

October 14, 1981 - 81/181

**The Chairman's Summing Up at the Conclusion of the
1981 Article IV Consultation with Benin
Executive Board Meeting 81/131 - October 9, 1981**

The Executive Directors have indicated general agreement with the thrust of the views expressed in the staff appraisal. They noted with satisfaction Benin's growth and price performance in recent years. They also noted, however, that with rising public investment expenditures and further rapid expansion in domestic credit as well as a deterioration in the terms of trade, the deficit on current account of the balance of payments continued to increase in 1980 and was projected to widen further in 1981. Directors also raised questions about the projected rapid growth in the external debt service burden.

Concern was expressed about overoptimistic assumptions regarding revenues in the 1981 budget. The Executive Directors therefore welcomed the authorities' emphasis both on reducing monetary expansion from that of 1980 and on improving financial management, not only in the Treasury's overall transactions but also in the public enterprises, whose profitability needed to be enhanced, particularly through improved management practices and more realistic pricing policies. They also observed that if they wished to promote sustained growth in stable internal and external financial conditions, the authorities would have to give continued attention to incentives to improve diversification of output, particularly in the agricultural, food, and export sectors.

Despite the improvements noticed since the previous Article IV consultation, concern was expressed about the remaining insufficiency of statistical data. The need for improving the country's economic and financial statistics was stressed, and Directors expressed the hope that arrangements would be made for the Fund to provide technical assistance to Benin.