

**EXECUTIVE
BOARD
MEETING**

EBS/20/94
Correction 1

May 14, 2020

To: Members of the Executive Board

From: The Secretary

Subject: **Benin—Sixth Review Under the Extended Credit Facility and Request
for Augmentation of Access**

Board Action: The attached corrections to EBS/20/94 (5/11/20) have been provided
by the staff:

**Factual Errors Not
Affecting the
Presentation of Staff's
Analysis or Views**

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Typographical Errors

Pages 25, 26, 27, 28, 29

Questions:

Mr. Eyraud, AFR (ext. 35684)
Mr. Nguyen-Duong, AFR (ext. 36296)
Mr. Amidzic, AFR (ext. 38069)
Mr. Sy, FAD (ext. 38657)
Mr. Pouhe, AFR (ext. 37274)
Ms. Arellano Banoni, AFR (ext. 39011)

Table 3. Benin: Selected Economic and Financial Indicators, 2018-25

	2018	2019		2020		2021	2022	2023	2024	2025
	Est.	EBS/ 19/398- 103	Est.	EBS/ 19/398- 103	Proj.	Projections				
National income and prices	(Annual percentage change)									
Real GDP	6.7	6.4	6.9	6.7	3.2	6.0	7.0	7.0	6.7	6.7
Nominal GDP	7.3	5.6	6.5	8.0	4.2	7.9	9.1	9.4	8.8	8.7
GDP deflator	0.6	-0.8	-0.3	1.2	1.0	1.8	2.0	2.2	2.0	1.8
Consumer price inflation (average)	0.8	-0.6	-0.9	1.0	0.6	1.3	2.0	2.0	2.0	2.0
Consumer price inflation (end of period)	-0.1	1.8	0.3	1.9	0.6	1.3	2.0	2.0	2.0	2.0
External sector										
Terms of trade (minus = deterioration)	0.5	0.8	-0.8	0.0	0.9	1.7	-0.4	0.4	-0.3	-0.8
Real effective exchange rate (minus = deterioration)	1.9	...	-1.9	...	...	...	...	...	...	...
Money and credit										
Credit to the government	-39.7	1.6	-269.9	7.6	-30.8	...	...	...	...	...
Credit to the private sector	8.5	9.0	11.9	10.1	2.2	...	...	...	...	...
Broad money (M2)	4.8	5.6	4.8	8.0	4.2	...	...	...	...	...
Central government finance	(Percent of GDP, unless otherwise indicated)									
Total revenue	13.0	13.3	12.9	13.5	12.4	13.3	13.3	13.3	13.3	13.3
<i>of which: Tax revenue</i>	10.3	11.2	10.6	11.4	10.3	11.2	11.2	11.2	11.2	11.2
Grants	0.6	1.1	1.2	1.0	1.5	1.0	1.0	1.0	1.0	1.0
Total expenditure and net lending	16.5	16.7	14.6	16.3	17.4	17.2	16.9	16.6	16.3	16.1
Overall balance (commitment basis, including grants)	-2.9	-2.3	-0.5	-1.8	-3.5	-3.0	-2.7	-2.4	-2.0	-1.8
Overall balance (cash basis, including grants)	-3.0	-2.2	-0.6	-2.0	-3.7	-3.1	-2.8	-2.5	-2.1	-1.9
External sector										
Balance of goods and services ¹	-5.9	-7.5	-5.2	-6.8	-5.7	-4.8	-4.9	-4.8	-4.7	-4.7
Exports of goods and services ¹	26.9	14.0	24.0	14.7	21.8	25.2	24.7	24.7	24.7	24.7
Imports of goods and services ¹	-32.8	-19.9	-29.2	-20.0	-27.5	-30.0	-29.7	-29.5	-29.4	-29.3
Current account balance, including official transfers ¹	-4.6	-4.9	-4.3	-4.7	-4.6	-4.5	-4.5	-4.3	-4.0	-3.9
Overall balance of payments ^{1 2}	2.4	4.2	0.5	3.1	-0.5	0.1	0.1	0.1	-0.6	-0.5
Public debt (end period)³										
Total public debt	41.1	41.1	41.2	40.1	43.3	42.2	40.4	38.4	36.6	34.9
External public debt	19.4	24.3	24.0	23.3	25.1	24.3	23.4	22.5	21.2	20.0
Domestic public debt	21.7	16.9	17.3	16.7	18.3	17.9	17.1	15.9	15.3	14.9
Memorandum items										
Nominal GDP (CFAF billions)	7,916	8,368	8,432	9,036	8,784	9,477	10,340	11,313	12,312	13,380
Nominal GDP (US\$ billions)	14.3	14.3	14.4	15.4	14.9	...	...	...	...	...
Nominal GDP per capita (US\$)	1,240.8	1,213.0	1,218.2	1,271.0	1,228.7	...	...	...	...	...
US\$ exchange rate (average)	555.2	584.1	585.9	585.4	588.5	...	...	...	...	...
International price of cotton (Cotlook "A" Index, U.S. cents a lb.)	91.4	76.8	77.9	73.3	69.9	70.6	70.4	70.4	70.4	70.4
International price of oil (U.S. dollars a barrel)	68.3	60.5	61.4	55.5	39.1	40.3	44.1	46.9	48.8	50.1

Sources: Beninese authorities; and IMF staff estimates and projections.

¹ Includes re-exports and imports for re-export, except for EBS/19/398 for which re-export activities are recorded in current transfers.² In 2024 and 2025, the decline in the overall balance of payments reflects the first repayment of the 2019 eurobond.³ The GDP rebasing published in 2019 revised down the public debt ratio by about 15 percentage points (see Annex I of IMF Country Report No. 19/398).

Table 4. Benin: Consolidated Central Government Operations, 2018-25
(CFAF billion)

	2018	2019		2020		2021	2022	2023	2024	2025
		EBS/ 19/398- 103	Est.	EBS/ 19/398- 103	Proj.	Projections				
Total revenue and grants	1,075.8	1,205.2	1,185.7	1,307.8	1,216.7	1,353.5	1,476.8	1,615.8	1,758.5	1,910.9
Total revenue	1,028.6	1,112.4	1,088.0	1,220.0	1,087.0	1,261.7	1,376.6	1,506.2	1,639.2	1,781.3
Tax revenue	811.4	935.6	893.3	1,030.0	900.6	1,060.7	1,157.3	1,266.2	1,378.0	1,497.5
Tax on international trade	331.9	412.1	358.0	444.0	371.3	446.4	487.1	532.9	580.0	630.3
Direct and indirect taxes	479.4	523.4	535.3	586.0	529.3	614.2	670.2	733.2	798.0	867.2
Nontax revenue	217.2	176.8	194.8	190.0	186.3	201.0	219.4	240.0	261.2	283.8
Grants	47.2	92.8	97.7	87.8	129.7	91.8	100.2	109.6	119.3	129.6
Project grants	31.2	67.5	66.8	74.0	74.0	77.4	84.4	92.4	100.5	109.3
Budgetary grants	16.0	25.3	30.8	13.8	55.7	14.4	15.7	17.2	18.8	20.4
Total expenditure and net lending	1,305.9	1,395.7	1,227.3	1,469.2	1,528.5	1,634.1	1,750.9	1,883.0	2,009.6	2,153.1
Current expenditure	857.8	944.2	900.8	969.2	1,059.5	1,116.2	1,196.1	1,287.3	1,373.7	1,448.6
Current primary expenditure	731.8	790.3	766.2	806.9	897.2	905.5	967.3	1,035.7	1,127.2	1,224.9
Wage bill	356.7	397.7	369.7	405.9	405.9	437.9	477.8	522.7	568.9	618.2
Pensions and scholarships	92.2	99.3	90.5	103.0	103.0	111.1	121.3	132.7	144.4	156.9
Current transfers	179.4	173.1	180.9	186.5	236.5	236.2	237.0	236.7	257.6	279.9
Expenditure on goods and services ¹	103.6	120.2	125.1	111.5	151.8	120.3	131.3	143.6	156.3	169.8
Interest	126.0	153.9	134.6	162.3	162.3	210.7	228.8	251.6	246.5	223.7
Domestic debt	108.8	121.9	106.8	123.4	123.4	130.9	146.0	165.3	167.5	141.2
External debt	17.1	32.0	27.8	38.9	38.9	79.8	82.8	86.4	79.1	82.6
Capital expenditure	445.6	451.5	330.4	500.0	469.0	517.9	554.8	595.7	636.0	704.5
Financed by domestic resources	279.1	220.4	228.3	285.8	254.8	293.9	310.3	328.2	344.9	388.2
Financed by external resources	166.5	231.1	102.1	214.2	214.2	224.0	244.4	267.4	291.0	316.3
Net lending	2.5	0.0	-3.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Overall balance (commitment basis, incl. grants)¹	-230.1	-190.5	-41.6	-161.4	-311.8	-280.6	-274.0	-267.2	-251.2	-242.2
Primary balance ²	-151.4	-129.4	-4.6	-86.9	-279.2	-161.8	-145.5	-125.2	-124.0	-148.1
Basic primary balance ³	17.6	101.7	93.5	127.4	-65.0	62.3	99.0	142.2	167.1	168.2
Change in arrears	-0.4	9.1	0.0	-16.4	-16.4	-16.4	-16.4	-10.0	-10.0	-10.0
External debt	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Domestic debt (net)	-0.4	9.1	0.0	-16.4	-16.4	-16.4	-16.4	-10.0	-10.0	-10.0
of which: net change in arrears stock ¹	...	19.7	19.7	-6.4	-6.4	-6.4	-6.4	0.0	0.0	0.0
Float	-3.7	0.0	-7.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Overall balance (cash basis, incl. grants)	-234.2	-181.4	-48.9	-177.7	-328.2	-297.0	-290.4	-277.2	-261.2	-252.2
Financing	234.2	181.4	48.9	177.7	328.2	297.0	290.4	277.2	261.2	252.2
Domestic financing	-51.4	-289.0	-302.9	74.5	114.3	196.9	180.2	153.4	233.1	208.9
Bank financing	-57.1	13.8	-14.0	23.7	63.5	141.7	119.9	87.5	161.4	131.0
Net use of IMF resources	14.1	11.9	14.5	1.4	1.8	-9.4	-7.3	-8.6	-11.1	-22.9
Disbursements	23.0	24.4	25.7	12.5	12.9	0.0	0.0	0.0	0.0	0.0
Repayments	-8.8	-12.5	-11.2	-11.1	-11.2	-9.4	-7.3	-8.6	-11.1	-22.9
Other ⁴	-71.2	1.9	-28.5	22.3	61.7	151.2	127.2	96.0	172.5	153.8
Nonbank and regional financing	5.7	-302.8	-288.9	50.8	50.8	55.2	60.3	65.9	71.7	78.0
Privatization	-8.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Restructuring	-1.7	-2.0	18.2	-2.0	-2.0	0.0	0.0	0.0	0.0	0.0
Other ⁵	15.4	-300.8	-307.1	52.8	52.8	55.2	60.3	65.9	71.7	78.0
External financing	285.5	470.4	351.9	103.2	103.2	100.0	110.2	123.8	28.0	43.2
Project financing	135.3	163.6	35.2	140.2	140.2	146.6	160.0	175.0	190.5	207.0
Budgetary assistance	179.0	20.1	33.3	34.2	34.2	35.8	39.0	42.7	45.2	49.2
Eurobond issuance	0.0	325.0	325.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortization due	-28.8	-38.2	-41.7	-71.2	-71.2	-82.4	-88.8	-93.9	-207.7	-212.9
Financing gap				0.0	110.7	0.0	0.0	0.0	0.0	0.0
Of which: ECF-supported arrangement augmentation and CCRT ⁶				0.0	67.8	0.0	0.0	0.0	0.0	0.0
Of which: other donors' financing ⁷				0.0	42.9	0.0	0.0	0.0	0.0	0.0
Memorandum items: additional financing relative to the 5th review (EBS/19/398)					192.4					
Additional domestic issuances on the regional market					39.4					
Additional external grants					41.9					
Additional external borrowing at concessional terms from donors ⁷					42.9					
ECF-supported arrangement augmentation and CCRT ⁸					68.2					
Nominal GDP	7,916	8,368	8,432	9,036	8,784	9,477	10,340	11,313	12,312	13,380

Sources: Beninese authorities; and IMF staff estimates and projections.

¹ For 2019, arrears to suppliers of CFAF 19.1 billion are included in expenditure and deficit (see IMF Country report 19/203). Arrears were accumulated before 2016 and recognized in 2019.

² Total revenue (excluding grants) minus current primary expenditure, capital expenditure, and net lending.

³ Total revenue (excluding grants) minus current primary expenditure and capital expenditure financed by domestic resources.

⁴ Includes financing by Beninese banks.

⁵ Includes financing by regional commercial banks.

⁶ Includes the ECF-supported arrangement augmentation of CFAF 61.8 billion and the IMF debt service relief of CFAF 6 billion from the Catastrophe Containment and Relief Trust (CCRT) approved on April 13, 2020, corresponding to the period of April 14–October 13, 2020.

⁷ Includes financing in CFAF from the West African Development Bank (BOAD).

⁸ Of which CFAF 67.8 billion are related to the ECF augmentation and CCRT; and CFAF 0.4 billion is due to the change in the exchange rate assumptions relative to the 5th review for 2020.

Table 5. Benin: Consolidated Central Government Operations, 2018-25
(Percent of GDP)

	2018	2019		2020		2021	2022	2023	2024	2025
		EBS/ 19/398- 103	Est.	EBS/ 19/398- 103	Proj.	Projections				
Total revenue and grants	13.6	14.4	14.1	14.5	13.9	14.3	14.3	14.3	14.3	14.3
Total revenue	13.0	13.3	12.9	13.5	12.4	13.3	13.3	13.3	13.3	13.3
Tax revenue	10.3	11.2	10.6	11.4	10.3	11.2	11.2	11.2	11.2	11.2
Tax on international trade	4.2	4.9	4.2	4.9	4.2	4.7	4.7	4.7	4.7	4.7
Direct and indirect taxes	6.1	6.3	6.3	6.5	6.0	6.5	6.5	6.5	6.5	6.5
Nontax revenue	2.7	2.1	2.3	2.1	2.1	2.1	2.1	2.1	2.1	2.1
Grants	0.6	1.1	1.2	1.0	1.5	1.0	1.0	1.0	1.0	1.0
Project grants	0.4	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8
Budgetary grants	0.2	0.3	0.4	0.2	0.6	0.2	0.2	0.2	0.2	0.2
Total expenditure and net lending	16.5	16.7	14.6	16.3	17.4	17.2	16.9	16.6	16.3	16.1
Current expenditure	10.8	11.3	10.7	10.7	12.1	11.8	11.6	11.4	11.2	10.8
Current primary expenditure	9.2	9.4	9.1	8.9	10.2	9.6	9.4	9.2	9.2	9.2
Wage bill	4.5	4.8	4.4	4.5	4.6	4.6	4.6	4.6	4.6	4.6
Pensions and scholarships	1.2	1.2	1.1	1.1	1.2	1.2	1.2	1.2	1.2	1.2
Current transfers	2.3	2.1	2.1	2.1	2.7	2.5	2.3	2.1	2.1	2.1
Expenditure on goods and services ¹	1.3	1.4	1.5	1.2	1.7	1.3	1.3	1.3	1.3	1.3
Interest	1.6	1.8	1.6	1.8	1.8	2.2	2.2	2.2	2.0	1.7
Domestic debt	1.4	1.5	1.3	1.4	1.4	1.4	1.4	1.5	1.4	1.1
External debt	0.2	0.4	0.3	0.4	0.4	0.8	0.8	0.8	0.6	0.6
Capital expenditure	5.6	5.4	3.9	5.5	5.3	5.5	5.4	5.3	5.2	5.3
Financed by domestic resources	3.5	2.6	2.7	3.2	2.9	3.1	3.0	2.9	2.8	2.9
Financed by external resources	2.1	2.8	1.2	2.4	2.4	2.4	2.4	2.4	2.4	2.4
Net lending	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Overall balance (commitment basis, incl. grants)¹	-2.9	-2.3	-0.5	-1.8	-3.5	-3.0	-2.7	-2.4	-2.0	-1.8
Primary balance ²	-1.9	-1.5	-0.1	-1.0	-3.2	-1.7	-1.4	-1.1	-1.0	-1.1
Basic primary balance ³	0.2	1.2	1.1	1.4	-0.7	0.7	1.0	1.3	1.4	1.3
Change in arrears	0.0	0.1	0.0	-0.2	-0.2	-0.2	-0.2	-0.1	-0.1	-0.1
External debt	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Domestic debt (net)	0.0	0.1	0.0	-0.2	-0.2	-0.2	-0.2	-0.1	-0.1	-0.1
of which: net change in arrears stock ¹	...	0.2	0.2	-0.1	-0.1	-0.1	-0.1	0.0	0.0	0.0
Float	0.0	0.0	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Overall balance (cash basis, incl. grants)	-3.0	-2.2	-0.6	-2.0	-3.7	-3.1	-2.8	-2.5	-2.1	-1.9
Financing	3.0	2.2	0.6	2.0	3.7	3.1	2.8	2.5	2.1	1.9
Domestic financing	-0.6	-3.5	-3.6	0.8	1.3	2.1	1.7	1.4	1.9	1.6
Bank financing	-0.7	0.2	-0.2	0.3	0.7	1.5	1.2	0.8	1.3	1.0
Net use of IMF resources	0.2	0.1	0.2	0.0	0.0	-0.1	-0.1	-0.1	-0.1	-0.2
Disbursements	0.3	0.3	0.3	0.1	0.1	0.0	0.0	0.0	0.0	0.0
Repayments	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.2
Other ⁴	-0.9	0.0	-0.3	0.2	0.7	1.6	1.2	0.8	1.4	1.1
Nonbank and regional financing	0.1	-3.6	-3.4	0.6	0.6	0.6	0.6	0.6	0.6	0.6
Privatization	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Restructuring	0.0	0.0	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other ⁵	0.2	-3.6	-3.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6
External financing	3.6	5.6	4.2	1.1	1.2	1.1	1.1	1.1	0.2	0.3
Project financing	1.7	2.0	0.4	1.6	1.6	1.5	1.5	1.5	1.5	1.5
Budgetary assistance	2.3	0.2	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4
Eurobond issuance	0.0	3.9	3.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortization due	-0.4	-0.5	-0.5	-0.8	-0.8	-0.9	-0.9	-0.8	-1.7	-1.6
Financing gap				0.0	1.3	0.0	0.0	0.0	0.0	0.0
Of which: ECF-supported arrangement augmentation and CCRT ⁶				0.0	0.8	0.0	0.0	0.0	0.0	0.0
Of which: other donors' financing ⁷				0.0	0.5	0.0	0.0	0.0	0.0	0.0
Memorandum items: additional financing relative to the 5th review (EBS/19/398)					2.2					
Additional domestic issuances on the regional market					0.4					
Additional external grants					0.5					
Additional external borrowing at concessional terms from donors ⁷					0.5					
ECF-supported arrangement augmentation and CCRT ⁸					0.8					
Nominal GDP	7,916	8,368	8,432	9,036	8,784	9,477	10,340	11,313	12,312	13,380

Sources: Beninese authorities; and IMF staff estimates and projections.

¹ For 2019, arrears to suppliers of CFAF 19.1 billion are included in expenditure and deficit (see IMF Country report 19/203). Arrears were accumulated before 2016 and recognized in 2019.

² Total revenue (excluding grants) minus current primary expenditure, capital expenditure, and net lending.

³ Total revenue (excluding grants) minus current primary expenditure and capital expenditure financed by domestic resources.

⁴ Includes financing by Beninese banks.

⁵ Includes financing by regional commercial banks.

⁶ Includes the ECF-supported arrangement augmentation of CFAF 61.8 billion and the IMF debt service relief of CFAF 6 billion from the Catastrophe Containment and Relief Trust (CCRT) approved on April 13.

⁷ Includes financing in CFAF from the West African Development Bank (BOAD).

⁸ Of which CFAF 67.8 billion are related to the ECF augmentation and CCRT; and CFAF 0.4 billion is due to the change in the exchange rate assumptions relative to the 5th review for 2020.

Table 6. Benin: Balance of Payments, 2018-25
(CFAF billion)

	2018	2019		2020		2021	2022	2023	2024	2025
		EBS/ 19/398- 103	Est.	EBS/ 19/398- 103	Proj.	Projections				
Current account balance	-367.6	-410.5	-363.0	-424.2	-400.1	-423.9	-462.4	-481.8	-492.8	-520.1
Current account balance (excl. grants)	-383.6	-435.8	-393.8	-449.5	-455.8	-438.4	-478.2	-499.1	-511.5	-540.5
Trade balance ¹	-315.8	-489.3	-328.2	-477.2	-415.9	-318.7	-365.4	-391.7	-419.8	-454.4
Exports, f.o.b. ¹	1850.4	1175.3	1757.3	1329.3	1647.9	2076.0	2219.9	2432.1	2647.0	2876.5
Cotton and textiles	300.2	424.4	391.5	578.4	406.2	446.2	487.4	534.8	587.1	632.8
Re-exports	928.6	...	708.0	...	584.0	900.0	941.4	987.3	1042.7	1110.8
Other	621.6	750.9	657.7	750.9	657.7	729.7	791.1	910.0	1017.1	1132.9
Imports, f.o.b. ¹	-2166.2	-1664.6	-2085.4	-1806.5	-2063.9	-2394.6	-2585.4	-2823.9	-3066.8	-3330.8
Services (net)	-147.4	-142.2	-107.6	-140.9	-85.0	-139.3	-144.8	-150.9	-158.7	-168.5
Income (net)	-30.6	-59.5	-39.2	-68.1	-50.7	-92.5	-96.7	-101.6	-95.6	-100.5
Current transfers (net) ²	126.3	280.5	111.9	262.0	151.5	126.5	144.5	162.4	181.3	203.3
Private transfers	67.5	55.3	81.1	73.8	95.8	112.1	128.7	145.1	162.6	182.9
Public transfers	58.8	225.3	30.8	188.2	55.7	14.4	15.7	17.2	18.8	20.4
Capital account balance	109.1	67.5	147.4	74.0	155.2	161.0	170.9	181.9	193.4	205.5
Financial account balance	444.7	696.2	261.2	631.5	196.6	275.3	302.5	308.7	227.6	253.9
Medium- and long-term public capital	285.5	149.4	26.9	139.8	120.1	100.0	110.2	123.8	28.0	43.2
Disbursements	314.3	187.7	68.6	211.0	191.3	182.4	199.0	217.7	235.7	256.2
Project loans	135.3	167.6	35.2	176.8	140.2	146.6	160.0	175.0	190.5	207.0
Budgetary assistance loans	179.0	20.1	33.3	34.2	51.1	35.8	39.0	42.7	45.2	49.2
Amortization due ³	-28.8	-38.2	-41.7	-71.2	-71.2	-82.4	-88.8	-93.9	-207.7	-212.9
Foreign direct investment	102.4	116.4	109.1	140.5	85.2	147.3	151.1	141.3	148.6	152.1
Portfolio investment	-54.0	250.9	382.5	162.6	44.9	72.1	78.0	77.1	83.9	91.2
Other medium- and long-term private capital	110.7	179.5	-257.2	188.7	-53.6	-44.1	-36.8	-33.6	-33.0	-32.7
Errors and omissions	4.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Overall balance³	190.5	353.2	45.6	281.3	-48.3	12.4	11.0	8.8	-71.8	-60.7
Change in net foreign assets, BCEAO ("-" = increase)	-191.1	-353.2	-45.6	-281.3	48.3	-12.4	-11.0	-8.8	71.8	60.7
Change in gross foreign assets, BCEAO ("-" = increase)	-205.2	-365.1	-60.1	-282.6	-21.3	-3.0	-3.7	-0.2	83.0	83.6
Use of IMF resources, net ("-" = increase) ⁴	-14.1	-11.9	-14.5	-1.4	-7.8	9.4	7.3	8.6	11.1	22.9
Proposed ECF-supported arrangement augmentation ("-" = increase)	-0.7	0.0	0.0	0.0	-61.8	0.0	0.0	0.0	0.0	0.0
(Percent of GDP, unless otherwise indicated)										
Current account balance	-4.6	-4.9	-4.3	-4.7	-4.6	-4.5	-4.5	-4.3	-4.0	-3.9
Trade balance of goods ¹	-4.0	-5.8	-3.9	-5.3	-4.7	-3.4	-3.5	-3.5	-3.4	-3.4
Exports, f.o.b. ¹	23.4	14.0	20.8	14.7	18.8	21.9	21.5	21.5	21.5	21.5
Imports, f.o.b. ¹	-27.4	-19.9	-24.7	-20.0	-23.5	-25.3	-25.0	-25.0	-24.9	-24.9
Capital account balance	1.4	0.8	1.7	0.8	1.8	1.7	1.7	1.6	1.6	1.5
Financial account balance	5.6	8.3	3.1	7.0	2.2	2.9	2.9	2.7	1.8	1.9
Overall balance³	2.4	4.2	0.5	3.1	-0.5	0.1	0.1	0.1	-0.6	-0.5
Memorandum items:										
International price of cotton (Cotlook "A" Index, U.S. cents a lb.)	91.4	76.8	77.9	73.3	69.9	70.6	70.4	70.4	70.4	70.4
International price of oil (U.S. dollars a barrel)	68.3	60.5	61.4	55.5	39.1	40.3	44.1	46.9	48.8	50.1
Nominal GDP (CFAF billion)	7,916	8,368	8,432	9,036	8,784	9,477	10,340	11,313	12,312	13,380

Sources: Beninese authorities; IMF staff estimates and projections.

¹ Includes re-exports and imports for re-export, except for EBS/19/398 where re-export activities were captured in current transfers.

² Re-export activities were captured in current transfers in EBS/19/398 where re-export activities were captured in current transfers.

³ In 2024 and 2025, the declines in the financial account and overall balance of payments reflect the first repayments of the 2019 eurobond.

⁴ Includes the IMF debt service relief of CFAF 6 billion from the Catastrophe Containment and Relief Trust (CCRT) approved on April 13, 2020, corresponding to the period of April 14-October 13, 2020.

Table 7. Benin: Monetary Survey, 2018–20

	2018	2019		2020	
	Act.	EBS/ 19/398 103	Est.	EBS/ 19/398 103	Proj.
(CFAF Billion)					
Net foreign assets	1185.0	1547.1	1232.7	1932.7	1254.0
Central Bank of West African States (BCEAO)	423.8	766.4	314.0	1132.2	335.3
Banks	761.1	780.6	918.7	800.6	918.7
Net domestic assets	1024.0	1138.8	1082.8	1285.0	1158.0
Domestic credit	1550.5	1671.7	1449.9	1826.9	1544.2
Net claims on central government	118.1	120.0	-200.6	129.1	-138.9
Credit to the nongovernment sector ¹	1432.4	1551.8	1650.5	1697.9	1683.1
Of which: Credit to the private sector	1326.7	1446.0	1485.0	1592.1	1517.6
Other items ²	526.4	532.9	367.1	541.9	386.2
Broad money (M2)	2209.0	2333.4	2315.5	2519.6	2412.0
Currency	520.2	549.6	543.5	593.4	566.1
Bank deposits	817.1	863.1	878.1	932.0	914.7
Other deposits	871.6	920.7	894.0	994.2	931.3
(Change, in percent of beginning-of-period broad money)					
Net foreign assets	9.1	16.4	2.2	16.5	0.9
Central Bank of West African States (BCEAO)	10.3	15.5	-5.0	15.7	0.9
Banks	-1.2	0.9	7.1	0.9	0.0
Net domestic assets	-4.3	5.5	2.7	6.7	3.2
Domestic credit	1.1	5.5	-4.6	6.7	4.1
Net claims on central government	-3.7	0.1	-14.4	0.4	2.7
Credit to the nongovernment sector	4.8	5.4	9.9	6.3	1.4
Other items	5.4	0.3	-6.7	0.4	-0.7
Broad money (M2)	4.8	5.6	4.8	8.0	4.2
Currency	-0.6	1.3	1.1	1.9	1.0
Bank deposits	4.2	2.1	2.8	3.0	1.6
Other deposits	1.2	2.2	1.0	3.1	1.6
Memorandum items:					
Velocity of broad money	3.7	3.7	3.7	3.7	3.7
Broad money (percent of GDP)	27.9	27.9	27.5	27.9	27.5
Credit to the private sector (annual percentage change)	8.5	9.0	11.9	9.4	2.2
Nominal GDP (CFAF billion)	7,916	8,368	8,432	9,036	8,784
Nominal GDP growth (annual percentage change)	7.3	5.6	6.5	8.0	4.2

Sources: BCEAO; IMF staff estimates and projections.

¹ Including credit to the private sector and to other non-financial public sector.² Including deposits excluded from broad money, securities other than shares excluded from broad money, loans, financial derivatives, insurance technical reserves, and shares and other equity.

Annex II. Risk Assessment Matrix¹

7	Relative Likelihood/ Time Horizon	Excepted Impact if Realized	Recommended Policy Response
External Risks			
Rising protectionism and retreat from multilateralism	High Short to Medium Term	Low Would reduce exports; although impact likely to be limited given the high share of informal exports	Accelerate reforms to diversify exports; enhance competitiveness; access new markets; pursue efforts to promote regional integration and regional trade
Weaker-than-expected global growth and larger drop in commodity prices	High Short to Medium Term	Medium Negative impact on Benin cotton and other commodity exports, which would transmit to growth and fiscal position	Strengthen the business climate; diversify exports; preserve fiscal space for countercyclical policy; reinforce the resilience of the banking sector by building up capital buffers
Sharp tightening of global financial conditions	High Short Term	Medium A tightening of the ECB policy would be transmitted to financial conditions of the WAEMU region due to the peg to the euro; and raise sovereign debt service	Reduce non-priority spending to accommodate higher interest bill and preserve programmed fiscal targets; bolster investors' confidence through domestic revenue mobilization, and prudent investment and debt policy; mobilize concessional financing
More severe Covid-19 pandemic	High Short Term	High Would impair exports, reduce confidence, and lower capital inflows. A widespread domestic outbreak could cause significant disruption to economic activity	Create fiscal space for higher spending on health services, including disease prevention and control, and support for affected sectors and households; reach out to donors for additional grants and concessional financing
Adverse developments coming from Nigeria	Medium Short to Medium Term	High Slower recovery and adverse security situation would reduce trade revenues and growth; fuel subsidy cuts in Nigeria can cause price spikes in Benin; a prolonged border closure would impact trade and customs revenue	Accelerate the structural transformation of the economy to lower its dependence on Nigeria; improve the business environment to support private sector growth and diversification
Intensification of regional security risks	Medium Short Term	Medium <u>Security risks from neighboring countries could impact domestic stability, trade, tourism; tighten financing conditions on regional market; and result in immigration flows</u> A tightening of the ECB policy would be transmitted to financial conditions of the WAEMU region due to the peg to the euro; and raise sovereign debt service	Create fiscal space for security spending; develop further food security strategy; ensure prudent debt management to contain financing needs
Domestic Risks			
Rise in interest rates on regional financial markets	High Short to Medium Term	Medium Higher costs of domestic borrowing for the government	Rely predominantly on concessional financing; optimize debt portfolio; adjust public investment level to reduce borrowing needs
Adverse weather conditions	Medium Short to Medium Term	High Adversely affect agricultural output and exports; increase subsidy needs; and reduce the population's living standards	Develop further food security strategy; strengthen resilience through irrigation and productivity in agriculture; mitigate the impact on the poor through targeted fiscal transfers and other types of public spending
Policy implementation risks, due to social-political disturbances, elections or pressures from interest groups	Medium Short to Medium Term	High Interruption of the reform agenda; lower revenue mobilization and higher current expenditure, resulting in a deterioration of the fiscal position	Build coalition of stakeholders to support the reform program; implement contingency plans, such as offsetting cuts in non-priority spending; reprioritize public investment; strengthen governance
Intensification of financial sector vulnerabilities	Medium Short to Medium Term	Medium A surge in non-performing loans could deteriorate confidence and lower capital, affecting banking sector stability and credit to the private sector	Step up the monitoring of financial sector developments. Consult with the regional banking commission and communicate with banks on measures needed to ensure a prompt resolution of NPLs and adequate capitalization

¹The Risk Assessment Matrix (RAM) shows events that could materially alter the baseline path (the scenario most likely to materialize in the view of IMF staff). The relative likelihood is the staff's subjective assessment of the risks surrounding the baseline ("low" is meant to indicate a probability below 10 percent, "medium" a probability between 10 and 30 percent, and "high" a probability between 30 and 50 percent). The RAM reflects staff views on the source of risks and overall level of concern as of the time of discussions with the authorities. Non-mutually exclusive risks may interact and materialize jointly. "Short term (ST)" and "medium term (MT)" are meant to indicate that the risk could materialize within 1 and 3 years, respectively.