

BUFF/09/98

June 23, 2009

**Statement by the Staff Representative on Benin  
Executive Board Meeting  
June 24, 2009**

This statement provides information that has become available since the staff report (EBS/09/87) was issued. The new information does not alter the thrust of the staff appraisal.

1. **A government reshuffling took place in mid-June.** Mr. Idriss Daouda, former national director for Benin of the Central Bank of West African States (BCEAO), was nominated to succeed Finance Minister Lawani on June 12. The new Minister of Finance has sent a letter to the Managing Director on June 22 reaffirming the government's commitment to implementing the entirety of the economic reforms under the program supported by the PRGF arrangement.
2. **On June 9, the BCEAO reduced policy intervention rates and reserve requirements in order to stimulate growth in the context of the global economic crisis.** The repo and discount rates were reduced by 50 basis points each to 4.25 and 6.25 percent, respectively. In line with staff advice, the reserve requirement ratio for Benin was lowered by 6 percentage points to 9 percent.
3. **On June 10, the government set minimum producer prices for cotton and subsidized fertilizers for the 2009/10 agricultural campaign.** The minimum guaranteed producer price for premium cotton will be increased by 10 francs to 190 CFAF per kilo, compared with the 2008/09 campaign. Following staff advice, the authorities have unified the fertilizer subsidy for all agricultural products in order to avoid distortions between the cotton sector and other agricultural production. The overall cost of the fertilizer subsidy is estimated by the authorities at CFAF 7 billion, in line with the budgeted amount.