FOR
AGENDA

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June 30, 1983

To: Members of the Executive Board

From: The Secretary

Subject: Benin - Staff Report for the 1983 Article IV Consultation

Attached for consideration by the Executive Directors is the staff report for the 1983 Article IV consultation with Benin. A draft decision appears on page 21. This subject will be brought to the agenda for discussion on a date to be announced.

If Executive Directors have technical or factual questions relating to this paper prior to the Board discussion, they should contact Mr. Franks (ext. 74965), Mr. Kratz (ext. 72852), or Mr. N'guiamba (ext. 75169).

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INTERNATIONAL MONETARY FUND

BENIN

Staff Report for the 1983 Article IV Consultation

Prepared by the Staff Representatives for the
1983 Consultation with Benin

Approved by J.B. Zulu and W.A. Beveridge

June 29, 1983

I. Introduction

The 1983 Article IV consultation discussions with the People's Republic of Benin were held in Cotonou during the period April 20-May 5, 1983. The representatives of Benin included Mr. I. Amoussou, Minister of Finance, Mr. G. Pognon, National Director of the Banque Centrale des Etats de l'Afrique de l'Ouest (BCEAO), and Mr. J. Ahouanménou, Director of Monetary and Banking Affairs in the Ministry of Finance, as well as other officials concerned with economic and financial matters, including officials of the BCEAO headquarters in Dakar. The staff team consisted of Messrs. R.A. Franks (head - AFR), J.A.J. Bové (AFR), S. N'guiamba (AFR), T.T. Luu (STAT), and Mrs. M.J. Dowsett (secretary - AFR).

Benin continues to avail itself of the transitional provisions of Article XIV. A summary of Benin's relations with the Fund is shown in Appendix I; its relations with the IBRD are shown in Appendix II; and basic data on the Beninese economy are shown in Appendix III.

II. Recent Economic Developments

One of the most important characteristics of the Beninese economy is its geographical location both in close proximity to the large and, until recently, rapidly expanding Nigerian economy and on important transit routes in the subregion, in particular to the landlocked countries of the Sahel. Benin's economy is otherwise predominantly agricultural, with a wide range of food crops grown, reflecting climatic variations from north to south, and two major cash crops, oil palm in the south and cotton in the center and north. Conditions are well suited to cotton, if inputs and extension advice can be provided efficiently and in a timely manner, but average rainfall, even in the wettest areas of Benin, is only marginally adequate for the cultivation of the oil palm. Although Benin's known mineral resources are minimal, a deposit of limestone is now being exploited for the production of cement. In addition, an offshore petroleum deposit, discovered in 1967, recently came into production with financial and technical help from Norway. Production is expected to reach at least 1,000,000 U.S. barrels in 1983. Benin's consumption of petroleum products is much reduced by the purchase, jointly with Togo, of electricity from the Akosombo Dam in Ghana.

Benin is a member of the West African Monetary Union (Union Monétaire Ouest-Africaine--UMOA), together with Ivory Coast, Niger, Senegal, Togo, and Upper Volta, sharing a common currency, the CFA franc, issued by a common central bank, the BCEAO.

Analysis of economic developments in Benin is greatly handicapped by statistical problems. Many important economic activities in Benin, such as subsistence agriculture and unofficial trade with Nigeria, are by their very nature difficult to enumerate, while statistical data on the more easily enumerated activities, such as official trade and monetary data, are unreliable and out-of-date. Due to computer and staffing problems, the latest recorded trade statistics available are those for 1978. Because of difficulties in amalgamating the different accounting systems of the three commercial banks nationalized and merged into the Banque Commerciale du Bénin (BCB) in 1975, the latter has not yet been able to produce reliable and comprehensive accounts, obliging the BCEAO to estimate the monetary survey since 1976. A population census was undertaken in 1979, but financing is still being sought for other major inquiries needed to improve Benin's statistical base. An agricultural census is needed to improve agricultural data, including data on unrecorded foodstuff exports, necessary to plan future agricultural development better, while a consumer expenditure survey is required to develop reliable and up-to-date weighting systems for the vast amount of individual price data which are available and which continue to be collected.

Nevertheless it appears that the Beninese economy experienced substantial real per capita growth in both 1980 and 1981, due to three main factors. Commercial, industrial, and agricultural activity in Benin was boosted by the boom in Nigeria, which sharply increased the demand for re-exports of imported consumer goods and for exports of locally produced textiles and foodstuffs from Benin. The uranium boom in Niger led to a sharp increase in Benin's transit trade and in the activity of the transport sector. Finally, the execution phase of four major projects originally launched during the 1978-80 Development Plan gave a significant boost to the building and construction industry. These four projects were the extension of Cotonou port, the exploitation of the Sémé offshore oilfield, the Onigbolo cement plant, and the Savé sugar project.

Although project expenditures continued at a high level, there appears to have been a marked loss of economic momentum in 1982, with real growth in GDP falling to half the rate achieved in the previous two years. This deceleration reflected mainly increasing economic difficulties in Nigeria and Niger. The reduction in world demand for Nigerian oil in 1982 led to both a sharp reduction in public revenue and expenditure in Nigeria, and hence in aggregate demand, and tighter and more effective border controls. In addition, the collapse of the uranium boom in Niger and the resulting cutbacks in Niger's investment program led to a sharp fall in transit trade through Benin. As a result of these unfavorable developments, by the end of 1982 Benin found itself again, as it was in the 1970s, experiencing very little real per capita growth.

Reflecting the sharp increase in foreign financed public investment, Benin's overall fiscal deficit rose sharply in 1980 and again in 1982. Central government revenue, after a negligible increase in 1980, rose by a half in 1981 to CFAF 48 billion, equivalent to 16 per cent of GDP. This increase was due both to higher customs duty revenues, reflecting increased imports of consumer goods for re-export to Nigeria, and to a sharp increase in income tax receipts, reflecting increased domestic activity and stepped-up collection efforts. Current budgetary expenditure in both 1980 and 1981 remained under tight control, and there was substantial underexpenditure compared with initial budgetary estimates in both years. Public capital expenditure, on the other hand, increased sharply in both 1980 and 1981, reflecting the execution of the major projects. As a result of these trends, the overall central government deficit quadrupled in 1980 to CFAF 33 billion, equivalent to 13 per cent of GDP, compared with 4 per cent in 1979. In 1981 the deficit declined to 10 per cent of GDP, reflecting the sharp increase in revenue. However, taking both years together, the net inflow of foreign borrowing almost equaled the total deficit, and the Central Government's net deposits with the banking system rose marginally.

Although available public finance data for 1982 are still preliminary and fragmentary, it appears there was another substantial increase in import duty revenues, reflecting the arrival of imports ordered before the slowdown in the re-export trade to Nigeria. While there was probably only a modest increase in current expenditures, public investment expenditure rose again sharply in 1982, with capital expenditure and net lending reaching nearly a third of GDP. As a result, the overall public sector deficit is provisionally estimated to have more than doubled to CFAF 75 billion, equivalent to 21 per cent of GDP. However, net foreign borrowing again almost equaled the deficit, reflecting the high proportion of the investment program financed from external resources. In spite of this high level of external financing, available data show a large reduction in the Government's net deposits with the banking system and thus a substantial outflow of funds to the nonbanking sector, possibly including some expenditure or net lending not yet identified and recorded above the line, pending completion of the Treasury and other public sector accounts.

After very rapid increases in all the monetary variables in 1980, with net domestic assets and money supply each increasing by a half, the

BCEAO implemented a much more restrictive credit policy in 1981. Net claims on the private sector rose by only 2 per cent, and, as there was an improvement in the net government position, net domestic assets actually fell. In 1981 a major part of the commercial sector's need for credit to finance the increase in imports was met from external trade credit, which increased by CFAF 18 billion, about a fifth of private credit outstanding at the end of 1980. Consequently, there was a sharp increase in the net foreign assets of the banking system, and broad money rose by 23 per cent.

In 1982 demand for credit increased due to both the needs of public enterprises following the April 1982 reform and the involuntary buildup of stocks following the reduction in re-exports to Nigeria. The monetary authorities pursued more accommodating policies, and net claims on the private sector increased by 18 per cent. Together with the reduction in net government deposits, this led to an increase in net domestic assets of 35 per cent in 1982. However, there was a substantial fall in the net foreign assets of the banking system, and broad money rose by only 5 per cent.

After a small overall deficit in 1980, Benin's balance of payments moved into substantial surplus in 1981 (Table 1). Imports rose sharply in 1980 and 1981, increasing by four fifths over the two-year period, to CFAF 153 billion, reflecting both the increased imports of consumer goods for re-export, mainly to Nigeria, and increased imports of capital equipment for the development program. Although exports (including re-exports) are estimated to have risen sharply also, the trade deficit increased to CFAF 56 billion in 1981, or by 65 per cent over the two-year period. The outflow on services also grew, particularly in 1981, and, although there was some increase in net unrequited transfers to Benin, the current account deficit nearly doubled over the two-year period to CFAF 41 billion in 1981, equivalent to 14 per cent of GDP, compared with 11 per cent in 1979. However, net capital inflows, reflecting substantial public external borrowing to finance development projects, also increased sharply and more than covered the current deficit in 1980 and 1981 together.

In 1982, although exports stagnated, reflecting the decline in re-exports, imports increased again due to both the long order-pipeline for imports and further increases in capital equipment imports, including the oil production equipment for the Sèmè oilfield. As a result, the trade deficit widened substantially, and, although net imports of services rose little, transfers to Benin stagnated, and the current account deficit more than doubled to CFAF 83 billion, equivalent to 24 per cent of GDP. In spite of a further increase in capital inflows, there was an overall balance of payments deficit of CFAF 18 billion, equivalent to 5 per cent of GDP.

Table 1. Benin: Balance of Payments, 1978-83

(In billions of CFA francs)

	1978	1979	1980	1981	1982	1983
		Staff estimates				Staff projections
Exports, f.o.b.	42.0	50.0	58.0	97.0	100.0	96.0
Imports, f.o.b.	-66.5	-84.0	-100.0	-153.0	-194.0	-133.0
Trade balance	-24.5	-34.0	-42.0	-56.0	-94.0	-37.0
Services (net)	-9.0	-9.3	-8.2	-17.3	-20.7	-22.6
Unrequited transfers (net)	17.6	21.4	22.4	32.8	31.5	29.0
Private	8.2	7.2	9.3	11.3	11.5	9.0
Official	9.4	14.2	13.1	21.5	20.0	20.0
Current account balance	-15.9	-21.9	-27.8	-40.5	-83.2	-30.6
Nonmonetary capital (net)	7.8	13.3	29.3	52.6	66.7	12.4
Short-term private	-0.1	4.5	4.4	18.7	-6.2	-2.0
Long-term	7.9	8.8	24.9	33.9	72.9	14.4
Monetary capital (net)	-2.7	2.2	-0.1	-0.3	-1.1	-1.0
Allocation of SDRs	--	0.5	0.5	0.5	--	--
Errors and omissions	5.9	3.2	-2.3	3.1	-0.1	--
Overall balance	-4.9	-2.7	-0.4	15.4	-17.7	-19.2

Sources: BCEAO; IBRD; IMF, Treasurer's Department; and staff estimates.

III. Report on the Discussions

1. Production prospects and development policies

The outlook for economic growth in 1983 is not bright. The authorities' estimates project real GDP growth of 2-3 per cent in 1983, barely equal to the growth in population. This further slowdown reflects the loss of the three growth factors which had accelerated economic activity in 1980 and 1981, namely, unofficial exports to Nigeria, transit to Niger, and the high level of expenditure on the major projects. Although production from the new projects will make some contribution to economic activity in 1983, all four projects face serious problems.

Due to the decline in transit trade and in re-exports to Nigeria, port traffic through Cotonou has declined substantially and is running well below the levels assumed in the economic appraisal of the port extension project. This has been aggravated by increased competition from the port of Lomé in Togo for transit traffic to the Sahelian countries. In the execution of the project there were also cost overruns, due to delays, exchange rate movements, and unforeseen technical difficulties. As a result, the port authority is encountering financial difficulties in meeting its increased debt servicing obligations, worsened by delays in obtaining payments from users of the port, in particular Beninese public enterprises.

Although the exploitation of the Sémé oil field is going ahead as planned, it was never expected that the first phase of the project would show a positive cash flow for Benin. An important element of Phase I is the further studies to be done on a possible Phase II which it was hoped would, with further investment, make the whole project profitable. Although financing is available for a Phase II, no decision has yet been made on whether it will be technically and economically feasible to go ahead. Furthermore, Benin has experienced difficulties in selling its small amounts of crude oil. The first shipment of 220,000 U.S. barrels was sold for just over US$5 million, a price of under US$23 a barrel.

Production of cement began in 1982, and it was expected that production could reach 400,000 tons in 1983, compared with full capacity of 500,000 tons. As Benin's annual consumption is currently some 300,000 tons, it was expected that a major part of Onigbolo's production would be marketed in Nigeria. Nigeria is a major shareholder in the project and guaranteed the financing, jointly and severally, with Benin. An agreement has been reached with Nigeria on marketing, providing for a 40 per cent share of production for Benin, and a 60 per cent share for Nigeria, at an ex-factory price of CFAF 25,062 per metric ton. Taking account of the below-market price of the fuel oil 1/ being provided by Nigeria for the plant, this

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1/ Annual fuel oil consumption is estimated at about 50,000 tons, accounting for 35 per cent of total production costs.

ex-factory price should cover all costs including debt servicing. In spite of the agreement with Nigeria, Nigerian importers have not been buying Onigbolo cement; the price is considerably higher than current prices for imported cement. As a result, at the time of the mission's visit, the Onigbolo plant had had to be shut down, as all available storage capacity was full of unsold cement. The project has also had a sharp impact on the existing clinker grinding industry in Benin. Previously Benin's cement needs were met by two clinker grinding plants with a combined theoretical capacity of 350,000 tons. However, as Onigbolo is producing finished cement, these plants, which have higher costs, are now marginal producers. The World Bank is undertaking a study of what should be done in this sector.

The Savé sugar project is also a joint endeavor with Nigeria. It is expected to produce only 15,000 tons of sugar in 1983, which is less than current domestic consumption of 20,000 tons. Full capacity of the factory is 45,000 tons per annum, but, as yields have been much lower than expected, the current irrigated area is reportedly not sufficient to run the factory at full capacity. Costs are also very high, some CFAF 300 per kg ex-factory--compared with a current world price of less than CFAF 100 per kg. The Beninese representatives informed the mission that negotiations were under way with Nigeria on a marketing agreement, fixing price and production shares--probably in the same 40 per cent, 60 per cent proportions as for Onigbolo.

A further factor which was causing the authorities concern at the time of the mission was the weather. The rains for the 1983/84 season were already late, and it was feared that if they did not start soon, and continue for a sufficient time, there could be a serious shortfall in agricultural production, which might, in a worst-case scenario, necessitate emergency imports of foodstuffs. The situation was being kept under close review by the FAO and other possible food donors.

The mission was informed that, as some decisions on the new 1983-87 Development Plan remained to be taken, the final documents were not yet available. However, the main lines of the new plan had been presented to donors and prospective donors at a Round Table conference in Benin at the beginning of March, and the authorities had been encouraged by the reception their proposals had received. As in the previous plan, a major emphasis is to be put on the development of the agricultural sector. A number of integrated rural development projects were already being implemented or were about to commence, financed by the World Bank, other multilateral, and bilateral donors. The Borgou project, which was moving into its third season in 1983/84, had already achieved a doubling of cotton production in that province. A similar increase was expected from the Zou project, which was starting in 1983/84. In its agricultural development effort, and in the management of these integrated rural development projects, the Government was casting the Regional Rural Development Action Centers (CARDERs) in the key role. However, the authorities recognized that the CARDERs' revenues from their commercial and processing activities would never be sufficient to finance their noncommercial activities, such as providing extension advice to farmers and disseminating the results of agricultural and agronomic research. Although the authorities were actively examining possible solutions, such as the earmarking of parafiscal revenues to the CARDERs, in the meantime the activities of most of the active CARDERs were being financed from foreign assistance in the framework of the rural development projects. Finally, in their agricultural development proposals, the authorities gave particular emphasis to the need for a greater research effort in agriculture.

In the new plan there had been some change of emphasis with regard to the development of the industrial sector. The authorities envisage greater concentration on the development of industry producing inputs for, and processing the output of, the agricultural sector. The Beninese representatives also emphasized the important role of the public enterprises in Benin's industrial sector, and expressed the hope that the reform of the public enterprise sector initiated in early 1982 would bear fruit in the form of a more efficient and faster growing industrial sector. As well as liquidating certain enterprises and merging others, important managerial changes had been made, and there had been some shedding of excess labor. A major effort had also been mounted to improve management training in Benin with assistance from the ILO.

2. Prices, incomes, and employment policies

The Beninese representatives noted that, although official producer prices were set for most export crops and food crops, for the latter these prices served mainly as floors. Demand for foodstuffs from Nigeria kept market prices well above the floors, for some crops substantially so. As another contribution to market pricing in the agricultural sector, the authorities had recently agreed with the World Bank, in the context of the integrated rural development projects being financed by the Bank, to phase out fertilizer subsidies 1/ by 1987, adjusting upward the producer price for cotton, on which the fertilizer is mainly used, to compensate farmers for their increased costs.

Although continued increases in consumer prices were causing the authorities considerable concern, the Beninese representatives emphasized the constraints to which Benin was subject in this area, in particular the depreciation of the CFA franc, which reflected the decline of the French franc. In view of these external constraints and the openness of the economy, therefore, the Government emphasized, in its price control policy, the control of margins, while trying to ensure competitive behavior in

1/ Currently 60 per cent of import cost, amounting in total to CFAF 1.2 billion in 1983.

the commercial sector. In this connection the public enterprises in the commercial sector, such as the Société de l'Alimentation Générale du Bénin (AGB), played an important role in assuring an adequate supply of essential goods to consumers throughout Benin. As a further contribution to promoting competition, the Beninese representatives referred to recent new trade legislation which had enabled them to take steps to liberalize the import monopolies previously accorded to certain public enterprises. Import licenses for rice, the import of which was previously reserved to the AGB, were already being issued to private traders. This step was welcomed by the representatives of the AGB, as it would reduce the AGB's financing needs, largely met from expensive bank overdrafts, and allow it to concentrate on products and areas not adequately served by the private sector.

The authorities have continued to pursue a very strict incomes policy. The most recent increase in the minimum wage had been in January 1980, when it had been increased by 15 per cent to CFAF 43.00 per hour for nonagricultural workers. The previous increase, of about 14 per cent, had been in July 1974. The Beninese representatives informed the mission that discussions were presently under way among the Government, workers' representatives, and employers on a substantial increase in the minimum wage. In the public sector, civil service salaries had been increased in 1981, though half the increase was immediately blocked. Furthermore, there had been administrative delays in implementing the increase, and not all civil servants were yet receiving the higher salary.

With regard to employment, the Beninese representatives noted that the reorganization of the public enterprise sector had identified surplus labor of some 2,000-3,000 workers (about 10 per cent of total public enterprise employment), for whom the Ministry of Labor was attempting to find alternative employment. This situation was being aggravated by a continuing rural exodus and by the recent expulsions of undocumented aliens from Nigeria. Previously Nigeria had served as a magnet for Benin's rural exodus, and, although the number of Beninese nationals actually expelled had been fairly small, the closing of this safety valve had increased the visibility of unemployment in urban areas in Benin. Another cause for concern in the medium term, the Beninese representatives noted, was how the increasing numbers of graduates from Benin's educational system were to be absorbed into productive employment in the domestic economy. The authorities had been pursuing a de facto policy of the public sector as employer of last resort. At present there were some 700 graduating from the university each year, with another 150-200 returning from studying abroad. These numbers were expected to increase sharply in the future. During the Fund mission's stay, a World Bank education sector mission was in Cotonou to discuss these problems with the authorities and identify a possible third education project.

3. Fiscal policies

The Beninese representatives noted that the recent surge in re-exports had further increased Benin's dependence on trade taxes for public revenues. In the three years 1980-82 revenues from taxes on international trade, mainly import duties, had accounted for nearly three quarters of total tax revenue, compared with less than two thirds in the previous three years. Increased domestic activity and greater collection efforts had almost doubled income tax receipts in 1981 and increased them by a third in 1982. This was in spite of the continued poor financial performance of the public enterprise sector; furthermore, public enterprise contributions to the investment budget, which are treated as nonfiscal revenue, were virtually zero in 1981 and 1982. The Beninese representatives admitted that there had been increasing difficulties in recent years in preparing reliable revenue estimates; in 1981, for example, income tax revenues had been grossly overestimated, while import duty revenues had been substantially underestimated. They pointed out that this partly reflected the rapid changes in trade flows resulting from the Nigerian boom, but they recognized the importance of reliable and realistic revenue estimates to provide a firm base for the budgetary process.

On the expenditure side, the Beninese representatives emphasized the conservative approach to current expenditure which they were continuing to follow. Investment expenditure, which was mainly financed from abroad, had, on the other hand, increased very sharply since 1979, as the execution of projects launched under the 1978-80 Development Plan got into full swing. In executing the current budget, the authorities had been guided by the rate of effective receipt of revenues rather than the initial revenue and expenditure estimates. At the beginning of each year, a major part of all expenditure credits, except the payroll, are blocked and are only released in the course of the year as receipts become available. Although the same principles underlay the execution of the investment budget, substantial external borrowed resources had been available to Benin to finance the development program and, in particular, the four large projects. This had enabled public investment to expand rapidly, although increasing difficulties had been met with in mobilizing the necessary local counterparts.

As the authorities had also found it increasingly difficult to monitor planned expenditure in a timely and comprehensive manner, an interministerial committee, chaired by the Minister of Planning and meeting on a weekly basis, had been established to monitor and expedite the execution of the investment program. The committee was also entrusted with the task of improving the planning process and making possible more realistic estimates of future investment expenditures. They also recognized the need for closer attention to the balance between current and capital expenditure, to ensure that adequate recurrent resources are available to assure the optimum exploitation of newly created capital assets. The macroeconomic framework of the plan did provide guidelines on current public expenditure, but the Beninese representatives recognized the need for further development of these procedures, including closer linkage with the annual budgetary process.

Turning to the prospects for 1983, the Beninese representatives pointed to the likely impact of the reduction in imports for re-export on public revenues. Furthermore, the 1983 budgets, which were voted with revenue and expenditures in balance at CFAF 60.6 billion for the current budget and CFAF 13.9 billion for the investment budget, did not introduce any major new fiscal measure. In spite of the tight controls, current expenditures can be expected to continue to increase, but public capital expenditure is projected to fall sharply in 1983, reflecting the completion of the major projects. Although the overall central government deficit is thus expected to be reduced sharply to CFAF 25 billion, equivalent to 7 per cent of GDP, compared with 21 per cent in 1982, there will be a corresponding decrease in net external borrowing, so that some recourse will undoubtedly have to be made to the Government's net deposits with the banking system. The mission's projections for 1983 must be treated with particular caution due to the lack of a firm base for 1982 and the fact that actual data, on revenue only, are available only for the first two months of 1983. The authorities recognized the need to continue their efforts to bring the Treasury accounts up to date; since the last mission, final accounts for 1977-79 have become available, together with preliminary balances for 1980 and 1981.

4. Credit and monetary policies

After the relatively restrictive stance in 1981, the monetary authorities pursued a more expansionary credit policy in 1982. This reflected, the Beninese representatives explained, the desire of the authorities not to choke off domestic activity in the face of increased demand for credit from the public enterprises following the reform measures taken in early 1982 and from the private commercial sector due to the involuntary buildup of stocks resulting from the slowdown in the re-export trade. In 1983, however, the monetary authorities were aiming at a more restrictive credit policy than in 1982, with credit to the private sector expanding by 12 per cent in 1983, compared with 24 per cent in 1982 (Table 2). The BCEAO's assumptions underlying these objectives (a slight improvement in the net government position, a substantial increase in the demand for money, and a small balance of payments surplus) differ sharply from the staff's projections for 1983 (Appendix III). Nevertheless, the staff projections also imply a reduction in the growth of credit to the private sector.

Due to Benin's membership in the UMOA, it cannot make unilateral changes in interest rates, though effective interest rates payable by borrowers, and paid to savers, are affected by fiscal policy and, in particular, by the service tax on interest payments, which varies among members of the UMOA. At the end of March 1983, in the light of a decline in international interest rates, the Board of Directors of the BCEAO decided to reduce all lending rates by two percentage points and all deposit rates by one percentage point with effect from April 5, 1983. Apart from the lesser reduction in deposit rates, this reversed the April 1982 decision to increase all rates by two percentage points, taken to reduce the discrepancy between interest rates in the UMOA and those abroad, which was tending to pull funds out of the member countries of the monetary union.

Table 2. Benin: Monetary Developments and Objectives, 1980-83

	1980	1981	1982	1983 Objectives
	(In billions of CFA francs; end of period)			
Net foreign assets 1/	-7.6	6.6	-13.8	-5.2
Domestic credit	69.8	68.4	97.0	109.0
Net claims on Government	-15.2	-18.6	-10.8	-11.7
Of which: BCEAO lending 2/	(2.9)	(4.4)	(6.4)	(10.6)
Credit to the private sector	85.0	87.0	107.8	120.7
Of which: BCEAO lending	(22.8)	(19.9)	(34.9)	(40.5)
Money and quasi-money	61.4	75.4	79.4	100.4
Other items (net)	0.8	-0.4	3.8	3.4
	(Annual changes in per cent)			
Domestic credit	48.8	-2.0	41.8	12.4
Credit to the private sector	33.8	2.4	23.9	12.0
Money and quasi-money	50.7	22.8	5.2	26.4

Source: BCEAO.

1/ BCEAO definition, net of medium- and long-term external borrowing by the deposit money banks and SDR counterparts.
2/ Excluding Trust Fund on-lending.

The Beninese representatives were critical of the 1982 decision to increase rates, and reiterated their view that financial savings in a country such as Benin, with such a financially and economically close relationship with the massive Nigerian economy, were not sensitive to interest rates. Such savings were determined rather by security considerations and the availability of alternative uses for funds, particularly in Nigeria. Although there is evidence that the 1982 increase in rates did elicit some increase in savings and time deposits in Beninese banks, the Beninese representatives believed the case was not yet proven. However, they emphasized the flexibility shown by the UMOA in adjusting interest rates in response to external developments, as evidenced by the 1982 and 1983 decisions and the intervening adjustments in money market rates. 1/

With regard to the impact of higher interest rates on borrowers, the Beninese representatives said that higher interest rates added to already high risk premia tended to put bank credit out of reach of small- and medium-sized enterprises, while for the undercapitalized public enterprises high interest rates merely increased costs and hence prices, or the need for public subsidies. The Beninese representatives believed that a purely market approach to balancing the supply of and demand for credit would not work efficiently given the undeveloped state of financial markets and of the banking network in Benin. They pointed to the various instruments available to the monetary authorities to direct credit to priority sectors, which included the prior authorization by the BCEAO of credit exceeding CFAF 30 million, the sectoral credit objectives, and the BCEAO's rediscounting policy.

5. External policies

In regard to external and balance of payments policies, the main characteristic of the Beninese economy is its openness coupled with the small size of the domestic market. Imports in 1981 and 1982 are estimated to have exceeded the equivalent of 50 per cent of GDP, while exports, swollen by re-exports to Nigeria, reached 32 per cent of GDP in 1981, falling to 29 per cent of GDP in 1982. The flows of re-exports are dependent on policy measures taken by the Nigerian authorities, which also have a substantial impact on capital flows between Nigeria and Benin.

a. Balance of payments

Analysis of Benin's balance of payments is made particularly difficult by data problems. Unrecorded trade is by its nature difficult to estimate, while the latest available data on recorded trade are those for 1978. The mission made estimates for the period 1979 through 1982, based on data provided to the mission in Benin and on data from Benin's

1/ From June 10, 1983, BCEAO money market rates have been increased by one percentage point.

trade partners in the Fund's Direction of Trade system. These figures, shown in Table 1 and in SDRs in Appendix III, differ considerably from those of the BCEAO. While arriving at the same overall balance, defined as the change in the net foreign assets of the Central Bank, the BCEAO's estimates appear to understate imports, exports, and drawings on official external loans substantially.

In spite of these differences on the precise figures, there was general agreement on the main influences on Benin's balance of payments in recent years and for the future. The Beninese representatives noted that the two major influences had been the sharp fluctuations in re-exports to Nigeria and the increase in imports of capital goods for the major projects, with the accompanying rise in official external borrowing. Due to the very high level of re-exports, a restrictive credit policy, and a sharp inflow of short-term capital, the balance of payments had been in overall surplus in 1981. In 1982 these three factors had all been reversed, and an overall deficit of a similar order of magnitude resulted, equivalent to 5 per cent of GDP.

The outlook for Benin's balance of payments in 1983 was particularly uncertain. Although the authorities were projecting a small overall surplus, in view of the uncertainties resulting from the economic difficulties in Nigeria and their impact on unrecorded trade and short-term capital flows, the Beninese representatives believed the outturn projected by the mission of a further overall deficit, equivalent to 5 per cent of GDP, was not inconceivable. The Beninese representatives stressed again the difficulties in making and executing rational decisions on external economic policy in the light of such uncertainties and such large fluctuations in trade and capital flows. They also pointed to Benin's membership in the UMOA, and the operations account arrangements, which served to cushion the effects of these fluctuations on Benin's economy.

The mission's projections show a stagnation of exports in 1983, reflecting a further fall in re-exports offset by increased exports of cotton and exports of oil and cement, from Sémé and Onigbolo, respectively. However, as noted earlier, difficulties have been encountered in implementing the marketing arrangement for cement with Nigeria; unless a solution is found, exports may well be lower than presently estimated. In 1983 imports are expected to fall sharply, reflecting fully the slow down in re-exports which began in 1982 and the completion of the major projects. As a result, the trade deficit will be more than halved, to the equivalent of 10 per cent of GDP, compared with 27 per cent in 1982. Net service payments abroad are projected to increase slightly, reflecting increasing debt service payments and a reduction in remittances from Nigeria. 1/

1/ Prior to the expulsions, Beninese nationals working in Nigeria were assumed to be mainly seasonal workers, so their remittances were treated as factor income. Beninese working farther afield, mainly in Ivory Coast, Togo, and Gabon, are assumed to be more permanently established, and their remittances are treated as private unrequited transfers.

Reflecting economic difficulties in Ivory Coast, Togo, and Gabon, net private unrequited transfers to Benin are expected to fall slightly. Benin's current external account deficit is thus also expected to fall sharply in 1983, in both absolute and relative terms, to the equivalent of 8 per cent of GDP, compared with 24 per cent in 1982. However, net capital inflow is projected to fall even further, due to declining loan disbursements for the major projects and some increase in amortization payments, leading to another substantial overall deficit in 1983.

b. External debt

There has been a substantial increase in Benin's external public debt outstanding, which increased from US$193 million at the end of 1979, equivalent to 20 per cent of GDP, to US$535 million at the end of 1982, equivalent to 52 per cent of GDP. Furthermore, much recent borrowing, particularly for the Onigbolo, Sémé, and Savé projects, has been on much harder terms than those to which Benin had access in the past. From 1972 to 1978 new commitments averaged the following terms: interest, 3 per cent; grace period, 8 years; and original maturity, 30 years. In 1979 and 1980, when the major commitments for the three projects were undertaken, Benin's average terms were: interest, 7 per cent; grace period, 4 years; and original maturity, 15 years. Commitments in 1981, which fell back sharply to US$92 million from US$330 million in 1980, were again, however, on conditions similar to those which obtained before 1979.

The large amount of borrowing by Benin on harder terms has had a substantial impact on the debt service ratio. Debt service payments as a proportion of exports of goods and nonfactor services are expected to reach 15 per cent in 1983, compared with 4 per cent in 1982 and 2 per cent in 1979. These ratios exclude debt service payments due in 1981, 1982, and 1983 on certain of the major project loans for which the authorities have requested a consolidation. These requests had been based on the substantial delays in execution to which the projects had been subject, however, the mission was unable to obtain precise information on the status of these discussions with the creditors. The mission estimates that debt service payments as originally scheduled would have amounted to 14 per cent of exports of goods and services in 1982 and 23 per cent in 1983. The mission has attempted to project debt servicing, debt outstanding, and exports of goods and services through 1985 (Table 3). Even assuming no further borrowing on hard terms, and that growth of domestically produced exports offset the expected decline in re-exports, scheduled debt service payments are projected to reach 30 per cent of exports of goods and services in 1984 and 1985. This rapid increase demonstrated the necessity, the Beninese representatives agreed, of maximizing the external earnings potential of the major projects and of giving a high priority in the development effort to projects likely to strengthen the balance of payments (by increasing exports or reducing imports).

Table 3. Benin: External Debt Service Profile, 1/ 1980-85

(In millions of U.S. dollars)

	1980	1981	1982	1983	1984	1985
		Estimates			Projections	
Total debt service payments: 2/						
Scheduled	10.0	19.7	52.7	75.0	101.7	100.2
Actual	10.0	13.1	15.2	50.7	...	...
Exports of goods and services	362.0	436.8	371.2	330.5	337.0	337.0
Debt service ratio: (in per cent)						
Scheduled	2.7	4.5	14.2	22.7	30.2	29.7
Actual	2.7	3.0	4.1	15.3	...	...
Memorandum items:						
External debt outstanding (disbursed only)	291.9	325.7	535.2	575.5	561.5	528.3

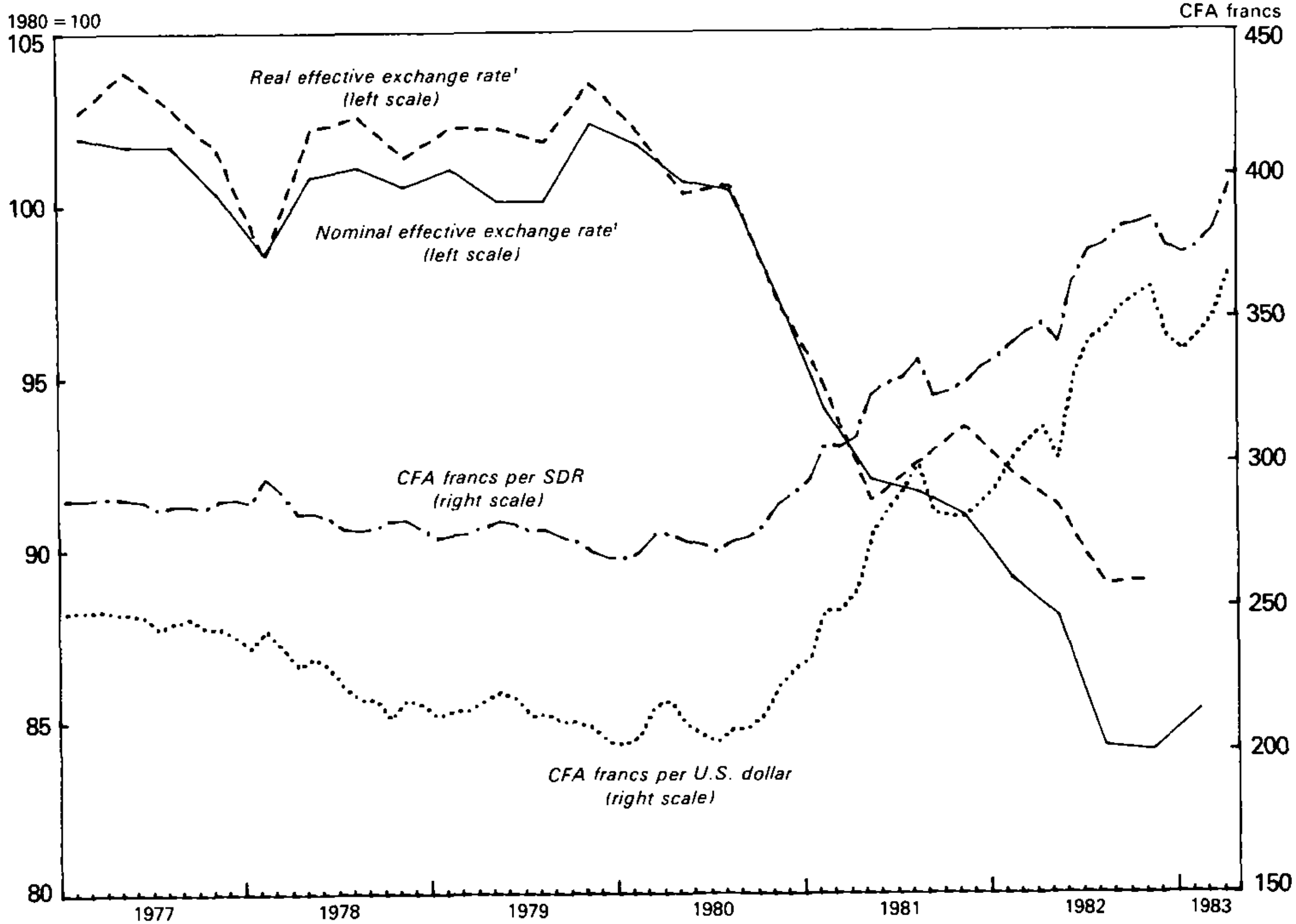
Sources: Beninese authorities; IBRD, Debt Reporting System; and staff estimates and projections.
1/ Public and publicly guaranteed debt of more than one-year original maturity.
2/ Including Trust Fund, and projected new borrowing after end-1982.

The Beninese representatives noted that the recent rapid increase in public external debt had also brought to the fore a number of important management issues. In Benin the Autonomous Amortization Fund (Caisse Autonome d'Amortissement--CAA) has been given a central role in the management of the public debt, both internal and external. Initially established in 1966, with its own earmarked fiscal receipts, to pay off accumulated government arrears, its responsibilities were extended to all public debts in 1973. Since that time the CAA has gradually extended its effective control and supervision to most direct government borrowing. However, it has not yet established effective managerial control over government-guaranteed debt, and has recently had to make good the defaults of certain primary borrowers under government guarantee with very little advance

CHART

BENIN

EXCHANGE RATES, 1977-83



Source. IMF, *Data Fund*
[1] Import-weighted index 1980=100, quarterly averages.

notice. These increasing responsibilities and the increase in the public debt have led to financial strains in the CAA necessitating a major increase in its earmarked tax rates in 1982.

In describing the further measures being taken to improve the management of the public debt, the Beninese representatives pointed to the creation at the end of 1980 of a Permanent Commission on Financing Offers (Commission Technique Permanente chargée d'étudier des Offres de financement des projets de développement socio-économique). Chaired by the Minister of Finance, with the Minister of Plan and the Minister responsible for the project in question as Vice-Chairmen, the commission's main function is to examine all foreign financing proposals and to advise the Council of Ministers on their eventual approval. Finally, the Beninese representatives reported that the World Bank had agreed to provide technical assistance to Benin in the field of debt management.

c. Exchange system

Benin's exchange system is similar to that of other members of the French franc zone which maintain an operations account with the French Treasury, and is free of restrictions on payments and transfers for current international transactions. Benin's currency, the CFA franc, which is issued by the BCEAO, is pegged to the French franc at the rate of CFAF 50 = F 1. The Beninese representatives noted that this exchange rate was set for the UMOA as a whole, and they referred to the assurances provided by the French Government, through the overdraft facilities of the operations account, concerning the convertibility of the CFA franc into French francs.

After remaining virtually stable through mid-1980, the effective value of the CFA, in nominal terms, as measured by an import-weighted exchange rate index, has since declined sharply, paralleling the depreciation of the French franc (see Chart). The Beninese representatives regretted this forced depreciation of the CFA franc for its inflationary effects in Benin and its disruptive impact on flows of unofficial trade. In spite of these problems, the Beninese authorities believe that Benin's current exchange system and the rate are, on balance, the most suitable for the economy at the present time.

IV. Staff Appraisal

After a burst of growth in 1980 and 1981, Benin's economy has again slipped back into a position of little or no real per capita growth. Growth in 1980 and 1981 was due essentially to two external factors, the oil boom in Nigeria and the uranium boom in Niger, and a major foreign-financed investment effort, none of which is likely to be repeated or be repeatable in the near future. Furthermore, Benin's fiscal and external situation has worsened substantially, reflecting the squeeze on revenue resulting from the fall in re-exports and the sharp increase in current and future debt servicing, while the impact of the major investment projects on production and exports has so far been disappointing. Thus the essential task facing economic policymakers in Benin is to find new sources of economic growth, with the help of adequate price incentives, to promote a more long-lasting and soundly based development of the economy than that provided by a temporary conjunction of economic circumstances in neighboring countries and the development of marginally viable enclave-type projects in Benin. At the same time, the authorities must continue to pursue appropriate fiscal and credit policies to restore and maintain external and internal financial equilibria.

In this connection, the increased emphasis in the new 1983-87 Development Plan on the development of the agricultural sector and of agriculturally related industry is to be welcomed. An integrated package of measures will be required, including increased investment in research, greater efficiency in the supply of inputs, and adequate financing for the public enterprises involved in agriculture, in particular the CARDERs, which are responsible for providing extension and other services to farmers. A number of integrated rural development projects have been launched to provide such a package of measures at the provincial level, to increase agricultural production of both traditional export crops, such as cotton, and and food crops. Besides increasing food security and farmers' incomes in Benin, increased foodstuff production should increase Benin's earnings from exports to food-deficit areas in the sub-region.

Other aspects of policy which will require continued attention include the need to fully rehabilitate the public enterprise sector and to promote domestic savings further. A good start has already been made on the restructuring of the public enterprises, with the management changes initiated in early 1982, the redefinition of objectives, the shedding of excess labor, and the establishment of a management training capacity in Benin. However, the financial position of many public enterprises remains unsatisfactory; enterprises must be given adequate capital funds and sufficient flexibility and independence in pricing policy to enable them to operate profitably and finance a major part of their own investment needs. In this connection the trade liberalization measures, reducing the import monopolies of the public enterprises, are to be welcomed. Improved efficiency in the public financial enterprises will also make a contribution to increasing savings and making optimum use of such savings. With one institution specializing in each field of agricultural credit, investment banking, and commercial banking, the basic structure of the banking system seems well-adjusted to the country's needs, though the sector as a whole suffers from a chronic shortage of funds, with rediscounts at the BCEAO and government deposits accounting for a major part of the resources of both the agricultural and development banks. While recognizing the role of the various administrative instruments available to the authorities to direct available credit to priority sectors, the staff believes an active interest rate policy within the UMOA can make an important contribution to increasing savings and to economizing in their use, and to reducing the risk of damage to the healthy development of the financial sector from excessive financial repression.

In order to assure the success of the development effort and enable economic policy decisions to be made in a timely and rational manner, the staff believes further improvements must be made in Benin's economic monitoring and statistical systems. While welcoming the recent establishment of the Comité de Conjoncture at the official level, the staff believes a more formal structure, such as an interministerial committee on the economy, may be required, with a permanent secretariat linking the economic planning and statistical units in the different ministries and in the principal public enterprises. As well as providing a forum for setting priorities for the improvement of economic and social statistics in Benin, such a system will provide the necessary input and a coherent and consistent economic framework on which to base decisions concerning, for example, the budget, revisions to the development plan, and credit policy.

Such a system would make a substantial contribution to another problem area in economic policymaking in Benin, namely financial programing. Although the authorities have always followed very cautious fiscal policies, efficient management of expenditure in Benin is severely handicapped by overoptimistic budgeting of both current and capital spending. This leads to drastic reductions in current spending in the course of the year, a low rate of execution of the development program, and the loss of the balance between different categories of current and capital expenditure needed to assure the optimum use of scarce public resources. The essential basis for improved financial programing must be a realistic set of projections of public revenue and of external resources likely to be available to Benin, preferably over a multiyear period to allow for medium-term planning of current spending as well as the traditional multiyear programing of investment. In planning expenditures within the given envelopes, careful consideration must be given to the impact of investment on future public revenues, on the need for future current expenditures, and on the balance of payments.

In view of the long delays in producing economic and financial statistics and the very heavy program of international meetings in which senior Beninese officials will be participating in the next 12 months, it is recommended that the next Article IV consultation with Benin be concluded by March 1985.

V. Proposed Decision

The following draft decision is proposed for adoption by the Executive Board:

1. The Fund takes this decision in concluding the 1983 Article XIV consultation with Benin, in light of the 1983 Article IV consultation with Benin conducted under Decision No. 5392-(77/63), adopted April 29, 1977 (Surveillance over Exchange Rate Policies).

2. The Fund notes with satisfaction that Benin continues to maintain an exchange system which is free of restrictions on payments and transfers for current international transactions.

BENIN - Relations with the Fund
(As of May 31, 1983)

Date of membership:	July 10, 1963
Quota:	SDR 24.0 million (proposed new quota SDR 31.3 million)
Fund holdings of local currency:	SDR 21.98 million, or 91.6 per cent of quota
Holdings of SDRs:	SDR 1.29 million, or 13.7 per cent of net cumulative allocation of SDR 9.41 million
Trust Fund loan disbursements: (first and second period)	SDR 12.70 million
Direct distribution of profits from gold sales (July 1, 1976 - July 31, 1980):	US$2.09 million
Gold distribution (in fine ounces):	11,123.669
Staff contacts:	
Last Article IV consultation mission:	June 3-16, 1981; Executive Board discussion (EBM/81/131) on October 9, 1981
Technical assistance mission on Government Finance Statistics	December 1-15, 1982

After the last Article IV consultation, the Executive Board took the following decision:

1. The Fund takes this decision in concluding the 1981 Article IV consultation with Benin, in light of the 1981 Article IV consultation with Benin conducted under Decision No. 5392-(77/63), adopted April 29, 1977 (Surveillance over Exchange Rate Policies).

2. The Fund notes with satisfaction that Benin continues to maintain an exchange system which is free of restrictions on payments and transfers for current international transactions.

BENIN - Relations with the World Bank Group

To date, the World Bank Group has extended 18 credits to Benin, as well as 2 supplementary credits, totaling US$173.0 million. Five of the credits were for agriculture (25 per cent of total lending), seven for highway construction and maintenance (48 per cent), two for education and energy (power and petroleum), and one each for rural education, port expansion, small-scale enterprises development, and urban water supply and sewage in Cotonou.

The most recent economic report on Benin by the World Bank was completed on May 31, 1979 (No. 2079-BEN), based on a mission in September-October 1977. The last World Bank mission to Benin took place in June 1982. An economic report is being prepared. In the past, the World Bank's dialogue with Benin was limited and based on a case-by-case approach to lending operations. More recently, however, the Government has displayed considerable interest in, and responsiveness to, Bank lending and policy assistance.

BENIN--Basic Data

Area, population, and GDP per capita

Area	112,622 square kilometers
Population: Total (1982)	3,604,000
Growth rate	2.6 per cent
GDP per capita (1982)	SDR 266

	1978	1979	1980	1981	1982	1983
		Staff estimates				Staff projections
Gross domestic product (in current prices)			(In per cent of GDP)			
Primary sector	43.5	42.9 1/	39.7	38.6	39.4	39.6
Secondary sector	9.5	11.4 1/	9.7	11.4	11.6	11.4
Tertiary sector	37.6	36.3 1/	41.5	39.8	39.3	39.3
Consumption	101.2 2/	100.5	99.0	100.1	100.1	100.4
Investment	18.7 2/	21.9	21.2	23.9	32.4	12.4
Resource gap	19.9 2/	22.4	20.2	24.0	32.5	12.8
Gross domestic savings	-1.2 2/	-0.5	1.0	-0.1	-0.1	-0.4
Total (in billions of CFA francs)	168.56	193.53 1/	245.61	301.02	348.68	385.85
Annual growth rate (in per cent)						
Nominal	11.5	14.8	26.9	22.6	15.8	10.7
Real	2.8	5.1	9.7	6.6	4.0	2.0
Prices			(Annual change in per cent)			
Implicit GDP deflator	8.7	9.3	15.7	14.9	11.4	8.5
High-income consumer price index	6.9	10.2	10.2	11.8	12.6	...
Export prices (in CFA francs)	1.0	11.8	9.6	20.5	14.0	10.5
Import prices (in CFA francs)	3.5	10.5	14.9	21.5	15.5	10.7
Terms of trade	-2.4	1.1	-4.7	-0.7	-1.4	-0.1
Central government finance 3/			(In billions of CFA francs)			
Revenue	28.65	31.82	32.37	48.22	55.66	61.30
Grants	9.40	14.20	13.10	21.50	20.00	20.00
Total expenditure and net lending	38.22	53.77	78.50	100.67	150.16	106.70
Current expenditure and transfers	22.46	25.75	29.86	34.55	38.01	41.70
Investment expenditure	11.91	19.48	28.86	39.82	50.34)	65.00
Net lending	3.85	8.54	19.78	26.30	61.81)	
Overall surplus/deficit (-)	-0.17	-7.75	-33.03	-30.95	-74.50	-25.40
External financing	5.80	8.94	25.58	34.06	72.95	14.40
Banking system financing	-6.91	-5.83	1.34	-2.89	9.07	8.00
Other domestic financing	1.28	4.64	6.11	-0.22	-7.52	3.00

BENIN--Basic Data (continued)

	1978	1979	1980	1981	1982	1983
			Staff estimates			Staff projections
			(In per cent of GDP)			
Central government finance 3/ (cont'd)						
Revenue	17.0	16.4	13.2	16.0	16.0	15.9
Current expenditure and transfers	13.3	13.3	12.2	11.5	10.9	10.8
Investment expenditure and net lending	9.3	14.5	19.8	22.0	32.2	16.8
Overall surplus/deficit (-):						
Including grants	-0.1	-4.0	-13.4	-10.3	-21.4	-6.6
Excluding grants	-5.7	-11.3	-18.8	-17.4	-27.1	-11.8
			(In millions of U.S. dollars)			
Public external debt 4/						
Disbursed and outstanding (end of period)	172.0	192.6	291.9	325.7	535.2	575.5
In per cent of GDP	(21.2)	(20.0)	(26.8)	(31.1)	(51.6)	(53.9)
Disbursements	35.8	44.6	133.1	134.0	230.4	65.8
Repayments of principal	3.6	3.3	5.8	9.1	8.5	25.5
Interest payments	2.2	2.8	4.2	4.0	6.7	25.2
Debt service ratio 5/	2.6	1.9	2.7	3.0 6/	4.1 6/	15.3 6/
			(In billions of CFA francs; end of period)			
Money and credit 7/						
Net foreign assets	0.87	-2.14	-2.82	13.49	-5.29	-24.17
Net domestic assets 8/	39.41	44.59	66.34	64.91	87.88	111.11
Net claims on Government	-4.92	-16.60	-15.18	-18.58	-10.77	-2.77
Net claims on private sector	44.33	61.19	81.52	83.48	98.65	113.88
Of which: financed by Central Bank	(11.34)	(15.00)	(22.76)	(19.94)	(34.91)	(...)
Money and quasi-money	39.02	40.74	61.41	75.44	79.35	83.70
In per cent of GDP	(23.1)	(21.1)	(25.0)	(25.1)	(22.8)	(21.7)

BENIN--Basic Data (concluded)

	1978	1979	1980	1981	1982	1983
		Staff estimates				Staff projections
Balance of payments	(In millions of SDRs)					
Exports, f.o.b.	148.7	181.9	210.9	302.7	275.6	247.4
Imports, f.o.b.	-235.4	-305.6	-363.6	-477.5	-534.7	-342.7
Trade balance	-86.7	-123.7	-152.7	-174.8	-259.1	-95.3
Services (net)	-32.0	-33.9	-29.8	-54.0	-57.1	-58.2
Transfers (net)	62.4	77.9	81.4	102.4	86.8	74.7
Current account balance	-56.3	-79.7	-101.1	-126.4	-229.4	-78.9
Nonmonetary capital (net)	27.5	48.4	106.5	164.2	183.9	32.0
Of which: government	24.7	18.9	39.2	34.0	96.5	32.2
public enterprises	3.2	13.1	51.3	71.8	104.5	4.9
Monetary capital	-9.7	8.0	-0.4	-0.9	-3.0	-2.6
Errors and omissions	21.5	11.7	-8.2	9.5	-0.3	--
SDR allocations	--	1.7	1.7	1.7	--	--
Overall surplus/deficit (-)	-17.0	-9.8	-1.5	48.1	-48.8	-49.5
	(In per cent of GDP)					
Exports, f.o.b.	24.9	25.8	23.6	32.2	28.7	24.9
Imports, f.o.b.	-39.4	-43.4	-40.7	-50.8	-55.6	-34.5
Current account balance	-9.4	-11.3	-11.3	-13.5	-23.9	-7.9
Overall surplus/deficit (-)	-2.9	-1.4	-0.2	5.1	-5.1	-5.0
Official foreign reserves	(In millions of SDRs; end of period)					
Gross reserves	11.8	10.8	6.4	49.5	4.4	4.7 9/
Net reserves	-2.0	-12.3	-12.6	35.1	-16.2	...
Exchange rates	(CFA francs per SDR)					
End of period	272.28	264.78	287.99	334.52	370.92	392.77 10/
Period average	282.50	274.83	275.01	320.41	362.80	388.06 10/

1/ Official data.
2/ Staff estimates.
3/ Including expenditures directly financed from foreign aid.
4/ As reported to the IBRD Debt Reporting System, including Trust Fund.
5/ Debt service related to exports of goods and nonfactor services.
6/ If the debt service due on Onigbolo, Savé, and Sémé loans had been paid as originally scheduled, the debt service ratio would have been 4.5 per cent, 14.2 per cent, and 22.7 per cent in 1981, 1982, and 1983, respectively.
7/ BCEAO estimates through 1982.
8/ Domestic credit net of on-lending of long-term foreign borrowing and of other items (net).
9/ As at end-January 1983.
10/ Assuming that the exchange rates in May 1983 will prevail during the rest of the year.