DOCUMENT OF INTERNATIONAL MONETARY FUND AND FOR OFFICIAL USE ONLY

SU/23/72

May 17, 2023

**The Acting Chair's Summing Up**
**Benin—Second Review Under the Extended Fund Facility**
**and the Extended Credit Facility Arrangements**
**Executive Board Meeting 23/38**
**May 17, 2023**

Executive Directors commended the authorities' strong program performance and continued commitment to reforms despite a challenging external environment. They noted that, while macroeconomic conditions are expected to improve, risks from geoeconomic fragmentation, food insecurity, and climate-related shocks remain. Directors underscored the need for continued implementation of the reform agenda to keep the economy on a sustainable path.

Directors emphasized that steadfast implementation of a revenue-based fiscal consolidation is key, including to create space for Benin's large development needs. They concurred that convergence to the overall fiscal deficit of 3 percent of GDP by 2025, consistent with the West African Economic and Monetary Union-wide stance, will help smooth fiscal adjustment. Directors were encouraged by the authorities' resolve to maintain the momentum in tax collection. They underscored that a swift development of the Medium-Term Revenue Strategy (MTRS) will help anchor revenue mobilization and create additional fiscal space to support development needs over time. Continued implementation of a prudent borrowing strategy to ensure debt sustainability is also important.

Directors stressed the need for continued spending reprioritization and welcomed the progress in reducing fuel subsidies. More broadly, Directors underscored the importance of strengthening social safety nets. In this context, they emphasized the need to accelerate the full operationalization of the recently established social registry to improve the targeting and efficiency of social programs. While welcoming the new school feeding program, Directors encouraged further addressing food insecurity, including by reducing structural bottlenecks in agriculture and enhancing resilience to climate shocks.

Directors welcomed the publication of the IMF governance diagnostic. They welcomed the authorities' homegrown plan to implement its key recommendations, including enhancing the rule of law and strengthening anti-corruption and AML/CFT frameworks. Directors urged transparency in the implementation of the new Special Economic Zone regime. They also called for vigilance against financial sector risks.