall to 5.7% in 2022 before rising to 6.2% in 2023, due to a boost in economic activity, increased agricultural production, especially cotton, and continued investment under the government's 2021-2026 action program.

Figure 5. Evolution of nominal GDP (billions of CFAF) and real growth rate from 2016 to 2024



Source: INSTAD/DGE, April 2022

2.1.1. GPD level

Benin's nominal gross domestic product (GDP) in 2021 was estimated at CFAF 9,809.7 billion compared with CFAF 9,008.8 billion in 2020, an increase of 8.9%. The increase in nominal GDP was driven by all sectors of activity and taxes net of subsidies.

Over the period 2016-2021, nominal GDP recorded an average growth of 6.5%. Agricultural GDP grew by an average of 7.9%, the secondary sector by 6.7% and the tertiary sector by 5.2%.

Table 23. Evolution of nominal GDP (in billions of CFAF)

	2016	2017	2018	2019	2020	2021	2022	2023	2024
						Estimate	Forecast	Forecast	Forecast
Primary sector	1 944.2	2 101.2	2 223.3	2 266.2	2 442.2	2 798.6	3 120.7	3 298.6	3 503.1
Secondary sector	1 100.0	1 114.2	1 159.9	1 375.5	1 467.6	1 615.4	1 800.7	1 946.3	2 116.0
Tertiary sector	3 376.7	3 569.7	3 865.9	4 049.7	4 315.0	4 501.2	4 914.2	5 272.7	5 651.2
GDP at factor costs	**6 420.9**	**6 785.1**	**7 249.2**	**7 691.5**	**8 224.8**	**8 915.2**	**9 835.6**	**10 517.6**	**11 270.3**
Taxes net of grants	**584.3**	**590.2**	**672.8**	**740.8**	**784.0**	**894.5**	**1 038.0**	**1 152.6**	**1 274.9**
TOTAL GDP	**7 005.2**	**7 375.3**	**7 922.0**	**8 432.2**	**9 008.8**	**9 809.7**	**10 873.5**	**11 670.1**	**12 545.4**

Source: INSTAD/DGE, May 2022

2.1.2. Real GPD growth

As in 2017-2020, economic activity in 2021 benefited from the good performance of the agricultural sector, linked to (i) the increase in cotton and food production despite the pockets of drought observed in several agricultural areas, attributable in particular to a delay in the rains during the first season, and (ii) the dynamism of port activity, trade and infrastructure works.

The value added of the primary sector is expected to grow by 5.2% in 2021, compared with 1.8% in 2020. This resilience is attributable, despite the context, to the notable performance recorded by cotton production as well as the appreciable contribution of ginning activities[11], the increase in food production (cereals and tubers) and industrial and export crops (pineapple and cashew nuts). Cotton production rose by 2.3% to 731,073 tons in the 2020-2021 season, compared with 714,714 tons in the 2019-2020 season, enabling Benin not only to beat its own record, but also to maintain its position as the leading cotton producer in Africa.

Other industrial and export crops, notably pineapples and cashews, which are relatively better organized than food crops, saw their production increase by 3.6% and 6.0% respectively. In addition, the agricultural sector continued to benefit from improved ginning activities, following the increase in cotton production in the previous season.

The value added of the secondary sector is expected to increase by 9.1% in 2021 after 5.2% a year earlier, in line with the growth of all branches. The construction sector is expected to grow by 17.4% because of the resumption of construction projects, the pace of which was affected by the health and economic crisis in 2020. These projects include the following:

- The ongoing construction of a batch of 3,000 housing units and the imminent start of a second batch of more than 3,000 units, bringing the total number of housing units under construction before the end of the year to more than 6,000.
- The ongoing construction of the ministerial city of Cotonou, the reference hospital of Abomey-Calavi, the wholesale market of Akassato.
- The continuation of the project to modernize and build 35 regional markets.
- The effective start of the Benin-Niger Pipeline construction project.
- Various road projects; etc.

Mining and quarrying (+7.9%) and other manufacturing industries (+8.1%) are expected to benefit from the dynamics of the construction sector, notably through sustained demand for building materials, in particular cement and iron. The energy sector would benefit from the economic recovery recorded in all other sectors. It is expected to grow by 7.9%.

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

Table 24. Real Gross Domestic Product Growth (%)

	2016	2017	2018	2019	2020	2021	2022	2023	2024
						Estimate	Forecast	Forecast	Forecast
Total GDP	**3.3**	**5.7**	**6.7**	**6.9**	**3.8**	**7.2**	**5.7**	**6.2**	**6.0**
Primary sector	9.0	7.6	7.3	5.2	1.8	5.2	5.4	5.6	5.7
Secondary sector	0.9	0.5	4.8	13.6	5.2	9.1	6.5	7.1	6.8
Tertiary sector	1.9	5.5	5.7	5.2	4.9	6.6	4.7	5.2	4.8
Duties and taxes	-1.1	11.0	14.0	10.1	2.7	12.5	10.2	11	10.5

Source: INSTAD/DGE, Mai2022

In the tertiary sector, value added is expected to rise by 6.6% in 2021, compared with 4.9% in 2020, indicating a revival of activity. This increase is mainly due to the growth of port traffic in 2021, which is much more favorable than expected, the good performance of the trade, transport, hotels and restaurants and communication branches. In fact, the value added of the "trade" branch would see a clear improvement with a growth of 5.8% against an estimate of 0.8% in 2020. The Transport branch would be supported by the good achievements of port traffic. The activities of the "Hotels and restaurants" and "Telecommunications" sub-sectors would be boosted by the gradual return to normal life, reinforced by the availability of the anti-COVID-19 vaccine, through the COVAX initiative. Similarly, the digital habits that have emerged from the implementation of all the barrier measures against the spread of COVID-19 have continued and should contribute favorably to the improvement of the added value of the telecommunications branch.

2.1.3. GDP breakdown by structure

The structure of GDP in 2021 shows a predominance of the tertiary sector with a share of 45.9% against 47.9% in 2020, i.e., a slight decline to the benefit of the other sectors of activity. The primary sector comes in second place with a share of 28.5% against 27.1% a year earlier, i.e., a slight decline. The secondary sector is behind the primary sector with a share of 16.5%, up 0.2 percentage points in 2020. Duties and taxes complete the picture with a share of 9.1%, a slight improvement in 2020.

Table 25. GDP Structure (%)

	2016	2017	2018	2019	2020	2021	2022	2023	2024
						Est.	Forecast	Forecast	Forecast
Total GDP	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**
Primary sector	27.8	28.5	28.1	26.9	27.1	28.5	28.7	28.3	27.9
Secondary sector	15.7	15.1	14.6	16.3	16.3	16.5	16.6	16.7	16.9
Tertiary sector	48.2	48.4	48.8	48.0	47.9	45.9	45.2	45.2	45.0
Duties and taxes net of subsidies	8.3	8.0	8.5	8.8	8.7	9.1	9.5	9.9	10.2

Source: INSTAD/DGE, May 2022

In terms of structure, the tertiary sector remains dominant with an average share of 47.87% over the period 2016-2021 compared to 27.80%, 15.75% and 8.57% respectively for the primary, secondary and duties and taxes net of subsidies sectors.

Looking ahead to 2022, the tertiary sector is expected to remain predominant (45.2%), followed by the primary sector (28.7%), the secondary sector (16.6%) and duties and taxes (9.5%). The structure is not expected to change much over the next two years.

2.2. Details of gross domestic product

2.2.1. GDP in values, details of sectors

In the primary sector, agriculture is the branch that generated the most value added in 2021, i.e., CFAF 2,238.3 billion, compared with CFAF 382.0 billion and CFAF 178.3 billion for the «livestock, hunting» and «fishing, forestry and logging» branches respectively. The share of value added generated by agriculture represented an average of 78.6% of the primary sector's income over the period 2016-2021. Forecasts for 2022 predict a growth of 11.5% in the income of the primary sector compared to 2021, due to the expected improvement in production and the rise in producer prices anticipated for the year 2022.

In the secondary sector, agribusiness, construction and public works and other manufacturing industries are the main branches that contributed most to the sector's value added in 2021, with CFAF 586.2 billion (36.3%), CFAF 563.9 billion (34.9%) and CFAF 343.8 billion (21.3%) respectively. Forecasts for 2022 indicate an 11.47% increase in the value added of the secondary sector, supported, among other things, by the progression of construction activities (+15.0%) in connection with the continuation of the construction sites included in the Government's Action Program, the production of the electricity and water branch (+8.0%) and the agribusiness branch (+9.4%) and other manufacturing industries (+9.8%) in response to the good performance of the 2021 agricultural season and the recovery of economic activity in general.

At the level of the tertiary sector, the trade branch created the most wealth in 2021 with a contribution of 25.8%. It is followed by «transport» (15.8%), «public administration and social security» (14.9%), «education» (9.9%), «restaurants and hotels» (6.9%), «post and telecommunications» (3.6%), «banks and other financial institutions» (2.9%) and «health and social work» (2.4%). The branches «trade», «transport» and «restaurants and hotels» alone cover 48.6% of the service sector.

In 2022, the income of the service sector is expected to increase by 9.2% compared to 2021, driven by the «trade», «transport» and «post and telecoms» branches to a large extent.

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

	2016	2017	2018	2019	2020	2021	2022	2023	2024
						Estimate	Forecast	Forecast	Forecast
Primary sector	**1 944.2**	**2 101.2**	**2 223.3**	**2 266.2**	**2 442.2**	**2 798.6**	**3 120.7**	**3 298.6**	**3 503.1**
Agriculture	1 486.8	1 648.8	1 743.5	1 761.6	1 968.1	2 238.3	2 523.2	2 661.2	2 820.9
Livestock. hunting	263.4	263.5	280.6	304.1	266.9	382.0	413.0	446.5	482.7
Fishing. forestry and logging	194.0	188.8	199.1	200.6	207.2	178.3	184.5	190.9	199.5
Secondary sector	**1 100.0**	**1 114.2**	**1 159.9**	**1 375.5**	**1 467.6**	**1 615.4**	**1 800.7**	**1 946.3**	**2 116.0**
Extractive Activities	26.6	28.3	30.5	34.4	39.1	40.4	45.6	50.0	56.1
Food and beverage industry	443.2	462.9	469.9	531.5	559.8	586.2	641.6	674.0	721.8
Other manufacturing industries	252.5	246.6	256.0	300.4	312.9	343.8	377.4	399.6	431.6
Electricity and water	53.3	55.5	55.8	60.6	71.2	81.2	87.7	97.5	106.4
Construction & civil engineering	324.4	321.0	347.7	448.6	484.5	563.9	648.4	725.2	800.0
Tertiary sector	**3 376.7**	**3 569.7**	**3 865.9**	**4 049.7**	**4 315.0**	**4 501.2**	**4 914.2**	**5 272.7**	**5 651.2**
Trade	926.9	970.2	1 030.6	1 035.3	1 058.0	1 160.1	1 268.3	1 365.0	1 454.7
Restaurants and hotels	207.2	216.9	224.1	251.8	253.4	312.6	343.0	371.5	402.2
Transportation	629.7	659.1	706.9	795.0	857.0	712.7	775.7	830.8	898.5
Post and telecommunications	129.7	135.1	143.1	153.2	156.1	162.8	179.4	194.8	213.3
Banks and financial institutions	120.1	117.6	121.3	132.5	134.2	128.4	136.3	144.6	154.8

Public administration and social security	426.6	461.1	577.0	511.8	595.3	670.4	721.9	779.3	829.9
Education	291.1	317.2	331.2	367.4	420.8	444.3	478.0	512.6	546.4
Health and social work	64.6	70.2	73.2	82.7	93.9	108.5	116.3	125.7	131.4
Other services	580.8	622.3	658.7	720.2	746.3	801.4	895.3	948.4	1 020.0
GDP at factor costs	**6 420.9**	**6 785.1**	**7 249.2**	**7 691.5**	**8 224.8**	**8 915.2**	**9 835.5**	**10 517.5**	**11 270.5**
Taxes net of grants	**584.3**	**590.2**	**672.8**	**740.8**	**784.0**	**894.5**	**1 038.0**	**1 152.6**	**1 274.9**
TOTAL GDP	**7 005.2**	**7 375.3**	**7 922.0**	**8 432.2**	**9 008.8**	**9 809.7**	**10 873.5**	**11 670.1**	**12 545.40**

Source: INSTAD-DGE, May 2022

2.2.2. GDP in composition (%)

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

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

	2016	2017	2018	2019	2020	2021	2022	2023	2024
						Est.	Forecast	Forecast	Forecast
Primary sector	**27.8**	**28.5**	**28.1**	**26.9**	**27.1**	**28.5**	**28.7**	**28.3**	**27.9**
Agriculture	21.2	22.4	22.0	20.9	21.8	22.8	23.2	22.8	22.5
Livestock. hunting	3.8	3.6	3.5	3.6	3.0	3.9	3.8	3.8	3.8
Fishing. forestry and logging	2.8	2.6	2.5	2.4	2.3	1.8	1.7	1.6	1.6
Secondary sector	**15.7**	**15.1**	**14.6**	**16.3**	**16.3**	**16.5**	**16.6**	**16.7**	**16.9**
Extractive Activities	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4
Food and beverage industry	6.3	6.3	5.9	6.3	6.2	6.0	5.9	5.8	5.8
Other manufacturing industries	3.6	3.3	3.2	3.6	3.5	3.5	3.5	3.4	3.4
Electricity and water	0.8	0.8	0.7	0.7	0.8	0.8	0.8	0.8	0.8
Construction & civil engineering	4.6	4.4	4.4	5.3	5.4	5.7	6.0	6.2	6.4
Tertiary sector	**48.2**	**48.4**	**48.8**	**48.0**	**47.9**	**45.9**	**45.2**	**45.2**	**45.0**
Trade	13.2	13.2	13.0	12.3	11.7	11.8	11.7	11.7	11.6
Restaurants and hotels	3.0	2.9	2.8	3.0	2.8	3.2	3.2	3.2	3.2
Transportation	9.0	8.9	8.9	9.4	9.5	7.3	7.1	7.1	7.2
Post and telecommunications	1.9	1.8	1.8	1.8	1.7	1.7	1.6	1.7	1.7
Banks and financial institutions	1.7	1.6	1.5	1.6	1.5	1.3	1.3	1.2	1.2
Public administration and social security	6.1	6.3	7.3	6.1	6.6	6.8	6.6	6.7	6.6
Education	4.2	4.3	4.2	4.4	4.7	4.5	4.4	4.4	4.4
Health and social work	0.9	1.0	0.9	1.0	1.0	1.1	1.1	1.1	1.0
Other services	8.3	8.4	8.3	8.5	8.3	8.2	8.2	8.1	8.1
GDP at factor costs	91.7	92.0	91.5	91.2	91.3	90.9	90.5	90.1	89.8
Taxes net of grants	8.3	8.0	8.5	8.8	8.7	9.1	9.5	9.9	10.2
TOTAL GDP	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**

Source: INSTAD/DGE, May 2022

2.2.3. GDP by component

On the demand side, final consumption, driven by its private component, remains the main driver of growth between 2016 and 2021. Final consumption is supported by the increase in income generated by economic activities and the various transfers received by households. In 2021, final consumption in nominal terms recorded an increase of 6.0% attributable to a 7.7% increase in private consumption.

Investment has improved steadily between 2016 and 2021. In 2021, the good performance of investment is linked to the public and private components. Public investment recorded a substantial increase of 32.5%, linked on the one hand to the government's response to the Covid-19 pandemic, and on the other hand to the continuation of the major infrastructure projects included in the Government's 2016-2021 Action Program, which had been somewhat disrupted up to then by the Covid-19 pandemic. As for private investment, it recorded an increase of 20.7% after a decline of 2.8% in 2020. In line with the high level of investment spending, the investment rate as a proportion of GDP is expected to reach 28.9% in 2021, compared to an estimated 25.6% in 2020.

The good performance of final consumption and investment led to an increase in domestic demand of 10.1%. The outlook is for a further increase from CFAF 10 419.6 billion to CFAF 11 786.9 billion in 2022 due to an increase in total consumption and gross fixed capital formation.

Net external demand deteriorated to CFAF -609.9 billion compared to CFAF -458.4 billion in 2020, due to a greater increase in imports than exports. CFAF -458.4 billion in 2020, due to a greater increase in imports than in exports. This deterioration should continue in 2022 and 2023.

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

	2016	2017	2018	2019	2020	2021	2022	2023	2024
						Estimate	Forecast	Forecast	Forecast
1. Internal demand	**7 269.6**	**7 896.4**	**8 496.1**	**8 805.0**	**9 467.2**	**10 419.6**	**11 786.9**	**12 595.8**	**13 391.6**
Total consumption	**5 849.5**	**6 129.2**	**6 405.7**	**6 643.8**	**7 157.9**	**7 589.4**	**8 731.6**	**9 038.0**	**9 605.2**
Private	5 129.3	5 356.4	5 581.0	5 771.7	6 131.0	6 601.0	7 633.7	7 861.1	8 316.0
Public	720.2	772.9	824.7	872.1	1 026.9	988.4	1 097.9	1 176.9	1 289.2
Total GFCF	**1 381.6**	**1 728.7**	**2 051.8**	**2 122.7**	**2 270.8**	**2 790.6**	**3 015.7**	**3 518.2**	**3 746.9**
Private	1 080.5	1 415.1	1 725.8	1 907.4	1 853.5	2 237.8	2 299.0	2 756.4	3 043.7
Public	301.1	313.6	326.0	215.3	417.3	552.8	716.7	761.9	703.2
Change in inventories	**38.5**	**38.5**	**38.5**	**38.5**	**38.5**	**39.6**	**39.6**	**39.6**	**39.6**
2. Total external demand	**-264.3**	**-521.1**	**-574.1**	**-372.7**	**-458.4**	**-609.9**	**-913.4**	**-925.7**	**-846.2**
GDP	**7 005.2**	**7 375.3**	**7 922.0**	**8 432.2**	**9 008.8**	**9 809.7**	**10 873.5**	**11 670.1**	**12 545.4**

Source: INSTAD/DGE, May 2022

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

The NDP 2018-2025 was developed with the support of the TFPs, notably the United Nations Development Program (UNDP), the United Nations Children's Fund (UNICEF), the German Cooperation (GIZ) 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 realization and concretization of the Benin Alafia 2025 Vision. The plan is operationalized in two phases: a first phase from 2018 to 2021, through the Growth Program for Sustainable Development (PC2D) and the Government Action Program 2016-2021 (PAG) integrating the strategic axes and a second phase from 2022 to 2025 through the PAG 2021-2026.

The implementation of the NDP 2018-2025 is enshrined in the achievements of the GAP 2016-2021 and those planned in the GAP 2021-2026. 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»[12] and the evolution of international and regional trends, the strategic option chosen is to make agribusiness, tourism and services the driving force behind inclusive and sustainable economic growth within the framework of more effective national and local governance, while at the same time focusing on human capital and infrastructure development.

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 assumptions are based on the real improvement of the business climate and progress in the implementation of major reforms, notably the modernization of the 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, up from 5.7% in 2017.
- The investment rate would increase from 26.4% in 2018 to 33.2% for the period 2022-2025.
- The rate of precarious employment would represent less than 60% in 2025, 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 financing plan for the NDP requires increased mobilization of domestic revenue, the development of Public Private Partnerships (PPP), recourse to the financial market, concessional and semi-concessional loans from Technical and Financial Partners (TFP), the active participation of the diaspora, the use of innovative financing instruments, and the es-

12 The Benin 2025 vision, Alafia scenario, is a forward-looking document developed in 2000 whose vision is to make Benin a well-governed country, with a competitive and prosperous economy, cultural influence and well-being.

tablishment of specialized financing windows (environment, health, education etc.).

Apart from mobilizing financial resources, Benin must have a critical mass of human resources, mainly public administration staff (central government and local authorities), not forgetting technical assistance from international organizations. Benin is part of the initiative set up by the United Nations to evaluate 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.).

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 achieving 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 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 (TSMC), 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 Demography (INSTAD). 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 implementation of the PAG[13] 2016-2021, several actions have been undertaken by the government on all three pillars: consolidating democracy, the rule of law and good governance, undertaking the structural transformation of the economy and improving the living conditions of the population.

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 December 11th, 1990 to strengthen and renew the Beninese democratic model.
- The reform of the party system, which restores political parties to their role as the exclusive leaders of political life.
- The reform carried out through the vote of various laws, notably on the political party charter, the financing of political parties, the opposition charter, and the new electoral code.

These reforms have resulted in a cleaner political landscape. Indeed, the number of political parties has been reduced from 250 to about 15 in 2021. Deviations from the full multiparty system have been gradually corrected (personification and regionalization of political parties, hidden financing, etc.). The new statute 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 the various political elections. Law n° 2018-23 of September 17th, 2018 on the charter of political parties in the Republic of Benin was adopted to restore the party system.

Strengthening the Judicial System, including, among others, the institutionalization of the Court of Auditors through the revision of the Constitution and the creation and operation 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 state assets through, among other things, the intro-

13 The PAG has been the sole instrument for steering government action during the last five (5) years of President Patrice TALON's mandate duction 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 and make their governance 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 digitalization 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 that has had an impact on all socio-economic sectors. This investment program has so far 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 Inter-ministerial Investment Promotion Committee (CIPI) to coordinate the 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 the first euro bond issue on the international market, more than CFAF 328 billion with a subscription rate of 250% in less than two hours on March 19th, 2019, for a final maturity of 7 years and an interest rate of 5.75%. Similarly, there has been an increase in foreign direct investment, which has more than tripled between 2016 and 2020.

Strengthening Benin's energy capacity

For an estimated demand of 250 MW, the total installed capacity in Benin was 181.5 MW between 2016 and 20. The national electrification rate rose from 46.6% in 2015 to 55.1% in 2020. Actions to develop energy infrastructure during the 2016-2019 period included: (i) the rehabilitation and commissioning of 15 engines in the Société Béninoise d'Energie Electrique (SBEE) power plants for a total capacity of 30.00 MW, the completion of construction work on a 120 MW power plant and its commissioning on August 29th, 2019. These investments have reduced 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 » centres (national and regional) and the construction of the Floating Storage and Regasification Terminal (FSRU) in the port of Cotonou.

Digitalization of tax collection procedures

The government has undertaken several reforms at the level of the financial authorities, including:

- The implementation in 2018 of the Integrated Tax and Assimilated Management System (SIGTAS) at the level of the Large Enterprises Directorate. This system should ensure better management of taxpayers with a view to combating fraud and tax evasion and strengthening 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 centres in the country.
- The introduction of Certified Electronic Billing Machines (CEBM) in 2018 to improve the rate of VAT collection. Its generalization to all VAT taxpayers has entered its active phase since December 2019. In 2021, the deployment of an e-MECeF platform was effective.
- The effectiveness of the remote declaration and payment of taxes since 2018.
- The online filing of financial statements in 2019.
- The payment of motor vehicle tax by mobile phone from January 1st, 2020.
- The single online declaration of payroll taxes and social security contributions from January 1st, 2020.
- The implementation of a platform for the registration of acts online (e-Registration), operational since July 2020.

- The delivery of the tax certificate and the unique tax identifier online.
- The dematerialization and simplification of customs clearance procedures for all foreign trade formalities.
- The remote payment of non-tax revenues.
- The recasting of the general tax code with a book of tax procedures in application from January 1st, 2022.

The implementation and operationalization of a new Integrated Tax Management System of Benin (SIGIBE) to replace SIGTAS from April 1st, 2022 with a gradual extension of tele-procedures to centres not yet covered.

Strengthening transport, logistics and trade infrastructure

In the area of road infrastructure, the work undertaken covered 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 from 46% in 2016 to 63% in 2020. These results are due to the implementation of numerous road infrastructure projects included in the PAG and carried out through the PPP.

The major projects carried out include: the reconstruction of the section of the old Cotonou-Lotteries National-Hôtel du Port-Carrefour CENSAD- Erevan bridge, 5.80 km long (development of concrete lanes dedicated to port traffic) at a cost of CFAF 32.25 billion, the rehabilitation of the Dassa-Savalou-Djougou road (260.70 km) at a cost of CFAF 64.15 billion. There was also the construction of the Womey bridge, 324 m long, 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: Béroubouay-Kandi-Malanville (177.20 km) at a cost of CFAF 65.59 billion.

Another major project is the rehabilitation and upgrading to international standards of the Cardinal Bernardin GANTIN International Airport in Cadjèhoun, where work has been underway since April 2020. This project is financed by the Government of Benin to the tune of 10 billion CFAF. This work should enable the airport's capacity to be increased from 500,000 passengers to 1.5 million passengers.

In the area of telecommunications, there has been the deployment of high-speed internet through the Telecommunications and ICT Infrastructure Development Project (PDI2T), 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 ongoing interconnection of 187 decentralized sites of the finance administration (e-Gouv). There are also plans to set up the Beninese network for education and research (RBER), which interconnects the four public universities representing 80% of the student population: the setting up of a public key infrastructure (PKI) platform securing administrative documents (passports, national identity cards, 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 period 2016-2019, 51,736.10 km of roads and rural tracks have been repaired for a total amount of CFAF 23.74 billion.

Improving access to drinking water for the population

In terms of improving living conditions, the reforms focused on improving access to drinking water 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 enabled the launch of work on 110 new multi-village water supply systems throughout the country to serve 821,700 people, or about 20% of the unserved population. The program continued in 2019 with the start of construction of 500 new multi-village water supply systems to achieve universal access to safe 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 have access to drinking water by September 30th, 2020, i.e., 3.6 million people have access to drinking water, bringing the rate of access to 75% in 2020 compared with 55% in 2016. In rural areas, the rate of drinking water coverage has increased from 42% in 2016 to 70% in 2020. In addition, the current investment program has enabled an additional 1.9 million people to be served in rural areas by the end of December 2021 and should enable 3.7 million people to be served by 2040.

Furthermore, there is the Project for the Development of Multifunctional Hydraulic Infrastructures and Sustainable Management of Water Resources (PDIHM/GDRE). The general objective is to promote the integrated management of water resources at the level of river basins and to build multifunctional hydraulic infrastructures. This project has, among other things, enabled the development of forty-one (41) hectares of land downstream of the Sépounga dam for the promotion of hydro-agricultural and fisheries activities.

The implementation of the asphalting project and the rainwater drainage program in the city of Cotonou

The improvement of the living environment for the populations has also been a major concern of the Government. The first phase of the "Asphalting Project" began in the last quarter of 2018. The asphalting project has enabled the rehabilitation and the development of urban roads in 9 cities: Cotonou, Porto-Novo, Parakou, Sème-Podji, Abomey-Calavi, Abomey, Bohicon, Lokossa and Natitingou. These worksiteswill beautify the cities and facilitate the mobility of their inhabitants. Theyare associated with the rainwater sanitation program fin the city of Cotonou, which financial commitments (CFAF 238 billion) cover the needs expressed. Thanks to this program, the flooding crisis in the city of Cotonou should be ended.

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

This project, with an overall cost of CFAF 313 billion, covers health insurance, training, microcredit, a nd pension insurance. The year 2019 was marked by the enumeration of the poorest households based on the EMICOV for the edition of insurance cards and their distribution. Thus, the health zones in the departments of Zou, Collines, Atacora and Donga received teams of enumerators under the supervision of local authorities. Poor households were therefore 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 seven (07) communes and more than four thousand (4,000) people benefited from comprehensive health care. There was also the launch of ALAFIA mobile micro-credits with more than 19.3 billion CFAF injected by the State, the implementation of the pilot phase of the training component for the benefit of seven thousand (7,000) artisans selected throughout the national territory in various fields of expertise, notably: aluminum carpentry; photovoltaic; painting, tiling, staffing, building electricity and masonry; the launch in January 2021 of the generalization of health insurance for all persons residing in Benin, with several communes already impacted to date.

3.2. Ongoing and future achievements

Ongoing and future achievements focus on the continuation of activities contained in the 2016-2021 GAP and activities planned in the new 2021-2026 GAP. Some major projects with a major impact on the economy and its potential are described below.

The continuation of the Niger-Benin export pipeline construction and operation project

The Niger-Benin pipeline is a CFAF 600 billion 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 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, i.e., 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, at Gogounou and Tchatchou and twenty-four (24) valves.
- A terminal and export station at Sèmè (Sèmè-Kpodji).

The 15 km long maritime section will be equipped with a single point mooring system that will allow ships to be loaded for export.

This project will create 3,000 jobs during construction, 500 permanent jobs after construction, 200 directly in Benin, and then the other service providers, who will accompany the company for at least 40 years of operation. Benin will earn more than 300 billion CFAF (460 million euros) in transit fees and tax revenues from the pipeline operation, for the first 20 years. Like Niger, Benin will benefit from the construction of socio-community infrastructure (classrooms, health centers, etc.) in the communes, villages and neighborhoods through which the project will pass on its territory. Benin will also be known by all the oil-producing countries of the world.

The activities implemented by Benin over the period 2016-2020 have enabled it to reveal itself to the world as an attractive country and an incentive for job- and income-generating investment thanks to the reforms carried out on the business environment as well as the macroeconomic and fiscal framework.

The modernization of the Dantokpa market

This project aims, on the one hand, to create a modern commercial area focused on textiles, jewellery and cosmetics, and, on the other hand, to ensure better interconnection with the Cotonou agglomeration. The wholesale market and certain activities (second-hand goods, food, household equipment, etc.) will be transferred to secondary markets, the public rights of way will be freed up, the area will be cleaned up and waste will be managed in a sustainable manner. The roads and parking spaces will be redeveloped, 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 to improve the hygiene and working conditions of traders. This project will be implemented with a total financing of CFAF 80 billion, CFAF 8 billion will be provided by the public sector and CFAF 72 billion by the private sector.

The construction of the Ouidah Marina

The construction of this infrastructure will contribute to the development of tourism in Benin in general and in Ouidah in particular. A colossal project costing 129 billion CFAF, the complex includes: a vodun arena for the celebration of endogenous religions and various cultural events; two car parks 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 remembrance. The work began on July 20th, 2020, with the installation of the life base. It should last 24 months.

The construction of the new international airport in Glo-Djigbe

This project aims to provide Benin with an international standard airport, with excellent interconnection with Cotonou city center via an express road. The Glo-Djigbe International Airport is expected to handle more than 900 passengers at peak times for both arrivals and departures, and a cargo terminal capable of handling 12,000 tons per year. A 40 km expressway 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 carried out 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 work begun in March 2017 is being completed and compensation has been paid to landowners who have completed the formalities.

The project to create the national airline

Benin is planning to create its own national airline. To do so, the Beninese government wants to rely on the ongoing upgrading of its airport infrastructures. This is the case with the modernization of the Cardinal Bernadin Gantin International Airport in Cadjehoun, Cotonou, the construction of the new Glo-Djigbe airport, the project to renovate and make the Tourou International Airport in Parakou operational, as well as the ongoing process of bringing Benin's civil aviation system into line with international standards.

The Beninese authorities are also counting on the new visa policy to position this future company well. Since 2018, Benin has indeed 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.

The port modernization and extension

This project aims to make the port of Cotonou very efficiently upgrading its infrastructure. The actions planned are:

- The extension of the basin to the west by 154 m, the construction of a new 360 m quay in front of the current quay (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 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-containerized goods (bulk and vehicles) will be unloaded at the northern[14] 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 construction of a centralized access in the port as well as the development of a logistic zone in the port area.
- The repositioning and transfer of skills to local staff.

The expected economic impact is to provide access to vessels adapted to the market demand, to strengthen container capacity and to generate employment through the port's activities and the country's export capacity. The project will be financed exclusively by the private sector with an estimated CFAF 502 billion. The active phase of the project was launched on August 12th, 2021.

The construction of an interchange at the Vedoko crossroads in Cotonou

As a result of discussions held in 2017 between the Governments of Japan and Benin, the Vèdoko Interchange construction project was 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 session of Wednesday, January 13, 2021, agreed to contract with a group of offices with proven experience in agreement with the Japanese party. This project will not only make traffic between Cotonou and Abomey-Calavi more fluid but above all, it will improve the management conditions of the Beninese economy. The practical phase of the project will start in June 2022 and will last about 20 months.

The construction of an oil refinery[15]

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

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

Building and rehabilitation of road infrastructure

As part of the continuation of the work started during the period 2016-2021, the Government plans to build and rehabilitate several road infrastructures starting in 2022. These include, but are not limited to:

- The construction of a North Cotonou bypass road (40 km) and its link bar.
- The reconstruction in 2x2 lane of the Interstate National Road 2: Cotonou-Allada-Bohicon-Dassa (207 km).

14 The northern 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 short loading/unloading times.

15 https://sgg.gouv.bj/cm/2020-06-03/

- The doubling of the Seme-Porto-Novo Road (10 km) and the construction of a new 2x2-lane bridge.

- The development, asphalting, rehabilitation, or reinforcement of 1200 km of new roads.

- The completion of current road projects (917 km).

- The development of earth roads and construction of 39 related structures.

- The construction and maintenance of rural trails on national territory (12,600 km of rural trails).

- The continuation of the Construction and Modernization of 35 modern urban and regional markets of type Hall RDC/ R+1 in urban areas and improved hangar in peri-urban or semi-rural areas.

Building Benin's Energy Capacity

As part of the strengthening of the country's energy capacity, the Government intends to continue the development of energy infrastructure through:

- The construction of a 143 MW thermal power plant in the Glo-Djigbe Special Economic Zone.

- The construction of a floating storage and regasification terminal (FSRU).

- The construction of five (5) 100 MWp solar power plants.

- The construction of the Dogo bis hydroelectric dam (128MW).

- The solar electrification of 750 socio-community infrastructure.

- The restructuring of the SBEE Distribution and Extension System in major urban centers.

The implementation of the project to increase access to electricity in Benin (P2AE)

With an estimated cost of US$30 million, the P2AE aims to significantly improve the access and quality of energy in Benin for the benefit of urban, peri-urban, and rural areas. Through the electrification of households, microphones, small and medium enterprises, and certain public facilities located within a radius of about 7 km of the existing networks, based on a sustainable electrification scheme that incorporates best practices, technical assistance, and capacity building.

Continued deployment of broadband and ultra-high-speed internet throughout the country

Following the implementation of the first phase, the second phase of the broadband infrastructure deployment project is being prepared. It is expected to extend the fiber optic network to more than 4000 km. This phase is planned to be implemented through MAP 2021-2026.

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 sub-zones, 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 CFAF: 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 CFAF. It lays the groundwork for member countries to join ECO, ECOWAS' single currency project. 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:

- Names 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 franc was adopted by the French Council of Ministers. It validates the transformation of the CFAF, 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[16].

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, 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.

16 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.

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[17] 2.25%). 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 2,25% and 4,25% respectively, and constitute BCEAO's two main key rates.

Money supply

The money supply grew steadily over the period 2016-2021. In 2021, it stood at CFAF 3,210.53 billion against CFAF 2,751.89 billion a year earlier, an increase of 16.7% mainly related to the increase in foreign assets (+38.8%). The increase in foreign assets is attributable to the assets of commercial banks. Indeed, the latter increased by 55.8% to CFAF 1,993.10 billion in 2021 compared to CFAF 1,279.47 billion in 2020.

Domestic assets were down 0.47% from their 2020 level, mainly driven by the government's net position. Credit to the economy has risen.

The breakdown of the money supply shows that deposits amounted to CFAF 2,452.52 billion in 2021 compared to CFAF 2,044.73 billion in 2020. These deposits represent 76.4% of the money supply. Notes and coins in circulation amounted to CFAF 758.01 billion in 2021 compared to CFAF 707.16 billion in 2020.

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

	2016	2017	2018	2019	2020	2021
Foreign assets	**1 108.52**	**990.23**	**1 187.09**	**1 232.83**	**1 539.76**	**2 137.23**
Central Bank	40.12	203.55	425.95	314.1	260.30	144.13
Banks	1 068.40	786.68	761.14	918.68	1 279.47	1 993.10
Domestic assets	**1 336.25**	**1 520.30**	**1 543.95**	**1 443.38**	**1 714.37**	**1 706.24**
To the credit of the State	**30.48**	**189.31**	**111.55**	**- 207.12**	**52.25**	**- 71.15**
Central Bank	13.93	- 69.30	- 226.11	- 167.84	7.86	87.53
Banks	16.55	258.61	337.66	-39.28	44.39	- 158.68
To the credit of the economy	**1 305.77**	**1 330.99**	**1 432.40**	**1 650.50**	**1 662.12**	**1 777.39**
Other	**- 354.97**	**- 398.91**	**- 518.08**	**- 321.90**	**- 502.25**	**- 632.94**
Money supply (M2)	**2 089.81**	**2 111.62**	**2 212.96**	**2 346.00**	**2 751.89**	**3 210.53**
Banknote circulation	526.36	527.01	513.74	562.90	707.16	758.01
Deposit	1 563.45	1 584.61	1 699.22	1 783.10	2 044.73	2 452.52
% Increase observed as of 31. Dec from n-1 to n						
Net foreign assets	-	- 10.67	19.88	3.85	24.90	38.80
Net domestic assets	-	13.77	1.56	- 6.51	18.78	- 0.47
Credit to the State	-	521.11	- 41.08	- 285.68	- 125.23	- 236.17
Central Bank	-	- 597.49	226.28	- 25.77	- 104.68	1 013.90
Banks	-	1 462.62	30.57	- 111.63	- 213.01	- 457.45
Credit to the economy	-	1.93	7.62	15.23	0.70	6.94
Money supply (M2)	-	1.04	4.80	6.01	17.30	16.67

Source: BCEAO, February 2021

17 BCEAO decided to raise its main policy rates by 25 basis points on 1 June 2022, effective 15 June 2022.Thus, the minimum bidding rate for liquidity injection tenders was reduced from 2.50% to 2.25% and the interest rate for the marginal lending window was reduced from 4.50% to 4.25%. As a reminder, the Central Bank cut its main policy rates by 50 basis points on June 24, 2021.

4.2. Banking system and financial markets

4.2.1. The banking environment

The Beninese banking environment has not changed since 2020. Indeed, according to the BCEAO, as of December 31, 2021, there were 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, distributed as follows:

- The subsidiaries

- BANK OF AFRICA - BENIN (BOA - BENIN)
- BANQUE ATLANTIQUE OF 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

- The branches

- CBAO, ATTIJARIWAFA BANK GROUP, BENIN BRANCH
- SOCIETE NIGERIENNE OF BANK (SONIBANK), BENIN BRANCH

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

The net external assets of commercial banks stood at CFAF 1,993.10 billion in 2021 against CFAF 1,279.47 billion in 2020, i.e., an increase of 55.8% mainly due to the increase in claims on non-residents (+47.7%). Commitments on non-residents also recorded an increase of 13.8% from CFAF 305.46 billion to CFAF 347.52 billion in 2021.

Claims on the Central Bank increased by 34.2% to CFAF 391.97 billion in 2021 compared to CFAF 291.98 billion in 2020, due to the increase in deposits and cash. Cash increased from CFAF 57.78 billion in 2020 to CFAF 70.18 billion in 2021. As for deposits, they recorded an increase of 37.4% to CFAF 321.79 billion compared to 2020

Net receivables from the central administration showed a deficit of CFAF 158.68 billion in 2021, due to a 28.9% increase in commitments to the central administration and a 6.3% drop in receivables.

Credit to the economy, granted by commercial banks in 2021, increased to CFAF 1,773.87 billion against CFAF 1,658.13 billion a year earlier. This increase is largely due to claims on the private sector, which represent the bulk of credit to the economy. Indeed, between 2016 and 2021, they accounted for an average of 89.7% of credit to the economy against 7.7% for claims on public non-financial companies, 1.8% for claims on federal and local governments and 0.8% for claims on other financial companies. In 2021, claims on the private sector recorded an increase of 9.3% compared to their 2020 level to stand at CFAF 1,525.43 billion.

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

	2016	2017	2018	2019	2020	2021
Assets						
Net external assets	**1 068.41**	**786.68**	**761.14**	**918.68**	**1 279.47**	**1 993.10**
Claims on non-residents	1 626.89	1 335.22	1 165.53	1 282.84	1 584.93	2 340.62
Liabilities to non-residents	- 558.48	- 548.54	- 404.39	- 364.16	- 305.46	- 347.52
Claims on the Central Bank	**156.04**	**186.20**	**116.48**	**134.95**	**291.98**	**391.97**
Cash	48.07	41.73	48.70	53.44	57.78	70.18
Deposits	107.97	144.47	67.78	81.51	234.21	321.79
Other claims on the central bank	-	-	-	-	-	
Net claims on central government	16.55	258.61	337.66	- 39.28	44.39	- 158.68
Claims on central government	453.34	616.61	707.44	538.91	614.69	576.17
Commitments to Headquarters	- 436.79	- 358.00	- 369.78	- 578.19	- 570.30	- 734.85
Claims on the economy	**1 299.67**	**1 326.59**	**1 428.41**	**1 646.44**	**1 658.13**	**1 773.87**
Claims on other financial companies	5.76	5.57	21.49	12.55	12.97	16.79
Claims on state and local governments	-	-	1.32	4.17	95.29	82.66
Claims on public non-financial corporations	75.34	102.75	82.93	148.78	154.15	148.99
Claims on the private sector	1 218.57	1 218.27	1 322.67	1 480.94	1 395.72	1 525.43
Liabilities						
Liabilities to the central bank	**643.86**	**569.37**	**378.85**	**515.10**	**712.54**	**966.89**
Transferable deposits included in broad money supply	**694.75**	**727.35**	**816.57**	**878.10**	**1 039.85**	**1 393.32**
Other deposits included in broad money supply	**857.40**	**846.13**	**871.41**	**894.00**	**993.54**	**1 047.99**
Securities other than shares included in broad money supply	**-**	**-**	**-**	**-**	**-**	
Deposits excluded from broad money supply	**37.59**	**42.13**	**66.68**	**55.60**	**68.04**	**75.34**
Securities other than shares excluded from the broad money supply	**0.41**	**-**	**-**	**-**	**-**	
Borrowing	**31.52**	**47.02**	**39.90**	**59.80**	**52.57**	**78.57**
Financial derivatives	**-**	**-**	**-**	**-**	**-**	
Insurance reserves	**-**	**-**	**-**	**-**	**-**	
Shares and other equity securities	**197.42**	**245.44**	**227.55**	**273.70**	**336.80**	**390.31**
Other items (net)	**77.71**	**80.65**	**242.74**	**- 15.50**	**70.64**	**47.84**

Source: BCEAO, February 2021

Transferable and other deposits included in the broad money supply, and liabilities to the Central Bank are the three (3) largest components of commercial banks' liabilities. In 2021, all liability items increased except for other net items. The increase in transferable deposits included in the broad money supply was CFAF 353.47 billion and that of commitments to the central bank, CFAF 254.34 billion.

Interest rates vary according to whether the duration of the loan and deposit is short, medium, or long. Average deposit rates fluctuated between January and December and reached a peak of 7.91% in August and September 2021. The lowest average rate was observed in February of the same year. By loan duration, the highest average rate was observed in May 2021 for a loan covering a period of 1 to 2 years, at 10.55%. The average interest rates fluctuated between 5.12% and 5.74% during the different months of 2021.

Table 31. **Average credit and deposit rates of pay for 2021**

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	6.18	6.04	5.98	6.65	6.05	7.97	6.76	6.2	7.43
February	6.17	7.12	7.86	7.51	5.64	8.43	6.63	6.1	6.5
March	6.5	8.53	7.23	8.72	6.27	7.48	6.58	6.01	2.79
April	6.5	6.7	7.7	7.2	6	7	5.8	6.6	6.2
May	7.4	7.38	8.47	7.82	7.95	10.55	7.2	6.79	7.04
June	7.02	7.86	7.12	6.9	6.86	6.58	7.55	6.7	7.4
July	7.62	9.22	7.85	8.6	7.75	9.48	8.21	6.73	7.99
August	7.91	8.65	9.58	8.44	8.57	6.67	7.47	8.31	7.09
September	7.91	7.78	9.44	7.58	8.2	9.01	8.14	7.76	7.4
October	6.78	6.02	8.28	6.45	6.88	6.89	7.49	6.9	7.03
November	7	7.1	7.6	7.6	6.8	8	6.4	6.9	6.8
December	7.15	6.98	8.24	7.25	6.92	8.83	7.37	7.08	6.36
Average rate of return on deposits									
	Average	Inférieur a 1 mois	entre 1 et 3 mois	entre 3 et 6 mois	6 mois et 1 an	entre 1 et 2 ans	entre 2 et 5	entre 5 et 10 ans	plus de 10 ans
January	5.74	6.01	5.79	5.8	5.39	5.35	5.28	nd	4.9
February	5.21	5.99	5.46	5.34	5.47	4.37	5.09	nd	5.96
March	5.58	5.58	5.8	5.28	5.35	5.67	5.53	nd	5.95
April	5.7	5.6	5.8	4	5.4	5.8	5.4	nd	5.3
May	5.39	5.59	5.44	5.06	5.04	4.95	5.36	nd	4.95
June	5.5	5.59	5.77	4.98	5.53	5.35	5.78	nd	4.49
July	5.31	5.58	5.8	5.06	4.74	4.04	5.67	nd	4.64
August	5.12	5.3	5.47	4.44	5	4.99	5.13	nd	4.78
September	5.29	5.3	5.82	4.59	5.16	4.06	5.04	nd	5.67
October	5.53	5.3	5.8	4	5.32	4.05	5.37	nd	5.7
November	5.18	5.1	5.4	5.6	5	4.5	5.2	nd	4.9
December	5.49	5.38	5.47	5.17	5.67	4.06	5.61	nd	5.5

Source: BCEAO, February 2021

Microfinance

As of December 31, 2021, according to BCEAO data, the decentralized finance sector in Benin was made up of 58 decentralized financial systems (SFDs), compared with 60 in 2020, authorized to carry out all or part of the operations of collecting deposits, granting loans, and signing commitments. Data on a sample of 19 SFDs show 685 points of service in 2021 compared to 491 points of service in 2020.

The customer base has been growing over the years. Indeed, the number of customers has increased from 1.63 million in 2015 to 2.24 million in 2019 for a sample of 14 DFS.

In 2021, the sample studied is 19 with a customer base of 3.08 million compared to 2.61 million in 2020, an increase of 17.9%.

Following the example of the clientele, the amount of deposits and loans also followed an upward trend. Deposits amounted to CFAF 164.70 billion in 2021 against CFAF 132.62 billion in 2020. Outstanding loans rose from CFAF 165.0 billion in 2020 to CFAF 202.28 billion in 2021. Outstanding amounts are estimated at CFAF 12.42 billion in 2021, i.e., a portfolio deterioration of 6.10%.

Table 32. Microfinance indicators in Benin

	2015	2016	2017	2018	2019	2020	2021
Number of SFD (Decentralized Financial Systems)	56	81	66	66	50	60	58
Sample SFDs (Decentralized Financial Systems)	14	14	14	14	14	19	19
Sample Number of service points	423	465	473	475	484	491	685
Sample Number of customers (in millions)	1 631 851	1 830 428	1 937 383	2 086 193	2 243 117	2 612 680	3 081 382
Amount of deposits (millions CFAF)	87 272	90 508	102 218	94 303	97 681	132 623	164 707
Outstanding sound loans (Million CFAF)	110 993	116 451	125 458	141 234	139 323	165 007	202 283
Amount of overdue loans (millions) in the sample (Million CFAF)	-	-	10 635	9 061	9 704	11 188	12 427
Portfolio deterioration rate	-	-	8.48%	6.42%	7.00%	6.80%	6.10%

Source: BCEAO, April 2022

Monitoring indicators[18] show an improvement in the geographical penetration rate of services (6.06% in 2019 to 6.13% in 2020) and in the utilization rate of microfinance services (47.71% in 2020 against 45.91% in 2019). The demographic penetration rate of microfinance services seems to be stabilizing at around 1%.

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 the UMOA-Titres (WAMU Securities Agency), 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).

BRVM: Overview and roles

Regional Stocks 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.

The dynamic recovery of activities within the region during the year 2021 brought a new lease of life to the sub-regional stock market, putting an end to several years of underperformance. To this end, during the 2021 trading year, the BRVM composite index rose from 145.4 points on 31/12/2020 to 202.3 points on 31/12/2021. The market capitalization of the equity market increased from CFAF 4,368 billion at the end of 2020 to CFAF 6,085 billion at the end of 2021, i.e., an increase of 39%.

As regards the market capitalization of bonds, it stood at CFAF 7 247 billion as of 31 December 2021 against CFAF 6 051 billion the previous year, an increase of 20%. This increase is the result of the continuity of the efforts of the States in the support of their respective economies in a context strongly

18 Source: BCEAO

marked previously by the consequences at the world level of the pandemic of COVID-19.

Over the period 2015-2020, the underperformance of the WAEMU stock market (BRVM) showed that the regional market had not fully resisted the general downward movement that gripped the world's financial markets. The decline in 2018 of the BRVM was particularly marked. The preferred stocks in 2015, which were oriented towards the agri-food and beverage, agro-industry, consumer, automotive and equipment sectors, and banks, fell.

The fall in prices on the 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 has 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 listed companies have not reacted to the fall in their capitalization.

The year 2020 negatively impacted the BRVM, as it did all financial markets, following the outbreak of the coronavirus. The regional market recorded its largest quarterly decline (-15.79% in the first quarter of 2020) in the last 10 years. However, investors showed continued confidence in the potential of the 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.

Table 33. BRVM financial market trends

	2015	2016	2017	2018	2019	2020	2021
BRVM 10 Indexes	290	262	220	154	149	131	154
BRVM composite Indexes	304	292	243	172	159	145	202
Composite market capitalization (stocks and bonds) in billions of CFA francs	9 079	10 216	9 806	8 274	8 973	10 419	13 332
Equity Market	7 500	7 706	6 836	4 845	4 741	4 368	6 085
Bond market	1 579	2 509	2 970	3 430	4 233	6 051	7 247
Number of listed companies	39	43	45	45	46	46	46

Source: BRVM

Bond market

For the year 2021, Benin has carried out only four (04) issues of public securities, exclusively Treasury bonds (OAT) for a total amount of CFAF 214.5 billion. Out of the four OATs, two (02) are stimulus bonds (OdR). The amounts retained for the said stimulus bonds are respectively CFAF 66 billion with interest rates of 5.25% and 5.2%. Benin did not issue any treasury bills during the year.

This level of mobilization is part of the implementation of the issuance plan on the regional market. It should be recalled that Benin has reduced part of its initial issuance plan, in compliance with the budgetary authorizations of the 2021 Finance Act and in connection with the success of Eurobond issues: all this remaining in line with the debt strategy.

The participation of non-resident investors in public securities amounted to CFAF 140.67 billion, i.e., 65.58% of the amount issued during the first half of 2021. This high participation of non-resident investors is a testimony to the good quality of Benin's signature.

As of February 3, Benin has issued two AOTs for the year 2022 for amounts of CFAF 36 billion and CFAF 41 billion respectively.

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

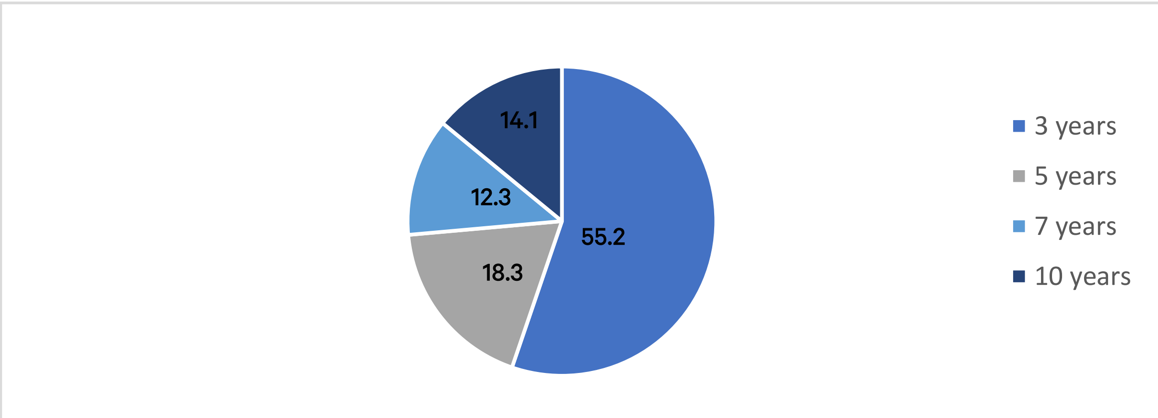
Table 34. **Benin's emissions in 2021 and the first quarter of 2022**

Date of operation	Instrument	Details	Maturity (months)	Amount withheld (millions of CFAF)	Interest rate	Marginal rate (%)	Weighted average rate (%)
03/02/2022	OAT		84	36 000	5.2	--	--
03/02/2022	OAT		120	41 000	5.3	--	--
17/06/2021	OAT	Relaunch obligation (OdR)	36	66 000	5.2	5.01	4.96
27/05/2021	OAT	Relaunch obligation (OdR)	36	66 000	5.25	5.15	5.09
07/01/2021	OAT		36	29 041.5	5.9	5.94	5.88
07/01/2021	OAT		60	53 458.5	6	6.18	6.08

Source: www.umoatitres.org, April 2022

The analysis by maturity of the resources mobilized in 2021 shows that 55.2% of the resources have a maturity of 3 years. 18.3% and 26.4% of mobilizations have a maturity of 5 years and between 7 and 10 years respectively.

Figure 6. Share (%) of mobilized funds by maturity in 2021



Source: www.umoatitres.org, April 2022

Stock market

In Benin, only one financial company, BOA Benin, is listed on the BRVM. Founded in 1989, Bank of Africa Benin, abbreviated to "BOA-Benin", is a subsidiary of the BOA Group, formerly AFRICAN FINANCIAL HOLDING. The financial rating conducted by Bloomfield-Investment for the year 2021[19] gave BOA a long-term rating of A+ with a positive outlook and a short-term rating of A1 with a stable outlook. These ratings remained unchanged from the previous assessment.

Over the long term, the agency noted high credit quality, good protection factors with, however, risk factors that are more variable and important in times of economic pressure.

On the short term, the bank's certainty of timely repayment is very high; liquidity factors are excellent and supported by good core protection factors and risk factors are minor.

The closing price on December 31st, 2021 was CFAF 5,300, up 43.4% on 2020. Earnings per share were CFAF 656 compared to CFAF 740 in 2019. As for the value of market capitalizations, it recorded an increase to 105.7 billion CFAF against 74.9 billion CFAF in 2020. Earnings per share were CFAF 575, up 25% on the 2020 level.

Despite the rise in the share price, accentuated in 2021, BOA-BENIN remains undervalued compared to the market with a Price Earnings Ratio (P/E)[20] of 6.5x and a Price to Book (P/B)[21] of 1.1x and maintains a high dividend yield of over 10%.

19 Valid from 30 Avril 2021 to 30 Avril 2022

20 P/E: Price Earnings ratio: Closing price / Earnings per share N and N-1 for the month of April.

21 P/B: Price to Book ratio: Closing price / Core capital per share N

Table 35. BOA Benin's stock market performance

	2016	2017	2018	2019	2020	2021	TCAM* (2017-2021
Closing price at 31/12	8 400	7 450	4 200	3 610	3 695	5 300	-4.6%
Annual performance	29.2 %	-11.3 %	-43.6%	-14.0%	2.4%	43%	
Earnings per share	801	735	627	740	656	-	
Shareholders' equity per share	3 596	3 785	3 931	4232	4 430	4818	6.0 %
Closing market capitalization (in billions)	169.2	150.1	85.2	73.2	74.9	107.5	-4.6%
Dividend per share	436	481	438	459	459	575	6.30%
Dividend yield	5.18 %	6.45 %	10.4%	12.7%	12.4 %	10.80%	
PER (Price Earnings Ratio)	10.5x	6.45x	6.7x	4.9x	5.6x	6.5X	
P/B (Price to Book)	2.3x	2.0x	1.1x	0.9x	0.8x	1.1X	

*Source: BRVM, April 2022 * 2017-2021*

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 State's issue Treasury bills and bonds through an auction procedure 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[22];
- 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 aids member States in mobilizing resources on the capital markets and managing their debt.
- Investors, which are credit institutions, MFIs (Micro Financing Institution), and regional financial organizations with a settlement account in the books of the Central Bank[23];
- 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[24].

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

The public debt of the State of Benin is co-managed by the Autonomous Amortization Fund (CAA) and the General Directorate of the Treasury and Public Accounting (DGTCP). In accordance with Articles 3 and 6 of Order 5061/MEFPD/DC/SGM/DGTCP/CAA/SP of October 6th, 2015 on the delimitation of the competences and responsibilities of the DGTCP and the CAA in terms of public debt management in

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

Benin, the DGTCP is responsible for, among other things:

- The elaboration of the public securities issuance calendar.
- The issuing of public securities (by auction or public offering) on the WAEMU regional financial market.
- The capital market monitoring.
- The management of relations with Primary Dealers (SVT) and investors in the regional financial market.
- The 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 preparation of periodic reports and publications related to government securities.

In addition to these public debt attributions, the Treasury Department has implemented international best practices by integrating debt management with cash management. Thus, the following activities were carried out in 2021:

- The updating and the regular monitoring of the execution of the provisional cash flow plan annexed to the Finance Bill, 2021 management.
- The evaluation of the outstanding public securities as of December 31, 2021.
- The quarterly update and execution of the public securities issuance schedule, 2021 management.
- The elaboration of the public securities issuance calendar, management 2022.
- The elaboration of the Forecast Cash Flow Plan of the State, management 2022.

As of December 31, 2021, the outstanding amount of securities mobilized by auction was CFAF 1,161.27 billion. The number of active securities is 49, the weighted average rate is 6.03% and the residual maturity is 2.76 years. The outstanding securities are mainly composed of treasury bonds.

Table 36. Characteristics of the government securities portfolio as of December 31st, 2021

Characteristic	Auction	Syndication	total
Treasury Bill			
Outstanding	0	0	0
Number of live titles			
Weighted average rate	0		
Average Residual Time (year)	0		
Treasury Bond			
Outstanding	1161.27		1161.27
Number of live securities	49	0	49
Weighted average rate	6.03%	0.00%	6.03%
Average Residual Time (year)	2.76 ans	0 ans	2.76
Outstanding	1161.27		1161.27
Number of live securities	49	0	49
Weighted average rate	6.03%	0.00%	6.03%
Average Residual Time (year)	2.76 ans	0 ans	2.76

Source: CAA, Debt Statistics Bulletin 2021

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 Regional Council for Public Savings and Financial Markets (CREPMF) and a private pole comprising, on the one hand, central agencies such as the Regional Stocks Exchange (BRVM) 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 (DC/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 oversees 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.

As of December 31, 2021, Benin no longer has any outstanding securities mobilized through syndication.

4.3. Inflation rate

Over the period 2016-2021, inflation was contained within the 3% limit prescribed by the WAEMU. The average year-on-year inflation rate stood at 1.7% in December 2021, compared with 3.0% a year earlier, marking an easing in the rise in prices noted in 2020 for certain functions. The functions that noticed an increase in prices in 2021 compared to 2020 were: "food (5.92% compared to 2.98%)", "alcoholic beverages, tobacco, and narcotics (1.84% compared to 2.81%)", "clothing (2.19% compared to 2.04%)". The easing of prices was observed in the functions "transport (-3.2% against 8.05%)"; "hotels and restaurants (-0.35% against 2.82%); "furniture (-1.91% against 2.87%)" and "communication (-0.64 against 1.65%)". The level of inflation observed in Benin in 2021 is well below the WAEMU average of 3.6%.

Table 37. Inflation trends in Benin (%)

	2016	2017	2018	2019	2020	2021
BENIN	-0.8	1.8	0.8	-0.9	3.0	1.7
WAEMU	0.3	1.1	1.2	-0.7	2.1	3.6

Source: INSTAD - UEMOA, April 2022

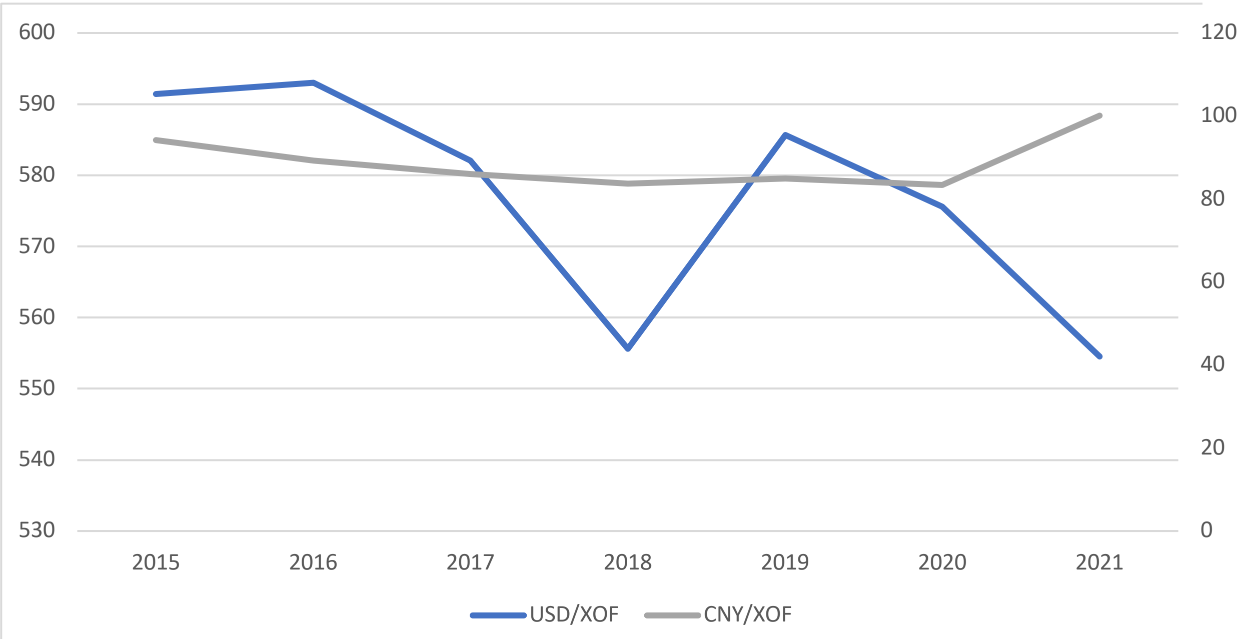
Benin's inflation outlook for 2022 and 2023 assumes that inflation will remain below 3.0%. However, uncertainties related to the Russia-Ukraine war and disruptions in the distribution chain of imported goods, which have resulted in higher freight costs, could lead to higher inflation.

4.4. Exchange rates

The dollar/CFAF exchange rate has moved up and down between 2016 and 2021. From 593.0 CFAF for one dollar, the dollar depreciated between 2017 and 2018 against the CFAF to stand at 555.58 CFAF. In 2019, the US currency recorded an appreciation without reaching its 2016 level. From 2020 onwards, the dollar depreciated again against the CFAF, falling to CFAF 572.8 in 2021, slightly below its 2018 level.

From 89.27 CFAF in 2015 for one CNY, the Chinese currency depreciated to 83.74 CFAF in 2018 for one CNY. It appreciated slightly to CFAF 84.87 in 2019 before declining in 2020 to CFAF 83.38 per CNY. In 2021, there was a very significant appreciation of the Chinese currency to CFAF 100.09 per CNY.

Figure 7. USD/XOF and CNY/XOF exchange rate



Source: BCEAO, March 2022

4.5. Foreign reserves

Total net external assets - claims on non-residents - stood at CFAF 962.64 billion in 2021, against CFAF 850.06 billion in 2020. These external assets were driven up by official reserve assets. Contrary to official reserve assets, other external assets were down by 1.6% in 2021 compared to 2020, at CFAF 611.42 billion.

Official reserve assets rose from CFAF 228.64 billion in 2020 to CFAF 351.12 billion in 2020, recording an increase of 53.6%, driven to a large extent by assets in special drawing rights. They are made up of CFAF 328.30 billion in special drawing rights, CFAF 20.90 billion in IMF reserve positions and CFAF 1.92 billion in foreign currencies.

Table 38. Total net foreign assets - Official reserve assets, Benin (CFAF billion)

	2016	2017	2018	2019	2020	2021
Claims on non-residents	**167.35**	**425.58**	**579.14**	**600.09**	**850.06**	**962.64**
Official reserve assets	38.05	43.35	63.48	76.4	228.64	351.12
Foreign Currencies	2.91	1.91	1.23	0.65	1.06	1.92
Reserve position in the IMF	17.24	9.34	16	14.8	5.17	20.90
SDR Holdings	17.9	32.1	46.25	61.0	222.40	328.30
Other external assets	129.3	382.24	515.66	526.38	621.42	611.52

Source: BCEAO, March 2022

5.1. Balance of payments[25]

Balance of payments statistics indicate a worsening of the structural deficit of the current account, which stood at CFAF 418.30 billion in 2021 against CFAF 157.34 billion in 2020. In relative terms, in 2021, the current account deficit represents 4.3% of GDP against 1.7% of GDP in 2020. In 2022, the current account deficit is expected to reach CFAF 612.70 billion, representing 5.6% of GDP, due to a deterioration in the balance of goods (+50.8%).

The trade balance deficit (goods and services) has deteriorated from CFAF 250.23 billion in 2020 to CFAF 457.90 billion in 2021. The deterioration of the trade deficit is induced by both the goods and services balance. In terms of prospects, the trade deficit in 2022 will be 627.1 billion CFAF, a deterioration compared to 2021, both in the balance of goods and services.

Benin's goods balance, which is structurally in deficit, deteriorated in 2021 to CFAF -196.10 billion, compared with CFAF -89.79 billion in 2020. The deterioration in the balance of goods is induced by a more than proportional increase in imports (+16.4%) compared to that of exports (+11.0%). In terms of prospects, the balance of goods should show a deficit of CFAF 295.70 billion in 2022, a deterioration compared to 2021, due to a faster increase in imports than in exports.

Like the goods deficit, the services account deficit deteriorated in 2021 to CFAF 261.70 billion, against CFAF 160.51 billion in 2020. The services account deficit is expected to deteriorate again to CFAF 331.4 billion in 2022.

The balance of the primary income account recorded an improvement in its deficit, which fell to CFAF 64.0 billion in 2021 from CFAF 69.70 billion in 2020, mainly due to a drop in interest on the public debt (-12.5%). According to forecasts, the deficit should reach CFAF 92.70 billion in 2022.

The balance of the secondary income account remained in surplus in 2021, but down by 36.3% compared with its level in 2020. It stood at XOF 103.5 billion in 2021 against XOF 162.6 billion a year earlier. The decline in the balance of the income account is due to the fall in transfers received by public administrations as part of development aid. Indeed, public transfers stood at CFAF 37.90 billion in 2021 against CFAF 107.61 billion a year earlier. Transfers from other sectors rose by 19.3% to CFAF 65.6 billion.

The capital account tracks flows relating to debt forgiveness, project grants intended to finance investments and the acquisition and disposal of non-produced non-financial assets (land, subsoil resources, patents, operating licenses, copyright, trademarks, etc.). It shows a surplus that has fallen from CFAF 102.50 billion in 2020 to CFAF 96.70 billion in 2021. This evolution is induced by the drop in capital transfers received by the public administrations. The 2022 outlook places the capital account balance at CFAF 119.30 billion, up from its 2021 level.

The financial account showed a net liability of CFAF 919.0 billion in 2021, compared with CFAF 361.76 billion in 2020. This increase in the liabilities of the financial account is largely due to portfolio investments (+845.0%) and to a small extent to Foreign Direct Investment (+36.0%). Investment by other sectors fell by 60.6%. In terms of prospects, the net liabilities of the financial account are expected to reach CFAF 551.2 billion in 2022, due to the decline in portfolio investments.

The overall balance of payments was in surplus and improving in 2021 as in 2020. The surplus stood at CFAF 597.5 billion against CFAF 306.9 billion in 2020. As a percentage of GDP, the overall balance of payments will represent 6.1% in 2021 against 3.4% a year earlier. In perspective, the overall balance of payments should be CFAF 57.80 billion in 2022, or 0.5% of GDP.

25 The data used for the analysis over the period 2015-2022 come from BCEAO estimates and forecasts.

Table 39. Benin's balance of payments (in billions of CFAF)

	2016	2017	2018	2019	2020	2021	2022
Current account balance	**-479.60**	**-539.75**	**-360.36**	**-337.31**	**-157.34**	**-418.30**	**-612.70**
Current account balance excluding grants	**-488.2**	**-581.1**	**-376.4**	**-386.8**	**-265.1**	**-455.7**	**-628.4**
Trade balance in goods and services	**-581.40**	**-639.90**	**-456.05**	**-422.91**	**-250.23**	**-457.90**	**-627.10**
Balance of Goods	**-396.80**	**-494.50**	**-308.60**	**-260.48**	**-89.73**	**-196.10**	**-295.70**
Exports of Goods FOB	1 052.30	1 289.90	1 857.60	1 790.90	1 720.48	1 910.50	2 231.70
Imports of goods FOB	-1 449.10	-1 784.40	-2 166.20	-2 051.38	-1 810.21	-2 106.60	-2 527.50
Balance of Services	**-184.6**	**-145.4**	**-147.45**	**-162.43**	**-160.51**	**-261.70**	**-331.40**
Primary income balance	**-22.40**	**-18.46**	**-30.59**	**-41.48**	**-69.70**	**-64.00**	**-92.70**
Compensation of female employees	-0.05	0.637	-0.88	-1.15	3.91	-	-
Investment Income	-17.53	-19.09	-33.42	-40.33	-99.77	-	-
of which interest on the public debt	-25.60	-60.9	-23.663	-38.84	-76.28	-66.8	-94.2
Other primary income	-4.82	0	3.70	0	26.165	-	-
Secondary (transfer) income balance	**124.2**	**118.6**	**126.3**	**127.1**	**162.6**	**103.5**	**107.1**
Other sectors	78.4	77.2	67.5	77.6	55.0	65.6	75.8
Audiences	45.8	41.38	58.8	49.43	107.61	37.90	31.30
CAPITAL ACCOUNT AND FINANCIAL OPERATIONS	**120.0**	**41.8**	**-335.6**	**-146.2**	**-259.3**	**-822.3**	**-385.3**
Capital account	**81.57**	**113.88**	**109.15**	**116.35**	**102.50**	**96.70**	**119.30**
Acquisition and sale of non-financial non-produced assets	-0.1	-0.1	0.0	0.0	-0.04	0.0	0.0
Capital transfer	81.66	113.95	109.15	116.35	102.54	96.7	119.3
Public Administration	35.05	73.28	70.14	74.85	64.02	54.60	72.60
Other sectors	46.61	40.67	39.01	41.50	38.53	42.1	46.7
Financial account	**-227.7**	**-303.6**	**-444.7**	**-262.6**	**-361.7**	**-919.0**	**-551.2**
Direct investments	-67.8	-98.1	-102.4	-112.0	-87.6	-119.10	-231.9
Portfolio investments	-50.8	-54.5	54.0	-125.0	-76.4	-722.0	-91.5
Other investments	-109.1	-150.9	-396.4	-25.6	-197.7	-77.9	-227.8
Statistical errors and omissions	**2.4**	**4.0**	**3.3**	**4.0**	**0.0**	**0.00**	**0.0**
Overall balance	**-168.0**	**-118.3**	**196.9**	**45.6**	**306.9**	**597.5**	**57.8**

Source: BCEAO, June 2022

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 different spaces. Indeed, the regional negotiating space is articulated around the following elements:

- The finalization of the Common External Tariff (CET) at ECOWAS level, and thus the constitution of a Customs Union.
- A bilateral negotiation area, notably between the West African region and the EU, concerning the EPA.
- A multilateral negotiating area, which refers to the rules of the WTO, of which all West African states are members (except for Liberia, which has observer status). It should be noted that each country negotiates individually and that UEMOA and ECOWAS only have ad hoc observer status in the WTO Trade and Development Committee.

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

- A common market set up on 1 July 1996 for local and unprocessed products (Union products from the animal, mineral and plant kingdoms) and traditional crafts, and until 1 January 2000 for approved industrial products. This common market was extended to all ECOWAS countries in 2004.
- A Customs Union set up on 1 January 2000, based on a CET applicable to all WAEMU member countries, which includes four categories of products, taxed from 0 to 20%, in force until 1 January 2015, when the WAEMU CET was replaced by the ECOWAS CET which enshrines the enlargement of the Customs Union to the 15 ECOWAS countries.
- Common rules of origin and competition, harmonisation of VAT and excise duties, harmonisation and mutual recognition of standards, common safeguard and protection measures (degressive protection tax (DPT), short-term export tax (TCI), 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 consider other business needs.

The needs and priorities were identified based on 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 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 (CD). the statistical fee (SF) and the ECOWAS community levy (CL 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[26].

- 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 GSP on everything except arms; which gives them access to the European market for all their exports to the EU without duty or quota.

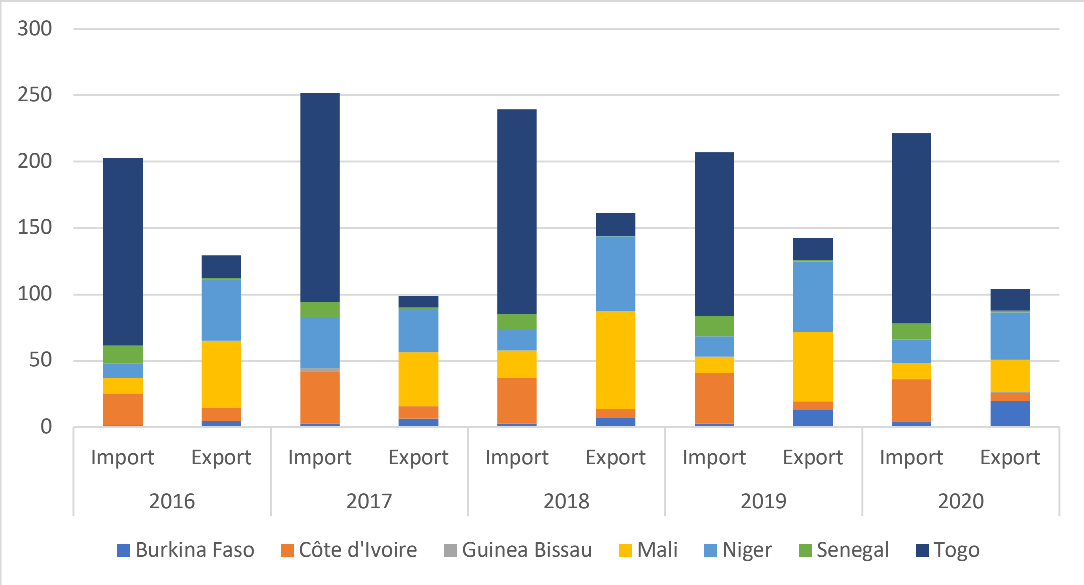
5.2.2. Regional trade in value

Exports to WAEMU countries fell for the second year running to CFAF 103.9 billion in 2020, compared with CFAF 142.4 billion in 2019 after CFAF 161.5 billion in 2018. The decline in exports in 2020 is due to a fall in products destined for Niger (-32.3%), Mali (-52.8%) and Togo (-3.8%). In contrast, products destined for Burkina recorded an increase for the second consecutive year, rising to CFAF 19.68 billion in 2020 compared with CFAF 13.47 billion a year earlier.

In 2020, overall, intra-WAEMU trade represents 6.0% of Benin's total exports. Benin's main customers in the WAEMU are Niger (2.1%), Mali (1.4%), Burkina (1.1%) and Togo (0.9%). Togo imports frozen fish, petroleum products, medicines, and paint from Benin. Exports to Mali consist mainly of petroleum products. Niger imports food and metal products from Benin.

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

Figure 8. Value of exports and imports between Benin and the 7 other WAEMU countries (in billions of CFAF)



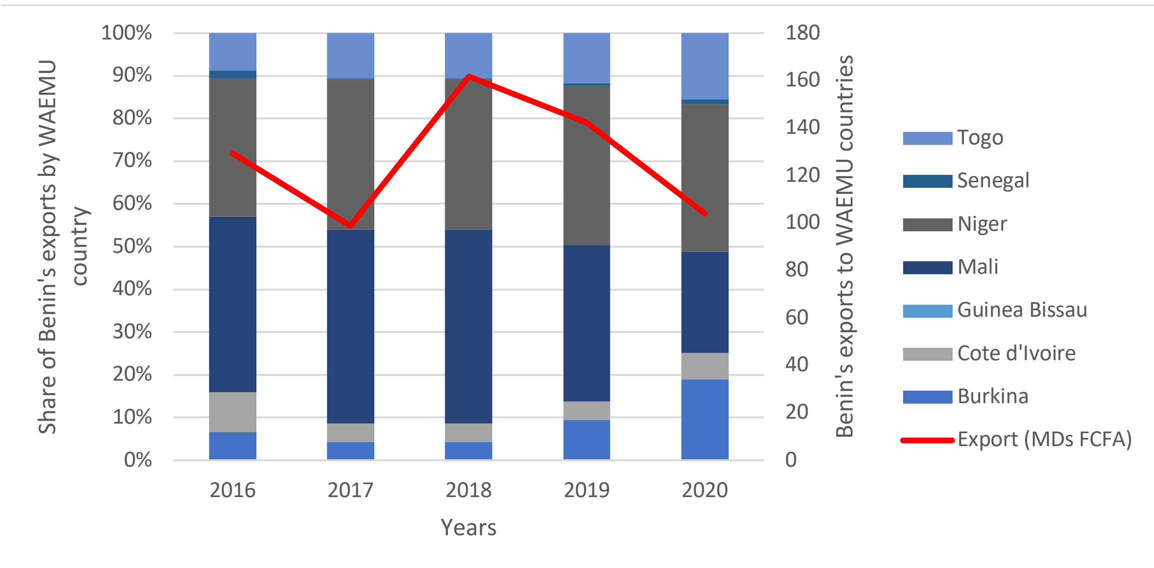
Source: BCEAO. Excerpts from the balance of payments and international investment position reports 2016-2020

Imports from the WAEMU, after having fallen in 2019, rose in 2020. In fact, they amounted to CFAF 221.3 billion in 2020 against CFAF 207.03 billion in 2019, after having reached CFAF 239.09 billion in 2018. This increase in imports in 2020 is driven by products from Togo (+16.3%) and Niger (+14.5%) and to a lesser extent Burkina Faso (+21.3%). It is important to note that Togo is Benin's main supplier within the WAEMU with an average share of 64.2% over the period 2016-2020. Togo is followed by Côte d'Ivoire with 15% of imports and Niger with 8.5% of imports over the period under review.

5.2.3. Regional exchanges by partner

Since 2016, Mali and Niger have remained Benin's two main partners, accounting for an average of 35.8% and 34.9% of exports to the WAEMU respectively. The evolution of the structure of trade between Benin and its main partners reveals that the share of exports to Niger fell in 2020 to 34.5% compared with 37.2% in 2019. The same is true of exports to Mali, representing a share of 23.7% in 2020 compared with 36.6% a year earlier. Despite the decline in exports to Niger in 2020, the latter remained the main destination for Beninese products, ahead of Mali, Togo, and Burkina Faso.

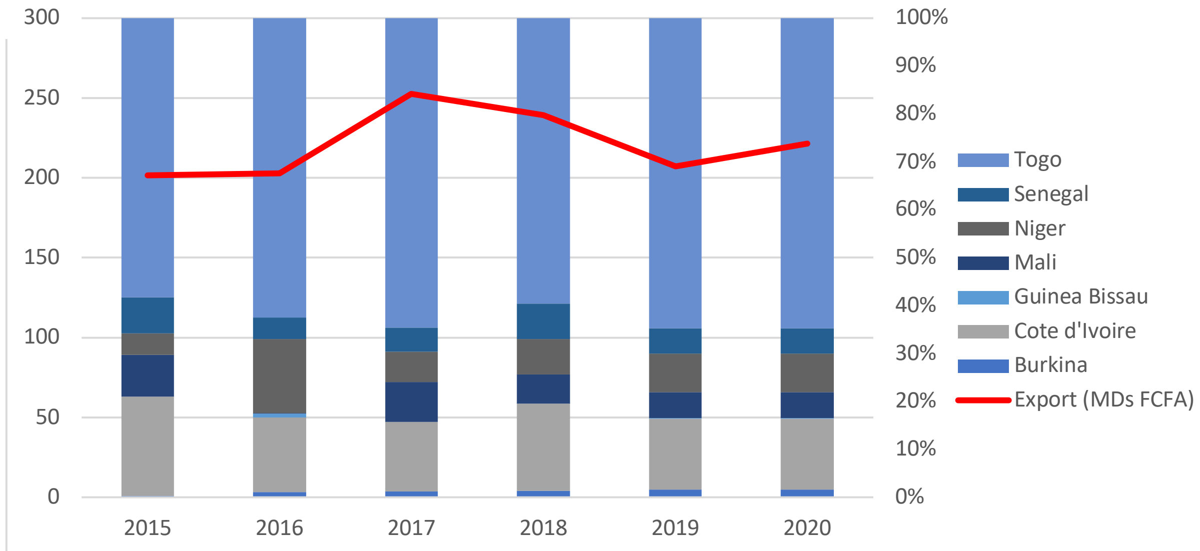
Figure 9. Share of each WAEMU country in Benin's exports



Source: BCEAO. Excerpts from the balance of payments and international investment position reports 2016-2020

In terms of imports, Togo remained Benin's main supplier in 202, followed by Côte d'Ivoire, Niger, Mali, and Senegal. Imports from Togo, which are mainly made up of electrical energy, accounted for 64.7% of imports from the WAEMU in 2002, compared with 59.5%in 2019. In contrast to Togo, imports from Côte d'Ivoire fell, representing a share of 14.8% in 2020 compared with 18.2% in 2019.

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

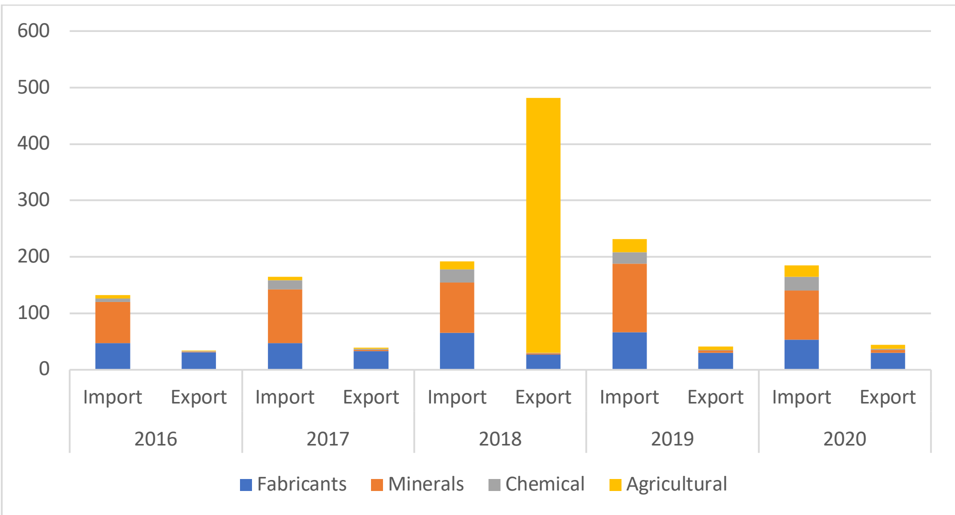


Source: BCEAO. Excerpts from the Balance of Payments and International Investment Position Reports 2016-2020

5.2.4 Regional trade by type

Benin's products traded with WAEMU countries, grouped according to primary and secondary sectors[27] , show a higher level of products in the secondary sector in terms of both exports and imports.

Figure 11. Value of exports and imports between Benin and the 7 others WAEMU countries according to the two primary and secondary categories (in billions of CFAF)



Source: ITC/ www.trademap.org[28] , April 2022

Primary sector products are essentially agricultural products and those in the secondary sector are made up of ores, manufacturing products and chemicals. In terms of exports, secondary sector products accounted for an average of CFAF 34.77 billion over the period 2016 to 2020, compared with CFAF 3.88

27 Benin's trade in services with WAEMU countries is not available.

28 Data were collected in thousands of euros and converted on the basis of 1 euro for 655,957 CFAF.

billion for primary sector products. The products that drove exports the most were:

- Primary sector: oil seeds and fruits, miscellaneous seeds, and fruits, industrial or medicinal plants, straw and fodder, cereals, fish and shellfish, mollusks, and other aquatic invertebrates.
- Secondary sector: salt, Sulphur, earth and stone, plaster, lime and cement, cotton, cast iron, iron, and steel, sugar and sugar products, fuels, minerals and mineral oils, machinery, mechanical appliances, nuclear reactors, boilers, parts of such machinery or appliances.

In terms of imports, products from the secondary sector accounted for an average of CFAF 167.15 billion over the period 2016-2020, compared with CFAF 14.11 billion for primary sector products. The products that pulled the imports are:

- Primary sector: milk and dairy products, birds' eggs, natural honey, original edible products, cereals, fish and crustaceans, mollusks and other aquatic invertebrates, wood, and wooden products.
- 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, plastics, and articles thereof, cars, tractors, cycles, and other land vehicles.

5.3. International trade

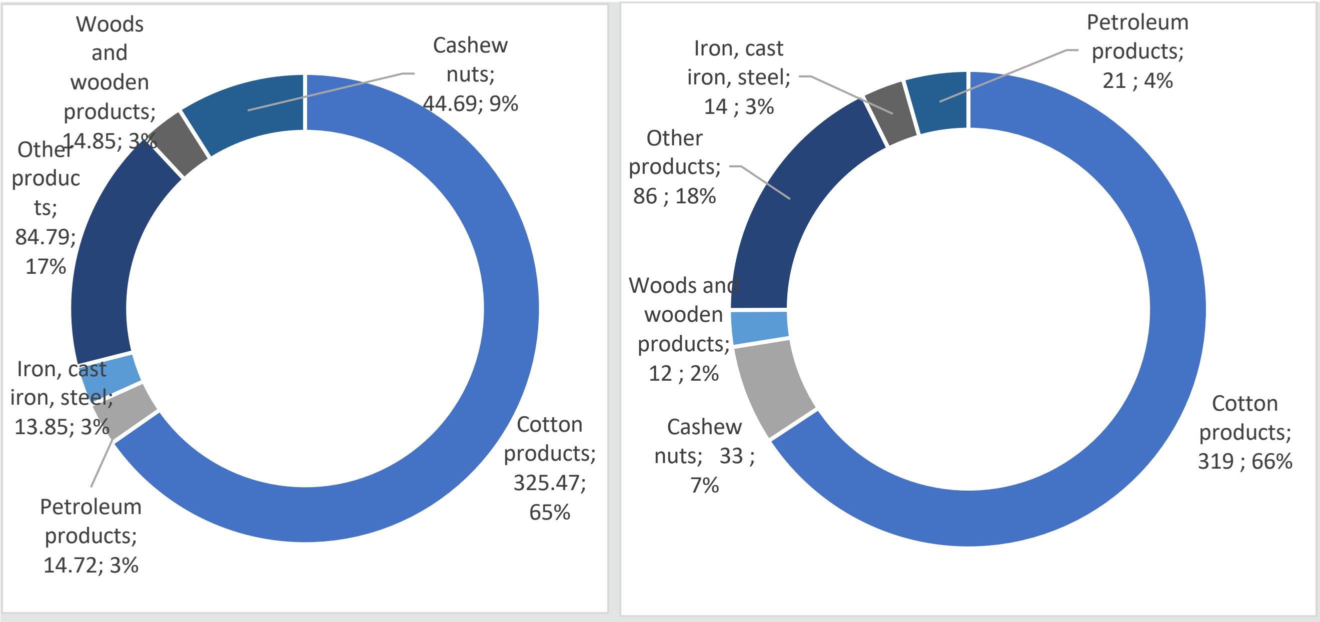
5.3.1 Commercial policy

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

Benin's exports remain dominated by cotton products, which account for more than half (65.7% in 2020 compared with 65.3% in 2019) of foreign sales. Among cotton products, cotton fiber is dominant. The quantity of cotton fiber exported rose by 5% in 2020 to 290,578.6 tons compared to 276,705.8 tons in 2019. The average external placement price of cotton fiber remained constant compared to its 2019 level (988.6 CFAF per kilogram). Sales of cotton fiber amounted to CFAF 271.59 billion in 2020 compared to CFAF 273.56 billion in 2019.

Benin also exports cashew nuts (6.7% in 2020 against 9.0% in 2019), which are the second largest export crop after cotton. Exports also include iron, cast iron and steel, petroleum products and other products. Exports of iron, cast iron and steel refer to scrap metal from recovery. These products are exported to Asia, mainly China, India, and Vietnam. Overall, exports of «iron, cast iron and steel» consolidated by 2.5% in value to reach CFAF 14.21 billion in 2020, compared with CFAF 13.85 billion in 2019, in line with global demand, particularly from China. The petroleum products exported come from imports. These are re-exports, which have increased from CFAF 14.72 billion in 2019 to CFAF 21.43 billion in 2020, in connection with the increase in shipments from depots in the port of Cotonou.

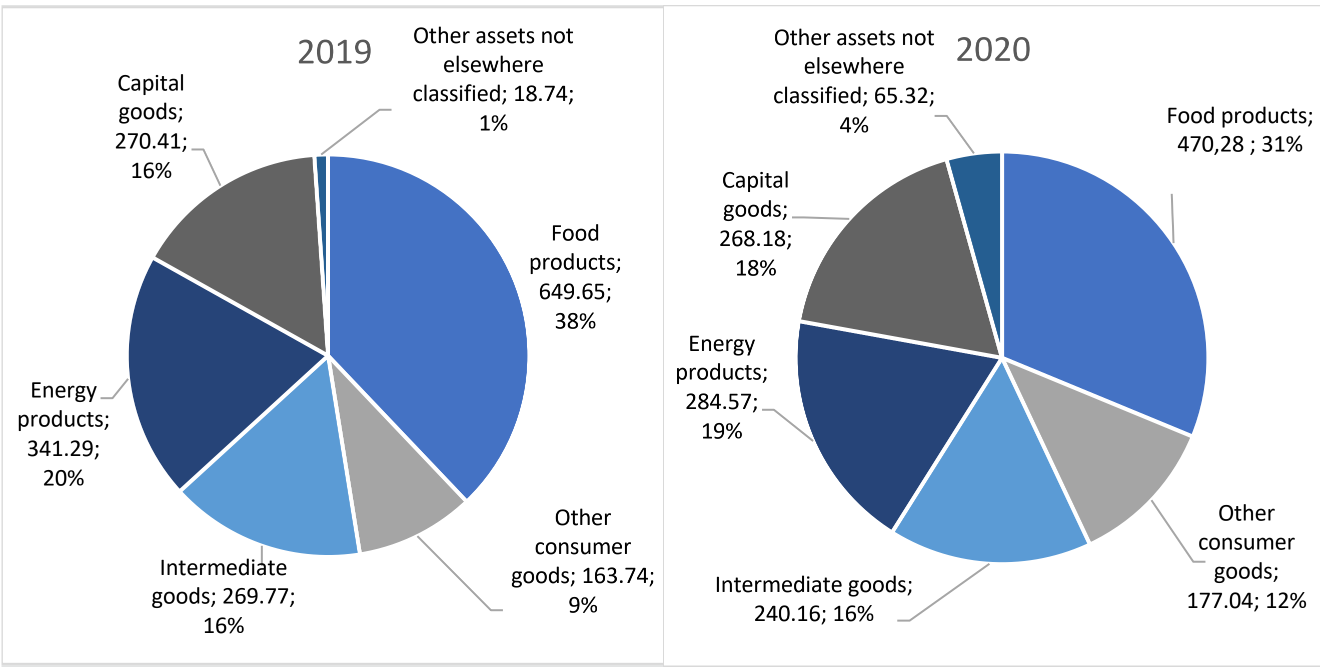
Figure 12. Benin's official exports (CFAF billion)



Source: BCEAO. Balance of Payments and International Investment Position Reports 2019-2020

The composition of imports reflects the structure of the Beninese economy, which is dominated by commercial activities. Thus, food products remain the main import products with a proportion of 31.2% in 2020 against 37.9% in 2019. These products essentially feed the cross-border trade in informal re-exports. These include rice, whose imports reached 224.13 billion in 2020 against 335.40 billion in 2019. As for capital goods, they accounted for 17.6% of official imports in 2020 against 15.8% in 2019. As regards imports of energy products, they represent 18.9% of total imports. Finally, imports of intermediate goods represent 16.0% of Benin's official imports.

Figure 13. Benin's official imports (CFAF billion)



Source: BCEAO. Excerpts from the Balance of Payments and International Investment Position Reports 2019-2020

Benin has been a member of GATT since September 12th, 1963 and a member of the WTO since February 22nd, 1996. With ECOWAS countries, Benin applies the Common External Tariff which came into force on January 1st, 2015.

Table 40. **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	2020	12.1	15.8	11.5				Non-Ag	28.9
Trade weighted average	2019	11.8	16.2	9.4	Ag: Tariffs Cota (in %)				
Imports in US$ billion	2019	2.9	1.0	1.9	Ag: Special backups (in %)				
Section A.2	**Tariffs et im Tarifs and imports by product group portations par groupe de produits**								
Product groups	Final consolidated duties				MFN fees applied			Imports	
	Average	Exempt in % of total	Max. Consolidation en %		Average	Exempt in % of total	Max.	Share in %	Exempt in % of total
Animal products	60.0	0	60	100	24.5	0	35	3.7	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	0.5	0
Coffee. tea	60.0	0	60	100	18.5	0	35	0.1	0
Cereals & other preparations	59.7	0	100	100	13.6	0	35	23.2	0
Oilseeds. fats & oils	78.5	0	100	98.8	11.1	0	35	4.2	0
Sugar and confectionery	60.0	0	60	100	12.6	0	35	1.7	0
Beverages and tobacco	60.1	0	75	100	17.4	0	35	0.7	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	0.5	0
Fisheries and fishery products	8.6	41.4	60	11.2	16.0	0	20	3.6	0
Metals & minerals	28.4	5.7	50	11.7	11.6	2.0	20	14.2	18.6
Oil	7.5	0	10	83.3	7.7	19.0	10	12.4	0.0
Chemicals & Chemical Products	24.6	0	60	1.5	7.2	4.8	35	8.7	48.9
Wood. paper. etc.	5.8	0	15	4.3	11.2	4.6	20	1.4	8.0
Textiles	18.4	0	25	26.3	16.1	0.3	35	2.7	1.7
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	0.8	3.7
Non-electrical machinery	5.3	4.3	25	90.9	6.8	0	20	5.0	0
Electrical machinery	6.9	0.4	7	93.6	11.2	0.4	20	3.0	4.5
Transport equipment	13.2	0.8	25	75.0	8.3	2.3	20	7.2	0.0
Other manufactured articles. n.e.s.	7.2	0	15	2.9	14.2	2.1	20	6.0	0.1
Section B	**Exportations vers les principaux partenaires et droits applicables**								
Main partners	Bilateral imports		Diversification		Main MFN Trade in LT		Margin preferred Weighted	Import. Exempt	
		en million US$	95% comm. in nb SH					LT in % of	Value in % of
			2 figures	6 figures	Simple	Pondérée			
Agricultural products									
1. India	2019	287	3	3	37.4	27.9	27.6	82.4	99.1
2. China	2019	89	1	1	19.3	39.0	39.0	100.0	100.0
3. Egypt	2019	32	1	1	0.0	0.0	0.0	100.0	100.0
4. Turkey	2019	16	3	3	2.0	0.9	0.0	80.0	90.9
5. Niger	2018	12	5	5	19.6	11.0	11.0	100.0	100.0
Non-agricultural products									
1. United Arabs Emirates	2019	453	1	1	4.3	0.0	0.0	14.3	100.0
2. Nigeria	2019	437	1	1	13.2	5.0	5.0	100.0	100.0
3. Mali	2019	104	1	2	15.4	7.3	7.3	100.0	100.0
4. China	2019	65	1	2	5.5	1.8	1.8	100.0	100.0
5. India	2019	46	5	6	8.0	7.8	7.6	90.5	96.1

Source: WTO-ITC-UNCTAD, July 2021

On the import side, Benin's applied tariffs vary by product. The average final bound duty is 29.2%, of which 61.4% is for agricultural products and 11.2% for non-agricultural products, with average final bound duties ranging from 5.3% for non-electrical machinery to 78.5% for oilseeds with a maximum duty of 100%. In terms of applied Most Favored Nation (MFN) duties, the average in 2020 was 12.1%, of which 15.8% for agricultural products and 11.5% for non-agricultural products. Average rates vary from 5% for cotton to 24.5% for animal products with a maximum duty of 35%.

In terms of exports, Benin's main partners differ according to the nature of the product. For agricultural products, the main partners in 2019 were India, China, Egypt, Turkey, and Niger. Average simple MFN tariffs range from 2% for Turkey to 37.4% for India.

For non-agricultural products, the main partners were the United Arab Emirates, Nigeria, Mali, China and India. Average simple MFN duties ranged from 4.3% for the UAE to 15.4% for Mali.

5.3.2. International trade by value and by destination

Benin's exports in 2020 are destined for African countries (75.9%) and Asian countries (20.1%). Europe, with 3.7% of exports, is Benin's third largest partner. In Africa, Benin's main export partner in 2020 was Nigeria (68.5%). It should be noted that Nigeria has always been the main destination of Beninese products in Africa, even though in recent years there has been a decline in exports due to Nigeria's trade policy. Indeed, Benin's exports to Nigeria have been declining from CFAF 1,218.66 billion in 2019 to CFAF 1,178.96 billion in 2020. Following Nigeria, the WAEMU is the second largest destination for Beninese exports in Africa, with a share of 6.0%.

In Asia, Benin's main export partners in 2020 were Bangladesh (10.9%), India (3.4%), China (1.9%), Malaysia (1.3%) and Vietnam (0.9%). In 2019 and 2020, compared to 2018, China will lose market share to the countries of South-East Asia. Exports to China consist mainly of cotton (79.7%), iron, cast iron and steel (11.3%) and wood (4.5%). India imports cashew nuts (53.4%), cotton (25.8%) and wood (4.5%) from Benin. Bangladesh's market share has been increasing since 2017.

In Europe, Belgium, with a share of 2.2% of Benin's exports, is Benin's main partner. Belgium is followed by Denmark with a share of 1.1%.

Table 41. Exports by country of destination and imports by country of origin (billions of CFAF)

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	2020	12.1	15.8	11.5				Non-Ag	28.9
Trade weighted average	2019	11.8	16.2	9.4	Ag: Tariffs Cota (in %)				
Imports in US$ billion	2019	2.9	1.0	1.9	Ag: Special backups (in %)				
Section A.2	Tarifs et im Tariffs and imports by product group portations par groupe de produits								
Product groups	Final consolidated duties				MFN fees applied			Imports	
	Average	Exempt in % of total	Max. Consolidation en %		Average	Exempt in % of total	Max.	Share in %	Exempt in % of total
Animal products	60.0	0	60	100	24.5	0	35	3.7	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	0.5	0
Coffee. tea	60.0	0	60	100	18.5	0	35	0.1	0
Cereals & other preparations	59.7	0	100	100	13.6	0	35	23.2	0
Oilseeds. fats & oils	78.5	0	100	98.8	11.1	0	35	4.2	0
Sugar and confectionery	60.0	0	60	100	12.6	0	35	1.7	0
Beverages and tobacco	60.1	0	75	100	17.4	0	35	0.7	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	0.5	0
Fisheries and fishery products	8.6	41.4	60	11.2	16.0	0	20	3.6	0
Metals & minerals	28.4	5.7	50	11.7	11.6	2.0	20	14.2	18.6

Oil	7.5	0	10	83.3	7.7	19.0	10	12.4	0.0
Chemicals & Chemical Products	24.6	0	60	1.5	7.2	4.8	35	8.7	48.9
Wood. paper. etc.	5.8	0	15	4.3	11.2	4.6	20	1.4	8.0
Textiles	18.4	0	25	26.3	16.1	0.3	35	2.7	1.7
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	0.8	3.7
Non-electrical machinery	5.3	4.3	25	90.9	6.8	0	20	5.0	0
Electrical machinery	6.9	0.4	7	93.6	11.2	0.4	20	3.0	4.5
Transport equipment	13.2	0.8	25	75.0	8.3	2.3	20	7.2	0.0
Other manufactured articles. n.e.s.	7.2	0	15	2.9	14.2	2.1	20	6.0	0.1
Section B									
Main partners	Bilateral imports		Diversification		Main MFN Trade in LT		Margin preferred Weighted	Import. Exempt	
		en million US$	95% comm. in nb SH					LT in % of	Value in % of
			2 figures	6 figures	Simple	Pondérée			
Agricultural products									
1. India	2019	287	3	3	37.4	27.9	27.6	82.4	99.1
2. China	2019	89	1	1	19.3	39.0	39.0	100.0	100.0
3. Egypt	2019	32	1	1	0.0	0.0	0.0	100.0	100.0
4. Turkey	2019	16	3	3	2.0	0.9	0.0	80.0	90.9
5. Niger	2018	12	5	5	19.6	11.0	11.0	100.0	100.0
Non-agricultural products									
1. United Arabs Emirates	2019	453	1	1	4.3	0.0	0.0	14.3	100.0
2. Nigeria	2019	437	1	1	13.2	5.0	5.0	100.0	100.0
3. Mali	2019	104	1	2	15.4	7.3	7.3	100.0	100.0
4. China	2019	65	1	2	5.5	1.8	1.8	100.0	100.0
5. India	2019	46	5	6	8.0	7.8	7.6	90.5	96.1

Source: BCEAO. Excerpts from the balance of payments and international investment position reports 2016-2020

Benin's main import partners in 2020 were in Africa (41.4%), Asia (28.9%) and Europe (25.5%). Imports from the American continent represent 4.2% of Benin's total imports in 2020.

Compared to the previous year, the share of imports from Asia had declined in favor of imports from Africa and Europe. Indeed, Thailand (2.1% in 2020 compared with 4.0% in 2019), India (8.4% in 2020 and 10.1% in 2019) and Indonesia (0.4% in 2020 compared with 0.9% in 2019) had lost market share to Togo (7.0% in 2020 compared with 5.3% in 2019) and Niger (0.9% in 2020 compared with 0.7% in 2019) in Africa and to France (7.5% in 2020 compared with 6.5% in 2019) in Europe.

5.3.3. International trade in value and by product

Benin's official exports[29] remain dominated by cotton products, which accounted for 65.7% of official exports in 2020. Benin also exports cashew nuts, wood and wooden products, the values of which are still low compared to cotton fiber. Exports of iron, cast iron and steel consist of the production of the metallurgical industries as well as scrap metal shipped to Asian countries, while the oil products exported are in fact re-exports.

Among cotton products, cotton fiber remains the main product with an average share of 87% over the period 2016-2020. In 2020, the quantity of cotton fiber exported increased by 5.0%, from 276,705.8 tons in 2019 to 290,578.6 tons in 2020, in line with the development of the 2019-2020 cotton season, which resulted in seed cotton production of 714,714 tons compared to 677,564 tons in the previous season, according to official data. The average external placement price of cotton fiber in 2020 remained constant compared to its 2019 level (988.6 CFAF per kilogram). Subsequently, foreign sales of cotton fiber amounted to CFAF 271.59 billion in 2020 compared to CFAF 273.56 billion in 2019, a decrease of CFAF 1.97 billion.

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 2019, cashew prices have collapsed

29 BCEAO, Balance of payments and international investment position reports 2020

due to an excess of supply over demand. Cashew nut sales abroad amounted to CFAF 32.76 billion compared to CFAF 44.69 billion in 2019, a decline of 26.7%.

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[30] from recovery. These products are subsequently exported to Asia, mainly China, India, and Vietnam. Overall, exports of «iron, cast iron and steel» consolidated by 2.5% in value to reach CFAF 14.21 billion in 2020, compared with CFAF 13.85 billion in 2019, in line with global demand, particularly from China.

Petroleum products come from imports and are re-exported to hinterland markets (Mali and Burkina Faso). These re-exports have increased from CFAF 14.72 billion in 2019 to CFAF 21.40 billion in 2020, in connection with the increase in shipments from depots in the port of Cotonou.

Table 42. Benin's exports and imports by product

Posts	2016	2017	2018	2019	2020
Exports (in billions of CFAF)					
COTTON PRODUCTS	**117.49**	**243.67**	**300.24**	**325.47**	**319.25**
Cotton fibers	110.36	211.77	255.52	273.56	271.59
Cottonseed	2.05	13.9	24.35	32.90	26.79
Cottonseed cake	2.34	4.03	7.25	8.03	17.70
Cottonseed oil	2.74	13.98	13.11	10.98	3.16
PALM TREE PRODUCT	**2.76**	**14**	**13.46**	**11.24**	**3.31**
Palm oil	2.74	13.98	13.11	10.98	3.16
Palm kernel oil	0	0	0.3486	0.26	0.15
Palm kernel cake	0.0262	0.0262	0	0.00	0.00
OTHER REVENUES of which:	**122.04**	**172.01**	**214.34**	**161.68**	**163.23**
Meat and edible offal	0.0128	13.25	17.12	11.55	0.01
Cashew nuts	23.14	48.29	76.19	44.69	32.77
Rice	0	0	0	0.00	0.00
Tobacco and cigarettes	0.1609	0.015	0.0192	0.00	0.00
Sugar and candy factory	3.4	2.99	2.05	0.06	1.40
Drinks	0.4592	0.4949	0.1855	0.33	0.16
Wood and wooden articles	3.35	4.59	3.96	14.85	12.06
Petroleum products	8.58	10.72	14.33	14.72	21.40
Precious metals	10.62	13.16	7.19	8.67	8.48
Cast iron and steel	12.14	9.37	17.97	13.85	14.21
TOTAL (official statistics)	**242.29**	**429.69**	**528.03**	**498.38**	**485.79**
Field adjustment	**1 438.06**	**1 301.01**	**1 329.58**	**1292.57**	**1234.70**
of which re-exported	835.87	853.06	852.30	788.073	684.0589
Total adjusted exports	**1052.3**	**1289.9**	**1 857.61**	**1790.95**	**1720.48**
IMPORTATIONS TOTALES CAF (en milliards de FCFA)					
FOOD PRODUCTS	**766.13**	**969.01**	**873.76**	**649.65**	**470.28**
Cereals	453.76	620.94	488.63	341.20	229.12
of which Rice	453.44	618.2	486.33	335.40	224.13
Sugars and sweets	20.35	34.32	44.87	29.67	20.42
Drinks and tobacco	9.75	6.67	11.21	8.23	10.54
Other food products	282.26	307.07	329.05	270.54	210.19
OTHER CONSUMER GOODS	**127.71**	**124.88**	**83.16**	**163.74**	**177.04**

30 Scrap metal is acquired by wholesalers from collectors or intermediaries who visit homes and garages to collect previously crushed household items and used vehicles.

INTERMEDIATE GOODS	**157.73**	**139.5**	**221.54**	**269.77**	**240.16**
Chemical products	47.9	29.86	94.37	131.28	121.80
Cotton and cotton products	14.01	14.82	13.1	12.29	11.92
Other intermediate goods	95.81	94.82	114.08	126.21	106.44
ENERGY PRODUCTS	**204.1**	**307.12**	**335.63**	**341.29**	**284.57**
Petroleum products	144.73	231.77	247.99	251.07	225.48
Electrical energy	55.53	70.6	79.26	82.41	55.18
Other energy products	3.85	4.75	8.38	7.80	3.91
CAPITAL GOODS	**222.46**	**218.51**	**240.41**	**270.41**	**268.18**
Machines and devices	108.11	122.15	123.61	146.31	143.75
Transport equipment	114.35	96.36	116.8	124.09	124.44
OTHER PROPERTY NOT ELSEWHERE CLASSIFIED	**6.74**	**10.82**	**69.29**	**18.74**	**65.32**
TOTAL (CAF off. statistics)	**1 484.87**	**1 769.83**	**1823.79**	**1713.59**	**1505.55**
Field adjustment	**218.63**	**263.97**	**606.21**	**590.11**	**536.16**
Unregistered trade	218.63	263.97	606.21	590.11	536.16
TOTAL CIF IMPORTS	**1 703.50**	**2 033.80**	**2 430.00**	**2 303.70**	**2 041.71**

Source: BCEAO. Excerpts from the balance of payments and international investment position reports 2016-2020

Benin's imports reflect the structure of its economy and are dominated by commercial activities.

Thus, food products remain the main import products with a proportion of 31.2% in 2020 against 37.9% in 2019, thus reflecting a decline in connection with the drop in rice imports intended largely for the Nigerian market. Rice imports amounted to CFAF 224.13 billion in 2020 against CFAF 335.40 billion, i.e., a decline of 33.2%. Food products mainly feed the informal cross-border re-export trade.

Imports of energy products also constitute an important part following food products. They amounted to CFAF 284.57 billion in 2020 against CFAF 341.29 billion in 2019. They represented 18.9% in 2020 against 19.9% of total official imports in 2019. The decline observed stems from imports of petroleum products (-10.2%) and electrical energy (-33.1%). The fall in imports of electrical energy is due to the strengthening of the production capacity of Benin's power stations.

Capital goods accounted for 17.8% in 2020, compared with 15.8% of official imports in 2019. In terms of value, foreign purchases of capital goods fell by 0.8% to CFAF 268.18 billion. This decline was mainly due to the fall in imports of machinery and equipment (-1.8%).

Finally, imports of intermediate goods fell by 11.0% to CFAF 240.16 billion in 2020, against CFAF 269.77 billion in 2019. They represented 16% in 2020 against 15.7% of Benin's official imports in 2019. The decline observed in 2020 in nominal terms was driven by the sub-categories «chemical products» (-7.2%), «other intermediate goods» (-15.7%) and «cotton and cotton products» (-3%).

5.4. Foreign direct investment

5.4.1. FDI by country of origin

Net direct investment inflows (FDI) stood at CFAF 87.58 billion in 2020 against CFAF 111.95 billion in 2019, a decline of 21.8% in connection with the international economic situation disrupted by the Covid-19 pandemic. Net direct investment flows in 2020 consisted of equity (CFAF 42.31 billion) and debt instruments (CFAF 45.27 billion). France (69.9%), Burkina Faso (15.5%), Senegal (8.1%) and Nigeria (8.0%) are the main providers of net direct investment flows to Benin in 2020.

Table 43. Foreign Direct investments by country of origin (in millions of CFAF)

	2016		2017		2018		2019		2020	
	Amount	Share (%)	Amount	Share (%)	Amount	Share (%)	Amount	Share (%)	Amount	Share (%)
AFRICA	**8 011.40**	**10.3**	**45 980.60**	**46.9**	**24 574.90**	**24**	**5 840.30**	**5.2**	**26 948**	**30.8**
WAEMU	31 996.80	41	25 313.60	25.8	41 317.30	40.4	7 936.50	7.1	2 991	3.4
Benin	0	0	0	0	0	0		0.0	-	0.0
Burkina	27 068.80	34.7	0	0	-7 591.60	-7.4	1 145.70	1.0	13 533	15.5
Côte d'Ivoire	-4 533.20	-5.8	7 319.30	7.5	-12 988.50	-12.7	5 600.10	5.0	-10 940	-12.5
Guinea-Bissau	5	0	3 696.70	3.8	0	0	0	0.0	-	0.0
Mali	2.2	0	1	0	-8 696.70	-8.5	1 592.60	1.4	1 495	1.7
Niger	-78	-0.1	1 500.00	1.5	3 920.00	3.8	-0.10	0.0	45	0.1
Senegal	-683.4	-0.9	-166	-0.2	12 478.70	12.2	-1 833.80	-1.6	7 099	8.1
Togo	10 215.40	13.1	13 556.10	13.8	54 195.40	52.9	1 432.00	1.3	- 8 241	-9.4
ECOWAS outside WAEMU of which:	-6 939.50	-8.9	6 525.90	6.7	8 378.80	8.2	6 556.60	5.9	7 423	8.5
Ghana	0	0	-846	-0.9	-143	-0.1	0	0.0	1 192	1.4
Nigeria	-6 939.50	-8.9	7 371.90	7.5	8 410.80	8.2	6 556.60	5.9	6 996	8.0
CEMAC	-2 279.40	-2.9	1 114.60	1.1	-8 579.40	-8.4	-3 905.50	-3.5	2 873	3.3
Africa outside ECOWAS. CEMAC and WAEMU of which:	-14 766.50	-18.9	13 026.50	13.3	-16 541.80	-16.2	-4 747.20	-4.2	13 662	15.6
South Africa	-20 137.60	-25.8	0	0	0	0	0	0.0	-	0.0
Libya	-353	-0.5	4 205.50	4.3	292	0.3	-7431.3	-6.6	10 886	12.4
EUROPE	**67 033.70**	**85.8**	**18 790.30**	**19.1**	**24 448.40**	**23.9**	**93 394.10**	**83.4**	**66 800**	**76.3**
EUROPEAN UNION	71 328.10	91.3	9 221.30	9.4	-15 139.30	-14.8	92 078.40	82.2	66 330	75.7
EURO ZONE of which:	63 535.30	81.4	9 221.30	9.4	-25 139.30	-24.6	87 078.40	77.8	61 286	70.0
France	62 652.90	80.2	9 034.40	9.2	-25 844.20	-25.2	87 366.40	78.0	61 253	69.9
Netherlands	0	0	0	0	0	0	0	0.0	-	0.0
Portugal	-344.2	-0.4	0	0	0	0	0	0.0	-	0.0
Other	1 178.60	1.5	86.9	0.1	581.5	0.6	-288	-0.3	33	0.0
European Union outside the euro zone of which:	7 792.70	10	0	0	10 000.00	9.8	5 000.00	4.5	5 044	5.8
United Kingdom	0	0	0	0	0	0	0	0.0	44	0.1
Europe outside the EU of which:	-4 294.40	-5.5	9 569.00	9.8	39 587.70	38.7	1 315.70	1.2	469	0.5
Switzerland	-2 591.40	-3.3	219	0.2	237.7	0.2	315.7	0.3	2 072	2.4
AMERICA of which:	**2 393.40**	**3.1**	**9 865.20**	**10.1**	**18 294.70**	**17.9**	**-486.60**	**-0.4**	**4**	**0.0**
Brazil	0	0	0	0	0	0	0	0.0	-	0.0
United States of America	2 645.60	3.4	9 865.20	10.1	10 218.00	10	0.00	0.0	4	0.0
ASIA of which:	**661.5**	**0.8**	**23 492.30**	**23.9**	**33 904.00**	**33.1**	**13 203.00**	**11.8**	**- 6 175**	**-7.1**
China	0	0	23 394.40	23.8	37 023.00	36.2	12 050.00	10.8	- 5 274	-6.0
International Institutions	0	0	0	0	875	0.9	0	0.0	-	0.0
Other	65.1	0.1	92.9	0.1	359.5	0.4	0	0.0	-	0.0
TOTAL	**78 100.00**	**100**	**98 128.30**	**100**	**102 370.50**	**100**	**111 950.80**	**100**	**87 576**	**100**

Source: BCEAO. Excerpts from the balance of payments and international investment position reports 2016-2020

5.4.2. FDI by sector

The main sectors benefiting from direct investment in 2020 are «financial intermediation, insurance and pensions» (60.1%), «construction» (44.3%) and «transport and storage» (22.6%).

Table 44. Foreign Direct investments by product (in millions of CFAF)

	2016		2017		2018		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	0.0
Mining		0		0	0	0	0	0.0	0	0.0
Manufacturing industry	11 849.20	15.2	19.7	0	1 143.70	1.1	980.00	0.9	4 943	5.6
Production and distribution of electricity and gas		0	9 900.00	10.1	9 900.00	9.7	0.00	0.0	-	0.0
Water supply Sewerage		0	0	0	0	0	0	0.0	-	0.0
Construction	19 235.00	24.6		0	-27 991.20	-27.3	27 423.60	24.5	38 824	44.3
Wholesale and retail trade	26 940.80	34.5	8 115.00	8.3	73 815.30	72.1	7 578.90	6.8	-29 814	-34.0
Transportation. Warehousing	29 776.30	38.1	18 921.20	19.3	76 487.70	74.7	20 889.50	18.7	19 771	22.6
Hotels. restaurants. and pubs	-23.4	0		0	-56.3	-0.1	-175	-0.2	675	0.8
Communication	-8 877.90	-11.4		0	-20 770.60	-20.3	2 000.00	1.8	484	0.6
Financial intermediation. insurance. pensions	-813.6	-1	61 172.40	62.3	-10 191.90	-10	53 185.80	47.5	52 643	60.1
Real estate. rental. business services	13.8	0		0	33.9	0	68	0.1	49	0.1
Other		0		0	0	0	0	0.0	-	0.0
Total	**78 100.20**	**100**	**98 128.30**	**100**	**102 370.50**	**100**	**111 950.80**	**100**	**87 575.7**	**100**

Source: BCEAO. Excerpts from the balance of payments and international investment position reports 2016-2020

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-order criteria over the period 2016-2021, namely those relating to the inflation rate and the debt stock. The criterion relating to the budget balance was met in 2018 and 2019. Since 2020, because of a faster increase in public expenditure than in revenue, the budget balance has been in deficit at 4.7% in 2020 and 5.7% in 2021, thus failing to meet the key criterion. The weak growth in revenue is because of the pandemic on tax revenue, particularly in 2020, and on the mobilization of grants in 2021. On the expenditure side, growth is driven by the response to the Covid-19 pandemic. Furthermore, it is important to note that the application of the 3% of GDP ceiling was suspended by the WAEMU heads of state on April 27th, 2020 in response to the Covid-19 crisis.

None of the second-tier criteria have been met by Benin over the period 2016-2021. 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 to GDP ratio, which rose to 41.7% from 41.2% in 2019. In 2021, the ratio is 35.7%, slightly higher than the WAEMU standard. This performance is attributable to the increase in tax revenue (+14.1%) and a 2% decline in the wage bill.

Regarding the tax burden, Benin, despite the health situation, has managed to maintain a rate similar to that of 2019 in 2020 and to gain 0.5 points in 2021. However, Benin still needs to boost the mobilization of tax revenue to hope to approach the 20% threshold recommended by the WAEMU.

Table 45. WAEMU convergence indicators for Benin

BÉNIN	Standard	2016	2017	2018	2019	2020	2021
First row							
Overall fiscal balance (including grants) / nominal GDP	≥-3 %	-4.4	-4.3	-2.9	-0.5	-4.7	-5.7
Average annual inflation rate	≤3 %	-0.8	1.7	0.8	-0.9	3.0	1.7
Outstanding domestic and external public debt / nominal GDP	≤ 70 %	35.9	39.7	41	41.2	46.1	49.8
Second row							
Wage bill/tax revenue	≤35 %	55.2	47.3	44	41.2	41.7	35.7
Tax pressure rate	≥20	9.2	9.7	10.3	10.6	10.5	11

Source: DGE, March 2022

5.5.2. Status of regional integration

Benin is a member of several regional and sub-regional organizations, including the African Union, the Economic Community of West African States (ECOWAS), the West African Economic and Monetary Union (UEMOA), the Entente Council and the CEN SAD. ECOWAS is mainly an economic union, while UEMOA 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 January 1st, 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 January 2022 shows that Benin obtained an average rate of 76.22% in 2021 compared to 76.7% in 2020 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 8 community programs and projects being implemented in the eight Member States.

More specifically, in terms of economic governance, the average rate of implementation of community texts was 83.53% in 2021, compared with 80.03% in 2020. In terms of convergence, Benin met two of the three primary criteria in 2021, as it did in 2020. 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, in particular investment expenditure and expenditure 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 2021, as in previous years. However, Benin performed very well on the wage bill criterion, which was 35.7% compared with 41.7% in 2020.

At the level of the common market, the rate of implementation of Community texts in this area has increased from 67.17% in 2020 to 69.79% in 2021. More specifically for domestic taxation, the implementation rate is 95%; eight (08) directives out of eleven (11) and three (01) decisions out of three (3) have been implemented at 100% and one (01) regulation out of one (01). Regarding the customs union, Benin applies almost all the community provisions.

In terms of structural reforms, the average implementation rate was 75.34% compared to 81% in 2020. These reforms concern sectors such as transport and transport facilitation, telecommunications, agriculture, environment, human and social development, crafts, and quality.

6.1. Business climate

The latest World Bank Doing Business report credited Benin with a score of 52.4 points out of 100 for 2020 compared to 51.42 in the 2019 report. With this score, Benin ranked 149th compared to 153rd in 2019. The performance recorded in 2020 compared to 2019 shows the effectiveness of the reforms undertaken by the Beninese authorities to improve the business climate.

Table 46. Benin's Doing Business ranking

Number of countries ranked	2015	2016	2017	2018	2019	2020
	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, 2021

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 creating businesses, obtaining construction permits, transferring property, obtaining loans and resolving insolvency. In 2021, Benin continued to implement reforms to improve the business climate.

Benin has improved access to credit information by launching a new credit bureau. It 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 building permits by publishing building regulations online, free of charge. In the area of property registration, Benin has reduced costs by first eliminating the registration fee over several years and then lowering the rate from 8% to 5% after the exemption ended. It has also improved the transparency of land administration by publishing the documentary 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 business creation 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 companies in financial difficulty and a simplified preventive settlement procedure for small companies. Also, Benin has made it cheaper 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 more needs to be done to improve performance and benefit from the beneficial impacts of these regulatory developments.

Table 47. Indicators of Doing Business

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 n°2018 - 036 of January 31, 2018, amending the statutes of the Investment and Export Promotion Agency (APIEx) specifies in its article 5 among other things that it organizes the one-stop shop for administrative formalities for the benefit of companies in special economic zones and generally sets up a one-stop shop for the formalization of companies.	- 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 CFAF - Minimum capital requirement (% of income per capita): 5.0
Building Permits	- Decree N°2020-056 of February 5th, 2020, on the regulation of the building permit and the demolition permit in the Republic of Benin and its application decrees.	- Proceedings (number): 14 - Delay (days): 88 - Cost (% of construction value): 4.8 - Construction Quality Control Index (0-15): 9.0
Access to electricity	-Law N° 2020 - 05 of April 1st, 2020, on the electricity code in the Republic of Benin.	- Procedures (number): 5 - Delay (days): 90 - Cost (revenue per hbt): 11584.3 - Supply reliability and tariff transparency indicator (0-8):
Property registration	Law N°2017-15 amending and supplementing Law N°2013-01 of August 14th, 2013 on the land and property code in the Republic of Benin. Streamlining of procedures and significant reduction of delays: - Abolition of the requirement of geographical attestation. - Separation of the property transfer procedure at the ANDF and the registration formality with the tax authorities. Simplification of procedures through dematerialization: - Realization of the descriptive statement online (https://enotaire.andf.bj/) for a fixed cost of 5 thousand CFAF. - Submission of land transfer requests online at https://enotaire.andf.bj/ with responses within 72 hours. - Consultation of the cadaster and online procedures (https://cadastre.bj/). Increased protection in transactions: - Possibility to refer to the Independent Complaints Management Commission for all land and cadastral problems. - Compensation for unjustly suffered damages through the Land Compensation Fund.	- 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 3rd, 2017, on leasing in the Republic. Dissemination of credit information to facilitate banking: - Adoption and operationalization of the law regulating the Credit Information Office. - Integration of the major billers into the electronic platform for sharing credit information in the Republic of Benin. Facilitation of the registration and management of personal securities to encourage credit through simplified online procedures (https://suretes.tccotonou.bj/)	- 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	Creation at the Commercial Court of Cotonou of a specialized chamber for collective procedures and disputes between shareholders. Reinforcement of creditors' right to information. Order relating to the exercise of the right to information and to financial incentives	- 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 to facilitate the payment of taxes by taxpayers. These reforms are contained in the Strategic Orientation Plan of the Tax Administration (POSAF) 2016-2021. The reforms concern, among other things, telepayment, and tele-procedures. The payment of vehicle tax by mobile money. E-registration, the reform of standardized invoices. The issuance of the tax certificate online.	- 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	Dematerialization of customs clearance procedures for all foreign trade formalities (www.guce.bj). Implementation of the Authorized Economic Operators program simplifying cross-border trade procedures for companies meeting certain criteria. - Electronic payment of certificates, licenses and permits. Decree No. 2020-058 of February 5th, 2020, on the dematerialization of the pre-clearance and clearance documentary package in the Republic of Benin.	- 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	Transparency of information by putting information on commercial justice online through the publication https://www.tribunalcommercecotonou.bj/ of statistics on judgments rendered.	Time (days): 595 Cost (% of claim): 64.7 - Quality of legal proceedings (0-18): 6.5
Insolvency resolution	Establishment of a chamber of collective procedures before each commercial court to hear insolvency settlements. Supervision of experts' fees by the judge in accordance with a scale Creation at the Cotonou Commercial Court of a specialized chamber for collective procedures, as per Ordinance No. BJ/SJ/PTCC/2020/015 on the specialization of hearings for the settlement of collective procedures and disputes between shareholders. Reinforcement of creditors' right to information - Ordinance on the exercise of the right to information and financial incentives	- 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	Law No. 2007-05 of August 29th, 2017, establishing the conditions and procedure for hiring, placing labor, and terminating employment contracts in the Republic of Benin	

Source: Doing Business 2020 Report, Doing Business 2020 Reform Brief, Doing Business Reforms

The 2021 edition of the World Bank's Doing Business report will not be published. The World Bank has announced the withdrawal of the DB report in September 2021 due to data irregularities in some countries in previous editions. The new document that will replace the previous Doing Business report is called «Business Environment for Africa» (BEA). The deadline for its first publication is 2023.

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 progress of 1.1 for a score of 58.6 points out of 100 compared to the last decade (2010-2019) in a context where there is an overall downward trend in good governance in Africa.

Transparency International's corruption perception index published in 2021 ranks Benin in 78th place with an index of 42, compared to 83rd place in 2020 with an index of 41. Benin thus gains 4 points in the said ranking and improves its index by 1 point.

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 aim of prosecuting those who, in the exercise 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, in 2018 Benin established the Court for the Repression of Economic Offences and Terrorism (CRIET). This court became operational towards the end of 2018 and at the beginning of 2019. It has seen the investigation of several cases of misappropriation of public money. Following grievances from the Constitutional Court and the African Court of Human and Peoples' Rights, the parliament adopted in 2020 the law n°2020-07 modifying and completing the law n°2001-37 of August 27th, 2002 on the judicial organization in the Republic of Benin, as amended by the law n°2018-13 of July 2nd, 2018 on the CRIET. Thus, the public prosecutor's office and the registry are strengthened. The new law also involves the indicative enumeration of the offences that fall under the jurisdiction of the CRIET, the precise indication of the profile of magistrates called to officiate there, the clarification of the procedural regime applied there and 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 the Republic of Benin.

6.2. Financial Governance

In June 2022, Benin concluded a new technical agreement with the IMF as part of the implementation of an economic and financial program in support of the PAG 2021-2026. This agreement was approved on July 8th, 2022, by the IMF Executive Board and combines two financing instruments: the Extended Credit Facility (ECF) and the Extended Fund Facility (EFF).

The volume of funding associated with the program is USD 638 million, of which USD 143 million was disbursed the day after the decision to approve the Agreement.

The implementation period spread over 42 months as opposed to the maximum 36 months traditionally applied.

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 had been met.

After strong growth estimated at nearly 7% in 2019, the Covid-19 pandemic and the prolonged closure of the border with Nigeria significantly impacted economic activity in 2020. But thanks to strong economic fundamentals at the onset of COVID-19, Benin had the necessary fiscal space and continued access to finance to contain the economic impact of the crisis; this helped economic activity to expand by 3.8% in 2020, one of the highest growth rates among developing countries.

In November 2021, the IMF noted a robust economic recovery, despite weather-related setbacks in the agricultural sector, driven by, among other things, the normalization of freight traffic at the port of Cotonou, one of Benin's main growth engines. Although overall inflation remained moderate, food prices increased (8% in October 2021, year-on-year), due to both global factors and adverse domestic weather conditions. Government measures, including the ban on the export of certain staple foods, have helped to contain inflation in 2021.

It should be recalled that the three-year program under the IMF-supported Extended Credit Facility (ECF) in Benin is about $255 million, including an access increase of $103 million at the start of COVID-19. In support of Benin's efforts to respond to the pandemic, the IMF Board approved emergency financing under the Rapid Credit Facility and the Rapid Financing Instrument ($178 million) in December 2020. In addition, Benin benefited from the IMF's general allocation of special drawing rights ($168 million, equivalent to 1% of GDP) in August 2021.

In the response to the pandemic, the government has strengthened its vaccination campaign to increase the vaccination rate, including working closely with local communities and expanding vaccine deployment capacity. With the accelerated vaccination campaign launched in November 2021, the vaccination rate has improved significantly. As of February 27th, 2022, the number of doses of vaccine administered is 2,897,882, representing an immunization rate of approximately 27% of a projected 60%.

6.3. Benin's awards and financial ratings

The good performance of the national economy over the period 2016-2021 has earned it several distinctions, including the following:

In terms of debt management

- Benin receives the award for the best financial deal of the year 2022 «Deal of the year» from «The banker» magazine, publication of the Financial Times group.
- In 2018, Benin carried out a partial reprofiling operation of its domestic debt. The operation consisted of 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 reprofiling operation benefited from the partial guarantee of the World Bank debt and an international insurance agency and allowed 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.

- Benin recorded an improvement in its CPIA score from 3.5 in 2018 to 3.6 in 2019; the first time this has happened in over a decade. This improvement is driven by good debt management. Indeed, the score of 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 a par with Ghana, just after Senegal, Kenya and Uganda on equal points (3.7), Cape Verde (3.8) and Rwanda (4.0). In 2021, although the score has remained at 3.6, Benin remains, together with Uganda, the two best performing countries in terms of debt transparency among IDA countries in Sub-Saharan Africa. Also, Benin has improved its score for trade.

- In March 2019, Benin was the first African country to make its inaugural Eurobond issue in Euro. The subscription rate was over 200% and a coupon of 5.75%. This operation was followed by the one in January 2021, where Benin, for its second outing on the international market, made African financial history with a successful 31-year issue. Indeed, Benin raised 700 million euros on a final maturity of 11 years, with a coupon of 4.875%, and 300 million euros on a final maturity of 31 years, with a coupon of 6.875%. In July 2021, Benin once again made its mark on the international market with a 500-million-euro (CFAF 328 billion) issue. The particularity of this issue is that it is intended exclusively for the financing of various social and environmental projects contributing to Benin's commitments to achieve the SDGs. With this issue of ODD Eurobonds, Benin reaffirms the highly innovative nature of its debt management strategy and renews its commitment to the ODD. The success of this issue justifies the support of international investors for the achievements and the highly social program of the Government of Benin for the next five years (2021-2026). The coupon of 4.95% obtained for this ODD Eurobond reflects investors' confidence in the quality of Benin's signature. The negative new issue premium of 0.20 percentage points obtained testifies to the significant appetite of investors for this innovative instrument. For the first time and for an international operation of Benin, the level of subscription represents almost three (03) times the amount sought.

- Benin has come out on top in the IDA country assessment for debt data transparency under the first half of 2020 publication. Following its 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 the assessment of transparency in debt management by obtaining the maximum score for 7 out of the 9 selected indicators, thus rising to the top rank among the 76 countries benefiting from IDA financing.

In the area of budget transparency and governance

- Benin was ranked 1st in budget transparency in 2019 in Francophone Africa by the European Union and the International Monetary Fund.

- In recognition of its sound macroeconomic management and good governance, Benin was awarded the UEMOA Best Finance Minister in 2018 and the African Development Bank's Best Finance Minister in Africa in 2019.

- Benin joined the G20 Compact with Africa in recognition of its governance efforts. 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 recognized in 2019 as the only ECOWAS country that promotes the principles and rules of free trade and movement of goods and people.

- 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 1st, 2020.

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

- Benin has won two distinctions in the Global Capital Bonds Awards ranking for the 2021 edition. Indeed, each year, Global Capital distinguishes the participants in the international financial markets. Global Capital polls market participants, namely investors, investment banks, issuers, and others through a voting mechanism. At the end of the 14th edition of 2021, Benin ranked 2nd behind Morocco and 3rd after Egypt and Morocco respectively in the categories "Most impressive African funding official" and "Most impressive African issuer". This prize crowns Benin's remarkable interventions on the international financial markets, in particular the double Eurobond issue of January 2021 which, due to the structuring of the financing and the timing of its realization (in the middle of the COVID-19 pandemic), caught the attention of all market players.

- Benin has consistently received a «highly satisfactory» rating following Article IV reviews of the Economic and Financial Program with the IMF for the period 2019-2022, the highest level in the IMF's assessment scale.

In terms of financial rating

- 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.

- In 2019, 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, the first country to benefit from a "stable" to "positive" outlook revision by the FITCH agency since the beginning of the Covid-19 crisis. In its latest assessment in February 2021, the international rating agency Fitch Rating confirmed Benin's B rating with an outlook that now changes from stable to positive. This revision is supported by the country's capacity 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. This upgrade of Benin's rating is due to the strong track record of fiscal consolidation and public debt improvement.

- In April 2021, Standards and Poor's maintained Benin's B+ rating with stable outlook. This rating once again attests to the resilience of the country's economic fundamentals, which had led the agency to maintain Benin's rating in June and October 2020, despite the Covid-19 crisis.

- In June 2021, Bloomfield Investment Corporation reassessed the local currency rating of the State of Benin and decided to upgrade the long-term rating from A- to A (Investment Grade) with a stable outlook; to maintain the short-term rating of A2 (Investment Grade), and to upgrade the outlook from stable to positive.

- In its January 2022 publication, WARA assigned a long-term sovereign rating in regional currency of 'A-' to the Republic of Benin. Simultaneously, WARA also assigned the Republic of Benin a short-term rating of 'w-3' on its regional scale. The outlook on these ratings is stable. For reference, Benin's national ceiling is 'A'. The Republic of Benin's international currency ratings and outlook are: iB+/Stable/iw-5. The long-term rating of 'A-' assigned to the Republic of Benin is equivalent to a total weighted score of 2.67/6.00, with no additional adjustments to the scorecard. The Republic of Benin's rating on the regional WARA scale (A-/Stable/w-3) is underpinned by its proactive structural economic policy, improving governance indicators, public debt under control and its position as a sub-regional trade hub. On the other hand, its international competitiveness, its banking sector, and the high elasticity of its macroeconomic performance to that of Nigeria remain constraints.

- The rating agency Fitch Ratings, in its April 8th, 2022, publication confirmed Benin's long-term foreign currency issuer default rating (IDR) at «B+» with a stable outlook. The rating is supported by strong trend growth, relatively low public debt, a recent record of economic reforms and prudent fiscal policies. However, the agency notes that this performance is offset by low government revenues and a relatively undiversified economy with high exposure to Nigeria and the cotton sector. The agency expects the economy to grow by an average of 6.3% over the medium term, supported by increased agricultural production, especially cotton, and continued investment under the new government action program.

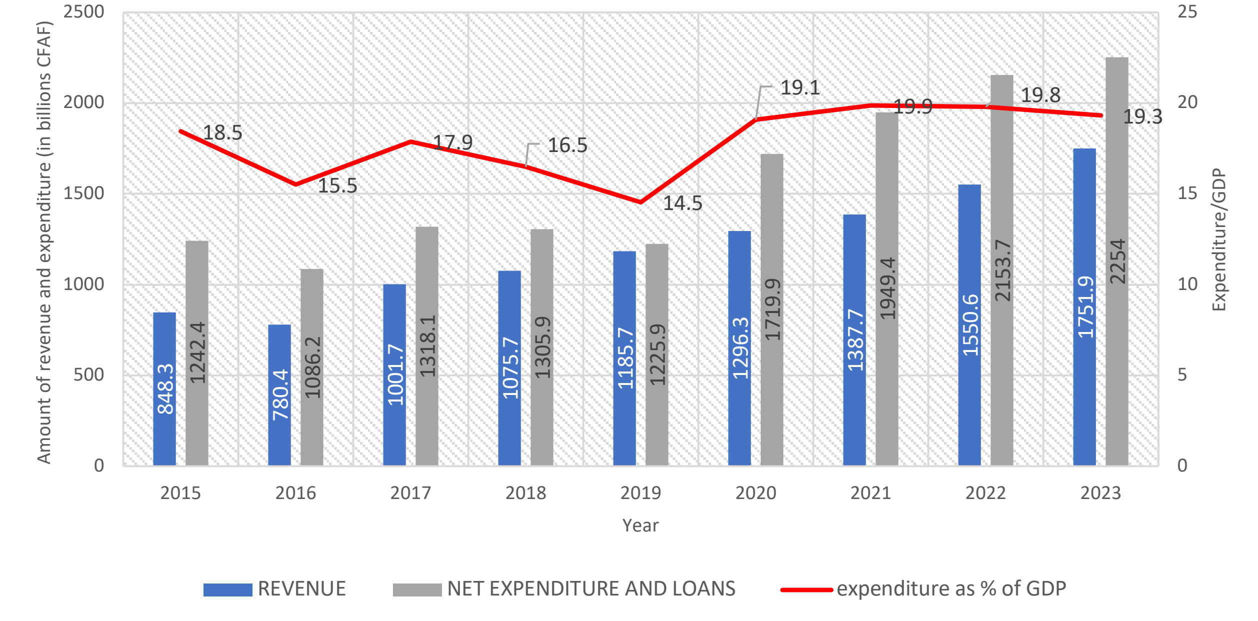
7.1. Budget

7.1.1. Expenditure and revenue

State revenue (including grants) increased overall over the period 2016-2021, due, among other things, to the reforms undertaken within the financial authorities from 2016 onwards. Despite the persistence of the Covid 19 pandemic, budgetary revenue rose by 7.2% from CFAF 1 296.3 billion in 2020 to CFAF 1 387.73 billion in 2021. Expenditure rose from CFAF 1,719.90 billion in 2020 to 1,949.41, an increase of 13.3%. As a percentage of GDP, public expenditure represented 19.9% in 2021 against 19.1% a year earlier.

In line with the evolution of revenue and expenditure, the deficit based on authorization including grants increased from CFAF 423.6 billion in 2020 to CFAF 561.7 billion in 2021. As a percentage of GDP, the deficit including grants represented 5.7% in 2021 against 4.7% in 2020.

Figure 14. Evolution of revenues and expenditures (in billions de CFAF)



Source: CSPEF/DGE, March 2022

7.1.2. Detailed presentation of expenditure and revenue

The evolution of State revenue has shown an upward trend since 2016, mainly linked to tax revenue. Tax revenue in 2021 is estimated at CFAF 1 082.35 billion, compared with CFAF 947.84 billion in 2020, representing an increase of 14.2%. The increase in tax revenue is due to taxes on foreign trade and domestic taxes (direct and indirect) in connection with the recovery of economic activity and the many reforms undertaken at the level of the tax administration. 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 contributions on a single form, online registration, the dematerialization of customs clearance procedures, etc.

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 is estimated at 11.0% in 2021, compared with 10.5% in 2020, well below the minimum rate of 20% set by the WAEMU as part of the convergence of member states' economies.

Non-tax revenues, after three consecutive years of decline, are expected to increase in 2021 to CFAF 213.4 billion compared to CFAF 194.2 billion in 2020, in connection with the dematerialization reforms implemented at the General Directorate of the Treasury and Public Accounts.

Grants amounted to CFAF 92.0 billion compared to CFAF 154.20 billion in 2020, a decline of 40.3% due to program grants which recorded a drop of 64.5%. As for project grants, after a decline of 29.8% in 2020, they rose by 16.5% to CFAF 54.62 billion in 2021.

Public expenditure and net lending in 2021 amounted to 19.9% of GDP compared to 19.1% of GDP, reflecting an increase in public expenditure. The increase in public spending is driven by both current and capital expenditure.

Current expenditure rose from CFAF 1,095.64 billion in 2020 to CFAF 1,145.1 billion in 2021, an increase of 4.5% largely attributable to the increase in transfer expenditure (+11.2%). The increase in transfers is induced by the support measures initiated by the government to mitigate the impact of the COVID-19 pandemic on the national economy.

Investment expenditure rose from CFAF 622.4 billion in 2020 to CFAF 802.63 billion in 2021, thus registering a 29.0% year-on-year increase. This increase in investment expenditure is driven to a large extent by the budgetary contribution to investment (+45.6%) and to a small extent by resources from external financing (+6.6%), in connection with the Covid-19 pandemic and the continuation of the works included in the government's action program.

Table 48. Detailed development of government revenue and expenditure

	2016	2017	2018	2019	2020	2021	2022	2023
							Projections	
Revenues and Grants	**780.39**	**1 001.66**	**1 075.8**	**1 185.70**	**1 296.28**	**1 387.72**	**1 550.60**	**1 752.20**
Revenues	**745.68**	**944.38**	**1 028.60**	**1 088.04**	**1 142.08**	**1 295.73**	**1 458.60**	**1 623.80**
Tax revenues	**641.10**	**712.82**	**811.30**	**893.28**	**947.84**	**1 082.35**	**1 245.50**	**1 395.00**
Foreign trade taxes	288.50	315.98	331.90	358.02	331.51	397.40	464.80	528.00
Direct and indirect taxes	352.60	396.84	479.40	535.26	616.33	684.95	780.70	867.00
Of which taxes on oil	3.49	2.93	1.98	3.70	28.35	8.65	11.83	
Non-tax revenues	104.58	231.56	217.20	194.75	194.25	213.38	213.10	228.80
Grants	**34.71**	**57.28**	**47.20**	**97.67**	**154.20**	**92.00**	**92.00**	**128.4**
Projects	26.11	43.29	31.20	66.84	46.90	54.62	54.60	81.7
Programs	8.60	13.99	16.00	30.82	107.30	37.38	37.40	46.7
Total Expenditures and Net Loans	**1 086.20**	**1 318.10**	**1 305.90**	**1225.90**	**1719.87**	**1 949.41**	**2 153.70**	**2 254.00**
Current Expenses	**781.10**	**820.20**	**857.80**	**899.4**	**1095.6**	**1 145.08**	**1 248.20**	**1 291.40**
Wages and compensation	353.80	337.30	356.70	368.3	395.1	386.91	473.80	522.50
Social Security	78.40	95.60	92.20	90.5	92.9	90.52	116.20	120.40
Transfers and other	185.50	166.60	179.40	180.9	233.0	259.22	257.90	282.70
Exceptional expenses	100.10	114.30	103.60	125.1	198.3	188.55	195.30	188.60
Interest due	63.30	106.40	125.90	134.6	176.3	219.87	205.00	177.20
On domestic debt	51.40	88.40	108.80	106.8	105.7	153.08	110.80	75.60
On external debt	11.90	18.00	17.10	27.8	70.6	66.79	94.20	101.60
Capital expenditures	**299.60**	**491.50**	**445.60**	**330.4**	**622.4**	**802.63**	**905.50**	**962.60**
From domestic resources	178.50	313.00	279.10	228.3	356.4	518.97	539.70	572.80
From external resources	121.10	178.50	166.50	102.1	266.0	283.66	365.80	389.80
Net loans	**5.50**	**6.40**	**2.50**	**- 3.90**	**1.8**	**1.70**	**-**	**-**
Primary balance	**- 150.62**	**- 82.42**	**17.50**	**94.94**	**- 133.69**	**- 148.45**	**- 124.30**	**- 63.20**

Source: DGE/CSPEF, March 2022

In line with the evolution of revenue, marked by a weak increase (+13.5%) and a more significant increase in the budgetary contribution (+45.6%), the primary balance deficit deteriorated to CFAF 148.45 billion in 2021, compared to CFAF 133.69 billion in 2020. As a percentage of GDP, the primary deficit represents 1.5% in 2021 as in 2020.

The outlook for 2022 is for an increase in state revenues (+11.74%). Grants will stabilize and public spending will increase by 10.5%. The overall budget deficit (based on authorization, including grants) is expected to be 5.5% compared with 5.7% in 2021. The primary balance would show a deficit of CFAF 124.30 billion, an improvement on its 2021 level and representing 1.1% of GDP. The budget deficit is expected to continue to improve, reaching 4.3% in 2023. The primary balance would still be in deficit but would improve. It would represent 0.5% of GDP.

7.1.3. Detailed presentation of the budget by expenditure item

The 2022 budget law is voted in program mode and will be executed in program mode[31]. Its reference is the 2022-2024 Multiannual Budgetary and Economic Programming Document (DPBEP). This reference document summarizes the policy options contained in the National Development Plan (NDP 2018-2025), the Growth Program for Sustainable Development (PC2D), the matrix of priority targets of the Sustainable Development Goals (SDGs) and ensures the budgetary transition between phases 1 and 2 of the Government Action Program. In terms of legal anchoring, it is built in accordance with the procedural, technical and managerial requirements arising from the organic law n°2013-14 of September 27th, 2013 relating to finance laws (LOLF). It is therefore part of a perspective of capitalizing on the progress made, in particular the budgeting of public investments in commitment authorizations and payment credits (AE/CP), and the improvement of the performance framework of budget programs.

In terms of economic policy for the period 2022-2024, two main axes will constitute the framework for public action: the consolidation of the achievements of the Government Action Program (PAG) 2016-2021 and the upgrading of value-added chains for the development of the processing sector. The budgetary policy will therefore be articulated around these two economic axes with a structuring of public spending in favor of the well-being of the population and a fiscal policy that provides incentives for businesses and the promotion of employment.

In the area of public finance in the central budgetary administration, the overall tax framework remains favorable to production, consumption, and employment. The emphasis is on tax policy measures to improve the understanding of taxable income and to strengthen tax compliance.

As regards expenditure, the general operation of public administrations remains stabilized with an unchanged policy. Within this framework, for ordinary expenditure, the costing benchmarks and definition of the trajectory built during the 2016-2021 five-year period remain, with a view to continuing to improve the efficiency of expenditure by means of, among other things, the pooling of expenses and the management review of budgetary credits allocated to activities, etc.

The 2022 management finance bill (including the State budget) balances out in terms of resources and expenses at CFAF 2 541 billion. It is down by CFAF 443.85 billion compared to the estimates of the rectifying finance law at the end of December 2021, which were CFAF 2,985.05 billion.

31 Benin has thus marked a definitive break with the traditional approach to budget management.

Table 49. The main elements of the Finance Bill (2022)

Dépenses Budgétaires	2021 (LFR)	2022 (LFI)
	Amount (in Billions CFAF)	
General budget	**1 941.24**	**1 911.91**
Ordinary expenses	**1 110.41**	**1 099.06**
Personnel expenses	410.78	425.95
Financial expenses of debt	221.72	204.93
Asset acquisition expenses	173.43	185.30
Current Transfer	304.49	282.88
Capital Expenditures	830.83	812.85
Domestic financing	529.65	517.50
External financing	301.19	295.35
FNRB Annex Budget	**97.00**	**99.00**
Trust Account	**17.96**	**16.85**
Total General Budget	**2 056.20**	**2 027.76**
Cash flow expense	**928.85**	**513.45**
Total Budget	**2 985.05**	**2 541.20**

Source: Budget Presentation Report Management 2022, DGB/MEF, January 2022

An analysis of the various expenditure items shows a decline in ordinary expenditure (including financial debt charges) of 1% and capital expenditure of 2.2%. The fall in ordinary expenditure is induced by the contraction of current transfer expenditure (-7.1%) and that of financial charges on the debt (-7.6%). On the other hand, personnel expenditure, and expenditure on the acquisition of goods and services increased. As for capital expenditure, its decline is linked to the fall in both domestic and external financing. As a result of the contraction in ordinary and capital expenditure, the draft general state budget is expected to fall by 1.5% in 2022 compared with the estimates in the 2021 rectifying finance law. As with the general budget, cash expenses are expected to fall by 44.7%, largely due to the low level of amortization of external borrowing and advances and loans.

7.1.4. General presentation of the budget

The 2022 Budget Act is down by 14.9% compared with the estimate in the 2021 Supplementary Budget Act. This decline is largely attributable to lower cash expenses. Regarding the allocations to the ministries, with the exception of the «Labor and Public Service» sector, which saw a decrease, all the other sectors saw an increase in their budgets.

In terms of structure in 2022, the "Education" sector is in the lead with a share of 14.0%, followed by «Urban Planning and Housing» (6.7%), «Energy, Mines and Water» (6.2%), «Infrastructure and Transport» (6.1%). The «Health» sector (3.9%), «Agriculture and livestock and fisheries» (3.5%) follow the «Infrastructure and transport» sector.

Table 50. Evolution of state expenditure by sectoral ministry

	2018		2019		2020		2021 LFR		2022 (Forecast)	
	Value (billion CFAF)	Structure (%)	Value (billion CFAF)	Structure (%)	Value (billion CFAF)	Structure (%)	Value (billion CFAF)	Structure (%)	Value (billion CFAF)	Structure (%)
Education[32]	226.463	11	229.3	12.96	260.2	12.36	309.28	12.6	354.5	14.0
Health [33]	63.7	3.1	54.46	3.08	142.6	6.77	91.86	3.7	98.1	3.9
Labor and Public Service	7.7	0.4	7.66	0.43	7.3	0.35	7.227	0.3	7.2	0.3
Social Affairs	4.7	0.2	3.7	0.21	11.3	0.54	7.62	0.3	13.3	0.5
Agriculture. Livestock. Fisheries	53.9	2.6	39.37	2.23	83.5	3.97	77.7	3.2	87.9	3.5
Energy. Mining and Water	111.5	5.4	96.37	5.45	96.8	4.6	113.66	4.6	156.7	6.2
Interior	38.9	1.9	38.71	2.19	41.7	1.98	50.23	2.0	59.9	2.4
Justice	14.1	0.7	13.51	0.76	16.9	0.8	20.25	0.8	21.4	0.8
Army	66.4	3.2	44.74	2.53	41.8	1.99	54.04	2.2	60.6	2.4
Urban planning and housing	113.4	5.5	54.34	3.07	200.5	9.53	101.3	4.1	170.3	6.7
Industry and commerce. small and medium-sized enterprises	19.2	0.9	10.61	0.6	8.5	0.4	17.579	0.7	18.9	0.7
Infrastructure and Transportation	33.4	1.6	37.99	2.15	76.5	3.64	106.61	4.3	155.7	6.1
Communication and digital	17.5	0.8	17.65	1	10.3	0.49	15.08	0.6	24.3	1.0
Total[34]	**2 061.80**		**1 768.69**		**2105.4**		**2.985.05**		**2 541.20**	

Source: SIGFIP/DGP/MEF, January 2022

In terms of growth in relation to 2020, the «Urban planning and housing', «Education», «Infrastructure and transport», and «Energy-Mine and Water» sectors have recorded the highest increases in absolute terms. In fact, the «Urban planning and housing» sector recorded an increase in its budget of CFAF 69 billion, representing an increase of 68.1%, in connection with the implementation of activities included in the GAP. The «Education» sector saw its budget increase by CFAF 45.2 billion, i.e., an increase of 14.6% in connection with the continuation of the reforms undertaken by the Government to restore Benin's schools to their former glory and the development of vocational and technical education.

The «Infrastructure and Transport» sector has seen its allocation increase in 2022 by CFAF 49.1 billion compared to 2021, corresponding to an increase of 46.0%, due to the continuation of major works undertaken by the government.

The «Energy» sector recorded an increase of CFAF 43.1 billion in its budget, corresponding to an increase of 37.9% compared to 2021, in connection with the continuation of planned investments to further reduce the country's energy dependence on the outside.

The «National Defense» and «Interior» sectors recorded an increase in their budgets of CFAF 6.6 billion and CFAF 9.6 billion respectively, corresponding to an increase of 12.2% and 19.2% compared to their 2021 level, in connection with the implementation of the internal security policy aimed at strengthening internal security and the fight against organized crime and border protection.

The «Communication', «Health», «Industry and Commerce», and «Justice» sectors have also recorded increases of CFAF 9.2 billion, CFAF 6.2 billion, CFAF 1.3 billion and CFAF 1.2 billion respectively in 2022 compared to 2021.

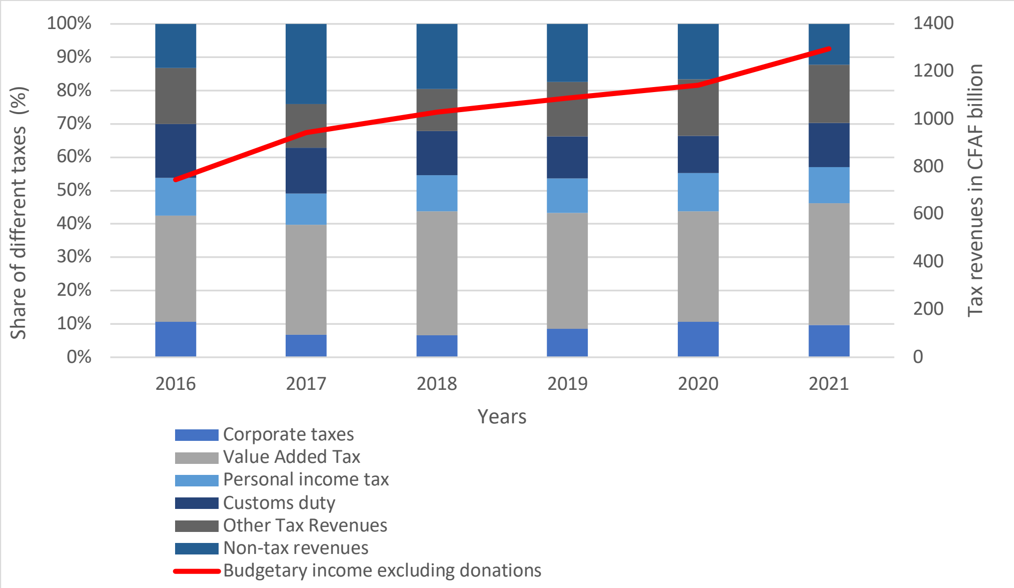
7.2. Tax policy

7.2.1. General budget revenue broken down by source

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

32 *These are the three level of education*
33 *These are the three levels of education*
34 *The total represents the amount executed under the Finance Act*

Figure 15. Share of tax revenue by type of tax



Source: DGI/DGD/DGTCP, March 2022

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 assessment to be paid corresponds to the excess of VAT collected by the business 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 managers is not deductible.

The share of VAT in budgetary revenue rose from 33.2% in 2020 to 36.5% in 2021. This performance of VAT despite the Covid-19 pandemic is due to the multiple reforms, notably the introduction of remote procedures, the reform of standardized invoices, and the strengthening of tax control.

Corporate income tax

Corporate tax (IS) is applied to net profits made in Benin, as well as those whose taxation is attributed to Benin by an international convention for the elimination of double taxation. The taxable profit is the net taxable profit obtained based on 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 persons other than industries.
- 25% for legal persons with an industrial activity and mining companies (profits derived exclusively from the exploitation of a deposit of mineral substances).
- Between 35% and 45% for profits derived from the search for, exploitation, production, and sale of hydrocarbons, including transport operations which are accessory to these activities.

However, the amount of the tax 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 2021 represents 9.7% of total revenue, compared with 10.6% in 2020.

Personal Income Tax (PIT)

The Personal Income Tax (PIT) 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 in Benin.

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

The overall annual gross income used as a basis for the PIT has been modified as of the 2020 tax year. It is obtained by adding together the following net categorical profits or income: (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 wages and salaries, income from movable property and property income are subject to flat-rate deductions.

Table 51. PIT tax schedule

Type of income	Taxable income brackets	Applicable rates
Industrial. commercial. craft and agricultural profits. Non-commercial profits and similar income.	From 0 to 10.000.000 CFAF	30 %
	From 10.000.001 CFAF to 20.000.000 CFAF	35 %
	More than 20.000.000 CFAF	40 %
Property income	0 to 3.000.000 CFAF	10 %
	More than 3.000.000 CFAF	20 %
Salary and wages[35]	From 50.001 to 130.000 CFAF	10 %
	From 130.001 to 280.000 CFAF	15 %
	From 280.001 to 530.000 CFAF	20 %
	More than 530.000 CFAF	30 %
Income from Securities		15 %[36]

Source: CGI 2021/DGI

The amount of the tax resulting from the application of the BIC -BNC scale may in no case be less than a minimum, determined according to each category of income: 1% of the cashable income of taxpayers earning industrial, commercial, and non-commercial, craft and agricultural income, 0.60 franc per liter of petroleum products sold for service station managers. This amount may in no case be less than two hundred and fifty thousand (250,000) francs. The share of revenue mobilized in terms of IRPP in 2021 is 10.9% of total revenue compared to 11.4% in 2020.

Customs duty

Customs duty or tariff is a tax levied on imported goods as 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, rising to 35% for specific goods for the country's economic development. Customs duty revenue mobilized in 2021 represents 13.2% compared to 11.3% of total revenue.

35 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%).

36 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 52. Customs duty rates 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, March 2022

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

The draft budget for the 2022 management period falls within the reference framework of the organic law N°2013-14 of September 27th, 2013 on finance laws. Economic policy for the period 2022-2024 will be guided by the government's priorities for the period 2021-2026, in line with the guidelines set out in the National Development Plan (NDP) 2018-2025. Thus, two main axes will focus economic policy in 2022: i) the consolidation of the achievements of the 2016-2021 PAG, which has made it possible to put in place the foundations of structural transformation, and ii) the upgrading of value-added chains for the development of the processing sector. In a transversal manner, particular emphasis will be placed on strengthening social measures.

In the area of domestic taxation, Law No. 2021-15 of December 23rd, 2021 on the general tax code of the Republic came into force on January 1st, 2022. This new code, together with a book of tax procedures, is the culmination of a process to overhaul the general tax code in force since 1964. The main objective of the overhaul is precisely to put an end to the proliferation of legal sources, by putting in place a comprehensive general tax code, supplemented by a book of tax procedures, encompassing all the tax provisions currently scattered throughout the Beninese legal system and written in a modern style to facilitate understanding. It does not represent a complete break with the old law, since it takes up most of its provisions, tariffs, and rates. However, some new features have been introduced to consider the economic orientations defined by the government, in particular the establishment of a profitable tax system open to national and international private investment. The revised code secures the state's tax revenues while respecting the rights of taxpayers in accordance with the requirements of the rule of law, following the example of other states in the sub-region. The new features introduced include:

- The reorganization of the corporation tax (IS) to regulate the exemption of associations and non-profit organizations; the exemption of net income from securities and movable capital appearing in the assets of the company; the tax regime for capital gains; the conditions for deductibility of remuneration of any kind paid to company managers and the rules for deducting expenses linked to the operation of multinationals (commissions paid to purchasing offices, brand royalties, head office costs and technical assistance). It also standardized the rate of the minimum tax at 1% of cashable income for all companies apart from companies in the building and public works sector and companies with a preponderance of real estate[37] for which the minimum tax rate is respectively 3% and 10% of cashable income.

- The reorganization of the tax on business profits (IBA) by abandoning progressive rates in favor of proportional rates with an increase in the minimum tax from 1% to 1.5%.

- The application of a single rate of 12% on property income and the institution of a minimum tax for companies with a preponderance of real estate assets to put an end to tax evasion organized by companies in the sector.

- Revision of the tax scale on salaries and wages (ITS) with the abolition of the deduction for dependent children, the reduction of progressive rates and the widening of the scope of the exemption for low salaries from CFAF 50,000 to CFAF 60,000.

- Innovation in the Synthetic Professional Tax (TPS) through the introduction of a 5% rate with a minimum collection of 10,000 CFAF as opposed to a 2% rate with a minimum collection of 150,000 CFAF in 2021. In return, the deductions of the

37 a company with a preponderance of real estate assets is one whose turnover is composed of more than 50% of real estate income

Advance Tax on Profits (AIB) paid are henceforth attributable to the tax due.

- The merger of the tax on financial activities (TAF) and the single tax on insurance contracts (TUCA) into a tax called «tax on financial activities and insurance» (TAFA).
- The abolition of the exemption from customs duties and VAT on four-stroke motorbikes and their spare parts.

Furthermore, as part of the promotion of economic activity, the government has introduced:

Exemption from customs duties and taxes and value added tax (VAT) on new materials and equipment imported into the Republic of Benin by small and medium-sized enterprises not benefiting from a derogatory tax regime, intended for the installation of craft and industrial units. These materials and equipment remain subject to the following duties and taxes in force: the community solidarity levy (PCS); the community levy (PC); the solidarity levy (PS); the statistics tax (TSTAT); the customs stamp (TD); the urban development tax (RAU) and the road tax (TV).

- The abatement on the customs value, for passenger cars and other motor vehicles designed for the transport of persons other than those of tariff heading No. 8702, including double cabin "break" type cars, imported, manufactured, or sold new in the Republic of Benin, up to:
  - 100% for electric cars when new.
  - 95% for hybrid cars when new.
  - 90% for new cars.
- The exemption of electric and hybrid motorbikes imported, manufactured, or sold in the Republic of Benin from customs duties (DD) and value added tax (VAT)
- The capping of land acquisition or rental fees for industrial development and agricultural operations in the Republic of Benin at 10% of the reference prices set in Article 17 of Law No. 2019-46 of December 27th, 2019 on the Finance Law for the 2020 management when it concerns land in the private domain of the State. When the identified land belongs to a private individual and is intended to host a project of general interest or public utility, it shall be expropriated for public utility based on a price set by decree issued by the Council of Ministers.
- The establishment of charges for non-aeronautical meteorological services provided to third parties during their activities.

8.1. Political and security risks

Election-related risks

Political risks are generally those resulting from contestation of election results linked to dysfunctions in the organization of the electoral process, the effects of which can translate into a slowdown in economic activity. In Benin, the year 2021 was marked by the organization of presidential elections, which took place without incident despite the high stakes.

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

Terrorism risks had been noted in northern Benin following the May 2019 kidnapping of two French tourists in the Pendjari National Park and the killing of their local guide. The February 2020 attack on a police station in the Parc du W and the three attacks recorded in the northwest in 2021 and the increase in attacks in southeastern Burkina Faso indicate that jihadists, most likely affiliated with the Islamic State of the Great Sahara (ISGS), are operating along the border. Benin's support for counter-insurgency efforts in Mali and Nigeria also increases the risk of terrorism, although jihadist penetration further south will be more difficult due to a 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. Despite the actions taken and the resources deployed by the government, the terrorist risk remains and is expected to remain high in 2022.

8.2. Social risks

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

To remedy this situation, in September 2018, the parliament made amendments to law N°2001-09 of June 21st, 2002, on the exercise of the right to strike in the Republic of Benin. These amendments stipulate that when the conditions are respected, the right to strike is exercised within a well-defined period. It may not exceed ten days in any one year. Similarly, the strike may not exceed seven days in the same six-month period, and two days in the same month. It is also specified that, regardless of the duration, the cessation of work on the same day is considered a full day of strike action. As a result of these amendments, strike activity in the public administration has subsided.

8.3. Macroeconomic risks

In Benin, macroeconomic risks are mainly driven by trade and exchange rate policies in Nigeria and the evolution of commodity prices, in particular cotton, cashew nuts and oil.

The geographical proximity of Benin to Nigeria and the close trade relations between the two countries represent an opportunity for the Beninese economy, but also present uncertainties, even if much of the trade is done informally. These uncertainties relate to both Nigeria's trade policy and its monetary policy. On the monetary front, for example, Nigeria's monetary policy decision of June 20th, 2016 to depreciate the naira was strongly felt in Benin. This resulted in a decline in activity in Beninese industries, particularly agri-food industries. The risk linked to the fluctuation of the naira is considered by the Beninese authorities as a medium risk in relation to its probability of occurrence which is estimated at 29%.

Aware of this situation, the government, as early as 2016, launched a vast program to strengthen the resilience of the economy. This program concerns both the modernization of financial institutions and the densification of the productive fabric. The first results of this strategy show a weakening of the link between the Beninese and Nigerian economies.

Regarding trade policy, apart from vegetable products, Benin is very active in re-exporting to Nigeria. This re-export concerned second-hand vehicles, frozen products, drinks, 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 2020 was Nigeria (68.5%), despite the decline recorded in relation to 2019 attributable to trade in rice. Similarly, Nigeria was Benin's main African supplier in 2020 (25.8%).

Nigeria unilaterally closed its border with its neighbors in 2019, including Benin, for 16 months. The closure led to a contraction in trade between the two countries. This led to higher prices for petroleum products on the informal market and other goods imported from Nigeria. Benin's exports to Nigeria also slowed down. But 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. According to the Beninese authorities. A closure of Nigeria's borders would result in a loss of 0.5 percentage points of GDP growth and a 2.3% drop in total government revenue compared to an open border situation.

The risk mitigation measures linked to the closure of the borders consisted of, as soon as the borders were unilaterally closed by Nigeria, initiating discussions between the two countries to avoid the occurrence of this event in the future. To this end, a bipartite high-level working group, Benin-Nigeria, was set up to reorient economic and trade relations between the two countries. The avenues of discussion are related to strengthening cooperation between the two countries, both at the customs level and at the economic level, particularly in the agricultural sector.

Cotton is Benin's leading export crop. Cotton cultivation impacts all sectors of activity, notably agricultural production, ginning activities, manufacturing activities (cottonseed crushing and spinning etc.), and service activities (transport and transport auxiliaries, banking, insurance, etc.). A negative shock to the international price of cotton would distort the revenue forecast of exporting companies and affect the taxes they pay. Similarly, a persistent shock would be transmitted to the production activity and would have cascading effects on the other sectors of activity for two consecutive years. Indeed, while cotton production takes place in year, ginning, transport, and marketing activities take place in year n+1. Simulations have shown that a fall in cotton prices of around 15% would lead to a fall in growth of 0.27%. The risk linked to the fluctuation of cotton prices is medium (18%).

The measures to mitigate the risk linked to cotton price fluctuations consist in ensuring better diversification of the economy. In this context, the government has launched the promotion of new sectors both for export and for food security. The measures to mitigate shocks to the sector consisted of the establishment by the Association Interprofessional du Cotton of a strategic reserve fund, financed by a levy on the ginners.

The price trend on the international market in the second half of 2021 suggests an encouraging outlook for 2022. Although world cotton prices have eased since February 1st, 2022, they remain high. The market is expected to remain buoyant in the face of rising inflation and a possible slowdown in global growth due to the Russia-Ukraine war, while higher fuel costs and competing crops such as soybeans could lead to a decline in cotton acreage.

As for oil, Benin is an importer, and given the uncertainties related to its determinants, the price of oil is sometimes subject to strong fluctuations. A rise in the price on the international market leads to a rise in the price on the local market, with the consequence of a reduction in the purchasing power of households and a drop in the consumption of durable goods and investment, and an increase in the production costs of companies. A surge in oil prices also creates uncertainty for investors and consumers who try to postpone their investments and purchases as a precaution. Beyond real activity, the inflationary shock linked to the rise in oil prices could impact public finances through a depressive effect on tax revenues. At the level of Customs, the rise in oil prices would have two effects: i) a positive price effect linked to the rise in the CIF value of imports (positive effect because customs taxes are ad valorem); ii) a negative volume effect linked to the fall in household purchasing power. The net effect depends on the relative magnitude of the two effects. The rise in international market prices, given the importance of the illicit trade in petroleum products, also leads to an increase in the illegal consumption of these products.

Internationally, after a decline in prices in 2020, the price of a barrel of oil has risen to $74.4 a barrel in 2021. With the Russia-Ukraine conflict, prices on the international market have risen sharply. Indeed, the price of lease crossed the $100 mark at the beginning of March 2022. This surge in the price of oil is causing widespread inflationary pressure.

In terms of terms of trade, Benin enjoys currency stability with the Euro. Benin's foreign currency debt is dominated by the euro, which has a fixed parity with the CFAF. According to the currency criterion, external debt is mainly contracted in euros (66.80%), followed by US dollars (17.09%) as of December 31st, 2021. The structure of Benin's public debt according to the currency criterion remains in line with the strategy of mitigating the exchange rate risks associated with the debt portfolio. Benin's external debt is mainly contracted in non-fluctuating currencies. To mitigate foreign exchange risks, the country has opted for external financing denominated in euros. As a result, the country issued three Eurobonds during 2021, which were used to finance development projects and improve the quality of its public debt portfolio. The first two Eurobonds, totaling CFAF 655.957 billion, were issued simultaneously in January 2021 and were used in part to repay 65% of the nominal amount of Benin's 2026 Eurobond. The share of borrowings exposed to foreign exchange risks (borrowings denominated in currencies other than the euro) is projected at 20.21% of total debt at the end of 2022 and remains essentially concessional. Thus, the risks of exchange rate losses with the main partners are relatively contained. On the other hand, the risks linked to the evolution of the terms of trade linked to the evolution of the world prices of exported raw materials and the prices of imported products remain. 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 associated with tax revenue mobilization in Benin are linked, among other things, to the preponderance of informal trade (about 57% of GDP). To address this situation, since 2016 the government has implemented a strategy aimed, on the one hand, at securing the revenue collected through, in particular, the dematerialization of procedures (e.g. online payment of taxes, introduction of electronic VAT invoicing machines, etc.) and, on the other hand, the broadening of the tax base (better supervision of exemptions, implementation of incentives for the formalization of businesses such as the institution of a synthetic business tax, etc.) and the strengthening of tax compliance. 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, as well as a new general tax code for January 1st, 2022, complete with a book of tax procedures.

In addition, Benin has benefited from several assistance missions from the International Monetary Fund for the development of a plan to improve tax compliance. The implementation of this strategy and of the plan to improve tax compliance has led to an increase in revenue, mainly domestic. Several other reforms aimed at broadening the tax base, combating fraud and tax evasion and digitalizing procedures are underway.

However, in connection with the development of new technologies, some lucrative online activities are developing, and many transactions are made via social networks such as Facebook, WhatsApp, etc. These activities sometimes escape taxation. These activities sometimes escape taxation. The risk of revenue loss from the expansion of these types of activities in the economy remains permanent.

In addition to the preponderance of the informal sector, fluctuations in commodity prices, particularly oil and cotton, and the policy measures taken by Nigeria pose risks to tax revenue mobilization. Indeed, the rise in oil prices leads to a decline in revenue mobilization. The same applies to the fall in cotton prices, the closure of the Nigerian border and the depreciation of the naira.

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 that could be taken in partner countries that trade with Benin. However, given the vaccination coverage in partner countries, the opening of borders and the resumption of industries and international trade, coupled with the prudent management of the pandemic by the Beninese authorities, the risk linked to Covid-19, although real, seems to have been attenuated.

External donor funding

Benin has an ambitious reform program aimed at restoring investor confidence by prioritizing the improvement of the business environment. This program has attracted the attention of several donors who have come forward with specific projects to support the government. Similarly, the quality of governance and the reinforced fight against corruption are likely to reassure donors.

Benin has also shown very encouraging results in the implementation of the latest program with the IMF. Indeed, at the sixth (6th) review carried out in April 2020, the IMF confirmed that the results of the program are and continue to be very satisfactory. The three-year program under the IMF-supported Extended Credit Facility (ECF) to Benin (about $255 million, including an access increase of $103 million at the beginning of COVID-19) came to an end in May 2020. In support of the Beninese people's response to the pandemic, the IMF Board had already approved emergency financing under the Rapid Credit Facility and the Rapid Financing Instrument ($178 million) in December 2020. In addition, Benin benefited from the IMF's general allocation of special drawing rights (USD 168 million, equivalent to 1% of GDP) in August 2021. At the end of the IMF mission in November 2021, the IMF found that Benin, with strong economic fundamentals at the start of COVID-19, had the necessary fiscal space and continued access to financing, which supported the expansion of economic activity to 3.8% in 2020, one of the highest growth rates among developing countries. The IMF also concludes that a robust economic recovery is underway, driven by, among other things, the normalization of cargo traffic at the port of Cotonou, one of Benin's main growth engines.

External financing through foreign direct investment

The risks of external financing by foreign direct investors are limited. Indeed, Benin has embarked on a vast program of reforms to improve the business climate and attract foreign direct investment (FDI). Net direct investment inflows (FDI) stood at 87.58 billion CFAF in 2020, compared with 111.95 billion CFAF in 2019, i.e., a decline of 21.8%, in connection with the international economic situation disrupted by the Covid-19 pandemic. Net direct investment flows in 2020 consisted of equity (CFAF 42.31 billion) and debt instruments (CFAF 45.27 billion). France (70.2%), Burkina Faso (15.5%), Senegal (8.1%) and Nigeria (8.0%) were the main providers of net direct investment flows to Benin in 2020.

8.5. Health risks

Like all countries around the world, Benin is facing the Covid-19 pandemic. Benin reported its first case of COVID-19 on March 16th, 2020. The authorities had quickly implemented strong containment and social distancing measures, including the partial lockdown (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 people 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. As soon as the Covid-19 vaccine became available, Benin did not stand aside from vaccination. Thanks to the COVAX initiative, the country received several doses of vaccine supplemented with acquisitions from its own resources and launched a vaccination campaign following a coherent strategy. As a result of the authorities' effective management of the disease, the pandemic had a limited impact on both economic activity and health. The restrictions were gradually lifted to allow economic activity to resume. The epidemiological situation on December 31st, 2021 showed 467 active cases for a total of 25,440 confirmed cases, of which 24,812 were cured and 161 died. Benin is therefore a low-risk country.

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. Lassa fever also occurs in Nigeria and is therefore often diagnosed in some border areas with Nigeria. However, these diseases are well managed by medical staff.

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

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 climate-related disturbances and other natural phenomena. The manifestations of these phenomena are notably the appearance of pockets of drought, delays in the arrival of rain or its poor distribution, the recurrence of floods, the appearance of new pests that decimate crops[38], 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. Faced with this situation, mitigation measures have been taken, particularly about 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 disaster risk management and preparedness. These include:

- the creation of the national civil protection agency.
- the establishment of the Early Warning System (EWS).
- The implementation of several projects and programs aimed at strengthening the resilience of the economy.
- The ongoing conclusion of the Catastrophes deferred Drawdown Option (CAT-DDO) project, which focuses on the establishment of a contingent funding line that will provide the country with immediate resources to deal with shocks related to natural disasters. This line will act as a rapid financing facility until other support for reconstruction can be mobilized.

38 The 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 of December 31st, 2021, the stock of public debt was estimated at CFAF 4,885.81 billion against CFAF 4,156.85 billion a year earlier, representing an increase of 17.5%, mainly due to the outstanding external debt (+43.0%). The domestic debt recorded a 15.2% drop to CFAF 1,540.64 billion. External and domestic debt represented 68.5% and 31.5% respectively of the portfolio at the end of December 2021, in line with the financing options adopted by Benin in its 2021 debt strategy, notably the issuance of Eurobonds in January and July 2021. As a percentage of GDP, Benin's debt stock rose to 49.8% in 2021 from 46.1% in 2020, an increase of 3.7 percentage points of GDP. Despite this increase, the outstanding public debt remains below the 70% defined in the WAEMU convergence criteria. With this level of rate, which is one of the lowest in sub-Saharan Africa, Benin has demonstrated good control of the overall evolution of its debt and has room for maneuver in financing structuring development projects with a view to preserving debt sustainability.

Table 53. Evolution of Benin's outstanding public debt (in billions of CFAF)

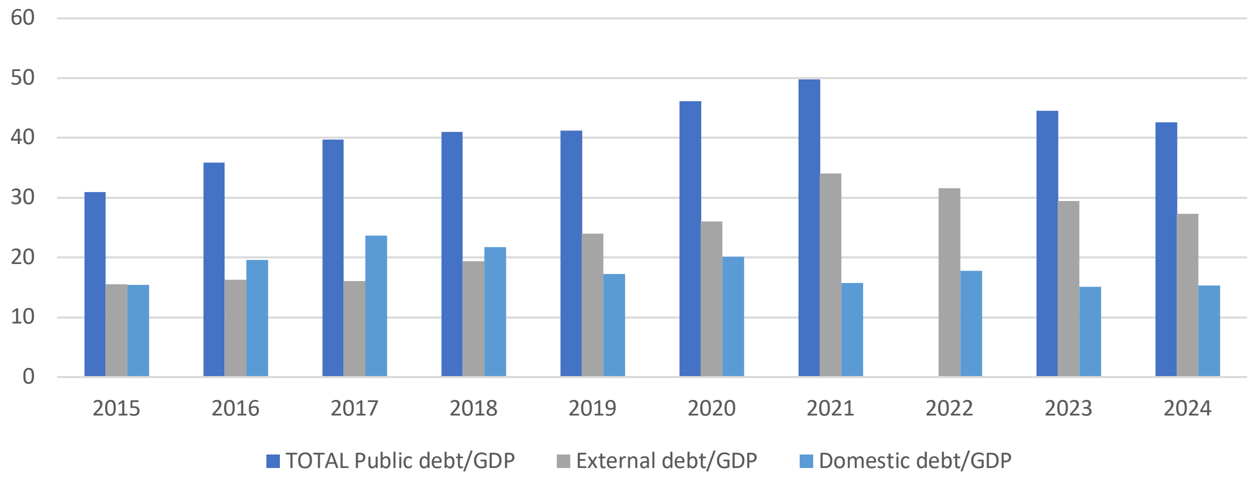
	2016	2017	2018	2019	2020	2021
Total debt (% of GDP)	35.9	39.7	41.0	41.2	46.1	49.8
Total debt	513.05	2 927.44	3 251.78	3 476.59	4 156.85	4 885.81
External debt	1 139.61	1 184.60	1 532.08	2 020.68	2 339.67	3 345.17
Domestic debt	1 373.44	1 742.84	1 719.70	1 455.91	1 817.18	1 540.64
nominal GDP	7 005.23	7 375.30	7 922.00	8 432.25	9 008.81	9 809.7

Source: CAA-Benin, January 2022

Overall, the evolution of Benin's public debt over the last two years is linked to the effects of the Covid-19 pandemic which has impacted all economies worldwide. Indeed, Benin, like several other economies, has had to resort to additional financing made urgent to cope with the additional expenditure induced by the Covid-19 pandemic, in particular the strengthening of the health system, support for key sectors of the economy, social measures and the implementation of the economic recovery plan.

In terms of forecasts, it is expected that the ratio of the outstanding public debt to GDP will remain below 70% and will follow a downward trend from 2022. In fact, according to the 2022 debt strategy, the outstanding public debt to GDP ratio is expected to be 49.45% in the same year. Similarly, the latest debt sustainability analysis conducted by the CAA in September 2021 forecasts a debt ratio of 44.5% in 2023 and 42.6% in 2024. It will be dominated by external debt.

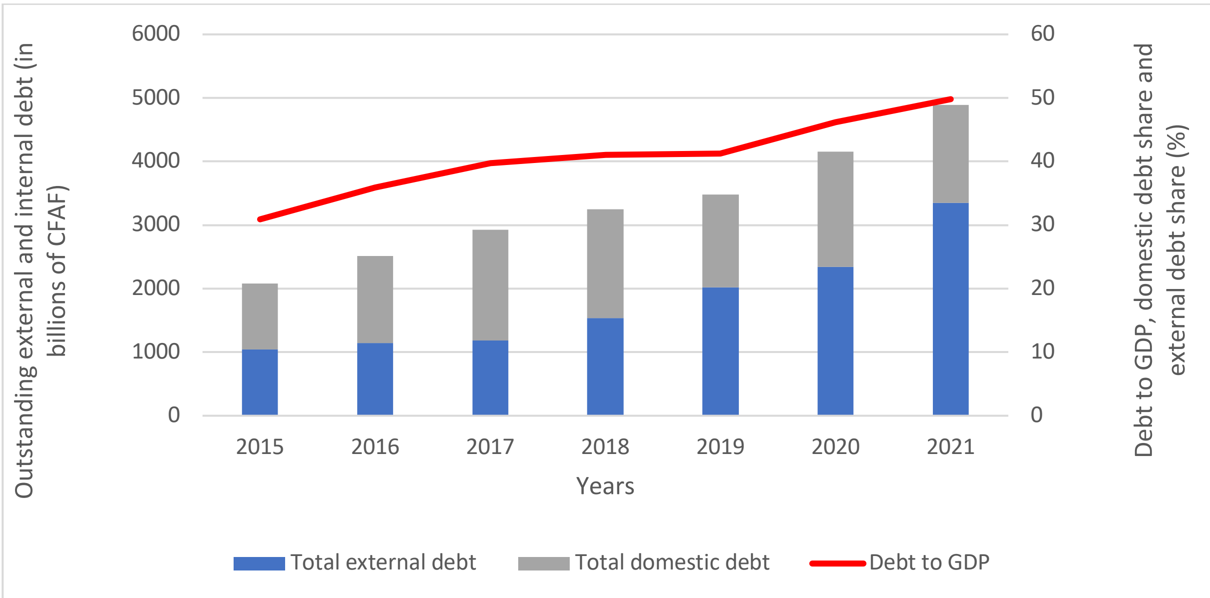
Figure 16. Evolution of the debt as a percentage of GDP from 2015 to 2024



Source: CAA (2015-2021); forecast[39], January 2022

In terms of composition, the share of external debt in total debt increased in 2021 to 68.5% from 56.3% in 2020. The share of domestic debt, on the other hand, fell from 43.7% in 2020 to 31.5% in 2021, leading to a decline in the domestic debt to external debt ratio of 31.6 points. Indeed, the latter fell to 46.1% in 2021 against 77.7% a year earlier.

Figure 17. Percentage of domestic and external debt



Source: CAA-Benin, January 2022

Debt to non-resident creditors is made up of foreign currency-denominated debt (including the 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 4,195.93 billion, or 85.9% of total debt on December 31st, 2021, compared with 80.0% a year earlier. As of December 31, 2021, drawings on loans from non-resident creditors amounted to CFAF 1 200.43 billion (drawn from Eurobond issues).

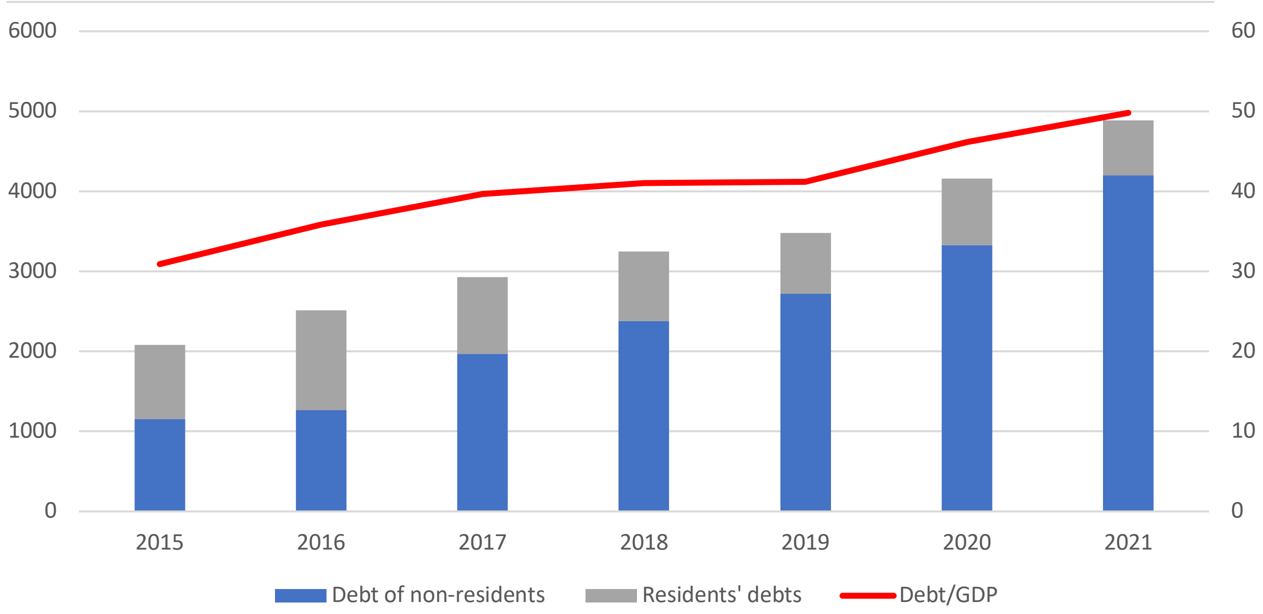
The debt to resident creditors is made up of subscriptions by Beninese banks and other investors (resident in Benin's economic territory: banks, insurance companies, SGI, and other local institutions) to public securities and direct loans by the state to local banks. Its share of total debt on December 31st, 2021 was 14.1%, compared with 20.0% at the same period in

39 *Strategy 2022 and DSA Report_ CAA_ September 2021*

2020. Borrowings from resident creditors amounted to CFAF 165.85 billion during the year.

The performance recorded in terms of drawings was made possible by reforms in the disbursement process and in public procurement, which enabled the acceleration of work on the various structural projects under implementation. Moreover, in the context of the contraction of the world economy in 2020 induced by the COVID-19, Benin had to invest more to help accelerate progress towards the sustainable development objectives.

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

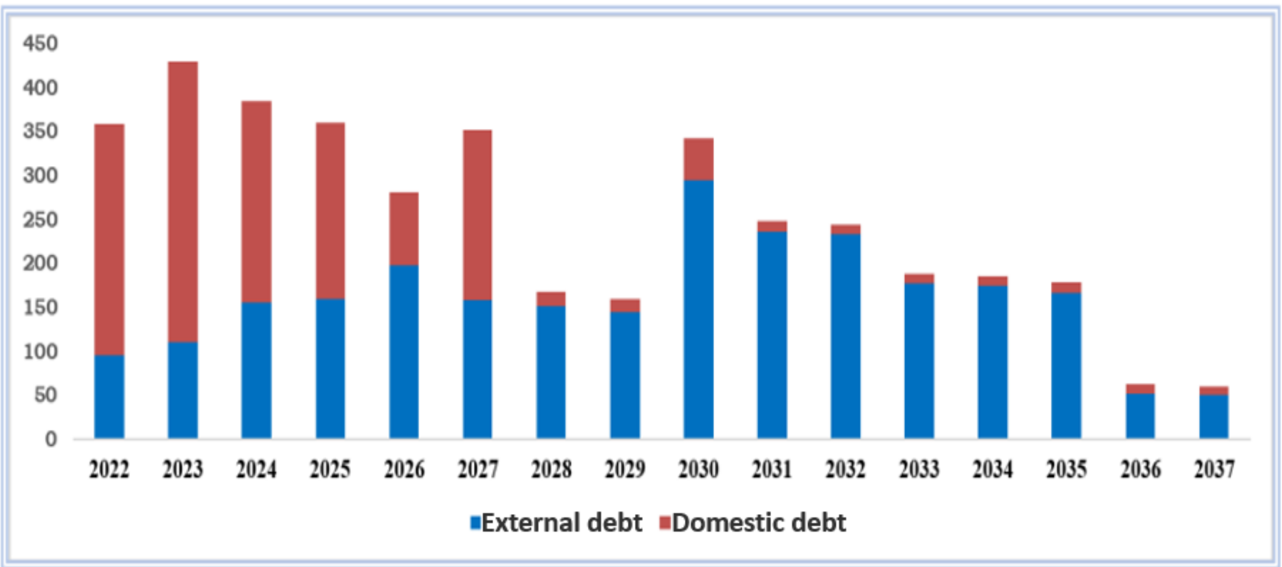


Source: CAA[40] January 2022

9.1.2. Time profile of the debt to be repaid

The time profile of the debt to be repaid as of December 31, 2021 shows a predominance of domestic debt over the period 2022-2025, then in 2027. External debt becomes predominant in 2026 and from 2028 to 2037 in connection with the concessional loans mobilized by Benin. Over this period, domestic debt would represent a very small proportion of total debt.

Figure 19. Redemption profile of the public debt of December 31, 2021



Source: CAA, January 2022

40 Debt Management Report, Debt Statistics Bulletin

9.1.3. Amount repaid of short, medium and long-term debt

Public debt service paid in 2021 was CFAF 787.12 billion, compared with CFAF 604.04 billion a year earlier. The principal repaid was CFAF 574.97 billion and interest and commissions were CFAF 212.15 billion. Debt service is largely driven by local currency debt. In fact, debt service in local currency amounted to CFAF 618.50 billion in 2021, representing 78.6% of total debt service, compared with only 21.4% for debt service in foreign currency.

According to the amortization profile, local currency debt remains predominant over the period 2022-2025 and 2027.

Table 54. Evolution of debt service

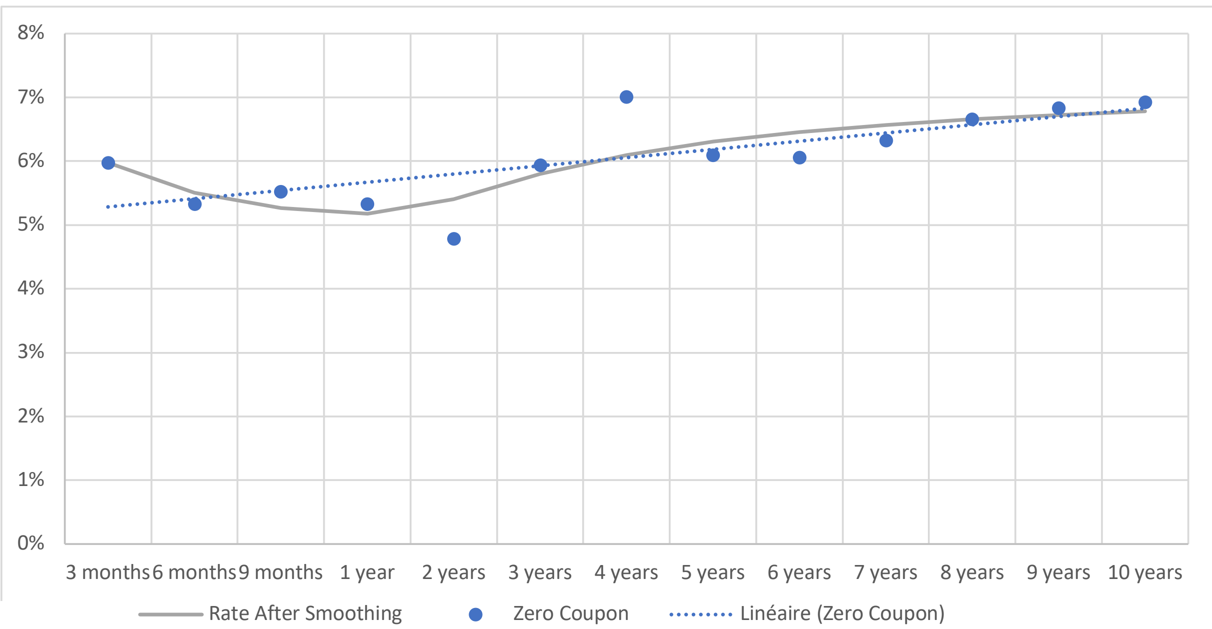
	2016	2017	2018	2019	2020	2021
Foreign currency debt	36.2	69.8	45.93	74.29	121.1	168.63
Principal	24.3	51.8	28.78	41.71	50.51	101.34
Interests	11.9	18	17.15	32.58	70.55	67.29
Debt in local currency	265.6	381.4	672.09	572.7	483.0	618.50
Principal	212.21	293.1	560.73	465.92	377.24	473.63
Interests	51.39	88.4	111.35	106.80	105.73	144.87
Service of the public debt	299.8	451.3	718.0	647.00	604.04	787.12
Principal	236.5	344.9	589.52	507.63	427.76	574.97
Interests	63.33	106.4	128.5	139.37	176.28	212.16

Source: CAA Debt Management Report, January 2022

An analysis of the yield curve as of March 18, 2022 shows that the one-year zero-coupon rate was 5.32%, the same level as of December 31, 2021. After smoothing, it was 5.23% on December 31st, 2021 and 5.18% on March 18h, 2022. The 4-year zero-coupon rate is the highest with a value of 7.0% on December 31st, 2021. It remained at the same value on March 18th, 2022.

The following figures[41] show the rate curves at the end of December 2021 and on March 18th, 2022.

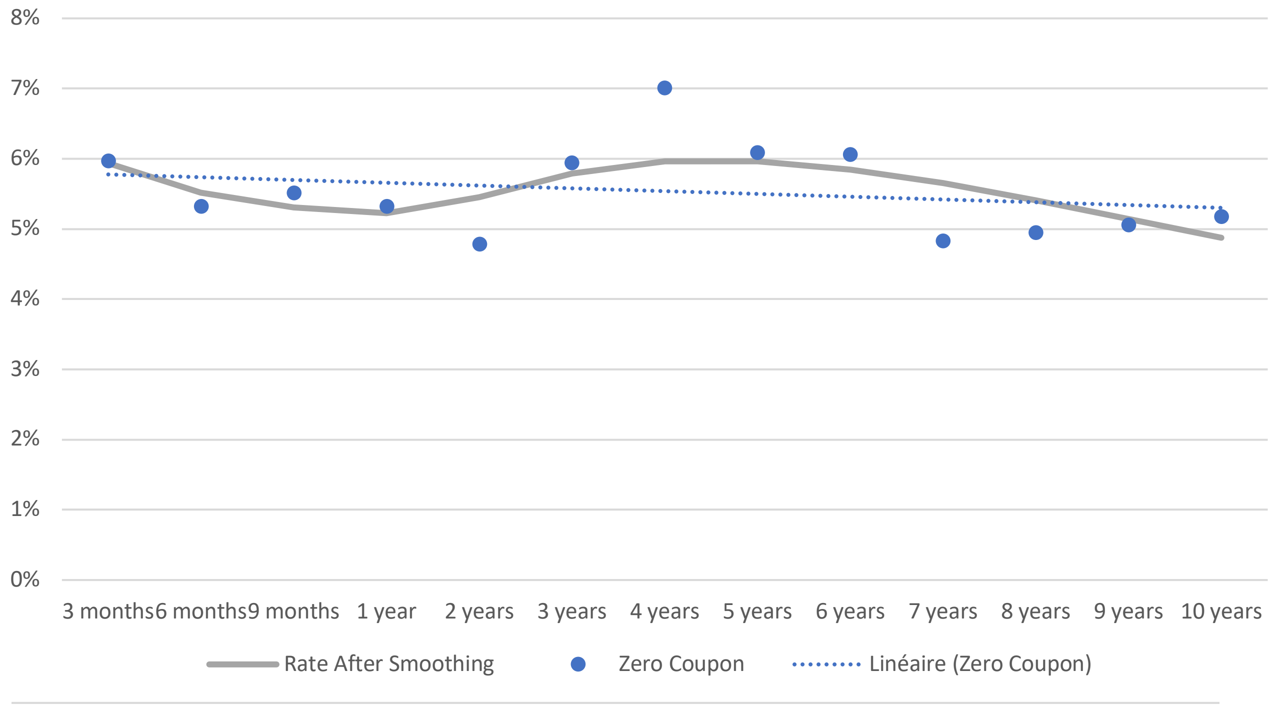
Figure 20. Rate curve on December 31st, 2021



Source: UEMOA Securities Agency, January 2022

41 *A yield curve shows the yield offered for an issuer's debt securities at different maturities.*

Figure 21. Rates curve on March 18th, 2022



Source: UMOA-Titres, March 2022

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 assist countries in the process of developing their public debt management strategy. Since 2009, Benin has been developing a public debt strategy document based on this tool, which is annexed to the finance law. The development of this document is a response to the need for a reference framework for better public debt management.

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

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

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

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

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

The debt strategy in 2022 will remain anchored in the implementation of the 2020-2024 MTDS, against the backdrop of a gradual return of the national economy to its pre-Covid-19 growth path.

Analysis of the public debt repayment profile indicates that almost half (46.75%) of the debt stock at the end of 2021 would mature over the next six years (2022-2027) and 41.24% over the next five years after 2027. Thus, more than a quarter (26.79%) of the current stock of public debt would be repaid over the next three years. The refinancing risk is essentially linked to the repayment of public securities. These public securities represent 66.21% of the 2022 repayments.

The government's borrowing decisions in 2022 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. Indeed, the 2022 borrowing plan foresees a reduction in external financing in favor of domestic financing with a dominance of long maturity public securities and preferably bonds with a maturity of more than three (03) years. However, if conditions on the international financial market are more attractive, recourse to an international bond issue could be considered.

On the external front, the effort undertaken in the search for concessional and quasi-concessional resources will be continued and priority will be given to loans denominated in euros. Recourse to international banks by favoring stable currencies is also planned for 2022. The state will continue its efforts to seek financing by giving priority to its preferred partners such as the International Development Association (IDA), the African Development Fund (ADF), China, the French Development Agency (AFD), etc. These partners offer concessional financing that is less costly and has a long maturity, which helps to mitigate refinancing risk and control financing costs.

Debt management is based on a certain number of pillars such as the diversification of the State's financing sources. This pillar of public debt management allows the Beninese state to respond to the scarcity of concessional external resources. International commercial banks will be solicited for this purpose and stable currencies will be favored. These banks offer financing at preferential and competitive rates compared to the rates applicable on the regional market of public securities of the WAEMU, local commercial banks and the BOAD. This financing will be used for the implementation of investment projects with a high rate of return and a strong impact on the development and well-being of the population.

Benin will monitor the quality of its debt portfolio. Thus, liability management operations (reprofiling, securities exchange, etc.) could be envisaged to continue improving the quality of the public debt portfolio in terms of maturity and cost. These operations would allow Benin to replace part of the more expensive domestic debt with less costly external debt with a longer maturity. Similarly, the country 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 and in line with the debt strategy currently being implemented. It will be possible to exploit modern and innovative management tools.

Domestically, the WAEMU regional public securities market will be a potential source of financing in 2022. This market will enable the government to pursue its policy of extending the maturity of public securities to reduce the refinancing risk of the public debt portfolio. Treasury bills will be used less during 2022 to limit the proportion of debt maturing in one year (i.e., in 2023), and by extension the risk of refinancing the debt portfolio. The government will also use the West African Development Bank (BOAD), loans denominated in CFAF from the ECOWAS Bank for Investment and Development (EBID) 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 2022, it is expected that the share of external debt in the public debt portfolio, considering projected drawdowns and repayments, will be between 62% and 67%. The share of debt maturing within one year is expected to be in the range of 7% to 11% of the total debt.

It is therefore envisaged to maintain the external debt service liquidity ratio on budgetary revenues in the range of 11% to 15%. The public debt ceiling for the year 2022 (total amount of new commitments of the State to donors) would be set at CFAF 1,286.90 billion, or 11.94% of GDP. The total amount of planned drawings on project loans will be CFAF 300.04 billion in 2022, including CFAF 222.75 billion for external financing and CFAF 77.29 billion for financing obtained from BOAD and local banks, including CFAF 29.85 billion for issues of Treasury bills. The issuance of public securities planned for 2022 amounts to CFAF 616.99 billion. The implementation of the said financing plan during the year 2022 would make it possible to obtain an outstanding public debt portfolio projected at the end of 2022 at CFAF 5,306.02 billion, i.e., a public debt rate of 49.45% of GDP.

In line with the macroeconomic assumptions made and the debt strategy defined, Benin's public debt should remain sustainable with a moderate risk of external and overall debt distress. Benin has a margin for absorbing shocks after the resilience shown by the Beninese economy to the external shocks of COVID-19 and the closure of the border with Nigeria. Thanks to the January 2021 liability management operation coupled with the Eurobond issue, which allowed for the early repayment of 65% of the 2019 Eurobond, external debt service has been significantly reduced over the 2024-2025 period. No breaches are projected in the baseline scenario with respect to the sustainability analysis ratios. The risk of threshold breaches could only occur under the most extreme shock scenario. Under the most extreme shock assumptions, a possible overshoot could occur from 2023 onwards for the Current Value (CV) of debt/exports ratio which is the most relevant indicator. The peak is reached in 2024 with an overshoot of the threshold of 69.50 percentage points. The average overshoot over the period 2023 to 2030 is 23.89 percentage points. However, there is a decline after the said peak in 2024 to an excess of 0.86 percentage points over the threshold in 2030 before returning below the threshold from 2031. The debt service/exports ratio would remain below its threshold in the baseline scenario. The most extreme shock scenario shows two short-lived overshoots in the periods 2024 to 2026 (the peak for this overshoot of 11.85 percentage points in 2025) and 2030 to 2032 (the peak of 24.18 percentage points in 2031) respectively. In all cases, the PV/GDP ratio would remain well below its 40% reference point.

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.

Benin's December 2020 joint 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 around 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.

The ratio of debt service to revenue, debt service to exports and PV of external debt to exports exceed their thresholds in the event of a shock, implying a moderate risk of debt distress. The PV of external debt to exports ratio exceeds its threshold in 2022-27 in the event of an export shock. Similarly, the debt service to exports ratio exceeds its threshold from 2024 onwards in case of an export shock 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 55. 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**	**55**
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 n° 21/14, January 2021

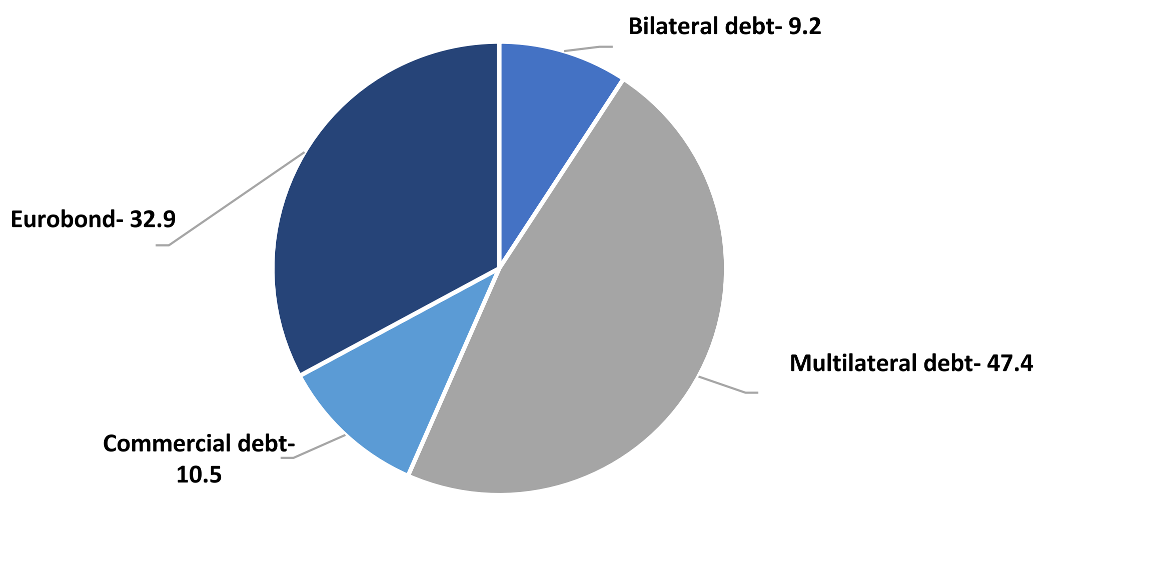
Overall public debt indicators (external plus domestic) remain below their thresholds in both the baseline scenario and the sensitivity analyses. The overall risk of debt distress remains moderate. The moderate risk of external debt to GDP drives the moderate risk of total debt. Other vulnerabilities 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 debt service to revenue ratio; 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, 2021, 47.4% of public debt outstanding was multilateral debt, 32.9% was Eurobonds, 10.5% was commercial debt and 9.2% was bilateral debt. As a reminder, in 2020, the public debt stock was made up of 61.4% multilateral debt, 14.0% Eurobonds, 13.6% commercial debt and 11.0% bilateral debt. In 2021, the Eurobond debt will increase by 18.9 percentage points, while the shares of other types of debt, notably multilateral (-14 percentage points), commercial (-3.1 percentage points) and bilateral (-1.8 percentage points), will decrease.

Figure 22. Distribution of the external debt stock by holder in 2020



Source: CAA, January 2022

The breakdown of multilateral debt by donor as of December 31st , 2021 shows that the World Bank group, notably the International Development Association (IDA), has the largest share, at 22.9% of total external debt. IDA is followed by the African Development Fund (ADF) with 8.3% of total external debt. On the bilateral side, China is the largest creditor with a share of 5.5% of total external debt.

Table 56. External debt outstanding by holder on December 31 , 2021

	Total debt (billions of CFAF)	Expressed as a % of total external debt*.	Expressed as a % of nominal GDP
Total external debt	**3345.17**	**100.0**	**34.1**
Bilateral	**309.05**	**9.2**	**3.2**
Of which China	183.98	5.5	1.9
Of which other	121.76	3.6	1.2
Multilateral	**1584.23**	**47.4**	**16.1**
Of which World Bank - IDA	**764.71**	**22.9**	**7.8**
Of which ADB (ADF)	**278.99**	**8.3**	**2.8**
Of which other	**540.58**	**16.2**	**5.5**
Commercial	352.51	10.5	3.6
Eurobonds	**1099.38**	**32.9**	**11.2**

*Source: CAA Bulletin of Debt Statistics as of December 31, 2021. *Calculated based on the distribution and total external debt*

9.3.2. Status of external debt payments

External debt service includes principal and interest plus fees. Since 2019, there has been an upward trend in external debt service. For the year 2021, external debt service amounted to CFAF 168.63 billion against CFAF 121.1 billion a year earlier, an increase of 62.9%, mainly due to the principal of the debt. The latter recorded an increase of 100.6% to CFAF 101.34 billion against CFAF 50.5 billion in 2020. Interest plus commissions fell by 4.6% to CFAF 67.29 billion against CFAF 70.6 billion a year earlier.

Table 57. External debt outstanding by holder on December 31, 2021

	Creditors	bilateral official	Multilateral creditors	Trade payables	TOTAL
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**
2021	**P**	11.9	28.1	61.4	**101.34**
	IC	5.3	12.5	49.5	**67.29**
	Total	**17.2**	**40.6**	**110.9**	**168.63**

Source: CAA. Statistical Bulletin, January 2022

It is important to recall that in 2020, to support African countries in the response to the Covid-19, G20 countries 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 according to the projected repayment schedule.

9.3.3. Debt currencies

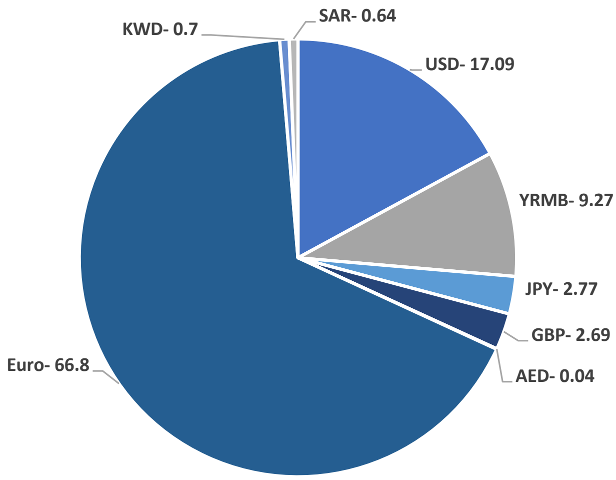
External debt is issued in several currencies. It is dominated by the Euro (66.80%), followed by debt in US dollars (17.09%), and the YRMB (9.27%) on December 31st, 2021. Due to the pegging of the CFAF to the Euro, Euro-denominated debt is not exposed to exchange rate fluctuations. With the dollar, the external debt portfolio remains exposed to exchange rate risk. However, the decline in the share of external borrowing in fluctuating currencies in relation to the CFAF (dollars and SDRs), which stood at 24.43% of public debt at the end of December 2021, compared with 24.99% at the end of December 2020, reflects good control of exposure to exchange rate risk, as recommended by the debt strategy.

Table 58. Detailed view of foreign currency debt as of December 31, 2021

Currency	Total debt originally denominated in this currency** (in thousands of dollars)	CFAF exchange rate as of December 31st . 2020	Total debt in billions of CFAF	Exchange rate in EUR at December 31st 2020* (in EUR)	Total debt expressed in EUR	Distribution of debt by currency[42]
EUR	3 406 585 432	655.96	2 234.57	1.00	3 406 585 432	66.80
USD	987 100 727	579.16	571.69	0.88	871 511 232	17.09
YRMB	3 401 222 290	91.17	310.10	0.14	472 769 898	9.27
JPY	18 417 683 807	5.03	92.66	0.01	141 816 165	2.77
GBP	115 270 749	780.64	89.99	1.19	137 183 719	2.69
AED	8 484 793	157.70	1.34	0.24	2 039 744	0.04
KWD	12 247 863	1 911.86	23.42	2.91	35 697 620	0.70
SAR	138 621 470	154.44	21.41	0.24	32 631 494	0.64

*Source: CAA, January 2022 *fxtop,com/en/history-exchange-rates,php **January 2022 authors' calculations based on distribution and total external debt*

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



Source: CAA, January 2022

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

9.4. Domestic debt

9.4.1. Situation as of December 31, 2020

Domestic debt on December 31st, 2021 is dominated by Treasury bonds, which account for 75.4% of outstanding domestic debt, compared with 24.6% for bank financing. As of December 31st , 2021, Benin had no outstanding treasury bills. Treasury bonds amounted to CFAF 1 161.27 billion in 2021 and represented 11.8% of GDP. Bank loans stood at CFAF 311.8 billion, or 3.9% of GDP.

Table 59. Detailed view of local currency debt on December 31, 2021

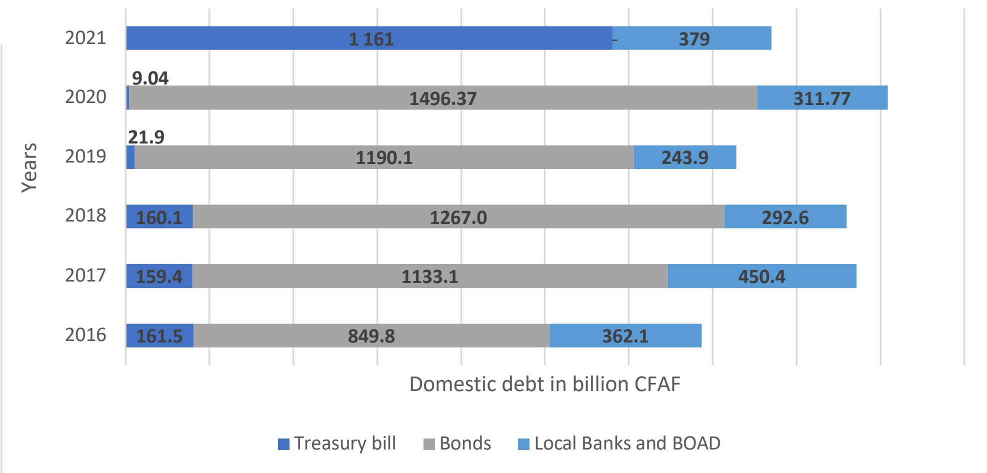
	Domestic debt in value (billions of CFAF)	Domestic debt as a % of total domestic debt	Domestic debt as % of nominal GDP 2021
Total domestic debt	1540.64	100.0	15.7
Safety features	1161.27	75.4	11.8
Treasury bills	0.00	0.0	0.0
OAT	1161.27	75.4	11.8
Bank loan	379.37	24.6	3.9
Local commercial banks and BOAD	379.37	24.6	3.9

Source: CAA, January 2022

9.4.2. Composition of the domestic debt

Analysis of the composition of Benin's domestic public debt shows a predominance of bond issues over the entire period under review. Borrowing is followed by loans from local banks and BOAD. In 2021, bond issues fell by 22.4% compared to their level in 2020 to reach CFAF 1,161.3 billion.

Figure 24. Outstanding domestic debt by type of instrument



Source: CAA, Debt Statistics Bulletin, January 2022

Bank loans are the second largest component of domestic debt. In contrast to bonds, bank loans increased by 21.7% in 2021, rising from CFAF 311.8 billion in 2020 to CFAF 379.4 billion. It is important to note a slowdown in the progression of bank loans compared to the level recorded in 2020 (+27.8%). As for treasury bills, they came to zero in 2021 against CFAF 9.04 billion a year earlier.

9.4.3. Status of domestic debt payments

Domestic debt servicing in 2021 amounted to CFAF 618.50 billion compared to CFAF 482.97 billion in 2020, an increase of 28.1%. This level of debt servicing is driven by both the principal and interest and commissions, which rose by 25.5% and 37.0% respectively compared to 2020. In fact, the principal amounted to CFAF 473.63 billion, and interest and fees stood at CFAF 144.87 billion in 2021.

Table 60. Detailed view of domestic debt payments

	Creditors	Banking Sector	Non-banking sectors	TOTAL
2016	**P**	12.20	188.30	**200.50**
	IC	12.90	51.90	**64.80**
	Total	25.10	240.20	**265.30**
2017	**P**	22.80	270.20	**293.00**
	IC	23.00	65.30	**88.30**
	Total	45.80	335.50	**381.30**
2018	**P**	216.80	344.00	**560.80**
	IC	29.00	82.30	**111.30**
	Total	245.80	426.30	**672.10**
2019	**P**	59.40	406.50	**465.90**
	IC	22.30	84.50	**106.80**
	Total	81.70	491.00	**572.70**
2020	**P**	69.23	308.02	**377.25**
	IC	23.59	82.14	**105.73**
	Total	92.82	390.16	**482.97**
2021	**P**	124.63	349.00	**473.63**
	IC	47.66	97.21	**144.87**
	Total	172.29	446.21	**618.50**

Source: CAA, January 2022

In terms of creditors, debt service paid to the non-banking sectors represented 72.1% of domestic debt service in 2021, compared with 80.8% in 2020. In terms of variation, the service paid to the non-banking sectors is up by 14.4% in 2021 compared to its level in 2020.

As for the service paid to the banking sector, it represented 27.9% in 2020 compared to 19.2% in 2020. In terms of change, it recorded an increase of 85.6% in 2021 compared to its level in 2020.

Benin carried out a partial reprofiling of domestic debt (treasury bond portfolio) for a total amount of CFAF 217.85 billion, as follows:

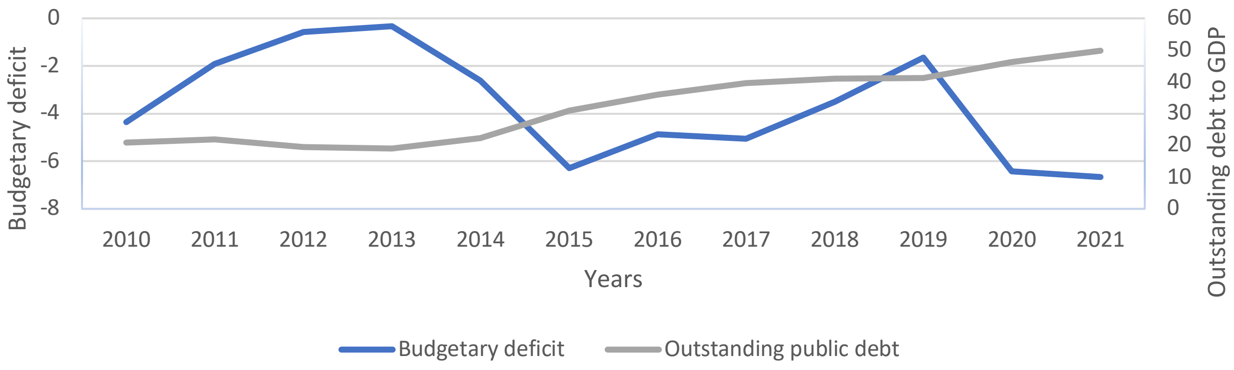
- CFAF 209.64 billion in principal repayments.
- CFAF 8.21 billion in payment of financial charges.

9.5. Viability and sustainability

The budget deficit, excluding grants, increased in 2015 to 6.3% of GDP from 2.6% in 2014. From 2016 onwards, there has been a gradual improvement in the budget deficit, which stood at 1.6% in 2019. Since 2020, in connection with the Covid-19 pandemic, which led to a slowdown in the rate of mobilization of tax revenue, coupled with an increase in public spending to finance the health response on the one hand and the continuation of investment projects on the other, the budget deficit excluding grants has deteriorated to 6.4% in 2020 and 6.6% in 2021 respectively.

Since 2016, the debt-to-GDP ratio has risen moderately from 35.9% in 2016 to 41.2% in 2019, driven by resource mobilization options and the satisfactory progress of funded projects. Over the last two years, 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 has been on an upward trend, rising from 41.2% in 2019 to 49.8% in 2021 after 46.1% in 2020. Despite this increase, the debt stock has remained well below the community threshold of 70% and reflects Benin's budgetary room for maneuvers for financing structural development projects.

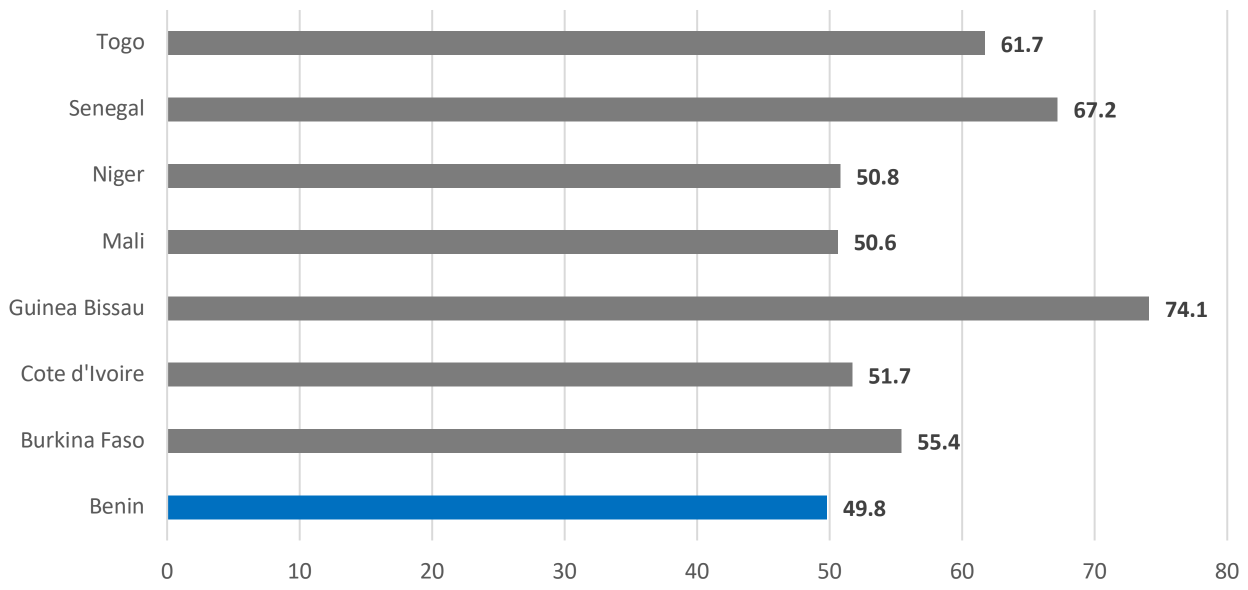
Figure 25. Evolution of the budget deficit excluding grants and of the debt stock on GDP



Source: CAA/DGE, January 2022

In 2021, with a debt ratio of 49.8%, Benin will be the least indebted country in the WAEMU. The most indebted country is Guinea Bissau.

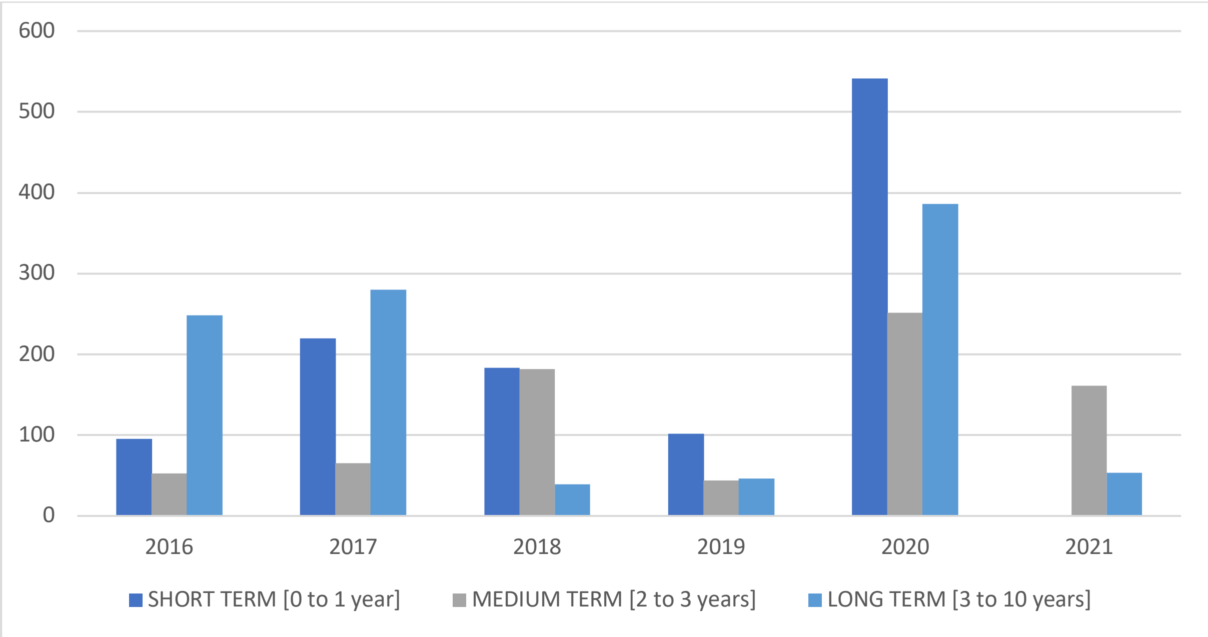
Figure 26. General government debt level in the 8 WAEMU countries in 2021 (% of GDP)



Source: Implementation report of the WAEMU multilateral surveillance June 2022

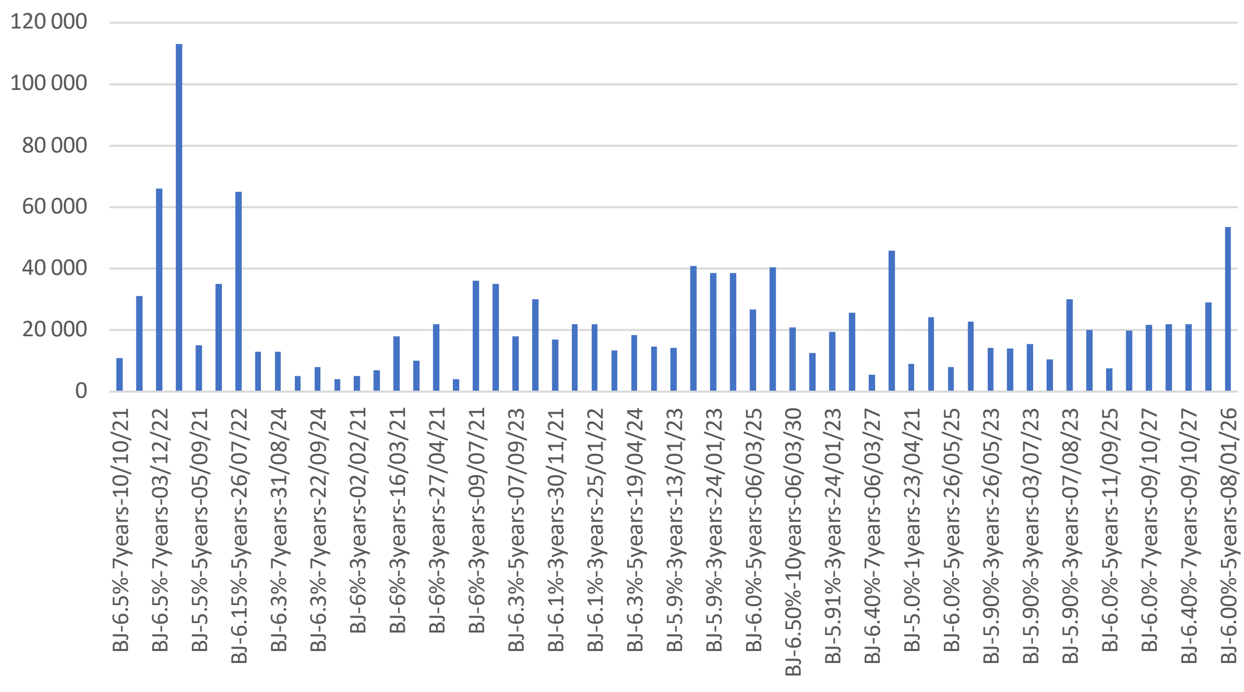
10.1. Details of country emissions from 2016 to 2021

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



Source: UMOA-Titres, March 2022

Figure 28. Outstanding securities by maturity as of March 22, 2022 (millions CFAF)



Source: UMOA-Titres, March 2022

Table 61. Detailed of Benin's emissions from 2015 to February 3rd, 2022

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		03/02/2022	04/02/2022	04/02/2029	24/03/1900		25/08/2091	36000	BJ0000001657		5
T-BOND		03/02/2022	04/02/2022	04/02/2032	29/04/1900		25/08/2091	41000	BJ0000001640		5.24
T-BOND	Relaunch Obli-gations (OdR)	17/06/2021	18/06/2021	18/06/2024	05/02/1900		08/04/2064	66000	BJ0000001590		4.96
T-BOND	Relaunch Obli-gations (OdR)	27/05/2021	28/05/2021	28/05/2024	05/02/1900		08/04/2064	66000	BJ0000001582		5.09
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 redemp-tion	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	OVID-19 vou-chers	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

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		07/03/2019	08/03/2019	08/03/2024	60	--	15000	13319.99	BJ0000001210	--	6.9913
T-BOND		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-BOND		13/04/2018	16/04/2018	15/04/2019	12	--	20000	22000	BJ0000001038	6.2629	6.6876
T-BOND		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-BOND		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

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-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, March 2022

10.2. Details of securities outstanding on April 28th, 2021

Table 62. Details of securities alive on March 22nd, 2022

Issuer	Instrument	ISIN	Maturity (years)	Date d'émission	RMP	Coupon	Outstanding at the end of year N (millions CFAF)
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-6.64%-years-06/03/25	BJ0000001301	5 years	19/03/2020	6.64%		10497
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-5.90%-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
BENIN	BJ-5.25%-3 ans-28/05/24	BJ0000001582	3 years	28/05/2021	5.09%		66000
BENIN	BJ-5.20%-3ans-18/06/24	BJ0000001590	3 years	18/06/2021	4.96%		66000
BENIN	BJ-5.24%-10 ans-04/02/32	BJ0000001640	10 years	04/02/2022	5.24%		41000
BENIN	BJ-5%-7 ans-04/02/29	BJ0000001657	7 years	04/02/2022	5.00%		36000

Source: UMOA-Titres, Public securities market statistics

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

Net external assets (NEA): net claims or commitments of monetary institutions (Central Bank and banks) on the outside world, this item corresponds to all the headings of the situations of the Central Bank and banks relating to their operations with the outside world, it is obtained by deducting from the gross external assets, all 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 government securities with a maturity of between 7 days and 2 years, issued by a WAEMU Member State,

Paris Club: an informal group of creditor countries (usually OECD countries) that 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, the World Bank and regional development banks,

Loans to the economy (EC): 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)

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

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

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

Donation 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: 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 IMF in 1996 to address the external debt problems of heavily indebted poor countries, which aims to provide sufficient overall debt relief to achieve debt sustainability,

Money supply (MS): all claims held by the rest of the economy on monetary institutions, it covers monetary assets (currency in circulation + sight deposits) and quasi-monetary assets (savings accounts and time deposits),

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

Contingent liabilities: debts contracted by other public entities except central government (local authorities and parastatal sector),

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

The government's net position is the difference between the Treasury's debts and its claims on the Central Bank, banks and individuals and companies, by convention, a creditor NGP is preceded by a (-) sign, while a debtor NGP is preceded by a (+) sign,

Tax pressure: the ratio of tax revenues to GDP,

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

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

Foreign exchange risks: risks related to exchange rate fluctuations,

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, enterprises, households) expressed as a percentage of GDP. For a country, GFCF is the sum of hardware and software investments made during one year in that country,

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,

The terms of trade : express for a country the ratio between the price of exports and the price of imports, They are generally calculated from price indices and indicate a change with respect to a reference year (T= [export price index / import price index] x 100), The terms of trade improve over time (T>100) if an economy exports a smaller 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): In the opposite case, the terms of trade deteriorate (T),

This price ratio thus reflects the evolution of the purchasing power of exports over 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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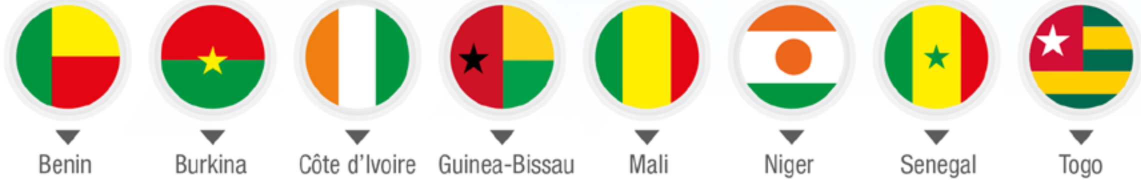

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