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SM/83/149
Correction 1

CONTAINS CONFIDENTIAL
INFORMATION

August 8, 1983

To: Members of the Executive Board
From: The Acting Secretary
Subject: Benin - Staff Report for the 1983 Article IV Consultation

The following corrections have been made in SM/83/149 (6/30/83):

Pages 24-25, Central government finance: Corrected revenue in 1978 and 1980, external financing in 1978, and banking system financing in 1982, with consequent changes in the overall surplus/deficit and other domestic financing.

Corrected pages are attached.

Att: (2)

Other Distribution:
Department Heads

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
<u>Gross domestic product</u> (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	29.68	31.82	32.87	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	100.66	150.18	106.70
Current expenditure and transfers	22.46	25.75	29.86	34.54	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	61.83	
Overall surplus/deficit (-)	0.86	-7.75	-32.53	-30.94	-74.52	-25.40
External financing	5.44	8.94	25.58	34.06	72.95	14.40
Banking system financing	-6.91	-5.83	1.34	22.89	7.76	8.00
Other domestic financing	0.61	4.64	5.61	-0.23	-6.19	3.00

BENIN--Basic Data (continued)

	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>
		Staff estimates				Staff projections
	<u>(In per cent of GDP)</u>					
<u>Central government finance 3/ (cont'd)</u>						
Revenue	17.6	16.4	13.4	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	0.5	-4.0	-13.2	-10.3	-21.4	-6.6
Excluding grants	-5.1	-11.3	-18.6	-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)

	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>
			Staff estimates			Staff projections
<u>Balance of payments</u>	<u>(In millions of SDRs)</u>					
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
	<u>(In per cent of GDP)</u>					
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
<u>Official foreign reserves</u>	<u>(In millions of SDRs; end of period)</u>					
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	...
<u>Exchange rates</u>	<u>(CFA francs per SDR)</u>					
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.