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INTERNATIONAL MONETARY FUND AND
INTERNATIONAL DEVELOPMENT ASSOCIATION

BENIN

Enhanced Heavily Indebted Poor Countries (HIPC) Initiative Completion Point Document

Prepared by the Staffs of the International Monetary Fund and International Development Association[1]

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Contents Page

I. Introduction 3

II. Assessment of Requirements for Reaching the Completion Point 4
A. Poverty Reduction and Social Sector Policies 4
B. Macroeconomic Stability 8
C. Key Structural Reforms 9

III. Delivery of Debt Relief and Longer-Term Debt Sustainability 12
A. Data Reconciliation 12
B. Status of Creditor Participation 13
C. Updated Debt Sustainability Analysis 15
D. Sensitivity Analysis and Long-Term Sustainability 19

IV. Conclusions 21

V. Issues for Discussion 22

Boxes
1. Measures and Objectives to Reach the Floating Completion Point 5
2. Creditor Participation in Provision of Comparable Assistance 15
3. Macroeconomic Assumptions Underlying the Debt Sustainability Analysis 16

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[1]Approved by Jean A.P. Clément and Shigeo Kashiwagi (IMF), and Callisto E. Madavo and Gobind T. Nankani (IDA).

Figures

1. External Debt and Debt Service Indicators for Medium- and Long-Term Public Sector Debt, 2002-21 23
2. Sensitivity Analysis, 2002-21 24

Tables

1. Selected Economic and Financial Indicators, 2000-05 25
2. Observance of Quantitative and Structural Performance Criteria, 2000-02 26
3. Main Assumptions Used for the Debt Sustainability Analysis at Decision Point and Completion Point, 1998-2021 27
4. Balance of Payments, 2000-2021 28
5. Fiscal Impact of the Enhanced HIPC Initiative, 1999-2005 29
6. Public Expenditure for Health and Education, 2001-03 30
7. Status of Creditor Participation Under the Enhanced HIPC Initiative 31
8. Discount Rate and Exchange Rate Assumptions at End-1998 and End-2001 32
9. Nominal and Net Present Value of External Debt Outstanding at End-2001 33
10. Comparison of Net Present Value Between Decision Point and Completion Point 34
11. Net Present Value of External Debt, 2001-21 35
12. Decomposition of Projected vs. Actual Debt-to-Exports Ratio 36
13. External Debt-Service Projections, 2002-21 37
14. External Debt Indicators, 2001-21 38
15. Estimated Assistance at Enhanced Decision Point 39
16. Delivery of IDA Assistance Under the Enhanced HIPC Initiative, 2000-15 40
17. Delivery of IMF Assistance Under the Enhanced HIPC Initiative, 2000-09 41
18. Paris Club Creditors' Delivery of Debt Relief Under Bilateral Initiatives Beyond the Enhanced HIPC Initiative 42
19. Sensitivity Analysis, 2001-21 43
20. Enhanced HIPC Initiative: Status of Country Cases Considered Under the Initiative, February 1, 2003 44

Annex

I. Debt Management Assessment 45

I. INTRODUCTION

1. In July 2000, the Executive Boards of the International Development Association (IDA) and the IMF agreed that the Republic of Benin had met the conditions for a decision point under the enhanced Heavily Indebted Poor Countries (HIPC) Initiative and defined a set of conditions for Benin to reach the completion point. This paper discusses Benin's progress and proposes Board approval of the completion point under the enhanced HIPC framework.

2. Debt relief under the enhanced HIPC Initiative framework estimated in July 2000 amounted to US$265 million in end-1998 net present value (NPV) terms, calculated to bring the NPV of debt, as of end-1998, to the equivalent of 150 percent of average exports for 1996-98. This relief represented a reduction of 31.3 percent of the debt in NPV terms at end-1998 after the full use of traditional debt-relief mechanisms, amounting to a reduction of around US$460 million in nominal debt-service. At the same time, the Boards of the Fund and the IDA also agreed to deliver interim debt relief until Benin reached its completion point; the IMF approved interim debt relief of SDR 11 million (about US$15 million) in nominal terms for the period July 2000-March 2003, and IDA interim relief amounted to about US$17.4 million in nominal terms through end-March 2003. Benin has also benefited from interim assistance granted by the African Development Bank (AfDB), the West African Development Bank (BOAD), the OPEC Fund for International Development (OPEC Fund), the European Union (EU), China, and Paris Club creditors. The total interim HIPC assistance that Benin received was about US$8 million in 2000, US$21.4 million in 2001, and US$21.7 million in 2002.

3. The Boards had agreed that Benin could reach the completion point on the basis of the preparation of a full poverty reduction strategy paper (PRSP) through a participatory process, maintenance of a stable macroeconomic framework, and implementation of a number of key structural and social reforms and objectives, as set out in the decision point document. **In the opinion of the staffs, Benin has satisfied all these conditions, as it adopted its full PRSP in December 2002, maintained a satisfactory macroeconomic environment under the existing and previous PRGF-supported programs, implemented the key reforms, and met the completion point conditions in health and education sectors.**

4. The paper is organized as follows: Section II assesses Benin's performance in meeting the requirements for reaching the completion point under the enhanced HIPC Initiative, as set out in the decision point document; Section III reviews the status of creditor participation and the delivery of debt relief to Benin under the enhanced HIPC Initiative, updates the results of the debt sustainability analysis (DSA), and provides an analysis of the sensitivity of the debt indicators to changes in macroeconomic variables; and Sections IV and V present conclusions and issues for discussion.

II. Assessment of Requirements for Reaching the Completion Point

5. The conditions for reaching the completion point were set out in the decision point document as follows:[1] (i) preparation of the PRSP through a participatory process and adoption and implementation of a system of monitoring and evaluating poverty; (ii) maintenance of a stable macroeconomic environment, as evidenced by satisfactory performance under a PRGF-supported program; (iii) implementation of key structural reforms; and (iv) implementation of key social measures. This section discusses Benin's progress toward meeting these conditions in the context of the country's key structural and social reforms.

6. By end-January 2003, all the policy and reform conditions for the floating completion point under the enhanced HIPC Initiative had been met, as summarized in Box 1. In addition, the government recently finalized a comprehensive audit and impact assessment of HIPC expenditures in 2000.

A. Poverty Reduction and Social Sector Policies

7. The finalization of a first PRSP is an important step forward in launching a comprehensive development strategy focused on poverty reduction. It builds on the lessons learned from an extensive experience in development and poverty reduction initiatives and programs, including sectoral roundtables, the 1992 Urgent Social Action Program, the 1994 strategy to address the social dimensions of adjustment, a Three-Year Development Plan (1998-2000), and the 1997 Minimum Basic Needs Program. The range of participants in discussions was broadened under the PRSP from earlier participatory initiatives, and the document represents a country-owned development strategy statement. The strategy is also a result of a significant effort to integrate a large array of policies, reforms, and programs in a comprehensive and poverty-focused development strategy. The PRSP is accompanied by a detailed medium-term expenditure framework (MTEF) that builds on detailed program budgets for priority sectors (basic education, health, safe water, environment, rural development, and transportation) that link quantitative result targets, policies and actions, and expenditure (investment and recurrent costs). **However, as noted in the joint staff assessment, the PRSP suffers from some shortcomings, which the authorities intend to address during the first year of strategy implementation,** so as to sharpen the poverty focus and make the strategy fully operational. In particular, the shortcomings in implementation capacity undermined the government's efforts to reduce poverty.[2]

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[1] Box 7 of EBS/00/118 (6/26/00) and IDA/R2000-129 (6/27/00).

[2] Budgetary expenditure on health and education have remained below targets in 2000-2002. The authorities have started taking measures to address the structural problems, especially through public expenditure management reforms (paragraph 26) and increased use of contract management agencies.

Box 1. Benin: Measures and Objectives to Reach the Floating Completion Point

Policy Areas	Measures	Status
Poverty reduction		
	Prepare the poverty reduction strategy paper (PRSP) through a participatory process.	**Implemented.** The authorities finalized their full PRSP in December 2002.
	Adopt and implement a system of monitoring and evaluating poverty.	**Implemented** together with the PRSP.
Macroeconomic environment		
	Maintain a stable macroeconomic environment, as evidenced by satisfactory performance under a program supported by an arrangement under the Poverty Reduction and Growth Facility (PRGF).	**Implemented.** Benin's macroeconomic performance has been broadly on track.
Structural measures		
Government financial management		
	Establish a medium-term expenditure allocation program and set performance indicators for the Ministries of Education, Health, Transport, Rural Development, and Environment.	**Implemented.** A medium-term expenditure framework (MTEF) for the period 2003-05 and performance indicators for the five ministries have been finalized at the same time as the final version of the PRSP.
	Produce treasury balance on a monthly basis with a delay of no more than 30 days.	**Implemented.** The treasury balance has been prepared on a monthly basis since August 2002.
Governance		
	Adopt an anticorruption strategy.	**Implemented.** The strategy was adopted on July 24, 2002.
Cotton sector		
	Adopt a strategy to privatize the public enterprise SONAPRA, after its monopsony has been abolished.	**Implemented.** A strategy to privatize the enterprise was adopted in May 2002.
Social sector		
Health		
	Adopt a medium-term expenditure program for the expansion of basic health services that includes as benchmarks the following:	
	• an increase in the internal budgetary financing for the improvement of reproductive health and the prevention of HIV/AIDS to at least CFAF 500 million in the 2001 budget; and	**Implemented.** The budget appropriation for reproductive health, child immunization, and prevention of HIV/AIDS was set at CFAF 2.8 billion in the 2001 budget.
	• the attainment of an average rate of 85 percent of children at 1 year of age who are immunized against DPTC3, and at least 75 percent in each region; and the attainment of an average rate of at least 80 percent of children at 1 year of age who are immunized against measles, and at least 70 percent in each region.	**Implemented.** The immunization rates at the national level are 96 percent and 97 percent against DPTC3 and measles, respectively. Benchmarks at the regional level have been met.

Box 1. Benin: Measures and Objectives to Reach the Floating Completion Point (concluded)		
Health (continued)	Adopt a monitoring and evaluation system for the health sector.	**Implemented.** A new monitoring and evaluation system for the health sector was adopted in January 2003.
	Present a strategy plan to fight HIV/AIDS to the National Assembly.	**Implemented.** A strategy plan to fight HIV/AIDS has been prepared for the period 2000-05 and has been presented to the National Assembly.
Education	Adopt a medium-term expenditure program for the expansion of basic education services, which includes as benchmarks the following:	
	• the elimination of schools fees for all pupils in all rural schools, and provision of grants to rural schools to compensate for the loss of revenue from school fees; and	**Implemented.** School fees have been eliminated and grants have been provided.
	• the provision of grants to local communities prepared to assume the responsibility for hiring teachers to fill school vacancies.	**Implemented.** The budget appropriation for transfers to communities amounted to CFAF 0.9 billion in 2000 and to CFAF 2.0 billion in 2001.
	Eliminate repetition at grade 1.	**Implemented.** A measure to eliminate repetition at grade 1 was taken and has been implemented since the beginning of the 2000/01 school year.

Basic education

8. **Over the past ten years, the government has taken significant measures to improve access to basic education.** These have resulted in an improvement of the enrollment rate in primary and secondary education, but the quality of education has remained low. Over the last three years, with continued efforts, the gross primary enrollment ratio rose from 81 percent in 1999 to about 88 percent in 2001. Total enrollment in secondary education increased by about 20 percent during the same period. The rate of completion of primary education has, however, remained low.

9. **The PRSP sets six main axes as fundamental for education development**: (i) equitable access to education; (ii) improved quality of education; (iii) institutional overhaul; (iv) training for self-employment; (v) regulation of student flows at all levels; and (vi) the control of education costs. The implementation of specific measures identified under the interim PRSP has been satisfactory overall, even though improving the retention rate remains a key issue and the absence of an integrated sectoral vision has begun to affect the quality of resource distribution within the sector. Efforts were made to promote education of

girls through greater mobilization and involvement of parent associations. The provision of textbooks was improved, and the curriculum was revised with donor support. The current availability ratio of textbooks is estimated to be one book for two students. Implementation of a strategy that consists of organizing primary education in three cycles of two years each was launched in school-year 2000/01, with the elimination of repetition at grade 1. An action plan is being prepared to enhance the accompanying actions while extending the strategy to other cycles.

10. **The authorities have increased budgetary allocations to education, especially for primary education.** School fees were eliminated in October 2000 for all pupils, and foreign assistance in the form of grants has been provided to schools to compensate for the loss of revenue from school fees. These grants are managed by school directors under the supervision of parent associations. They are used for teacher expense, learning materials, school operational costs and maintenance. Grants are also provided to local communities to hire fixed-term teachers in secondary education. These amounted to CFAF 2.4 billion in 2000, CFAF 2.2 billion in 2001, and CFAF 2.7 billion in 2002 and were fully disbursed. Furthermore, budget appropriation for transfers to communities amounted to CFAF 0.9 billion in 2000, CFAF 2.0 billion in 2001, and CFAF 2.2 billion in 2002. An operational evaluation of these experiences is planned, so as to provide recommendations for their expansion.

Health

11. **Under a donor-supported health sector development program, the government continues to implement health sector reforms and expand the provision of basic health services.** The main components of the program are related to the development of 33 health districts, the improvement of sectoral resource management, the fight against diseases, including malaria, HIV/AIDS, and tuberculosis, and the improvement of reproductive health. Health indicators show broad improvement over the past decade. The infant mortality rate declined over the last decade from 104 per thousand live births in 1990 to 87 in 1999. Access to reproductive health services in terms of geographical, financial, and quality aspects has improved, and the use of modern contraception by females, while still low at 6 percent, almost doubled between 1996 and in 2001.

12. **A medium-term review of the sector strategy was conducted in 2000, and the key conclusions have been taken into account in finalizing the development plan for the period 2002-06.** Feasibility studies for health districts have been conducted, and 22 additional health districts are being established. A monitoring and evaluation system has been designed and will be launched in 2003. Increased resources have been allocated for capital expenditures to set up health districts.

13. **The immunization targets set at the decision point were exceeded.** The rate of immunization against DPTC3 of children 1 year of age was 96 percent in 2002 at the national level and at least 81 percent in each region, against a target of 85 percent at the national level

and at least 75 percent in each region. The immunization rate against measles was 97 percent in 2002 at the national level and at least 72 percent in each region, against a target of 80 percent at the national level and at least 70 percent in each region. Budgetary allocations to health services rose from 1.3 percent of GDP in the mid-1990s to 1.8 percent of GDP over 1999-2003. Domestic budgetary financing for the improvement of reproductive health increased to CFAF 1.9 billion in 2003 from CFAF 0.7 billion in 1999.

14. **The fight against HIV/AIDS has intensified.** A comprehensive strategy framework covering 2000-05 was adopted by the government in December 2000 and submitted to the National Assembly for information in 2001. The operational plans to implement the strategy were prepared in 2001, and a roundtable is scheduled for 2003 to elicit donor support (an IDA credit in support of the strategy and operational plans was approved in early 2002). To coordinate a multisectoral response, a National Aids Committee has been set up, as well as a Permanent Secretariat at the Ministry in Charge of Government Coordination and Planning. The budget appropriation for prevention of HIV/AIDS has increased from CFAF 0.08 billion in 2000 to CFAF 1.2 billion in 2003.[3]

B. Macroeconomic Stability

15. **Performance under the PRGF-supported program has been strong since the enhanced HIPC decision point.** Real GDP growth rate averaged 5.4 percent in 2000-01 and is expected to have reached 5.8 percent in 2002, due to the strong cotton harvest. Average inflation rate remained around 4 percent in 2000-01, and declined to 2.3 percent in 2002 (Table 1).

16. The external current account deficits remained broadly in line with the program targets, at 8 percent of GDP in 2000 and 6.7 percent in 2001. In 2002, the deficit is expected to have widened to 8.2 percent owing to worsening terms of trade. Nevertheless, Benin continued to contribute strongly to the international reserves position of the BCEAO over the period 2000-02. Fiscal performance remained in line with the program targets throughout 2000-02 as revenue efforts improved (from 16 percent of GDP in 1999 to 17 percent of GDP in 2002) and expenditures were kept in check.

17. All reviews under the PRGF arrangement were completed. All quantitative performance criteria, and all but one of the structural benchmarks were met, although some with delays (Table 2). The only unmet structural benchmark was the establishment of a timetable for the privatization of the state-controlled bank at end-December 2001. However, a more comprehensive structural benchmark, covering the rehabilitation of the bank in conformity with the Regional Banking Commission and the establishment of a timetable on

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[3] The broader HIV/AIDS program is also supported by the donor community, including through an IDA credit approved in early 2002. A roundtable to raise additional contributions is planned for later this year.

its privatization was met, albeit with delay, in December 2002. Two quantitative benchmarks on health and education were missed, albeit generally with small margins, in most of the test dates.[4]

C. Key Structural Reforms

Structural reforms

18. **Progress in the structural area was mixed. Key reforms were implemented in the cotton sector. However, progress was much slower in other areas,** including, in particular, the implementation of the divestiture program of public utilities.

19. The government of Benin has taken strong measures to liberalize the **cotton sector** and encourage private sector investment in ginning activities. Private operators currently control 50 percent of the installed ginning capacity, and preparations are under way to privatize the government-owned ginning plants. Following the elimination of the monopsony of the cotton parastatal (SONAPRA) in primary marketing in June 2000, an autonomous agency (CSPR—Centrale de Sécurisation des Paiements et du Recouvrement) was established by the private sector to oversee seed cotton marketing and facilitate input credit recovery by commercial banks. The CSPR operates as a clearing-house through which the payment of seed cotton by ginners to producers and the repayment of input credit by producers to distributors are coordinated. The reform is supported by an IDA Cotton Sector Reform Program, which provides support for the privatization of the publicly owned ginning mills and aims at strengthening the capacities of producer organizations in order to move later to a system encouraging competition among ginners while eliminating the administrative allocation of seed cotton.

20. The **privatization program** described in the interim PRSP included mostly the ginning plants of the cotton parastatal, SONAPRA, and public utilities (telecommunications and electricity). A satisfactory strategy for privatizing ginning plants and liquidating the rest of SONAPRA was adopted by the government in May 2002, and the transaction is scheduled to be completed before the beginning of the 2003/04 harvest season. Separation of the telecommunications and postal services is under way. With regard to telecommunications, a new legal and regulatory framework was adopted in January 2002 by ordinance, paving the way for the privatization of the telecommunications entity to be created. A decision was taken to split the water and electricity parastatal (SBEE) into two entities and to privatize the electrical branch through a long-term concession; the water entity, meanwhile, would eventually be managed by local governments. The government has also adopted a strategy to open the port management to private sector participation.

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[4] The quantitative benchmark on the wage bill for September 2002 was also slightly exceeded, but it was met for the year as a whole.

21. The **management of the road network** has regularly improved since the establishment in 1996 of an autonomous Road Fund, which is financed by petroleum taxes, customs duties on vehicle imports, road tolls, and budget transfers. The Ministry of Transport now contracts 85 percent of road maintenance to the private sector, thereby allowing it to reduce its maintenance staff by 90 percent while increasing the overall efficiency of road maintenance operations. In line with the capacity to implement programs and with the importance of rural roads as a way of fighting poverty, the budget for road construction and maintenance has increased substantially over the last three years.

Institutional reforms

22. **In response to long-standing governance issues, a comprehensive anticorruption strategy, including an action plan, was adopted by the government in July 2002.** The plan seeks to reform public administration, including the legal framework, the judicial system, financial administration, and public procurement, in order to strengthen the rule of law, and to increase the transparency and accountability of government. The measures in the plan include, among others, adoption of anticorruption laws and regulations; an increase in independence and institutional capacity of the judicial system, including specialized training for judges; the preparation of manuals of administrative procedures for the government departments in order to ensure greater transparency; and the strengthening of the governmental audit organs. In January 2003, the Ministry of Finance started to publish detailed procurement reports, including all calls for tender, tender evaluation reports, and tender awards. An anticorruption agency (Cellule de moralisation de la vie publique or CMVP) located inside the presidency is engaged in a wide variety of outreach activities, including regular consultations with civil society and communication through the media to raise awareness and inform citizens of their rights and obligations. The agency also investigates cases and refers reports to the judiciary or competent administration for appropriate action. Financial fraud cases detected through audits and other means since 1996 have been listed, and the government has established a national commission to examine these cases. In several instances, the responsible individuals have been prosecuted and sentenced. The first governance and anticorruption survey to establish a baseline will be carried out in 2003.

23. **Benin was one of the first countries to respond to the questionnaire on anti-money laundering and combating the financing of terrorism (AML/CFT).** It already has a number of regulations and enforcement mechanisms in place. Moreover, the authorities are participating in an initiative led by the Central Bank of West African States (BCEAO) to strengthen AML/CFT provisions in all countries of the West African Economic and Monetary Union (WAEMU), including through the forthcoming adoption of specific WAEMU directives and through the establishment of financial intelligence units. The WAEMU's code of good conduct has been published.

24. **Regarding judicial reform, the government adopted, in late 2001, a comprehensive ten-year development and modernization program for legal and judicial systems.** This program, which is estimated to cost about CFAF 60 billion over the ten year

period, covers all aspects of the country's legal and judicial systems, including construction, the equipping and staffing of courts, the review and the revision of legal framework and the dissemination of laws. The law on the status of judicial professions, which has been stalled since 1998, was adopted by the parliament in November 2001. Also, to alleviate major bottlenecks in courts, 40 judges were recruited in 2002.

25. Regarding **civil service reform**, after a new, performance-based compensation system was adopted by the National Assembly in September 1998, the government agreed with trade unions on amendments to the related law, as required by the Constitutional Court, and a new pay scale consistent with the new system was designed. However, implementation depends on the National Assembly's approval of the amendments. Meanwhile, the government decided to implement a policy of recruitment based on the use of fixed-term contractual employees to replace retiring civil servants. Civil service management is expected to improve by end-March 2003, when the creation of a single civil service database is expected to become operational and effectively used.

26. **In the area of public expenditure management reform, a major budget management reform was launched in 2001.** The reform focuses on two fundamental changes: (i) a delegation of spending authority from the finance and planning ministries to line ministries and, eventually, to decentralized levels of government within a stronger fiduciary framework;[5] and (ii) a move toward performance-based budgeting through the formulation of well-defined program budgets within an MTEF, under which progress would be monitored on the basis of explicit quantified indicators. Significant progress has been made in improving public expenditure management; in particular, (i) an MTEF covering 2003-05 and consistent with the poverty reduction strategy has been finalized; (ii) performance-based budgeting is driving the preparation of annual budgets for key ministries[6] covering about 70 percent of total government spending; (iii) a performance-based budget cycle has been completed, with an external performance audit conducted by the Chamber of Accounts (Chambre des comptes) on the 2000 budget; (iv) budget procedures have been streamlined, and a new integrated computerized budget implementation system has been in effect since January 2001; and (v) government accounts (1998 budget) have been prepared and audited by the Chamber of Accounts and a budget reporting law (*Lois de règlement*) was approved by the National Assembly in 2002. Similarly, the final accounts for 1999, together with an opinion by the Chamber of Accounts and a draft law certifying 1999 budget execution were submitted to the National Assembly at end-2001. The 2000 budget is being audited by the Chamber of Accounts. This and the Ministry of Finance Inspectorate have been strengthened, and their staff has doubled.

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[5] Fiduciary framework covers financial management, transparency, internal control and audit, and procurement.

[6] Key ministries include Ministries of Education, Health, Transportation, Rural Water, Agriculture, and Environment.

27. The authorities have completed their work of clarifying and validating the **treasury balances** for the years 1999-2001. This has allowed them to have a definitive starting balance for the year 2002, and monthly balances have been produced on that basis with a delay of no more than 30 days since August 2002.

28. The legal basis for **decentralization** was formalized through enactment of five laws regulating the functioning of Benin's local government system and transforming its territorial administration. The first local elections were held in December 2002, and the local governments have been formed. Steps have also been taken to improve the expenditure management of local governments, including better reporting to the treasury and an evaluation of their financial position.

III. Delivery of Debt Relief and Longer-Term Debt Sustainability

A. Data Reconciliation

29. **In light of new information received from creditors, the staff revised the previous DSA, which had been based on end-1998 data and used as the basis for the decision point document.** As a result, the NPV of debt to the Islamic Development Bank (IsDB) was revised downward from US$27.9 million to US$15.0 million,[7] while the NPV of debt owed to a Czech commercial creditor after traditional debt relief (since cleared through a buyback operation) was revised upward from US$2.5 million to US$5.4 million.[8] The net effect of these changes was to decrease the debt-to-exports ratio after traditional debt relief at end-1998 from the 218 percent shown in the decision point document to 216 percent.

30. Under the current framework, for countries that had reached the decision point prior to the adoption of the information reporting paper[9] by the Boards, the amount of enhanced HIPC Initiative assistance required at the decision point cannot be adjusted downward without the consent of the member concerned. In this case, the government has not agreed to a revision on the grounds that such an adjustment would have negative implications for its expenditure program. The common reduction factor will remain fixed at 31.3 percent (rather than 30.5 percent had the government agreed to the revision), and the total relief stated under the enhanced HIPC Initiative would, therefore, remain at US$265 million in NPV terms. However, since the IsDB will not be able to provide relief on the debt that did not exist at the

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[7] The decision point DSA was mistakenly based on the amounts committed for IsDB loans, instead of the amounts actually disbursed.

[8] The outstanding balance of a loan from a Czech commercial creditor increased when it was later found to have a clause compensating the creditor for exchange rate fluctuations.

[9] "Information Reporting in the Context of HIPC Initiative Assistance," approved by the Members of the Executive Board of the IMF (EBS/02/36) and IDA (IDA/SecM2002-0131), March 4, 2002.

decision point, its share of debt relief under the enhanced HIPC Initiative will amount to US$4.7 million, rather than US$8.7 million, and, hence, the total debt relief likely to be committed will amount to US$261 million.

31. A new DSA was also prepared jointly by the Fund and IDA staffs and the Beninese authorities on the basis of loan-by-loan data provided by the authorities and creditors for debt outstanding at end-2001. The nominal debt data have been reconciled with creditor statements from all multilateral creditors and the Paris Club creditors, as well as with most of Benin's non-Paris Club official bilateral and commercial creditors. The exchange rates and interest rates used for the calculation of the debt are presented in Table 8.

B. Status of Creditor Participation

Multilateral creditors

32. At the decision point, the enhanced HIPC Initiative assistance required from the multilateral creditors amounted to US$189 million in NPV terms. Interim debt relief has been granted by IDA, the IMF, the AfDB, the EU, the OPEC Fund and the BOAD. Other multilateral creditors have indicated their commitment to provide the debt relief required under the enhanced HIPC Initiative as soon as Benin reaches the completion point (Table 7).

33. The details of the debt relief by multilateral creditor are as follows:[10]

- The debt relief from **IDA** amounts to US$84.4 million in NPV terms (US$124.3 million in nominal terms) through July 2014. The enhanced HIPC Initiative assistance from IDA is being delivered through a 50 percent reduction in debt service on IDA credits disbursed and outstanding as of end-1998 (Table 16). Interim assistance over the period from July 2000 to March 2003 amounts to US$17.4 million in nominal terms.

- The debt relief from the **IMF** amounted to SDR 18.4 million in end-1998 NPV terms. The assistance is being delivered through grants provided from the PRGF-HIPC Trust until 2007 (Table 17). The value of interim assistance in nominal terms is SDR 11.0 million over the period from July 2000 to March 2003.

- Debt relief from the **AfDB** amounts to US$37.5 million in NPV terms (US$46.4 million in nominal terms). The relief is being provided through an 80 percent debt-service reduction until 2009. The AfDB provided interim

[10] "These details were confirmed at the Multilateral Development Banks' meeting (see also HIPC Debt Initiative—Multilateral Development Banks' Meeting—October 9-10, 2002, Chairman's Summary", IDA/SecM2002-0521 (10/30/02).

assistance during the period from July 2000–March 2003 equivalent to US$12.8 million in NPV terms.

34. The details and assumptions of the debt-relief delivery by the other multilateral creditors are shown in Table 7.

Bilateral and commercial creditors[11]

35. In October 2000, Benin and the **Paris Club**, involving ten official bilateral creditors, concluded a new debt-rescheduling agreement, under which the payments due under the 1996 Naples stock-of-debt operation were reduced to levels similar to a Cologne flow rescheduling (90 percent debt reduction in NPV terms). The agreement included a goodwill clause requiring participating countries to meet at the completion point to make the necessary effort to reach the objective of debt sustainability in the context of equitable burden sharing among creditors, provided that Benin has maintained satisfactory relations with the participating creditor countries. The difference between the debt service on the 2000 Paris Club agreement and on the Naples stock-of-debt operation is considered HIPC Initiative interim relief; the remaining amount of the assistance will be provided through a stock-of-debt operation on Cologne terms at the completion point. A number of Paris Club creditors have indicated that they would provide debt relief beyond that required under the terms of the enhanced HIPC Initiative (Table 18). This relief is estimated to amount to US$66 million in NPV terms.

36. **Non-Paris Club bilateral and commercial creditors** are expected to provide treatment comparable to that of Paris Club creditors. The only outstanding commercial debt (from the Czech Republic) was settled through a buyback operation on terms comparable to those obtained from the Paris Club. The NPV of debt outstanding to the non-Paris Club creditors is US$55.5 million at end-2001. Of these creditors, China, Libya, and Kuwait (accounting for 93.7 percent of the NPV of debt outstanding to non-Paris Club bilateral creditors) have indicated their intention to provide debt relief in the context of the enhanced HIPC Initiative. China has already started granting interim assistance. The Beninese authorities are continuing their efforts to obtain enhanced HIPC Initiative debt relief from the other non-Paris Club official bilateral creditors. The government of Benin has concluded a buyback operation, on terms comparable to those obtained from the Paris Club, to settle its debt to Argentina.

37. Creditors representing 98.7 percent of the total debt have issued satisfactory assurances of participation in debt relief for Benin under the enhanced HIPC Initiative. The staffs are working with the authorities to facilitate the endorsement of the enhanced HIPC framework by the remaining creditors (Box 2).

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[11] Paris Club and non-Paris Club creditors are listed in Table 9.

C. Updated Debt Sustainability Analysis

38. **The DSA included in the decision point document has been updated jointly by the authorities and the staffs of the IMF and IDA.** The stock of debt outstanding was updated on the basis of loan-by-loan debt data provided by the Caisse Autonome d'Amortissement of Benin for nominal debt outstanding at end-December 2001. This information has been reconciled with creditor statements from all multilateral and Paris Club creditors, and from most of the non-Paris Club official bilateral and commercial creditors. Current projections of new borrowings are larger than those made at the decision point, because of the larger actual borrowing in the 2000-02 period and higher projections of public expenditures in line with the PRSP. The exchange rates used for converting the debt into U.S. dollars and the discount rates used for the calculation of the NPV of debt are reported in Table 8.

Box 2. Benin: Creditor Participation in Provision of Comparable Assistance

Broad and equitable participation of all creditors is essential to the successful implementation of the enhanced HIPC Initiative. In the case of Benin, relief is being delivered by creditors accounting for 91 percent of the debt. Creditors accounting for a further 7.8 percent of the debt have committed themselves to providing relief and will begin doing so after the completion point.

However, as of the time the DSA was being prepared, the following creditors to Benin had not yet fully committed themselves to providing comparable relief:

- **The BCEAO** committed itself to providing relief by rescheduling outstanding debt, but as of the completion point all outstanding debt will have been repaid. There is no agreement yet on a refund or new concessional financing.
- **The Democratic Republic of the Congo.** While there were discussions to cancel the loans, there was no cancellation in writing, and there is no commitment so far for debt relief.
- **The ECOWAS** has indicated that it is currently unable to participate in the enhanced HIPC Initiative for financial reasons.
- **Niger** on-lent a portion of a loan from France. The French loan was cancelled in 1994, but the on-lent loan has not yet been cancelled. There is also an ongoing dispute on the amounts that were repaid before the cancellation of the loan.
- **People's Democratic Republic of Korea.** The post-cutoff-date debt is being serviced, and no agreement has been reached on providing relief yet.

39. **The long-term macroeconomic framework for the DSA was also revised and compared with the decision point document.** The new projections are based on the baseline scenario of the authorities' medium-term framework for the 2003-05 period included in the PRSP (Table 3 and Box 3). Compared with the assumptions underlying the

DSA of the decision point,[12] the projected long-term growth rate is at 5 percent, while at the decision point it averaged about 5.5 percent.[13] Exports are projected to grow more slowly than assumed at the decision point, reflecting the past three years' price and volume fluctuations. The ratio of exports to GDP is expected to stay broadly about 15 percent for the 2007-21 period; the same ratio was projected at about 16 percent at the decision point.[14]

Box 3. Benin: Macroeconomic Assumptions Underlying the Debt Sustainability Analysis

Economic growth. The economy is projected to grow at an average annual rate of 6 percent over the period 2003-06 and 5 percent during the period 2007-21 (Table 9). These projections are based on expected diversification of agricultural production beyond the cotton sector, continued improvement in infrastructure, and increased private sector investments following the privatization of public utilities, development of the regulatory framework, and strengthening of national institutions.

Inflation. Sound fiscal and monetary policies are expected to keep annual average inflation below the WAEMU convergence criteria of 3 percent.

Exports and imports. Exports of goods and nonfactor services are projected to remain at about 15 percent of GDP throughout the period. Imports of goods and services are projected to grow in line with GDP.

Current account. The external current account deficit is expected to narrow gradually from 7 percent in 2003 to about 5 percent in 2021.

Grants and loans. New borrowings are projected to remain above the historically high levels recorded in 1999-2002, growing by 3 percent on average per year over 2003-21.

40. The ratio of the NPV of Benin's official debt after traditional debt relief to exports stood at 230 percent at end-December 2001 (Table 14). Taking account of the additional bilateral relief and full delivery at end-2001, the NPV of debt-to-exports-ratio would stand at 155 percent at end-2001 and remain below the 150 target from 2005 onward.

[12] These assumptions were included in Box 4 of the decision point document.

[13] The impact of the conflict in Côte d'Ivoire on Benin's economy is expected to remain very limited.

[14] This is based on an average annual increase in export volume of 4.5 percent. Cotton export volume is projected to grow by about 3 percent, while the volume of other exports would grow by about 5 percent, reflecting diversification in the economy.

Consideration of additional relief

41. Table 12 presents a decomposition of the factors underlying the higher debt-to-exports ratio as of end-2001, compared with the decision point (174 percent against 148 percent).[15] It shows that out of the unanticipated 26 percentage points of the ratio of the NPV of debt to exports, 35 percentage points were generated by larger-than-anticipated new borrowings, about 12 percentage points were caused by lower-than-projected export revenue, while around -22 percentage points reflected changes in the exchange rates and the commercial interest reference rate.

42. The three-year average for exports for 2001 was US$365 million, compared with the US$392 million projected at the decision point. The volume of exports increased only by 3.8 percent on average over the period 1999-2001, while it was expected at decision point to increase by 6.8 percent. The unit export price decreased by 5.2 percent on average, compared with the 4.1 percent projected at the decision point. The lower exports mainly stem from smaller cotton export volumes as well as from lower export prices than projected at the decision point. However, in 2002, cotton export volumes surged and export price-started to recover.

43. The larger new borrowings were mostly the result of a sharp increase in project financing in the form of loans. However, overall investment was not higher than projected, as part of the capital expenditure that had been projected to be financed through grants was financed through loans. The government of Benin has now taken steps to contain project lending, including establishing a coordination structure that will be responsible for drafting, implementing, and monitoring debt policy.

44. The increase in new borrowing was partially compensated for by the appreciation of the dollar, which, together with the impact of the changes in the commercial interest reference rates used to calculate the NPV of debt, served to reduce the debt-to-exports ratio by 22 percentage points below the total it would have reached had the NPV of debt after the enhanced HIPC Initiative using the same exchange rates and interest rates as had prevailed at end-1998.

45. From 2005, onward, the debt-to-exports ratio after additional bilateral relief should be below 150 percent. Furthermore, the debt-service-to-exports ratio should fall from 10.5 percent in 2002 to 7.5 percent by the end of 2006, and continue to fall gradually until 2021. The debt service-to-revenue ratio likewise is expected to fall from 8.7 percent in 2002 to 6.6 percent by the end of this decade, and thereafter to fall slowly through 2021.

46. In assessing a country's eligibility for topping up, the enhanced HIPC Initiative framework calls for an assessment of the following criteria:

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[15] This assumes full delivery of HIPC Initiative assistance.

- The projection for the NPV of debt-to-exports (or, in fiscal window cases, NPV of debt-to-revenue) ratio after the completion point, after enhanced HIPC Initiative, assistance, and additional bilateral debt relief: how does it compare with the decision point projection, and what is the trend over the medium and long term?

- The debt service-to-exports ratio: does it exceed 15–20 percent at the completion point and, if so, for how long?

- Do these indicators stay above the enhanced HIPC Initiative thresholds for more than three-five years?

- Has there been a sizable new borrowing and, if so, on what terms? How does it compare to the assumptions in the decision point projections?

- Has there been a fundamental change in the country's economic circumstances since the decision point?

- Were there exogenous factors beyond the control of the country's authorities, notwithstanding prudent macroeconomic management?

- How has economic policy reacted to the exogenous developments?[16]

47. In the case of Benin, the most important factor underlying the deterioration of debt indicators was the large rise in new borrowings, mostly for project-financing purposes; the smaller-than-expected cotton export volumes and lower-than-expected cotton prices in 1999-2001 also contributed to this deterioration, but to a lower extent. Furthermore, given that, after unconditional enhanced HIPC Inititaive relief and additional bilateral assistance, the NPV of debt-to-exports ratio stands only 5 percentage points above the targeted ratio, and that it is projected to fall rapidly below the threshold (Table 14), the staffs are not of the view that there has been a fundamental change in the country's economic circumstances.[17] Appropriate measures are already being introduced by the government to contain the new borrowing. Using their best estimates of future borrowing and export figures, the **staffs are of the opinion that Benin's debt is sustainable in the medium and long term, and that it does not meet the exceptional criteria justifying additional "topping-up" assistance.**

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[16] "Enhanced HIPC Initiative – Completion Point Considerations", August 21, 2001, IDA/SecM2001-0539 and IMF (EBS/01/141; 8/20/01).

[17] The NPV of the debt-to-government revenue ratio is also projected to fall rapidly.

D. Sensitivity Analysis and Long-Term Sustainability

48. This subsection examines the implications for debt sustainability under alternative assumptions over those included in the baseline scenario described above. These scenarios examine the likely impact of lower cotton revenues and smaller external project grants, and the potential impact of higher public expenditure than was forecast in the baseline scenario (Table 19).

Scenario 1: lower cotton revenues

49. The first alternative scenario assumes a 20 percent drop in cotton export revenues relative to the baseline scenario each year for the period 2004-21, caused by a combination of lower-than-projected world cotton prices and smaller-than-expected volumes of cotton exports. Accordingly, the ratio of exports of goods and nonfactor services to GDP remains about 4 percent in this scenario, as opposed to 15 percent in the baseline scenario. The impact on the balance of payments is assumed to be offset through additional new borrowing (with an average grant element of 62 percent) by the central government to cover the financing gap.

50. The effect of this scenario would be to postpone Benin's descent below the 150 percent debt-to-exports ratio until 2012, rather than the 2005 projected in the baseline scenario. The debt-service-to-exports ratio would remain below 9 percent from 2003 onward, and the debt service-to-revenue ratio would rise to roughly 1 percent above that of the baseline scenario.

51. **Benin's strong reliance on cotton exports constitutes a major source of vulnerability for the economy.** Diversification of the economy, in particular the export sector, would be a key determinant of long-term debt sustainability. Any actions by developed countries to open their markets or reduce subsidies to the cotton sector could also have a significant positive impact on Benin's external position.

Scenario 2: lower grants

52. Benin has been receiving substantial foreign assistance, including grants, since 1994, partly because of its very low per capita income and partly because of an impressive record of economic reform. The baseline projections assume a gradual decrease in external project and program grants from 2.5 percent of GDP in 2003 to 2.0 percent in 2010, and to 1.5 percent in 2020. The second scenario assumes a faster decline in grants to 1 percent in 2010 and 0.5 percent in 2020. The balance of payments impact is again assumed to be offset by additional new borrowing (with the same grant element as in scenario 1) to cover the financing gap.

53. The NPV of debt-to-exports ratio in this smaller-grant-scenario declines more slowly than in the baseline scenario. As in the baseline scenario, the debt-to-exports ratio would first fall below 150 percent in 2005; however, by 2021 it is projected to reach only 101 percent,

22 percentage points higher than in the baseline scenario. Debt service is also higher over the projected horizon in this scenario than in the baseline case,falling from 10.5 percent of government revenue in 2002 to 8.5 percent in 2021.

54. **This sensitivity analysis underlines the importance of following prudent debt management policies and avoiding a new buildup in debt.** Benin will have to continue to rely on grants and highly concessional loans in order to keep its debt within sustainable limits.

Scenario 3: higher public expenditure

55. Scenario 3 is designed to show the potential impact of a significant increase in government spending. It assumes that total public expenditure will reach the level projected in the alternative budgetary scenario of the PRSP over the period 2003-05 (i.e., 1.5 percentage points of GDP higher than in the baseline budgetary scenario in 2003 and 2004, and 0.6 percentage point higher in 2005), and that it will be 2.5 percentage points higher than in the baseline scenario over the period 2006-21. The resulting financing gap is covered by grants (47 percent) and project and program loans (53 percent) with the mix based on the average observed in the last three years. The grant element for the new borrowing is the same as in the previous scenarios. A positive impact on the GDP growth is assumed for the 2003-07 period, with GDP growth rate 0.2 to 0.5 percent higher per year than in the baseline scenario. The GDP deflator is assumed to be higher in this scenario than in the baseline case, and the exports-to-GDP ratio is assumed to fall relative to the baseline owing to the ensuing real exchange appreciation.

56. As in the baseline scenario, the debt-to-export ratio would fall below 150 percent in 2005; however, it would reach only 109 percent in 2021, 30 points higher than in the baseline scenario. Debt service is also higher in this scenario than in the baseline case over the projected horizon, falling from 10.5 percent of exports in 2002 to 7.3 percent in 2021.

57. **The results generated by this alternative scenario also underline the importance of following a cautious policy as regards new borrowing under the alternative higher spending program of the PRSP.** Benin will have to continue to rely on grants and highly concessional loans in order to keep its debt within sustainable limits.

Summary

58. The baseline scenario is predicated on continued fiscal consolidation, a gradual diversification of the economic base, and a recovery of cotton prices, as forecast by the Fund's World Economic Outlook (WEO). Nevertheless, **as the sensitivity analysis highlights, Benin's current dependency on a single commodity makes the achievement of sustained growth extremely fragile.** The potential of any major shock to affect negatively the country's key debt ratios is clear. Although the outlined scenarios show Benin staying on a sustainable path, a combination of two or more of these factors — for instance, a continued fall in cotton prices, combined with a fall in project grants — could push the debt toward unsustainable levels.

59. **In order to mitigate the potential downside risks, the country will have to follow a very prudent debt-management policy.** The debt-sustainability ratios are very sensitive to the level and concessionality of new borrowings, and it is, therefore, critical that, wherever possible poverty-reducing expenditures be financed in the form of grants or highly concessional loans. Adjustments to shocks will have to take account of the impact on the debt burden. Such a prudent borrowing policy will be required until the government's efforts to diversify and strengthen the economy bear fruit.

60. The staffs discussed the results of the DSA with the authorities, who agreed that a prudent policy as regards new borrowings was necessary to maintain the external debt on a sustainable path. To this end, the authorities have decided to establish, before end-March 2003, a coordination committee responsible for drafting and monitoring debt policy, and annually updating the DSA. In parallel, the authorities indicated that, with the support of the World Bank, they will improve the poverty focus of the expenditure programs in order to meet PRSP objectives and will seek, for their external financing, an appropriate balance between loans and grants.

IV. Conclusions

61. **The staffs of the Fund and IDA consider that Benin has met the conditions for reaching the completion point under the enhanced HIPC Initiative, as specified in the decision point document.** Benin's macroeconomic program is on track, as evidenced by satisfactory performance under the PRGF arrangement, and the government has made considerable progress in implementing its structural adjustment program, albeit with delays. Performance under the IDA lending program has been broadly satisfactory as well. The JSA of the PRSP considers that the government, in consultation with civil society, has adopted a credible poverty reduction strategy based on realistic macroeconomic projections.

62. **The interim relief provided under the enhanced HIPC Initiative has allowed Benin to increase social spending in recent years.** With the computerization of budget implementation and the streamlining of budget execution procedures, Benin has made substantial progress in strengthening the tracking of poverty-reducing expenditures, and further steps are to be taken to that end. In addition, Benin has conducted a thorough financial audit of 2000 HIPC Initiative expenditures that underscores the positive impact of these measures at the local level, in particular, as regards school and primary health centers. With this improvement, the staffs consider that the PSRP and the mechanism for tracking expenditure on poverty reduction provide a solid basis for monitoring the use of HIPC Initiative assistance and other resources for poverty reduction.

63. **Benin's external debt-to-exports ratio at end-2001 was 26 percentage points higher than projected at the time of the decision point.** Although some of the deterioration of the debt ratios was caused by an exogenous factor beyond the control of the authorities, namely, lower-than-expected world cotton prices, the main explanatory factor was larger than anticipated borrowing by the authorities. Nonetheless, with the debt reduction to be provided under the enhanced HIPC Initiative and on a bilateral basis by Paris Club creditors,

Benin will be able to achieve and maintain external debt sustainability. After full delivery of beyond-enhanced HIPC Initiative assistance, Benin's debt-to-export ratio will reach 160.6 percent in 2003, and decline below 150 percent in 2005. In light of this, the staffs consider that Benin does not meet the criteria justifying additional assistance to ensure long-term sustainability.

64. **Maintaining external debt sustainability will require a prudent borrowing policy.** The higher-than-expected borrowing rate in recent years is a reason for concern. To address this problem, the government has strengthened the monitoring of external financing policy. Foreign-financed expenditures will be prioritized in light of Benin's objective of maintaining a sustainable external debt, and alternative financing sources will be identified, with a view to increasing reliance on grants and highly concessional loans.

65. **In light of the above, the staffs of the IMF and IDA recommend that the Executive Directors determine that the conditions for reaching the completion point under the enhanced HIPC Initiative have been met.**

V. Issues for Discussion

Executive Directors may wish to focus on the following issues and questions:

66. Do Directors agree that Benin has met the conditions for reaching the completion point under the enhanced HIPC Initiative framework, as established at the time of the decision point?

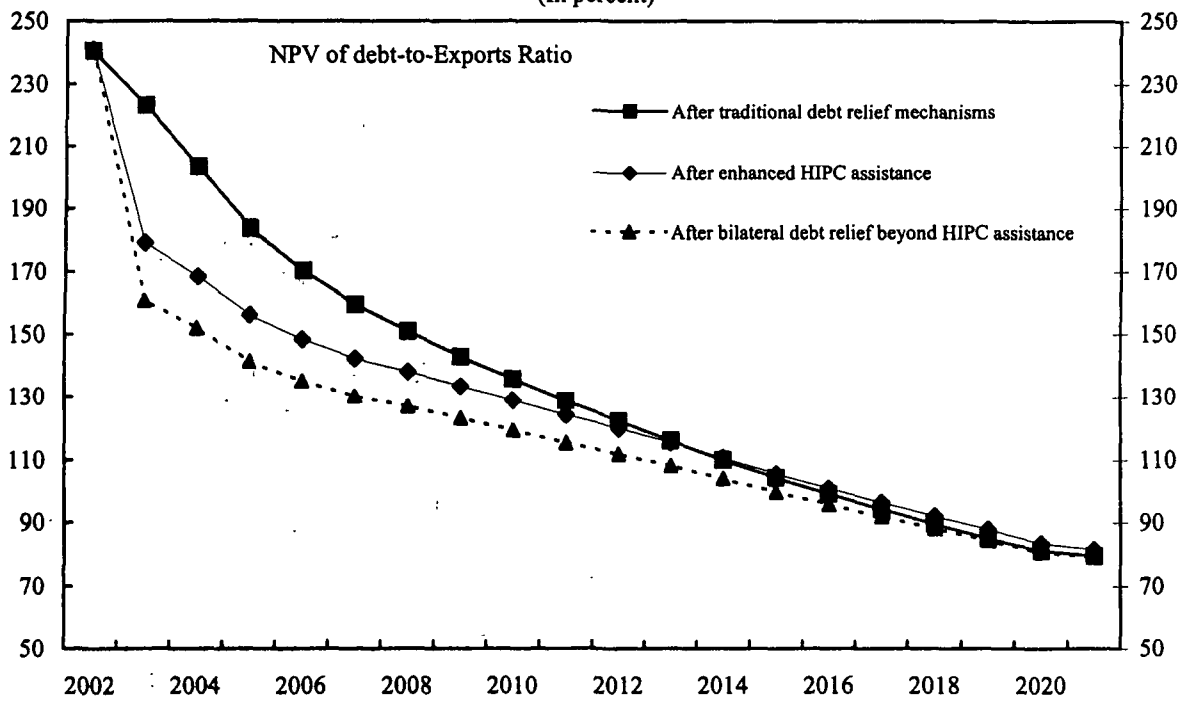
67. Do Directors agree that sufficient assurances have been given by Benin's other creditors to commit enhanced HIPC Initiative assistance to Benin, as approved at the decision point, on an irrevocable basis?

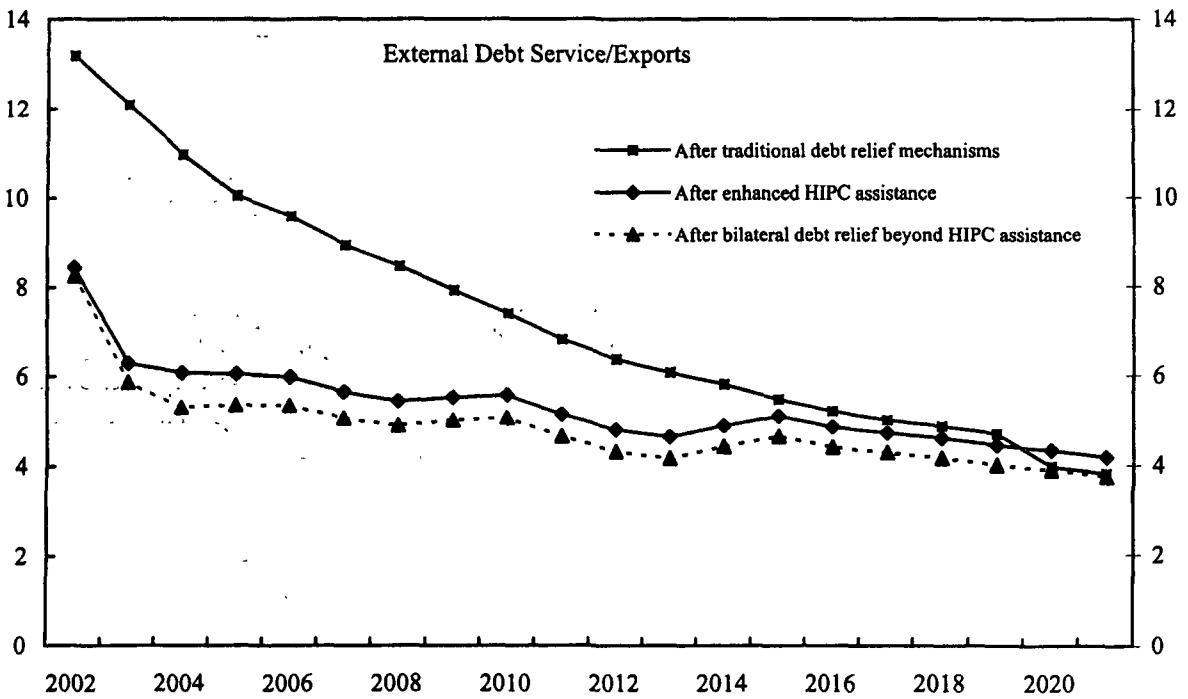
68. Do Directors agree that there has been no fundamental change in Benin's circumstances that would require additional enhanced HIPC Initiative relief above that committed at the decision point?

69. Do Directors agree that Benin's PRSP and expenditure-tracking mechanism provide assurance that enhanced HIPC Initiative assistance and other resources will further poverty reduction efforts?

Figure 1. Benin: External Debt and Debt-Service Indicators for Medium- and Long-Term Public Sector Debt, 2002-21

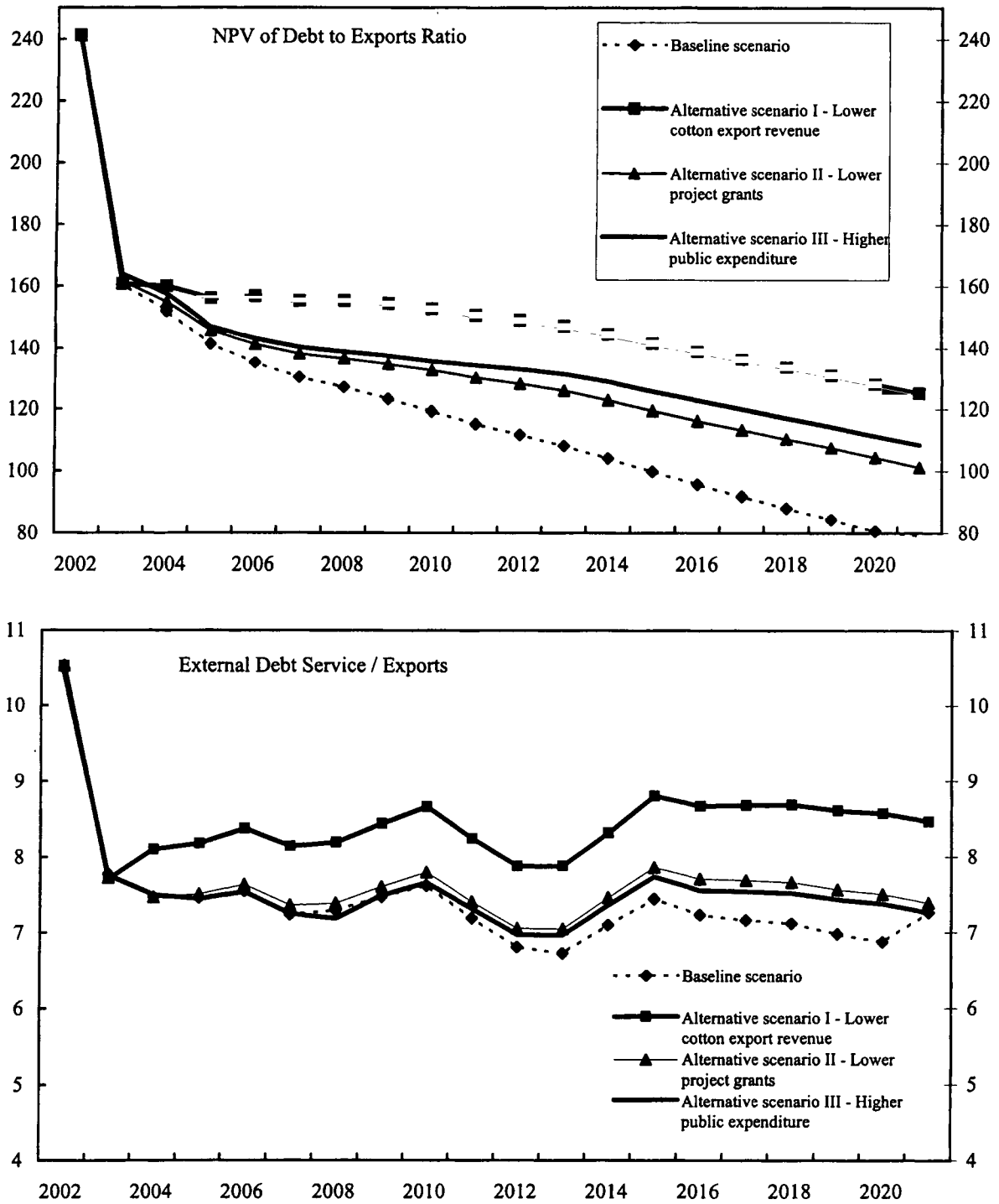
(In percent)





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

Figure 2. Benin: Sensitivity Analysis, 2002-21
(In percent)



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

Table 1. Benin: Selected Economic and Financial Indicators, 2000-05

	2000	2001	2002 Est.	2003	2004 Projections	2005
	(Annual changes in percent, unless otherwise indicated)					
National income						
GDP at current prices	9.2	8.3	7.8	8.2	9.1	9.2
GDP at constant prices	5.8	5.0	5.8	5.6	6.5	6.5
GDP deflator	3.3	3.1	2.0	2.5	2.5	2.5
Consumer price index (average)	4.2	4.0	2.3	2.4	2.5	2.5
Consumer price index (end of period)	9.8	2.3	2.0	2.5	2.5	2.5
Central government finance						
Revenue	13.3	5.5	13.8	8.3	8.4	9.4
Expenditure and net lending	25.0	9.5	9.9	13.3	6.3	8.2
Money and credit						
Net domestic assets 1/	10.5	-10.9	6.9	4.2	...	...
Domestic credit 1/	9.4	-9.2	6.4	4.2	...	...
Net claims on central government 1/	0.3	-9.1	2.0	-0.6	...	...
Credit to the nongovernment sector	25.5	-0.3	13.2	13.5	..	...
Broad money	21.2	12.7	4.7	8.0	...	...
Velocity (GDP relative to average M2)	3.3	3.1	3.1	3.1	...	...
External sector						
Exports, f.o.b. (in terms of CFA francs)	-3.0	15.3	-4.1	15.8	14.4	11.8
Imports, f.o.b. (in terms of CFA francs)	8.1	8.0	0.0	6.0	7.1	7.7
Export volume	-11.0	-2.8	19.3	-9.7	10.1	8.7
Import volume	0.7	5.0	4.5	6.0	6.5	6.5
Terms of trade	1.6	15.4	-16.0	28.2	3.3	1.7
Nominal effective exchange rate (- deprec.)	-2.9	1.1	...	...	...	...
Real effective exchange rate (- deprec.)	4.4	2.1	...	...	...	...
	(In percent of GDP, unless otherwise indicated)					
Basic ratios						
Gross investment	18.9	19.2	18.1	19.5	19.7	19.6
Government investment	7.6	7.8	6.7	8.5	8.7	8 6
Private sector investment	11.3	11.4	11.4	11.0	11.0	11.0
Gross domestic saving	6.0	6.5	6.1	8.5	9.6	10.0
Government saving	4.9	4.4	3.8	4.5	5.1	5.2
Nongovernment saving	1.1	2.1	2.3	4.0	4.5	4.8
Gross national saving 2/	10.9	12.5	9.9	12 4	13.1	13.3
Central government finance						
Revenue	16.6	16.2	17.1	17.1	17.0	17.0
Expenditure and net lending	20.1	20.3	20.7	21.7	21.1	20.9
Primary balance 3/	-2.6	-3.3	-2.8	-3.8	-3.5	-3.4
Overall fiscal deficit (payment order basis) 4/	-3.5	-4.2	-3.7	-4.6	-4.2	-4.0
Overall fiscal deficit (cash basis) 4/	-5.5	-4.1	-4.4	-4.7	-4.2	-4.0
Debt service 5/	14.4	9.2	8.1	7.0	5.3	5.3
External sector						
Current account balance (- deficit) 2/	-8.0	-6.7	-8.2	-7.0	-6.6	-6.3
Overall balance of payments (- deficit)	3.2	5.4	-1.8	0.1	-0.1	0.1
Debt-service ratio (before debt relief)	18.1	15.7	16.5	15.4	12.4	11.3
Debt-service ratio (after debt relief) 6/	15.7	9.8	9.8	8.1	6.0	6.0
Net present value of debt-to-exports ratio (after debt relief) 7/	203.9	230.2	241.0	160.6	151.9	141.5
Debt-to-GDP ratio (after debt relief)	58.3	58.5	50.4	38.7	37.5	35.9
Gross reserves in months of imports	8.0	9.1	8.7	8.2	8.0	7.8
Nominal GDP (in billions of CFA francs)	1,605.4	1,738.6	1,874.6	2,028.5	2,212.5	2,415.8
CFA francs per U.S. dollar (period average)	712.0	728.8	697.8	...	...	...
Population (in millions)	6.3	6.5	6.7	6.8	7.0	7.2

Sources: Beninese authorities; and staff estimates and projections.

1/ In percent of broad money at the beginning of the period.
2/ Including current official grants but excluding project grants.
3/ Total revenue minus all expenditure, excluding interest.
4/ Before all official grants.
5/ Scheduled debt service in percent of fiscal revenue, including IMF debt and excluding debt to be paid by HIPC Initiative assistance.
6/ For 2000-02, debt service after debt relief is the difference between the amount of debt service due and the amount of debt relief effectively received.
7/ Net present value of total debt beyond enhanced HIPC Initiative assistance, in percent of a backward-looking three-year average of exports of goods and nonfactor services.

Table 2. Benin: Observance of Quantitative and Structural Performance Criteria, 2000-02

	Test Dates			
	Sep. 00	Mar. 01	Dec. 01	Sep. 02
Quantitative performance criteria				
Net bank credit to the government	Met	Met	Met	Met
Reduction in verified government domestic payments arrears 1/	Met	Met		
Nonaccumulation of new external payments arrears by the central government	Met	Met	Met	Met
New nonconcessional external debt at terms of 1 to 12 years contracted or guaranteed by the central government	Met	Met	Met	Met
Short-term external debt with a maturity of less than 1 year (stock)	Met	Met	Met	Met
Quantitative benchmarks				
Health expenditure 3/	Not met	Not met	Not met	Not met
Education expenditure 3/	Met	Not met	Not met	Not met
Wage bill 4/				Not met

Structural benchmarks	Test Date	Status
Verification of account balances at end-99 of the treasury, foreign investment projects, and agencies that are included in the financial operations of the central government	End-August 2000	Met
Preparation by the Ministry of Finance of a quarterly report reconciling data for end-June 2000 collected by the customs department and the preshipment inspection company on the value of imports and corresponding import duties and fees	End-August 2000	Met
Completion of the linking of the database of civil servants in the payroll unit with the ministries' records	End-March 2001	Met in September 2001
Submission of amendments to the law on a new performance-based compensation mechanism to a vote of the National Assembly	End-December 2001	Met 2/
Completion of an inventory of outstanding claims of civil servants on the government	End-December 2001	Met
Agreement with Fund staff on an action plan to privatize the remaining state-controlled bank	End-December 2001	Not met
Reconciliation of the 2000 account balances of the treasury, budget department, externally financed public investment projects and agencies that are included in the financial operations of the central government	End-December 2001	Met
Adoption of a recovery plan for the state-controlled bank in conformity with the recommendations of the banking commission, including the timetable for selling the state's shares	End-July 2002	Met in December 2002
Adoption of an action plan for the collection of customs duties in arrears and accrued dividends from the company distributing petroleum products, SONACOP	End-August 2002	Met in October 2002
Adoption of a plan to eliminate the financial deficit of the SBEE	End-September 2002	Met in December 2002
Finalization of, in consultation with Fund staff, an evaluation of the operations of the cash advance accounts (*comptes de régisseurs*), including an action plan to reduce their number, as well as the decision to implement this plan by January 1, 2003	End-September 2002	Met in December 2002

1/ Reduction in domestic payments arrears was a performance criterion only for September 2000 and March 2001.
2/ The legislation was submitted to the parliament in November 2001. However it was not voted on.
3/ These benchmarks were missed by small margins.
4/ Wage bill was a quantitative benchmark only for September 2002.

Table 3. Benin: Main Assumptions Used for the Debt Sustainability Analysis at Decision Point and Completion Point, 1998-2021

(In percent of GDP, unless otherwise indicated)

	1998	1999	2000	2001	2002 Est.	2003	2004	2005	2006	2007	2008	2009	2010	2015	2020	2021	1998-2006 Average	2007-18 Average	2018-21 Average
											Projections								
At decision point 1/																			
Economic growth and inflation																			
Real GDP (percentage change)	4.5	4.9	5.6	5.7	5.6	5.6	5.3	5.4	5.4	5.4	5.4	5.5	5.5	5.6	...	...	5.3	5.5	...
Average inflation (in percent)	5.8	0.3	3.0	2.5	2.5	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	...	...	2.5	2.0	...
National accounts																			
Gross domestic investment	17.1	17.6	18.8	19.2	20.0	20.3	20.4	21.0	21.0	21.0	21.1	21.2	21.4	21.6	...	...	19.5	21.5	...
Of which: private	11.4	11.6	12.0	12.3	12.8	12.9	13.0	13.6	13.6	13.6	13.6	13.7	13.7	13.7	...	...	12.6	13.7	...
Gross national savings	11.3	11.8	11.6	12.7	13.8	14.6	15.1	16.0	16.1	16.3	16.5	16.8	17.1	18.6	...	...	13.7	17.8	...
Government revenue	15.5	16.0	15.7	16.0	16.3	16.5	16.6	16.7	16.8	16.9	17.0	17.1	17.2	17.8	...	...	16.2	17.5	...
Government expenditures	16.8	17.1	19.2	18.6	18.8	18.9	18.8	18.8	18.7	18.7	18.7	18.8	18.9	19.2	...	...	18.4	19.0	...
Overall government balance	-1.3	-1.1	-3.5	-2.6	-2.5	-2.5	-1.5	-1.5	-1.3	-1.3	-1.2	-1.2	-1.2	-1.0	...	...	-2.0	-1.1	...
Balance of payments																			
Exports of goods and services	17.3	16.4	15.3	15.9	16.0	16.1	16.1	16.2	16.1	16.0	15.9	15.9	15.9	16.1	...	...	16.2	16.0	...
Imports of goods and services	27.8	28.6	28.2	27.6	27.0	26.6	26.2	25.9	25.6	25.4	25.2	24.9	24.7	23.5	...	...	27.1	24.1	...
Current account, including grants	-5.8	-5.8	-7.2	-6.5	-6.2	-5.7	-5.3	-5.1	-4.9	-4.8	-4.6	-4.4	-4.3	-3.0	...	...	-5.8	-3.6	...
Terms of trade (percentage change)	6.0	-20.4	-3.1	13.2	5.5	5.7	4.5	4.0	2.8	2.9	3.1	3.2	3.4	4.7	...	...	2.0	3.6	...
Memorandum item:																			
Total new borrowing (in U.S. dollars)	...	40.4	45.0	53.0	58.5	60.0	61.0	62.0	63.1	64.2	65.3	66.5	67.7	74.3	...	...	...	...	...
At completion point																			
Economic growth and inflation																			
Real GDP (percentage change)	4.5	4.7	5.8	5.0	5.8	5.6	6.5	6.5	5.5	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.5	5.0	5.0
Average inflation (in percent)	5.8	0.3	4.2	4.0	2.3	2.4	2.5	2.5	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.9	2.0	2.0
National accounts																			
Gross domestic investment	17.0	17.5	18.9	19.2	18.1	19.5	19.7	19.6	19.4	19.4	19.6	19.8	19.8	20.1	20.2	20.2	18.8	19.9	20.1
Of which: private	11.2	11.2	11.3	11.4	11.4	11.0	11.0	11.0	11.0	11.2	11.5	11.9	12.0	12.7	12.9	12.9	11.2	12.3	12.8
Gross national savings	11.3	9.9	10.9	12.5	9.9	12.5	13.1	13.3	13.0	13.0	13.3	13.6	13.6	14.4	14.5	14.5	11.8	13.9	14.4
Government revenue	15.3	16.0	16.6	16.2	17.1	17.1	17.0	17.0	17.0	17.2	17.3	17.4	17.5	17.6	17.6	17.6	16.6	17.5	17.6
Government expenditures	16.4	17.6	20.1	20.3	20.7	21.7	21.2	20.9	20.9	20.8	20.8	20.7	20.7	20.2	20.0	20.0	20.0	20.4	20.0
Overall government balance	-1.1	-1.6	-3.5	-4.1	-4.3	-4.7	-4.2	-3.9	-3.9	-3.7	-3.5	-3.3	-3.3	-2.6	-2.4	-2.4	-3.5	-3.0	-2.5
Balance of payments																			
Exports of goods and services	17.1	16.1	15.2	15.2	14.1	14.6	14.9	15.0	15.0	15.1	15.1	15.1	15.1	15.4	15.7	15.7	15.3	15.3	15.6
Imports of goods and services	27.5	28.8	28.1	27.9	26.1	25.6	25.0	24.6	24.7	24.6	24.5	24.3	24.3	24.0	24.0	24.0	26.5	24.2	24.0
Current account, including grants	-5.7	-7.6	-8.0	-6.7	-8.2	-7.0	-6.6	-6.3	-6.4	-6.4	-6.3	-6.1	-6.0	-5.4	-5.1	-5.1	-6.9	-5.8	-5.2
Terms of trade (percentage change)	5.9	-22.2	1.6	15.4	-16.0	28.2	3.3	1.7	4.3	-0.2	0 7	1.5	0.8	1.2	0.6	0.6	2.5	0.9	0.6
Memorandum item:																			
Total new borrowing (in U.S. dollars)	...	74.2	78.6	113.7	99.0	94.1	89.5	92 4	94.2	96.1	98.0	100.0	103.0	118.2	131.8	135.1	...	..	...

Sources: Beninese authorities; and staff estimates and projections.

1/ Projection period from 2000 to 2018.

Table 4. Benin: Balance of Payments, 2000-21

	2000 Actual	2001 Actual	2002 Est.	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2019	2020	2021
											Projections								
											(In millions of U.S. dollars)								
Trade balance	-258.0	-256.3	-276.6	-290.1	-291.5	-305.1	-328.4	-346.1	-364.8	-388.2	-412.4	-437.8	-464.0	-490.8	-518.1	-551.0	-714.1	-762.2	-813.4
Exports, f.o.b.	188.5	210.3	210.5	259.4	296.9	335.2	367.6	403.2	433.3	473.6	514.8	560.2	610.3	665.7	726.9	789.4	1097.4	1192.2	1295.1
Domestic exports	188.5	210.3	210.5	259.4	296.9	335.2	367.6	403.2	433.3	473.6	514.8	560.2	610.3	665.7	726.9	789.4	1097.4	1192.2	1295.1
Cotton and textile	152.2	159.1	151.5	175.3	194.0	217.7	247.8	278.6	295.1	317.3	339.7	364.1	390.7	419.7	451.4	486.3	653.7	704.0	758.3
Reexports	197.9	202.9	221.4	254.4	270.9	291.4	307.4	322.8	335.6	355.9	373.7	392.4	412.0	432.6	454.2	476.9	579.7	608.7	639.1
Imports, f.o.b.	-446.5	-466.6	-487.1	-549.5	-588.5	-640.4	-696.0	-749.4	-798.1	-861.8	-927.2	-998.0	-1074.3	-1156.5	-1245.0	-1340.4	-1811.5	-1954.3	-2108.4
Of which: petroleum products	-66.4	-55.0	-60.1	-66.2	-63.2	-59.5	-66.0	-69.3	-72.1	-76.4	-80.3	-84.3	-88.5	-92.9	-97.6	-102.4	-124.5	-130.7	-137.3
Imports for reexport	-138.7	-134.2	-155.2	-178.3	-189.9	-204.3	-215.5	-226.3	-235.2	-249.5	-262.0	-275.1	-288.8	-303.2	-318.4	-334.3	-406.4	-426.7	-448.0
Services (net)	-36.5	-46.8	-45.2	-47.3	-49.3	-53.4	-58.6	-63.6	-68.2	-73.4	-79.4	-85.9	-92.9	-100.4	-108.4	-116.9	-159.4	-172.1	-185.9
Credit	157.2	152.0	168.8	193.4	206.2	222.2	237.1	251.9	265.1	284.6	302.6	321.9	342.5	364.6	388.2	413.5	534.2	570.0	608.3
Debit	-193.8	-198.8	-214.0	-240.7	-255.5	-275.6	-295.7	-315.6	-333.3	-358.0	-382.1	-407.9	-435.4	-465.0	-496.6	-530.4	-693.6	-742.2	-794.1
Income (net)	-12.3	-21.4	-25.5	-27.2	-25.9	-26.2	-26.7	-27.2	-27.2	-27.7	-27.9	-28.1	-28.3	-28.4	-28.4	-28.4	-27.1	-26.6	-26.2
Of which																			
Interest due on government debt	-17.5	-18.5	-21.0	-22.2	-20.7	-20.8	-20.9	-21.0	-20.8	-21.1	-21.3	-21.4	-21.6	-21.8	-21.9	-22.1	-22.6	-22.9	-23.2
Current transfers (net)	124.3	165.4	126.7	146.9	144.5	151.0	155.7	160.2	169.4	182.7	195.2	208.5	222.8	238.2	254.6	272.3	358.0	383.6	411.1
Unrequited private transfers	84.4	81.6	70.9	82.1	83.5	85.7	87.1	88.6	95.0	104.0	112.7	122.1	132.3	143.3	155.3	168.2	232.4	251.9	273.1
Public current transfers	39.9	83.8	55.8	64.8	61.0	65.2	68.5	71.7	74.4	78.7	82.4	86.4	90.5	94.8	99.4	104.1	125.6	131.7	138.0
Of which: central government	2.3	29.5	5.3	7.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Current account	-182.6	-159.2	-220.6	-217.7	-222.3	-233.8	-258.0	-276.7	-290.9	-306.6	-324.6	-343.3	-362.3	-381.4	-400.2	-424.0	-542.6	-577.4	-614.4
Capital account	45.8	43.6	28.7	82.9	94.9	104.6	106.9	109.1	110.9	114.0	116.0	119.1	122.2	124.4	126.6	128.9	151.1	155.2	159.4
Official project grants	45.8	43.6	28.7	82.9	94.9	104.6	106.9	109.1	110.9	114.0	116.0	119.1	122.2	124.4	126.6	128.9	151.1	155.2	159.4
Debt cancellation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financial account (net)	210.5	244.6	143.9	137.9	125.6	133.7	139.5	148.1	164.2	174.9	186.6	202.3	217.5	234.3	249.7	272.1	365.2	399.3	438.6
Medium- and long-term public capital	41.8	84.1	72.3	59.6	62.4	63.8	63.0	63.8	72.2	71.8	71.9	73.8	74.2	75.0	75.2	78.0	83.9	83.6	83.3
Disbursements	74.3	108.1	98.9	91.1	93.5	98.3	100.3	102.4	103.3	106.2	109.2	112.3	115.5	117.7	119.9	124.5	136.7	138.0	139.4
Project loans	74.3	80.5	98.9	81.1	93.5	98.3	100.3	102.4	103.3	106.2	109.2	112.3	115.5	117.7	119.9	124.5	136.7	138.0	139.4
Program loans	0.0	27.6	0.0	10.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortization due	-32.4	-24.0	-26.6	-31.6	-31.1	-34.5	-37.3	-38.5	-31.1	-34.5	-37.3	-38.5	-41.4	-42.7	-44.7	-46.5	-52.9	-54.5	-56.1
Medium- and long-term private capital	75.5	48.2	43.6	74.2	60.6	67.0	71.6	77.3	83.5	92.8	102.0	112.3	123.5	135.9	149.4	164.4	240.8	264.8	291.2
Deposit money banks	16.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Short-term capital	-2.3	120.9	28.1	4.1	2.5	2.9	4.9	7.0	8.6	10.4	12.6	16.2	19.9	23.5	25.0	29.7	40.5	50.9	64.2
Errors and omissions	79.5	-8.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Overall balance	73.7	129.0	-48.0	3.1	-1.8	4.5	-11.7	-19.5	-15.8	-17.8	-22.0	-22.0	-22.6	-22.6	-23.9	-23.0	-26.4	-22.9	-16.3
Financing	-73.7	-129.0	48.0	-36.0	-30.5	-33.9	-17.4	-9.2	-12.7	-7.7	0.0	0.0	0.0	0.0	6.2	11.5	13.9	21.6	14.9
Change in net foreign assets (- increase)	-81.8	-150.5	22.5	-36.0	-30.5	-33.9	-17.4	-9.2	-12.7	-7.7	0.0	0.0	0.0	0.0	6.2	11.5	13.9	21.6	14.9
Of which																			
Net use of Fund resources	-3.6	-4.2	-9.5	-7.3	-9.1	-7.6	-8.6	-8.6	-8.6	-8.2	-6.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Loans	9.0	10.2	5.4	8.5	1.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Repayments	-12.6	-14.4	-14.9	-15.9	-10.8	-7.6	-8.6	-8.6	-8.6	-8.2	-6.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Change in external arrears (+ increase)	-21.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Principal	-7.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Interest	-14.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Debt relief obtained 1/	29.0	21.5	25.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financing gap	0.0	0.0	0.0	32.9	32.3	29.4	29.1	28.7	28.4	25.5	22.0	22.0	22.6	22.6	17.7	11.4	12.5	1.4	1.4
Possible HIPC assistance 2/	0.0	0.0	0.0	32.9	32.3	29.4	29.1	28.7	28.4	25.5	22.0	22.0	22.6	22.6	17.7	11.4	12.5	1.4	1.4
Remaining financing gap	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Memorandum items:											(In percent of GDP, unless otherwise indicated)								
Exports of goods and non factor services	15.2	15.2	14.1	14.6	14.9	15.0	15.0	15.1	15.0	15.1	15.1	15.2	15.2	15.3	15.4	15.4	15.6	15.7	15.7
Imports of goods and non factor services	28.1	27.9	26.1	25.6	25.0	24.6	24.7	24.6	24.3	24.3	24.3	24.2	24.2	24.1	24.1	24.0	24.0	24.0	24.0
Current account, including grants (deficit = -)	-8.0	-6.7	-8.2	-7.0	-6.6	-6.3	-6.4	-6.4	-6.2	-6.1	-6.0	-5.9	-5.8	-5.7	-5.5	-5.4	-5.2	-5.1	-5.1
Debt service 3/	18.1	15.7	16.5	15.4	12.4	11.3	11.0	10.4	8.7	8.4	8.0	6.8	6.6	6.3	6.0	5.7	4.6	4.4	4.2
GDP at current prices (in U.S. dollars)	2277.2	2385.4	2686.3	3092.4	3373.0	3719.7	4022.4	4329.1	4659.2	5014.5	5396.9	5808.4	6251.3	6727.9	7240.9	7793.0	10455.8	11253.1	12111.2

Sources: Beninese authorities; and staff estimates and projections.

1/ Includes confirmed interim assistance from Paris Club, African Development Bank, International Monetary Fund, International Development Association, West African Development Bank, OPEC Fund for International Development, European Union and China.
2/ Including debt relief beyond HIPC.
3/ Before debt relief, in percent of exports of goods and nonfactor services.

Table 5. Benin: Fiscal Impact of the Enhanced HIPC Initiative, 1999-2005

	1999	2000	2001	2002 Est.	2003 Projections	2004 Projections	2005 Projections
	(In billions of CFA francs, unless otherwise indicated)						
HIPC assistance given							
Interest due before HIPC assistance	11.6	12.4	13.5	14.6	14.6	13.6	13.5
Interest paid before HIPC assistance	11.6	12.4	13.5	14.6	14.6	13.6	13.5
HIPC relief on interest	...	1.9	5.2	7.7	5.5	6.8	5.9
Interest due after HIPC assistance	...	10.9	8.2	6.9	9.0	6.8	7.6
Amortization due before HIPC assistance	29.1	31.7	28.0	29.0	31.1	27.5	27.3
Amortization paid before HIPC assistance	29.1	31.7	28.0	29.0	31.1	27.5	27.3
HIPC relief on amortization	...	3.8	10.5	10.0	16.0	14.4	13.2
Amortization due after HIPC assistance	...	27.9	17.6	19.0	15.1	13.1	14.1
HIPC relief provided as exceptional financing (to cover debt service due)	...	5.7	15.7	17.8	21.6	21.2	19.1
Total HIPC assistance	...	5.7	15.7	17.8	21.6	21.2	19.1
Total HIPC assistance (in millions of U.S. dollars)	...	8.0	22.5	27.1	32.9	32.6	29.4
Net cash flow to the budget from HIPC assistance	...	5.7	15.7	17.8	21.6	21.2	19.1
Memorandum items:							
Investment and program financing	90.6	76.1	121.4	81.8	107.6	112.0	119.8
Total net external flows (net external financing less debt service due)	49.9	32.0	79.9	38.1	61.9	70.9	79.0
Functional and other poverty-reducing government expenditures (country specific)			(In percent of GDP)				
Baseline pre-HIPC assistance expenditure projections	17.6	19.7	19.4	19.8	20.6	20.2	20.2
Post-HIPC assistance expenditure projections	17.6	20.0	20.3	20.8	21.6	21.0	20.9
Memorandum items:							
Tax revenues	16.0	16.6	16.2	17.1	17.1	17.0	17.0
Overall fiscal balance before HIPC assistance 1/	-1.6	-3.3	-3.2	-2.7	-3.7	-3.3	-3.2
Overall fiscal balance after HIPC assistance 1/	-1.6	-3.5	-4.2	-3.7	-4.6	-4.2	-4.0

Sources: Beninese authorities; and staff estimates and projections.

1/ On a payment order basis and excluding grants.

Table 6. Benin: Public Expenditure for Health and Education, 2001-03

	2001				2002			2003
	Budget 1/	Execution		Rate of Execution (In percent)	Budget	December	Rate of Execution (In percent)	Budget
			Of which: HIPC assist.					
	(In billions of CFA francs, unless otherwise specified)							
Health	40.8	36.2	8.7	88.8	36.4	27.4	75.2	39.5
Current outlays	23.5	19.1	8.1	81.3	19.7	14.2	72.2	23.2
Personnel	6.8	5.4	2.1	79.1	6.7	5.9	88.3	7.4
Nonpersonnel	16.7	13.7	6.1	82.2	13.0	8.3	63.8	15.8
Investment program	17.3	17.1	0.5	99.0	16.7	13.2	78.8	16.2
Domestically financed	7.3	6.3	0.5	87.2	8.7	7.5	85.7	8.8
Financed from abroad	10.0	10.8	...	107.5	8.0	5.7	71.3	7.4
Education	74.2	71.1	6.7	95.8	80.5	68.8	85.4	86.9
Current outlays	56.9	53.2	4.2	93.5	55.2	55.5	100.5	61.7
Personnel	33.5	34.4	2.0	102.8	33.8	38.4	113.5	37.1
Nonpersonnel	23.4	18.8	2.3	80.2	21.4	17.1	79.9	24.6
Investment program	17.3	17.9	2.4	103.4	25.3	13.3	52.5	25.3
Domestically financed	8.1	10.4	2.4	128.0	13.4	8.5	63.6	14.6
Financed from abroad	9.2	7.5	...	81.8	11.9	4.8	40.1	10.6
				(In percent of GDP)				
Total expenditure 2/	6.6	6.2	0.9	...	5.8	5.1	...	6.2
Current outlays	4.6	4.2	0.7	...	3.7	3.7	...	4.2
Personnel	2.3	2.3	0.2	...	2.0	2.4	...	2.2
Nonpersonnel	2.3	1.9	0.5	...	1.7	1.4	...	2.0
Investment program	2.0	2.0	0.2	...	2.1	1.4	...	2.0
Domestically financed	0.9	1.0	0.2	...	1.1	0.9	...	1.2
Financed from abroad	1.1	1.1	...	...	1.0	0.6	...	0.9

Sources: Beninese authorities; and staff estimates.

1/ Includes social measures in supplementary budget.

2/ Total expenditure for health and education.

Table 7. Benin: Status of Creditor Paricipation Under the Enhanced HIPC Initiative
(As of January 31, 2003)

	NPV Debt Relief (End-1998) (US$ mil.) 1/ 2/	Percentage of Total Assistance	Satisfactory Reply	Modalities To Deliver Debt Relief
IDA	84.4	31.8	Yes	Assistance to cover 50 percent of debt service falling due on disbursed and outstanding IDA credits as of end-1998 The debt relief would be provided over 15 years. Interim assistance commenced as of July 2000.
IMF	24.3	9.2	Yes	Assistance is being delivered through partial payment of debt service falling due to the IMF by the PRGF-HIPC Trust. Interim assistance as of July 2000. Share of debt relief on debt service due on current obligations covered by IMF assistance averages 32 percent over 2000-07.
African Development Bank/Fund (AfDB/AfDF)	37.5	14.1	Yes	Commitment to provide interim debt relief, with effect from June 2000. Interim relief will not exceed 40 percent of the total NPV debt relief. Assistance covers 80 percent of the debt service falling due, and will be delivered over ten years. At the completion point, AfDB will enter into an irrevocable debt-relief commitment.
European Union/European Investment Bank (EU/EIB)	6.8	2.6	Yes	Debt-service relief on identified EU loans during the interim, supplemented with grants to pay off EU loans at the completion point.
Islamic Development Bank (IsDB) 3/	8.7	3.3	Yes	Debt rescheduling.
International Fund for Agricultural Development (IFAD)	6.2	2.3	Yes	Up to 100 percent debt service relief until NPV target is achieved from the completion point
OPEC Fund	2.7	1.0	Yes	Concessional refinancing of debt through a new HIPC loan. Loan fully disbursed May 2002.
Arab Bank for Development in Africa (BADEA)	2 7	1 0	Yes	Concession rescheduling of debt and reduction of interest rates.
Economic Community of West Africa (ECOWAS)	2.4	0.9	Pending	To be determined.
West African Development Bank (BOAD)	11.7	4.4	Yes, subject to donor financing	Debt service relief in the interim period. BOAD delivered the interim assistance announced for 2001 and 2002. The modalities to deliver the remaining relief will be decided at the completion point in relation to the external resources to be mobilized.
Central Bank of West African States (BCEAO)	1.2	0.4	Pending	At the completion point - rescheduling of debt over 24 years, no grace period, and zero interest.
Total multilateral	188.6	71.1		
Paris Club creditors	63.7	24.0	Yes	Flow rescheduling on Cologne terms during the interim period, to be followed by a Cologne stock deal.
Non-Paris Club creditors	12.7	4.8	Some	China provided debt relief through loan cancellation. Kuwait and Libya also indicated intention of participating to the initiative. Others being contacted by Benin.
Commercial creditors 4/	0.3	0.1	Yes	Relief provided through buyback operation in July 2001 to settle the debt
Total bilateral and commercial creditors	76.8	28.9		
Total	265.4	100.0		

Source: Debt figures shown are based on calculations in each country's final HIPC document and could be subject to reconciliation.
1/ For all retroactive cases, end-1998 is the reference date under the enhanced HIPC Initiative for calendar-based countries (except for Burkina Faso, which uses end-1999 data). Fiscal-year-based countries use end-June 1999 data.
2/ The amount of assistance is estimated using the exchange rates at the decision point.
3/ Revised figure for outstanding NPV of debt should be US$15.0 million; NPV of debt relief should be US$4.7 million.
4/ This refers to a single loan from a stated-owned Czechoslovakian company later privatized

Table 8. Benin: Discount Rate and Exchange Rate Assumptions at End-1998 and End-2021

	Discount Rates 1/2/ (In percent per annum)		Exchange Rates 3/ (Per U.S. dollar)	
	Decision point	Completion point	Decision point	Completion point
Belgian franc	5.59	5.67	34.57	45.77
CFA franc	5.36	5.67	562.21	744.31
Chinese yuan	5.25	5.16	8.28	8.28
Danish krone	5.64	5.68	6.39	8.41
ECU	5.00	...	1.17	...
Euro	...	5.67	...	1.13
Finnish markka	5.35	5.67	5.10	6.75
French franc	5.36	5.67	5.62	7.44
Deutsche mark	5.16	5.67	1.67	2.22
Italian lira	5.58	5.67	1,653.10	2197.06
Japanese yen	2.22	1.43	115.60	131.80
Netherlands guilder	5.78	5.67	1.89	2.50
Norwegian krone	6.54	7.86	7.60	9.01
Kuwaiti dinar	5.25	5.16	0.30	0.31
SDR	5.25	5.16	0.71	0.80
Spanish peseta	5.31	5.67	142.61	188.80
Swedish krona	5.66	5.76	8.06	10.67
Swiss franc	4.05	3.97	1.38	1.68
U.K. pound sterling	6.81	5.67	0.60	0.69
U.S. dollar	6.23	5.85	1.00	1.00

Memorandum item:
Paris Club cutoff date is March 31, 1989.

Sources: OECD; and IMF, *International Financial Statistics*.

1/ The discount rates are the average commercial interest reference rates (CIRRs) for the respective currencies over the six-month period ended December 1998 for the decision point; December 2001 for the completion point.

2/ For all currencies for which the CIRRs are not available, the SDR discount rate is used.

3/ As of end-December 1998 for the decision point; end-December 2001 for the completion point.

Table 9. Benin: Nominal and Net Present Value of External Debt Outstanding at End-2001 1/

	Legal Situation 2/				NPV of Debt After Full Application of Traditional Debt Relief 3/	
	Nominal Debt		NPV of Debt			
	Millions of U.S. dollars	Percent of total	Millions of U.S. dollars	Percent of total	Millions of U.S.dollars	Percent of total
Total	1,367.5	100.0	857.3	100.0	841.6	100 0
Multilateral institutions	1,114.8	81.5	645.5	75 3	645.5	76 7
IDA	604.8	44.2	316.5	36.9	316.5	37.6
AfDB Group	275.8	20.2	144.8	16.9	144.8	17.2
IMF	76.7	5.6	64.1	7.5	64.1	7.6
West African Development Bank (BOAD)	41.5	3.0	40.9	4.8	40.9	4.9
Arab Bank for Economic Development in Africa (BADEA)	5.4	0.4	4.7	0.6	4.7	0.6
Islamic Development Bank (IsDB)	24.5	1.8	20.0	2.3	20.0	2.4
Nordic Development Fund (NDF)	1.9	0.1	0.8	0.1	0.8	0.1
Economic Community of West African States (ECOWAS)	8.6	0.6	9.0	1.0	9.0	1.1
European Union (EU)	25.5	1.9	14.7	1.7	14.7	1.8
International Fund for Agricultural Development (IFAD)	41 9	3.1	22.6	2.6	22.6	2.7
OPEC	8.2	0.6	7.2	0.8	7.2	0.9
Central Bank of West African States (BCEAO)	0.1	0.0	0.1	0.0	0.1	0.0
Official bilateral creditors	252.7	18.5	211.8	24.7	196.1	23.3
Paris Club	182.8	13.4	156.3	18.2	153 7	18.3
Pre-cutoff date	159.4	11.7	137.8	16.1	108.3	12.9
Official development assistance (ODA)	28.5	2.1	26.9	3.1	0.0	0 0
Non-ODA	130.9	9.6	110.9	12.9	108.3	12.9
Post-cutoff date	23.4	0.1	18.5	2.2	45.4	5.4
ODA	22.2	4 3	17.3	2.0	44.2	5.2
Non-ODA	1.2	4.3	1.3	0.1	1.3	0.1
France	59.1	4.3	56.1	6 5	56.2	6.7
Italy	30.0	2.2	15.2	1.8	15.2	1.8
Japan	28.5	2.1	26.9	3.1	26.9	3 2
Norway	28.2	2 1	28.2	3.3	28.2	3.3
Russia	18.6	1.4	10.2	1.2	10.3	1.2
Netherlands	8.1	0.6	8.8	1.0	8 8	1.0
United Kingdom	3.9	0.3	4.2	0.5	4.2	0.5
United States	4.0	0.3	4.0	0.5	1.3	0.2
Germany	2.3	0.2	2.6	0.3	2.6	0.3
Canada	0.1	0.0	0.1	0.0	0.1	0.0
Non-Paris Club	69.9	5.1	55.5	6.5	42.4	5.0
China	36.8	2.7	26.8	3.1	23.4	2 8
Kuwait	21.9	1.6	17.9	2.1	15.2	1.8
Libya	6.7	0.5	6.7	0.8	2.2	0.3
Democratic Republic of Congo	3.0	0.2	3.0	0.4	1.0	0.1
Niger	1.3	0.1	1.0	0.1	0.6	0.1
People's Democratic Republic of Korea	0.1	0.0	0.1	0.0	0.1	0.0
Commercial loans	0.0	0.0	0.0	0.0	0.0	0.0
Memorandum item:						
Service of debt subject to disagreement or pending cancellation	13.0	0.9	13.0	1.5	0.0	0.0

Sources: Beninese authorities; and staff estimates.

1/ Figures are based on reconciled data at end-2001.

2/ Reflects the external debt situation as of end-2001, and includes the 1996 Paris Club stock-of-debt operation under Naples terms and the interim assistance (i.e., Cologne stock) for 2000 and 2001.

3/ After full use of traditional debt-relief mechanisms and comparable treatment from non-Paris Club creditors.

Table 10. Benin: Comparison of Net Present Value at Decision Point and Completion Point
(In millions of U.S. dollars)

	Stock at End-1998 5/		Stock at End-2001				
	Decision point DSA 1/		Decision point DSA		Completion point DSA 2/		
	After traditional debt relief 3/	After enhanced HIPC relief	After traditional debt relief	After enhanced HIPC relief	After traditional debt relief	After enhanced HIPC relief 4/	After additional bilateral relief 4/ 5/
Net present value (NPV) of debt in 1998 terms	848	583	830	580	940	712	631
Multilateral	603	414	598	428	715	536	536
Official bilateral and commercial	245	169	232	151	225	175	94
NPV of debt in 2001 terms 5/	...	...	...	...	842	633	567
Multilateral	...	...	...	...	646	490	490
Official bilateral and commercial	...	...	...	...	196	143	77
NPV of debt to exports ratio in percent 7/							
Using end-1998 parameters	218	150	212	148	...	...	...
Using end-2001 parameters	...	...	...	...	231	174	155
Memorandum items:							
NPV of enhanced HIPC assistance 5/							
Using end-1998 parameters	...	265 6/	...	...	...	228	...
Using end-2001 parameters	...	...	...	...	...	209	...
Exports of goods and services 7/							
Decision point	389	389	392	392	...	...	...
Completion point	...	...	...	...	365	365	365

Sources: Beninese authorities; and staff estimates.

1/ Based on stock of debt reconciled as of end-1998.
2/ Based on stock of debt reconciled as of end-2001.
3/ After the 1996 Paris Club stock-of-debt operation under Naples terms.
4/ After full delivery of assistance calculated hypothetically back at decision point.
5/ After debt relief beyond HIPC offered by some of the Paris Club creditors.
6/ US$265 million calculated at decision point includes US$4 million based on overestimation of the Islamic Development Bank's (IsDB) stock of debt.
7/ Based on a three-year simple average of exports on the previous year (e.g., export average over 1996-98 for NPV of debt-to-exports ratio in 1998).

Table 11. Benin: Net Present Value of External Debt, 2001-21
(In millions of U.S. dollars)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2015	2020	2021	2001-11	2012-21
	Actual	Est.	Projections											Averages	
Before traditional debt relief															
1. NPV of total debt 1/	857 3	876.7	892.9	908 5	927.1	944 6	963.4	982 3	1,002.4	1,024.1	1,162 6	1,332 9	1,374 2	948 0	1,215 5
2. NPV of outstanding debt	857.3	837.3	817.9	797 0	776.3	752 8	728 4	702.9	676.8	649.9	513 1	372 7	350.0	747 3	470.5
3. Nominal stock of total debt	1,367 5	1,425 1	1,474.0	1,519 4	1,568 1	1,616.0	1,665.4	1,715.0	1,766 1	1,819.7	2,125.5	2,475.1	2,551.0	1,619.4	2,233.1
After full traditional relief 1/															
1 NPV of total debt (2+6) 2/	841.6	871 6	887.7	905 7	926 0	945.3	965 1	984.7	1,005 5	1,029.0	1,167.1	1,334.4	1,375.3	946 9	1,218 8
2 NPV of outstanding debt (3+4)	841 6	832.2	812 8	794.2	775 3	753.4	730 1	705.4	679 8	654.7	517.7	374.1	351 1	746.2	473 9
3. Official bilateral and commercial	196.1	195 0	192 7	189.1	183 4	176 3	168.6	159 8	150 9	142 2	93 9	42 6	39 6	171.6	77.6
Paris Club	*153.7*	*152.5*	150.1	*147 0*	143.3	138.0	132.4	126.3	120.5	114 9	78 6	30.4	27 7	135.2	62.7
Other official bilateral	42.4	42.5	42.5	42 0	40.1	38.2	36 2	33.5	30 5	27.3	15.3	12.2	11 9	36 3	14 9
Commercial	0 0	0.0	0.0	0.0	0 0	0.0	0 0	0 0	0 0	0.0	0 0	0 0	0 0	0.0	0 0
4. Multilateral	645.5	637 2	620.1	605 1	591.9	577.2	561.5	545 6	528.9	512 5	423 8	331 5	311 5	574.6	396.2
IDA	316.5	319 2	321.1	322.0	321.6	320.7	318.8	316 1	312.0	307.1	266 9	205 5	191.3	316 0	247.1
African Development Bank (AfDB) Group	144.8	144.2	143.3	142 8	142.8	142.4	141.9	140 9	139.6	137.8	121.7	102.9	98.8	141 5	116 1
IMF	64.1	53.7	41 7	32.8	26.7	20.5	14 6	9 7	5.0	1.5	0 0	0 0	0 0	24 6	0 0
Others	120.0	120.0	114.0	107 5	100.7	93 6	86.1	78.9	72.3	66.1	35 2	23 1	21 5	92.6	33 0
5. Nominal stock of total debt	1,358 5	1,418 7	1,469.8	1,517 5	1,567.8	1,617.1	1,667.9	1,719.0	1,771 1	1,825.6	2,133 1	2,480 7	2,555.8	1,619 7	2,240 0
After enhanced HIPC assistance															
1. NPV of total debt (3+6) 2/	839.5	873 9	712.9	749 8	787.0	823 7	862.3	901 8	939 9	976 7	1,181 9	1,372 5	1,408.1	862 2	1,238 6
1b. NPV of total debt after full delivery 3/	632.7	628.5	712.9	749.8	787.0	823 7	862.3	901 8	939.9	976.7	1,181.9	1,372.5	1,408 1	821.1	1,238 6
2. NPV of outstanding debt (3+4)	839 5	834.5	637 9	638.3	636 3	631.9	627.3	622.4	614 2	602 5	532.5	412.3	383 9	661.5	493.6
3 Official bilateral and commercial	211.8	204.0	151.3	150.4	148 7	145 9	143.1	140 0	136.7	133 1	112 2	81.2	72.8	154 0	102.2
Paris Club	156.3	150.7	130 3	129 2	127.7	125 0	122.3	119.6	116 7	113 4	93 4	61 1	52.7	135 2	62 7
Other official bilateral	55.5	53.3	21.1	21 2	21 1	20.9	20 7	20.4	20 0	19 6	18 8	20.1	20 1	36 3	14.9
Commercial	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0.0	0.0	0 0	0 0	0 0	0.0
4 Multilateral	627 7	630.5	486.6	487 9	487 6	486.0	484.2	482 4	477 5	469 4	420 3	331.1	311 1	507 5	391 4
IDA	310 3	319.2	251.0	255 7	259.7	263 6	266 9	270 0	272 6	274 9	266.5	205.1	190.9	274 6	244 7
African Development Bank (AfDB) Group	140.7	144 2	120 5	123.8	127 7	131.7	135 9	140 0	141.1	139 5	123 8	105 1	100 9	134 7	118 1
IMF	59 1	53.6	34 7	29 3	24.4	19.3	14 6	9 7	5 0	1.5	0.0	0 0	0 0	22.8	0.0
Others	117.7	113.4	80 5	79 1	75 7	71 4	66 8	62.7	58 8	53.6	30 0	20 9	19 3	75 3	28 6
5 Nominal stock of total debt	1,367.8	1,353.5	1,271.0	1,340 8	1,411.5	1,481 6	1,553.2	1,625 5	1,696 6	1,767 6	2,147 5	2,520.1	2,590 4	1,519 4	2,259.7
After bilateral debt relief beyond HIPC assistance 4/															
1 NPV of total debt (2+6) 2/	839.5	873.3	639.3	676 3	713.6	750 3	788.9	828.5	866 8	904.1	1,116.2	1,326 2	1,367 8	802 3	1,179 4
1b NPV of total debt after full delivery 3/	566.7	559.4	639 3	676 3	713 6	750.3	788.9	828.5	866.8	904.1	1,116 2	1,326 2	1,367.8	749 0	1,179.4
2. NPV of outstanding debt (3+4)	839.5	833.9	564.4	564 8	562 9	558 5	554 0	549.1	541.1	529.8	466.8	365 9	343.7	601.6	434 5
3 Official bilateral and commercial	211 8	203.4	77.8	76 9	75 3	72.5	69.7	66 7	63 6	60 4	46.5	34 9	32.5	94 1	43.1
Paris Club	156.3	150.1	56.7	55 6	54.2	51.6	49.0	46 3	43 6	40 7	27 7	14.8	12 4	67.5	23 8
Other official bilateral	55.5	53 3	21.1	21 2	21.1	20 9	20 7	20 4	20 0	19.6	18.8	20.1	20.1	26 6	19.3
Commercial	0 0	0 0	0 0	0 0	0 0	0.0	0 0	0 0	0.0	0 0	0.0	0 0	0.0	0 0	0 0
4. Multilateral	627 7	630.5	486.6	487.9	487.6	486 0	484.2	482 4	477.5	469.4	420 3	331.1	311.1	507 5	391 4
African Development Bank (AfDB) Group	310.3	319 2	251.0	255.7	259.7	263.6	266 9	270 0	272 6	274 9	266.5	205 1	190 9	274.6	244 7
World Bank	140.7	144.2	120.5	123 8	127.7	131 7	135.9	140 0	141.1	139 5	123 8	105.1	100 9	134.7	118 1
IMF	59 1	53.6	34 7	29 3	24 4	19 3	14 6	9 7	5.0	1 5	0 0	0 0	0 0	22 8	0.0
Others	117 7	113.4	80.5	79.1	75 7	71 4	66 8	62.7	58 8	53 6	*30.0*	*20 9*	19 3	75 3	*28.6*
5. Nominal stock of total debt	1,367 8	1,353.5	1,196 7	1,266 5	1,337.2	1,407.2	1,478.9	1,551 2	1,622 4	1,693 8	2,080.4	2,472 6	2,549.1	1,458 7	2,199 3
Memorandum items															
6. NPV of new borrowing	..	39.4	75.0	111.5	150 7	191 8	235.0	279 4	325 6	374 3	649 4	960 2	1024 2	220 8	744.9
Official bilateral	...	17.2	22.7	29 2	36.2	43 4	50 9	57 9	65 0	72.1	108.7	143 7	149.4	47 4	119 2
Multilateral	.	22 3	52 3	82 3	114 5	148.5	184.1	221 5	260 7	302 2	540.7	816.5	874 8	173 4	625 7

Sources: Beninese authorities; and staff estimates and projections

1/ After the 1996 Paris Club stock-of-debt operation on Naples terms and assumed comparable treatment by other official bilateral creditors

2/ Discounted on the basis of the average commercial interest reference rate for the respective currency, derived over the six-month period prior to the latest date for which actual data are available (December 2001)
The conversion of currency-specific net present values (NPVs) into U S dollars occurs for all years at the base date (December 31, 2001) exchange rate

3/ NPV of total debt assuming the entire HIPC Initiative assistance is fully delivered as of end-2001

4/ After debt relief beyond HIPC offered by some of the Paris Club creditors.

Table 12. Benin: Decomposition of Projected vs. Actual Debt-to-Exports Ratio

(At end-2001)

		Completion Point DSA Actuals	
	After Enhanced HIPC Relief	After enhanced HIPC relief	After additional bilateral relief
Net present value (NPV) of debt-to-exports ratio (in percent)			
Decision point projection (end-1998 parameters)	147.9	...	...
Outurn (end-2001 parameters)	...	173.5	155.4
Difference between projections at outturn and decision point		**25.6**	
Effect of unanticipated new borrowing			
NPV of debt in 1998 terms (in millions of U.S. dollars)	580	717	633
Multilateral	428	536	536
Official bilateral and commercial	151	175	94
NPV of debt in 2001 terms (in millions of U.S. dollars)	...	633	567
Multilateral	...	490	490
Official bilateral and commercial	...	143	77
NPV of unanticipated debt, end-1998 parameters (in millions of U.S. dollars)		137	
Of which: IMF share (in percent)		32.5	
Of which: IDA share (in percent)		36.4	
Of which: Affrican Development Bank (AfDB) share (in percent)		15.1	
NPV of unanticipated new borrowing as percentage of exports, 1998 parameters		**35.0**	
Effect of changed parameters (exchange and interest rates)			
SDR/U.S. dollar exchange rate	0.71	0.80	0.80
SDR commercial inerest reference rate (CIRR) (in percent)	5.25	5.16	5.16
Effect of changed parameters on NPV of debt as percentage of exports		**-21.5**	
Effect of lower exports			
Exports of goods and services (three-year average; in millions of U.S. dollars)	392	365	365
Effect of change in exports on debt-to-export ratio (in percent)		**12.2**	

Sources: Beninese authorities; and staff estimates and projections.

Table 13. Benin: External Debt-Service Projections, 2002-21
(In millions of U.S. dollars)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2015	2021	2002-11	2012-21
	Est.	Projections										Averages	
Total debt service after traditional relief 1/	60.4	63.8	62.6	62.9	65.7	66.3	68.0	69.0	69.7	75.0	81.6	65.8	77.6
Multilateral	48.0	49.5	46.3	43.9	44.6	44.1	43.3	43.4	43.5	39.4	36.6	44.8	38.6
IDA	13.9	14.8	15.8	17.2	17.6	18.7	19.3	20.5	21.2	24.3	24.8	18.1	24.4
African Development Bank (AfDB) group	6.9	7.2	6.8	6.3	6.7	6.7	7.3	7.6	8.0	9.2	9.0	7.2	9.1
IMF	14.7	14.8	11.0	7.8	7.7	6.9	5.7	5.2	3.8	0.0	0.0	7.9	0.0
Others	12.6	12.7	12.6	12.6	12.6	11.9	10.9	10.1	10.5	6.0	2.8	11.6	5.0
Official bilateral	11.2	12.4	13.5	15.3	16.5	16.6	17.5	17.0	16.5	15.5	5.2	15.3	13.8
Paris Club	9.0	10.2	10.8	11.2	12.5	12.7	12.8	12.3	11.7	13.3	4.2	11.5	11.7
Of which													
Official development assistance	1.3	1.7	2.1	2.4	3.8	3.8	3.7	3.7	3.6	2.7	1.5	3.0	2.4
Other official bilateral	2.2	2.2	2.7	4.1	4.0	4.0	4.7	4.8	4.7	2.2	1.0	3.8	2.1
Of which													
Official development assistance	2.0	2.0	2.5	3.9	3.8	3.8	4.5	4.6	4.5	1.9	0.6	3.6	1.8
Commercial	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total debt service after enhanced HIPC assistance	38.6	33.2	34.7	37.9	41.1	42.0	43.7	48.1	52.5	69.7	89.0	42.4	72.0
Multilateral	29.3	23.9	23.4	25.0	26.2	26.3	26.2	29.1	32.1	38.9	36.5	27.2	35.5
IDA	7.3	7.8	8.4	9.3	9.7	10.4	10.8	11.5	11.9	24.3	24.8	9.9	21.8
African Development Bank (AfDB) group	2.5	2.5	2.1	1.7	1.8	1.8	2.0	5.1	8.0	9.2	9.0	3.6	9.1
IMF	9.4	9.2	7.2	6.4	6.4	5.6	5.7	5.2	3.8	0.0	0.0	6.0	0.0
Others	10.0	4.4	5.7	7.7	8.4	8.5	7.7	7.3	8.4	5.5	2.7	7.6	4.6
Official bilateral	8.2	7.2	8.5	9.1	10.2	10.2	10.3	10.4	10.6	10.7	12.8	9.6	11.3
Paris Club	3.6	4.6	7.6	7.9	9.0	8.9	8.9	8.9	9.2	9.9	11.8	7.8	10.4
Of which													
Official Development Assistance	1.3	1.7	2.1	2.4	3.8	3.8	3.7	3.7	3.6	2.7	1.5	3.0	2.4
Other official bilateral	4.6	2.6	0.9	1.3	1.3	1.3	1.4	1.4	1.4	0.8	1.0	1.8	0.9
Of which													
Official Development Assistance	4.1	2.1	0.9	1.2	1.2	1.2	1.3	1.4	1.4	0.7	0.8	1.6	0.8
Commercial	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total debt service after bilateral debt relief beyond HIPC 2/	37.8	30.9	30.3	33.5	36.6	37.5	39.3	43.6	47.7	63.5	80.2	38.5	65.1
Multilateral	29.3	23.9	23.4	25.0	26.2	26.3	26.2	29.1	32.1	38.9	36.5	27.2	35.5
Official bilateral	7.4	5.0	4.1	4.7	5.8	5.7	5.8	5.8	5.8	4.5	3.9	5.6	4.4
Paris Club	2.8	2.4	3.2	3.4	4.5	4.5	4.4	4.4	4.4	3.7	3.0	3.8	3.5
Of which													
Official Development Assistance	1.3	1.7	2.1	2.4	3.8	3.8	3.7	3.7	3.6	2.7	1.5	3.0	2.4
Other official bilateral	4.6	2.6	0.9	1.3	1.3	1.3	1.4	1.4	1.4	0.8	1.0	1.8	0.9
Commercial	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Memorandum items:													
Debt service on new debt	1.2	2.0	2.8	3.7	4.6	5.5	7.2	8.6	9.8	20.1	39.8	5.7	25.2
Multilateral	0.5	1.1	1.6	2.2	2.8	3.4	4.2	5.0	5.7	13.0	27.4	3.3	16.7
AfDB group	0.1	0.2	0.4	0.5	0.7	0.8	0.9	1.1	1.2	3.1	6.5	0.7	3.9
World Bank	0.2	0.6	0.9	1.2	1.6	1.9	2.3	2.7	3.1	7.5	16.0	1.8	9.7
IMF	0.0	0.1	0.1	0.1	0.1	0.1	0.2	0.4	0.4	0.1	0.1	0.2	0.1
Others	0.1	0.2	0.3	0.4	0.5	0.6	0.7	0.8	0.9	2.3	4.9	0.6	3.0
Official bilateral	0.7	1.0	1.2	1.5	1.8	2.1	3.1	3.6	4.2	7.1	12.4	2.4	8.5
Commercial	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Nominal HIPC relief	21.7	30.7	27.9	25.0	24.7	24.3	24.3	20.9	17.3	5.2	-7.5	23.4	5.6
Of which: multilateral	18.8	25.6	22.9	18.8	18.4	17.8	17.1	14.3	11.4	0.5	0.1	17.6	3.1
Nominal relief beyond HIPC	0.8	2.2	4.4	4.4	4.4	4.4	4.4	4.5	4.8	6.2	8.8	4.0	6.9

Sources: Beninese authorities; and staff estimates and projections.

1/ Includes Naples stock-of-debt operation and at least comparable actions by other bilateral creditors.
2/ After debt relief beyond HIPC offered by some of the Paris Club creditors.

Table 14. Benin: External Debt Indicators, 2001–21 1/

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2015	2020	2021	2001-2011	2012-2021
	Actual	Projections												Averages	
	(In percent, unless otherwise indicated)														
After traditional debt-relief mechanisms 2/															
Net present value (NPV) of debt-to-GDP ratio	35.3	32.4	28.7	26.9	24.9	23.5	22.3	21.1	20.1	19.1	15.0	11.9	11.4	23.7	14.1
NPV of debt-to-exports ratio 3/ 4/	230.8	240.5	223.0	203.5	183.6	170.3	159.3	150.8	142.8	135.7	104.3	81.2	79.6	173.8	98.1
NPV of debt-to-revenue ratio 5/	218.3	190.3	168.3	158.4	148.1	137.9	130.0	122.5	115.5	109.2	85.3	67.6	64.5	138.3	80.2
Debt-service ratio	...	15.9	14.1	12.4	11.3	10.9	10.1	9.7	9.1	8.5	6.2	4.4	4.6	11.0	5.8
Debt service-to-revenue ratio 5/	...	13.2	12.1	10.9	10.1	9.6	8.9	8.5	7.9	7.4	5.5	4.0	3.8	9.5	5.1
After enhanced HIPC assistance															
NPV of debt-to-GDP ratio	35.2	32.5	23.1	22.2	21.2	20.5	19.9	19.4	18.7	18.1	15.2	12.2	11.6	21.3	14.3
NPV of debt-to-exports ratio 3/ 4/	230.2	241.1	179.1	168.5	156.0	148.4	142.3	138.1	133.5	128.8	105.6	83.5	81.5	156.0	99.4
NPV of debt-to-exports ratio (existing debt only)	230.2	230.3	160.2	143.4	126.1	113.8	103.5	95.3	87.2	79.5	47.6	25.1	22.2	121.2	41.5
NPV of debt-to-exports ratio after full delivery in 2001 3/4/ 6/	173.5	173.4	179.1	168.5	156.0	148.4	142.3	138.1	133.5	128.8	105.6	83.5	81.5	149.2	99.4
NPV of debt-to-revenue ratio 5/	217.8	190.8	135.1	131.1	125.8	120.1	116.1	112.2	108.0	103.6	86.4	69.5	66.0	124.3	81.3
Debt-service ratio	...	10.2	7.3	6.9	6.8	6.8	6.4	6.3	6.3	6.4	5.8	4.8	5.0	6.9	5.3
Debt service-to-revenue ratio 5/	...	8.4	6.3	6.1	6.1	6.0	5.7	5.4	5.5	5.6	5.1	4.3	4.2	6.0	4.7
After bilateral debt relief beyond HIPC assistance 7/															
NPV of debt-to-GDP ratio	...	32.5	20.7	20.1	19.2	18.7	18.2	17.8	17.3	16.8	14.3	11.8	11.3	19.7	13.6
NPV of debt-to-exports ratio 3/ 4/	...	241.0	160.6	152.0	141.5	135.2	130.2	126.9	123.1	119.2	99.8	80.7	79.1	144.5	94.4
NPV of debt-to-exports ratio after full delivery in 2001 3/ 4/ 6/	155.4	154.4	160.6	152.0	141.5	135.2	130.2	126.9	123.1	119.2	99.8	80.7	79.1	135.8	94.4
NPV of debt-to-revenue ratio 5/	...	190.6	121.2	118.3	114.1	109.4	106.2	103.1	99.6	95.9	81.6	67.1	64.1	115.1	77.2
Debt -ervice ratio	...	10.0	6.8	6.0	6.0	6.1	5.7	5.6	5.7	5.8	5.3	4.4	4.5	6.3	4.8
Debt service-to-revenue ratio 5/	...	8.3	5.9	5.3	5.3	5.3	5.1	4.9	5.0	5.1	4.6	3.9	3.8	5.5	4.2
Memorandum items:		(In millions of U.S. dollars)													
NPV of debt after enhanced HIPC assistance	839.5	873.9	712.9	749.8	787.0	823.7	862.3	901.8	939.9	976.7	1,181.9	1,372.5	1,408.1	864.5	1,238.6
Debt service after enhanced HIPC assistance	...	38.6	33.2	34.7	37.9	41.1	42.0	43.7	48.1	52.5	69.7	85.5	89.0	42.4	72.0
GDP	2,385.4	2,686.3	3,092.4	3,373.0	3,719.7	4,022.4	4,329.1	4,659.2	5,014.5	5,396.9	7,793.0	11,253.1	12,111.2	4,210.2	8,896.2
Exports of goods and services 3/	362.3	379.3	452.8	503.1	557.4	604.8	655.2	698.5	758.4	817.9	1,206.4	1,772.3	1,772.4	631.0	1,372.4
Exports of goods and services (three-year moving avg.) 3/	364.6	362.4	398.1	445.1	504.4	555.1	605.8	652.8	704.0	758.2	1,118.7	1,643.6	1,728.3	580.6	1,281.3
Government revenue 5/	385.5	458.1	527.5	571.8	625.4	685.6	742.5	803.9	870.4	942.5	1,368.7	1,975.3	2,133.4	724.8	1,562.8

Sources: Beninese authorities; and staff estimates and projections.

1/ All debt indicators refer to public and publicly guaranteed (PPG) debt and are defined after rescheduling, unless otherwise indicated.
2/ Reflects the 1996 Paris Club stock-of-debt operation on Naples terms and assumes comparable treatment from other bilateral and commercial creditors
3/ As defined in IMF, *Balance of Payments Manual,* 5th edition, 1993.
4/ Based on a three-year average of exports on the previous uear (e.g., export average over 1999-2001 for NPVof debt-to-exports ratio in 2001).
5/ Revenue is defined as central government revenue, excluding grants.
6/ Assuming full delivery of HIPC assistance at end-2001.
7/ Some Paris Club creditors have agreed to extend additional debt relief beyond HIPC assistance.

Table 15. Benin: Estimated Assistance at Enhanced Decision Point 1/
(in millions of U.S. dollars in NPV terms at end-1998, unless otherwise indicated)

HIPC Initiative Framework	NPV of Debt-to-Exports-Target (In percent)	Total Assistance under the NPV of Debt-to-Export Criterion 2/				Required NPV Debt Reduction on Paris Club Debt Assuming Comparable Action of Nonmultilateral Creditors
		Total	Bilateral 3/	Multilateral	Common reduction factor at the completion point 4/	
		(In millions of U.S. dollars)				
Enhanced framework (decision point document)	150	265 5/	77	189	31.3	85.3
Memorandum items:						
NPV of debt 6/		838	248	590		
Multilateral institutions		590				
Paris Club		...	204	...		
Of which: pre-cod non-ODA		...	127	...		
Non-Paris Club bilaterals		...	44	...		
Of which pre-cod non-ODA		...	11	...		
Commercial creditors (all reschedulable)		...	0	...		
Three-year average of exports		389	...	...		
Current-year exports		399	...	...		
NPV of debt-to-exports ratio 7/		216	...	...		

Sources: Beninese authorities; and staff estimates and projections.

1/ The proportional burden-sharing approach is described in "HIPC Initiative--Estimated Costs and Burden Sharing Approaches" (EBS/97/127, 7/7/97 and IDA/SEC M 97-306, 7/7/97).
2/ Includes a stock-of-debt operation on Naples terms (1996) and hypothetical appropriate comparable treatment by other official bilateral creditors.
3/ Includes official bilateral creditors and commercial debt.
4/ Each multilateral's NPV reduction at the decision point in percent of its exposure at the decision point.
5/ US$265 million calculated at decision point includes US$4 million based on overestimation of the Islamic Development Bank's stock of debt.
6/ Based on latest data available at decision point after full application of traditional debt-relief mechanisms.
7/ Based on the three-year export average (backward-looking average) ending in the year preceding the decision point (i.e., 1996-1998)

Table 16. Benin: Delivery of IDA Assistance Under the Enhanced HIPC Initiative, 2000-15 1/
(In millions of U.S. dollars, unless otherwise indicated)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
IDA debt service before HIPC relief	10.5	12.3	15.1	16.2	17.4	19.0	19.6	20.9	21.7	23.1	24.0	25.1	26.5	26.9	27.4	28.2
Principal	6.3	8.2	10.1	11.2	12.4	14.1	14.7	15.9	16.7	18.2	19.1	20.1	21.5	21.9	22.5	23.3
Interest	4.2	4.1	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
IDA debt service after HIPC relief 1/	6.6	6.1	8.1	8.7	9.4	10.6	11.1	12.0	12.6	13.5	14.1	14.8	15.7	16.0	21.0	28.2
Principal	3.9	4.1	5.2	5.7	6.4	7.5	8.0	8.9	9.4	10.2	10.8	11.4	12.2	12.5	16.8	23.3
Interest	2.6	2.1	2.9	2.9	3.0	3.0	3.1	3.1	3.2	3.2	3.3	3.4	3.4	3.5	4.1	5.0
IDA assistance 2/	2.7	6.2	7.0	7.5	7.9	8.5	8.5	8.9	9.1	9.6	9.9	10.3	10.8	10.9	6.4	0.0
Principal	1.6	4.1	5.0	5.5	6.0	6.5	6.6	7.1	7.3	7.9	8.3	8.7	9.3	9.5	5.6	0.0
Interest	1.1	2.1	2.0	2.0	2.0	1.9	1.9	1.8	1.8	1.7	1.6	1.6	1.5	1.4	0.8	0.0
Memorandum items:																
IDA debt relief as percent of IDA debt service due (in percent) 3/	25.3	50.3	46.5	46.4	45.7	44.5	43.4	42.5	41.9	41.7	41.3	40.9	40.8	40.6	23.4	0.0
Interim assistance 4/	12.4															
Interim relief as percent of total 4/	14.7															

Sources: Beninese authorities; and IDA staff estimates.

1/ Debt service based on disbursed as of end-2001, expressed using end-1998 exchange rates and discount rates.
2/ Assistance calculated based on disbursed as of end-1998.
3/ Total debt service reduction of US$124.3 million corresponding to US$84.4 million in 1998 net present (NPV) terms.
The percentage reduction is not the same in all years because this line shows the percentage reduction of IDA debt service at end-December 2001 after receiving relief as agreed at decision point (i.e., 50.3 percent on debt service due to IDA at end-December 1998).
4/ In 1998 net present value (NPV) terms, discounting from the decision point.

Table 17. Benin: Delivery of IMF Assistance Under the Enhanced HIPC Initiative, 2000-09 1/
(In millions of SDRs, unless otherwise indicated)

	2000 2/	2001	2002	2003		2004	2005	2006	2007	2008	2009
				Jan.-Jun.	Jul.-Dec.						
	Actual	Actual	Actual				Projections				
Delivery schedule of IMF assistance (in percent of total assistance)	10	20	20	10	10	15	5	5	5	-	-
Debt service due on IMF obligations 3/	5.6	12.0	11.8	6.4	5.6	9.0	6.4	4.6	2.8	1.9	1.5
Principal	5.2	11.4	11.3	6.1	5.3	8.5	6.0	4.2	2.4	1.4	1.1
Interest	0.4	0.7	0.5	0.3	0.3	0.5	0.5	0.4	0.4	0.4	0.4
IMF assistance—deposits into Benin's account											
Interim assistance	3.70	3.68	3.66								
Completion point assistance 4/				7.36							
IMF assistance—drawdown schedule 5/	1.8	3.7	3.7	2.4	1.9	3.7	1.7	1.0	1.0	--	--
IMF assistance without interest	1.8	3.6	3.7	1.8	1.9	2.8	0.9	0.9	0.9	--	--
Estimated interest earnings	--	0.1	0.0	0.6	--	1.0	0.8	0.1	0.1	--	--
Debt service due on current IMF obligations after IMF assistance	3.8	8.3	8.1	4.0	3.7	5.3	4.7	3.6	1.8	1.9	1.5
Share of debt service due on IMF obligations covered by IMF assistance (in percent)	32.5	30.8	31.6	37.4	34.4	41.2	26.7	22.4	35.9	--	--
Proportion (in percent) of each repayment falling due during the period to be paid by IMF Initiative assistance from the principal deposited in Benin's account	34.9	32.1	32.6	29.8	36.1	32.4	15.4	22.1	39.1	--	--
Memorandum items:											
Total debt service due (in millions of U.S. dollars) 6/	39	69	60	64 7/		63	63	66	66	68	69
Debt service due on IMF obligations (in millions of U.S. dollars)	7.7	16.0	14.7	14.8 7/		11.0	7.8	7.7	6.9	5.7	5.2
Debt service due on current IMF obligations after IMF assistance	4.7	12.3	11.0	12.4 7/		7.3	6.0	6.6	5.9	5.7	5.2
(in percent of exports)	1.4	3.4	2.9	2.7 7/		1.5	1.1	1.1	0.9	0.8	0.7
Share of total debt service covered by IMF assistance (in percent)	4.7	5.3	6.2	3.7 7/		5.9	2.7	1.6	1.5	--	--

Sources: Beninese authorities; and staff estimates and projections.

1/ Total IMF assistance under the enhanced HIPC Initiative is SDR 18.4 million, calculated on the basis of data available at the decision point, reached on July 17, 2000, excluding interest earned on Benin's account and on committed but undisbursed amounts, as described in footnotes 3 and 4.
2/ July - December.
3/ Forthcoming obligations estimated based on rates and principal schedules in effect as of end-June 2000. Interest obligations include net SDR charges and assessments. Data for 2000 are from July onward.
4/ A final disbursement of assistance in the amount of SDR 7.360 million plus accumulated interest income accrued during the interim period is to be disbursed into Benin's account at the assumed completion point in March 2003.
5/ Includes estimated interest earnings on (i) amounts held in Benin's account and (ii) amounts committed but not yet disbursed up to the completion point. It is assumed that these amounts earn a rate of return of 5 percent in SDR terms; actual interest earnings may be higher or lower. Interest accrued on (i) during a calendar year will be used toward the first repayment obligation(s) falling due in the following calendar year except in the final year, when it will be used toward payment of the final obligation(s) falling due in that year. Interest accrued on (ii) during the interim period will be used toward the repayment of obligations falling due during the three years after the completion point.
6/ After traditional debt-relief mechanisms.
7/ Refers to the entire year.

Table 18. Paris Club Creditors' Delivery of Debt Relief Under Bilateral Initiatives
Beyond the Enhanced HIPC Initiative

	Countries covered	ODA (In percent)		Non-ODA (In percent)		Provision of Relief	
		Pre-Cutoff Date	Post-Cutoff Date	Pre-Cutoff Date	Post-Cutoff Date	Decision point (In percent)	Completion point
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Australia	HIPCs	100	100	100	100 1/	1/	1/
Austria	HIPCs (case-by-case)	Case-by-case (100)	Case-by-case (100)	Case-by-case (100)	...	Case-by-case	Case-by-case
Belgium	HIPCs	100	100	Case-by-case (100)	...	flow	Stock
Canada	HIPCs 2/	... 3/	... 3/	100	100	100 flow	Stock
Denmark	HIPCs	100	Case-by-case (up to 100)	...	...	...	Stock
France	HIPCs	100	100	100	...	100 flow 4/	Stock
Finland	HIPCs	95	98	...	...	...	-
Germany	HIPCs	100	100	100	...	100 flow	Stock
Ireland	...	...	...	...	...	...	-
Italy	HIPCs	100	100 5/	100	100 5/	100 flow	Stock
Japan	HIPCs	100	100	100	-	...	Stock
Netherlands	HIPCs	100	100	100	-	90-100 flow 6/	Stock
Norway	HIPCs	... 3/	... 3/	100	100 7/	100 flow	Stock
Russia	Case-by-case	...	...	...	...	...	Stock
Spain	HIPCs	100	Case-by-case	Case-by-case	Case-by-case	...	Stock
Sweden	Case-by-case	... 3/	... 3/	Case-by-case (100)	...	...	Stock
Switzerland	HIPCs	... 3/	... 3/	Case-by-case	Case-by-case	Case-by-case, flow	Stock
United Kingdom	HIPCs	100	100	100	100 8/	100 flow 8/	Stock
United States	HIPCs	100	100	100	100 9/	100 flow	Stock

Source: Paris Club Secretariat.

Note: Columns (1) to (7) describe the additional debt relief provided following a specific methodology under bilateral initiatives and need to be read as a whole for each creditor. In column (1), "HIPCs" stands for eligible countries effectively qualifying for the HIPC process. A "100 percent" mention in the table means that the debt relief provided under the enhanced HIPC Initiative framework will be topped up to 100 percent through a bilateral initiative.

1/ Australia: post-cutoff-date non-official development assistance (ODA) relief to apply to debts incurred before a date to be finalized; timing details for both flow and stock relief are to be finalized.
2/ Canada: including Bangladesh. Canada has granted a moratorium of debt service as of January 2001 on all debt disbursed before end-March 1999 for 11 out of 17 HIPCs with debt service due to Canada. The debt will be written off at the completion point. The countries to be covered are Benin, Bolivia, Cameroon, Ethiopia, Guyana, Honduras, Madagascar, Mali, Senegal, Tanzania, and Zambia.
3/ 100 percent of ODA claims have already been cancelled on HIPCs, with the exception of Myanmar's debt to Canada.
4/ France: cancellation of 100 percent of debt service on pre-cutoff-date commercial claims as they fall due starting at the decision point. Once countries have reached their completion point, debt relief on ODA claims will go to a special account and will be used for specific development projects.
5/ Italy: cancellation of 100 percent of all debts (pre- and post-Cutoff date, ODA,and non-ODA) incurred before June 20, 1999 (the Cologne summit). At decision point cancellation of the related amounts falling due in the interim period. At completion point cancellation of the stock of remaining debt.
6/ The Netherlands: for 100 percent ODA, pre- and post-cutoff date debt will be cancelled at decision point; for non-ODA: in some particular cases (Bolivia, Burkina Faso, Mali, Ethiopia, Nicaragua, and Tanzania), the Netherlands will write off 100 percent of the consolidated amounts on the flow at decision point; all other HIPCs will receive interim relief up to 90 percent reduction of the consolidated amounts. At completion point, all HIPC countries will receive 100 percent cancellation of the remaining stock of the pre-cutoff-date debt.
7/ On debt assumed before December 31, 1997.
8/ United Kingdom: "beyond 100 percent" full write-off of all debts of HIPCs as of their decision points, and reimbursement at the decision point of any debt service paid before the decision point.
9/ United States: 100 percent post-cutoff-date non-ODA treated on debt assumed prior to 06/20/99 (the Cologne summmit).

Table 19. Benin: Sensitivity Analysis, 2001-21 1/
(In percent)

	2001 Actual	2002 Est.	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2015	2020	2021	2001-11 Averages	2012-21 Averages
									Projections								
Baseline scenario																	
NPV of debt-to-exports ratio 2/	230.2	241.0	160.6	152.0	141.5	135.2	130.2	126.9	123.1	119.2	115.3	111.8	99.8	80.7	79.1	144.5	94.4
Debt service-to-exports ratio 2/	...	10.5	7.8	7.5	7.5	7.5	7.2	7.3	7.5	7.6	7.2	6.8	7.4	6.9	7.3	7.8	7.1
Debt service-to-revenue ratio 3/	...	8.7	6.7	6.6	6.7	6.7	6.4	6.3	6.5	6.6	6.2	5.9	6.6	6.2	6.0	6.7	6.2
Grant element in total debt	61.4	64.6	56.1	55.9	55.8	55.6	55.5	55.5	55.4	55.3	55.2	55.2	55.0	54.5	54.4	56.5	54.8
Grant element in new debt	...	60.2	61.2	60.6	59.8	59.1	58.5	57.8	57.2	56.6	56.0	55.4	53.7	51.4	51.0	58.7	53.0
Alternative scenario I - lower cotton export revenue 4/																	
NPV of debt-to-exports ratio 2/	230.3	241.3	160.7	160.0	156.0	156.7	155.2	155.2	154.3	152.6	150.6	149.0	141.6	127.9	125.0	164.3	137.5
Debt service-to-exports ratio 2/	...	10.5	7.7	8.1	8.2	8.4	8.1	8.2	8.4	8.7	8.2	7.9	8.8	8.6	8.5	8.5	8.5
Debt service-to-revenue ratio 3/	...	8.6	6.6	6.6	6.7	6.8	6.6	6.5	6.7	6.9	6.5	6.3	7.1	7.1	7.0	6.9	6.9
Grant element in total debt	61.4	64.6	56.1	55.9	55.8	55.6	55.5	55.5	55.4	55.3	55.2	55.2	55.0	54.5	54.4	56.5	54.8
Grant element in new debt	...	62.2	62.2	61.2	60.4	59.7	59.0	58.3	57.7	57.1	56.4	55.8	54.1	52.0	51.6	59.4	53.5
Alternative scenario II - lower project grants 5/																	
NPV of debt-to-exports ratio 2/	230.2	241.3	161.6	154.8	145.8	141.4	138.1	136.5	134.6	132.5	130.1	128.0	119.4	104.4	101.2	151.7	114.9
Debt service-to-exports ratio 2/	...	10.5	7.7	7.5	7.5	7.6	7.4	7.4	7.6	7.8	7.4	7.1	7.9	7.5	7.4	7.8	7.5
Debt service-to-revenue ratio 3/	...	8.6	6.6	6.6	6.7	6.7	6.5	6.4	6.6	6.8	6.4	6.1	6.9	6.7	6.7	6.8	6.6
Grant element in total debt	61.4	64.6	56.1	55.9	55.8	55.6	55.5	55.5	55.4	55.3	55.2	55.2	55.0	54.5	54.4	56.5	54.8
Grant element in new debt	...	62.2	62.2	61.2	60.3	59.6	58.9	58.2	57.6	56.9	56.3	55.7	54.0	51.8	51.3	59.3	53.4
Alternative scenario III - higher public expenditure 6/																	
NPV of debt-to-exports ratio 2/	230.2	240.9	163.8	157.5	147.0	143.2	140.4	138.8	137.4	135.6	134.3	132.9	125.6	111.5	108.6	153.9	121.3
Debt service-to-exports ratio 2/	...	10.4	7.8	7.5	7.4	7.5	7.3	7.2	7.5	7.7	7.3	7.0	7.7	7.4	7.3	7.8	7.4
Debt service-to-revenue ratio 3/	...	8.6	6.7	6.5	6.5	6.8	6.6	6.6	6.8	7.0	6.6	6.4	7.3	7.2	7.2	6.9	7.0
Grant element in total debt	61.4	64.6	56.1	55.9	55.8	55.6	55.5	55.5	55.4	55.3	55.2	55.2	55.0	54.5	54.4	56.5	54.8
Grant element in new debt	0.0	62.2	63.0	61.7	60.7	59.9	59.1	58.5	57.8	57.2	56.5	55.9	54.2	52.0	51.6	59.7	53.6

Sources: Beninese authorities; and staff estimates and projections.

1/ Including new debt.
2/ As defined in IMF, Balance of Payments Manual, 5th edition, 1993. Based on a three-year average of exports on the previous year (e.g., export average over 1999-2001 for net present value (NPV) of debt-to-exports ratio in 2001).
3/ Revenue is defined as central government revenue, excluding grants.
4/ Cotton export revenue lower by 20 percent than in the baseline scenario starting in 2004. The growth impact is sterilized through additional new borrowing to cover the financing gap.
5/ A gradual decrease of public project grants from 2.5 percent of GDP in 2002 to 1 percent in 2010 and 0.5 percent in 2020. The growth impact is sterilized through additional new borrowing to cover the financing gap.
6/ Total public expenditure is higher than in the baseline scenario by 1.5 percent of GDP in 2003, 1.5 percent in 2004, and 0.6 percent in 2005, in line with the second budgetary scenario of the PRSP. They are assumed to remain higher than in the baseline scenario by 2.5 percent of GDP over the period 2006 - 2021. The financing gap is covered by grants (47 percent) and projects and program loans (53 percent) - the same shares as during 1999-2002. A positive impact on GDP growth is assumed for the 2003-08 period. The GDP deflator is assumed to be higher than in the baseline and export-to-GDP ratio is assumed to fall relative to the baseline due to the ensuing real exchange rate appreciation after 2002.

Table 20. Enhanced HIPC Initiative: Status of Country Cases Considered Under the Initiative, February 1, 2003

As of February 1, 2003

Country	Decision Point	Completion Point	Target NPV of Debt-to- Exports (In percent)	Target NPV of Debt-to- Gov. revenue (In percent)	Assistance Levels 1/ (In millions of U.S. dollars; present value) Total	Bilateral	Multilateral	IMF	World Bank	Percentage Reduction in NPV of Debt 2/	Estimated Total Nominal Debt Service Relief (In millions of U S dollars)
Completion point reached under enhanced framework											
Bolivia					1,302	425	876	84	194		2,060
Original framework	Sep. 97	Sep. 98	225		448	157	291	29	54	14	760
Enhanced framework	Feb. 00	Jun. 01	150		854	268	585	55	140	30	1,300
Burkina Faso					553	83	469	57	231		930
Original framework	Sep. 97	Jul. 00	205		229	32	196	22	91	27	400
Enhanced framework	Jul. 00	Apr.02	150		195	35	161	22	79	30	300
topping-up	...	Apr.02	150		129	16	112	14	61	24	230
Mauritania	Feb. 00	*May.02*	137	250	622	261	361	47	100	50	1,100
Mozambique					2,023	1,270	753	143	443		4,300
Original framework	Apr. 98	Jun. 99	200		1,717	1,076	641	125	381	63	3,700
Enhanced framework	Apr. 00	Sep. 01	150		306	194	112	18	62	27	600
Tanzania	Apr. 00	Nov. 01	150		2,026	1,006	1,020	120	695	54	3,000
Uganda					1,003	183	820	160	517		1,950
Original framework	Apr. 97	Apr. 98	202		347	73	274	69	160	20	650
Enhanced framework	Feb. 00	May 00	150		656	110	546	91	357	37	1,300
Decision point reached under enhanced framework											
Benin	Jul. 00	Floating	150		265	77	189	24	84	31	460
Cameroon	Oct. 00	Floating	150		1,260	874	324	37	179	27	2,000
Chad	May. 01	Floating	150		170	35	134	18	68	30	260
Ethiopia	Nov. 01	Floating	150		1,275	482	763	34	463	47	1,930
Gambia, The	Dec. 00	Floating	150		67	17	49	2	22	27	90
Ghana	Feb. 02	Floating	69	250	2,186	1,084	1,102	112	781	56	3,700
Guinea	Dec. 00	Floating	150		545	215	328	31	152	32	800
Guinea-Bissau	Dec. 00	Floating	150		416	212	204	12	93	85	790
Guyana					585	220	365	74	68		1,030
Original framework	Dec. 97	May 99	107	280	256	91	165	35	27	24	440
Enhanced framework	Nov. 00	Floating	150	250	329	129	200	40	41	40	590
Honduras	Jul. 00	Floating	110	250	556	215	340	30	98	18	900
Madagascar	Dec. 00	Floating	150		814	457	357	22	252	40	1,500
Malawi	Dec. 00	Floating	150		643	163	480	30	331	44	1,000
Mali					523	162	361	58	182		870
Original framework	Sep. 98	Sep. 00	200		121	37	84	14	44	9	220
Enhanced framework	Sep. 00	Floating	150		401	124	277	44	138	28	650
Nicaragua	Dec. 00	Floating	150		3,267	2,145	1,123	82	189	72	4,500
Niger	Dec. 00	Floating	150		521	211	309	28	170	54	900
Rwanda	Dec. 00	Floating	150		452	56	397	44	228	71	800
São Tomé and Príncipe	Dec. 00	Floating	150		97	29	68	-	24	83	200
Senegal	Jun. 00	Floating	133	250	488	193	259	45	124	19	850
Sierra Leone	Mar.02	Floating	150		600	205	354	123	122	80	950
Zambia	Dec. 00	Floating	150		2,499	1,168	1,331	602	493	63	3,850
Preliminary HIPC document issued											
Côte d'Ivoire	Mar.98 3/	...	141	280	345	163	182	23	91	6 4/	800
Total assistance provided/committed					25,101	11,612	13,318	2,043 5	6,394		41,520
Preliminary enhanced HIPC document issued											
Côte d'Ivoire 6/	Sep. 02	...	91	250	2,569	1,027	918	166	438	37	3,900

Sources: IMF and World Bank Board decisions, completion point documents, decision point documents, preliminary enhanced HIPC documents, and staff calculations.

1/ Assistance levels are at countries' respective decision or completion points, as applicable.
2/ In percent of the net present value (NPV) of debt at the decision or completion point (as applicable), after the full use of traditional debt-relief mechanisms.
3/ Côte d'Ivoire reached its decision point under the original framework in March 1998. The total amount of assistance committed thereunder was US$345 million in NPV terms.
4/ Nonreschedulable debt to non-Paris Club official bilateral creditors and the London Club, which was already subject to a highly concessional restructuring, is excluded from the NPV of debt at the completion point in the calculation of this ratio.
5/ Equivalent to SDR 1,633 million at an SDR/USD exchange rate of 0.7994, as of April 10, 2002.
6/ It is suggested that enhanced HIPC relief for Côte d'Ivoire overtake the commitments made under the original HIPC framework.

BENIN: DEBT-MANAGEMENT ASSESSMENT

A. Institutional Framework

The Caisse Autonome d'Amortissements (CAA) is responsible for signing international loan agreements, maintaining the debt database, and servicing the bulk of the country's external obligations. The sole exceptions to this rule are transactions with the IMF, which are handled directly through the Central Bank of West African States (BCEAO). Under the agreement with the IMF, loans with a grant element of under 35 percent are no longer being contracted by the government of Benin. The Minister of Finance is responsible for approving all loans and public guarantees proposed by the line ministries. Since the process of approving or denying project loan proposals has not been wholly effective in the past, Benin is currently establishing a **debt committee** which will be chaired by the Minister of Finance and comprise representatives of the presidency, the Ministry in Charge of Government Coordination and Planning, the line ministries, and the central bank.

B. Debt Recording and Reporting

Since 1995, the CAA has been using the Commonwealth Secretariat Debt Recording and Management System (CS-DRMS), developed by ELASD, to record and manage the debt. For the majority of multilateral creditors, the CAA's database is fairly comprehensive and up-to-date, and contains accurate stock data, as well as projected debt-service flows, on a loan-by-loan basis. All multilateral data were retained from creditor sources. For a small number of creditors, regular statements had not been received, leading to some significant divergences between creditor and debtor information. Certain clerical errors in the database were resolved during the past two DSAs.

Several loans are serviced directly by parastatal organizations, such as the state-owned ginning company (SONAPRA) and the electricity and wter company (SBEE). In these cases, the records of payments are maintained at the parastatal organizations concerned, rather than at the CAA.

C. Analytical Capacity

The CAA is also making increasing use of the Debt Pro software for long-term debt sustainability strategies. Four staff members have received training on this software, which has been provided by Debt Relief International (DRI). DRI, in cooperation with Pôle-Dette, organized a conference on long-term macroeconomic projections in Cotonou in July 2001.

D. Debt Strategy

In the past, the Ministry of Finance has not played a strong role in controlling new project lending. In an effort to strengthen the procedures used to evaluate new projects, the debt committee, that is being established, will have the role of assessing the impact of new project loan proposals on debt sustainability and, more largely, of drafting and monitoring debt policy. It will also update the debt sustainability (DSA) analysis annually.

IMAGING

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