

September 1998

IMF Staff Country Report No. 98/88

Benin: Selected Issues and Statistical Appendix

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**International Monetary Fund
Washington, D.C.**

INTERNATIONAL MONETARY FUND

BENIN

Selected Issues and Statistical Appendix

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June 22, 1998

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Benin: Basic Data

Area, population, and GDP per capita

Area	112.600 sq. kilometers
Resident population	
Total (1995 est.)	5.8 million
Growth rate (1986-95)	2 percent
GDP per capita (1995)	US\$370

	1993	1994	1995	1996	1997
Gross domestic product					
	(In billions of CFA francs)				
National accounts at current prices	596.4	831.1	1002.9	1130.5	1247.1
	(In percent of GDP)				
Primary sector	33.8	33.5	34.0	37.7	38.3
Secondary sector	13.4	14.7	14.6	13.7	13.8
Tertiary sector	47.2	46.8	45.4	42.6	41.3
Consumption	94.8	90.5	89.8	91.3	90.1
Total investment	15.4	15.8	19.6	17.1	17.8
Fixed investment	15.0	15.5	17.2	16.6	17.3
Change in stocks	0.4	0.2	2.4	0.5	0.5
Resource balance	-10.1	-6.2	-9.4	-8.4	-7.9
Gross domestic savings	5.2	9.5	10.2	8.7	9.9
	(Percent change at constant prices)				
GDP	3.5	4.4	4.6	5.6	5.3
Prices					
	(Percent change)				
Implicit GDP deflator	1.2	33.5	15.4	6.7	4.8
Consumer price index (annual average)	0.5	38.6	4.0	4.7	3.8
Central government finances					
	(In billions of CFA francs)				
Revenue	79	106	149	172	182
Expenditure	106	164	222	220	234
<i>Of which</i>					
Primary expenditure	65	88	126	128	142
Overall fiscal balance (payment order basis) 1/	-27.5	-58.1	-72.7	-48.5	-52.5
Foreign financing	42.5	82.0	77.2	83.3	63.5
Domestic financing	-5.9	-13.3	12.5	-15.2	3.4
Change in external arrears	0.0	0.0	0.0	11.9	7.9
	(In percent of GDP)				
Revenue	13.2	12.8	14.9	15.2	14.6
Primary expenditure	10.8	10.6	12.6	11.3	11.4
Government Investment outlays	4.8	6.5	7.8	6.4	6.7
Overall fiscal balance (payment order basis) 1/	-4.6	-7.0	-7.3	-4.3	-4.2

Benin: Basic Data

	1993	1994	1995	1996	1997
Money and credit					
	(In billions of CFA francs; end of period)				
Net foreign assets	81.2	122.7	144.1	173.1	208.7
Net domestic assets	73.4	95.1	109.2	108.8	114.2
Credit to the government	57.0	66.0	76.9	60.2	58.3
Credit to the economy	27.1	40.6	44.2	65.4	72.0
Other items (net)	-10.7	-11.5	-11.9	-16.8	-16.1
Money (M2)	84.1	106.6	121.1	125.6	130.3
Balance of payments					
	(In billions of CFA francs)				
Exports, f.o.b.	96.5	171.2	202.2	216.0	231.1
<i>Of which</i>					
Cotton	23.4	74.1	90.4	112.4	119.2
Reexports	64.9	74.4	85.0	81.7	89.0
Imports, f.o.b.	-152.6	-207.8	-278.2	-280.2	-300.8
Trade balance	-56.1	-36.5	-76.0	-64.2	-69.7
Services (net)	-4.3	-15.4	-18.1	-30.8	-28.7
Income (net)	-11.3	-19.5	-22.1	-16.4	-17.6
Current transfers (net)	44.8	49.5	52.2	58.9	60.2
Current account	-27.0	-22.0	-64.0	-52.5	-55.8
Financial account (net)	8.0	12.8	-2.5	33.7	4.2
Capital account	17.8	30.8	37.0	30.7	49.1
Overall balance	-1.1	21.6	-29.5	11.9	-2.6
	(Percentage change)				
Volume of exports, excluding reexports	-8.4	45.5	2.8	23.6	7.2
Cotton fiber	-8.9	51.9	-9.3	40.8	5.0
Unit price	-1.4	110.8	17.8	-7.3	-1.4
Cotton fiber	-5.9	112.0	34.6	-8.7	4.1
Volume of imports, excluding reexports	0.8	-32.0	46.3	-0.9	3.0
Unit price	2.2	117.5	-3.9	2.0	3.9
	(In percent of GDP)				
Current account	-4.5	-2.6	-6.4	-4.6	-4.5
Overall balance	-0.2	2.6	-2.9	1.1	-0.2

Sources: Beninese authorities; and Fund staff estimates.

I. CIVIL SERVICE REFORM IN BENIN

A. Introduction

1. Reforming the public administration and the civil service has been an important policy issue in Benin as early as the mid-1960s. However, the early efforts lacked continuity and the measures that were adopted to improve civil service management and reduce the size and costs of the civil service were rarely fully implemented and often reversed.

2. The latest efforts to improve the functioning of the public administration started in 1989 in the context of adjustment programs and with the assistance of donors. At that time, Benin was facing an economic and financial crisis that was compounded by serious political difficulties. To stabilize the economy, one of the priorities was to reduce the fiscal imbalance by increasing government revenue and containing spending. On the spending side, the emphasis was on the wage bill, which was larger than total tax revenue and accounted for two-thirds of primary spending (excluding interest payments and foreign-financed investment) (Table 1; Figures 1 and 2). Since a salary freeze was then in effect, the focus was on reducing the size of the civil service through a program of voluntary departure.

3. Overall, the measures were successful in containing the wage bill, which by 1997 had declined to 39 percent of government tax revenue and 44 percent of primary spending. Relative to GDP, the wage bill had dropped from 7.7 percent in 1989 to 5.0 percent in 1997. Nevertheless, the improvement is still very fragile: since it was achieved through administrative means and without resolving some of the underlying problems, social tensions have resulted. First, the compensation system has been kept unchanged, even though it generates automatic salary increases averaging 10 percent every other year. Second, actual salaries are about one-third less than the amount indicated by the wage scale, because salaries—but not advancement—were blocked from 1986 to 1991. Third, relatively high salaries and the need to contain the overall wage bill limit new recruitments for health and education, where there are still large unmet personnel needs. The authorities have started tackling these issues with the technical and financial support of the international community in the context of a broad and ambitious reform of the public administration. The objectives of the reform are to put in place a modern and efficient administration that supports the work of the government and delivers public services at a moderate cost.

4. This note focuses on some aspects of the civil service reform. It describes the main features of the promotion and compensation system currently in place; assesses the early efforts at reforming the civil service; and examines the main measures envisaged for the period 1998–2001.

Table 1. Benin: Wages and Employment in the Civil Service, 1985-97

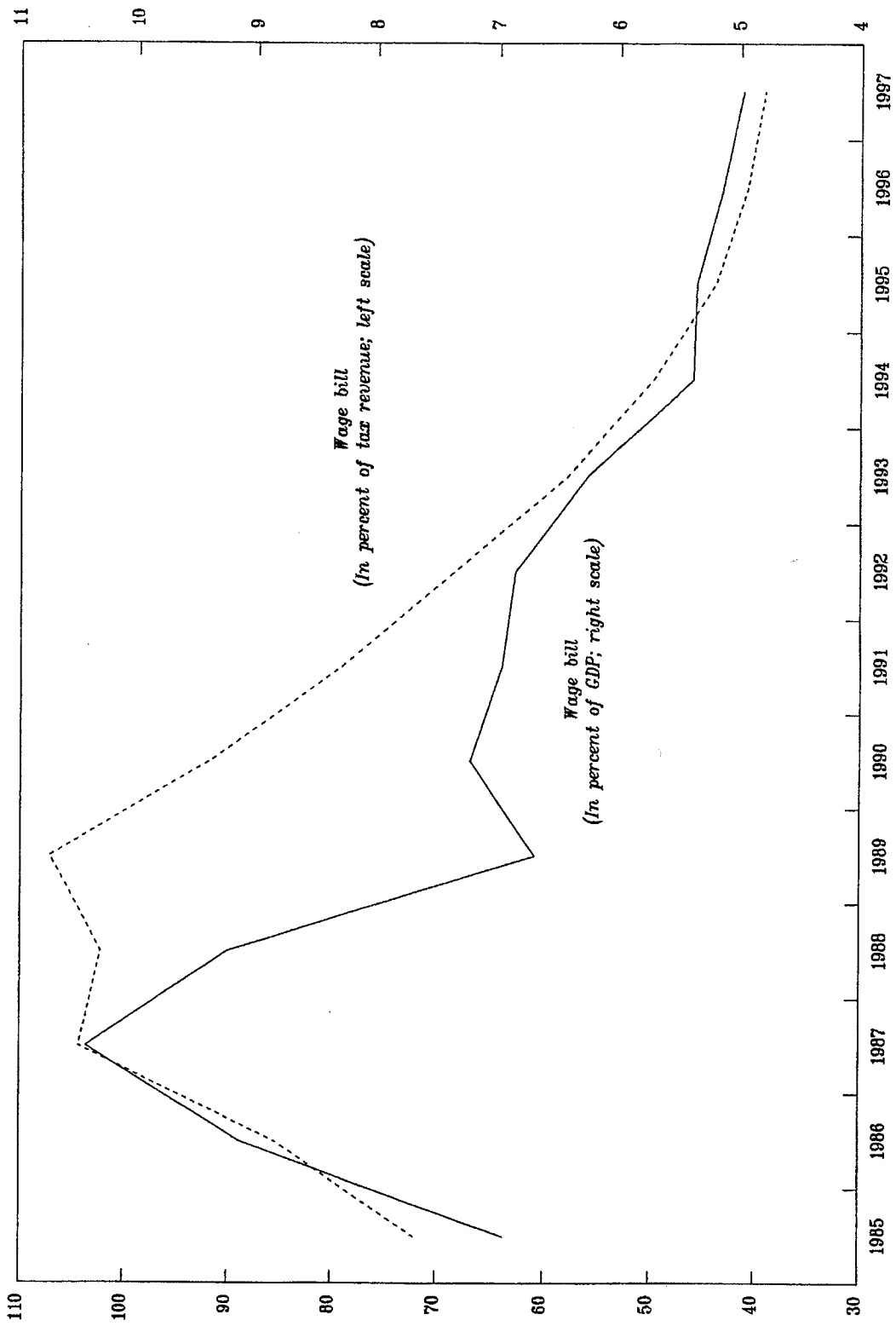
	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997
Wages and salaries													
In billion of CFA francs	31.1	38.5	43.8	40.7	36.9	36.3	37.3	39.2	37.7	45.7	53.9	58.2	62.2
Civilians	...	...	...	...	...	...	...	...	31.3	38.5	44.1	47.6	51.1
Military personnel	...	...	...	...	...	...	...	...	6.4	7.2	9.8	10.6	11.0
In percent of GDP	6.6	8.3	9.3	8.4	7.7	7.2	7.0	6.9	6.3	5.5	5.4	5.2	5.0
In percent of tax revenue	64.6	71.4	87.3	85.5	107.4	91.6	78.9	68.5	56.5	49.9	43.8	40.9	39.0
In percent of primary expenditure 1/	46.7	57.8	65.1	68.0	67.7	64.5	63.4	62.6	58.3	51.7	42.8	45.6	43.6
Number of civil servants (in thousands)	43,674	46,280	45,997	45,648	45,795	44,620	...	...	...	...	...	...	...
Number of civil servants (in thousands) 2/	...	...	...	...	37,203	37,398	37,301	35,428	33,385	32,697	32,277	31,822	31,006
As a share of population (in percent)	...	...	...	...	0.8	0.8	0.8	0.7	0.6	0.6	0.6	0.6	0.5
Average salary (in millions of CFA francs)	0.71	0.83	0.95	0.89	0.81	0.81	...	...	...	...	...	...	...
Change in percent	...	16.9	14.4	-6.3	-9.0	0.0	...	...	...	...	...	...	...
Average salary (in millions of CFA francs) 2/	...	...	...	...	...	...	...	...	0.94	1.18	1.37	1.50	1.65
Change in percent	...	...	...	...	...	...	...	...	...	25.5	16.1	9.5	10.0
Memorandum items:													
Total tax revenue	48.2	53.9	50.2	47.6	34.4	39.6	47.3	57.3	66.7	91.6	123.0	142.6	158.8
Primary expenditure	66.7	66.5	67.4	59.8	54.5	56.3	58.8	62.6	64.7	88.3	126.0	127.9	142.3
Nominal GDP	469.8	462.6	469.6	482.6	479.2	502.3	529.7	569.5	596.4	831.1	1,002.9	1,130.5	1,247.1

(In billions of CFA francs)

1/ Total expenditures excluding interest payments and foreign-financed investment.

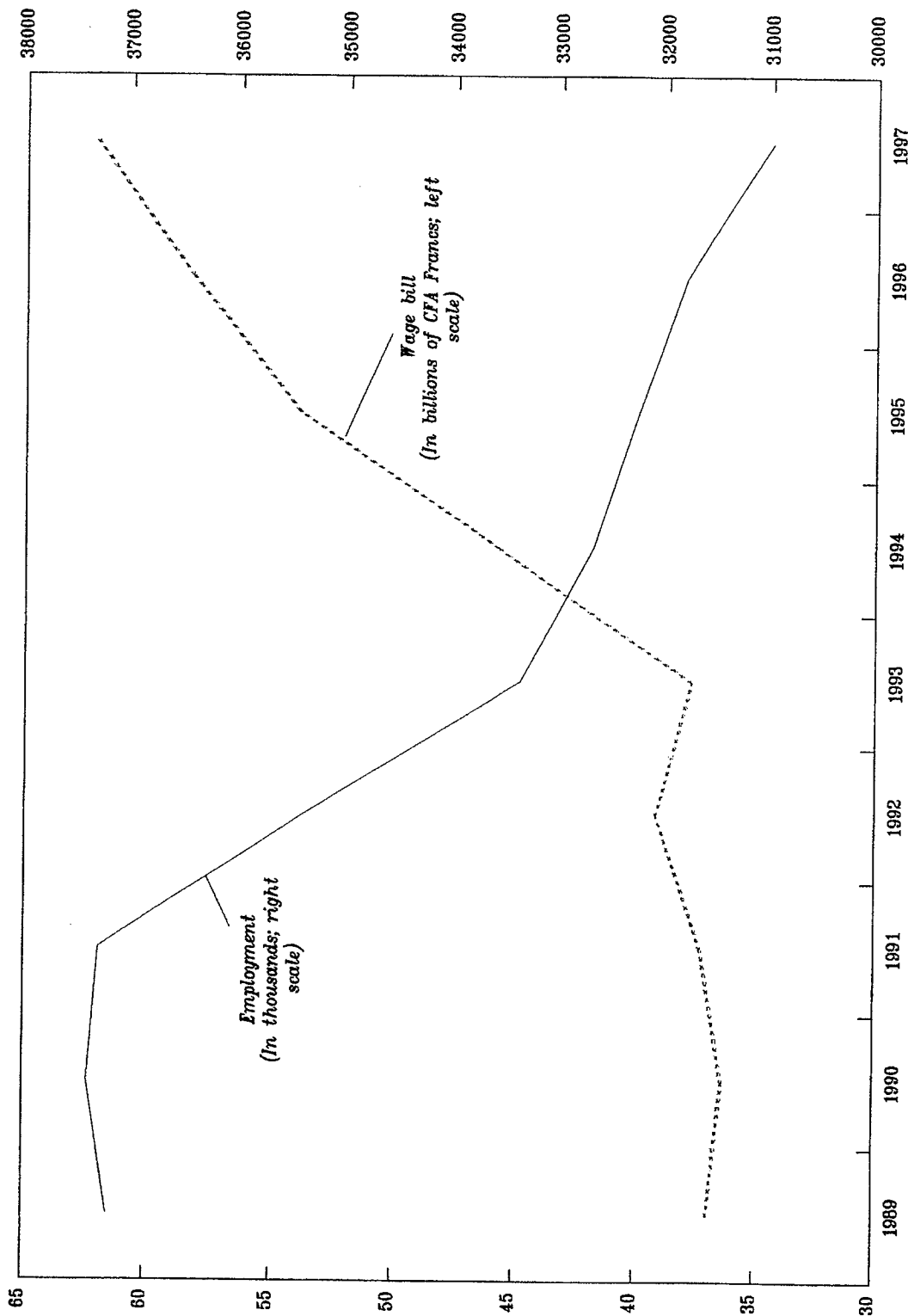
2/ Excluding military personnel, diplomats and local authorities.

Figure 1. Benin: Wage Bill, 1985:Q1-1997:Q3



Source: Beninese authorities.

Figure 2. Benin: Wage Bill and Employment in the Civil Service, 1989-97



Sources: Ministry of Civil Service; OFPA; and Ministry of Finance
1/ Excluding the army, diplomats, and local authorities.

B. The Civil Service Compensation System

The civil service structure

5. The main features of the civil service structure have little changed over time and are still largely based on the system inherited at Benin's independence. As indicated in Table 2, the civil service comprises five categories divided into ladders and steps. The steps are grouped into five grades. To each step is attached a wage index, which increases from step to step within a ladder, from one ladder to the next, and from one category to the next, although there is some overlapping. Base salary is directly linked to one's position on a ladder as it is calculated by attaching a value to the wage index unit (*point indiciaire*) (Table 3). Currently, the unit value of the index is CFAF 2,425. Hence, a civil servant who is classified as "A1.2" has an index of 490 and a base salary of CFAF 1,188,250 a year (that is, 490 times 2,425). Any move up a ladder gives rise to an automatic increase in base salary.

6. When entering the civil service, an employee will be placed on the lowest step of a ladder based on the level of education and the civil service exams that he or she has passed. Experience plays a limited role. Over a 24-year career, a civil servant can expect to climb all the steps of the ladder; it is, however, difficult to move from one ladder to another and even more so to move from one category to another.

Advancement and promotion system

7. Under the 1986 civil service law (Loi 86-013 of 26 February 1986), civil servants are entitled to move up one step on their ladders every two years. This advancement is automatic regardless of performance. By moving up one step, a civil servant's wage and base salary increase by the same magnitude. For instance, for a civil servant moving from the step A1.2 to the step A1.3, the index and the base salary increase by 13.3 percent (from 490 to 555 for the index, and from CFAF 1,188,250 to CFAF 1,345,875 for the base salary), assuming no change in the unit value of the index. Once at the top of a grade, a promotion is required to move to the next grade. A promotion is granted to qualified civil servants, selected on the basis of time in grade (a minimum of two years at the highest step the grade) and criteria, such as general knowledge, punctuality, and efficiency, that vary according to categories. Performance is not a specific criterion. The Promotion Commission selects civil servants to be promoted on proposals made by ministers. Promotions take place every three years and are limited by predetermined percentages: 40 percent of civil servants selected for promotion will go from the initial to the intermediary grade, 30 percent from the intermediary to the final grade, 20 percent will move to the exceptional grade, and 10 percent to the Outstanding grade. When a selected civil servant cannot be promoted in a given year because of insufficient vacancies, he or she is entitled to be automatically promoted the following year without another evaluation. A promotion also entitles civil servants to a larger salary increase than it would be under a regular advancement because the increase in the index is larger when

Table 2. Benin: Wage Index Grid

(In wage index unit)

Grades	Steps	Categories												
		A			B			C			D			E
		Ladders			Ladders			Ladders			Ladders			1
		1	2	3	1	2	3	1	2	3	1	2	3	1
Initial	1	425	375	340	300	280	250	220	200	180	160	140	120	100
	2	490	425	380	335	310	270	240	215	200	170	150	130	105
	3	555	475	420	370	340	290	260	230	215	180	160	140	110
	4	620	525	460	405	370	310	280	245	230	190	170	150	120
Intermediary	5	730	625	520	490	420	360	320	280	250	210	190	170	140
	6	815	675	560	525	450	380	340	295	265	220	200	180	150
	7	880	725	600	560	480	400	360	310	280	230	210	190	160
Final	8	1,020	850	675	645	530	460	400	345	310	255	230	210	180
	9	1,090	900	725	680	560	480	420	365	325	265	240	220	190
	10	1,165	950	775	715	590	500	440	380	340	275	250	230	200
Exceptional	11	1,250	1,000	850	750	640	520	460	400	360	300	265	245	210
Outstanding	12	1,300	1,100	925	825	725	590	510	450	400	340	300	275	235

Source: Beninese authorities.

Table 3. Benin: Change in the Unit Value of the Wage Index, 1960-97

(In CFA francs, unless otherwise indicated)

	1960	1965	1970	1975	1980	1985	1990	1994	1997
Unit value of the wage index	1,900	1,425	1,425	2,100	2,100	2,100	2,100	2,310	2,425
Change in percent	-	-25	0	47	0	0	0	10	5
Impact on the base salary for a civil servant in:									
A11	712,500	534,375	...	...	...	...	892,500	981,750	1,030,625
B11	475,000	356,250	...	...	...	...	630,000	693,000	727,500
C11	313,500	235,125	...	...	...	...	462,000	508,200	533,500
D11	190,000	142,500	...	...	...	...	336,000	369,600	388,000
E11	123,500	92,625	...	...	...	...	210,000	231,000	242,500

Source: Beninese authorities.

passing from one grade to the other. For instance, a promotion from A1.4 to A1.5 entails a 17.7 percent increase in base salary as the index rises from 620 to 730 (Table 4).

Nonwage benefits

8. In addition to base salary, civil servants are entitled to fringe benefits, which can vary according to the position and the grade. Benefits calculated as a fixed percentage of the base salary—and, hence, increasing every two years—include the residency allowance (10 percent of base salary), special allowances to professors (40 percent), and to assistant professors, and doctors (20–30 percent), performance bonuses for civil servants at the tax and treasury departments (up to 14 percent), incentive bonus for magistrates at the appeals court (up to 14 percent). Benefits set in nominal terms include child allowance (CFAF 2,000 per child with a maximum of six children) and a housing allowance (CFAF 2,000–12,000 per month, depending on the index level) granted to teachers and some personnel in health (doctors, pharmacists, dentists, and midwives), justice (magistrates), and defense (for military personnel without accommodations in the barracks). High school teachers receive a fixed amount of CFAF 20,000 for a housing allowance. In addition, the government contributes 14 percent and employees 6 percent of base salary to the civil servants' pension fund (Fonds National de Retraites du Bénin, or FNRB), which is managed independently from the general social security system. Other benefits that are recorded under spending for goods and services include payments for overtime work and participation in seminars and committees, as well as payments for utilities and transportation for some positions, and incentive payments.

9. Overall, the system of nonwage benefits is an important element of the compensation system since it can increase base salary by as much as 50 percent. However, it is difficult to evaluate its impact of these benefits because exhaustive data are not available. Furthermore, with time, the rationale for the fringe benefits has often been lost, which creates unjustified differences in the pay of civil servants.

The civil service structure in a sample of WAEMU countries

10. The civil service structure in other member countries of the West African Economic and Monetary Union (WAEMU) is based on the same principles as in Benin, as civil servants are classified by categories and ladders with steps to which a wage index is attached. Salaries are determined by multiplying the wage index by a nominal value attached to the index.

11. As indicated in Tables 5 and 6, the index dispersion is greater in Benin than in other WAEMU countries, reflecting larger steps within grades. However, the impact of promotions from one grade to the next is broadly similar in all countries. As a result, the cost of regular advancements, or wage drift, is higher in Benin than in other WAEMU countries. It can also be noted that the dispersion between the lowest step of the lowest category and the highest step of the highest category is much larger in Benin (13 times) than in other countries (about 10 times, except for Mali, where it is only 6.5 times). Relative to per capita GDP, Table 6 shows that salary ranges are on average similar in Benin and other WAEMU countries.

Table 4. Benin: Percent Changes in the Wage Index

Grades	Steps	Categories												
		A			B			C			D			E
		Ladders			Ladders			Ladders			Ladders			
	1	2	3	1	2	3	1	2	3	1	2	3	1	
Initial	1	...	...	...	...	...	...	...	...	...	...	...	...	...
	2	15.3	13.3	11.8	11.7	10.7	8.0	9.1	7.5	11.1	6.3	7.1	8.3	5.0
	3	13.3	11.8	10.5	10.4	9.7	7.4	8.3	7.0	7.5	5.9	6.7	7.7	4.8
	4	11.7	10.5	9.5	9.5	8.8	6.9	7.7	6.5	7.0	5.6	6.3	7.1	9.1
Intermediary	5	17.7	19.0	13.0	21.0	13.5	16.1	14.3	14.3	8.7	10.5	11.8	13.3	16.7
	6	11.6	8.0	7.7	7.1	7.1	5.6	6.3	5.4	6.0	4.8	5.3	5.9	7.1
	7	8.0	7.4	7.1	6.7	6.7	5.3	5.9	5.1	5.7	4.5	5.0	5.6	6.7
Final	8	15.9	17.2	12.5	15.2	10.4	15.0	11.1	11.3	10.7	10.9	9.5	10.5	12.5
	9	6.9	5.9	7.4	5.4	5.7	4.3	5.0	5.8	4.8	3.9	4.3	4.8	5.6
	10	6.9	5.6	6.9	5.1	5.4	4.2	4.8	4.1	4.6	3.8	4.2	4.5	5.3
Exceptional	11	7.3	5.3	9.7	4.9	8.5	4.0	4.5	5.3	5.9	9.1	6.0	6.5	5.0
Outstanding	12	4.0	10.0	8.8	10.0	13.3	13.5	10.9	12.5	11.1	13.3	13.2	12.2	11.9

Source: Table 2.

Table 5. Wage Index Grids in Five WAEMU Countries, 1994

	Benin	Burkina Faso	Côte d'Ivoire 1/	Mali	Togo
Index range within categories (Highest step as multiple of lowest step)					
Category A	3.1	2.5	2.7	2.9	2.2
Category B	2.8	2.0	2.5	2.8	2.3
Category C	2.3	2.0	2.0	2.5	1.9
Category D	2.1	2.0	1.6	...	2.5
Category E	2.4	2.0	1.6	...	...
Index dispersion					
Highest step as multiple of lowest step	13.0	9.3	10.1	6.5	10.4
Increase in the wage index between grades in category A1 (In percent)					
From initial to intermediary	71.8	60.6	50.4	37.8	46.2
From intermediary to final	39.7	34.6	36.3	32.6	23.7
From final to highest step	27.5	16.8	33.9	58.2	19.2
Total increase	205.9	152.5	174.4	188.9	115.4

Source: *Etude Relative aux Rémunérations de la Fonction Publique Béninoise Observatoire des Fonctions Publiques Africaines (OFPA)*, October 1994; and Fund staff estimates.

1/ The adjustment in the salary grid that occurred in July 1996 is not reflected in the data; low salaries were increased by 15 percent and high salaries by 5 percent.

Table 6. Comparison of Annual Salary Ranges
in Five WAEMU Countries, 1994

	Benin	Burkina Faso	Côte d'Ivoire	Mali	Togo
(In millions of CFA francs)					
Doctor	0.9 3.0	1.1 2.7	1.7 4.7	0.6 1.8	1.2 2.3
Nurse	0.4 0.8	0.5 1.1	0.7 1.6	0.3 0.7	0.5 0.9
University professor	1.7 3.0	1.2 3.1	1.7 4.7	0.6 1.8	1.7 3.0
High school teacher	0.9 3.0	1.1 2.7	... ...	0.4 1.2	0.9 1.7
Primary school teacher	0.6 1.9	0.6 1.5	... ...	0.3 0.7	0.6 1.5
Engineer in public work	0.9 3.0	0.9 2.0	1.7 4.7	0.9 1.8	1.1 2.3
Technical specialist in public work	0.4 1.2	0.6 1.2	0.7 1.3	0.3 0.7	0.5 0.9
Auditor in treasury	0.6 1.9	0.7 1.4	1.1 2.8	0.4 1.2	0.6 1.5
(As a multiple of per capita GDP)					
Doctor	4.0 14.0	8.8 22.1	4.3 11.9	4.5 13.0	5.7 11.1
Nurse	1.7 3.7	4.4 8.8	1.9 4.0	2.0 5.0	2.2 4.2
University professor	7.9 14.0	10.0 25.7	4.3 11.9	4.5 13.0	8.1 14.0
High school teacher	4.0 14.0	8.8 22.1	... ...	2.8 8.8	4.4 8.3
Primary school teacher	2.7 8.9	5.3 12.5	... ...	2.0 5.0	3.0 6.9
Engineer in public work	4.2 14.0	7.5 16.6	4.3 12.0	6.6 12.7	5.1 11.1
Technical specialist in public work	1.9 5.5	4.9 9.9	1.8 3.3	2.0 5.0	2.2 4.2
Auditor in treasury	2.7 8.9	5.7 11.4	2.9 7.2	2.8 8.8	3.0 6.9
Memorandum item:	(In thousands of CFA francs)				
Per capita GDP (1997)	215	120	391	142	210

Sources: *Etude Relative aux Rémunérations de la Fonction Publique Béninoise*, Observatoire des Fonctions Publiques Africaines (OFPA), October 1994; and Fund staff estimates.

Nevertheless, the mid-range of salaries for primary school teachers in Benin is equivalent to 5.5 times per capita GDP, which limits the government to recruit sufficient teachers given the level of government revenue and the large proportion of school-age children in the population. For that reason, the authorities have been increasingly hiring contractual employees at lower salaries.

C. Main Elements of Early Civil Service Reforms

Early reforms

12. Since Benin's independence in 1960, the cost of the civil service on the government budget and the economy has always been considered excessive, unsustainable, and an impediment to economic development. In addition, the government was often unable to pay salaries on time. In response, the authorities took measures to contain the size and cost of the civil service, as well as to improve its management and strengthen the efficiency of the public administration. These measures included (1) a 25 percent reduction in the value of the index, from 1,900 to 1,425 in 1965; (2) a freeze on recruitment in 1966; (3) a freeze on the financial impact of advancement in 1966; (4) the creation of a ministry in charge of administrative reform and employment in 1966; (5) a reduction in child allocation from CFAF 2,500 to CFAF 1,000 per child in 1969; (6) a lowering of the number of administrative leases for civil servants' accommodation in 1973; (7) the elimination of function-related bonuses, payments for overtime, and allowances for domestic missions in 1974; (8) a freeze on recruitment and the end of the automatic recruitment of graduating students in the civil service in 1985 and (9) a census of civil servants in 1986.

13. These measures had limited effect, as the government generally took countervailing actions soon afterward. These actions included: (1) the reinstatement of the financial impact of advancements in 1973; (2) an increase of 11 percent in the unit value of the wage index in 1980; (3) an upward shift of the wage index grid in 1985; and (4) an easing of the advancement and promotion requirements in 1986.

14. By 1986, Benin's economic and financial situation had deteriorated to such an extent that the new advancement system had to be suspended before being implemented. Hence, the authorities blocked salary increases from 1987 to 1991. However, civil servants continued to move one step up their job ladders every two years. The consequence was that base salary was no longer determined by the position on a wage ladder. For instance, a civil servant who was at the step A1.2 in 1985 had moved to A1.5 by 1991 (assuming a promotion to pass from A1.4 to A1.5); however, his base salary was kept unchanged over this period at CFAF 1,029,000, instead of increasing by 49 percent to CFAF 1,533,000, as implied by the increase in his index from 490 to 730 (see Tables 2 and 3).

Civil service reforms from 1989 to 1997

15. In view of the serious economic and financial crisis confronted by Benin, the authorities prepared programs with the assistance of the international community to reform the public administration and the civil service. The reforms were aimed at strengthening administrative capacities in areas of management, computerization, macroeconomic analysis, and policy design. Measures included (1) the strengthening of the services in charge of the investment program in the Ministry of Planning; (2) the restructuring of agriculture services in the Ministry of Rural Development, including the testing of a performance-based remuneration system, similar to the one being contemplated for the civil service; (3) the training of personnel in the Ministry of Justice; and (4) the strengthening of services in charge of administrative reforms, in the Ministry of Civil Service.

16. In the adjustment program implemented in 1989–90, key objectives were the reduction of the share of the wage bill in current expenditure and the strengthening of the efficiency of the civil service. To that end, the authorities took measures to tighten controls over hiring and improve civil service management while implementing a voluntary departure program to reduce the size of the civil service. On recruitments, the measures included (1) the end of the automatic recruiting of university graduates; (2) a new hiring policy based on exams; and (3) the replacement of only two out of three civil servants who were retiring. Administrative measures taken to restructure and reduce the size of the civil service included conducting a census of the civil servants, auditing administrative files, verifying qualifications, and physically identifying civil servants.

17. To downsize the civil service, the authorities implemented a voluntary departure program and a targeted departure program. The voluntary departure program covered permanent civil servants, military personnel, and contractual employees. The objective of the program was to reduce the size of the civil service by some 8,000 public employees over the period 1989–95, as those leaving the civil service were offered a financial package funded with donor's assistance. Under the first phase of the program implemented in 1990–91, all civil servants were eligible for the program, provided they had 5–25 years of service. Under the second phase of the program (1992–96), eligibility criteria were tightened to safeguard the quality and level of productivity of the administration. In particular, audits of ministries identified positions deemed redundant, and teaching and health personnel were not eligible. Ministries for which no audit was available provided information on redundant positions only for categories C through E. The financial package included the following elements, which varied by categories and grades: (1) a compensation of between 18–27 months of salary for civilians, and between 18–20 months for military personnel; (2) a separation grant equivalent to three months' salary; (3) repayments of contributions to the pension fund for civil servants between 5 and 15 years of service; (4) a settlement allowance ranging between CFAF 150,000 for civil servants in category A and CFAF 350,000 for category E.

18. Public employees found the financial package attractive at first but changed their minds when they realized that it would be difficult to find jobs in the private sector. The program, which was extended until end-1996, succeeded in reducing the size of the civil

service, albeit by less than expected. It is estimated that 1,560 employees left the civil service under the first phase of the program in 1989-91, and an additional 4,711 employees left from 1992 to 1996 (including 1,004 military personnel), thereby reducing total civil service employment by about 10 percent since 1989. The impact on the wage bill was, however, more modest, because mostly civil servants in the lowest categories (C-E) took advantage of the program. The benefit package cost CFAF 1.7 million per employee, or CFAF 4.5 billion in total, over the period 1992-96, out of which 89 percent was financed by the European Union. A side effect of the program was to increase the share of civil servants in categories A and B from 30.1 percent in 1989 to 39.6 percent in 1997, when their share of the wage bill (excluding military) amounted to about 57 percent (Table 7).

19. The economic situation improved in the early 1990s, and the government progressively relaxed its wage policy from 1992 to 1997; as a result, the wage bill increased by 59 percent, or CFAF 22 billion during that time (Table 8). Taking into account recruitments for priority sectors, the wage bill increased by two-thirds over the same period. Among the measures that were implemented, the government resumed increasing salaries for advancements every other year, so that the advancements granted in 1986 were reflected in salaries for 1992. Current salaries take into account advancements granted in 1990. Furthermore, the unit value of the wage index was increased by 10 percent at the time of the CFAF devaluation in January 1994 and by 5 percent in 1997. The impact of all these measures on salaries has been quite large. For instance, for a civil servant at the step A1.2 in 1985, the base salary was unchanged at CFAF 1,029,000 until 1991, even though he or she moved up to step A1.5. However, from 1992 to 1997, the civil servants' salary rose by 72 percent to CFAF 1,770,250, corresponding to the salary for the step A1.5 reached in 1990. The pay increases granted from 1992 to 1997, however, did not solve the problem resulting from the salary freeze because, during that period, civil servants continued to move up their job ladders. For instance, the civil servant used in the previous example reached the step A1.9 by 1998, with an index of 1,090 and a base salary of CFAF 2,643,250 (about \$4,400 a year, or 11 times per capita income), which is 49 percent higher than the salary actually paid and 157 percent higher than the salary paid in 1991. Bringing salaries to the level corresponding to the wage index grid would increase the wage bill by one-third; such an increase would jeopardize the economic recovery that the country has enjoyed since the early 1990 by reversing the progress made in correcting the fiscal imbalance and reducing the country's competitiveness, as the nongovernment sector would be under pressure to grant a similar pay increase. For these reasons, the reform of the compensation system for the civil service is essential to maintain high and sustainable economic growth.

D. Civil Service Reform Strategy for 1998-2001

20. The current automatic advancement system has many shortcomings that need to be addressed. First, it lacks flexibility and prevents the implementation of a wage policy that takes into account Benin's economic and financial situation and budgetary constraints. This is a major problem since the country is heavily dependent on revenue from commodity exports,

Table 7. Benin: Structure of Employment , 1989-97

(In percent)

	1989	1990	1991	1992	1993	1994	1995	1996	1997
Category A	14.0	15.6	16.0	16.3	16.9	16.8	17.0	16.9	17.1
Category B	16.1	18.7	18.7	18.7	19.4	19.0	19.9	21.8	22.5
Category C	36.7	41.2	42.3	42.2	41.7	43.2	42.7	41.2	41.0
Category D	23.6	18.4	17.5	17.4	16.7	16.4	16.1	16.0	15.2
Category E	9.6	6.1	5.6	5.4	5.3	4.6	4.4	4.3	4.2
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Beninese authorities.

Table 8. Benin: Impact of Wage Adjustments on the Wage Bill, 1992-97

(In millions of CFA francs)

	1992	1993	1994	1995	1996	1997
Payment of wages at the 1986 grade level	3,100					
Reinstatement of the housing allowance			2,580			
Increase in the unit value of the wage index			3,545			
Payment of wages at the 1988 grade level			4,498			
Increase in child allowance				1,420		
Extension of housing allowance to all civil servants				462		
Payment of wages at the 1990 grade level					4,930	
Increase in the unit value of the wage index						1,700
Total	3,100		10,623	1,882	4,930	1,700
Cumulative cost	3,100	3,100	13,723	15,605	20,535	22,235

Sources: Beninese authorities; and Fund staff estimates.

which fluctuates with world prices and climatic conditions. Second, the current wage index grid is relatively high, given the country's revenue level and the budget constraint which is an impediment to the hiring of additional employees for priority sectors. Third, increases between steps are too large, especially in the highest categories, resulting in high automatic salary increases. Fourth, strong performance is not rewarded because it is not a factor in determining promotions and because there is no mobility among categories and ladders. Finally, the institutions responsible for managing the civil service are weak, resulting in incomplete and out-of-date administrative files and a lack of career management and long-term planning of civil service requirements. In particular, there is little coordination between the general personnel management system and ministries, and between the civil service roster and the payroll system.

The new compensation system

21. The new compensation system to be implemented over the period 1998-2001 is aimed at ensuring that wage policy is consistent with the economy's productivity, and that wage increases reflect performance. It will involve replacing the current automatic advancement system by a performance-based system, simplifying and rendering more transparent fringe benefits, and reducing the large wage disparities between the lowest and the highest steps of the ladders. In addition, the wage index grid is to be revised in order to reestablish the link with salaries actually paid, and the career stream reflected in the ladders will be lengthened from 20 to 30 years by increasing the number of steps.

22. The new advancement system is to be based on performance, evaluated against objectives set annually with civil servants' participation. Objectives will take into account the ministry's functions, the department's work program, job descriptions, and civil servants' qualifications. Quantitative indicators associated with each of these factors will be used to evaluate performance yearly. Every civil servant's performance will be appraised on a scale of 1 to 20 and classified in one of three rating groups. The distribution among groups will be predetermined.

23. Performance evaluation will give rise to a salary increase through two channels: first, an annual bonus will be granted on the basis of the performance rating and the availability of resources; and second, promotion will be granted on the basis of vacancies, performance, professional tests, or the earning of an education degree. A third element of the annual wage adjustment will be the advancement of one step each year. However, compared with the current system, the impact of the automatic wage drift will be sharply reduced through the expected changes in the grading system.

24. In order to avoid arbitrary evaluation and strengthen civil servants' confidence in the new systems, existing institutions in charge of personnel management in the Ministry of Civil Service will work closely with their counterparts in other ministries on the performance evaluation exercise. Moreover, recourse mechanisms will be available in case of disagreement, and the system will be regularly audited by the Ministry of Civil Service.

25. In a first phase, it is expected that job descriptions for all civil servants in category A will be prepared and a review of fringe benefits conducted by August 1998; the new system is to be tested from September 1998 to March 1999. Objectives for 2000 will be set in the fall of 1999 and will be the basis for salary increases granted in 2001. Starting in 1999, the compensation system will be expanded to other job categories.

Reform of the career management system

26. The career management system is currently very weak, partly because of a lack of comprehensive and updated information on civil servants. Work started on that issue last year. Following a census of all civil servants in April–May 1997, the Ministry of Civil Service has updated all administrative files and is now verifying the information. At the same time, work has begun on linking and possibly unifying the administrative files maintained by the Ministry of Civil Service with the database used by the payroll department at the Ministry of Finance. With the assistance of bilateral and multilateral donors, it is expected that a compatible computer system will be installed in both institutions during 1998. The new system will integrate three components: administrative (from the Ministry of Labor), financial (from the payroll department) and sectoral (from other ministries). This new system will significantly improve personnel management, ease the conduct of wage policy, and help avoid the recurrent problems of wage arrears resulting from delays in updating civil service administrative files. In addition, the personnel departments in ministries are being strengthened and personnel specialist recruited.

Evaluation of staffing requirements

27. The main objective of the downsizing of the civil service over the period 1989–96 was to contain the wage bill. In addition, however, during the second phase of the voluntary departure program, the eligibility criteria were made more restrictive to bar employees in priority sectors from leaving the civil service. Nevertheless, recent audits of ministries indicated that human resources utilization was still less than optimal. For instance, many teachers and health personnel continue to hold administrative positions while the government is seeking new recruits for those areas.

28. To address the issue of staffing requirements, ministries will be audited and staffing plans revised to take account of changes in the government's responsibilities and priorities. This process will require the reconversion of some employees through training programs, the replacement of some retiring civil servants by new recruits with different qualifications, and, possibly, a new targeted departure program. Given the unmet personnel requirements for health and education, as indicated by the sectoral public expenditure review conducted by the World Bank in 1996, total employment in central government is expected to increase in the coming years. Nevertheless, to reduce the impact on the wage bill and increase the flexibility of employment policy, the recruitment of contract employees will need to be pursued.

The civil service pension fund

29. The deficit of the pension fund for the civil service widened from CFAF 1.0 billion in 1989 to CFAF 6.3 billion in 1997. The deficit grew over the period because pension payments increased by 13.2 percent per annum, whereas pension contributions rose by only 7.7 percent, and actually declined in 1997. Hence, the deficit, which is covered by the government budget, doubled to 83 percent of contributions, although it has been stable at about 3.5 percent of government revenue.

30. Increased pension payments reflect the rapidly rising number of civil servants reaching retirement age. Civil servants receive full retirement benefits after 30 years of employment or at 55 years of age. At age 55, civil servants receive benefits corresponding to their wage index, even though salaries and, therefore, contributions correspond to a much lower index. When a retirement is triggered by the number of working years, an adjustment is made to account for the advancements that the civil servant would have benefited from age 55. In addition, pension benefits are adjusted for increases in the unit value of the wage index as well as for any shift in the wage index grid. Contributions are increasing slowly because the number of civil servants is declining and salaries are paid below the corresponding wage index. The problem is aggravated by the current tendency to hire contractual workers, who contribute to the regular social security scheme, instead of to the pension fund for civil servants. To resolve the issue, an audit of the pension fund was recently completed and is being reviewed by the authorities. The conclusion of the audit is to serve as a basis for the preparation of a strategy and action plan to reduce the deficit over the medium term.

Institutions responsible for implementing the civil service reform

31. The implementation of the reform will be done through two main institutions, the National Commission for Administrative Reform (Commission Nationale de la Réforme Administrative, or CNRA), created in 1997, and the reform department in the Ministry of Labor (Direction de la Réforme, de l'Organisation et de la Modernisation, or DROM). The CNRA comprises 30 representatives from ministries, 4 from the civil society and 2 from trade unions. It has seven working groups and a permanent secretary, that work directly with the DROM. A large number of bilateral and multilateral institutions have strongly supported the public administration reform, contributing an estimated US\$50 million over the period 1990-98. Given the scope of the reform, the support of the international community remains essential, but coordination needs to be strengthened to ensure consistent recommendations and an efficient and timely implementation of key measures.

E. Conclusion

32. Reforming the civil service and wage policy has been a major policy issue in Benin since the 1960s. Results were limited until the end of the 1980s, largely because of a lack of continuity in policy implementation. Since 1989, however, under successive adjustment programs, the authorities have been more successful in containing the wage bill. In particular, relative to GDP, the wage bill fell from 7.7 percent in 1989 to 5.0 percent in 1997, while the

size of the civil service (excluding military personnel) fell by 10 percent and amounted to only 0.5 percent of the population, compared with an average in Africa of about 1 percent.

33. The authorities still have much to do to consolidate the progress that has been achieved over the past decade and arrive at a sustainable wage policy while meeting recruitment needs in the priority sectors. To that end, they have embarked on an ambitious reform seeking to improve the efficiency of the public administration, strengthen the management of the civil service, and implement a flexible and performance-based compensation system for the civil service. The reform's success will require unwavering political support and the building of a broad consensus among all interested parties, two elements that have often been missing in the past. The international community also has an important role to play by providing well-coordinated and timely technical and financial support.

II. SAVINGS AND LOAN ASSOCIATIONS IN BENIN

A. Introduction

34. Since the early 1990s, the development of savings and loan associations (SLAs) has been rapid in Benin. Mainly active in rural areas, they have mobilized savings and made financial services available to members of the association who are usually excluded from the formal financial system. In doing so, they have contributed to the improvement in financial intermediation and the monetization of rural areas.

35. SLAs encompass a broad spectrum of institutions. The majority of them are small, and provide limited financial services. However, a group of SLAs has founded an umbrella organization FECECAM (Federation of Rural Savings and Loan Cooperatives), which has become one of the largest credit union networks in Africa. FECECAM's membership and loan portfolio have increased rapidly, and its management has benefited from assistance of foreign partners.

36. The purpose of this note is to assess the impact of SLAs on financial intermediation. The first part reviews the development of savings and loan associations in Benin, with particular focus on FECECAM because of its leading role in the system. The second part assesses the impact of FECECAM on financial intermediation.

B. The Development and Structure of Savings and Loan Associations

Background

37. The government created in 1975 a state-owned development bank, the Caisse Nationale de Crédit Agricole (CNCA), to finance the development of the agricultural sector. In 1977, CNCA developed a network of local savings and loan cooperatives (Caisses Locales de Crédit Agricole Mutuel, or CLCAMs) and regional cooperatives (Caisses Régionales de Crédit Agricole Mutuel, or CRCAMs). The network grew quickly, as 99 CLCAMs were created by 1986.

38. In line with standard mutualist organization, CLCAMs were initially regrouped into regional unions (CRCAMs), and federated under a national, democratically elected, governing institution. However, the CNCA acted as the national federation body by coordinating and controlling all the operations of the network in mid-1980s. Furthermore, the CNCA appointed CLCAMs' directors who took over responsibilities of locally elected directors. This resulted in a deterioration in the management and credit supervision of SLAs, characterized by little management autonomy for the mobilization of savings, as well as for credit allocation and administration.

39. Under the management of the appointed directors, the CLCAMS undertook increasingly commercial lending operations,¹ despite strict limits on deposit and lending interest rates. However, they lacked access to banking facilities, such as rediscounting facilities and remunerated deposits at the Central Bank of West African States (BCEAO). In response to the resulting squeeze on interest margins, they reduced their free reserves and increased their lending operations. In addition, CLCAMS' profitability was also eroded by high operating costs, on account of new staff hiring, and alignment of salaries and benefits with those of the banking system.

40. By the mid-1980s, the CNCA was facing a severe financial crisis, as the problems caused by poor management and excessive lending were compounded by a fall in agricultural exports, the collapse of the banking system,² and falling of economic activity. With bank deposits frozen, the CNCA was unable to meet the CLCAMS' liquidity needs and many borrowers could not repay their loans. In addition, this national crisis reduced the creditworthiness of the members. By 1988, 43 percent of SLAs' loan portfolio were considered doubtful, and loan delinquencies amounted to CFAF 8 billion. In view of these developments, the CNCA was liquidated at end-1987.

Rehabilitation of savings and loan associations

41. Following the decision to liquidate the CNCA, the government launched a program, with the support of bilateral and multilateral donors, to rehabilitate the rural network of savings and loan associations. The program included two phases, which were a component of the government's strategy for restructuring the country's financial sector and developing the agricultural sector. The first action plan emphasized granting local agencies the autonomy to define their own management policies, including authority to decide on the level of interest rates and loans. In addition, a trust fund was established to reimburse frozen deposits, fund studies, and cover the operating shortfall of the network. Restructuring measures included the closing of 57 CLCAMS (leaving a network of 42 agencies) and the establishment of procedures for annual audits and inspections of all local agencies by external auditors. This phase, which covered the period 1989–93, was funded by contributions from IDA (US\$2.2 million); the Caisse Française de Développement (US\$3.7 million); the French, Swiss, and German governments, and the European Union (US\$3.4 million), and the Beninese government and the beneficiaries (US\$3.5 million).

¹The CNCA asked CLCAMS to handle checking account of civil servants, and to extend loans at terms similar to those of commercial banks.

²The Beninese banking system, including the CNCA, collapsed in late 1980s, following many years of government control of inadequate economic and financial policies. In 1989, the authorities adopted a rehabilitation plan, supported by the development partners. Under the plan, all the banks were liquidated. A legal receiver was appointed to recover bank loans and reimburse depositors. Four new private banks were established during the period 1988–90.

42. The first phase succeeded in restoring confidence in the network. Full management autonomy, together with the reform of the operating framework, strengthened management and improved financial discipline of the CLCAMS. By end-1993, more than half of the local CLCAMS had reached a break-even point or were profitable. As indicated in Table 9, membership rose by 143 percent and deposits by 68 percent between 1989 and 1993. Credit expanded sharply as the number of borrowers tripled to more than 18,000 in 1993. CLCAMS' capacity to attract small depositors was remarkable over that period, with the average deposit falling by 31 percent to CFAF 82,717 by 1994. Also, by 1994, the average loan rose by 64 percent to exceed the amount of the average deposit.

43. Following the success of the first phase of the reform, a second phase was initiated for the period of 1994–98, aiming at strengthening the network's financial situation. The main objectives were: (i) to restructure CLCAMS to make them financially autonomous; and (ii) to strengthen the responsibility of the elected directors. In that context, FECECAM was created in 1993 along with a technical secretariat in charge of overseeing implementation of the federation's policies, and providing technical support to the CLCAMS and the regional unions (URCLCAMS).

Organization and functioning of FECECAM

44. The network of rural savings and loan cooperatives comprises three levels. The first level includes 82 primary agencies (CLCAMS), which mobilize savings from members and the public at large, and extend credit to members. The second level consists of seven regional units (URCLCAMS), which provide the CLCAMS with supporting accounting services and manage cash flow. The third level is FECECAM, which is responsible for setting policy guidelines for the network, providing local and regional units with technical assistance, and ensuring prudential supervision. Hence, the new network differs from the previous one by the fact that the CLCAMS are locally autonomous and that FECECAM is controlled by its members and not by the government.

45. Membership is open to individuals who live and work in the communities covered by a CLCAM's district (each CLCAM serves 20 to 30 villages). However, private and public employees are allowed to participate in CLCAMS located urban areas. The CLCAMS are free to set their own membership requirements. They often require new members to pay an entry fee of CFAF 200 (US\$0.3), buy at least one equity share worth CFAF 1,000 francs, and deposit a minimum of CFAF 5,000. Members are eligible to obtain loans, while nonmembers are allowed to deposit funds but are not usually eligible to obtain loans, except in large cities.

46. As regards credit policy, FECECAM relies on two features to ensure the CLCAMS' financial viability. First, the network can set deposit and lending interest rates freely. The interest margin allows for an efficient management of the portfolio and an offsetting of the costs of administering small loans. Second, no new loan can be granted by a CLCAM as long as it has not been recovered at least 90 percent of total loan fallen due. This prudential rule aims at establishing loan repayment discipline and enforcing loan collection, especially since loans are granted with no collateral and often on a group basis. However, this rule has limited

Table 9. Benin: Basic Characteristics of FECECAM 1/, 1989-97 2/

	Number of CLCAMs 1/	Members	Equity Shares 3/	Deposits 3/	Number of Borrowers	Loans 3/	Nonperforming Loans (in percent of total loans)
1989	99	20,822	103.7	2,491	4,058	206	0.1
1990	40	27,722	149.4	2,817	11,327	521	0.1
1991	41	32,623	167.5	2,641	7,650	358	0.5
1992	44	40,832	181.4	3,341	13,794	702	0.6
1993	51	50,691	202.2	4,193	18,393	1,531	1.5
1994	59	70,717	256.8	6,146	24,649	2,631	2.3
1995	61	132,715	388.9	9,270	52,659	6,752	2.2
1996	64	182,574	458.6	12,790	62,054	10,495	5.8
1997	82	217,861	481.53	16,275	73,248	13,564	7.3

Sources: FECECAM and BCEAO.

1/ FECECAM is the Federation of Rural Savings and Loan Cooperatives; CLCAMs are the local savings and loan cooperatives (Caisses Locales de Crédit Agricole et Mutuel).

2/ Until 1994, the fiscal year ended in September. Beginning in 1995, the fiscal year is the same as the calendar year.

3/ In millions of CFA francs.

the ability of the CLCAMs to diversify the type and the timing of their loans, especially to borrowers without outstanding debt.

47. In view of the rapid increase of SLAs in the West African Economic and Monetary Union (WAEMU) region, the government of the member countries established a standard regulatory framework that would ensure the financial stability of SLAs and thereby protect the interests of their members. To that end, the WAEMU approved a draft law in 1996, the Assistance Project for the Supervision of Mutual Institutions and Savings and Loan Cooperatives (PARMEC law), which was adopted in Benin in July 1997. The law seeks to reconcile the need to strengthen the financial management of SLAs while encouraging the development of the microfinance sector. The law requires medium and large scale to provide standardized financial statements to the central bank, and to observe prudential ratios, including the liquidity ratio.³ The law granted SLAs an exemption from taxes on financial transactions. However, there is no specific requirement for the opening of SLAs. The Ministry of Finance is responsible for the supervision of the savings and loan organizations and the implementation of the PARMEC law and a unit is expected to be created for that purpose in 1998.

Other savings and loan organizations

48. The microfinance sector includes a variety of institutions. However, comprehensive review of this financial sector is available in Benin. At one end of the spectrum are small, informal groups, such as small-scale *tontines*, in which members make regular financial contributions, which are then lent to members on a rotating basis. The promotion of social interaction among the members, rather than financial concerns, is the main motivation for membership. At the other end, the sector includes institutions that are engaging in financial intermediation, issuing earnings assets to savers and making loans to businesses. However, as indicated in Table 10, these institutions are much smaller than FECECAM, and most of them do not produce financial statements of their operations.

Development of FECECAM

Membership

49. Based on the number of depositors, FECECAM is believed to be the leading financial institution in Benin. The membership rose from 27,700 in 1990 to 218,000 in 1997, which represents 3.7 percent of Benin's population (see Figure 3). Nonmembers accounted for

³The liquidity ratio is defined as short-term assets over short-term liabilities.

Table 10. Benin: Characteristics of Other Savings and Loan Organizations, 1994-96 1/

(In millions of CFA francs)

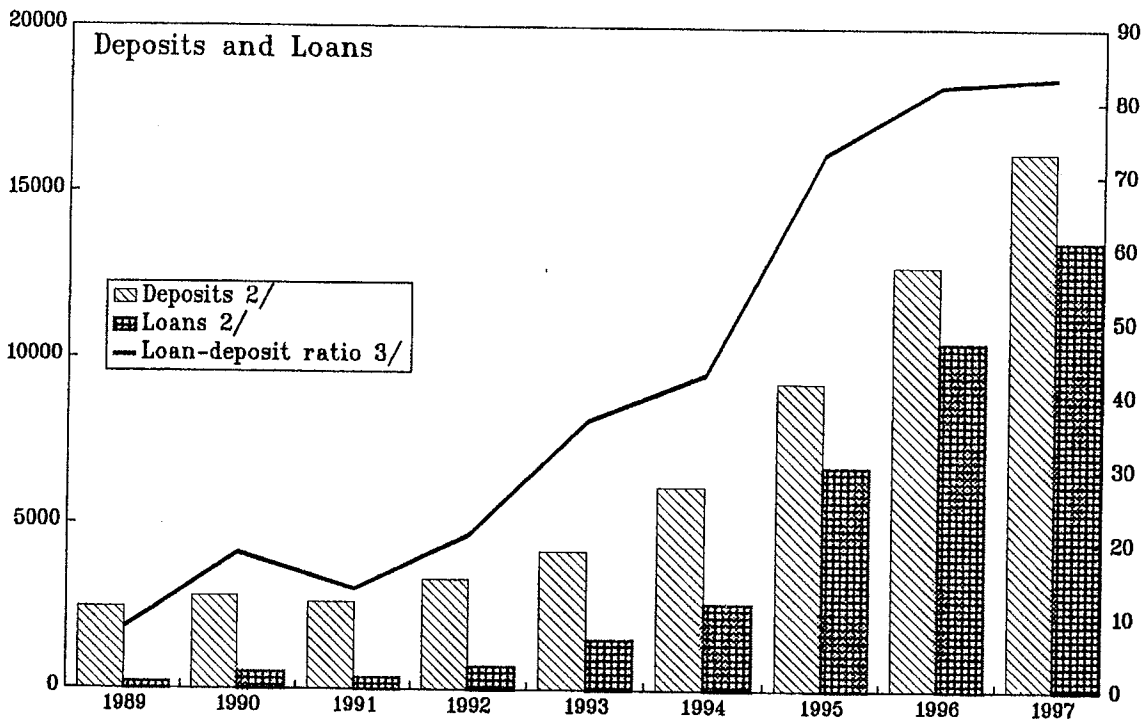
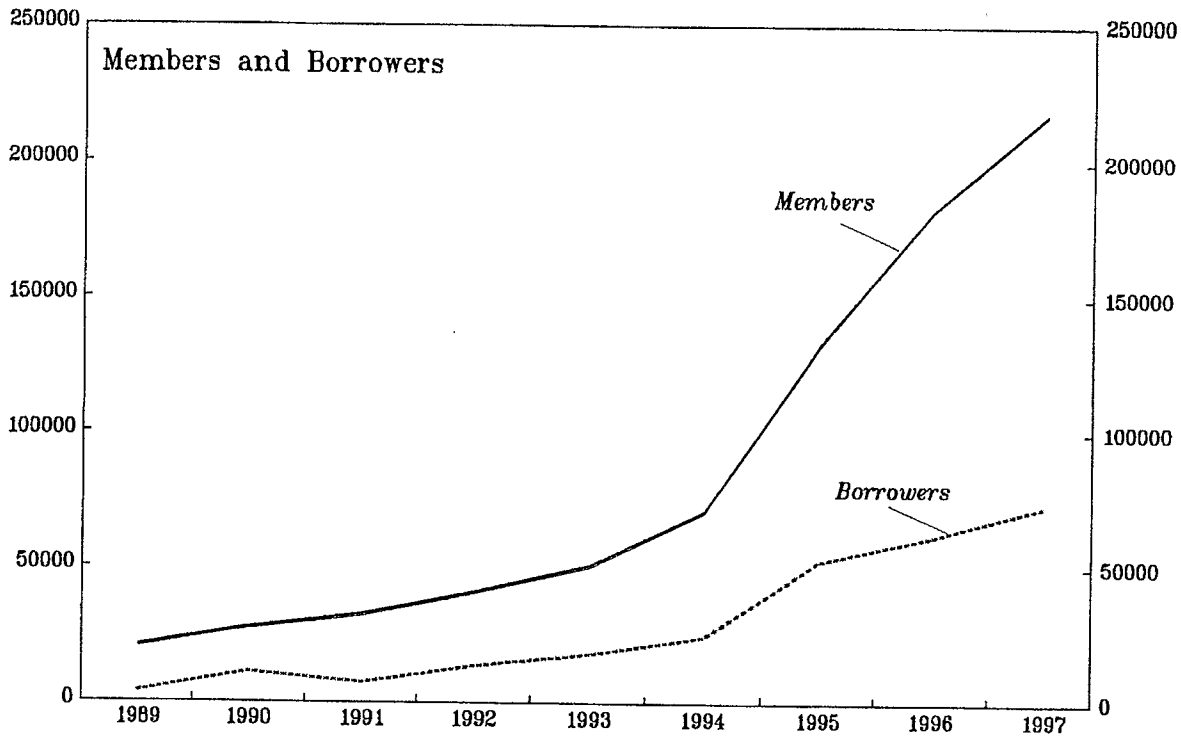
	1994	1995	1996
Members	19,080	37,131	44,150
<i>Of which</i>			
Convergence 2000	1,631	3,174	3,774
Customers	17,349	32,288	36,792
<i>Of which</i>			
Convergence 2000	1,483	2,760	3,145
Volume deposits	580	1,387	2,809
<i>Of which</i>			
Convergence 2000	363	868	1,508
Volume loans 2/	676	1,599	2,522
<i>Of which</i>			
Convergence 2000	364	861	1,466
Percentage of nonperforming loans	0.1	0.1	0.8

Source: Central Bank of West African States (BCEAO).

1/ This panel comprises 13 savings and loan cooperatives of which the central bank had information. Within this panel, the savings and loan cooperative called convergence 2000 had the largest volume of activities.

2/ Before 1996, the amount of loans was larger than that of deposits because some of these cooperatives used credits lines from nongovernmental organizations for their on-lending operations.

Figure 3. Benin: Basic Characteristics of FECECAM, 1989-97 1/



Sources: Federation of Rural Savings and Loan Cooperatives (FECECAM); and Central Bank of West African States (BCEAO).

1/ Until 1994, the fiscal year ended in September. Beginning 1995, the fiscal year is the same as the calendar year.

2/ In CFA francs; left scale.

3/ In percent; right scale.

19 percent of the total membership, down from 59 percent in 1993.⁴ This rapid growth of the network can be explained by the restoration of confidence in SLAs, sharp increase in rural revenue after the devaluation of the CFA franc in 1994, and an outreach program undertaken by local CLCAMs. In addition, CLCAMs' expansion benefitted from commercial banks' restrictive policy aimed at generally deterring small depositors by requiring relatively high minimum deposits, a minimum monthly income, and imposing high fees. The structure of membership has changed notably, with a greater participation of women and households in urban areas, where CLCAMs are starting to compete directly with banks.

Benin: Average Size of Deposits and Loans of FECECAM, 1990-97

	1990	1992	1993	1994	1995	1996	1997
	(In thousands of CFA francs)						
Average deposit	101.6	81.0	81.8	82.7	86.9	69.8	74.7
Average loan	46.0	46.8	50.9	83.2	106.7	128.2	185.2
	(Annual change)						
Average deposit	-15.1	-20.3	1.1	1.1	5.1	-19.6	6.6
Average loan	-9.4	1.7	8.7	63.6	28.2	20.1	9.5

Sources: FECECAM and BCEAO.

Savings mobilization

50. The volume of deposits was multiplied eightfold to CFAF 16.3 billion (US\$28 million) in 1997 from CFAF 2.8 billion in 1990 (see Figure 3). In particular, deposits rose by more than 50 percent in 1995 because cotton revenue sharply increased, benefiting from a rise in production and in producer prices. A large increase was also recorded in urban areas, where the 10 CLCAMs mobilized about 40 percent of all network deposits. In 1997, deposits collected per local agency averaged CFAF 198.5 million, compared with CFAF 70.4 million in 1990. However, the size of the average depositor account decreased as the membership grew, from CFAF 101,580 (US\$389.3) in 1990 to CFAF 74,704 (US\$139.8) in 1997.

51. Passbook accounts make up 91.3 percent, or CFAF 14.9 billion, of total deposits, and term deposits account for only 1 percent. The remaining deposits are in the form of current accounts held by nonmember depositors, such as small companies and nongovernmental organizations (NGOs). Interest rates paid on deposits are lower than those paid by banks, partly because SLAs are not bound by the minimum deposit rate of 3.5 percent set by the BCEAO. SLAs pay 3 percent for passbook accounts and about 4.5 percent for term deposits.

⁴This trend is beneficial to the network because members offer more stable resources than nonmembers.

Hence, real interest rates are slightly positive. The growth in deposits illustrates that most members have a limited choice of financial instruments in which to invest their savings. Deposits also give the opportunity to obtain loans, an important factor in rural areas; other factors include the security offered by the network.

Loans portfolio

52. FECECAM has become one of the major financial institutions in Benin for credit distribution. The volume of loans rose from CFAF 0.2 billion in 1990 to CFAF 13.5 billion (US\$23.3 million) in 1997. The growth was accompanied by a surge in the number of beneficiaries, from 4,058 members in 1990 to 73,248 in 1997. Credit outstanding averaged CFAF 165.5 million by CLCAM in 1997, compared with CFAF 13 million in 1990. At the same time, the average loan per borrower quadrupled to CFAF 185,179 (US\$318).

53. The loan-to-deposit ratio increased during the 1990s, owing to a relaxation of lending policy. Under the 1989–93 rehabilitation phase, the CLCAMs and URCLCAMs were authorized to utilize 50 percent of their deposits for lending operations. This limit was increased to 70 percent of total savings by end-1994, and FECECAM is expected to raise it in 1998. Nevertheless, the loan-to-deposit ratio is still in compliance with the PARMEC law.

54. Short-term credit (up to one year) accounted for 72 percent of total loans, medium-term credit (one–three years) for 26 percent, and very small loans to women for 2 percent. The credit structure has changed over time, as the share of credit to the agricultural sector fell from 80 percent in 1990 to 44 percent in 1997. The share of credit for trade and housing increased, owing to the expansion of FECECAM in the urban areas. Loans in the agricultural sector are short-term crop credit and medium-term credit for equipment and draft animals. In particular, FECECAM provides about 10 percent of the total credit to the cotton sector.

55. There has been a notable deterioration in the quality of the CLCAMs' loan portfolio, with loans in arrears reaching 7.3 percent at end-1997. In 1996, 27 percent of the CLCAMs did not observe the 90 percent threshold—the level at which they are supposed to stop their lending activities. In two institutions, loan delinquencies rose to 20 percent, partly because of late payments to cotton producers by the marketing company (SONAPRA). Those difficulties were resolved in 1997 and producers were able to repay CLCAMs. The rising loan delinquency rate also reflects the increasing difficulties that CLCAMs' directors have in assessing the creditworthiness of members who they do not know personally.

Financial performance

56. In 1991, the interest spread for the CLCAMs was about 21 percent, with a lending rate of 24 percent and an interest rate on passbook savings of about 3 percent. Since then, the lending rate has fallen to a range of 10-17 percent, with the lower rate applying to the lending operations funded by external lines of credit put in place by the African Development Bank (AfDB) and the International Fund for Agriculture Development (IFAD). The overall fall in

the lending rate also reflects FECECAM's effort to provide credit to a broader range of microenterprises, as well as a general decline in interest rates since the devaluation of the CFA franc in January 1994. Hence, the BCEAO's rediscount rate dropped from 14 percent to 6 percent in December 1997. The interest spread is currently less than 14 percent. The cost of deposits declined from 5.7 percent of outstanding loans in 1993 to 3.4 percent in 1995, and it is now nearing the interest paid on the passbook accounts (3 percent). The CLCAMs also earn income from their excess liquidity, which are managed by FECECAM. The funds are deposited in time deposits with commercial banks, which currently pay about 5.5 percent. Interest earnings have become a significant source of income for CLCAMs as FECECAM's deposits rose from CFAF 2.6 billion to CFAF 6.4 billion at end-1997.

57. As regards noninterest expense, ratios of operating and personnel costs to average outstanding loans have considerably declined over the years, given the rapid growth in the volume of loans. Therefore, the profitability ratio (profits over corporate equity, including deficits or profits carried forward and long-term loans), which is roughly equivalent to return equity, exceeded 10 percent in 1996. Nevertheless, the increase in profitability is insufficient to cover new investment and the cost of expanding the network. This shortfall has been covered by grants from donors. However, the ratio of grants to outstanding loans dropped from 56.6 percent in 1993 to less than 20 percent in 1997. Out of 82 CLCAMs, only 6 showed losses, out of which 3 were newly created. FECECAM expects to be able to cover its costs by 2000 without any assistance from donors.

58. In order to protect members from adverse effects on their savings, a central support fund was created in 1994 at the federation level to support loss-making CLCAMs for a period not to exceed two consecutive years. The fund is replenished with annual contributions from the CLCAMs, based on interest earned on credits. Since 1996, the rate of contribution has been set at 5 percent, down from 10 percent in 1994. The central support fund carried a balance of CFAF 205.7 million (US\$354,155) at end-December 1997.

59. Ratios established under the PARMEC law were met with large margins in 1995 and 1996. The liquidity ratio was above 100 percent, compared with the threshold of 80 percent. The risk-covering ratio was below 0.6, against the limit of 2. Stable resources, most of which were credit lines from external donors, covered 165 percent of long-term credit. The capital risk ratio was above 20 percent, substantially higher than the limit of 8 percent.⁵ Moreover, the profitability of deposits exceeded 14 percent.

C. Impact of Savings and Loan Associations on Credit and Monetary Developments

60. After the collapse of the banking system in the late 1980s, four new banks were established between 1988 and 1990. Since then, banks have built up their business, which has resulted in a rapid increase in bank deposits and credit. From 1990 to 1997, there was a

⁵At end-1997, the threshold for the banking system was 4 percent in the WAEMU zone.

sixfold increase in bank deposits to CFAF 248.1 billion, or 20 percent of GDP, with sight deposits accounting for about 60 percent of total deposits. Starting from a very low base, credit to the economy grew from CFAF 2.9 billion to CFAF 73.5 billion in 1997, or 6 percent of GDP, reflecting buoyant real sector activity. Short-term credit represented 65 percent of the total, which financed mainly services (45.5 percent) and trade (37.8 percent).

61. By comparison, commercial banks improved their profitability from less than 1 percent of assets in 1993 to 23.4 percent in 1996, and increased their cash assets. This improvement was largely achieved by cutting down operating costs and allowed banks to more than double their equity to about CFAF 13 billion. Overall, banks observed the prudential rules defined by the Regional Banking Commission. However, two of them were unable to observe the ratio of medium-term assets to medium-term liabilities in 1997. Banks nonperforming credit accounted for 7.8 percent of total credit to nongovernment, which is close to the ratio recorded by FECECAM.

62. As a member of the WAEMU, Benin's monetary policy is conducted at the regional level, and has as its objective the defense of the CFA franc parity. The local branch of the BCEAO monitors credit developments and ensures, with the assistance of the regional banking commission, that commercial banks observe all prudential ratios.

63. To assess the impact of SLAs on credit and monetary development, a financial sector survey (Table 11) was constructed by consolidating the monetary survey and the accounts of FECECAM. Between 1994 and 1997, broad money (M3), defined to include FECECAM's deposit liabilities (excluding FECECAM's deposits with commercial banks), grew by 50.2 percent, or 2 percentage points more than reflected under the monetary survey above (M2). The share of currency in circulation in broad money (M3) increased from 18.2 percent in 1994 to 21.9 percent in 1997, which seems to indicate that the rapid growth of FECECAM has not decreased the use of currency. This situation may be explained by the very rapid increase during the period 1994-97 in income of the agricultural sector, where the use of currency is still predominant despite the inroads made by FECECAM. In addition, the ratio of broad money (M2)-to-GDP averaged 25.5 percent over 1994-97. When including FECECAM's deposit, this ratio increased by only 1.1 percentage points to 26.6 percent, which is somewhat higher than the average for the WAEMU countries (24.5 percent).

64. FECECAM has had a more significant impact on credit expansion. The network contributed one-fourth of the increase in credit to the nongovernment sector, which rose by 98.2 percent from 1994 to 1997. In this respect, the FECECAM contribution was crucial for the extension of credit to micro enterprises and small enterprises, especially in the rural areas. Nevertheless, credit to the nongovernment sector was still only 6.8 percent of GDP in 1997, with FECECAM accounting for 1 percentage point.

D. Conclusion

65. Savings and loan associations have developed very rapidly since the early 1990s and have become important financial institutions for collecting saving and providing credit to

Table 11. Benin: Consolidated Financial Sector, 1994-97

	1994		1995		1996		1997	
	Monetary Survey (a)	FECFCAM 1/ (b)	Monetary Survey (a)	FECFCAM 1/ (b)	Monetary Survey (a)	FECFCAM 1/ (b)	Monetary Survey (a)	FECFCAM 1/ (b)
Net foreign assets 2/ 3/	122.7	-0.9	144.1	-4.1	173.1	-3.5	208.7	-3.5
Net domestic assets	95.1	7.1	109.2	13.9	108.8	16.6	114.2	20.2
Domestic credit	106.6	4.8	121.1	8.3	125.6	17.7	130.3	20.0
Net claims on central government	66.0	0.0	76.9	0.0	76.9	0.0	58.3	0.0
Credit to nongovernment sector	40.6	2.6	44.2	6.8	65.4	10.5	72.0	13.6
Claims on banking system 4/	0.0	2.2	0.0	1.5	0.0	7.2	0.0	6.4
Other items, net	-11.5	2.3	-11.9	5.6	-16.8	-1.1	-16.1	0.2
Broad money 2/	217.8	6.3	253.3	9.8	281.9	13.1	322.9	16.7
Currency	41.5	0.2	52.1	0.5	52.6	0.4	69.3	0.4
Deposits	174.3	6.1	198.4	9.3	206.1	12.7	245.4	16.3
Demand deposits	74.6	0.9	89.3	0.7	90.0	1.0	111.4	0.9
Time deposits	99.7	5.2	109.1	8.6	116.2	11.7	134.0	15.4
Deposits with CCP 5/	2.0	0.0	2.8	0.0	2.8	0.0	4.8	0.0
Net foreign assets	29.0	...	9.8	-51.8	8.2	6.3	12.6	0.0
Net domestic assets	11.8	...	6.5	107.6	8.7	27.9	1.9	27.1
Domestic credit	6.3	...	6.7	55.1	8.4	96.2	1.7	17.3
Net claims on government	-2.4	...	5.0	0.0	4.9	0.0	-0.7	0.0
Credit to nongovernment sector	8.7	...	1.7	65.8	3.5	38.3	2.3	23.4
Claims on banking system 4/	...	...	...	-10.7	...	57.9	...	-6.1
Broad money	40.9	...	16.3	54.9	17.9	34.2	14.5	27.1
Velocity of broad money	4.5	...	4.3	...	4.1	...	4.1	...
Credit to the nongovernment sector (annual change)	49.8	...	8.9	159.7	17.9	55.4	10.1	29.2
Nominal GDP (in billions of CFA francs)	846.7	846.7	1,002.9	1,002.9	1,002.9	1,130.5	1,247.1	1,247.1
GDP growth in nominal terms	40.7	40.7	18.4	18.4	18.4	12.7	10.3	10.3

(In percentage of beginning -of-period broad money, unless otherwise indicated)

Sources: Central Bank of West African States (BCEAO); and staff estimates and projections.

1/ Federation of Rural Savings and Loan Cooperatives.

2/ For 1994, currency in circulation and net foreign assets of the banking system were adjusted downward by CFAF 36 billion from the statistics provided by the BCEAO.

3/ Negative net foreign assets of FECFCAM represent lines of credit from donors to support cooperatives' ability to extend loans.

4/ FECFCAM's deposits with commercial banks.

5/ CCP=Comptes Cheques Postaux.

small-size enterprises and individuals. The rapid growth of the associations can be explained by the large autonomy given to local branches, the increase in rural revenue following the devaluation of the CFA franc in 1994, a greater accessibility than commercial banks, and a willingness to make loans to members largely based on personal ties in the community than on criteria of creditworthiness.

66. With the associations playing an increasing role in financial intermediation, it has become essential that the authorities introduce an appropriate framework to regulate their operations and ensure their long-term viability. To that end, the Ministry of Finance should create rapidly a unit responsible for the supervision of savings and loan associations and the implementation of the PARMEC law, which sets regulations for these institutions in the WAEMU.

III. HEALTH SECTOR POLICY AND EXPENDITURE IN BENIN

A. Introduction

67. Spending for health care, especially in developing countries, can be one of the most efficient uses for public expenditure. A healthy population is, of course, an end in itself, but improved health conditions can also translate into more productive workers and higher growth rates for the economy. Moreover, health expenditure can be an important tool to reduce poverty. The actual impact of health expenditure on health indicators and poverty alleviation, however, depends on many factors, including the composition of health spending and the efficiency of public health policy.

68. In light of these considerations, this section first describes the current status of the health of Benin's population; second, it sketches the organizational structure of Benin's health care system; third, it traces the evolution of health care policy and expenditure from 1980 to 1996; fourth, it assesses the progress achieved; and, finally, it provides some policy recommendations.

B. Health Status of Benin's Population

69. The health status of the population of Benin is among the lowest in Africa, and it compares unfavorably with the situation prevalent in countries with a similar income level. In 1995, infant mortality was 89 per 1,000 live births, and life expectancy averaged 51 years, compared with 73 per 1,000 and 62 years, respectively, in low-income countries.⁶ The low health status is due to the prevalence of tropical, communicable, and parasitic diseases, poor nutrition, the high fertility rate, inadequate preventive and curative health services, poor access to safe drinking water and sanitation facilities, low levels of literacy and education—especially among women—and pervasive poverty.

70. HIV infection rates and AIDS cases are rising, although these are still low by African standards. Malnutrition is prevalent, especially among mothers and children. In 1995, nutrition studies estimated that roughly 25 percent of the population and between 20 and 40 percent of children are malnourished. The fertility rate in Benin—7.1 percent in 1995—was twice as high as the average in developing countries and is one of the main factors holding back improvement in per capita income and the health status of the population.

⁶Life expectancy estimates for Benin in 1995 vary from 48.7 years, according to the United Nations Development Program (UNDP) to 54 years, according to the World Bank's "Public Expenditure Review" (September 1996), and to 51 years, from the World Bank's "Staff Appraisal Report for the Republic of Benin's Health and Population Project," (May 1995). All estimates, however, are well below the age of 62 years that is prevalent, on average, in low-income countries.

C. Organizational Structure of the Health Care System

71. The public health care system comprises three levels: central, regional, and peripheral (including subprefectural and community levels). The central health administration is headed by the Ministry of Health, which is responsible for formulating health policy, preparing budget proposals for the sector, elaborating—in conjunction with the Ministry of Planning—medium-term investment plans, and mobilizing external resources, and deploying and supervising health personnel. At the regional level, the bureau of the Ministry of Health manages health programs designed at the national level, allocates resources, and coordinates health services within the region. At the subprefectural level, the chief medical officer supervises primary health care facilities operating within his area, and, in the community health care center, a state midwife or nurse manages and supervises health care center staff.

72. Health care facilities are supposed to be organized in a pyramidal structure, with a large base of primary health care facilities at the local level, a reduced number of secondary health care and second-level referral units at the regional level, and the national university hospital center at the top, devoted to specialized medical and surgical care. In practice, health care facilities at the local (community and village) level have encountered many obstacles to remaining operational and fulfilling health care standards, while the national university hospital functions as a primary and first-level referral health care center, without any patient screening system.

73. The health care system is plagued by a limited management capacity and a scarcity and poor regional distribution of properly trained medical personnel⁷—the north and rural areas are especially poorly served—and an inadequate health care infrastructure. Also, only a small segment of the population, roughly 30 percent in 1995, has access to the system. In addition, the utilization ratio—35 percent in 1995—is very low compared with the 60-80 percent rates found in neighboring countries.

D. Evolution of Health Care Policy and Expenditure: 1980–96

Health care policy in the 1980s: the crisis of a top-heavy and overly centralized system

74. Between 1962 and 1989, the government pursued an ambitious policy in the health sector, with a high cost of physical implementation. Despite the program's stated priority of providing preventive and primary care for the poorest segment of the population, its implementation focused on hospital-based specialized care in urban areas. Moreover, both medical and nursing education emphasized hospital-based curative care; as a result, health

⁷In 1995, the ratios of doctors and midwives to Benin's population (1:20,000 and 1:12,000 respectively) were only half of those recommended by the World Health Organization (WHO). Although the number of nurses was slightly above the minimum threshold recommended by the WHO, its geographical distribution was highly unequal.

personnel was ill equipped to deal with preventive health in a rural milieu and had no training to deal with sexually transmitted diseases or family planning. The government also pursued an active pronatalist policy.

75. The situation of the health care system worsened in the late 1980s as Benin's generalized economic crisis was compounded by weak management in the health sector, which proved unable to set priorities within a shrinking budget. The budget of the Ministry of Health, which had averaged CFAF 3.3 billion in current prices from 1984 to 1988, fell to CFAF 2.5 billion between 1989 and 1991. The share of the health budget in the national budget also fell from an average of 6.5 percent between 1984 and 1988 to an average of 4.0 percent between 1989 and 1991 (Table 12).

76. While total recurrent budget expenditure declined in real terms between 1982 and 1987, salary payments continued to increase in nominal terms until they reached over 80 percent of the Ministry of Health's recurrent budget expenditure.⁸ The real decline in nonwage recurrent expenditure was only partially offset by rising contributions from foreign donors. Moreover, most nonwage recurrent funds were directed to hospitals. The result was decaying local and village health care facilities, which often lacked water and electricity, as well as severe shortages in essential drugs and medical supplies.

77. Capital investment also declined throughout the 1980s. Furthermore, the government's contribution to investment declined from CFAF 1.2 billion in 1982 to zero in 1986, when all investment in the health care sector was financed through external sources.

78. The public administration in charge of the supply of drugs and medical materials, PHARMAPRO, had accumulated debt amounting to CFAF 1.1 billion by the late 1980s. Suppliers stopped shipments, PHARMAPRO was disbanded, and its role was taken over by a committee of the Ministry of Health implementing short-term crisis-management measures.

79. There were no new recruitments in the health sector between 1986 and 1989. By 1988, the situation was critical. Salary arrears accumulated while operational nonwage expenditure was limited to office expenditure for the Ministry of Health and to hospital food in urban areas.

The health care sector in the 1990s: goals and achievements

A new strategy—focusing on primary health

80. The crisis of the late 1980s forced the Beninese government to rethink its health sector policy. A new strategy was developed in 1987 and started to be implemented in 1989 with the technical and financial assistance of the World Bank and other donors. This strategy envisaged a comprehensive reform focused on improving basic health care services, especially in rural

⁸See World Bank, "Health Services Development Project," 1989.

Table 12. Budget of the Ministry of Health, 1984-91

Years	Total Budget	Salaries	Nonwage Current Expenditure	Health Expenditure per Inhabitant	Health Budget/National Budget		
	(Billions of CFA francs)	(Percent)	(Billions of CFA francs)	(Percent)	(Billions of CFA francs)	(Thousands of CFA francs)	(Percent)
1984	3.2	75	2.4	25	0.8	934	5.7
1985	3.1	74	2.2	26	0.8	757	5.0
1986	3.1	77	2.4	23	0.7	773	6.9
1987	4.0	70	2.8	30	1.3	997	8.8
1988	3.2	69	2.2	31	1.0	788	6.0
1989	2.4	79	1.9	21	0.5	600	4.9
1990	2.5	76	1.9	24	0.6	523	3.7
1991	2.7	74	2.0	26	0.7	561	3.4

Source: The World Bank, "Staff Appraisal Report for the Republic of Benin's Health and Population Project" (May 1995).

areas. The new policy also proposed creating an environment more conducive to participation by the private sector and nongovernmental organizations (NGOs) in health care provision, as well as promoting understanding of the need for a national population policy.

81. In order to achieve these objectives, the government planned to rehabilitate existing infrastructure, improve the quality and efficiency of basic health services provided in rural areas, provide information on preventive health and essential drugs to the population, emphasize maternal and child care services, promote awareness of family planning mechanisms, and extend immunization coverage. The government also put forward a basic drugs plan that concentrated on providing a reduced number of essential generic drugs sufficient to deal with 90 percent of the preventive and curative needs of Benin's population. The supply of these drugs would be ensured by a public central purchasing agency (Centrale d'Achat).

82. Health care reform also focused on the improvement of management capacity and the decentralization of decision making by strengthening the supervision and training of provincial units, reorganizing work procedures, redefining staff functions, and reallocating personnel from the central ministry to field assignments. A key pillar of this reform consisted of upgrading the skills of the health personnel, especially in primary health care areas and in areas of expertise currently in short supply.

83. Financing policy and procedures in the health sector were also to be overhauled. In an attempt to avoid past divergences between planned priorities and actual health expenditure, the new budgeting system would link the priorities set in the new health sector program to the budget prepared by the Ministry of Finance. Given the low level of nonwage outlays during the 1980s, the new health plan placed special emphasis on ensuring that a minimum level of current expenditure would be available, even in times of crisis. Every year, the minimum level of current expenditure required to deliver essential health services would be estimated and taken into account when elaborating the health budget.

84. With the assistance of the donor community, a social fund would be established, with resources earmarked for nonwage current expenditure for health, education, and other social priority programs. Moreover, the Ministry of Health was to fund current expenditure increasingly from domestic resources—fiscal, the social fund, and costs recovered through the implementation of user fees. Finally, the legal and regulatory framework of the health sector was to be reformed in order to encourage the participation of the private sector and NGOs in the provision of drugs and the establishment of clinics.

85. The key priority of the action plan for investment in the health sector was the rehabilitation of existing facilities and the upgrading of rural health centers. The principles guiding the investment plan were to be respected for the limitations imposed by the funding needs of current costs and personnel availability and close adherence to the priorities set in the health sector program.

Program Implementation: Accomplishments and Shortcomings

86. Program implementation between 1989 and 1993 was uneven. The main accomplishments were the nationwide extension of a cost-recovery program that significantly strengthened the local health management structure by providing the local facilities with a degree of financial autonomy; the establishment of a central purchasing agency, which has significantly improved the supply and affordability of essential drugs; and the reorganization of the Ministry of Health.⁹ The vaccination program was also successful, bringing the vaccination coverage rate to 80 percent. The availability of information about family planning methods increased, but indications are that it was still insufficient to meet rising demand. The government also made progress in rehabilitating health facilities and establishing norms and standards for delivery of services.

87. In other areas, progress was slower. Health centers receiving no foreign assistance found it difficult to comply with the program's standards, and a gap emerged with project-assisted centers. Regarding pharmaceuticals, no overall legal framework regulating the import and sale of drugs by the private sector was established. In the field of nutrition, services were poorly designed and managed and their impact on malnutrition was uncertain.

88. The pyramid of health services continues to work improperly: high-level curative facilities are still commonly used for basic health problems, and there is no operational system for the referral of cases from primary health care facilities. From an organizational viewpoint, there is still an overcentralization of budgeting, planning, and management despite the stated goal of the 1989-93 program of enhancing decentralization. However, this situation will take time to change since the staff at the periphery of the health system lack the authority, as well as the adequate training, for planning and decision making.

Public Health Expenditure: Rising Allocations and Low Absorptive Capacity

89. Health expenditure per inhabitant, as well as the share of the health budget in the national budget, declined steadily since the mid-1980s; they both reached their nadir at the end of the decade. At the beginning of the 1990s, health expenditure started to recover—as did the financial situation of the Beninese economy. As a result, the increase in real health spending per inhabitant in Benin averaged 6.9 percent between 1989 and 1996. This increase is well above the increases in both CFA area countries and African countries under Structural Adjustment Facility (SAF) and Enhanced Structural Adjustment Facility (ESAF) programs, which averaged 2.5 percent and 2.4 percent, respectively (Figures 4 and 5). Health spending as a percentage of GDP during the same time period increased at an average of 0.4 percent a year, above the 0.2 percent average among CFA countries, but below the 0.6 percent average in African countries under SAF/ESAF programs (Figures 6 and 7).

⁹World Bank, "The Health and Population Project for the Republic of Benin's Staff Appraisal Report" (May 10, 1995).

Real per Capita Health Spending Under SAF/ESAF Programs in African Countries, 1989-96
(Average of annual percentage changes)

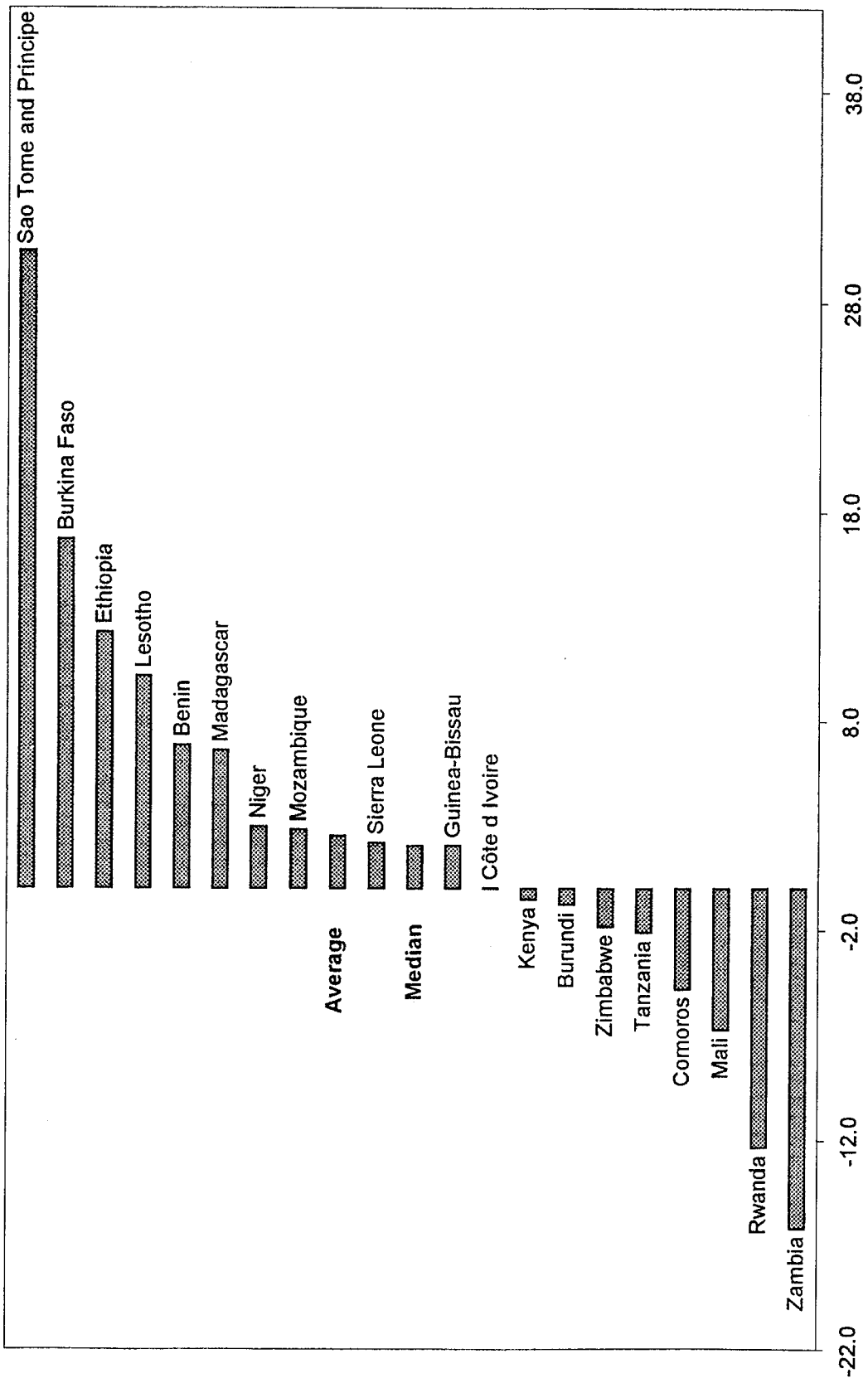
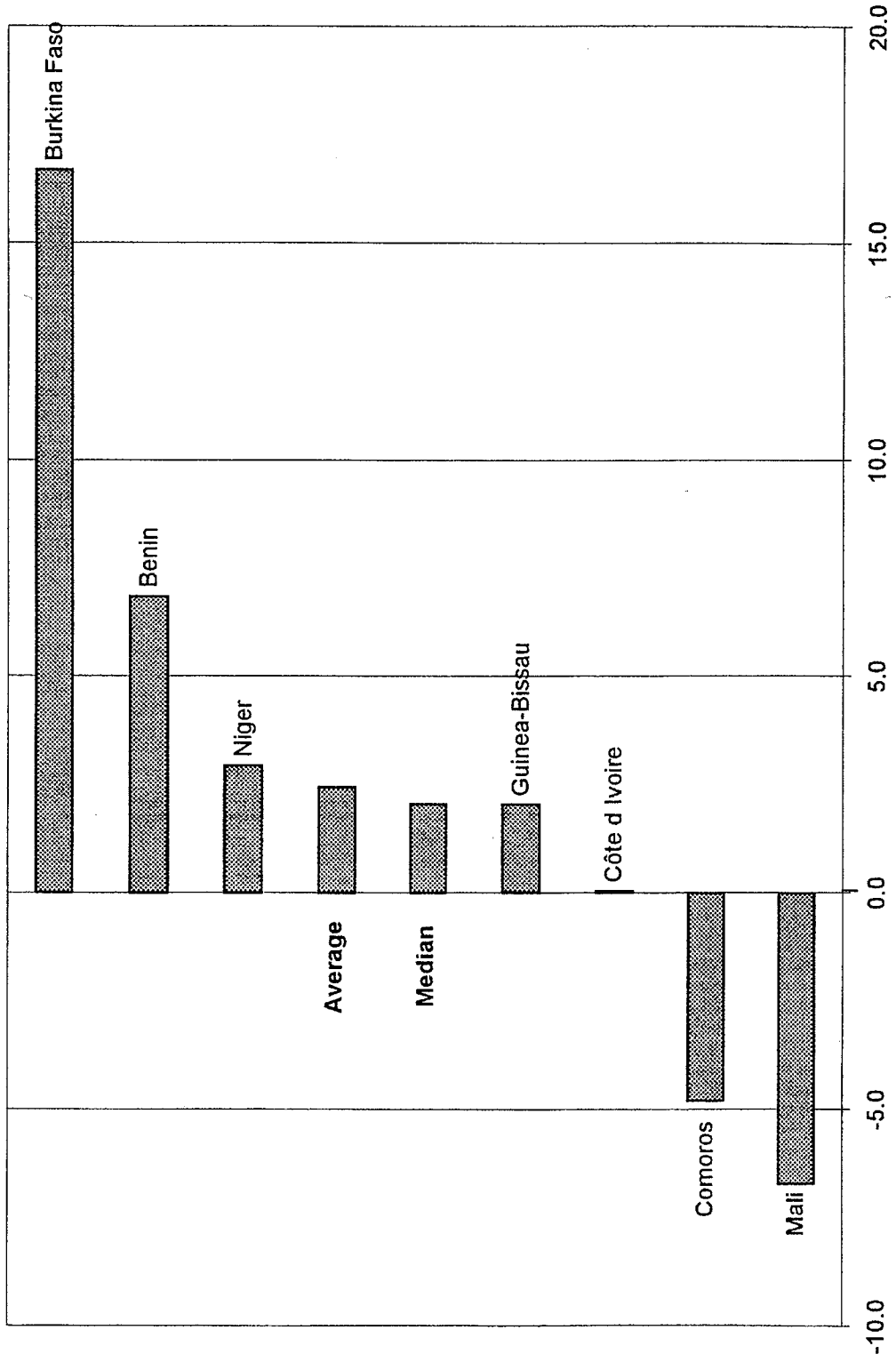


Figure 5

Real Per Capita Health Spending Under SAF/ESAF Programs in CFA Area Countries, 1989-96

(Average of annual percentage changes)



Health Spending in Relation to GDP Under SAF/ESAF Programs in Africa, 1989-96
(Average of annual percentage changes)

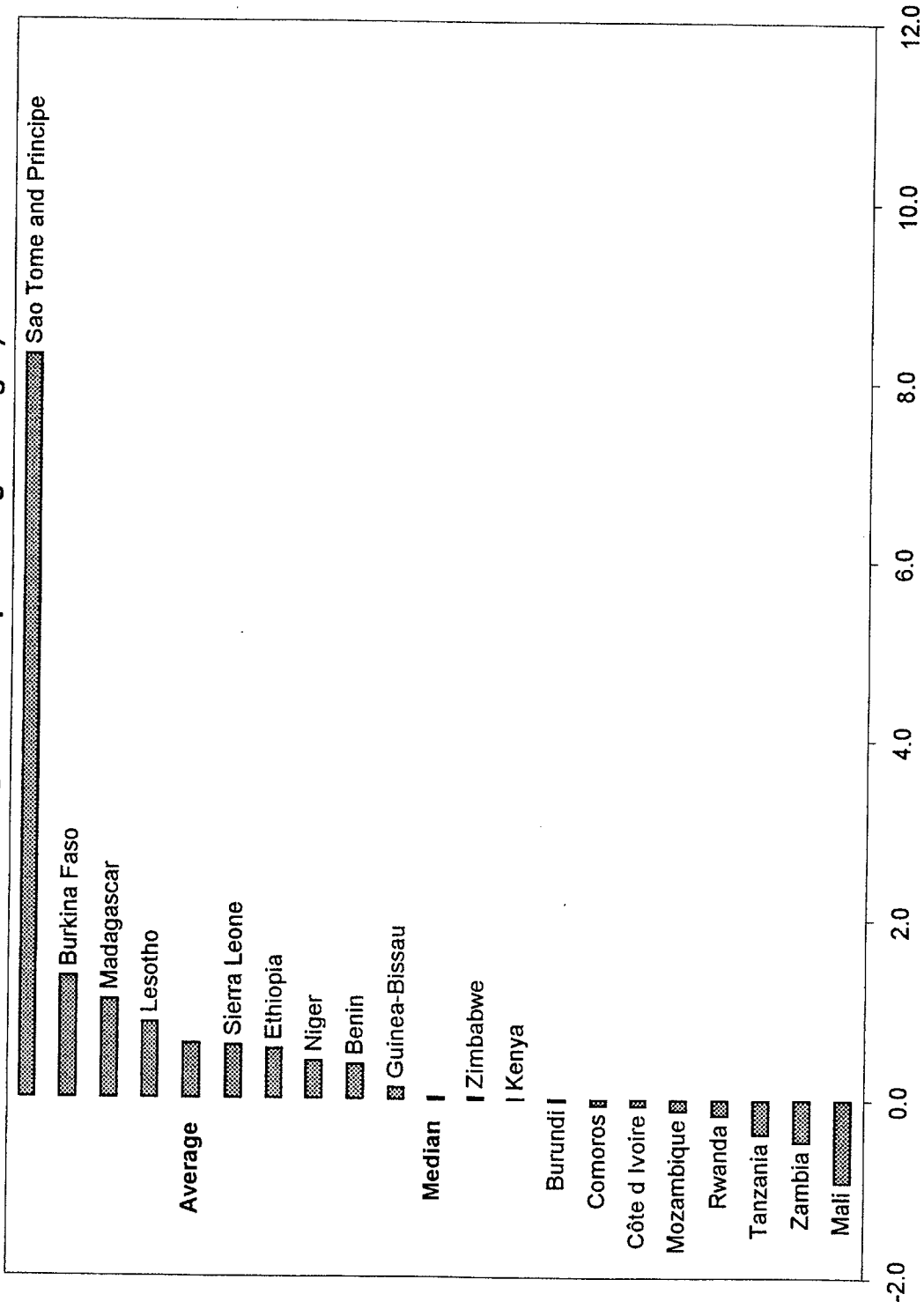
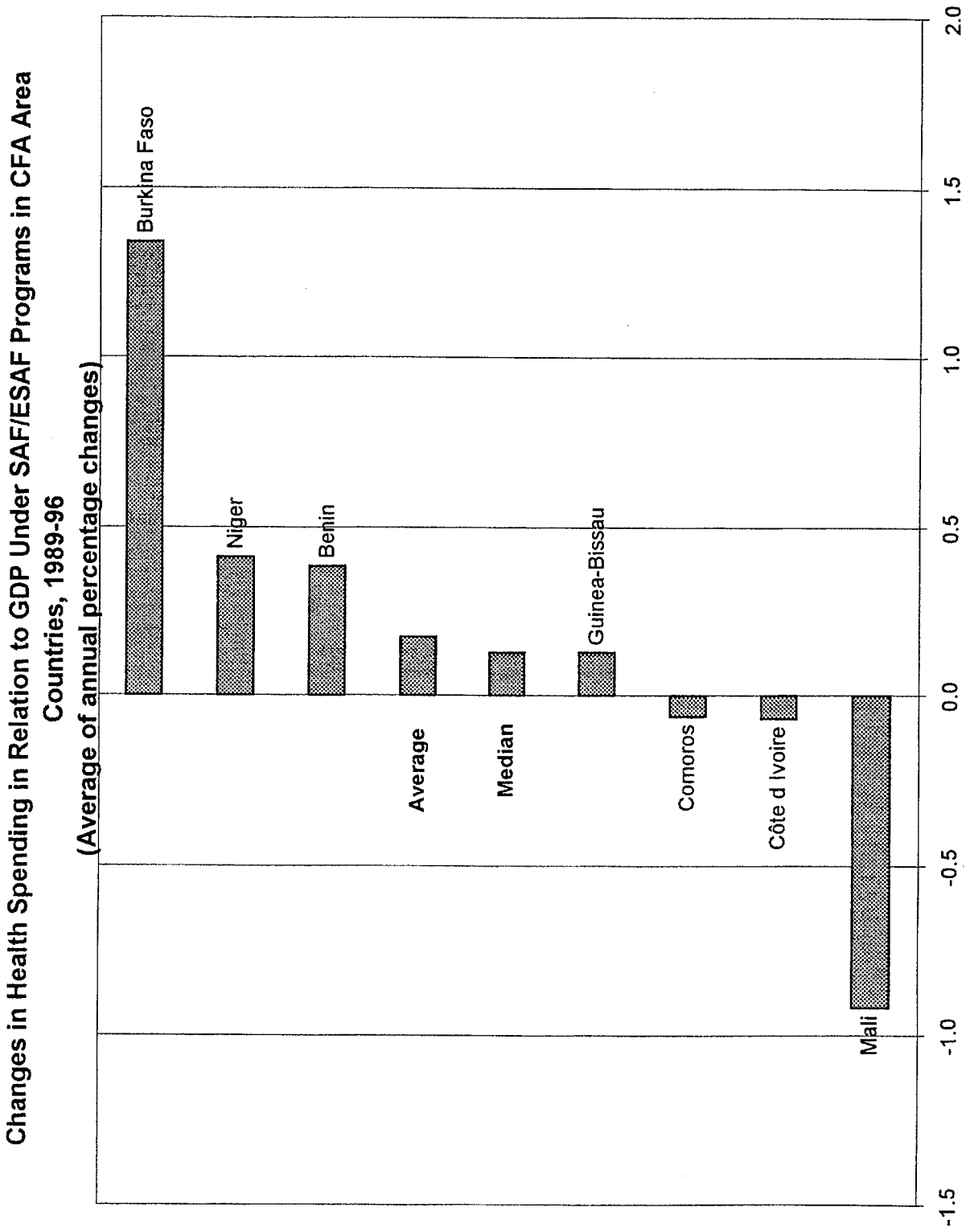


Figure 7



90. Between 1992 and 1997, the investment budget—including foreign resources and in real terms—increased at a very fast pace (Table 13).¹⁰ However, the health administration's limited absorptive capacity led to very low rates of budget execution, especially regarding investment. Between 1992 and 1997, the highest execution rate corresponded to personnel expenditure, which averaged 92 percent, while the execution rates for nonwage current expenditure and investment averaged 71 percent and 43.5 percent, respectively.¹¹

Recent Initiatives in the Health Sector—Public Expenditure Review and the Ministry's 1997 Strategic Document

91. In 1996, the authorities and the donor community, with the assistance of the World Bank and other donors, carried out a review of spending in the health and education sectors to assess the efficiency and incidence of public spending. The review found substantial deficiencies in planning, budgeting, and management. It emphasized the importance for health and education ministries of assessing the financing needs of their sector and actively participating in the preparation of their budgets with the Ministry of Finance. A blueprint for public expenditure in the social sectors was prepared for the period 1997–2000, taking into account sectoral objectives and needs, as well as overall budgetary constraints imposed by the macroeconomic framework (Table 14).

92. The public expenditure review exercise had increased the involvement of the central Ministry of Health and its regional units in the planning and budgeting of resources for the health sector; it also led to a reclassification of expenditure, with increased allocation to the Ministry of Health and a reduction in spending for health centers financed by the budget Department of the Ministry of Finance (shown under “unallocated”). This reclassification allows for better expenditure planning and monitoring. In 1997, the Ministry of Health presented proposals for current and investment expenditure allocations for the 1998 budget that were in line with the public expenditure review projections. However, the amount actually budgeted for investment in 1998 was reduced because of the low execution rate achieved in 1997 and the availability of foreign financing.

93. Also, the Beninese authorities have published a document describing the strategy and policies to be followed in the health care sector until the end of the century.¹² The strategy initiated in 1989 will be continued and the key goals for the sector will be to: (1) improve the quality and coverage of primary health care; (2) reform the structure and improve the

¹⁰See World Bank, “Revue des Dépenses Publiques: Education et Santé” (September 1996).

¹¹These data reflect estimates presented in the World Bank's “Staff Appraisal Report for the Republic of Benin's Health and Population Project” (May 1995) and from the World Bank's “Revue des Dépenses Publiques” (September 1996).

¹²Ministère de la Santé, de la Protection Sociale et de la Condition Féminine, “Politiques et Stratégies Nationales de Développement du Secteur Santé, 1997–2000,” (March 1997).

Table 13. Budgeted and Disbursed Outlays
in the Health Sector, 1992-97 1/

(In billions of CFA francs, unless otherwise indicated)

	1992	1993	1994	1995	1996	1997
Current expenditure						
Budgeted	4.1	4.3	8.2	9.0	11.1	11.5
Spent	3.0	4.1	5.4	6.5	7.7	9.7
Execution rate (percent)	72	95	65	72	69	84
Investment expenditure						
Budgeted	0.1	0.1	1.5	1.5	1.7	2.5
Spent	0.1	0.1	0.3	0.2	0.6	0.6
Execution rate (percent)	100	61	18	13	35	24

Sources: World Bank, "Public Expenditure Review" (September 1996); and Fund staff estimates.

1/ Health sector expenditure includes the budget of the Ministry of Health, as well as other unallocated spending for health.

Table 14. Health Sector Expenditure Program, 1996-2000

(In billions of CFA francs)

	1996		1997		1998		1999	2000
	Prog.	Act.	Prog.	Act.	Prog.	Budg.		
Allocations	25.8	14.4	23.9	15.2	28.9	23.1	...	...
Current expenditure	11.1	7.7	10.9	9.7	11.3	12.7	12.1	13.5
Allocated	4.8	4.5	7.3	6.6	7.5	7.7	8.0	9.1
Personnel	3.2	3.2	3.8	3.3	3.7	3.5	3.9	4.6
Other	1.6	1.3	3.5	3.4	3.8	4.1	4.1	4.4
Unallocated	6.3	3.2	3.6	3.1	3.8	5.0	4.1	4.4
Investment expenditure	14.7	6.8	13.0	5.4	17.6	10.4	...	...
Domestic	1.7	0.6	2.5	0.6	3.6	2.3	4.1	4.9
Foreign	13.0	6.1	10.5	4.7	14.0	8.1	...	...
Additional Needs								
Current expenditure			0.9		1.6		3.8	...
Personnel			0.4		0.8		1.1	...
Other			0.6		0.9		0.9	...
Investment expenditure								
Domestic			1.0		1.7		1.8	...
Foreign			...		...		...	...
Total Allocations								
Current expenditure			11.8		12.9		16.0	...
Personnel			4.1		4.4		5.0	...
Other			7.7		8.5		10.9	...
Investment expenditure			14.0		19.3		...	...
Domestic			3.5		5.3		5.9	4.9
Foreign			10.5		14.0		...	...

Sources: The World Bank, "Public Expenditure Review" (September 1996); and Fund staff estimates.

management of the health care system; (3) strengthen the cost-recovery system; (4) increase the availability of essential generic drugs; and (5) allocate at least 6 percent of the overall budget to the Ministry of Health. The key policies envisaged to attain these objectives will focus on ensuring that each community has a functioning health care center, improving the capacity of subprefectural health care centers, encouraging the involvement of private providers, building a regional hospital in areas where there currently are none, strengthening the overall structure and management of the peripheral health system, fostering hygiene promotion and preventive medicine, and encouraging traditional medicine.

E. Policy Implications

94. The health policy implemented since the late 1980s seems to have had only a modest impact on the population's access to health care and health indicators (Table 15). Both access to health care and utilization ratios continue to compare unfavorably with countries at a similar level of development. Improvements in infant mortality rates are below average compared with other CFA countries, even though the increase in real health spending per capita in Benin was well above the average rate in CFA countries (Figure 9).¹³ This unequal evolution of expenditure and health indicators seems to indicate that significant inefficiencies remain in Benin's health care system.

95. Key challenges remaining to be tackled include the improvement of the health sector's management capacity, which has severely constrained its ability to absorb the rising resources it has been allocated during the past five years. In this regard, the roles to be played by each level of the health care system should be more clearly defined, and decision making, planning, and budgeting should be decentralized so that allocated resources more accurately reflect needs. Decentralization, however essential, is a delicate task, and it should proceed only as fast as the staffing and training of personnel in the peripheral health care system allow. In particular, the lack of personnel trained in budgetary rules and procedures has been a crucial obstacle to attaining a higher level of budgetary execution. Participation by the Ministry of Health in the elaboration of its budget should lead to an allocation of resources that more adequately reflects sectoral and geographical needs and increases the budget execution rate.

96. Second, there continues to be a shortage of properly trained medical and nonmedical technical personnel, especially in rural areas and in the north. The plan undertaken by the Ministry of Health in 1991 to redeploy personnel to rural areas and to the north has failed, and the distribution of medical personnel continues to be heavily biased toward urban areas and the south. Among doctors, there is a scarcity of general practitioners, particularly in the peripheral health care system, while there are enough trained midwives to fill vacant posts. New hiring in 1997 and 1998 should reduce this shortage. There is also a scarcity of technical nonmedical personnel, which creates problems for the maintenance of equipment. Moreover,

¹³Compared with the average of African countries under SAF/ESAF programs for which data are available, however, the improvement in infant mortality rates in Benin was slightly above average (Figure 8).

Table 15. Evolution of Health Sector and Health Status Indicators, 1989-95

	1989	1995	1995
Health sector indicators (percent)	Benin	Benin	SAF/ESAF 1/
Population with access to health care	40	42 2/	64
Health facilities user rates 3/	30	35	70
Health status indicators			
Life expectancy 4/ (in years)	46	51	54
Infant mortality rate 5/ (Per 1,000 live births)	115	89	85

1/ Most recent post program year for which data on SAF/ESAF countries are available—1994 or 1995. From "Review of Revenue and Expenditure Policy and Performance Under SAF/ESAF-Supported Adjustment Programs" (EBS/97/123; 7/2/97).

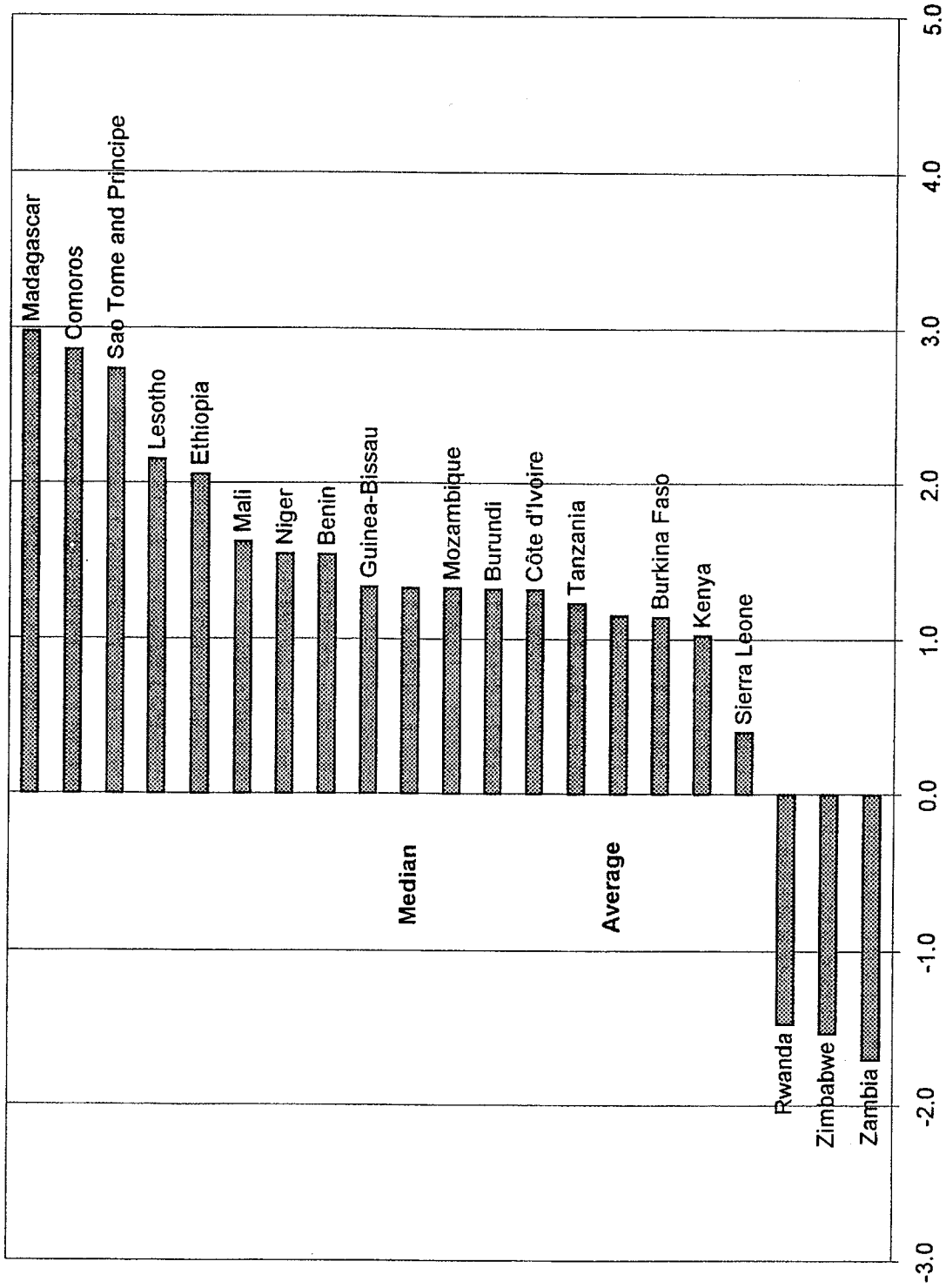
2/ Data for 1993.

3/ Health facilities user rates reflect estimates for 1994.

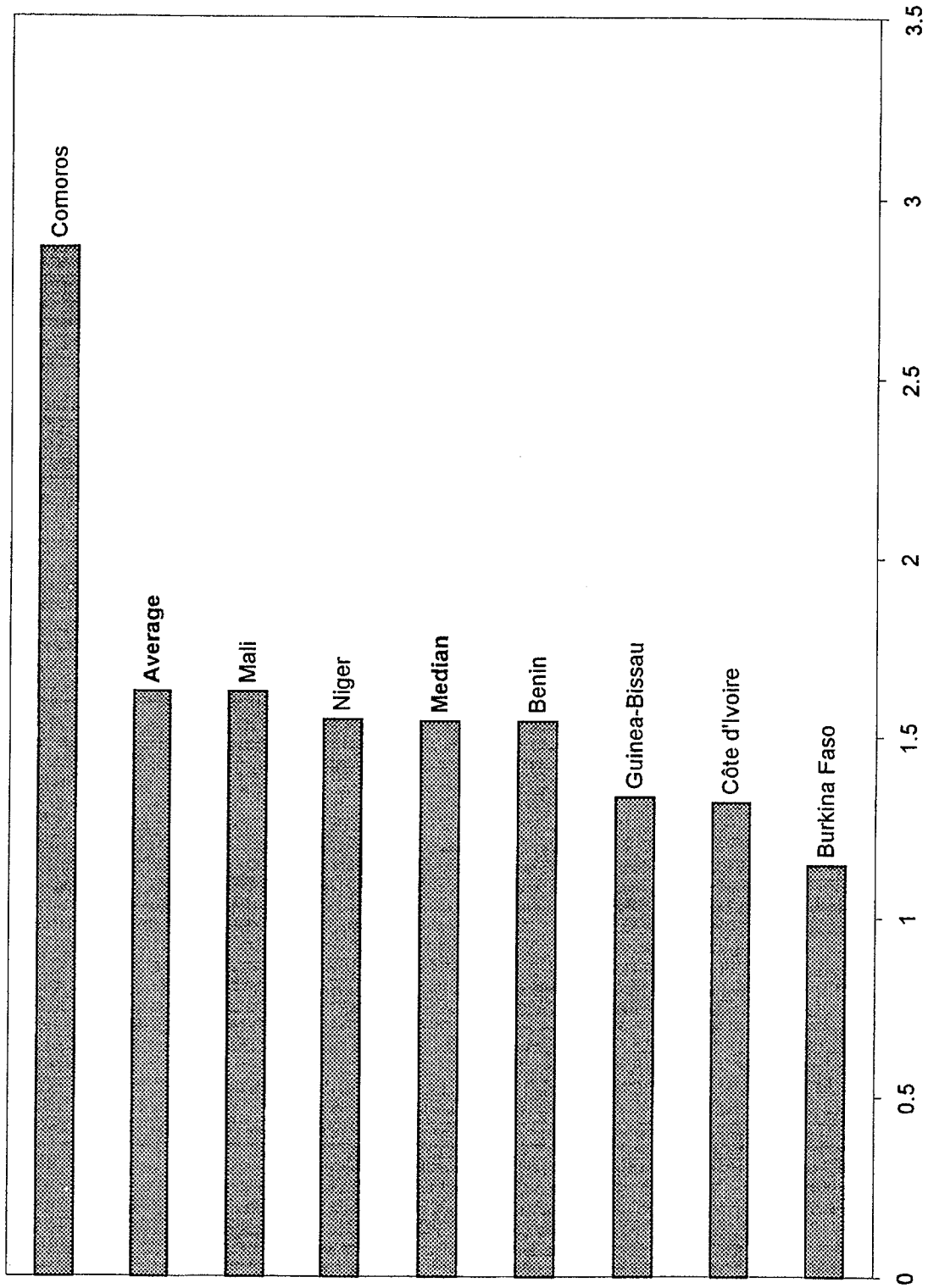
4/ In 1995, life expectancy in low-income countries averaged 62 years.

5/ In 1995, infant mortality in low-income countries averaged 73 per thousand live births.

Figure 8
Infant Mortality Rates Under SAF/ESAF Programs in African Countries, 1989-96
(Average of annual percentage changes)



Infant Mortality Rates under SAF/ESAF Programs in CFA Area Countries, 1989-96
(Average of annual percentage changes)



the lack of coordination between medical and nursing schools and the Ministry of Health leads to a mismatch of training and job requirements.

97. The implementation of the cost-recovery program, which has been hailed as one of the major accomplishments of health sector policy in Benin, also seems to have reduced the access of the poorest to health care services. The rising dependence of the health care sector on private expenditure since the late 1980s has been accompanied by an increase in operating costs and user fees. However, the receipts from user fees are estimated to be 27 percent higher than the declared costs of health centers, which has resulted in an accumulation of untapped resources. The increase in user fees has also led to a decline in user rates among the poor, especially in rural areas. Whereas in 1989 the poorest quintile of Benin's population received 20 percent of the amount received by the richest quintile, in 1996 that percentage had fallen to 10 percent in rural areas and to 2.6 percent in urban centers.

98. To conclude, the allocation of more resources to the health sector is not sufficient to improve the health status of Benin's population. In order to increase the impact of public expenditure on health indicators, health expenditure must become more efficient and better targeted. In particular, budgeting and management procedures should be strengthened, the training and territorial distribution of health personnel should be improved, stricter rules on operating costs of health centers should be set, the affordability of basic drugs should be ensured, and a national policy on user and drug fees should be elaborated and implemented with the shortest delay possible.

Benin: Summary of Tax System as of December 1997

(All amounts in CFA francs)

Tax	Nature of Tax	Exemptions and Deductions	Rates
A. Central government			
1. Taxes on income and profits levied on behalf of general budget			
1.1 Direct tax			
1.1.1 Tax on industrial, commercial, artisanal, and agricultural profits (<i>impôts sur les bénéfices industriels, commerciaux, artisanaux et agricoles</i>) (Tax code Art. 1-33)	An annual tax levied on the net profits activities carried out within the country. There is a three-year carryover for business losses. No minimum taxable profits (since 1994).	Cooperatives, agricultural credit unions, and mutual associations are exempt. Realized capital gains are exempt if reinvested within three years. General expenses, depreciation, taxes paid, reserves for losses, and losses during the previous three years are deducted.	Companies: 38 percent. Petroleum companies: 58 percent. Individuals: 35 percent. Artisans: 17.50 percent. For other activities than those of petroleum companies, minimum tax payment is the highest and is equivalent to CFAF 100,000, or 0.5 percent of turnover.
1.1.2 Tax on companies' motor vehicles (art. 32 bis to 32 quinter)	Annual tax levied on companies' motor vehicles not used in the context of companies' activities.	Motor vehicles exclusively involved in a company's activities.	Motor vehicles with a power of less than 7 horsepower: CFAF 150,000. Other categories: CFAF 200,000.
1.1.3 Tax on noncommercial profits (<i>impôt sur les bénéfices non commerciaux</i>) (Tax code Art. 33-47)	Annual tax levied on earnings from professional activity.	Necessary and reasonable expenses incurred in the production of income. No personal exemptions.	35 percent. Minimum tax based on activities and turnovers.

Benin: Summary of Tax System as of December 1997

(All amounts in CFA francs)

Tax	Nature of Tax	Exemptions and Deductions	Rates												
1.1.4 Progressive tax on salaries and wages (<i>impôt progressif sur les traitements et salaires</i>) (Tax code Art. 48-71)	Monthly tax withheld from wages, salaries, pensions, life annuities, indemnities, overtime salaries, and other emoluments, including transportation allowances. Tax payable on gross taxable income, including contribution to retirement fund.	Family allowance and social security payments. For private sector, the portion of family allowance and social security payments above the level paid to the civil servants at the same grade level by the Social Security Fund (OBSS) is not exempted.	The rate is progressive and calculated as follows: <table style="margin-left: 20px;"> <tr> <td style="text-align: right;"><i>Monthly taxable earnings</i></td> <td style="text-align: right;"><i>Rate</i></td> </tr> <tr> <td style="text-align: right;">Less than 20,000</td> <td style="text-align: right;">0 percent</td> </tr> <tr> <td style="text-align: right;">20,001 - 100,000</td> <td style="text-align: right;">15 percent</td> </tr> <tr> <td style="text-align: right;">100,001-250,000</td> <td style="text-align: right;">20 percent</td> </tr> <tr> <td style="text-align: right;">250,001-500,000</td> <td style="text-align: right;">25 percent</td> </tr> <tr> <td style="text-align: right;">Over 500,000</td> <td style="text-align: right;">40 percent</td> </tr> </table>	<i>Monthly taxable earnings</i>	<i>Rate</i>	Less than 20,000	0 percent	20,001 - 100,000	15 percent	100,001-250,000	20 percent	250,001-500,000	25 percent	Over 500,000	40 percent
<i>Monthly taxable earnings</i>	<i>Rate</i>														
Less than 20,000	0 percent														
20,001 - 100,000	15 percent														
100,001-250,000	20 percent														
250,001-500,000	25 percent														
Over 500,000	40 percent														
1.1.5 Payroll tax (<i>versement patronal sur salaires</i>) (Tax code Art. 58-63 LF 1996)	Levied on individual or corporate employers on the total amount of salaries, wages, allowances, and benefits paid in kind.	Central government, local authorities, public agencies, diplomatic and international representations, and taxpayers liable for professional tax.	<p><i>Tax payment are reduced by the number of children, according to the following schedule:</i></p> <table style="margin-left: 20px;"> <tr> <td style="text-align: right;">1 child</td> <td style="text-align: right;">0 percent</td> </tr> <tr> <td style="text-align: right;">2 children</td> <td style="text-align: right;">5 percent</td> </tr> <tr> <td style="text-align: right;">3 children</td> <td style="text-align: right;">10 percent</td> </tr> <tr> <td style="text-align: right;">4 children</td> <td style="text-align: right;">15 percent</td> </tr> <tr> <td style="text-align: right;">5 children</td> <td style="text-align: right;">20 percent</td> </tr> <tr> <td style="text-align: right;">6 children</td> <td style="text-align: right;">23 percent</td> </tr> </table> <p>Single rate of 8 percent. Tax base is similar to income tax.</p>	1 child	0 percent	2 children	5 percent	3 children	10 percent	4 children	15 percent	5 children	20 percent	6 children	23 percent
1 child	0 percent														
2 children	5 percent														
3 children	10 percent														
4 children	15 percent														
5 children	20 percent														
6 children	23 percent														
1.1.6 Tax on income from financial assets (<i>impôt sur les revenus des capitaux mobiliers</i>) (Registration code Art. 72-151)	Tax levied on dividends, interest, attendance fees, and other corporate distribution. Tax withheld at source.	Certain exemptions (e.g., interest paid by credit unions) and reductions (e.g., on tax payable on transfers to holding companies) are permitted. Tax withheld is deductible from the base of the general income tax.	Interest on deposits and guarantees: 15 percent. Proceeds from bonds bonus on share equities issued in WAEMU: 6 percent. Other: 18 percent (9 percent on payments by new companies for the first three years).												

Benin: Summary of Tax System as of December 1997

(All amounts in CFA francs)

Tax	Nature of Tax	Exemptions and Deductions	Rates																				
1.1.7	General income tax (<i>impôt général sur les revenus</i>) (Tax code Art. 152-186)	Annual tax levied on the total net personal income from all sources except salaries (see 1.1.2). Rental income reduced by maintenance costs and interest, and a 30 percent deduction for managements, insurance, and depreciation. Personal deductions for dependents are allowed as a percentage of taxable income ranging from 10 percent for a married taxpayer with no children to 40 percent for a married person with six children. The tax is increased by 30 percent for single, widowed, or divorced taxpayers without dependent children.	The general income tax consists of two levies: (i) a progressive levy of 2,000 to 15,000 based on income level and (ii) a progressive levy based on income level and family size, according to the following scale: <table style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: left;"><i>Taxable income rate</i></th> <th style="text-align: left;"><i>Progressive rate</i></th> </tr> </thead> <tbody> <tr> <td>Up to 100,000</td> <td>Exempt</td> </tr> <tr> <td>100,001- 600,000</td> <td>6 percent</td> </tr> <tr> <td>600,001- 800,000</td> <td>15 percent</td> </tr> <tr> <td>800,001- 1,600,000</td> <td>20 percent</td> </tr> <tr> <td>1,600,001- 2,500,000</td> <td>25 percent</td> </tr> <tr> <td>2,500,001- 3,500,000</td> <td>30 percent</td> </tr> <tr> <td>3,500,001- 4,500,000</td> <td>40 percent</td> </tr> <tr> <td>4,500,001- 5,500,000</td> <td>50 percent</td> </tr> <tr> <td>Over 5,500,000</td> <td>60 percent</td> </tr> </tbody> </table>	<i>Taxable income rate</i>	<i>Progressive rate</i>	Up to 100,000	Exempt	100,001- 600,000	6 percent	600,001- 800,000	15 percent	800,001- 1,600,000	20 percent	1,600,001- 2,500,000	25 percent	2,500,001- 3,500,000	30 percent	3,500,001- 4,500,000	40 percent	4,500,001- 5,500,000	50 percent	Over 5,500,000	60 percent
<i>Taxable income rate</i>	<i>Progressive rate</i>																						
Up to 100,000	Exempt																						
100,001- 600,000	6 percent																						
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1,600,001- 2,500,000	25 percent																						
2,500,001- 3,500,000	30 percent																						
3,500,001- 4,500,000	40 percent																						
4,500,001- 5,500,000	50 percent																						
Over 5,500,000	60 percent																						
1.1.8	Tax on rental income (<i>taxe immobilière sur les loyers</i>) (Tax code Art. 198-204)	None.	Monthly rental income brackets <i>Per unit Rate</i> 0 to 50,000 10 percent Over 50,000 20 percent																				
1.1.9	Real estate tax	Exemption: public properties. New buildings for a period of 5 years.	13 percent of the market value of the building when it is not leased. 26 percent when it is leased, out of which half is earmarked to the general budget.																				
1.1.9.1	Tax on business activities (<i>taxe professionnelle unique</i>) (Tax code 1084-9 to 1084-16)	Government activities, corporations, taxpayers liable for the profits tax, pharmacists and contractors.	13 percent of the lease value.																				

Benin: Summary of Tax System as of December 1997

(All amounts in CFA francs)

Tax	Nature of Tax	Exemptions and Deductions	Rates
1.2	Indirect taxes		
1.2.1	Value-added tax (VAT) (<i>taxe sur la valeur ajoutée TVA</i>) (Tax code Art. 219-272)	<p>Levied on receipts from the sale of goods and services, as well as on production and imports.</p> <p>Exemptions: Resale "as is" to retailers. Products listed in Appendix I of the 1994 Finance Law. Medical consultations. Construction of a first home. Printing of newspapers and periodicals. Sales of nonprofit organizations. Public or private transportation of passengers. Insurance, banks, and financial institutions. Operations subject to registration. Construction of low-rent housing.</p>	<p>Single rate of 18 percent (Zero rate for exports).</p>
1.2.2	Tax on financial activities	<p>Levied on banks and other financial institutions activities.</p> <p>Deductions: In production, processing, and wholesale importing, deduction of taxes paid upstream on goods, materials, and equipment used in the taxable activity. Central bank's activities.</p>	<p>5 percent on services, commissions and lending interest payments.</p>
1.2.3	Insurance tax (<i>taxe unique sur les contrats d'assurance</i>) (Tax code Art. 913-934)	<p>Levied on insurance premiums paid.</p> <p>Premiums paid by nonresidents to local insurance companies and premiums collected by agricultural mutual insurance companies are exempt.</p>	<p>Fire 30.0 percent Life 5.0 percent Export credit guarantees 0.25 percent Other 7.0 percent</p>
1.2.4	Tax on petroleum products (<i>taxe sur les hydrocarbures</i>) (Tax code Art. 249-256)	<p>Levied on all sales of petroleum products.</p> <p>Deduction of upstream taxes. Exports.</p>	<p>Oil and grease 2.0 percent Regular and premium Petroleum and gas-oil 11.16 percent 0.50 percent</p>

Benin: Summary of Tax System as of December 1997

(All amounts in CFA francs)

Tax	Nature of Tax	Exemptions and Deductions	Rates
1.2.5	Cement (<i>taxe spécifique sur le ciment</i>) (Tax code Art. 257-260)	Exports and imports. Those already taxed in Benin.	0.5 percent on sale value.
1.2.6	Beverages (<i>taxe intérieure sur les boissons</i>) (Tax code Art. 261-268)	Imports. Those already taxed in Benin. Exports.	13 percent on sale value.
1.2.7	Wheat flour (<i>taxe spécifique sur la farine de blé</i>) (Tax code Art. 269-272)	Imports. Those already taxed in Benin. Exports.	1.2 percent on sale value.
1.2.8	Textiles (<i>taxe spécifique sur le textile fabriqué et consommé au Bénin</i>) (Tax code Art. 273-276)	Imports. Those already taxed in Benin. Exports.	6 percent on sale value.
1.2.9	Soaps (<i>taxe spécifique sur le savon</i>) (Tax code Art. 277-280)	Imports. Those already taxed in Benin. Exports.	5.5 percent on sale value.
1.2.10	Parimutuel (<i>pari mutuel urbain</i>)	None.	5 percent of total wager.
1.2.11	Motor vehicle tax (<i>taxe sur les véhicules à moteur</i>) (Tax code Art. 281-289)	Government and diplomatic vehicles are exempt.	A fixed tax ranging from CFAF 7,000 to CFAF 300,000 according to type, weight or horsepower. Surcharge of 30 percent (introduced in 1998).
1.2.12	Radio and TV tax (<i>taxe radiophonique et télévisuelle</i>) (Tax code Art. 290-293)	None.	Annual tax of CFAF 500 per radio set owned by taxpayer CFAF 700 for two radio sets. CFAF 900 for three radio sets. CFAF 1,200 for more than three sets. CFAF 3,000 per television set.

Benin: Summary of Tax System as of December 1997

(All amounts in CFA francs)

Tax	Nature of Tax	Exemptions and Deductions	Rates																		
1. 3. Registration duties and stamps																					
1.3.1	Inheritance and gift duty (<i>droits progressifs sur les mutations à titre gratuit</i>) (Taxe code Art. 593-612)	Transfers to the family of the military and civilian employees killed on duty are exempt. An exemption of CFAF 6 million is allowed for the children and the spouse and CFAF 4 million for each child, up to six. Tax reduced by 25 percent on transfers under a marriage contract.	Rates are fixed by brackets on the net value of the property, according to the relationship of the recipients and vary between 3 percent and 45 percent.																		
1.3.2	Registration duties (<i>droits d'enregistrement</i>) (Tax code Art. 541-586)	Imposed on the net value of property transferred free of charge.	Duty varying from 1 percent to 12 percent.																		
1.3.3	Mortgage duty (<i>droit d'hypothèque</i>) (Tax code Art. 955-961)	Levied on property transfers, leases, increases in capital, company mergers, and other transactions.	(i) Fixed duties CFAF 7,000 for a market value of less than CFAF 1 million. (ii) 7.5 per thousand plus CFAF 200 fees when the market value is higher than CFAF 1 million. (iii) 3 per thousand of the contract value.																		
1.3.4	Stamp duties (<i>droits de timbre</i>) (Tax code Art. 613-777)	(i) Registration. (ii) Recording of new titles, title transfers and title termination. Levied on: (i) stamped paper. (ii) commercial instruments. (iii) receipts. (iv) Transport contracts and bill of shipping.	(i) Fixed duty of CFAF 350 to CFAF 1,200. (ii) A proportional duty of 5 per thousand. (iii) A fixed duty on amounts of <table style="margin-left: 20px;"> <tr> <td>Up to</td> <td>100</td> <td>Exempt</td> </tr> <tr> <td>101 to</td> <td>1,000</td> <td>10</td> </tr> <tr> <td>1,001 to</td> <td>5,000</td> <td>25</td> </tr> <tr> <td>5,001 to</td> <td>10,000</td> <td>50</td> </tr> <tr> <td>10,001 to</td> <td>50,000</td> <td>100</td> </tr> <tr> <td>Over</td> <td>50,000</td> <td></td> </tr> </table> By tranche of 50,000 30. (iv) Fixed duty: CFAF 2,500 (introduced in 1998).	Up to	100	Exempt	101 to	1,000	10	1,001 to	5,000	25	5,001 to	10,000	50	10,001 to	50,000	100	Over	50,000	
Up to	100	Exempt																			
101 to	1,000	10																			
1,001 to	5,000	25																			
5,001 to	10,000	50																			
10,001 to	50,000	100																			
Over	50,000																				

Benin: Summary of Tax System as of December 1997

(All amounts in CFA francs)

Tax	Nature of Tax	Exemptions and Deductions	Rates
B. Local authorities			
2.1 Tax on developed property (<i>contribution foncière des propriétés bâties</i>) (Tax code Art. 976-987)	Levied on rental value of undeveloped property, unexploited land used for industrial, commercial purposes or as construction site, including fixed assets installed in buildings.	Exemptions: public buildings, ports, schools, buildings for public worship, medical and welfare facilities; newly constructed buildings for five to ten years. Deductions: 40 percent for houses and 50 percent for industrial plants.	Variable rates according to districts.
2.2 Tax on undeveloped property (<i>contribution foncière des propriétés non bâties</i>) (Tax code Art. 988-996)	Levied on the market value (<i>valeur vénale</i>) of unimproved land as determined by the tax department.	Exemption: public properties and up to 5 hectares of land owned by individuals. For 30 years, cultivated areas opened in forestry zones.	Variable rates according to the market value of undeveloped property. 6 percent in Natitingou. Rates differ according to area.
2.3 Professional tax (<i>tax professionnelle Unique</i>)	Levied on taxpayers liable for indirect tax (1.2); it replaces business tax and license in localities where there is an urban property register (RFU).	Public entities, corporations, taxpayers liable for the tax on noncommercial profits, pharmacists, and contractors.	13 percent of rental value (<i>valeur locative</i>).
2.4 Single real estate tax	Levied on the rental value of properties (<i>valeur locative</i>) in the districts where there is an RFU.	Exemption: public properties, schools, buildings for public worship, housing less than 5 years old.	13 percent of the market value of the building when it is not leased. 26 percent when it is leased, out of which half is earmarked to the general budget.
2.5. Business license tax (<i>contribution des patentes</i>) (Tax code Art. 997-1032)	Levied on corporations or individuals engaged in commercial and industrial activities or professional services.	Public entities, artists, fishermen, farmers, artisans are exempt. Business having mining licenses and newly established enterprises are granted a five-year exemption.	It consists of two levies: (i) fixed levy based on the type of activity, number of employees and equipment; and (ii) proportional levy based on the rental value of premises, ranging from 6 percent to 17 percent. Business license for procurement: 0.25 percent of procurement.
2.6 Liquor licenses (<i>contribution des licenses</i>) (Tax code Art. 1033-1038)	Levied on enterprises serving alcoholic beverages.	Corporations liable for the single professional tax (TPU).	A fixed fee based on the class of the establishment, which is a function of size and type of beverage served.

Benin: Summary of Tax System as of December 1997

(All amounts in CFA francs)

Tax	Nature of Tax	Exemptions and Deductions	Rates
3. Social security contributions	(i) Retirement. (ii) Family allowance. (iii) Worker's compensation.	No ceiling on contribution base.	(i) Employer: 5.40 percent in the private sector and 14 percent in the public sector. Employee: 3.60 percent in the private sector and 6 percent in the public sector.
4. Transit tax (<i>taxe de circulation</i>)	Levied on commodities, such as cigarettes and alcoholic beverages, transiting through Benin.	None.	(ii) Employer: 10 percent. (iii) Employer: 1 to 4 percent. Specific rates ranging from CFAF 35 to CFAF 3,000, plus CFAF 2,000 per truck.

Additional information:

Tax of 10 percent withheld on payments for professional services rendered to public entities and public and private enterprises. The tax payment is deductible from income tax. The indirect ad valorem tax levied on the cross activities of enterprises of the same group is to be valued at the market price.

Sources: *Code général des impôts*, 1982, modified; *Code des douanes*, 1986, modified; *tarif des douanes*, 1998; and *Loi de finance*, 1997.

Table 16. Benin: Gross Domestic Product by Sector of Origin
at Current Prices, 1991-97

	1991	1992	1993	1994	1995	1996	Est. 1997
(In billions of CFA francs)							
Primary sector	192.4	205.0	201.3	278.0	341.3	426.3	477.3
Agriculture	142.3	153.8	146.6	207.6	256.8	333.8	378.6
Livestock, forestry, and fishing	50.2	51.2	54.7	70.4	84.5	92.5	98.7
Secondary sector	67.1	75.5	80.0	122.3	146.1	155.0	171.9
Manufacturing and handicrafts	40.1	47.2	48.7	72.6	86.7	93.4	102.4
Construction and public works	17.6	19.6	21.9	36.8	46.9	48.6	54.6
Mining and petroleum	4.4	3.4	3.7	6.0	5.0	4.9	4.8
Water, gas, and electricity	5.0	5.4	5.6	6.9	7.5	8.2	10.0
Tertiary sector	244.6	261.9	281.4	388.6	454.8	481.8	514.7
Commerce	89.1	95.8	101.5	155.6	191.4	205.6	222.6
Transport and other services	41.2	45.7	49.3	69.3	81.2	82.7	88.2
Public administration	50.5	52.7	55.1	67.9	76.1	82.3	86.5
Other services	63.8	67.7	75.5	95.8	106.1	111.2	117.5
GDP at factor cost	504.2	542.5	562.7	789.0	942.3	1,063.2	1,163.9
Indirect taxes (net)	25.6	27.0	33.7	42.1	60.7	67.3	83.2
GDP at market prices	529.7	569.5	596.4	831.1	1,002.9	1,130.5	1,247.1
(In percent of GDP)							
Primary sector	36.3	36.0	33.8	33.5	34.0	37.7	38.3
Agriculture	26.9	27.0	24.6	25.0	25.6	29.5	30.4
Livestock, forestry, and fishing	9.5	9.0	9.2	8.5	8.4	8.2	7.9
Secondary sector	12.7	13.3	13.4	14.7	14.6	13.7	13.8
Manufacturing and handicrafts	7.6	8.3	8.2	8.7	8.6	8.3	8.2
Construction and public works	3.3	3.4	3.7	4.4	4.7	4.3	4.4
Mining and petroleum	0.8	0.6	0.6	0.7	0.5	0.4	0.4
Water, gas, and electricity	0.9	0.9	0.9	0.8	0.7	0.7	0.8
Tertiary sector	46.2	46.0	47.2	46.8	45.4	42.6	41.3
Commerce	16.8	16.8	17.0	18.7	19.1	18.2	17.8
Transport and other services	7.8	8.0	8.3	8.3	8.1	7.3	7.1
Public administration	9.5	9.2	9.2	8.2	7.6	7.3	6.9
Other services	12.0	11.9	12.7	11.5	10.6	9.8	9.4
GDP at factor cost	95.2	95.3	94.3	94.9	94.0	94.0	93.3
Indirect taxes (net)	4.8	4.7	5.7	5.1	6.0	6.0	6.7
GDP at market prices	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Sources: Institut National de la Statistique et de l'Analyse Economique (INSAE), the World Bank; and Fund staff estimates.

Table 17. Benin: Gross Domestic Product by Sector of Origin
at Constant 1992 Prices, 1991-97

	1991	1992	1993	1994	1995	1996	Est. 1997
(In billions of CFA francs)							
Primary sector	202.8	210.7	216.5	235.7	239.7	257.1	269.3
Agriculture	152.6	158.8	161.4	179.6	181.6	196.9	206.9
Livestock, forestry, and fishing	50.2	51.9	55.1	56.0	58.0	60.2	62.4
Secondary sector	69.1	72.9	73.3	77.9	81.9	86.0	89.8
Manufacturing and handicrafts	42.0	44.9	43.4	46.7	48.3	51.9	54.1
Construction and public works	18.1	19.2	20.5	21.8	24.8	25.2	26.5
Mining and petroleum	4.1	3.5	4.0	3.5	2.6	2.3	2.1
Water, gas, and electricity	4.9	5.3	5.4	5.9	6.1	6.7	7.1
Tertiary sector	254.2	262.2	268.8	276.4	292.1	304.0	316.5
Commerce	92.0	96.6	100.1	99.3	107.0	111.0	116.6
Transport and other services	41.6	43.6	44.8	45.4	48.0	50.4	53.2
Public administration	55.2	54.1	53.4	56.2	58.9	61.8	63.1
Other services	65.4	67.8	70.6	75.7	78.3	81.0	83.8
GDP at factor cost	526.1	545.7	558.7	590.0	613.6	647.2	675.5
Indirect taxes (net)	25.2	28.0	35.2	30.0	37.6	40.6	48.7
GDP at market prices	551.3	573.7	593.9	620.0	651.2	687.7	724.2
(Annual changes in percent)							
Primary sector	8.5	3.9	2.7	8.9	1.7	7.3	4.8
Agriculture	11.2	4.1	1.7	11.3	1.1	8.4	5.1
Livestock, forestry, and fishing	1.0	3.3	6.2	1.7	3.5	3.7	3.7
Secondary sector	2.8	5.4	0.9	4.9	2.7	4.6	3.9
Manufacturing and handicrafts	2.4	6.8	-3.4	7.8	3.3	7.4	4.2
Construction and public works	3.1	6.0	6.8	6.5	13.7	1.5	5.0
Mining and petroleum	2.3	-15.4	14.1	-13.1	-24.6	-13.1	-5.7
Water, gas, and electricity	6.0	9.0	2.3	7.7	5.0	8.9	6.7
Tertiary sector	1.4	3.1	2.5	2.8	5.7	4.1	4.1
Commerce	2.3	5.0	3.6	-0.8	7.7	3.7	5.1
Transport and other services	4.5	5.0	2.7	1.4	5.6	5.0	5.5
Public administration	-5.3	-2.0	-1.2	5.3	4.7	5.0	2.0
Other services	4.3	3.7	4.1	7.1	3.5	3.4	3.5
GDP at factor cost	4.2	3.7	2.3	5.6	3.5	5.5	4.3
Indirect taxes (net)	14.0	11.1	25.9	-14.9	25.3	8.0	20.0
GDP at market prices	4.6	4.1	3.5	4.4	4.6	5.6	5.3

Sources: Institut National de la Statistique et de l'Analyse Economique (INSAE); the World Bank; and Fund staff estimates.

Table 18. Benin: Supply and Use of Resources at Current Prices, 1991-97

(In billions of CFA francs)

	1991	1992	1993	1994	1995	1996	Est. 1997
Supply of resources	704.9	759.9	792.2	1,110.4	1,368.4	1,510.7	1,653.3
Gross domestic product	529.7	569.5	596.4	831.1	1,002.9	1,130.5	1,247.1
Imports of goods and nonfactor services	175.2	190.4	195.8	279.3	365.5	380.3	406.3
Goods	136.1	148.4	152.6	207.0	278.2	280.2	300.8
Domestic imports	91.6	101.5	104.5	153.9	217.5	219.7	235.0
Reexports	44.5	46.9	48.1	53.1	60.7	60.5	65.7
Services	39.1	42.0	43.1	72.3	87.3	100.1	105.5
Use of resources	704.9	759.9	792.2	1,110.4	1,368.4	1,510.7	1,653.3
Gross domestic expenditure	575.4	623.9	656.7	882.0	1,103.4	1,225.4	1,345.5
Consumption	498.6	545.5	565.1	751.0	906.8	1,032.1	1,123.9
Public	57.2	61.1	61.7	84.1	112.8	120.5	130.4
Private	441.4	484.4	503.4	666.9	794.0	911.6	993.5
Gross investment	76.8	78.4	91.7	131.0	196.6	193.3	221.6
Fixed and portfolio investment	71.8	75.4	89.4	129.0	172.6	187.7	215.3
Central government	28.2	24.1	28.5	54.1	78.3	71.8	83.7
Public enterprises and local authorities	11.1	13.3	14.0	23.5	25.6	12.9	6.9
Private sector	32.5	38.0	46.9	51.4	68.7	103.0	124.7
Change in stocks	5.0	3.0	2.3	2.0	24.0	5.6	6.3
Exports of goods and nonfactor services	129.5	136.1	135.5	228.3	271.4	285.3	307.9
Goods	95.0	98.3	96.6	171.2	202.2	216.0	231.1
Domestic exports	37.1	34.9	31.6	96.9	117.3	134.3	142.1
Reexports	57.9	63.3	64.9	74.4	85.0	81.7	89.0
Services	34.6	37.8	38.9	57.1	69.2	69.3	76.8
Domestic savings	31.1	24.0	31.3	80.0	96.1	98.4	123.2
Resource gap	45.6	54.3	60.3	51.0	94.1	95.0	98.4
Private transfers	23.7	25.2	26.7	28.0	34.0	34.3	42.0
Public transfers (current)	15.9	19.3	18.1	21.5	18.2	24.6	18.2
Income paid abroad (net)	-8.7	-16.0	-11.3	-19.5	-22.1	-16.4	-17.6
Gross national savings	62.1	52.5	64.8	110.0	126.2	140.8	165.8
Current account deficit	-14.8	-25.8	-27.0	-22.0	-64.0	-52.5	-55.8

Sources: Beninese authorities; World Bank; and Fund staff estimates.

Table 19. Benin: Supply and Use of Resources at Current Prices, 1991-97

(In percent of GDP)

	1991	1992	1993	1994	1995	1996	Est. 1997
Supply of resources	133.1	133.4	132.8	133.6	136.4	133.6	132.6
Gross domestic product	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Imports of goods and nonfactor services	33.1	33.4	32.8	33.6	36.4	33.6	32.6
Goods	25.7	26.1	25.6	24.9	27.7	24.8	24.1
Domestic imports	17.3	17.8	17.5	18.5	21.7	19.4	18.8
Reexports	8.4	8.2	8.1	6.4	6.1	5.4	5.3
Services	7.4	7.4	7.2	8.7	8.7	8.9	8.5
Use of resources	133.1	133.4	132.8	133.6	136.4	133.6	132.6
Gross domestic expenditure	108.6	109.5	110.1	106.1	110.0	108.4	107.9
Consumption	94.1	95.8	94.7	90.4	90.4	91.3	90.1
Public	10.8	10.7	10.3	10.1	11.2	10.7	10.5
Private	83.3	85.1	84.4	80.3	79.2	80.6	79.7
Gross investment	14.5	13.8	15.4	15.8	19.6	17.1	17.8
Fixed and portfolio investment	13.6	13.2	15.0	15.5	17.2	16.6	17.3
Central government	5.3	4.2	4.8	6.5	7.8	6.4	6.7
Public enterprises and local authorities	2.1	2.3	2.3	2.8	2.6	1.1	0.6
Private sector	6.1	6.7	7.9	6.2	6.9	9.1	10.0
Change in stocks	0.9	0.5	0.4	0.2	2.4	0.5	0.5
Exports of goods and nonfactor services	24.5	23.9	22.7	27.5	26.4	25.2	24.7
Goods	17.9	17.3	16.2	20.6	20.2	19.1	18.5
Domestic exports	7.0	6.1	5.3	11.7	11.7	11.9	11.4
Reexports	10.9	11.1	10.9	8.9	8.5	7.2	7.1
Services	6.5	6.6	6.5	6.9	6.3	6.1	6.2
Domestic savings	5.9	4.2	5.3	9.6	10.2	8.7	9.9
Resource gap	8.6	9.5	10.1	6.1	9.4	8.4	7.9
Private transfers	4.5	4.4	4.5	3.4	3.4	3.0	3.4
Public transfers (current)	3.0	3.4	3.0	2.6	1.8	2.2	1.5
Income paid abroad (net)	-1.6	-2.8	-1.9	-2.3	-2.2	-1.5	-1.4
Gross national savings	11.7	9.2	10.9	13.2	12.6	12.5	13.3
Current account deficit	-2.8	-4.5	-4.5	-2.6	-6.4	-4.6	-4.5

Sources: Beninese authorities; World Bank; and Fund staff estimates.

Table 20. Benin: Producer Prices of Main Cash Crops, 1991/92-1996/97 1/

(CFA francs per kilogram)

	1991/92	1992/93	1993/94	1994/95	1995/96	1996/97
Palm fruit	35	35	30	30	30	30
Seed cotton						
High quality	100	100	110	110	155	200
Average quality	80	80	85	85	120	150
Groundnuts						
(unshelled) 2/	65	85	85	85	120	120
Shea nuts	40	40	30	30	50	50
Cashew nuts	115	115	115	115	155	155
Coffee						
High quality	140	115	115	115	300	300
Average quality	90	60	60	60	155	155
Tobacco						
First quality	135	135	135	135	...	...
Second quality	115	115	115	115	...	...
Third quality	70	70	70	70	...	...

Sources: Ministry of Rural Development, Department of Planning and Research; and Société Nationale pour la Promotion Agricole (SONAPRA).

1/ Crop year: October 1-September 30.

2/ Sold at the Bohicon markets.

Table 21. Benin: Production and Cultivated Area of Principal
Food Crops, 1991/92-1996/97 1/

	1991/92	1992/93	1993/94	1994/95	1995/96	1996/97
(In thousands of metric tons)						
Production						
Maize	431	460	483	492	563	557
Sorghum	115	110	106	113	119	110
Millet	27	26	24	25	25	24
Rice (paddy)	10	11	12	14	18	22
Total cereals	583	607	625	644	725	713
Cassava	1,046	1,041	1,147	1,146	1329	1453
Yams	1,178	1,125	1,185	1,250	1288	1326
Beans	55	62	58	65	74	64
(In thousands of hectares)						
Cultivated area						
Maize	460	470	494	480	500	513
Sorghum	147	143	138	145	149	145
Millet	44	40	36	37	34	34
Rice (paddy)	8	8	8	9	11	12
Total cereals	659	661	676	671	694	704
Cassava	126	124	131	141	158	166
Yams	103	106	105	115	117	131
Beans	97	99	91	99	98	98

Source: Ministry of Rural Development, Department of Planning and Research.

1/ Crop year: October 1-September 30.

Table 22. Benin: Production and Exports of Palm Products, 1991-97 1/

(In thousands of metric tons)

	1991	1992	1993	1994	1995	1996	1997
Palm oil mills							
Palm fruit processed	57.4	49.3	55.9	54.5	25.7	35.5	38.1
Palm oil produced	10.7	8.9	10.3	9.4	5.0	6.8	6.4
Palm kernel produced	1.9	1.6	1.9	2.1	1.6	1.6	1.4
Palm kernel oil mills							
Palm kernels processed	2.4	2.4	1.8	2.3	0.9	1.6	0.6
Palm kernel oil produced	0.9	1.0	0.5	0.9	0.4	0.6	0.2
Palm kernel cake produced	1.1	1.2	0.9	1.2	0.5	0.8	0.3
Export volumes							
Palm oil	4.3	7.3	3.8	10.5	8.2	1.1	0.7
Palm kernel oil	2.1	3.4	0.0	2.0	0.5	0.1	0.1
Palm kernel cake	0.5	1.2	1.1	1.5	1.5	0.7	0.0

Source: Société Nationale pour l'Industrie des Corps Gras (SONICOG).

1/ Operations of SONICOG.

Table 23. Benin: Cotton Price Structure, 1991/92-1996/97 1/

	1991/92	1992/93	1993/94	1994/95	1995/96	1996/97
	(CFA francs per kilogram)					
Producer price (seed)	90.0	90.0	97.5	97.5	137.5	200.0
Producer price supplement	5.0	5.0	2.5	42.5	27.5	0.0
Overall producer price	95.0	95.0	100.0	140.0	165.0	200.0
Purchase costs	237.0	235.0	310.0	350.0	430.0	517.0
Transportation costs	16.0	15.0	17.0	23.0	26.0	30.0
Local tax	0.0	1.0	1.0	1.0	1.0	1.0
Ginning costs	47.0	45.0	45.0	49.0	48.0	48.0
Total production costs	300.0	296.0	373.0	423.0	505.0	596.0
Transportation costs	10.1	9.3	10.5	11.7	13.0	15.0
Administrative costs	6.8	7.6	9.2	8.6	8.5	8.5
Port of Cotonou costs	26.0	15.0	35.0	46.0	40.0	25.0
Total costs	342.9	327.9	427.7	489.3	566.5	644.5
	(In thousand of tons, unless otherwise specified)					
Memorandum items:						
Production of seed cotton	177.1	161.6	277.3	266.7	350.0	350.0
Production of ginned cotton	74.8	68.7	103.2	97.9	110.5	116.2
Production of cottonseed	95.1	88.4	136.2	129.8	151.0	155.9
Exports of ginned cotton	74.2	65.7	101.2	95.2	129.8	130.6
Seed cotton sold to private companies	0.0	0.0	0.0	0.0	76.1	68.5
Selling price of seed cotton to private ginning companies (CFA francs per kilogram)	0.0	0.0	0.0	0.0	185.0	220.0

Source: Société Nationale pour la Promotion Agricole (SONAPRA).

1/ Crop year: October 1-September 30.

Table 24. Benin: Energy Supply and Consumption, 1991-96

	1991	1992	1993	1994	1995	1996
	(In millions of barrels)					
Production of crude oil	1.4	0.9	1.1	0.9	0.7	0.6
	(In metric tons)					
Official imports and sales						
Sales of petroleum products 1/						
Jet fuel	15,088	16,157	17,997	17,066	13,927	20,804
Gasoline	10,648	18,156	29,682	69,007	59,678	73,211
Regular	6,602	11,292	17,861	43,279	37,053	44,131
Premium	4,046	6,864	11,821	25,728	22,625	29,080
Diesel fuel	30,977	34,489	41,170	66,903	67,926	79,045
Fuel oil and light distillates	6,017	7,411	10,582	26,218	9,028	15,169
Kerosene	8,362	5,204	28,525	45,522	51,639	56,470
Other	5,579	3,128	4,145	4,877	4,719	6,905
Total	76,671	84,545	132,101	229,509	206,717	251,604
Of which						
Local network sales	23,455	29,161	39,817	146,387	150,932	178,411
Direct sales to enterprises	51,234	48,872	76,479	74,400	54,789	71,525
Exports	1,982	6,512	15,805	8,722	996	1,668
Imports of petroleum products	74,146	80,923	119,926	262,326	238,005	241,043
Estimated unrecorded imports of petroleum products 2/	133,159	135,777	99,237	13,395	48,333	17,473
Estimated consumption of petroleum products 2/ 3/	209,830	220,322	231,338	242,904	255,050	269,077
	(In thousands of kilowatt-hours)					
Electricity						
Production available	221,698	239,119	259,000	262,900	289,600	310,826
Of which						
Imported from Ghana	198,730	214,310	233,000	210,200	256,400	264,138
Consumption	188,512	210,641	257,644	225,000	250,200	269,442

Sources: Société Nationale de Commercialisation des Produits Pétroliers (SONACOP); Société Béninoise d'Électricité et d'Eau (SBEE); and Projet Pétrolier de Sème.

1/ Through official SONACOP distribution channels.

2/ Fund staff estimates.

3/ Sales of petroleum products plus estimated unrecorded imports of petroleum products.

Table 25. Benin: Retail Prices of Major Petroleum Products, 1991-97

(CFA francs per liter)

	1991	1992	1993	1994	1995	1996	1997
Premium gasoline	175	175	175	175	175	175	200
Regular gasoline	170	170	170	170	170	170	175
Kerosene	100	100	100	100	100	100	125
Diesel	135	135	135	135	135	135	170

Source: Société Nationale de Commercialisation des Produits Pétroliers (SONACOP).

Table 26. Benin: Structure of Prices of Water and Electricity, 1991-97

(In thousands of CFA francs, unless otherwise indicated)

	1991	1992	1993	1994	1995	1996	1997 1/
Water							
Production cost	877	932	1,044	1,307	1,379	1,589	1,700
<i>Of which</i>							
Salary	136	104	116	166	179	208	314
Marketing cost	676	745	985	807	840	1,293	751
Indirect operating costs	50	67	95	281	305	493	455
Business expenses	1,355	2,052	1,954	2,028	2,548	2,554	2,477
Total cost	2,958	3,796	4,078	4,423	5,071	5,928	5,383
Unit cost (in CFA francs)	0.31	0.38	0.36	0.35	0.38	0.37	0.35
Unit selling price (in CFA francs)	0.17	0.17	0.17	0.19	0.19	0.19	0.28
 Electricity							
Production cost	5,763	6,957	7,360	10,606	11,752	12,631	13,075
<i>Of which</i>							
Salary	162	142	153	187	206	306	274
Marketing cost	916	918	1,213	1,589	1,383	1,454	1,107
Indirect operating costs	96	124	177	761	1,097	1,406	828
Business expenses	2,381	2,977	3,756	4,960	5,130	1,559	1,238
Total cost	9,156	10,975	12,506	17,916	19,363	17,049	16,248
Unit cost (in CFA francs)	0.05	0.05	0.06	0.08	0.08	0.06	0.06
Unit selling price (in CFA francs)	0.06	0.05	0.05	0.06	0.07	0.06	0.07

Source: Société Béninoise d'Electricité et d'Eau (SBEE).

1/ Prices adjusted on January 1, 1997.

Table 27. Benin: Transportation Activity, 1991-97

	1991	1992	1993	1994	1995	1996	1997
(In thousands of metric tons)							
Port traffic							
Loading	...	246.3	236.9	373.5	338.5	423.9	370.3
<i>Of which</i>							
Palm products	...	10.1	2.6	12.5	0.5	0.4	2.0
Cotton products	...	177.4	149.1	198.7	196.0	300.5	230.3
Transit	...	5.2	2.3	5.0	4.5	5.7	6.6
Unloading	1,337.0	1,488.6	1,680.3	1,611.2	1,738.4	1,795.8	1,877.9
<i>Of which</i>							
Hydrocarbons	123.0	145.6	197.9	349.3	292.8	297.7	331.5
Transit	372.6	378.6	437.6	394.4	378.6	509.9	493.1
Total	1,337.0	1,734.9	1,917.2	1,984.7	2,076.9	2,219.7	2,248.2
Transit	380.6	383.8	437.6	396.6	373.9	515.6	499.7
Niger	278.0	251.1	248.6	277.2	223.6	270.7	340.0
Nigeria	35.0	54.8	72.2	61.9	80.8	94.9	108.0
Burkina Faso	51.0	44.2	47.6	33.7	20.8	38.6	2.5
Togo	12.0	21.8	34.0	11.2	21.2	25.9	18.5
Mali	4.0	5.0	20.5	0.4	1.1	3.5	13.9
Others	0.6	6.9	14.7	12.2	26.4	26.5	12.4
(In units indicated)							
Rail traffic							
Passengers (millions per kilometer)	63.0	62.0	75.8	107.0	116.0	117.0	121.8
Freight (millions of tons per kilometer)	163.0	238.0	225.3	253.0	388.4	269.7	311.4
Upfreight (in thousands of metric tons)	284.0	246.6	244.9	268.0	211.0	189.4	229.9
General merchandise 1/							
To Benin	54.0	36.1	36.8	20.5	10.0	7.7	13.4
To Niger	190.0	154.7	138.1	155.0	116.0	111.9	159.2
Hydrocarbons							
To Benin	20.0	21.1	24.6	39.0	37.0	29.1	30.6
To Niger	20.0	34.7	45.4	54.0	48.0	40.7	26.7
Downfreight (in thousands of metric tons)	97.0	96.2	91.0	119.0	177.0	80.2	81.5
From Benin	92.0	93.2	86.7	111.0	163.0	74.6	74.8
From Niger	5.0	3.0	4.3	8.0	14.0	5.5	6.7

Sources: Ministère des Transports, Direction du Port Autonome de Cotonou; and Organisation Commune Benin-Niger de Chemins de Fer et des Transports (OCBN).

1/ In general, includes merchandise transported to Parakou by rail, and subsequently to Niger by trucks.

Table 28. Benin: Retail Prices of Selected Products, 1991-96 1/

	Lump Sugar	Imported Rice	Bread 2/ (CFA francs per kilogram)	Maize	Cassava Flour	Beans	Groundnut Oil (CFA francs per liter)	Palm Oil
Dec. 1991	300	300	210	100	99	269	400	475
Dec. 1992	251	288	210	50	102	219	375	276
Dec. 1993	240	294	210	50	102	158	382	338
Dec. 1994	418	...	350	101	...	325	800	500
Dec. 1995	450	312	350	144	126	306	700	450
Dec. 1996	460	334	385	155	192	368	733	387
(Monthly average)								
1991	302	301	210	125	144	270	421	507
1992	251	302	210	126	118	235	386	398
1993	249	287	210	98	105	210	386	336
1994	442	...	320	90	...	313	604	329
1995	472	298	350	119	123	309	759	494
1996	469	365	352	159	165	466	725	405
(Annual changes in percent)								
1991	-12.0	3.5	-4.5	-9.4	-23.0	-15.6	-20.1	-25.3
1992	-20.3	0.3	...	0.8	-18.1	-13.0	-8.3	-21.5
1993	-1.9	-5.0	...	-22.2	-11.0	-8.1	...	-15.6
1994	11.5	...	55.2	-8.2	...	49.0	56.5	-2.1
1995	6.8	...	9.4	32.2	...	-1.3	25.7	50.2
1996	-0.6	22.5	0.6	33.6	34.1	50.8	-4.5	-18.0

Sources: BCEAO, Statistiques économiques et monétaires; and Institut National de la Statistique et l'Administration Economique (INSAE).

1/ Actual market prices.

2/ Industrially processed.

Table 29. Benin: Consumer Price Index in Urban Areas, January 1992-December 1997 1/

(Index, December 1991=100)

	1992	1993	1994	1995	1996	1997
January	101.3	103.8	125.2	161.8	172.4	176.4
February	102.4	102.9	133.1	161.1	168.0	177.5
March	102.8	101.7	139.0	163.0	169.0	179.1
April	105.4	103.5	145.4	165.3	173.3	184.0
May	108.2	104.7	144.0	168.4	173.9	182.6
June	105.3	109.4	142.2	164.1	175.2	181.8
July	102.2	107.3	144.3	164.5	177.2	180.5
August	103.5	104.8	142.9	167.2	175.4	178.7
September	105.6	101.8	149.8	167.6	174.9	177.0
October	106.5	102.6	152.4	170.3	172.5	180.0
November	102.6	105.8	156.2	167.4	174.8	184.1
December	102.5	105.5	162.4	167.5	179.1	183.4
Average	104.0	104.5	144.7	165.7	173.8	180.4
Changes in percent	5.9	0.5	38.5	14.9	4.7	3.8

Source: Institut National de la Statistique et l'Administration Economique (INSAE).

1/ Index is based on data covering five major cities.

Table 30. Benin: Industrial Minimum Legal Wage, 1991-97

(In CFA francs per hour)

January 1991	81.21
January 1992	81.21
January 1993	81.21
May 1994	117.12
January 1995	117.12
January 1996	117.12
April 1997	126.49

Sources: Central Bank of West African States (BCEAO); and Ministère du Travail et Affaires Sociales.

Table 31. Benin: Central Government Investment Expenditure, 1991-97

(In billions of CFA francs)

	1991	1992	1993	1994	1995	1996	1997
Expenditure	29.2	31.2	28.5	54.9	78.3	71.8	83.7
Rural development	9.2	8.4	9.0	10.1	16.1	12.9	16.1
Industry	0.1	0.1	0.2	1.3	1.4	2.0	2.0
Infrastructure	5.5	9.0	7.7	19.6	38.4	38.7	40.4
Industry	...	...	...	...	...	...	...
Tourism and commerce	0.5	0.2	1.1	0.9	5.1	0.3	0.9
Health	4.2	8.1	5.6	7.4	7.1	7.0	10.3
Education	0.5	0.3	1.0	2.4	1.5	4.8	5.0
Other	9.1	5.1	3.9	13.2	8.7	6.1	9.1
Financing	29.2	31.2	28.5	54.9	78.3	71.8	83.7
Domestic financing	2.6	9.8	4.8	9.1	16.3	9.8	13.9
National budget	1.6	1.5	3.0	3.7	13.2	7.1	11.7
CAA/FNI 1/	0.1	8.3	0.0	5.4	0.0	0.0	0.0
Other	0.9	0.0	1.8	0.0	3.1	2.7	2.2
External financing	26.6	21.4	23.7	45.8	62.0	62.0	69.8
Grants	8.8	9.4	10.4	21.5	26.6	23.8	42.1
Loans	17.8	12.0	13.3	24.3	35.4	38.2	27.7

Sources: Ministry of Planning and Statistics, Direction de la Planification et de la Coopération Technique; and Fund staff estimates.

1/ Caisse Autonome d'Amortissement/Fonds National d'Investissement.

Table 32. Benin: Public Enterprises and Local Administration Investment Expenditure, 1991-97

(In billions of CFA francs)

	1991	1992	1993	1994	1995	1996	1997
Expenditure	11.0	14.7	15.1	25.2	22.0	23.2	24.4
Rural development	3.2	1.6	0.9	1.2	1.0	1.1	1.1
Industry	0.1	0.2	1.1	0.2	3.8	4.0	4.1
Infrastructure	3.4	1.3	5.0	8.6	10.6	11.5	12.5
Transport	...	...	...	...	...	...	...
Tourism and commerce	3.4	6.6	7.5	14.0	6.1	6.2	6.3
Health	0.1	0.0	0.0	0.8	0.4	0.4	0.4
Education	0.0	0.2	0.0	0.0	0.0	0.0	0.0
Other	0.8	4.8	0.5	0.4	0.0	0.0	0.0
Financing	11.0	14.7	15.1	25.2	22.0	23.2	24.4
Domestic financing	1.4	2.5	0.8	0.6	0.5	0.5	0.5
National budget	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Local administration budget	0.1	0.1	0.3	0.0	0.1	0.1	0.2
CAA/FNI 1/	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Self-financing	0.9	2.2	0.5	0.6	0.5	0.5	0.5
Banks	0.4	0.2	0.0	0.0	0.0	0.0	0.0
External financing	9.6	12.2	14.3	24.6	21.5	22.7	23.9
Grants	3.9	6.7	6.1	9.4	8.6	9.2	9.7
Loans	5.7	5.5	8.2	15.2	12.9	13.5	14.2

Sources: Ministry of Planning and Statistics, Direction de la Planification et de la Coopération Technique; and Fund staff estimates.

1/ Caisse Autonome d'Amortissement/Fonds National d'Investissement.

Table 33. Benin: Consolidated Government Operations, 1991-97

	1991	1992	1993	1994	1995	1996	1997
	(In billions of CFA francs)						
Total revenue	61.5	69.8	78.5	106.4	149.1	171.9	181.9
Tax revenue	47.2	57.4	66.7	91.8	123.0	142.6	158.8
Tax on international trade	25.5	28.2	33.2	42.1	60.3	70.3	82.7
Direct and indirect taxes	21.7	28.9	33.2	49.5	62.7	72.3	76.1
Nontax revenue	14.3	12.4	11.8	14.5	26.1	29.3	23.1
Total expenditure	100.3	115.2	106.1	164.4	221.9	220.4	234.4
Wages	37.3	39.2	37.7	45.7	53.9	58.2	62.0
Pensions and scholarships	8.2	9.0	8.9	10.4	11.5	16.9	16.2
Current transfers	0.0	0.0	3.3	8.2	8.7	8.7	8.9
Other expenditure	11.7	12.9	11.9	19.7	38.7	36.7	43.2
Investissement	29.2	32.3	28.5	54.1	78.3	71.8	83.7
Budgetary contribution	1.6	1.5	3.0	4.3	13.2	7.3	11.9
Financed from abroad	27.6	30.8	25.5	49.9	65.0	64.5	71.8
Interest	13.9	20.8	15.9	26.2	27.9	27.3	21.1
Internal debt	5.2	4.8	4.6	3.7	2.7	3.2	2.7
External debt	8.7	16.0	11.3	22.5	25.2	24.1	18.4
Net lending (minus = reimbursement)	0.0	1.0	0.0	0.0	3.0	0.7	-0.7
Overall deficit (payment order basis)	-38.8	-45.4	-27.5	-58.1	-72.7	-48.5	-52.5
Change in arrears	-3.8	-6.4	-9.5	-10.6	-17.0	-13.7	-7.9
External debt 1/	-4.9	0.0	0.0	0.0	0.0	11.9	7.9
Domestic debt	1.1	-6.4	-9.5	-10.6	-17.0	-25.6	-15.8
Payments during complementary period	0.0	0.0	0.0	0.0	0.0	-5.9	-6.6
Overall deficit (cash basis)	-42.6	-51.8	-37.1	-68.7	-89.7	-68.1	-66.9
Financing	42.6	51.8	37.1	68.7	89.7	68.1	66.9
Domestic financing	-7.9	6.7	-5.4	-13.3	12.5	-15.2	3.4
Bank financing	-7.4	-1.6	-2.4	-9.3	9.3	-15.2	-1.9
Net use of Fund resources	3.7	0.0	6.2	13.9	5.9	9.2	1.1
Disbursements	3.7	0.0	6.2	14.4	6.9	10.1	3.6
Repayments	0.0	0.0	0.0	-0.5	-1.0	-0.9	-2.5
Other	-11.1	-1.6	-8.6	-23.2	3.4	-24.4	-3.0
Nonbank financing	-0.5	8.3	-3.0	-4.0	3.2	0.0	5.3
External financing	50.5	45.1	42.5	82.0	77.2	83.3	63.5
Project financing	26.6	21.4	23.8	45.8	62.0	62.1	69.7
Grants	8.8	9.4	10.4	21.5	26.6	23.8	42.1
Loans	17.8	12.0	13.3	24.3	35.4	38.2	27.7
Amortization due	-9.5	-30.9	-11.1	-22.1	-19.4	-18.8	-20.5
Foreign bank bond financing 2/	0.0	0.0	0.0	6.9	-3.2	-1.5	0.0
Change in principal arrears 1/	-9.4	0.0	1.6	-3.2	0.0	0.0	0.0
Program aid	16.6	16.1	20.4	30.9	15.6	33.5	14.2
Grants	9.0	14.1	12.9	17.1	13.8	20.6	14.2
Loans	7.6	2.0	7.5	13.8	1.8	12.9	0.0
Debt relief obtained	26.2	38.5	7.9	23.7	22.3	8.0	0.0
Financing gap	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Possible rescheduling 3/	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Residual financing gap	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	(In percent of GDP, unless otherwise specified)						
Memorandum items :							
Total revenue	11.6	12.3	13.2	12.8	14.9	15.2	14.6
Total expenditure	18.9	20.2	17.8	19.8	22.1	19.5	18.8
Wages	7.0	6.9	6.3	5.5	5.4	5.1	5.0
Public investment	5.3	4.2	4.8	6.5	7.8	6.4	6.7
Overall deficit (payment order basis)	-7.3	-8.0	-4.6	-7.0	-7.3	-4.3	-4.2
Primary balance (narrow definition) 3/	0.5	1.3	2.3	2.2	2.3	3.9	3.2
Primary balance (broad definition) 4/	-4.7	-4.3	-1.9	-3.8	-4.5	-1.9	-2.5
Primary balance (narrow definition) 3/ 5/	2.7	7.2	13.8	18.0	23.1	44.0	39.6
Primary balance (broad definition) 4/ 5/	-24.9	-24.6	-11.6	-31.9	-44.9	-21.1	-31.4
GDP 5/	529.7	569.5	596.4	831.1	1,002.9	1,130.5	1,247.1

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

1/ Arrears on debt service subject to relief from non-Paris Club creditors

2/ Securities subscribed by West African Economic and Monetary Union's banks.

3/ Total revenue minus total expenditure, excluding foreign financed investment, interest payments, and net lending.

4/ Total revenue minus total expenditure, excluding interest payments and net lending.

5/ In billions of CFA francs.

Table 34. Benin: Central Government Revenue, 1991-97

	1991	1992	1993	1994	1995	1996	Est. 1997
(In millions of CFA francs)							
Taxes on income and profits	12,541	15,342	18,773	30,811	40,575	44,233	41,813
Individual	4,947	5,504	6,306	7,081	8,765	9,871	11,122
Corporate	4,348	7,450	8,472	20,675	25,889	27,070	23,794
Payments of tax arrears on income and profits	0	0	2,270	1,047	2,180	3,050	2,626
Other taxes	3,246	2,388	1,725	2,009	3,741	4,242	4,271
Taxes on payroll and workforce	1,113	1,350	1,327	1,736	2,032	2,429	2,698
Taxes on property	1,231	1,557	880	1,171	1,328	1,727	2,428
Domestic taxes on goods and services	6,622	10,535	12,526	15,763	18,790	23,937	29,199
Turnover taxes	3,983	6,601	7,761	11,385	10,434	12,857	15,066
Excises	1,880	3,100	3,395	1,971	1,768	3,267	4,591
Taxes on specific services	236	325	473	915	1,005	1,166	1,705
Motor vehicle taxes	523	509	583	715	796	920	1,000
Arrears of taxes on goods and services	0	0	314	243	634	857	862
Other	0	0	0	534	4,153	4,871	5,976
Taxes on international trade and transactions	25,740	28,484	33,211	42,120	60,295	70,314	82,681
Import duties	25,144	27,921	29,975	38,543	56,378	65,960	77,806
<i>Of which</i>							
Value-added tax	0	0	21,505	27,806	40,263	47,497	54,244
Export duties	596	563	563	350	350	270	118
Other	0	0	2,673	3,228	3,567	4,084	4,758
Total tax revenue	47,248	57,267	66,716	91,601	123,020	142,640	158,819
Nontax revenue	10,626	12,408	11,826	14,549	26,127	29,275	23,097
From nonfinancial public enterprises	1,472	1,632	2,324	3,148	10,698	12,548	6,210
Contribution to government employees pension fund	5,850	4,770	5,003	5,502	7,307	8,404	7,632
Repayment on on-lending	2,426	3,338	2,532	4,185	4,768	4,358	7,026
Other nontax revenue	878	2,668	1,967	1,714	3,355	3,964	2,229
Total revenue	57,874	69,675	78,542	106,150	149,147	171,915	181,916
(Percent of GDP)							
Total revenue	10.9	12.2	13.2	12.8	14.9	15.2	14.6
Taxes on income and profits	2.4	2.7	3.1	3.7	4.0	3.9	3.4
Taxes on property	0.2	0.3	0.1	0.1	0.1	0.2	0.2
Payroll taxes	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Domestic taxes on goods and services	1.3	1.8	2.1	1.9	1.9	2.1	2.3
Taxes on international trade	4.9	5.0	5.6	5.1	6.0	6.2	6.6
(Percent of total tax revenue)							
Taxes on income and profits	26.5	26.8	28.1	33.6	33.0	31.0	26.3
Taxes on property	2.6	2.7	1.3	1.3	1.1	1.2	1.5
Payroll taxes	2.4	2.4	2.0	1.9	1.7	1.7	1.7
Domestic taxes on goods and services	14.0	18.4	18.8	17.2	15.3	16.8	18.4
Taxes on international trade	54.5	49.7	49.8	46.0	49.0	49.3	52.1

Source: Ministry of Finance.

Table 35. Benin: Central Government Expenditure, 1991-97

	1991	1992	1993	1994	1995	1996	Est. 1997
(In billions of CFA francs)							
Total expenditure	100.3	115.2	106.1	164.4	221.9	220.4	234.4
Primary expenditure	58.8	62.6	64.7	88.3	126.0	127.9	142.3
Salaries, pensions, and scholarships	45.5	48.2	46.5	56.1	65.4	75.0	78.3
Wage bill	37.3	39.2	37.7	45.7	53.9	58.2	62.0
Pensions and scholarships	8.2	9.0	8.9	10.4	11.5	16.9	16.2
Other expenditure and current transfers	11.7	12.9	15.2	27.9	47.5	45.5	52.1
Budgetary contribution to investment	1.6	1.5	3.0	4.3	13.2	7.3	11.9
Interest	13.9	20.8	15.9	26.2	27.9	27.3	21.1
Internal debt	5.2	4.8	4.6	3.7	2.7	3.2	2.7
External debt	8.7	16.0	11.3	22.5	25.2	24.1	18.4
Investment expenditure financed from abroad	27.6	30.8	25.5	49.9	65.0	64.5	71.8
Net lending (- =reimbursement)	0.0	1.0	0.0	0.0	3.0	0.7	-0.7
(In percent of GDP)							
Total expenditure	18.9	20.2	17.8	19.8	22.1	19.5	18.8
Primary expenditure	11.1	11.0	10.8	10.6	12.6	11.3	11.4
Salaries, pensions, and scholarships	8.6	8.5	7.8	6.8	6.5	6.6	6.3
Wage bill	7.0	6.9	6.3	5.5	5.4	5.1	5.0
Pensions and scholarships	1.5	1.6	1.5	1.3	1.1	1.5	1.3
Other expenditure and current transfers	2.2	2.3	2.5	3.4	4.7	4.0	4.2
Budgetary contribution to investment	0.3	0.3	0.5	0.5	1.3	0.6	1.0
Interest	2.6	3.7	2.7	3.2	2.8	2.4	1.7
Internal debt	1.0	0.8	0.8	0.4	0.3	0.3	0.2
External debt	1.6	2.8	1.9	2.7	2.5	2.1	1.5
Investment expenditure financed from abroad	5.2	5.4	4.3	6.0	6.5	5.7	5.8
Net lending (- =reimbursement)	0.0	0.2	0.0	0.0	0.3	0.1	-0.1
(Percent of total expenditure)							
Total expenditure	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Primary expenditure	58.6	54.3	61.0	53.7	56.8	58.0	60.7
Salaries, pensions, and scholarships	45.4	41.8	43.9	34.1	29.5	34.1	33.4
Wage bill	37.2	34.0	35.5	27.8	24.3	26.4	26.5
Pensions and scholarships	8.2	7.8	8.4	6.3	5.2	7.7	6.9
Other expenditure and current transfers	11.7	11.2	14.3	17.0	21.4	20.6	22.2
Budgetary contribution to investment	1.6	1.3	2.8	2.6	6.0	3.3	5.1
Interest	13.9	18.1	15.0	15.9	12.6	12.4	9.0
Internal debt	5.2	4.2	4.4	2.3	1.2	1.5	1.1
External debt	8.7	13.9	10.6	13.7	11.4	11.0	7.8
Investment expenditure financed from abroad	27.5	26.7	24.0	30.3	29.3	29.3	30.6
Net lending (- =reimbursement)	0.0	0.9	0.0	0.0	1.3	0.3	-0.3

Source: Ministry of Finance.

Table 36. Benin: Operations of the Social Security Fund, 1991-96

(In millions of CFA francs)

	1991	1992	1993	1994	1995	1996
Contributions	4,246	4,309	4,721	5,408	6,708	8,098
Family allowances	1,996	2,025	2,219	2,271	2,817	3,401
Workmen's compensation	467	474	519	595	738	891
Retirement	1,783	1,810	1,983	2,542	3,153	3,806
Government	0	0	0	0	0	0
Other revenue	106	142	511	129	360	592
Total receipts	4,352	4,451	5,232	5,537	7,068	8,690
Benefits	2,752	3,070	2,780	2,887	3,093	3,699
Family allowances	478	576	554	537	527	863
Workmen's compensation	160	142	124	114	126	121
Retirement	2,114	2,352	2,102	2,236	2,440	2,715
Other expenses	1,857	1,504	1,203	1,031	1,374	1,683
Total expenditure	4,609	4,574	3,983	3,918	4,467	5,382
Surplus/Deficit (-)	-257	-123	1249	1,619	2,601	3,308

Source: Social Security Fund.

Table 37. Benin: Monetary Survey, 1991-97

	1991	1992	1993	1994	1995	1996	Est. 1997
	(In billions of CFA francs)						
Net foreign assets	48.5	72.8	81.2	122.7	144.1	173.1	208.7
Central Bank of West African States (BCEAO)	41.4	59.9	56.0	58.2	49.2	78.9	84.2
Banks	7.1	12.9	25.2	64.5	94.9	94.2	124.5
Net domestic assets	67.7	73.2	73.4	95.1	109.2	108.8	114.2
Domestic credit	74.4	82.0	84.1	106.6	121.1	125.7	130.3
Net claims on government	65.7	63.4	57.0	66.0	76.9	60.3	58.3
Credit to the nongovernment sector	8.7	18.6	27.1	40.6	44.2	65.4	72.0
Other items (net)	-6.7	-8.8	-10.7	-11.5	-11.9	-16.9	-16.1
Broad money (M2)	116.2	146.0	154.6	217.8	253.3	281.9	322.9
Currency	46.5	51.8	25.5	41.5	52.1	68.9	72.7
Bank deposits	68.2	92.3	128.5	174.3	198.4	207.7	245.4
Deposits with National Post and Savings agency	1.5	1.9	0.6	2.0	2.8	5.3	4.8
	(In percentage of beginning-of-period broad money, unless otherwise specified)						
Memorandum items:							
Net foreign assets	36.0	20.9	5.8	29.0	9.8	11.4	12.6
Net domestic assets	-4.9	4.7	0.2	11.8	6.5	-0.2	1.9
Domestic credit	-5.4	6.5	1.5	6.3	6.7	1.7	1.7
Net claims on government	-12.0	-2.0	-4.3	-2.4	13.2	-6.6	-0.7
Credit to the non-government sector	-3.3	16.0	5.8	8.7	1.7	8.4	2.3
Broad money	31.2	25.6	5.9	40.9	16.3	11.3	14.5
Velocity of broad money	5.2	4.4	4.0	4.5	4.4	4.2	4.1
Credit to the economy (annual change in percent)	200.0	113.8	45.7	49.8	8.9	48.0	10.1

Sources: BCEAO; and Fund staff estimates.

Table 38. Benin: Summary Account of the Central Bank (BCEAO), 1991-97

(In billions of CFA francs)

	1991	1992	1993	1994	1995	1996	Est. 1997
Gross foreign assets	49.7	67.5	71.8	102.1	97.1	137.1	146.9
Gross claims on central government	79.8	79.0	73.7	40.5	53.7	53.8	55.1
Advances to the treasury	22.9	22.4	10.9	1.7	8.9	0.0	0.0
Treasury bonds	0.3	0.0	0.0	0.0	0.0	0.0	0.0
Trust Funds on-lent and SAF/ESAF loans	6.3	6.3	12.5	38.8	44.8	53.8	55.1
Consolidated credit 1/	50.3	50.3	50.3	0.0	0.0	0.0	0.0
Other assets	0.3	0.1	2.8	2.0	7.8	1.3	2.6
Total assets	129.8	146.6	148.3	144.6	160.6	194.2	205.6
Bank notes and coins outside banks	46.5	51.8	25.5	41.5	52.1	68.9	72.7
Government deposits and cash	16.7	11.6	17.5	18.6	24.0	36.6	28.7
Deposits	15.1	10.8	16.0	17.7	23.1	36.6	28.7
Central government	9.9	10.0	12.7	10.3	10.3	34.1	27.1
Other public agencies	5.2	0.8	3.3	7.4	12.8	2.5	1.6
Cash held by the treasury	1.6	0.8	1.5	0.7	0.9	1.5	1.8
Commercial banks' deposits and cash	52.8	69.9	85.1	30.9	28.4	17.1	31.9
Deposits	...	66.7	82.5	26.8	24.7	10.9	24.3
Cash	...	3.2	2.6	4.1	3.7	6.2	7.6
Public enterprises deposits	1.3	1.6	0.6	0.5	0.4	0.5	0.5
Short-term foreign liabilities	2.2	1.6	4.0	4.4	3.1	4.4	7.6
SDR allocations	3.7	3.6	3.6	7.6	7.3	7.0	7.5
Long-term foreign liabilities 2/	6.1	6.0	11.9	39.5	44.8	53.8	55.1
Other liabilities	0.5	0.5	0.0	1.6	0.5	5.9	1.6
Total liabilities	129.8	146.6	148.3	144.6	160.6	194.2	205.6

Source: Central Bank of West African States (BCEAO).

1/ The BCEAO rescheduled these claims in 1993 and issued bonds that are held by banks.

2/ Mainly Trust Fund and outstanding SAF/ESAF loans.

Table 39. Benin: Summary Account of Commercial Banks, 1991-97

(In billions of CFA francs)

	1991	1992	1993	1994	1995	1996	Est. 1997
Reserves of commercial banks	52.6	70.0	85.1	30.1	28.4	17.1	31.9
Cash in vault	...	...	...	...	3.7	6.1	7.6
Deposits at Central Bank of West African States (BCEAO)	...	...	...	...	24.7	10.9	24.3
Gross foreign assets	13.4	19.7	35.7	76.3	117.1	142.6	156.4
Gross claims on government	0.0	0.0	0.1	36.0	34.6	36.9	32.9
Central administration	0.0	0.0	0.1	36.0	34.5	36.0	32.6
Other public agencies	0.0	0.0	0.0	0.0	0.1	0.9	0.3
Credit to the nongovernment sector	8.7	18.6	27.1	40.6	44.1	64.5	71.7
Performing credit	...	...	...	...	40.3	62.0	66.1
Crop credit	...	...	...	...	0.0	5.5	0.0
Other	...	...	...	...	40.3	56.5	66.1
Nonperforming credit	...	...	...	...	3.8	2.5	5.6
Other assets	0.0	0.0	0.0	7.8	26.4	30.6	24.0
Total assets	74.7	108.3	148.0	190.8	250.6	291.7	316.9
Private sector deposits	56.7	82.4	106.9	137.0	159.7	178.1	207.7
Short-term foreign liabilities	6.3	6.8	10.5	11.8	22.2	48.4	32.0
Banks	1.5	1.4	1.9	2.2	3.8	7.0	5.1
Call accounts	4.2	5.0	7.9	8.2	9.1	24.9	13.9
Other	0.6	0.4	0.7	1.4	9.3	14.5	11.9
Government deposits	9.2	14.3	20.8	30.7	28.4	27.4	42.7
Central administration	1.1	6.8	3.2	1.3	2.9	0.8	7.1
Other public agencies	8.1	7.5	17.6	29.4	25.5	26.6	35.6
Central bank refinancing	0.0	0.0	0.0	0.0	0.0	2.0	1.0
Long-term foreign liabilities	0.0	0.6	0.9	1.3	0.5	0.6	0.8
Revaluation account	0.0	0.0	0.0	10.0	10.0	0.0	0.0
Other liabilities	2.5	4.2	8.9	0.0	29.8	35.2	32.8
Total liabilities	74.7	108.3	148.0	190.8	250.6	291.7	317.0

Source: BCEAO.

Table 40. Benin: Net Claims on the Central Government, 1991-97 1/

(In billions of CFA francs)

	1991	1992	1993	1994	1995	1996	1997
Central bank	69.9	71.4	66.5	30.5	44.7	26.0	39.3
Gross claims on central government	79.8	79.0	73.5	40.5	53.7	53.8	55.1
Treasury	79.8	79.0	73.5	40.5	53.7	53.8	55.1
Autonomous Amortization Fund (CAA) and the Road Fund	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Central government deposits	-9.9	-7.6	-7.0	-10.0	-9.0	-27.8	-15.8
Treasury	-0.0	-0.0	-0.1	-0.5	-0.5	-14.7	-1.1
Indemnification and Rehabilitation Fund (FIR)	-0.1	-0.0	-0.3	-0.6	-0.0	-0.0	-0.0
CAA	-8.2	-6.8	-5.5	-7.8	-6.3	-10.2	-12.6
Route Funds	-0.0	-0.0	-0.1	-0.4	-1.3	-1.4	-0.3
Cash held by central administration	-1.6	-0.8	-1.0	-0.7	-0.9	-1.5	-1.8
Project-related deposits with the Central Bank of West African States	-4.6	-3.1	-7.0	-1.2	-2.2	-6.2	-11.3
Commercial banks	-1.1	-6.8	-3.2	34.7	31.6	35.2	25.5
Gross claims on central government <i>of which</i>	0.0	0.0	0.0	36.0	34.5	36.0	32.6
Treasury bonds	0.0	0.0	0.0	36.0	34.5	35.5	32.5
Central government deposits	-1.1	-6.8	-3.2	-1.3	-2.9	-0.8	-7.1
Treasury	-0.3	-5.6	-1.7	-0.5	-2.3	-0.6	-4.8
CAA and National Investment Fund (FNI)	-0.1	-0.5	-0.7	-0.4	-0.3	-0.1	-0.8
Deposits with National Post and Savings agency	1.5	1.9	0.6	2.0	2.8	5.3	4.8
Net credit to central government	65.7	63.4	56.9	66.0	76.9	60.2	58.3
Memorandum item:							
BCEAO ceiling for advances to the treasury	11.4	12.6	12.6	14.3	15.8	20.7	...

Source: Central Bank of West African States (BCEAO).

1/ The government includes the treasury, the Autonomous Amortization Fund (CAA), the National Investment Fund (FNI), and the Road Fund.

Table 41. Benin: Distribution of Credit to the Economy, 1991-97 1/

(In billions of CFA francs; end of period)

	1991	1992	1993	1994	1995	1996	1997
Short term							
Agriculture	0	10	12	12	68	58	139
Industry	758	1,874	2,163	1,691	3,987	2,483	2,618
Construction	241	851	1,271	1,136	2,091	2,297	3,127
Transportation	212	465	587	655	888	1,013	513
Commerce	1,486	2,882	3,755	5,479	10,200	18,762	16,340
Services	528	3,510	6,049	14,086	9,817	11,318	11,142
Other	234	0	0	0	0	0	0
Total	3,459	9,592	13,837	23,059	27,051	35,931	33,879
<i>Of which</i>							
Public and semipublic enterprises	17	145	69	164	0	8,778	2,615
Medium term							
Agriculture	0	67	73	5	72	40	201
Industry	913	1,056	981	1,104	2,414	2,315	10,550
Construction	0	0	0	80	1,504	18	338
Transportation	0	173	165	166	239	866	845
Commerce	940	853	1,221	1,312	1,892	2,187	3,920
Services	296	2,394	2,968	3,219	6,315	13,880	11,435
Other	0	0	0	0	0	0	0
Total	2,149	4,543	5,408	5,886	12,436	19,306	27,289
<i>Of which</i>							
Public and semipublic enterprises	611	469	312	155	2,000	3,037	2,513
Long term							
Agriculture	0	0	0	0	0	0	0
Industry	0	0	0	0	0	0	0
Construction	0	0	0	0	300	0	96
Transportation	0	0	0	0	0	0	0
Commerce	0	0	0	0	0	0	0
Services	0	0	0	0	0	148	161
Other	0	0	0	0	0	0	0
Total	0	0	0	0	300	148	257
<i>Of which</i>							
Public and semipublic enterprises	0	0	0	0	0	0	0
Grand total	5,608	14,135	19,245	28,945	39,787	55,385	61,425
<i>Of which</i>							
Public and semipublic enterprises	628	614	381	319	2,000	11,815	5,128

Source: Central Bank of West African States (BCEAO).

1/ New banks, as reported to the Credit Risk Registry (Centrale des Risques), excluding credit of liquidated banks.

Table 42. Benin: Central Bank Lending Rates, November 1991-December 1997

(Percent per annum; end-of-period, unless otherwise indicated)

	Rediscount Rate (TES)	Special Rate for Advances to Treasury 1/	Repurchase Rate	Average Monthly Money Market Rate (TMM)	Interbank Rate
1991 November	11.00	9.73	...	10.73	...
1992 August	13.00	9.73	...	12.73	...
November	12.50	9.73	...	11.98	...
1993 April	12.50	9.73	...	11.23	...
May	12.50	9.73	...	10.23	...
October 2/	12.50	9.73	10.50	9.35	...
November	12.50	9.73	9.25	8.50	...
December	10.50	9.73	8.75	7.51	...
1994 January	14.50	7.79	12.75	7.94	8.19-12.00
February	14.50	7.80	12.75	9.25	6.00-11.75
June	12.00	8.12	10.25	8.85	2.50-9.25
July	12.00	5.22	8.75	7.04	3.75-8.25
August	10.00	5.22	7.75	5.94	3.75-7.25
September	10.00	5.22	7.25	5.67	2.75-6.75
December	10.00	4.50	7.00	5.50	3.75-7.00
1995 January	9.00	4.50	7.00	5.50	5.00-6.25
June	8.50	4.50	6.50	5.50	5.00-6.50
August	8.50	...	6.50	5.50	5.00-7.00
December	7.50	4.60	6.50	6.00	5.25-6.50
1996 January	7.50	4.51	6.50	5.50	5.50-6.25
March	7.50	4.51	6.50	5.50	5.50-6.50
April	...	5.05	...	5.48	...
May	...	5.01	...	5.20	...
June	...	...	...	5.36	...
July	...	5.02	...	5.41	...
August	7.00	...	6.00	5.25	...
October	...	...	...	5.20	...
November	6.50	...	...	...	...
December	...	...	...	5.00	5.00-5.75
1997 January	...	5.05	...	5.04	4.75-5.50
February	6.25	...	5.75	5.11	4.50-5.75
March	...	...	...	...	4.50-5.75
April	...	5.01	...	5.00	5.00-5.50
May	...	...	...	...	5.00-5.50
June	...	...	...	...	5.00-5.50
July	...	...	...	...	5.00-5.50
August	...	...	...	...	5.00-5.50
September	6.00	5.02	5.50	5.02	4.00-5.50
October	...	...	...	...	...
November	...	...	...	...	...
December	6.00	5.02	5.50	5.02	4.00-5.50

Source: Central Bank of West African States (BCEAO).

1/ Reform of lending rate structure, involving the abolition of the preferential discount rate and the creation of a special rate for advances to the treasury.

2/ Introduction of a weekly auction system on the money market on October 18, 1993.

Table 43. Benin: Commercial Bank Interest Rates, August 1992-December 1997

(In percent per annum; end of period)

	Aug. 1992	Nov. 1992	Oct. 1993	Jan. 19	Jul.	Sep. 1994	Dec.	Mar.	Jun. 1995	Dec.	Dec. 1996	Dec. 1997
Demand deposits	free	free	free	free	free	free	free	free	free	free	free	free
Time deposits from												
CFAF 500,001 to 5,000,000 1/	9.00 min.	8.50 min.	TMM-2 2/	TMM-2 2/	TMM-2 2/	TMM-2 2/	TMM-2 2/	TMM-2 2/	TMM-2 2/	TMM-2 2/	TMM-2 2/	TMM-2 2/
Less than six months	10.00 min.	9.50 min.	TMM-2 2/	TMM-2 2/	TMM-2 2/	TMM-2 2/	TMM-2 2/	TMM-2 2/	TMM-2 2/	TMM-2 2/	TMM-2 2/	TMM-2 2/
Six months to one year	11.00 min.	10.50 min.	free	free	free	free	free	free	free	free	free	free
Over one year												
Certificates of deposit over												
CFAF 500,000 1/	10.00 min.	9.50 min.	TMM-2 2/	TMM-2 2/	TMM-2 2/	TMM-2 2/	TMM-2 2/	TMM-2 2/	TMM-2 2/	TMM-2 2/	TMM-2 2/	TMM-2 2/
Six months to one year	11.00 min.	10.50 min.	free	free	free	free	free	free	free	free	free	free
Over one year												
Passbook savings	9.00 fixed	8.50 fixed	4.50 min.	8.00 min.	5.00 min.	4.50 min.	4.50 min.	4.50 min.	4.50 min.	4.50 min.	3.50 min.	3.50 min.
Lending rates	18.00 max.	17.50 max.	21.00 max.	29.00 max.	24.00 max.	20.00 max.	20.00 max.	18.00 max.	17.00 max.	15.00 max.	13.00 max.	12.00 max.

Source: Central Bank of West African States (BCEAO).

1/ Effective October 1, 1993, rates on deposits over CFAF 5 million were completely liberalized.

2/ TMM is the average monthly money market rate published by the BCEAO.

Table 44. Benin: Blocked Assets and Frozen Deposits of the Banking System, 1990-96 1/

(In billions of CFA francs)

Blocked Assets		Frozen Deposits	
Claims on nongovernment sector at end-June 1990	144.7	Frozen deposits at end-June 1990	70.8
Public sector 2/	49.3	Public sector 3/	38.8
Private sector	95.3	Private sector	32.0
Cash recovery during 1990-96 4/	-20.3	Cash reimbursements, 1990-96	-31.8
Public sector	-0.0	FIR	-17.8
Private sector	-20.3	Public sector 3/	-4.4
		Private sector	-27.5
Offsets during 1990-96	-3.5	Recovery agency (private sector deposits)	-14.1
Liquidation losses	-54.1	Offsets and losses during 1990-96	-20.0
Public sector 2/	-46.1		
Private sector	-8.0	Situation at end-December 1996	19.0
Claims on nongovernment at end-December 1996	66.8	Public sector deposits 3/	11.9
Public sector 2/	7.8	Private sector deposits	7.1
Private sector	59.0		

Sources: BCEAO; and the Syndicate Activity Report et end-December 1996.

1/ This table consolidates the situations of the Recovery agency and the Indemnification and Rehabilitation Fund (FIR). The FIR acquires the claims of depositors to whom it has reimbursed frozen deposits.

2/ These claims are mainly on liquidated public enterprises.

3/ These represent mainly public enterprise deposits.

4/ These proceeds includes sale of assets, cash recovery, and other receipts.

Table 45. Benin: Reimbursement of Frozen Deposits, 1989-97 1/

	Frozen Deposits		Cash Reimbursements				Frozen Deposits	
	Sep. 1989	1990-93	1994	1995	1996	1990-96	Dec. 1996	1997
Operations of the Indemnification and Rehabilitation Fund (FIR)	37.3	13.3	2.2	0.6	1.8	17.8	12.2	11.9
Public agencies	13.1	7.0	1.2	0.2	...	8.4	4.7	4.7
Social Security Fund	2.7	1.7	...	...	...	1.7	...	...
Water and electricity company	3.9	0.9	0.5	0.2	...	1.6	...	...
National postal and savings agency	3.8	3.4	...	...	...	3.4	...	...
Projects	2.7	1.0	0.7	...	...	1.7	...	...
Small private depositors	24.2	6.3	0.9	0.4	1.8	9.4	7.5	7.1
Operations of recovery agency	37.1	9.1	1.7	1.2	1.7	14.1	7.1	7.1
Total	74.4	22.4	3.8	1.8	3.5	31.8	19.3	19.0

Sources: BCEAO, FIR, and recovery agency.

1/ In June 1997, the government decided to end the activities of the recovery agency and make the treasury responsible for the recovery of overdue claims owed to the liquidated banks and the reimbursement of frozen deposits to private sector. This action will merge the activities of FIR, which has been operating within the treasury, and those of the recovery agency.

Table 46. Benin: Balance of Payments, 1991-97

(In billions of CFA francs)

	1991	1992	1993	1994	1995	1996	Est. 1997
Trade balance	-41.1	-50.1	-56.1	-36.5	-76.0	-64.2	-69.7
Exports, f.o.b.	95.0	98.3	96.5	171.2	202.2	216.0	231.1
Domestic exports	37.1	34.9	31.6	96.9	117.3	134.3	142.1
Cotton	28.2	27.5	23.4	74.1	90.4	112.4	119.2
Oil	6.2	4.3	4.4	7.2	4.7	5.2	5.0
Other	2.7	3.1	3.8	15.6	22.1	16.8	17.8
Reexports	57.9	63.3	64.9	74.4	85.0	81.7	89.0
Imports, f.o.b.	-136.1	-148.4	-152.6	-207.8	-278.2	-280.2	-300.8
Domestic imports	-91.6	-101.5	-104.5	-154.6	-217.5	-219.7	-235.0
<i>Of which</i>							
Petroleum products	-9.7	-10.6	-10.9	-14.8	-19.9	-20.0	-22.4
Imports for reexport	-44.5	-46.9	-48.1	-53.1	-60.7	-60.5	-65.7
Services and income (net)	-13.3	-20.2	-15.6	-34.9	-40.2	-47.2	-46.3
Services	-4.6	-4.2	-4.3	-15.4	-18.1	-30.8	-28.7
Income	-8.7	-16.0	-11.3	-19.5	-22.1	-16.4	-17.6
<i>Of which</i>							
Interest due on government debt	-8.7	-16.0	-11.3	-22.5	-25.2	-16.8	-18.4
Current transfers (net)	39.6	44.5	44.8	49.5	52.2	58.9	60.2
Unrequited private transfers	23.7	25.2	26.7	28.0	34.0	34.3	42.0
Public current transfers	15.9	19.3	18.1	21.5	18.2	24.6	18.2
<i>Of which</i>							
Central government transfers	15.0	10.4	14.1	17.1	13.8	20.6	14.2
Current account	-14.8	-25.8	-27.0	-22.0	-64.0	-52.5	-55.8
Capital account	12.8	15.7	17.8	30.8	37.0	30.7	49.1
Official project grants	12.8	15.7	17.8	30.3	35.2	28.6	49.1
Debt cancellation	0.0	0.0	0.0	0.6	1.8	2.1	0.0
Financial account (net)	22.0	-4.1	8.0	12.8	-2.5	33.7	4.2
Medium- and long-term public capital	20.9	-11.9	12.9	23.7	30.6	39.2	10.2
Disbursements	30.4	19.5	26.8	45.8	50.1	57.1	30.7
Project loans	22.8	17.5	19.3	32.0	48.3	44.2	30.7
Program loans	7.6	2.0	7.5	13.8	1.8	12.9	0.0
Amortization due	-9.5	-31.4	-13.9	-22.1	-19.4	-17.8	-20.5
Medium- and long-term private capital	1.0	7.0	-2.0	4.2	2.0	-3.0	11.0
Deposit money banks	-24.4	-18.5	3.9	-2.2	-30.4	0.7	-30.3
Short-term capital	4.3	3.7	6.3	9.5	0.1	-0.1	9.0
Errors and omissions	20.2	15.5	-13.1	-22.4	-4.8	-3.2	4.2
Overall balance	20.0	-14.2	-1.1	21.6	-29.5	11.9	-2.6
Financing	-20.0	14.2	1.1	-21.6	29.5	-11.9	2.6
Change in net foreign assets (- increase)	-31.9	-24.3	-8.4	-41.5	9.0	-29.7	-5.3
<i>Of which</i>							
Net use of Fund resources	3.7	0.0	6.2	13.9	5.9	9.2	1.1
Loans	3.7	0.0	6.2	14.4	6.9	10.1	3.6
Repayments	0.0	0.0	0.0	-0.5	-1.0	-0.9	-2.5
Change in external arrears (+ increase)	-14.3	0.0	1.6	-3.3	0.0	11.9	7.9
Debt relief obtained	26.2	38.5	7.9	23.2	20.4	5.9	0.0

Sources: Central Bank of West African States (BCEAO); and Fund staff estimates.

Table 47. Benin: Balance of Payments, 1991-97

(In millions of U.S. dollars)

	1991	1992	1993	1994	1995	1996	Est. 1997
Trade balance	-145.8	-189.4	-198.2	-65.8	-150.4	-125.8	-120.5
Exports, f.o.b.	336.7	371.2	340.8	308.4	400.6	423.5	399.6
Domestic exports	131.6	132.0	111.5	174.5	232.2	263.3	245.7
Cotton	100.0	104.1	82.6	133.4	179.1	220.3	206.2
Oil	22.1	16.2	15.6	13.0	9.4	10.2	8.7
Other	9.4	11.7	13.3	28.1	43.8	32.9	30.9
Re-exports	205.1	239.2	229.3	133.9	168.3	160.2	153.9
Imports, f.o.b.	-482.5	-560.7	-539.1	-374.2	-551.0	-549.3	-520.2
Domestic imports	-324.7	-383.5	-369.2	-278.5	-430.8	-430.7	-406.5
<i>Of which</i>							
Petroleum products	-34.4	-40.0	-38.5	-26.7	-39.3	-39.2	-38.7
Imports for reexport	-157.7	-177.2	-169.9	-95.7	-120.2	-118.6	-113.7
Services and income (net)	-47.0	-76.1	-55.1	-62.8	-79.7	-92.6	-80.1
Services	-16.2	-15.7	-15.3	-27.7	-35.9	-60.4	-49.6
Income	-30.8	-60.4	-39.8	-35.1	-43.7	-32.2	-30.5
<i>Of which</i>							
Interest due on government debt	-30.8	-60.4	-39.8	-40.5	-49.9	-33.0	-31.8
Current transfers (net)	140.4	168.2	158.1	89.1	103.4	115.5	104.1
Unrequited private transfers	84.0	95.2	94.3	50.4	67.3	67.2	72.6
Public current transfert	56.4	73.0	63.8	38.6	36.0	48.2	31.5
<i>Of which</i>							
Central government transfers	53.2	39.3	49.9	30.7	27.3	40.4	24.5
Current account	-52.4	-97.4	-95.2	-39.6	-126.7	-102.9	-96.6
Capital account	45.4	59.3	63.0	55.6	73.3	60.3	84.8
Official project grants	45.4	59.3	63.0	54.5	69.7	56.2	84.8
Debt cancellation	0.0	0.0	0.0	1.1	3.6	4.1	0.0
Financial account (net)	77.9	-15.6	28.4	23.0	-4.9	66.0	7.2
Medium- and long-term public capital	74.1	-45.0	45.7	42.7	60.6	76.9	17.7
Disbursements	107.8	73.7	94.8	82.5	99.2	111.9	53.1
Project loans	80.8	66.1	68.3	57.6	95.6	86.6	53.1
Program loans	26.9	7.6	26.5	24.9	3.6	25.3	0.0
Amortization due	-33.7	-118.6	-49.1	-39.8	-38.5	-35.0	-35.4
Medium- and long-term private capital	3.5	26.4	-7.1	7.6	4.0	-5.9	19.0
Deposit money banks	-86.5	-69.9	13.8	-4.0	-60.2	1.4	-52.3
Short-term capital	15.2	14.1	22.1	17.1	0.3	-0.1	15.6
Errors and omissions	71.6	58.7	-46.1	-40.4	-9.6	-6.3	7.3
Overall balance	70.9	-53.6	-3.8	39.0	-58.4	23.4	-4.5
Financing	-70.9	53.6	3.8	-39.0	58.4	-23.3	4.5
Change in net foreign assets (- increase)	-113.1	-91.8	-29.7	-74.7	17.8	-58.2	-9.2
<i>Of which</i>							
Net use of Fund resources	13.1	0.0	21.9	25.0	11.6	18.0	1.9
Loans	13.1	0.0	21.9	25.9	13.7	19.8	6.2
Repayments	0.0	0.0	0.0	-0.9	-2.0	-1.8	-4.3
Change in external arrears (+ increase)	-50.7	0.0	5.7	-5.9	0.0	23.3	13.7
Debt relief obtained	92.9	145.5	27.8	41.7	40.5	11.6	0.0

Sources: Central Bank of West African States (BCEAO); and Fund staff estimates

Table 48. Benin: Value, Volume, and Unit Value of Recorded Exports, 1991-97

	1991	1992	1993	1994	1995	1996	Est. 1997
(In billions of CFA francs)							
Values	37.1	34.9	31.6	96.9	117.3	134.3	142.1
Ginned cotton	26.2	25.1	20.9	68.3	86.4	107.6	112.7
Cotton seed	2.1	2.4	2.5	5.7	3.9	4.8	6.5
Cotton seed	0.0	0.0	0.0	4.3	4.6	0.0	0.0
Cotton cake	0.0	0.0	0.0	0.1	0.1	0.0	0.0
Palm oil	0.5	0.7	0.4	1.7	3.2	0.9	1.2
Palm kernel oil	0.1	0.1	...	0.3	0.2	0.1	0.1
Palm kernel cake	0.0	0.0	0.0	0.0	0.0	0.2	0.2
Sheanut butter	0.1	0.3	...	0.1	0.3	0.0	0.0
Crude oil	6.2	4.3	4.5	7.2	4.7	5.2	5.0
Other products	2.0	2.0	3.4	9.1	13.7	15.6	16.4
(In thousands of tons)							
Volume	310.2	311.3	304.3	401.6	341.4	374.8	371.5
Ginned cotton	59.2	74.2	65.7	101.2	95.2	129.8	130.6
Cotton seed	54.6	89.0	82.5	123.6	108.3	158.7	172.3
Cotton seed	0.0	0.0	0.0	30.8	31.8	0.0	0.0
Cotton cake	0.0	0.0	0.6	1.1	1.5	0.0	0.0
Palm oil	4.4	7.3	3.9	8.3	10.4	3.6	3.8
Palm kernel oil	0.5	0.4	0.0	0.3	0.5	0.3	0.3
Palm kernel cake	2.1	1.2	0.9	1.5	1.7	3.5	3.7
Sheanut butter	0.5	2.2	0.0	0.5	1.0	0.0	0.0
Crude oil	188.9	136.9	150.8	134.2	90.3	78.8	60.9
Conversion factor	7.2	7.2	7.2	7.2	7.2	7.2	7.2
In millions of barrels	1.4	1.0	1.1	1.0	0.7	0.6	0.4
(Thousands of CFA francs per kilogram)							
Unit value							
Ginned cotton	441.8	338.1	318.3	674.7	908.2	829.0	863.0
Cotton seed	37.7	27.4	30.1	46.2	36.1	30.0	38.0
Cotton seed	0.0	0.0	0.0	139.9	146.0	136.1	201.8
Cotton cake	25.0	20.5	29.7	66.0	66.0	44.1	76.7
Palm oil	110.7	95.7	98.6	202.1	310.0	259.4	303.1
Palm kernel oil	147.0	182.1	...	320.6	325.0	348.7	407.4
Sheanut butter	124.8	125.0	...	297.2	297.2	297.2	297.2
Crude oil	33.0	31.4	31.5	53.6	52.3	65.7	82.2
Conversion factor	7.2	7.2	7.2	7.2	7.2	7.2	7.2
CFAF francs per barrel	4,570	4,341	4,107	7,416	7,237	9,093	11,368
In billions of U.S. dollars (WEO projections)	18.3	18.2	16.7	15.9	17.2	20.4	19.2

Sources: Central Bank of West African States (BCEAO); Sèmè oil project; Cotton company (SONAPRA); and Fund staff estimates.

Table 49. Benin: External Trade Indices, 1991-97

	1991	1992	1993	1994	1995	1996	Est. 1997
	(1992 = 100)						
Merchandise exports, f.o.b. (excluding reexports)							
Value index	106.2	100.0	90.4	277.2	335.5	384.4	406.5
Volume index	92.5	100.0	91.6	133.4	137.1	169.5	181.7
Unit value index	114.8	100.0	98.6	207.8	244.8	226.8	223.8
Merchandise imports, f.o.b. (excluding imports for re-exports)							
Value index	90.3	100.0	103.0	152.4	214.3	216.4	231.6
Volume index	85.0	100.0	100.8	68.6	100.3	99.4	102.3
Unit value index	106.2	100.0	102.2	222.2	213.7	217.9	226.4
Terms of trade index	108.1	100.0	96.5	93.5	114.6	104.1	98.8
	(Annual percentage change)						
Merchandise exports, f.o.b.							
Value index	15.8	-5.9	-9.6	206.8	21.1	14.6	5.8
Volume index	21.6	8.1	-8.4	45.5	2.8	23.6	7.2
Unit value index	-4.7	-12.9	-1.4	110.8	17.8	-7.3	-1.4
Merchandise imports, f.o.b.							
Value index	13.1	10.8	3.0	47.9	40.6	1.0	7.0
Volume index	5.3	17.7	0.8	-32.0	46.3	-0.9	3.0
Unit value index	7.4	-5.9	2.2	117.5	-3.9	2.0	3.9
Terms of trade index	-11.3	-7.5	-3.5	-3.1	22.5	-9.1	-5.1

Sources: Beninese authorities; and staff estimates.

Table 50. Benin: Services, Income, and Private Transfers, 1991-97

(In billions of CFA francs)

	1991	1992	1993	1994	1995	1996	Est. 1997
Services (net)	-4.5	-4.2	-4.2	-15.2	-18.1	-30.8	-28.7
Credit	34.6	37.8	38.9	57.1	69.2	69.3	76.8
Freight and insurance	3.5	3.8	3.9	6.9	14.6	15.6	16.5
Government operations	5.1	5.2	5.2	9.9	9.5	9.7	10.7
Tourism	8.3	9.3	10.3	13.0	15.3	14.0	15.5
Other services	1.1	1.0	1.0	1.2	2.2	2.3	3.5
Other transport	16.6	18.5	18.5	26.1	27.6	27.7	30.6
Debit	-39.1	-42.0	-43.1	-72.3	-87.3	-100.1	-105.5
Freight and insurance	-24.0	-26.2	-26.9	-36.5	-49.1	-59.9	-64.2
Government operations	-4.0	-4.1	-4.1	-9.5	-10.0	-10.3	-10.1
Tourism	-2.9	-3.2	-3.3	-3.3	-4.5	-4.5	-4.6
Other services	-4.2	-4.5	-4.5	-12.7	-13.3	-14.5	-15.0
Other transport	-4.0	-4.0	-4.4	-10.3	-10.4	-10.9	-11.6
Income	-8.7	-16.0	-11.3	-19.5	-22.1	-16.4	-17.6
Credit	0.0	0.0	0.0	3.0	3.1	3.4	3.8
Debit	-8.7	-16.0	-11.3	-22.5	-25.2	-19.8	-21.4
<i>Of which</i>							
Interest on government debt	-8.7	-16.0	-11.3	-22.5	-25.2	-16.8	-18.4
Private transfers	23.7	25.2	26.7	28.0	34.0	34.3	42.0
Credit	27.1	28.8	31.3	32.3	38.2	39.5	47.2
Debit	-3.4	-3.6	-4.6	-4.3	-4.2	-5.2	-5.2

Sources: Central Bank of West African States (BCEAO); and Fund staff estimates.

Table 51. Benin: Exchange Rate Developments, 1991-97

	1991	1992	1993	1994	1995	1996	1997
Exchange rates							
Period averages							
CFA francs per U.S. dollar	282.11	264.69	283.16	555.20	499.15	511.55	583.67
CFA francs per SDR	385.97	372.79	395.39	794.89	757.18	742.65	803.14
End of period							
CFA francs per U.S. dollar	259.00	275.32	294.77	534.60	490.00	523.70	598.81
CFA francs per SDR	370.48	378.57	404.89	780.44	728.38	753.06	807.94
Exchange rate indices (1990=100) 1/							
CFA franc per U.S. dollar	103.61	97.22	104.00	203.92	183.33	187.89	214.38
CFA franc per SDR	104.49	100.92	107.04	215.19	204.98	201.05	217.42
Nominal effective exchange rate 2/	100.60	105.23	105.57	53.32	55.48	55.78	53.66
Real effective exchange rate 2/ 3/	96.35	102.42	99.54	67.16	77.41	79.40	77.82

Sources: IMF, *International Financial Statistics*, and Information Notice System.

1/ A decline in the index indicates a depreciation of the CFA franc, period averages.

2/ Trade weighted.

3/ Deflated by the relative consumer prices.

Table 52. Benin: Stock of Public and Guaranteed External Debt, 1991-97

(In billions of CFA francs)

	1991	1992	1993	1994	1995	1996	1997
Multilateral institutions 1/	162.5	176.5	201.7	462.2	497.0	529.5	524.9
IMF	6.0	5.8	15.1	32.0	42.5	51.9	55.1
IDA	104.3	109.1	126.7	255.4	249.4	279.8	270.1
African Development Bank/Fund	22.0	33.6	42.1	101.7	101.5	117.8	125.7
Other	30.1	28.0	17.7	174.8	103.6	80.4	74.0
Bilateral creditors	176.9	212.4	208.6	270.4	352.4	300.7	258.4
Paris Club 2/	112.2	150.7	143.7	164.1	221.4	168.3	115.5
<i>Of which</i>							
France	53.0	59.0	63.8	64.0	118.6	61.4	39.4
Germany	0.8	1.3	1.1	2.3	2.3	2.2	1.7
Norway	21.3	12.5	12.9	25.2	23.2	24.6	16.1
Russia	12.2	10.5	10.5	21.0	21.0	29.1	29.1
United Kingdom	2.3	1.6	1.7	3.0	2.9	4.3	2.6
United States	...	...	0.6	1.1	1.0	1.1	0.4
Other creditors	64.7	61.7	64.9	106.3	131.0	132.4	142.9
Nigeria	45.8	45.3	45.7	91.4	91.4	91.4	91.4
Other	18.9	16.4	19.2	14.9	39.6	41.0	51.5
Total debt outstanding	339.4	388.9	410.3	732.6	849.4	830.2	783.3
Memorandum item:							
Debt outstanding (in percent of GDP)	63.4	67.8	68.8	88.2	84.7	73.4	62.8

Source: Caisse Autonome d'Amortissement.

1/ Debt stock before 1992 according to World Bank Debtor Reporting System.

2/ In 1997, Russia became a member of the Paris Club.

Table 53. Benin: Debt-Service Obligations on Public and Publicly Guaranteed Debt, 1991-97

(In billions of CFA francs)

	1991	1992	1993	1994	1995	1996	Est. 1997
Interest	8.6	16.3	11.3	22.5	25.2	16.8	18.4
Multilaterals (excluding IMF)	2.0	2.3	2.1	4.6	4.8	5.1	5.9
IMF	0.1	0.3	0.2	0.5	0.5	0.4	0.6
Paris Club (medium-term debt)	3.4	10.3	4.6	8.8	10.7	4.0	4.9
Other bilateral creditors	2.9	3.1	3.2	6.8	7.5	5.8	5.8
Short-term debt	0.2	0.3	1.1	0.0	0.0	0.0	0.0
Postal and hospital debt	0.0	0.0	0.0	1.8	1.6	1.4	1.2
Other	0.0	0.1	0.1	0.1	0.1	0.1	0.1
Amortization	9.4	31.4	13.9	22.6	20.5	18.8	23.0
Multilaterals (excluding IMF)	3.1	3.4	3.3	7.0	7.7	8.1	9.8
IMF	0.0	0.0	0.0	0.5	1.0	0.9	2.5
Paris Club (medium-term debt)	2.3	24.2	1.8	0.7	1.2	0.0	4.7
Other bilateral creditors	2.6	2.5	2.8	6.1	6.0	6.1	3.1
Short-term debt	1.3	1.3	6.1	6.1	2.0	1.0	0.0
Postal and hospital debt	0.0	0.0	0.0	2.1	2.3	2.5	2.9
Other	0.0	0.1	0.1	0.2	0.2	0.2	0.0
Total debt service due	18.1	47.7	25.2	45.1	45.7	35.6	41.4
Interest	8.6	16.3	11.3	22.5	25.2	16.8	18.4
Amortization	9.4	31.4	13.9	22.6	20.5	18.8	23.0
Debt relief 1/ <i>Of which</i>	26.7	38.4	7.9	23.7	22.3	8.0	7.9
Paris Club	20.7	32.3	1.9	5.6	5.9	5.7	0.0
Debt service actually-paid 2/	5.2	9.3	17.3	21.4	23.4	27.6	33.4

Sources: CAA; and Fund staff estimates.

1/ Rescheduling obtained during the year under review; data for 1997 reflect debt relief under discussion.

2/ Includes payments of arrears and debt service on rescheduled debt.

