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SEVENTH REVIEWS UNDER THE EXTENDED FUND FACILITY AND THE EXTENDED CREDIT FACILITY ARRANGEMENTS AND FOURTH REVIEW UNDER THE RESILIENCE AND SUSTAINABILITY FACILITY ARRANGEMENT—PRESS RELEASE; STAFF REPORT; AND STATEMENT BY THE EXECUTIVE DIRECTOR FOR BENIN

In the context of the Seventh Reviews Under the Extended Fund Facility and the Extended Credit Facility Arrangements and Fourth Review Under the Resilience and Sustainability Facility Arrangement, the following documents have been released and are included in this package:

- A **Press Release** including a statement by the Chair of the Executive Board.
- The **Staff Report** prepared by a staff team of the IMF for the Executive Board's consideration on February 25, 2026, following discussions, that ended on February 11, 2026, with the officials of Benin on economic developments and policies underpinning the IMF arrangements under the Extended Fund Facility, the Extended Credit Facility, and the Resilience and Sustainability Facility. Based on information available at the time of these discussions, the staff report was completed on February 12, 2026.
- A **Statement by the Executive Director** for Benin.

The IMF's transparency policy allows for the deletion of market-sensitive information and premature disclosure of the authorities' policy intentions in published staff reports and other documents.

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Washington, D.C.

Benin: IMF Executive Board Completes the Seventh Reviews of Extended Fund and Extended Credit Facilities, and Fourth Review of the Resilience and Sustainability Facility

FOR IMMEDIATE RELEASE

- The IMF Executive Board today completed the seventh and final review of Benin's Extended Fund Facility (EFF) and Extended Credit Facility (ECF) arrangements, and the fourth and final review under the Resilience and Sustainability Facility (RSF) arrangement. The decision allows for an immediate disbursement of about US$ 118 million (the equivalent of SDR 85.9 million).
- Benin's strong fiscal performance reduced its fiscal deficit to 3.1 percent of GDP in 2024. Domestic revenue mobilization has been sustained over the course of the program, while priority social spending has been preserved. The authorities' new budget aims to continue this progress and targets a deficit below 3 percent of GDP.
- Looking ahead, Benin will have to preserve the reform momentum gained over the past years and strengthen policies that foster inclusive growth and maintain debt sustainability.

Washington, DC – **February 25, 2026:** The Executive Board of the International Monetary Fund (IMF) has completed the seventh review under the blended Extended Fund Facility (EFF) and Extended Credit Facility (ECF) arrangements, and the fourth review under the Resilience and Sustainability Facility (RSF) arrangement. The EFF/ECF arrangements were approved by the IMF Executive Board in July 2022 (see PR 22/252) and complemented by the RSF arrangement in December 2023 (see PR 23/452).

The completion of the reviews allows for the immediate disbursement of about US$ 36.3 million (the equivalent of SDR 26.5 million) under the EFF/ECF—bringing total disbursements under the EFF/ECF to about US$ 664.7 million (the equivalent of SDR 484 million)—and about US$ 81.6 million (the equivalent of SDR 59.4 million) under the RSF arrangement, bringing total disbursements under the RSF to about US$ 204 million (the equivalent of SDR 148.6 million).

Economic momentum in Benin is accelerating following a strong performance over the last five years. Growth is projected at 7.5 percent year-over-year in 2025, in line with 2024, and is expected to remain strong in the medium term. The current account deficit of the balance of payments narrowed in 2024, following a previous deterioration due to the large professional services imports related to the Glo-Djigbé Industrial Zone (GDIZ). It is expected to continue its gradual recovery, as exports from the special economic zones increase and the services deficit continues to moderate over time.

Consistent with international statistical standards, several external loans (which had been transferred to public and semi-public enterprises in 2021 and fully serviced by those entities) are now reclassified as central government debt. As a result, central government debt was revised up to 60.5 percent of GDP at end-2024, without affecting Benin's moderate risk of debt distress thanks to a stronger debt-carrying capacity.

Program performance under the EFF/ECF has been strong, with all end-June 2025 quantitative performance criteria and end-September 2025 indicative targets met and structural benchmarks implemented, albeit with a short delay for one benchmark. On the RSF front, the authorities completed the remaining six reform measures under the arrangement, making progress in enhancing climate-related public financial management, reforming water tariffs, rolling out an agricultural insurance scheme, strengthening social protection, and improving the climate-financial-information architecture.

Following the Executive Board discussion on Benin, Mr. Okamura, Deputy Managing Director, and acting chair, issued the following statement:

“Benin has completed its Fund-supported programs with a strong performance. The authorities’ commitment to economic reform has yielded tangible dividends, with higher and more stable growth, favorable access to international markets, and continuous support from development partners. Going forward, the authorities must maintain fiscal discipline and the reform momentum and strengthen inclusive policies, while remaining vigilant of regional and global risks.

“Fiscal consolidation in 2024 reduced Benin’s fiscal deficit to 3.1 percent of GDP. The 2026 budget aims to maintain the deficit within the West African Economic and Monetary Union (WAEMU) fiscal deficit ceiling of 3 percent of GDP. The fiscal adjustment remains anchored in the Medium-Term Revenue Strategy, through sustained tax revenue mobilization, and supported by a streamlining of expenditure.

“Rebalancing the debt portfolio toward domestic debt over time, as planned in the Medium-Term Debt Strategy, should remain a priority. While Benin remains at moderate risk of debt distress thanks to a stronger debt-carrying capacity, the recent upward revision of central government debt calls for greater vigilance. This, together with continued proactive debt management and enhanced monitoring of public enterprises’ debt, will help mitigate external rollover risks.

“The authorities should continue strengthening fiscal transparency, including by publishing the recently revised debt and fiscal data in their regular statistical bulletins. Vigilance is also required to strengthen the governance and transparency of SOEs and public agencies given their growing footprint in the economy.

“Continued attention by supervisory authorities toward public and non-public financial sector institutions remains essential and will help safeguard financial stability and limit contingent liability risks.

“Further efforts are needed to encourage the formalization of the economy and support the development of small and medium enterprises. Updating the social registry and implementing the recommendations of the recently published mapping of social protection programs will improve the efficiency of social assistance initiatives toward vulnerable households.

“Under the Resilience and Sustainability Facility (RSF), the authorities have recently adopted new regulations for climate-related public financial management, improved the climate-financial-information architecture, reformed water tariffs, implemented an agricultural insurance scheme, and strengthened social protection. Going forward, the authorities should maintain the reform momentum to promote long-term balance of payments stability and further catalyze private-led climate finance.”

INTERNATIONAL MONETARY FUND

BENIN

February 12, 2026

SEVENTH REVIEWS UNDER THE EXTENDED FUND FACILITY AND THE EXTENDED CREDIT FACILITY ARRANGEMENTS AND FOURTH REVIEW UNDER THE RESILIENCE AND SUSTAINABILITY FACILITY ARRANGEMENT

EXECUTIVE SUMMARY

Benin's macroeconomic performance and commitment to reform have been robust. Economic momentum is accelerating, with growth projected at 7.5 percent in 2025. After a significant fiscal consolidation effort, the overall fiscal deficit fell to 3.1 percent of GDP in 2024 and is estimated at 2.9 percent of GDP in 2025, just below the WAEMU deficit ceiling of 3 percent of GDP. The approved budget targets a similar deficit in 2026. The strong reform drive has sustained development partners' engagement and boosted international investors' confidence, while access to international markets has been marked by successful issuances. Going forward, Benin will need to manage socio-political and security challenges, while maintaining the reform and tax collection momentum and strengthening inclusive policies to entrench the ongoing economic transformation.

The authorities provided revised central government debt data over 2021-2024 prior to the completion of the review. The required revision results from a reclassification of several loans that were excluded from debt data in 2021 and have been fully serviced by public and semi-public enterprises since then, as well as some previously inadvertently omitted loans.

Overall, program performance has been strong. All June 2025 quantitative performance criteria and all September 2025 indicative targets were met, and the structural benchmarks for the review were implemented, albeit with a short delay for one benchmark. On the RSF front, the authorities met all remaining reform measures, making progress in enhancing climate-related public financial management, reforming water tariffs, rolling out an agricultural insurance scheme, strengthening social protection, and improving the climate-financial-information architecture.

Policy discussions under the seventh EFF/ECF and fourth RSF reviews focused on (i) maintaining a fiscal stance that targets convergence to the WAEMU deficit ceiling in the 2026 budget while reinforcing social safety nets; (ii) strengthening public debt management; (iii) implementing reforms to deepen the economic transformation, strengthen governance, and safeguard financial stability; and (iv) advancing the climate agenda under the RSF arrangement.

Approved By
Vitaliy Kramarenko (AFR) and Niamh Sheridan (SPR)

Discussions were held in Cotonou during September 29–October 9, 2025. The mission comprised Mr. Lambert (head), Mr. Some (Resident Representative), Ms. Tawk and Ms. Hazem (all AFR), and Messrs. Hynes (SPR), Kisat (FAD), Houessou (local economist). Ms. von Thadden-Kostopoulos (FAD) participated remotely in some RSF-related meetings. The mission was supported from headquarters by Ms. Chu and Ms. Dereje, and from the local office by Ms. Nononsi. The mission met with Senior Minister of Economy and Finance Wadagni, Senior Minister of Development and Government Action Coordination Bio Tchane, National Director of the Central Bank of West African States (BCEAO) Assilamehoo, and other senior government officials. The team also met with representatives of civil society, small and medium enterprises, farmers, the donor community, and other stakeholders.

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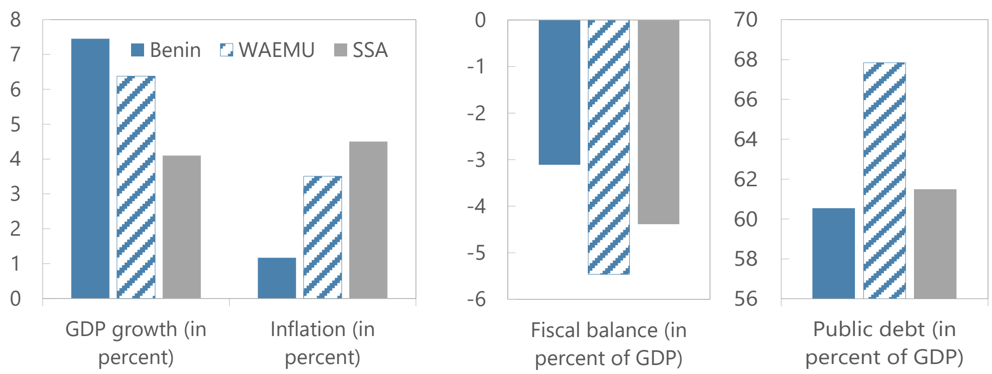
CONTEXT

1. **Benin's macroeconomic performance has been strong as it approaches completion of the 2022 EFF/ECF and RSF arrangements** (Annex I). Economic activity has grown significantly—reaching its highest growth rate yet in 2024, above the WAEMU and SSA averages—and has become less volatile and more diversified. Fiscal consolidation culminated in a reduction of the overall deficit in 2024 to 3.1 percent of GDP—just slightly above the WAEMU deficit ceiling of 3 percent of GDP in 2024 (Text Figure 1). International investors' confidence in the authorities' commitment to reform has resulted in credit rating upgrades. Under the RSF arrangements, the authorities have catalyzed climate finance. Recent RSF-related reform efforts led to Benin officially joining the European Union's International Platform on Sustainable Finance, as its 21st member—and only its 4th from sub-Saharan Africa.

Text Figure 1. WAEMU and SSA Key Indicators in 2024



Sources: National authorities and IMF staff calculations.

2. **Amid global and regional challenges, the country is preparing for presidential elections in April 2026.** Parliamentary and municipal elections took place in January 2026, with the presidential coalition winning all seats in Parliament.[1] Senior Minister of Economy and Finance Wadagni is the presidential candidate of the outgoing majority. Despite the opposition of civil society, a constitutional reform was promulgated on December 17, 2025, with potentially severe political repercussions.[2] Domestic uncertainty in 2025 was exacerbated by a surge in terrorist attacks

[1] A reform of the electoral code, approved in 2024, requires a party or a coalition to get more than 20 percent of the votes in each of the 24 electoral districts to be represented in Parliament, a threshold that was achieved only by the presidential coalition.

[2] The reform abandons the unicameral parliamentary system by creating a new Senate, composed of former high-level officials (including former Presidents) and members appointed by the President and the President of the National Assembly. It harmonizes and extends the length of elective terms for the President, members of Parliament, and municipal officials to seven years, while stipulating that any elected official who breaks with the party that supported them in the elections loses their mandate. Finally, it prohibits all political activity of "electoral or competitive nature" after the proclamation of the results of the presidential elections until one year before the next election.

in the northern border areas and a failed coup attempt in December, in the context of persistent social disparities between regions and urban and rural areas.

3. In the face of these challenges, the 2026 budget aims to maintain adherence with the WAEMU deficit ceiling of 3 percent, while pursuing domestic revenue mobilization efforts. Despite the forthcoming elections, budget execution is expected to remain in check, with capital expenditure prioritization allowing for more social spending on health and education.

RECENT ECONOMIC DEVELOPMENTS

4. The Beninese economy has demonstrated resilience despite large shocks.

- **Real GDP growth** reached 8.0 percent (y/y) in the first three quarters of 2025, driven by agriculture, trade, and construction (Text Figure 2a). Activity at the Port of Cotonou (PAC) further strengthened in 2025, with merchandise traffic growing by 35 percent (y/y) in 2025Q3, signaling a robust recovery from low levels observed after the border closure with Niger.

- **Inflation** averaged 1.1 percent (y/y) in 2025, broadly stable compared to 1.2 percent in 2024. Lower prices for restaurants, accommodation, and communication services helped balance persistent food price pressures and moderate transport price increases (Text Figure 2b).

- **The current account deficit** was estimated at 5.6 percent of GDP in 2025. Despite strengthening growth, the estimated deficit is 0.4 percentage points lower than projected in the sixth review due to lower goods imports, including capital goods required for the establishment of the Glo-Djigbé Industrial Zone. In July, the government created a new special economic zone (SEZ) in Kétou following a bilateral trade agreement with Nigeria aimed at reducing trade bottlenecks between the two countries.[3]

- **Debt** was estimated at 60.5 percent of GDP in 2024 after the inclusion of several on-lent loans in central government debt. Following a reconciliation exercise with the IMF and the World Bank, the Beninese authorities recently reclassified several external loans (representing 5.3 percent of GDP at end-2024) that had been transferred to public or semi-public enterprises and serviced by them, and therefore excluded from the perimeter of central government debt since 2021.[4] They also corrected inadvertent oversights in compiling the end-2024 debt stocks (around 1.8 percent of GDP). As a result, public debt was revised upward by 7.1 percent at end-2024 and an average 6.1 percent of GDP between 2021 and 2024. While higher than before the revision, debt contracted between 2023 and 2024, by 0.8 percent of GDP. In January 2026, Benin successfully issued a US$500 million seven-year sukuk and reopened the 2038 Eurobond for another US$350

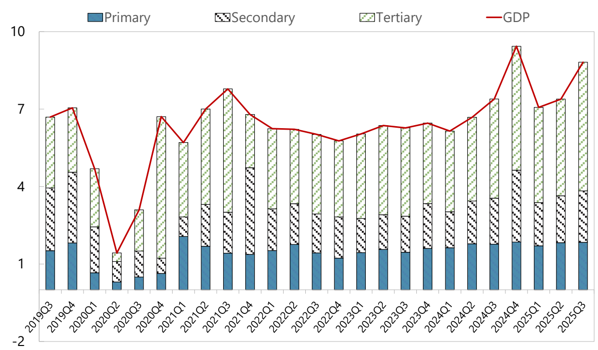
[3] This is the third special economic zone created after Glo-Djigbé (2020) and Sèmè-Kpodji (April 2025).

[4] The authorities indicated that the exclusion of these loans from the central government debt perimeter was in accordance with Benin's legal framework on debt transfers to state-owned enterprises adopted in October 2021.

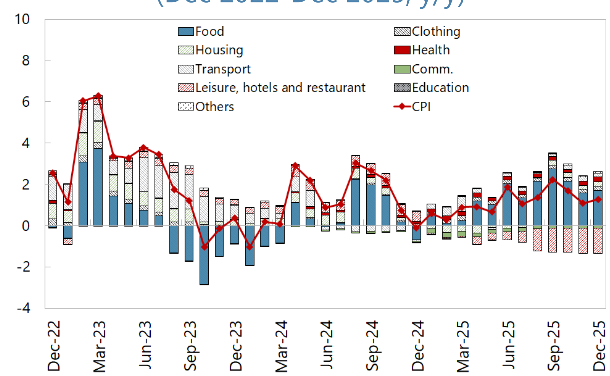
million. The transaction marked the first sovereign sukuk from a sub-Saharan African country since South Africa's issue in 2014.

Text Figure 2. Recent Economic Developments, 2019-2025

Text Figure 2a. Contributions to Growth
(2019Q3-2025Q3, percentage points)



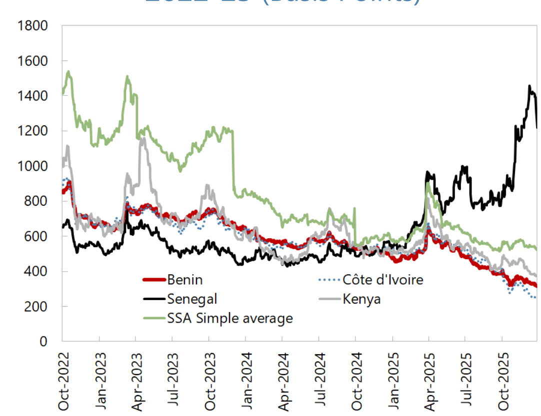
Text Figure 2b. Contributions to Inflation
(Dec 2022-Dec 2025, y/y)



Sources: Beninese authorities and IMF staff calculations.

- **Credit** to the private sector grew by 18 percent (y/y) in September 2025, buoyed by construction, trade, and transport, while non-performing loans (NPLs) rose slightly to 4.3 percent at end-September 2025 (compared to 4 percent at end-December 2024). Benin's sovereign spreads have further narrowed (Text Figure 3), given strong growth (¶6) and reaffirmed credit ratings, reaching an average of 319 basis points in the first week of January 2026.

Text Figure 3. Sovereign Spreads, 2022-25 (Basis Points)



Sources: Bloomberg Professional Services and IMF staff calculations.

5. Preliminary data through end-September point to a robust fiscal performance in 2025 (Text Table 1).

- Tax revenues were broadly in line with projections and grew by 12.3 percent (y/y) (compared to nominal GDP growth of 9.4 percent in the first three quarters of 2025), driven by increases in both international and domestic direct and indirect taxes. Improved collection was driven by higher growth in 2024 and 2025, and well-identified revenue administration measures including the continued application of transactional values at customs and the digitalization of core tax processes. Non-tax revenues grew by 22.2 percent (y/y), after overperforming in 2024.

- Current expenditure rose by 22.0 percent (y/y), driven by higher spending on current transfers (+60.9 percent) and on goods and services (+25.9 percent). The increase in transfers results from increases in security spending (0.3 percent of GDP), frontloading election-related spending

(0.1 percent of GDP), and accelerating social spending on healthcare, nutrition, and the flagship school-feeding program (around 0.2 percent of GDP). Interest expense also increased, driven by recent external issuances.

- Capital expenditure declined (-3.0 percent y/y), as expenditure on domestically financed projects fell by 12.1 percent to keep the deficit in line with the 2025 budget target.

Text Table 1. Fiscal Outturns, September 2025

	FCFA bn	Percent change (y/y)	Percent of GDP	Distance to end-year projections, percent of GDP
Total revenue and grants	**1,584.4**	**13.1**	**11.2**	**-4.4**
Total revenue	1,544.3	13.3	10.9	-4.1
Tax revenue	1,373.5	12.3	9.7	-4.0
Nontax revenue	170.8	22.1	1.2	-0.2
Grants	**40.1**	**5.2**	**0.3**	**-0.2**
Project grants	40.1	5.2	0.3	-0.1
Budgetary grants	0.0	0.0	0.0	-0.1
Total expenditure and net lending	**2,013.5**	**14.2**	**14.2**	**-4.2**
Current expenditure	**1,269.0**	**22.0**	**9.0**	**-2.5**
Current primary expenditure	**1,014.3**	**22.2**	**7.2**	**-2.4**
Wage bill	437.5	2.2	3.1	-1.5
Pensions and scholarships	76.2	1.6	0.5	-0.2
Current transfers	409.5	60.9	2.9	-0.3
Expenditure on goods and services	91.1	25.9	0.6	-0.4
Interest	**254.8**	**21.3**	**1.8**	**-0.1**
Capital expenditure	**706.6**	**-3.0**	**5.0**	**-2.0**
Overall balance (commitment basis, incl. grants)	**-429.1**	**18.7**	**-3.0**	**-0.1**

Sources: Beninese authorities; and IMF staff estimates and projections.
Note: + denotes outturns higher than projections. – denotes outturns lower than projections.

OUTLOOK AND RISKS

6. The medium-term macroeconomic outlook remains broadly in line with the sixth review (Text Table 2).

- Despite heightened political risks after a failed coup attempt in December 2025 and with presidential elections scheduled in April 2026, the growth momentum is expected to persist in 2026, supported by the continued expansion of SEZs driving higher value-added exports, alongside the rapid development of services such as ICT and tourism. Over the medium term, growth would converge to its potential estimated at 6 percent.[5] Inflation is projected to remain around the Central Bank's target of 2 percent in the short and medium term.

- The current account deficit is expected to narrow to 4.7 percentage points in 2026 driven by exports from the resumption of oil production, some further moderation of the services deficit and an improvement in the terms of trade. It would hover around 4–5 percent of GDP over the medium term as exports from the SEZs gradually increase and the services deficit further moderates, but exports to Nigeria may remain contained by the depreciated naira.

[5] Potential growth was estimated in 2023 at the time of the 3rd review under the EFF/ECF arrangements and the RSF request and embeds the climate assumptions of the 3rd review's Debt Sustainability Analysis, which were informed by the scenario analysis of the World Bank Climate Country and Development Report (CCRD). This estimate will be revisited during the next Article IV Consultation.

Text Table 2. Key Macroeconomic Indicators
(in percent of GDP, unless otherwise indicated)

	Average 2017-19	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
						Estimates		Projections				
Real GDP (percent change)	6.4	3.8	7.2	6.3	6.4	7.5	7.5	7.0	6.7	6.6	6.5	6.0
CPI inflation, average (percent)	0.6	3.0	1.7	1.4	2.7	1.2	1.1	2.0	2.0	2.0	2.0	2.0
Overall fiscal balance (commitment basis, incl grants)	-2.5	-4.7	-7.2	-6.2	-5.4	-3.1	-2.9	-2.9	-2.9	-2.9	-2.9	-2.9
Tax revenue	10.1	10.5	11.0	12.2	12.9	13.2	13.7	14.1	14.5	14.9	15.2	15.5
Primary expenditure	14.6	17.1	22.3	18.9	18.8	16.3	16.6	17.0	17.5	18.0	18.5	18.8
Current account balance	-4.2	-1.7	-4.2	-5.7	-8.2	-6.2	-5.6	-4.7	-4.7	-4.5	-4.4	-4.3
Public debt	40.6	46.1	55.6	59.7	61.3	60.5	57.3	57.3	55.8	53.4	52.2	51.3

Sources: Beninese authorities and IMF staff estimates and projections.

7. **Risks to the outlook are balanced, with downside factors emerging from heightened political uncertainty** (Annex II).

- On the downside, domestic uncertainty and political instability could exacerbate socioeconomic challenges, a risk that has become more salient following the failed coup attempt on December 7, 2025. Escalating trade measures could compound regional security challenges and reduce global demand, hampering trade through the PAC and potentially raising the cost of living. Geopolitical tensions and global uncertainty could trigger commodity price volatility or a tightening of financial conditions, harming internal and external accounts. At the same time, Benin remains vulnerable to extreme climate events.

- On the upside, a reopening of the Benin-Niger border would improve cross-border trade, boost custom revenues, and reduce the price of imported goods. The ongoing development of the SEZs could further support growth and raise incomes by fostering job creation and attracting more investment. An increase in U.S. tariffs on traditional textile exporters could potentially boost the external competitiveness of Benin's cotton textiles.[6] Finally, a continued strengthening of economic ties with Nigeria, supported by the recently agreed joint trade framework, could bolster potential growth.

PROGRAM PERFORMANCE

8. **All end-June 2025 Quantitative Performance Criteria (QPCs) and end-September Indicative Targets (ITs) were met** (Text Table 3). The end-September primary balance exceeded its floor while tax revenues slightly outperformed the IT. Domestic financing remained below its ceiling. The present value of new external debt was CFAF 645.0 billion at end-September, below the adjusted ceiling: half of the commercial loan contracted in January 2025 using the World Bank Policy-Based Guarantee (PBG) was used for an external debt management operation that resulted in net present value savings[7], and was therefore excluded from the debt ceiling for March and June

[6] The U.S. administration has applied an additional duty of 10 percent on imports from Benin. By contrast, the leading exporters of cotton textiles to the United States (China, Vietnam, India, Bangladesh) all face additional duties of 20 to 35 percent.

[7] IMF Country Report No. 25/185, Box 1.

2025 (Technical Memorandum of Understanding (TMU), ¶15). In addition, the authorities used CFAF 150.5 billion for an early repayment of domestic debt, resulting in an improvement in the overall debt profile and implying an adjusted ceiling of FCFA 770.5 billion (TMU, ¶18). Priority social spending was well above its IT floor at end-September. Benin did not accumulate domestic or external arrears.

Text Table 3. Quantitative Performance Criteria and Indicative Targets, 2024-2025[1]

(Billions of FCFA)

	September 30, 2024			December 31, 2024			March 31, 2025			June 30, 2025			September 30, 2025		
	IT			PC			IT			PC			IT		
	Prog.	Prel.	Status	Prog.	Prel.	Status	Prog.	Prel.	Status	Prog.	Prel.	Status	Prog.	Prel.	Status
A. Quantitative performance criteria[2]															
Basic primary balance (floor)[3]	90.9	68.8	Not met	114	167.1	Met	43.2	105.2	Met	82.7	123.4	Met	44.0	121.8	Met
Net domestic financing (ceiling)[4]	-173.3	-143.5	Not met	-248.5	-257.5	Met	5.5	-357.1	Met	9.9	-286.8	Met	362.2	-152.2	Met
B. Continuous quantitative performance criteria (ceilings)															
Accumulation of external payments arrears	0.0	0.0	Met	0.0	0.0	Met	0.0	0.0	Met	0.0	0.0	Met	0.0	0.0	Met
Accumulation of domestic payments arrears	0.0	0.0	Met	0.0	0.0	Met	0.0	0.0	Met	0.0	0.0	Met	0.0	0.0	Met
Ceiling on the present value of new external debt contracted or guaranteed by the government[5]	1,055	801.9	Met	1,055	1,042.1	Met	620	477.6	Met	620	525.4	Met	770.5	645.0	Met
C. Indicative Targets[2]															
Tax revenue (floor)	1,220.5	1,223.3	Met	1,711.4	1,721.7	Met	443.1	443.9	Met	923.0	935.5	Met	1,366.0	1,373.5	Met
Priority social expenditure (floor)[6]	114.4	124.4	Met	185.1	188.1	Met	25.5	33.3	Met	58.8	63.6	Met	123.6	136.0	Met

Sources: Beninese authorities; IMF staff estimates and projections.

1 The terms in this table are defined in the Technical Memorandum of Understanding (TMU).

2 The performance criteria and indicative targets are cumulative from the beginning of the calendar year.

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

4 Includes on-lending from the BCEAO related to the IMF disbursement. If the amount of disbursed external budgetary assistance net of external debt service obligations falls short of the program forecast, the ceiling on net domestic financing will be adjusted pro-tanto, subject to limits specified in the TMU. If the amount of disbursed external budgetary assistance net of external debt service obligations exceeds the program forecast, the ceiling will be adjusted downward by the excess disbursement.

5 Excludes debt management operations which result in a reduction of the present value of overall external debt, and/or an improvement of the overall public external debt service profile (TMU ¶15). The ceiling on the amount of new debt contracted or guaranteed by the government at end-September 2025 has been adjusted upward by the present value of the portion of the commercial loan contracted using the World Bank Policy-Based Guarantee (approved in October 2024) that is used for early repayment of domestic debt (TMU ¶18).

6 Includes internally and externally financed expenditures related to government interventions that directly reduce poverty in the areas of education, health and nutrition, social safety nets, access to electricity, water and sanitation, microfinance, and security and civil protection. Excludes salary expenditures.

9. **The authorities are advancing their structural reforms' agenda** (Table 12). They have published the financial statements of four major State-Owned Enterprises (SOEs) (end-October Structural Benchmark (SB)) and the audit reports of three high-stakes public contracts executed during 2022-24 (end-June SB) (¶31). A mapping of social protection programs (end-October SB) that identifies coverage gaps and overlaps associated with Benin's social safety net was published with delay in January 2026 (¶17).

10. **The authorities confirmed revised fiscal accounts and debt data over 2021-2024 before the completion of the review.** The debt-to-GDP ratio was revised up by 6.1 percentage points of GDP on average over 2021-2024, compared to the sixth review. Data presented in this report were prepared in close collaboration with the authorities during a staff visit in December 2025. The authorities subsequently confirmed the accuracy and completeness of the data revisions and shared the results of the audit conducted at their request by the supreme audit institution (*Cour des Comptes*) (both prior actions). They committed to revise their legal framework for transferred debt and align the accounting and statistical treatment of transferred loans with international standards.

11. **The remaining reform measures (RMs) under the RSF arrangement were successfully completed** (¶36, Table 13). The authorities have finalized a methodology to account for climate vulnerabilities in the maintenance policy for major infrastructure (RM 2) and adopted a decree to integrate climate concerns into the annual SOE report (RM 3). They have also institutionalized a

mechanism for water tariffication in urban areas (RM 6) alongside an ongoing restructuring of the water sector. In addition, the authorities have incorporated data on climate vulnerabilities into the social registry and adopted a decree establishing an agricultural insurance scheme which provides coverage against climate risks (RMs 8 and 9). They are finalizing the regulations that would adopt a climate transition taxonomy and create a climate data collection mechanism (RM 15).

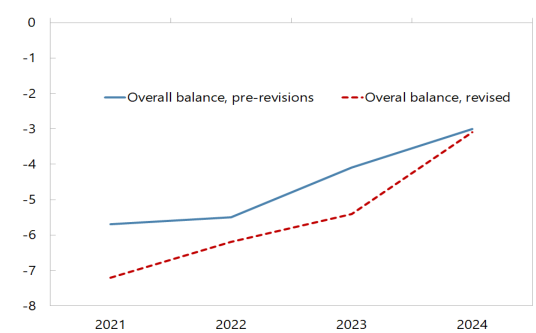
12. The EFF/ECF-supported program has achieved its objectives.[8] Benin successfully raised annual tax revenue by 2.7 percentage points of GDP over 2021-2025 (Pillar 1) while increasing priority social spending (Pillar 2). Public financial management (PFM) and governance improvements, following the recommendations of the 2023 governance diagnostic assessment (Pillar 3), and other structural reforms have led to an increase in Benin's debt-carrying capacity from medium to strong (¶24). This progress, combined with fiscal consolidation efforts in 2024, has allowed Benin to preserve debt sustainability, despite an increase in central government debt from 56.0 percent of GDP in 2021 (after revision) to an estimated 60.5 percent in 2024.

POLICY DISCUSSIONS

A. Fiscal Policy

13. Benin's fiscal accounts have been restated following a revision of central government debt. The reclassification as on-lent debt of some external loans transferred to SOEs that had been excluded from central government debt since 2021 (¶4 and 21) resulted in an upward revision of the overall fiscal deficit by an average 0.9 percent of GDP between 2021 and 2024 and a more backloaded fiscal consolidation over the course of the program (Text Figure 4).[9] In 2024, the overall deficit narrowed by 2.2 percentage points of GDP, driven by a capital expenditure reprioritization of 1.1 percent of GDP, higher tax revenue outturns of 0.3 percent

Text Figure 4. Overall fiscal balance, 2021-2025
(In percent of GDP)



Sources: Beninese authorities and IMF staff calculations.
Note: The overall balance is on commitment basis, grants included.

[8] IMF Country Report No. 22/245.

[9] Benin's fiscal accounts are compiled following the Government Financial Statistics Manual (GFSM) of 1986. Under GFSM 1986, net lending includes "government lending for public policy purposes less subsequent repayments to the government." Hence, all disbursements of on-lent loans to SOEs net of principal repayments by SOEs should be recorded "above the line", thereby affecting the overall fiscal balance. As "net lending" is excluded from the calculation of the basic primary balance under the program (Technical Memorandum of Understanding, ¶15), the revision did not affect program performance assessment. These net lending flows are offset "below the line" by external financing flows representing the disbursements from and repayments to the external creditor, with no change to net domestic financing. The interest paid by the budgetary central government to that external creditor is recorded as interest expense, while the payment of the interest on the on-lent loans by SOEs to the budgetary central government is recorded as nontax revenue.

of GDP (that were offset by a similar decline in grants), and a decline in net lending by about 1.1 percent of GDP. The overall deficit reached 3.1 percent of GDP (from 5.4 percent of GDP in 2023), nearly converging with the WAEMU deficit ceiling of 3 percent of GDP.

14. Benin remains on track to achieve its fiscal consolidation objective in 2025, supported by robust revenue collection and prudent budget execution through end-September. The overall fiscal deficit is forecasted at 2.9 percent of GDP (from 3.1 percent in 2024), with a projected improvement in revenues and capital expenditure reprioritization partially offset by an increase in current spending (Text table 4). Tax revenue is expected to increase by 0.5 percent of GDP, as the effect of measures implemented over the past years continue to materialize. The increase in current spending will be offset by a decline in capital expenditure, as the authorities plan to rationalize spending on public investment by only allowing existing public investment projects to mature.

Text Table 4. Planned fiscal adjustment, 2025 (In percent of GDP)

	2025	2026
Overall balance	**-2.9**	**-2.9**
Overall adjustment (A+B+C)	**0.2**	**0.0**
A. Revenue	**0.4**	**0.4**
Tax measures	0.5	0.4
Non-tax measures	-0.1	0.0
B. Grants	**0.1**	**0.0**
C. Expenditure	**-0.3**	**-0.3**
Current expenditure	-0.6	0.2
Capital expenditure reprioritization	0.4	-0.5

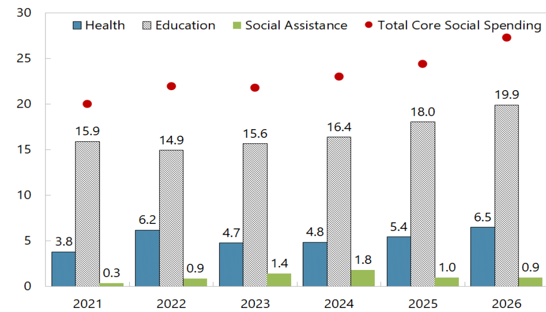
Sources: Beninese authorities and IMF staff calculations.

15. Fiscal discipline is expected to be maintained in 2026. Tax revenues are projected to increase by 0.4 ppt of GDP, reflecting the continued operationalization of previously approved tax measures, such as the simplification of customs processes. Current spending is projected to decline by 0.2 ppt of GDP amid continued discipline in the wage bill and a wind-down of election-related spending. Conversely, capital expenditure is expected to increase by 0.5 ppt of GDP, driven by an acceleration in development-related infrastructure spending (¶16). Recent external issuances, covering about 40 percent of the estimated gross financing needs for 2026, (¶4) are expected to be used for budget financing. The overall deficit is projected to stabilize at 2.9 percent of GDP, more conservative than the authorities' projection of 2.7 percent but still targeting compliance with the WAEMU deficit ceiling.

16. Social spending continues to accelerate. Core social spending on education, health, and social assistance increased in 2025 as the authorities introduced and expanded several signature programs. It is expected to rise further to 27 percent of budgeted spending in 2026 (up from 20 percent prior to the EFF/ECF arrangements), driven by increases in education and health-related capital spending (Text Figure 5). The authorities have introduced and expanded several programs in education, health, and social assistance.

Text Figure 5. Core Social Spending

(As fraction of total spending, in percent)



Note: 2025 and 2026 data are budgeted spending.

Sources: Beninese authorities and IMF staff calculations.

- **Education.** The authorities aimed to extend their flagship school feeding program to all rural primary schools by the start of the 2025/26 school year and are working toward this goal. They are planning to further extend the program in urban areas in 2026, where coverage is currently around 75 percent. The pilots to provide tuition-free schooling for girls in upper secondary school in 20 communes and for the children of "aspirants" teachers will also be retained. Investments in technical, vocational, and education training, including through the construction and rehabilitation of schools, are also expected to accelerate in 2026. These developments are reflected in the 2026 budget, with education-related capital spending projected to increase to 6.8 percent of total government spending, up from an average of 1.8 percent over 2021-24.

- **Health.** Mandatory health insurance, a key component of the government's Insurance for Human Capital Development (ARCH) project, is being operationalized. The authorities recently adopted a decree refining the program's modalities, including a commitment to fully cover insurance premia for individuals classified as extreme poor and an expansion of the basic healthcare services that must be covered.[10]

- **Social assistance.** The World-Bank-sponsored GBESSOKÉ cash transfer program was officially launched in September 2025, with 20,000 households in 12 piloted communes receiving their first monthly payment of FCFA 10,000 (out of a total of FCFA 190,000, or about one-fifth of per capita GDP). The program is expected to be expanded to 150,000 households in 2026. Relatedly, the authorities are planning to construct, expand, and increase the staffing of Single Window for Social Services (GUPS) centers in 2026 to allow the population a single point of access for various social assistance programs.

17. The authorities have published a mapping of social protection programs (SB for end-October 2025).[11] The mapping identified coverage and financing gaps in Benin's social programs

[10] Decree N° 2025-672 establishing modalities for the implementation of mandatory health insurance in Benin.

[11] The published mapping (*cartographie*) is available at https://gbessoke.social.gouv.bj/actualite/communiques/cartographie-des-programmes-et-projets-de-protection-sociale-au-benin

and examined the associated policy implications. It found that the social protection infrastructure covers a wide range of areas (as listed above), but coverage is highly uneven across risks with, for example, more emphasis placed on education than on poverty reduction. Additional issues include institutional fragmentation, geographic disparities, and financing shortfalls, as around 40 percent of projects are underfunded. Collectively, these findings should inform social protection policies going forward.

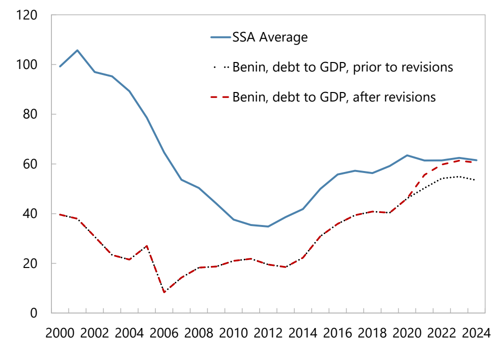
18. Updating and expanding the coverage of the single social registry (RSU) database would improve the efficiency of social interventions. The RSU, a database of around 350,000 households (10 percent of the population) classified as poor or extreme poor, has not been updated since 2021. An additional 111,000 households were surveyed in early 2025 and are undergoing a community validation process before they can be included in the registry. However, the RSU coverage remains limited and only 5 percent of projects identified in the mapping use the registry to target beneficiaries. A broader update of the RSU database (in a preparatory phase with the National Statistics Office) and an increase in the number of projects relying on the registry would improve the targeting and efficiency of social protection programs.

19. The budget is expected to remain in compliance with the WAEMU deficit ceiling in the near term, which is appropriate. The authorities recently published a multi-year budget outlining their fiscal targets over 2026-28, including an overall deficit of 2.7 percent of GDP for 2027 and 2.6 percent in 2028, implying a further cumulative consolidation of 0.3 ppt of GDP compared to 2025. The consolidation will continue to be revenue based, with tax revenues projected to increase annually by 0.5 ppt of GDP (in line with the Medium-Term Revenue Strategy). Staff's deficit projections are slightly more conservative with the deficit projected to stabilize at 2.9 percent of GDP in the near term. This fiscal stance is assessed as appropriate given Benin's revenue mobilization targets and development needs.

20. Continued domestic revenue mobilization is essential to maintaining fiscal discipline while creating space to further strengthen social safety nets. Despite an impressive increase of 2.2 percentage points of GDP in tax revenues from 2021-24, Benin's estimated tax revenues of 13.7 percent of GDP in 2025 remain below the Sub-Saharan Africa average of 15.6 percent as well as the WAEMU regional tax objective of 20 percent. Closing this gap as well as achieving the targets set by the Medium-Term Revenue Strategy would require further revenue mobilization measures. Those could include reducing tax expenditures (VAT in the agricultural sector and corporate income tax exemptions), encouraging the integration of the informal sector into the tax base (partly through digitalization and simplified business registration), and strengthening tax management. While streamlining tax exemptions would likely raise revenues in the near term, other measures may yield more medium- to long-term payoffs. In addition, an evaluation of the cost-benefit of tax advantages granted to companies established in the SEZs under the Type 1 (export promotion) and Type 2 (intra-community trade promotion) regimes, and a willingness to adjust these regimes if necessary, could ensure that the economic output created by the SEZs is not decoupled from the expected increase in fiscal revenues.

B. Debt Policy

Text Figure 6. General Government Gross Debt (Share of GDP)



Sources: World Economic Outlook, IMF staff calculations.
Note: SSA = Sub-Saharan Africa.

21. The authorities have revised public debt from 2021 onwards. In 2025H2, 22 external loans contracted by the government but transferred to enterprises outside the budgetary central government since end-2021 were reclassified as on-lent debt and added to the stock of central government debt.[12] This reclassification and other corrections (¶4) led to an upward revision of the debt ratio for the past four years (Text Figure 6).

22. Despite the revision, public debt has stabilized over the last years of the program. Public debt increased significantly over the past decade, partly owing to a strong counter-cyclical response to large shocks (COVID-19, food insecurity shock following the war in Ukraine, and border closures with Nigeria in 2019 and Niger in 2023), and large issuances of Eurobonds since gaining access to international markets in 2019. Nonetheless, public debt declined modestly for the first time in 2024 by 0.8 ppt of GDP, from 61.3 percent of GDP in 2023 to 60.5 percent of GDP in 2024. The decline in debt was supported by a significant fiscal consolidation effort, which reduced the overall fiscal deficit by 2.2 percentage points of GDP (¶13).

23. Liability management operations (LMO) have helped mitigate the risk of debt distress. LMOs were conducted in 2024 and 2025 to repay Eurobonds maturing over a 6-year horizon, improving Benin's overall debt profile and generating present value savings[13]. Following the LMO in early 2025 to repay 45.3 percent of the 2032 Eurobond, the authorities used the remainder of the commercial loan they contracted with the World Bank's Policy-Based Guarantee (PBG) for a buyback of domestic debt in 2025H2. The operation is expected to improve Benin's overall debt profile, as financing costs on the WAEMU regional market were higher in 2025 and presented shorter maturities compared to the commercial loan: debt purchased on the regional market in 2025 presented a 41-month maturity and 6.3 percent interest average, compared to the 6.2 percent interest rate and 15-year maturity period offered by the commercial loan. The operation thereby lengthened the maturity profile for this portion of debt by about 12 years for a comparable interest cost, and mitigated potential refinancing risks that could arise in the short term from debt rollovers.

24. Benin remains assessed at moderate risk of external and overall debt distress. Despite the upward debt revision and higher levels of debt indicators, the risk rating remains unchanged

[12] The reclassified loans were contracted over 2014-2021, before the current EFF/ECF arrangement was approved. Thus, the reclassification does not affect the continuous performance criterion that limits the present value of new external debt contracted or guaranteed by the government.

[13] IMF Country Report No. 25/185, Box 1.

from the previous Debt Sustainability Analysis (June 2025), following a recent upgrade in Benin's carrying capacity from "moderate" to "strong" which raised debt distress thresholds, as favorable macroeconomic fundamentals have resulted in a higher Composite Index score and larger capacity to service external and overall debt (see joint IMF-World Bank Debt Sustainability Analysis). External debt indicators have remained below their high-risk thresholds, apart from a temporary breach in 2025 of the external debt service-to-revenue and external debt service-to-exports ratio thresholds, following the 2032 Eurobond buyback.

25. Going forward, the authorities should gradually rebalance public debt towards domestic debt while continuously improving debt reporting. Large external issuances and reliance on external borrowing for budget financing over the past years have considerably shifted the composition of public debt towards external debt. At end-2024, 78 percent of debt was externally denominated, increasing rollover and exchange risks, though over half of external debt is in euro to which the FCFA is pegged. Initiatives to deepen the regional securities market, including by the widening of the investor base, would help to lengthen regional maturities and reduce Benin's dependency on external borrowing. Finally, better monitoring of SOE debt and debt guarantees (¶30) would further reduce fiscal risks, improve debt transparency, and contain the risk of debt distress.

C. Governance: Improving Transparency and the Business Environment

26. Enhancing economic transparency and fostering SMEs development are paramount to strengthening private sector-led growth and supporting economic transformation. Following recommendations from the 2024 Article IV Consultation, the authorities have enhanced the transparency of SEZ-related incentives and improved public services digitalization. The Agency for the Development of Small and Medium Enterprises (ADPME) has modernized its e-PME platform, which helps SMEs improve their projects and have better access to financing opportunities. ADPME has also co-launched a set of initiatives aimed at promoting entrepreneurship and providing financial and technical assistance to high-potential SMEs.

27. The central government's budget process and transparency have improved. Benin ranked first among all French speaking countries in budget transparency (and second in Africa) in the 2023 Open Budget Survey, demonstrating a continued improvement in the timeliness and availability of key budget documents. In addition, the authorities have completed the consultation process to revise the organic budget law of 2013 and aim to transmit the law for parliamentary approval in 2026. The revision of the law would codify recent progress in public finance governance by setting rules for the preparation, execution, and control of the central government's budget.

28. However, PFM protocols and institutional arrangements could be further strengthened. Recent debt revisions go beyond statistical reclassification issues and highlight persistent capacity constraints in internal controls, debt reporting, and cross-institution data governance, including weak coordination among key stakeholders. The debt agency (CAGD) also experienced numerous personnel departures in 2022, contributing to incomplete reporting of non-guaranteed SOE debt in the public debt bulletin. The authorities have taken corrective actions to address these weaknesses, including improving staffing at the CAGD and undertaking an audit of on-lent debt to SOEs (¶40), but more progress is needed. In this context, a structured, risk-based debt data governance protocol—jointly owned by the CAGD, Treasury, and the General Directorate of Public Enterprises (DGPED)—could strengthen verification, reconciliation, and escalation processes. Consideration could also be given to establishing a mandatory, unified, and comprehensive debt reporting framework covering the broader public sector, including SOEs and public agencies.

29. The authorities have published available information on four major SOEs. In accordance with the 2020 SOE law, they have published the unaudited annual financial statements of the PAC, and electricity production (SBPE), electricity distribution (SBEE), and urban water (SONEB) companies from 2022-24 (SB for end-October 2025).[14] These SOEs' revenues accounted for 54 percent of total SOE revenues (3 percent of GDP) in 2024 and reported data indicate a strong solvency position. However, apart from the PAC, liquidity and profitability positions for the remaining three SOEs are somewhat weak. SONEB's performance reflects unchanged urban water tariffs since 2009 and underscores the need for a comprehensive water tariff reform (¶36).

30. Improving the monitoring of SOEs and public agencies is key to reducing fiscal risks as these entities' presence continues to grow. At end-June 2025, the government oversees 34 SOEs, 137 public institutions (agencies, offices, funds, public educational institutions, hospitals) and holds minority stakes in several private companies, with several new SOEs having been created in the last few years. SOEs' revenues were equivalent to 48 percent of central government revenues (7 percent of GDP) in 2024. Despite this substantial and increasing economic footprint, SOE oversight remains limited, with gaps in SOE registries, audit coverage, and enforcement capacity within the Ministry of Finance weakening fiscal risk management.[15] The authorities have made progress to address these shortcomings with the publication of selected SOEs' financial statements as noted above and the publication of the first annual SOE report. However, more needs to be done, including the prompt completion of SOEs' audits and the subsequent publication of audited financial statements and audit reports (in line with applicable SOE law), and the institutionalization of the SOE report.[16]

31. Efforts to improve the transparency of public procurement should continue. The authorities have finalized and published the audit reports of several public contracts executed between 2022 and 2024 (SB for end-June 2025).[17] The five high-stakes contracts identified by the

[14] The financial statements are available at https://finances.bj/etats-financiers-sbpe-soneb-pac-sbee/.

[15] According to international best practices, a comprehensive SOE registry is a structured and regularly updated database that consolidates all relevant information on each SOE, including: (i) legal and ownership information, (ii) governance arrangements and board composition, (iii) financial statements and key performance indicators, (iv) debt, guarantees, on-lending, and other fiscal exposures, (v) state support received (such as subsidies and capital injections), and (vi) audit results and compliance information.

[16] Benin: Technical Assistance Report-Governance Diagnostic; IMF Country Report No. 23/191; February 2023

[17] The audit reports are available at https://armp.bj/rapports-daudits-independants-des-marches-publics-de-differentes-autorites-contractantes-au-titre-de-lannee-budgetaire-2022/.

authorities—more than the three required under the SB—were executed in 2022 and amounted to 1.6 percent of 2022 GDP. Additionally, in preparation for the nationwide launch of e-procurement services, the authorities have approved a new legal framework for e-procurement and are finalizing the selection of an external service provider.

32. Fully implementing the authorities' Governance Action Plan remains crucial to improving governance. Key reforms already implemented include the creation of anti-corruption institutions, specialized courts, enhanced transparency in land and company ownership, and updated legal frameworks to better prevent and combat corruption (such as the asset declaration system). Recent efforts include the adoption in January 2026 of Law 2026-05 amending Law 2020-09 and clarifying the procedures for selecting, dismissing, and suspending the High Commissioner for the Prevention of Corruption, as well as recent amendments to the Criminal Procedural Code to facilitate the prosecution of all crimes, including corruption-related ones. Progress continues with the automation of revenue collection and improved management of tax and customs risks.

33. Efforts to strengthen Benin's AML/CFT framework should continue, guided by the 2021 mutual evaluation report. Benin has implemented several of the recommendations outlined in the 2021 mutual evaluation report by the Financial Action Task Force (FATF).[18] Recent actions include passing a new law on combating money laundering (ML), terrorism financing (TF), and the financing of the proliferation of weapons of mass destruction, conducting sectoral ML/TF risk assessments, and implementing the legal framework adopted in April 2024 to improve transparency in real estate transactions. The National Agency for Land and Property is strengthening its monitoring of reporting entities in the real estate sector.

34. Vigilance towards financial sector risks remains paramount for financial stability. The bank solvency ratio was around 18.1 percent in June 2025 (from 18.6 percent at end-2024), well above the regulatory minimum of 11.5 percent. Authorities reported that three banks, while meeting solvency requirements, remained below the new minimum capital threshold of CFAF 20 billion, and confirmed that recapitalization plans were underway to ensure full compliance by end-2026. In February 2025, the government reduced its direct participation in the *Banque Internationale pour l'Industrie et le Commerce* (BIIC) from 51.3 to 18.3 percent. However, it still controls two-thirds of the bank's capital through its remaining direct stake and indirect holdings via the *Caisse des Dépôts et Consignation du Bénin* (CDCB), the national fund for social security (CNSS) and the PAC. BIIC accounted for 21.7 percent of total banking assets in Benin at end-2024. *Société Générale (SG) Benin*, which the government plans to acquire through the CDCB, accounted for 4.0 percent. While the planned acquisition is still under review by the WAEMU Banking Commission, it would be important for the government to publicly clarify its strategy and objectives for controlling *SG Benin.* The government should be mindful of the fiscal risks associated with its direct and indirect involvement in the financial sector as well as the potential implications for efficiency and consider gradually reducing its footprint.

[18] https://www.fatf-gafi.org/en/publications/Mutualevaluations/fur-benin-2025.html

D. Advancing the Climate Agenda and Catalyzing Green Finance

35. Supported by development partners and the RSF arrangement, the authorities have considerably advanced their climate agenda (Annex III). Over the past year, they (i) mainstreamed the climate agenda in public financial management processes through the introduction of climate budget tagging (RM4), (ii) advanced climate change adaptation efforts by adopting regulations for water resources monitoring, building codes, and renewable energy (RMs 5, 10, 14), (iii) reformed fossil fuel subsidies (RM11), and (iv) revised the electricity tariff regulation to improve the financial sustainability of the state-owned electricity companies.[19] Diesel and gasoline prices through August 2025 have followed the provisions of the pricing mechanism adopted as part of the fuel subsidy reform. The electricity production (SBPE) and distribution (SBEE) SOEs released tariff notices in 2025 setting average tariffs for the 2026-27 tariff cycle in line with the revised regulation.

36. The authorities have implemented the six remaining RMs for the final review of the RSF arrangement.

RM 2: Maintenance. With FAD technical assistance, the authorities have finalized a technical methodology to integrate climate vulnerabilities in the maintenance policy for major infrastructure assets. The methodology has been piloted in three ministries[20] and the Road Infrastructure and Regional Planning SOE (SIRAT), which have prepared notes outlining their implementation of the methodology and associated budget requirements for 2026. The budget needs have been incorporated in the 2026 budget law for the three ministries and in SIRAT's 2026 budget.

RM 3: SOEs. In July 2025, the Council of Ministers approved a decree institutionalizing the integration of climate considerations in the SOE report.[21] The decree mandates that the report includes an analysis of the contribution of SOE strategies to climate adaptation and mitigation efforts and the climate change risks affecting SOEs. The first annual report on SOEs has been published alongside annexes to the budget law.

RM 6: Water tariffs in urban areas. The authorities recently adopted an interministerial order (*arrêté*) that institutionalizes a mechanism for water tariffication in urban areas, with two key features:[22] First, the regulation includes a commitment to update water tariffs in 2026, with tariff levels informed by an existing tariff review evaluated by FAD and ratified by the authorities (fifth review MEFP, ¶28). This initial tariff adjustment is scheduled to occur after the completion of works to improve water service provision in the city of Cotonou. Second, the regulation governs how water prices will be set and adjusted in 2027 and beyond after the ongoing restructuring of the water sector is completed. Specifically, a new water infrastructure company (SoBIE, created by decree in

[19] Regulation N° 2025-004/CNR/ARE.

[20] The three pilot ministries are the Ministry of Economy and Finance (MEF), the Ministry of Secondary Technical Education and Vocational Training (MESTFP), and the Ministry of Energy, Water and Mines (MEEM).

[21] Decree N° 2025-424 taking climate change into account in the strategies and planning of state-owned enterprises.

[22] Arrêté Interministériel N°2025-256.

April 2024) will be responsible for infrastructure investments in both rural and urban areas. SoBIE will enter a leasing contract with the restructured Benin National Water Company (SONEB), with the latter managing urban water distribution. SoBIE will conduct a comprehensive tariff study in 2026 (in line with FAD recommendations) and set tariff rates for 2027 based on a financial equilibrium model. Beyond 2027, tariffs will be revised at regular intervals based on the duration of the leasing contract and can also be updated on an exceptional basis in the event of significant changes in the economic environment. Any such tariff adjustments will be based on the audited financial statements of SoBIE and SONEB in line with the applicable SOE law.

RM 8: Social protection. INStaD completed a countrywide mapping of flood-prone areas, which was merged at the *hameau* (sub-village) level with existing data on extreme poor and poor households from proxy means tests. Around 217,000 households were identified as living in areas at a risk or high risk of flooding, and this data was subsequently integrated into the RSU database. The inclusion of flood-risk data into the RSU and the planned development of a broader climate vulnerability index would enhance the RSU's effectiveness.

RM 9: Agriculture. The Ministry of Agriculture carried out an agricultural insurance pilot for the 2024/25 and 2025/26 crop cycles that benefited more than 100,000 rice, cotton, and livestock farmers. The government and development partners subsidized 80 percent of the insurance premia with farmers contributing the rest. Building on this pilot, the authorities have enacted a decree establishing a nationwide agricultural insurance scheme which provides coverage for climate risks including drought, excess heat, and flooding.[23] The National Fund for Agricultural Development (FNDA) will oversee the management of the scheme, with a planned expansion to additional agricultural products and around 200,000 farmers for the next crop cycle, while premium subsidies are expected to be retained. The insurance scheme will be evaluated after two years of implementation (and every three years thereafter) and subsequently adjusted as needed.

RM 15: Mobilizing climate finance. The authorities have received IMF technical assistance to design a climate transition taxonomy, through a structured framework involving the Ministry of Finance and Economy and other ministries and agencies. The framework is consistent with international best practices and aligned with Benin's existing institutional climate coordination. It includes a climate data collection and dissemination mechanism managed by INStaD. The authorities have finalized the taxonomy's structure, methodology, and governance, along with criteria for the priority energy, agriculture, waste management, and forestry sectors. A joint roadmap details the steps toward defining criteria for other priority sectors and incorporates an adaptation component based on sectors' exposure to physical risks. The authorities adopted two *arrêtés* formalizing this work on January 29, 2026.

[23] Decree N° 2025-572 establishing index-based agricultural insurance in Benin.

PROGRAM ISSUES

Text Table 5. Burden Sharing[1]
(Cumulative 2022-26, in CFAF Billions)

	Program approval	Second Review	Third Review	Fourth Review	Fifth Review	Sixth Review	Seventh Review
Financing gap	**755**	**821**	**847**	**898**	**929**	**981**	**1055**
Budget support	**343**	**402**	**433**	**484**	**515**	**566**	**640**
Grants	175	57	53	51	50	45	65
Loans	168	345	380	433	465	521	576
IMF[2]	**396**	**403**	**397**	**398**	**397**	**398**	**399**
Memo items							
Financing gap (% GDP)[3]	6.5	6.9	7.1	7.5	7.2	7.5	8.1
IMF share of financing gap (% total gap)	52	49	47	44	43	41	38

1/ Based on firm commitments (with upside potential).
2/ Changes in IMF financing exclusively due to changes in SDR exchange rate movements.
3/ Increase in the financing gap since program approval related mainly to a wider current account.
Note: Figures reflect the sum of financing projected at each review stage.

37. EFF/ECF financing assurances. Disbursements under the EFF/ECF arrangements will further strengthen WAEMU pooled reserves at the BCEAO in a context of high regional and international uncertainty, which requires buffers in excess of standard metrics. The program is expected to remain fully financed until its end in February 2026. Prospective policies are expected to deliver a post-program macroeconomic performance that adequately safeguards repayments to the IMF consistent with a sustainable debt path (see Debt Sustainability Analysis).

38. Benin has mobilized higher-than-expected budget support under the EFF/ECF arrangements (Text Table 5). Over the course of the program, budget support consistently exceeded projections. Budget support loans peaked in 2024 at CFAF 208.8 billion, compared to CFAF 96.1 billion at program inception in 2022. For 2026, projected budget support loans remain around CFAF 90 billion, comprising of a planned Development Policy Operation by the World Bank.

39. The most recent safeguards assessment of the BCEAO was completed in August 2023. Progress on implementing the recommendations has been slow. A key recommendation was to align the BCEAO's Statute with the amendments introduced in the 2019 cooperation agreement with France. Staff continue to engage with the authorities to support follow-up efforts. The BCEAO welcomed the 2023 safeguard assessment finding that it "continues to have strong internal and external audit arrangements, sound financial reporting, and a well-established robust control environment". The BCEAO also noted that following the assessment, it adopted a roadmap and incorporated related actions into its strategic plan to ensure effective implementation. On the pending recommendations, the BCEAO noted that progress is being made on aligning the BCEAO's Statute with the amendments introduced in the cooperation agreement with France. Thus far, four of the eight member States have ratified the revised cooperation agreement.

40. As a prior action for the review, the authorities have submitted revised fiscal and debt data. They have also shared an opinion by the Supreme Audit Institution (*Cour des Comptes*) that all transactions associated with the reclassified loans have complied with Benin's legal framework and that no other external or domestic debt has been excluded from central government debt under this framework. These prior actions aim to ensure that staff analysis is based on correct fiscal and debt information.

41. Capacity to repay the Fund remains adequate but is subject to risks given heightened uncertainty (Table 9). The total amount of outstanding credit from the Fund including the new RSF arrangement amounted to 586 percent of quota in 2025 and will reach 633.9 percent of quota in 2026 before declining gradually.[24] Total obligations based on existing and prospective credit (including RSF arrangement) will peak at 0.5 percent of GDP (2.8 percent of total revenues excluding grants and 2.1 percent of exports) in 2029. Key risks include potential political instability around the presidential elections, after the failed December 2025 coup attempt, spillovers from trade and regional security tensions, as well as broader global uncertainty and commodity price volatility. The authorities' commitment to fiscal discipline, proactive debt management approach, and continued focus on social issues are important mitigating factors.

42. Data provision and capacity development (CD). The CD strategy will continue to focus on supporting the authorities' reform priorities through mainstreaming climate considerations in policymaking under the RSF arrangement, including by enhancing climate-sensitive maintenance methodologies of public assets. CD support will also prioritize expanding fiscal data coverage in line with GFSM 2014, strengthening debt management, and improving the compilation of national accounts, including through the development of quarterly accounts consistent with annual series. Support will also cover GDP rebasing and migration to the System of National Accounts (SNA) 2025, as well as enhancements to balance of payments statistics. Capacity development could further support domestic revenue mobilization and help achieve the authorities' objective of increasing tax revenue by 0.5 percentage point of GDP annually.

STAFF APPRAISAL

43. Benin's strong track record reflects reform efforts built over the last few years, aiming at strengthening the credibility of its policymaking and institutional framework. Macroeconomic performance has remained robust, with record high growth in 2024 and promising signs of economic transformation. Fiscal consolidation in 2024 allowed Benin to achieve near convergence to the WAEMU deficit ceiling of 3 percent of GDP, with the deficit only 0.1 percent of GDP above the regional target. The growth momentum is expected to continue over the medium term, with higher value-added goods exports and flourishing ICT and tourism sectors. The strong macroeconomic performance has catalyzed development partners' support and boosted international investors' confidence—with budget support exceeding expectations many times under the program, alongside successful issuances on international markets. Going forward, the authorities should remain vigilant about the socio-economic and financial fallout from domestic uncertainty, regional security challenges. and vulnerability to weather-related shocks.

44. Fiscal policy, supported by domestic revenue mobilization, should continue to target compliance with the WAEMU deficit ceiling in 2026 and beyond. Priorities include rationalizing tax expenditures (VAT and CIT exemptions), promoting formalization, including through

[24] After peaking at 548.5 percent, the total amount of outstanding credit from the Fund without the RSF arrangement will amount to 534.9 percent of quota in 2025.

digitalization and simplified procedures, and strengthening tax administration. The effectiveness of tax incentives in SEZs should be closely monitored to ensure that the SEZ-driven growth translates into commensurate revenue gains. Spending reprioritization remains critical to ensuring that fiscal consolidation does not undermine social cohesion. In this regard, addressing the shortcomings identified by the recently published mapping of social protection programs would help build a more coherent and inclusive social protection system. In addition, a comprehensive update and extension of the social registry will help improve the targeting and efficiency of expanded social assistance initiatives.

45. Rebalancing the debt portfolio towards domestic debt gradually, as planned in the Medium-Term Debt Strategy, remains a priority. While Benin remains at moderate risk of debt distress thanks to a stronger debt-carrying capacity and prudent fiscal management, the recent upward revision of central government debt calls for greater vigilance. The share of external debt has increased over the past decade and now represents 78 percent of public debt. Rebalancing financing towards domestic sources will require reforms to broaden the investor base and deepen the regional bond market, in collaboration with peer WAEMU countries.

46. The authorities should further enhance governance, transparency, and the rule of law, while sustaining efforts to strengthen the AML/CFT framework. The implementation of the Governance Action Plan has led to notable improvements in governance and anti-corruption efforts through the establishment of anti-corruption bodies, specialized courts, enhanced transparency, and updated legal frameworks in line with international standards. Staff welcome the adoption of Law 2026-05 aimed at reinforcing the independence of the anti-corruption agency (HCPC). Ongoing efforts to reinforce the AML/CFT framework should be sustained, guided by the findings of the 2021 mutual evaluation report.

47. Fiscal transparency needs further strengthening, particularly for SOEs and public agencies. The planned revision of the 2013 organic budget law offers an opportunity to formalize recent gains in PFM. Measures to boost transparency in public procurement through the operationalization of e-procurement and the external audits of high-stakes public contract are welcome. While these efforts reflect substantial PFM improvements at the central government level, further progress is needed to improve PFM protocols and institutional arrangements. Priorities should include establishing a debt data governance protocol to enhance coordination across various government stakeholders and expanding debt reporting to cover the broader public sector, including SOEs. The authorities are also urged to publish revised debt and fiscal data in their regular statistical bulletins. Urgent action is also required to strengthen the governance and transparency of SOEs and public agencies given their growing footprint in the economy. Policy priorities include completing and publishing SOE audits in line with the 2020 SOE law, institutionalizing an annual SOE report, and better monitoring of SOE debt and associated contingent liability risks.

48. Continued vigilance by supervisory authorities remains essential to preserve financial sector soundness. Transparency in the operations of public financial institutions and efforts to bring under-capitalized banks into conformity with prudential norms should be maintained. The government should gradually reduce its footprint in the financial sector and manage risks associated with its direct and indirect involvement. In parallel, sustaining low levels of non-performing loans and strengthening asset quality are critical to safeguarding the resilience of the banking system.

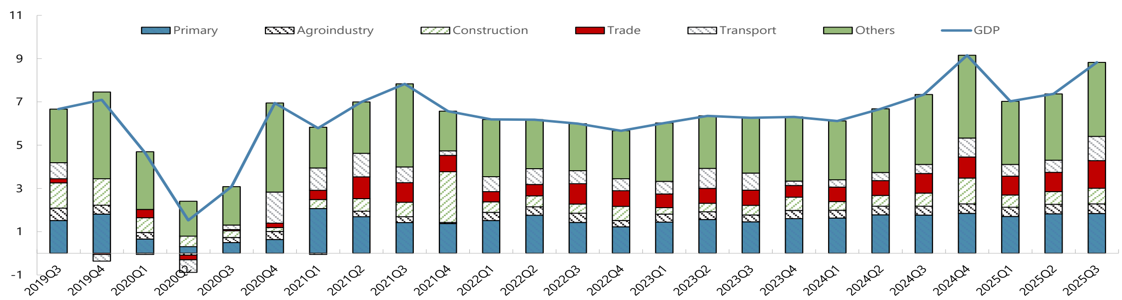
49. Benin's climate agenda has advanced significantly with the RSF support. The integration of climate vulnerabilities into the maintenance policy for infrastructure assets in selected ministries, into the first annual SOE report, and in the social registry are welcome initiatives. Revised regulations and planned tariff adjustments in the water and electricity sectors should enhance the financial sustainability of the sectors' SOEs. The nationwide agricultural insurance scheme is expected to bolster resilience in the agriculture sector by providing coverage against climate-related shocks. Finally, the adoption of a transition taxonomy will facilitate mobilizing financing for climate change mitigation and adaptation efforts, thereby reducing future balance of payments needs.

50. Given continued strong program performance and commitment to reforms, staff recommend the completion of the seventh review under the EFF and ECF arrangements and disbursement under the RSF arrangement based on implementation of RMs 2, 3, 6, 8, 9, and 15. It is proposed that the next Article IV Consultation be held on the standard 12-month cycle, in accordance with the Executive Board decision on Article IV consultation cycles. Given that Benin's credit outstanding to the Fund exceeds the threshold of 200 percent of its quota, staff recommends initiation of a Post Financing Assessment.

Figure 1. Recent Developments, 2019-25

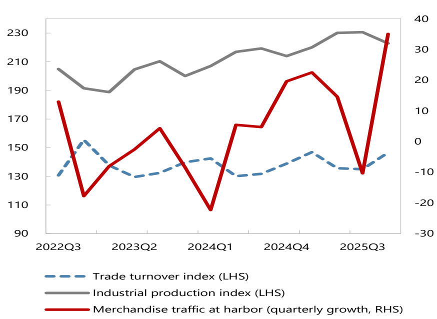
Growth continued to expand in 2025H1, supported by agriculture, trade, and construction.

Decomposition of Growth (Percent)

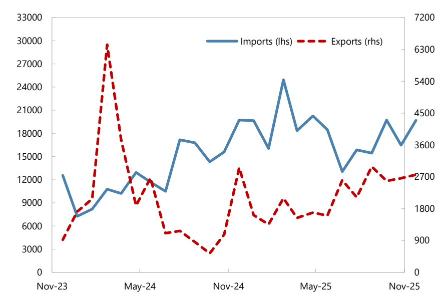


The traffic at the Port of Cotonou continued to expand, having returned to its growth path prior to diplomatic tensions and border closures while the Glo-Djigbé SEZ has continued to boost the production of textile and agroindustry sectors.

Economic Activity
(Indices, basis, 2015 = 100 and Quarterly Growth Rate, percent)

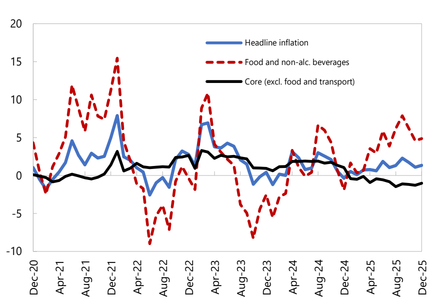


Import and Export Volumes at the Port of Cotonou
(Average Daily Volumes per month; Metric Tons)



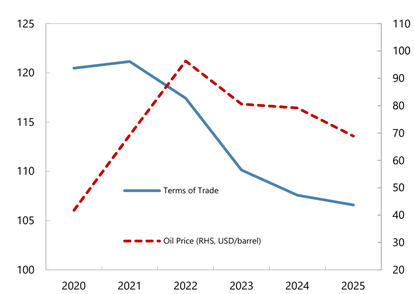
Food prices re-accelerated after March 2025, while core inflation continued to decline.

Inflation (CPI, Percent Change, Year-on-Year)



Terms of trade declined steadily since 2021, reaching their lowest level in 2025.

Terms of Trade (Total)

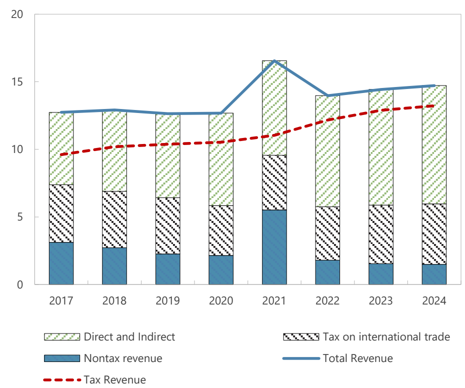


Sources: Beninese authorities; BCEAO; PortWatch; and IMF staff calculations.

Figure 2. Fiscal Developments, 2017-24

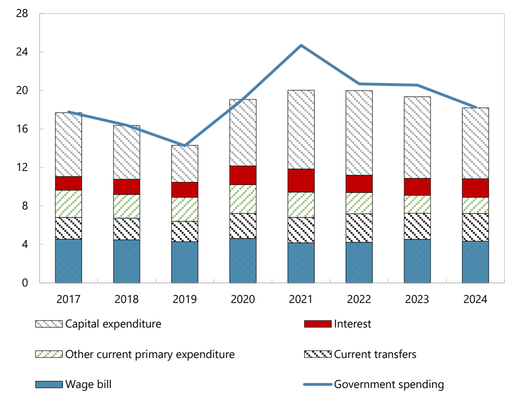
Tax revenues have increased significantly under the 2022 ECF/EFF arrangements…

Revenue
(percent of GDP)



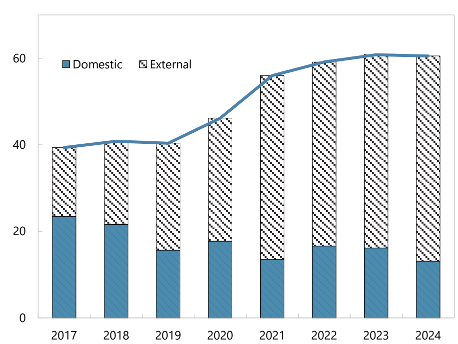
…allowing for more spending towards Benin's infrastructure drive and developmental needs.

Expenditure
(percent of GDP)



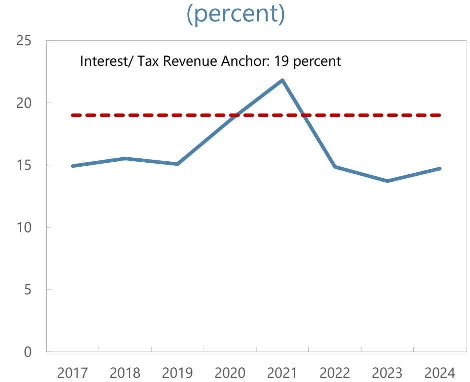
Government debt declined in 2024, while external debt has increased given large external issuances and higher financing costs on the regional securities market.

Total Government Debt
(percent of GDP)



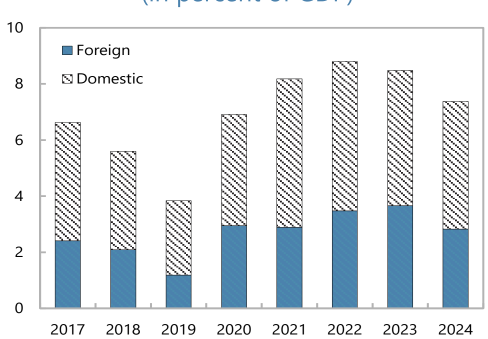
The interest-to-tax revenue ratio fell sharply under the ECF/EFF arrangements, and remains below the program anchor but increased slightly in 2024.

Interest to Tax Revenue Ratio
(percent)



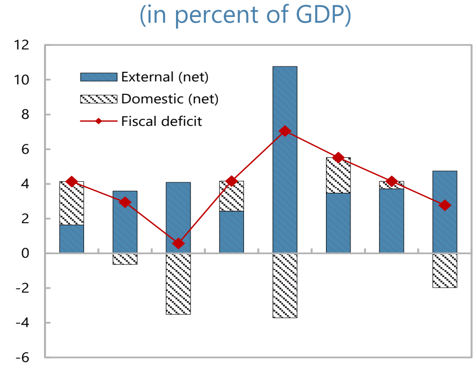
Capital expenditure remains high, but has recently decelerated as public investment projects matured.

Capital Expenditure by Financing Source
(in percent of GDP)



The fiscal deficit converged to the WAEMU deficit ceiling of 3 percent in 2024, and has been financed from external sources.

Financing of the Fiscal Deficit
(in percent of GDP)

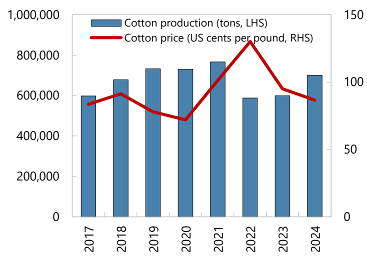


Sources: Beninese authorities and IMF staff calculations.

Figure 3. Real and External Sector Developments, 2017-25

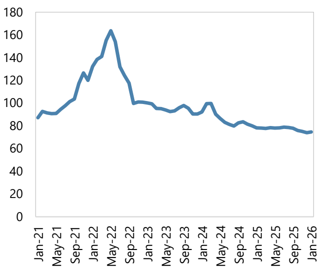
Cotton production recovered in 2024, partly due to more favorable weather conditions resulting in an improved harvest…

Cotton Production and Price



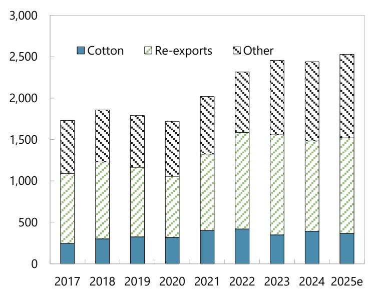
… and cotton prices have now begun to stabilize at levels last observed in 2020, after continuing to decline in 2025.

International Cotton Prices
(US cents per pound)



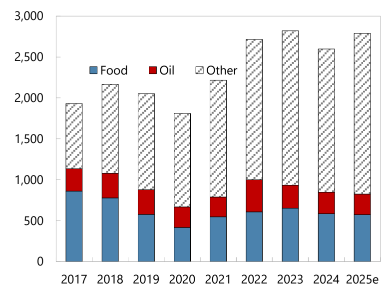
Exports are estimated to have grown in 2025, after declining in 2024 partly due to the impact of the naira's depreciation on informal trade.

Composition of Exports
(Billions of CFAF)



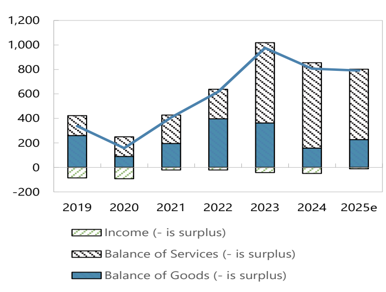
Total imports also declined in 2024, with the fall in food and oil imports reflecting slight declines in the price of both commodities.

Composition of Imports
(Billions of CFAF)



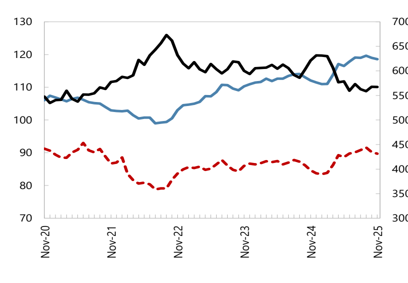
After rising sharply in 2023 mainly as a result of exceptionally high professional services imports related to the SEZ, the current account deficit is estimated to have shrunk in 2024 and 2025, partly driven by a moderation in the services deficit.

Composition of Current Account Deficit
(Billions of CFAF)



There has been a notable appreciation in both the real and nominal exchange rates in 2025, driven in part by weakness in the US dollar.

Exchange Rates
(2010=100)

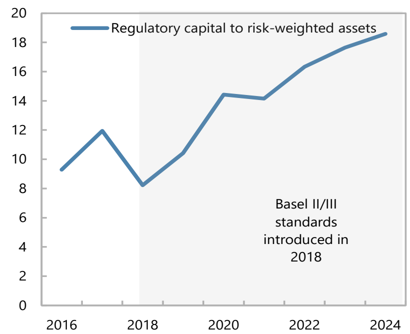


Sources: Beninese authorities, WEO, Bloomberg, and IMF staff calculations. Some data is still preliminary.

Figure 4. Financial Sector Developments, 2016-24

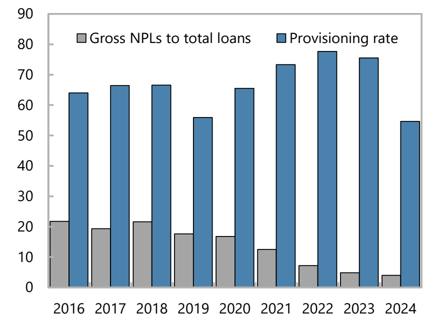
The banking system is generally well capitalized, except for one undercapitalized bank.

Capital Adequacy Ratio
(percent of risk-weighted assets)



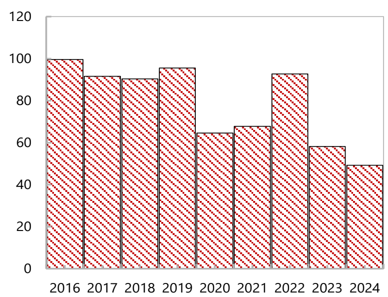
Credit portfolio quality has improved, while provisioning slowed.

Gross NPLs to Total Loans and Provisioning Rate
(percent)



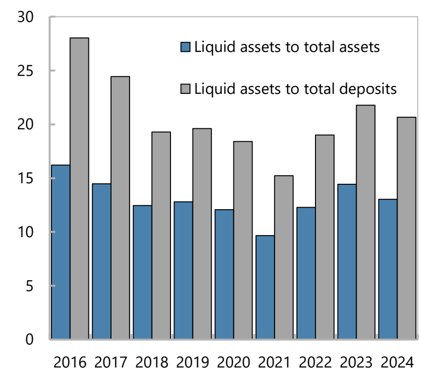
Lending concentration in the sector levelled off in June 2024, following a steep decline in 2023 ...

Concentration: Credit to the Five Largest Borrowers
(percent of total assets)



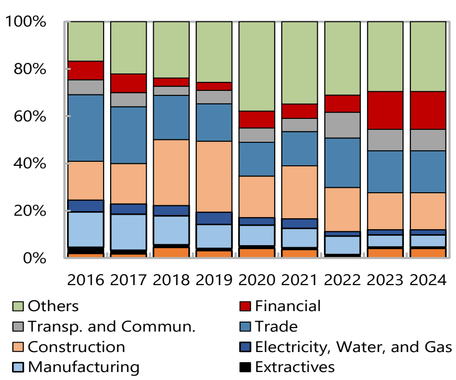
Liquidity has declined, after rising steadily in previous years.

Liquid Assets as a Share of Total Assets/Deposits
(percent)



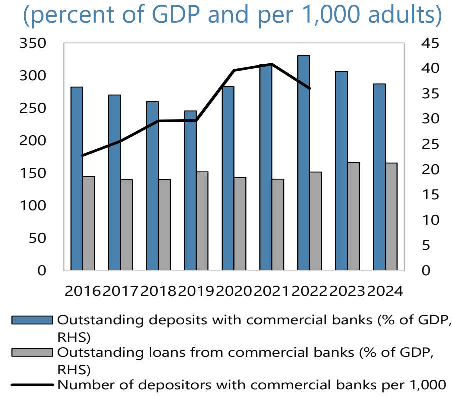
Lending to financial services has risen, now nearly matching traditional sectors like trade and construction.

Credit Provided, by Sector
(percent)



Banking service usage has stabilized in recent years.

Commercial Bank Deposit and Loan Composition
(percent of GDP and per 1,000 adults)



Sources: Beninese authorities, BCEAO, and IMF staff calculations.

Table 1. Benin: Selected Economic and Financial Indicators, 2021-30

	2021	2022	2023	2024	2024	2025	2025	2026	2027	2028	2029	2030
			Est.	Sixth Review	Est.	Sixth Review	Est.	Projections				
	(annual percent change)											
National Income and Prices												
Real GDP per capita	4.4	3.6	3.7	4.5	4.6	3.6	4.5	3.9	3.6	3.5	3.3	2.9
Real GDP [1]	7.2	6.3	6.4	7.5	7.5	6.7	7.5	7.0	6.7	6.6	6.5	6.0
Nominal GDP	8.9	10.7	10.0	9.1	9.1	8.5	8.7	9.1	8.9	8.7	8.6	8.2
GDP deflator	1.6	4.1	3.4	1.6	1.6	1.7	1.1	2.0	2.0	2.0	2.0	2.0
Consumer price index (average)	1.7	1.4	2.7	1.2	1.2	2.1	1.1	2.0	2.0	2.0	2.0	2.0
Consumer price index (end of period)	5.0	2.8	0.4	-0.4	-0.4	2.1	1.4	2.0	2.0	2.0	2.0	2.0
External Sector												
Terms of trade (minus = deterioration)	0.6	-3.1	-6.2	-0.3	-2.3	-1.3	-0.9	2.3	-0.4	0.0	0.2	0.8
Real effective exchange rate (minus = deterioration)	N.A.	N.A.	4.7	…	…	…	…	…	…	…	…	…
Money and Credit												
Credit to the private sector	9.2	21.4	19.7	11.3	11.3	15.0	15.0	21.1	17.1	11.6	10.6	13.1
Broad money (M2)	16.7	13.0	-0.4	1.4	1.4	8.5	8.7	9.1	8.9	8.7	8.6	8.2
	(percent of GDP, unless otherwise indicated)											
Central Government Finance												
Total revenue	16.6	14.0	14.4	14.6	14.7	15.1	15.1	15.4	15.9	16.3	16.7	17.1
of which: Tax revenue [2]	*11.0*	*12.2*	*12.9*	*13.2*	*13.2*	*13.7*	*13.7*	*14.1*	*14.5*	*14.9*	*15.2*	*15.5*
Grants	0.9	0.5	0.8	0.4	0.4	0.5	0.5	0.5	0.4	0.4	0.4	0.4
Total expenditure and net lending	24.7	20.7	20.6	18.0	18.3	18.5	18.5	18.8	19.3	19.6	20.0	20.4
Overall balance (commitment basis, including grants)	-7.2	-6.2	-5.4	-3.0	-3.1	-2.9	-2.9	-2.9	-2.9	-2.9	-2.9	-2.9
Overall balance (cash basis, including grants)	-7.1	-5.5	-6.1	-2.7	-2.8	-2.9	-2.9	-2.9	-2.9	-2.9	-2.9	-2.9
Domestic financing, net	-3.7	2.0	0.4	-2.0	-2.0	-1.7	-1.4	-2.0	0.4	1.3	1.4	0.6
External financing, net	10.8	3.5	5.6	4.7	4.7	4.6	4.3	4.9	2.5	1.6	1.5	2.3
External Sector												
Balance of goods and services	-4.4	-5.9	-8.5	-7.0	-6.6	-6.2	-5.7	-5.1	-5.2	-5.2	-5.0	-5.0
Exports of goods and services	23.5	24.5	22.9	21.0	20.7	21.1	19.8	20.4	21.0	21.6	22.3	23.0
Imports of goods and services	-27.8	-30.4	-31.5	-28.0	-27.2	-27.3	-25.5	-25.5	-26.2	-26.8	-27.3	-28.0
Current account balance, including official transfers	-4.2	-5.7	-8.2	-6.8	-6.2	-6.0	-5.6	-4.7	-4.7	-4.5	-4.4	-4.3
Overall balance of payments	6.1	0.1	-3.4	-1.9	-1.9	2.0	1.3	2.8	0.6	-0.2	-0.1	0.9
Public Debt (End Period)												
Total public debt	55.6	59.7	61.3	53.4	60.5	51.5	57.3	57.3	55.8	53.4	52.2	51.3
External public debt	42.1	43.1	45.2	40.3	47.4	43.5	48.9	51.8	51.3	49.3	47.0	45.9
Domestic public debt	13.5	16.6	16.1	13.1	13.1	8.0	8.4	5.5	4.5	4.1	5.1	5.3
Memorandum Items												
Nominal GDP (CFAF billions)	9,810	10,855	11,935	13,026	13,026	14,135	14,156	15,450	16,820	18,291	19,873	21,502
Nominal GDP (US$ billions)	17.7	17.4	19.7	21.5	21.5	23.2	24.4	27.5	29.8	32.4	35.2	38.1
Nominal GDP per capita (US$)	1,319.5	1,267.4	1,394.6	1,524.1	1,481.9	1,598.6	1,633.6	1,790.0	1,888.1	1,989.9	2,095.4	2,199.3
US$ exchange rate (average)	554.2	622.4	606.5	606.2	606.2	…	…	…	…	…	…	…
International price of cotton (Cotlook "A" Index, U.S. cents a lb.)	101.2	130.1	95.0	86.6	86.6	77.7	78.6	83.7	83.3	83.5	83.5	83.5
International price of oil (U.S. dollars a barrel)	69.2	96.4	80.6	79.2	79.2	66.9	68.9	65.8	65.7	66.3	66.9	67.3

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

1 GDP growth rates for 2021–2024 remain provisional and may be subject to revision once benchmark-year data are finalized.

2 Data from 2022 onward reflect reclassification of taxes on the use or permission to use goods or to carry out activities as tax revenues (71 billion in 2022) to align with WAEMU/GFS practices.

Table 2. Benin: Consolidated Central Government Operations, 2021-30[1]

(Billions of CFA Francs)

	2021		2022		2023		2024		2025		2026	2027	2028	2029	2030
	Sixth Review	Revised	Sixth Review	Revised	Sixth Review	Revised	Sixth Review	Revised	Sixth Review	Est.	Projections				
Total Revenue and Grants	**1,387.7**	**1,715.8**	**1,553.2**	**1,570.7**	**1,795.1**	**1,815.8**	**1,952.4**	**1,973.5**	**2,202.4**	**2,204.1**	**2,457.0**	**2,750.7**	**3,061.2**	**3,403.9**	**3,766.2**
Total revenue	1,295.7	1,623.8	1,498.6	1,516.0	1,701.3	1,722.0	1,895.6	1,916.6	2,131.0	2,132.7	2,382.3	2,677.7	2,984.1	3,322.8	3,681.2
Tax revenue [2]	1,082.3	1,082.3	1,320.7	1,320.7	1,537.9	1,537.9	1,721.7	1,721.7	1,937.5	1,938.8	2,170.9	2,430.6	2,716.4	3,010.9	3,322.2
Tax on international trade	397.4	397.4	429.8	429.8	517.0	517.0	581.6	581.6	662.2	663.2	747.8	839.3	940.2	1,051.3	1,169.7
Direct and indirect taxes	684.9	684.9	890.9	890.9	1,020.9	1,020.9	1,140.0	1,140.0	1,275.2	1,275.6	1,423.1	1,591.3	1,776.2	1,959.6	2,152.5
Nontax revenue [2]	213.4	541.5	177.8	195.3	163.4	184.1	173.9	194.9	193.5	193.8	211.5	247.1	267.7	311.8	358.9
Grants	92.0	92.0	54.6	54.6	93.8	93.8	56.9	56.9	71.4	71.4	74.7	73.0	77.1	81.1	85.0
Project grants	54.6	54.6	54.6	54.6	84.0	84.0	42.0	42.0	51.4	51.4	54.7	50.3	52.9	55.4	57.8
Budgetary grants	37.4	37.4	0.0	0.0	9.8	9.8	14.9	14.9	20.0	20.0	20.0	22.8	24.2	25.7	27.2
Total Expenditure and Net Lending	**1,949.4**	**2,422.9**	**2,149.4**	**2,245.7**	**2,289.8**	**2,454.7**	**2,344.8**	**2,378.5**	**2,612.3**	**2,614.6**	**2,905.1**	**3,238.5**	**3,591.6**	**3,980.2**	**4,389.7**
Current expenditure	1,145.1	1,161.3	1,198.1	1,215.6	1,276.0	1,296.7	1,389.8	1,410.8	1,619.5	1,618.2	1,734.0	1,951.2	2,087.8	2,261.1	2,453.5
Current primary expenditure	925.2	925.2	1,019.5	1,019.5	1,085.8	1,085.8	1,157.6	1,157.6	1,357.8	1,353.7	1,460.1	1,655.5	1,793.8	1,952.0	2,115.5
Wage bill [3]	407.8	407.8	458.5	458.5	540.4	540.4	576.4	566.2	659.3	644.0	677.8	763.6	830.4	904.2	980.5
Pensions and scholarships	90.5	90.5	92.9	92.9	97.0	97.0	98.4	98.4	120.6	107.0	110.6	134.6	146.3	159.0	172.0
Current transfers	259.2	259.2	320.6	320.6	323.4	323.4	373.0	373.0	436.5	450.7	479.3	548.6	597.6	650.4	705.0
Expenditure on goods and services	167.6	167.6	147.4	147.4	125.1	125.1	109.8	119.9	141.3	152.0	192.4	208.7	219.5	238.5	258.0
Interest	219.9	236.1	178.7	196.1	190.2	211.0	232.2	253.2	261.7	264.5	273.9	295.7	294.0	309.1	338.0
Domestic debt	153.1	153.1	84.1	84.1	80.3	80.3	106.6	106.6	92.5	92.0	67.2	40.2	18.5	21.6	40.3
External debt	66.8	83.0	94.5	112.0	109.9	130.7	125.6	146.6	169.1	172.5	206.7	255.6	275.6	287.5	297.7
Capital expenditure	802.6	802.6	954.9	954.9	1,011.9	1,011.9	960.1	960.1	992.9	996.4	1,171.1	1,287.2	1,503.8	1,719.1	1,936.2
Financed by domestic resources	519.0	519.0	577.9	577.9	574.5	574.5	591.9	591.9	552.4	575.9	696.0	774.4	947.9	1,117.1	1,287.1
Financed by external resources [4]	283.7	283.7	377.0	377.0	437.4	437.4	368.2	368.2	440.5	420.5	475.1	512.8	555.9	602.0	649.1
Net lending	1.7	458.9	-3.6	75.3	1.9	146.1	-5.1	7.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Overall Balance (Commitment Basis, Incl. Grants)	**-561.7**	**-707.0**	**-596.2**	**-675.1**	**-494.7**	**-638.9**	**-392.4**	**-405.0**	**-409.9**	**-410.5**	**-448.1**	**-487.8**	**-530.4**	**-576.3**	**-623.6**
Primary balance [5]	-433.8	-470.9	-472.2	-479.0	-398.3	-427.9	-217.1	-151.8	-219.6	-146.0	-174.1	-192.0	-236.4	-267.2	-285.6
Basic primary balance [6]	-148.5	179.6	-98.8	-81.4	41.0	61.8	146.1	167.1	220.9	203.1	226.3	247.8	242.4	253.6	278.5
Change in arrears	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
External debt	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
Domestic debt (net)	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
of which: net change in arrears stock	*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
Float	15.3	15.3	82.2	82.2	-86.3	-86.3	43.9	43.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Overall Balance (Cash Basis, Incl. Grants)	**-546.4**	**-691.7**	**-514.0**	**-592.8**	**-581.0**	**-725.2**	**-348.5**	**-361.1**	**-409.9**	**-410.5**	**-448.1**	**-487.8**	**-530.4**	**-576.3**	**-623.6**
Financing	**546.4**	**691.8**	**514.0**	**592.8**	**581.0**	**725.2**	**348.5**	**361.1**	**409.9**	**410.5**	**448.1**	**487.8**	**530.4**	**576.3**	**623.6**
Domestic financing	-380.8	-364.6	216.1	216.1	52.1	52.1	-257.5	-257.5	-235.1	-204.3	-301.5	61.2	237.1	286.2	135.4
Bank financing	-123.4	-107.2	78.1	78.1	-14.6	-14.6	182.9	182.9	-27.9	3.3	-374.3	-107.0	54.2	87.4	-79.6
Net use of IMF resources	94.2	110.5	176.2	176.2	114.4	114.4	46.8	46.8	67.7	-2.9	32.9	-55.1	-73.9	-83.5	-77.6
Disbursements	*94.2*	*110.5*	*181.6*	*181.6*	*122.8*	*122.8*	*91.2*	*91.2*	*122.7*	*51.6*	*68.2*	*0.0*	*0.0*	*0.0*	*0.0*
o/w RSF	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*39.9*	*39.9*	*80.1*	*31.1*	*45.9*	*0.0*	*0.0*	*0.0*	*0.0*
Repayments	*0.0*	*0.0*	*-5.4*	*-5.4*	*-8.3*	*-8.3*	*-44.3*	*-44.3*	*-55.0*	*-54.6*	*-35.3*	*-55.1*	*-73.9*	*-83.5*	*-77.6*
Other [7]	-217.6	-217.6	-98.1	-98.1	-129.0	-129.0	136.1	136.1	-95.6	6.2	-407.1	-51.9	128.0	170.9	-2.0
Nonbank and regional financing [8]	-257.4	-257.4	138.0	138.0	66.7	66.7	-440.4	-440.4	-207.2	-207.6	72.8	168.2	182.9	198.7	215.0
External financing	927.3	1,056.4	297.9	376.7	528.9	673.2	606.0	618.6	645.0	614.9	749.5	426.5	293.4	290.2	488.1
Project financing [4]	229.0	390.7	322.3	437.4	353.5	547.6	326.2	426.6	389.2	389.2	511.7	462.5	503.0	546.5	591.3
Budgetary assistance	28.2	28.2	96.1	96.1	126.0	126.0	208.8	208.8	90.0	54.6	90.0	84.1	91.5	37.8	40.9
Commercial Loan	0.0	0.0	0.0	0.0	229.6	229.6	0.0	0.0	327.9	327.9	281.0	0.0	0.0	0.0	0.0
SDG/Eurobond issuance	983.9	983.9	0.0	0.0	0.0	0.0	437.8	437.8	304.6	309.8	196.7	203.3	0.0	0.0	215.0
Amortization due	-313.9	-346.5	-120.5	-156.7	-180.2	-230.1	-366.9	-454.6	-466.6	-466.6	-330.0	-323.4	-301.1	-294.1	-359.1
Of which: Early repayment of Eurobonds							-151.6	*-151.6*	-164.0	*-164.0*					
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
Nominal GDP	9,810	9,810	10,855	10,855	11,935	11,935	13,026	13,026	14,135	14,156	15,450	16,820	18,291	19,873	21,502

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

1 Consolidated central government includes government entities whose operations are included in the table of government financial operations (TOFE). It does not include local governments, the central bank, or any other public or government-owned entity with autonomous legal status. Fiscal accounts from 2021 onwards were revised to reflect flows related to 22 loans on-lent to SOEs.

2 Data from 2022 onward reflect reclassification of taxes on the use or permission to use good or to carry out activities as tax revenues (71 billion in 2022) to align with WAEMU/GFS practices.

3 2020-27 wage bill data include the wages of trainee "aspirant" employees, which had been previously reflected in goods and services.

4 Data from 2022 onward include financing from BOAD.

5 Total revenue minus current primary expenditure, capital expenditure, and net lending.

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

7 Includes financing by Beninese banks.

8 Includes financing by regional commercial banks.

Table 3. Benin: Consolidated Central Government Operations, 2021-30[1]

(Percent of GDP)

	2021		2022		2023		2024		2025		2026	2027	2028	2029	2030
	Sixth Review	Revised	Sixth Review	Revised	Sixth Review	Revised	Sixth Review	Revised	Sixth Review	Est.	Projections				
Total Revenue and Grants	**14.1**	**17.5**	**14.3**	**14.5**	**15.0**	**15.2**	**15.0**	**15.2**	**15.6**	**15.6**	**15.9**	**16.4**	**16.7**	**17.1**	**17.5**
Total revenue	13.2	16.6	13.8	14.0	14.3	14.4	14.6	14.7	15.1	15.1	15.4	15.9	16.3	16.7	17.1
Tax revenue [2]	11.0	11.0	12.2	12.2	12.9	12.9	13.2	13.2	13.7	13.7	14.1	14.5	14.9	15.2	15.5
Tax on international trade	4.1	4.1	4.0	4.0	4.3	4.3	4.5	4.5	4.7	4.7	4.8	5.0	5.1	5.3	5.4
Direct and indirect taxes	7.0	7.0	8.2	8.2	8.6	8.6	8.8	8.8	9.0	9.0	9.2	9.5	9.7	9.9	10.0
Nontax revenue [2]	2.2	5.5	1.6	1.8	1.4	1.5	1.3	1.5	1.4	1.4	1.4	1.5	1.5	1.6	1.7
Grants	0.9	0.9	0.5	0.5	0.8	0.8	0.4	0.4	0.5	0.5	0.5	0.4	0.4	0.4	0.4
Project grants	0.6	0.6	0.5	0.5	0.7	0.7	0.3	0.3	0.4	0.4	0.4	0.3	0.3	0.3	0.3
Budgetary grants	0.4	0.4	0.0	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Total Expenditure and Net Lending	**19.9**	**24.7**	**19.8**	**20.7**	**19.2**	**20.6**	**18.0**	**18.3**	**18.5**	**18.5**	**18.8**	**19.3**	**19.6**	**20.0**	**20.4**
Current expenditure	11.7	11.8	11.0	11.2	10.7	10.9	10.7	10.8	11.5	11.4	11.2	11.6	11.4	11.4	11.4
Current primary expenditure	9.4	9.4	9.4	9.4	9.1	9.1	8.9	8.9	9.6	9.6	9.5	9.8	9.8	9.8	9.8
Wage bill [3]	4.2	4.2	4.2	4.2	4.5	4.5	4.4	4.3	4.7	4.5	4.4	4.5	4.5	4.6	4.6
Pensions and scholarships	0.9	0.9	0.9	0.9	0.8	0.8	0.8	0.8	0.9	0.8	0.7	0.8	0.8	0.8	0.8
Current transfers	2.6	2.6	3.0	3.0	2.7	2.7	2.9	2.9	3.1	3.2	3.1	3.3	3.3	3.3	3.3
Expenditure on goods and services	1.7	1.7	1.4	1.4	1.0	1.0	0.8	0.9	1.0	1.1	1.2	1.2	1.2	1.2	1.2
Interest	2.2	2.4	1.6	1.8	1.6	1.8	1.8	1.9	1.9	1.9	1.8	1.8	1.6	1.6	1.6
Domestic debt	1.6	1.6	0.8	0.8	0.7	0.7	0.8	0.8	0.7	0.6	0.4	0.2	0.1	0.1	0.2
External debt	0.7	0.8	0.9	1.0	0.9	1.1	1.0	1.1	1.2	1.2	1.3	1.5	1.5	1.4	1.4
Capital expenditure	8.2	8.2	8.8	8.8	8.5	8.5	7.4	7.4	7.0	7.0	7.6	7.7	8.2	8.7	9.0
Financed by domestic resources	5.3	5.3	5.3	5.3	4.8	4.8	4.5	4.5	3.9	4.1	4.5	4.6	5.2	5.6	6.0
Financed by external resources [4]	2.9	2.9	3.5	3.5	3.7	3.7	2.8	2.8	3.1	3.0	3.1	3.0	3.0	3.0	3.0
Net lending	0.0	4.7	0.0	0.7	0.0	1.2	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Overall Balance (Commitment Basis, Incl. Grants)	**-5.7**	**-7.2**	**-5.5**	**-6.2**	**-4.1**	**-5.4**	**-3.0**	**-3.1**	**-2.9**	**-2.9**	**-2.9**	**-2.9**	**-2.9**	**-2.9**	**-2.9**
Primary balance [5]	-4.4	-4.8	-4.4	-4.4	-3.3	-3.6	-1.7	-1.2	-1.6	-1.0	-1.1	-1.1	-1.3	-1.3	-1.3
Basic primary balance [6]	-1.5	1.8	-0.9	-0.7	0.3	0.5	1.1	1.3	1.6	1.4	1.5	1.5	1.3	1.3	1.3
Change in arrears	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
External debt	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
Domestic debt (net)	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
of which: net change in arrears stock	*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
Float	0.2	0.2	0.8	0.8	-0.7	-0.7	0.3	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Overall Balance (Cash Basis, Incl. Grants)	**-5.6**	**-7.1**	**-4.7**	**-5.5**	**-4.9**	**-6.1**	**-2.7**	**-2.8**	**-2.9**	**-2.9**	**-2.9**	**-2.9**	**-2.9**	**-2.9**	**-2.9**
Financing	**5.6**	**7.1**	**4.7**	**5.5**	**4.9**	**6.1**	**2.7**	**2.8**	**2.9**	**2.9**	**2.9**	**2.9**	**2.9**	**2.9**	**2.9**
Domestic financing	-3.9	-3.7	2.0	2.0	0.4	0.4	-2.0	-2.0	-1.7	-1.4	-2.0	0.4	1.3	1.4	0.6
Bank financing	-1.3	-1.1	0.7	0.7	-0.1	-0.1	1.4	1.4	-0.2	0.0	-2.4	-0.6	0.3	0.4	-0.4
Net use of IMF resources	1.0	1.1	1.6	1.6	1.0	1.0	0.4	0.4	0.5	0.0	0.2	-0.3	-0.4	-0.4	-0.4
Disbursements	1.0	1.1	1.7	1.7	1.0	1.0	0.7	0.7	0.9	0.4	0.4	0.0	0.0	0.0	0.0
o/w RSF	0.0	0.0	0.0	0.0	0.0	0.0	0.3	0.3	0.6	0.2	0.3	0.0	0.0	0.0	0.0
Repayments	0.0	0.0	0.0	0.0	-0.1	-0.1	-0.3	-0.3	-0.4	-0.4	-0.2	-0.3	-0.4	-0.4	-0.4
Other [7]	-2.2	-2.2	-0.9	-0.9	-1.1	-1.1	1.0	1.0	-0.7	0.0	-2.6	-0.3	0.7	0.9	0.0
Nonbank and regional financing [8]	-2.6	-2.6	1.3	1.3	0.6	0.6	-3.4	-3.4	-1.5	-1.5	0.5	1.0	1.0	1.0	1.0
External financing	9.5	10.8	2.7	3.5	**4.4**	5.6	4.7	4.7	4.6	4.3	4.9	2.5	1.6	1.5	2.3
Project financing [4]	2.3	4.0	3.0	4.0	3.0	4.6	2.5	3.3	2.8	2.7	3.3	2.8	2.8	2.8	2.8
Budgetary assistance	0.3	0.3	0.9	0.9	1.1	1.1	1.6	1.6	0.6	0.4	0.6	0.5	0.5	0.2	0.2
Commercial Loan	0.0	0.0	0.0	0.0	1.9	1.9	0.0	0.0	2.3	2.3	1.8	0.0	0.0	0.0	0.0
SDG/Eurobond issuance	10.0	10.0	0.0	0.0	0.0	0.0	3.4	3.4	2.2	2.2	1.3	1.2	0.0	0.0	1.0
Amortization due	-3.2	-3.5	-1.1	-1.4	-1.5	-1.9	-2.8	-3.5	-3.3	-3.3	-2.1	-1.9	-1.6	-1.5	-1.7
Of which: Early repayment of Eurobonds							-1.2	*-1.2*	-1.2	*-1.2*					
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
Nominal GDP	9,810	9,810	10,855	10,855	11,935	11,935	13,026	13,026	14,135	14,156	15,450	16,820	18,291	19,873	21,502
Memo Items															
Interest-to-tax revenue ratio (percent)	20	22	14	15	12	14	13	15	14	14	13	12	11	10	10
Wage bill to tax ratio (percent)	38	38	35	35	35	35	33	33	34	33	31	31	31	30	30

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

1 Consolidated central government includes government entities whose operations are included in the table of government financial operations (TOFE). It does not include local governments, the central bank, or any other public or government-owned entity with autonomous legal status. Fiscal accounts from 2021 onwards were revised to reflect flows related to 22 loans on-lent to SOEs.

2 Data from 2022 onward reflect reclassification of taxes on the use or permission to use good or to carry out activities as tax revenues (0.7 percent of GDP in 2022).

3 2020-27 wage bill data include the wages of trainee "aspirant" employees, which had been previously reflected in goods and services.

4 Data from 2022 include financing from BOAD.

5 Total revenue minus current primary expenditure, capital expenditure, and net lending.

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

7 Includes financing by Beninese banks.

8 Includes financing by regional commercial banks.

Table 4. Benin: Balance of Payments, 2021-30[1]

(Billions of CFA Francs)

	2021	2022	2023	2024		2025		2026	2027	2028	2029	2030
				Sixth Rev.	Est.	Sixth Rev.	Est.	Projections				
Current account balance	**-407.4**	**-617.3**	**-975.8**	**-884.3**	**-806.5**	**-844.3**	**-796.3**	**-723.6**	**-789.1**	**-832.2**	**-865.2**	**-926.2**
Current Account Balance (Excl. Budget Support Grants)	-444.8	-617.3	-985.7	-899.2	-821.4	-864.3	-816.3	-743.6	-811.9	-856.4	-890.9	-953.4
Trade balance[1]	-195.4	-396.6	-363.3	-334.4	-157.7	-410.6	-231.3	-169.9	-214.5	-243.8	-239.1	-262.9
Exports, f.o.b.[1]	2,019.9	2,316.7	2,457.0	2,426.7	2,439.6	2,650.1	2,529.6	2,844.5	3,178.6	3,558.0	3,994.5	4,467.3
Of which: re-exports	*925.1*	*1,166.6*	*1,207.0*	*1,158.7*	*1,089.7*	*1,235.0*	*1,153.9*	*1,286.3*	*1,420.8*	*1,570.3*	*1,730.4*	*1,903.0*
Of which: cotton	*400.6*	*421.6*	*349.9*	*388.0*	*393.3*	*401.0*	*366.3*	*434.9*	*498.3*	*574.1*	*670.4*	*781.5*
Imports, f.o.b.[1]	-2,215.4	-2,713.3	-2,820.3	-2,761.1	-2,597.3	-3,060.7	-2,760.8	-3,014.3	-3,393.2	-3,801.8	-4,233.6	-4,730.1
Of which: fuel	*-194.9*	*-329.7*	*-281.0*	*-248.3*	*-263.2*	*-225.9*	*-252.7*	*-222.1*	*-239.2*	*-258.9*	*-280.2*	*-341.2*
Services (net)	-232.6	-241.6	-654.8	-582.5	-697.7	-468.8	-576.2	-620.1	-665.1	-711.9	-760.5	-808.1
Income (net)	-105.0	-78.1	-114.8	-134.1	-127.1	-129.4	-189.3	-161.6	-170.8	-173.1	-188.0	-203.5
Current transfers (net)	125.5	99.0	157.0	166.8	176.0	164.6	200.6	228.1	261.3	296.6	322.4	348.2
Private transfers	76.9	100.4	148.8	146.8	156.0	144.6	180.6	208.1	238.6	272.4	296.7	321.1
Public transfers	48.7	-1.4	8.2	20.0	20.0	20.0	20.0	20.0	22.8	24.2	25.7	27.2
Capital Account Balance	**143.8**	**112.6**	**119.5**	**107.0**	**93.4**	**121.9**	**107.3**	**115.7**	**116.7**	**125.0**	**133.9**	**142.7**
Financial Account Balance (+=Inflow)	**860.7**	**514.8**	**448.7**	**531.7**	**467.5**	**1,005.5**	**867.8**	**1,045.1**	**771.2**	**677.8**	**718.6**	**974.3**
Direct investment	168.1	205.2	260.8	265.0	232.0	282.7	249.4	291.7	340.4	379.9	423.5	470.3
Portfolio investment	503.8	176.9	52.6	139.3	130.2	140.6	145.9	196.7	203.3	0.0	0.0	215.0
Medium- and long-term public capital	182.5	305.6	528.9	319.8	332.4	504.4	469.0	552.8	223.3	293.4	290.2	273.1
Project loans	390.7	437.4	547.6	326.2	426.6	389.2	389.2	511.7	462.5	503.0	546.5	591.3
Budgetary assistance loans	28.2	96.1	126.0	208.8	208.8	90.0	54.6	90.0	84.1	91.5	37.8	40.9
Commercial Loan	0.0	0.0	229.6	0.0	0.0	327.9	327.9	281.0	0.0	0.0	0.0	0.0
Amortization due	-346.5	-156.7	-230.1	-215.3	-303.0	-302.6	-302.6	-330.0	-323.4	-301.1	-294.1	-359.1
Other Medium- and long-term private capital	6.3	-172.9	-283.0	-192.4	-227.2	77.8	3.5	3.9	4.2	4.6	5.0	15.9
Errors and omissions	2.8	2.7	2.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Overall Balance	**599.9**	**12.7**	**-405.3**	**-245.6**	**-245.7**	**283.2**	**178.8**	**437.2**	**98.7**	**-29.3**	**-12.7**	**190.8**
Financing	**-599.9**	**-12.7**	**405.3**	**245.6**	**245.7**	**-325.8**	**-178.8**	**-459.5**	**-98.7**	**29.3**	**12.7**	**-190.8**
Change in gross foreign assets, BCEAO excl. RSF ('-' = Increase)	-702.6	-194.4	290.9	198.8	198.8	-270.8	-175.9	-424.2	-43.7	103.2	96.2	-113.2
Use of IMF resources, net	110.5	181.6	114.4	46.8	46.8	-55.0	-2.9	-35.3	-55.1	-73.9	-83.5	-77.6
Debt relief	-7.8	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**	**42.6**	**0.0**	**22.3**	**0.0**	**0.0**	**0.0**	**0.0**
IMF EFF/ECF			0.0	0.0	0.0	42.6	0.0	22.3				
Residual Gap			**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
IMF RSF			0.0	0.0	0.0	80.1	31.1	45.9	0.0	0.0	0.0	0.0
Change in gross foreign assets, BCEAO incl. RSF ('-' = Increase)			290.9	198.8	198.8	-350.9	-207.0	-470.1	-43.7	103.2	96.2	-113.2
				(Percent of GDP)								
Current Account Balance	**-4.2**	**-5.7**	**-8.2**	**-6.8**	**-6.2**	**-6.0**	**-5.6**	**-4.7**	**-4.7**	**-4.5**	**-4.4**	**-4.3**
Trade balance of goods[1]	-2.0	-3.7	-3.0	-2.6	-1.2	-2.9	-1.6	-1.1	-1.3	-1.3	-1.2	-1.2
Exports, f.o.b.[1]	*20.6*	*21.3*	*20.6*	*18.6*	*18.7*	*18.7*	*17.9*	*18.4*	*18.9*	*19.5*	*20.1*	*20.8*
Imports, f.o.b.[1]	*-22.6*	*-25.0*	*-23.6*	*-21.2*	*-19.9*	*-21.7*	*-19.5*	*-19.5*	*-20.2*	*-20.8*	*-21.3*	*-22.0*
Services	-2.4	-2.2	-5.5	-4.5	-5.4	-3.3	-4.1	-4.0	-4.0	-3.9	-3.8	-3.8
Income	-1.1	-0.7	-1.0	-1.0	-1.0	-0.9	-1.3	-1.0	-1.0	-0.9	-0.9	-0.9
Current transfers	1.3	0.9	1.3	1.3	1.4	1.2	1.4	1.5	1.6	1.6	1.6	1.6
Capital account	**1.5**	**1.0**	**1.0**	**0.8**	**0.7**	**0.9**	**0.8**	**0.7**	**0.7**	**0.7**	**0.7**	**0.7**
Financial Account Balance (+=Inflow)	**8.8**	**4.7**	**3.8**	**4.1**	**3.6**	**7.1**	**6.1**	**6.8**	**4.6**	**3.7**	**3.6**	**4.5**
Direct investment	1.7	1.9	2.2	2.0	1.8	2.0	1.8	1.9	2.0	2.1	2.1	2.2
Portfolio investment	5.1	1.6	0.4	1.1	1.0	1.0	1.0	1.3	1.2	0.0	0.0	1.0
Medium- and long-term public capital	1.9	2.8	4.4	2.5	2.6	3.6	3.3	3.6	1.3	1.6	1.5	1.3
Project loans	4.0	4.0	4.6	2.5	3.3	2.8	2.7	3.3	2.8	2.8	2.8	2.8
Budgetary assistance loans	0.3	0.9	1.1	1.6	1.6	0.6	0.4	0.6	0.5	0.5	0.2	0.2
Commercial Loan	0.0	0.0	1.9	0.0	0.0	2.3	2.3	1.8	0.0	0.0	0.0	0.0
Amortization due	-3.5	-1.4	-1.9	-1.7	-2.3	-2.1	-2.1	-2.1	-1.9	-1.6	-1.5	-1.7
Other Medium- and long-term private capital	0.1	-1.6	-2.4	-1.5	-1.7	0.6	0.0	0.0	0.0	0.0	0.0	0.1
Overall Balance	**6.1**	**0.1**	**-3.4**	**-1.9**	**-1.9**	**2.0**	**1.3**	**2.8**	**0.6**	**-0.2**	**-0.1**	**0.9**
Memorandum items:												
International price of cotton (Cotlook "A" Index, U.S. cents a lb.)	101.2	130.1	95.0	86.6	86.6	77.7	78.6	83.7	83.3	83.5	83.5	83.5
International price of oil (U.S. dollars a barrel)	69.2	96.4	80.6	79.2	79.2	66.9	68.9	65.8	65.7	66.3	66.9	67.3
Nominal GDP (CFAF billion)	9,810	10,855	11,935	13,026	13,026	14,135	14,156	15,450	16,820	18,291	19,873	21,502

Sources: Beninese authorities; IMF staff estimates and projections.
1 Includes re-exports and imports for re-export.

Table 5. Benin: Monetary Survey, 2019-30

	2019	2020	2021	2022	2023	2024	2024	2025	2026	2027	2028	2029	2030
						Sixth Rev.	Est.	Est.	Projections				
	(CFAF billion)												
Net foreign assets	**1233.1**	**1549.3**	**2131.3**	**2152.8**	**1734.1**	**1469.0**	**1469.0**	**1676.0**	**2077.9**	**2231.7**	**2276.2**	**2347.0**	**2615.3**
Central Bank of West African States (BCEAO)	314.4	269.8	138.2	-165.6	-559.3	-625.0	-625.0	-443.2	-38.9	114.9	159.5	230.3	498.6
Banks	918.7	1279.5	1993.1	2318.4	2293.4	2094.0	2094.0	2119.2	2116.7	2116.7	2116.7	2116.7	2116.7
Net domestic assets	**1108.9**	**1198.6**	**1075.3**	**1471.5**	**1874.5**	**2190.6**	**2190.6**	**2301.2**	**2262.8**	**2493.7**	**2862.6**	**3236.3**	**3425.6**
Domestic credit	1449.9	1720.9	1712.8	2126.2	2534.3	2940.9	2940.9	3462.6	3689.4	4172.9	4696.9	5259.9	5834.6
Net claims on central government	-200.6	58.8	-64.6	9.9	-17.5	168.8	168.8	319.9	-54.4	-161.3	-107.2	-19.8	-99.3
Credit to the nongovernment sector[1]	1650.5	1662.1	1777.4	2116.3	2551.7	2772.1	2772.1	3142.7	3743.8	4334.3	4804.1	5279.6	5933.9
Of which: Credit to the private sector	1485.0	1399.7	1528.9	1856.1	2220.9	2472.3	2472.3	2843.0	3444.0	4034.5	4504.3	4979.9	5634.1
Other items[2]	341.0	522.3	637.5	654.8	659.8	750.3	750.3	1161.4	1426.7	1679.2	1834.3	2023.6	2409.0
Broad money (M2)	**2342.0**	**2747.9**	**3206.5**	**3624.3**	**3608.5**	**3659.6**	**3659.6**	**3977.2**	**4340.6**	**4725.4**	**5138.9**	**5583.3**	**6040.9**
Currency	569.4	713.7	764.5	868.5	816.1	838.8	838.8	911.6	994.9	1083.1	1177.9	1279.7	1384.6
Bank deposits	878.4	1040.5	1393.8	1655.9	1762.1	1749.7	1749.7	1901.5	2075.3	2259.3	2456.9	2669.4	2888.2
Other deposits	894.2	993.8	1048.2	1099.9	1030.3	1071.1	1071.1	1164.1	1270.4	1383.1	1504.1	1634.1	1768.1
	(Change, in percent of beginning-of-period broad money)												
Net foreign assets	**2.2**	**13.5**	**21.2**	**0.7**	**-11.6**	**-7.3**	**-7.3**	**5.7**	**10.1**	**3.5**	**0.9**	**1.4**	**4.8**
Central Bank of West African States (BCEAO)	-5.0	-1.9	-4.8	-9.5	-10.9	-1.8	-1.8	5.0	10.2	3.5	0.9	1.4	4.8
Banks	7.1	15.4	26.0	10.1	-0.7	-5.5	-5.5	0.7	-0.1	0.0	0.0	0.0	0.0
Net domestic assets	**3.9**	**3.8**	**-4.5**	**12.4**	**11.1**	**8.7**	**8.8**	**3.0**	**-1.0**	**5.3**	**7.8**	**7.3**	**3.4**
Domestic credit	-4.6	11.6	-0.3	12.9	11.3	11.3	11.3	14.3	5.7	11.1	11.1	11.0	10.3
Net claims on central government	-14.4	11.1	-4.5	2.3	-0.8	5.2	5.2	4.1	-9.4	-2.5	1.1	1.7	-1.4
Credit to the nongovernment sector	9.9	0.5	4.2	10.6	12.0	6.1	6.1	10.1	15.1	13.6	9.9	9.3	11.7
Other items	-8.4	7.7	4.2	0.5	0.1	2.5	2.5	11.2	6.7	5.8	3.3	3.7	6.9
Broad money (M2)	**6.0**	**17.3**	**16.7**	**13.0**	**-0.4**	**1.4**	**1.4**	**8.7**	**9.1**	**8.9**	**8.7**	**8.6**	**8.2**
Currency	2.2	6.2	1.9	3.2	-1.4	0.6	0.6	2.0	2.1	2.0	2.0	2.0	1.9
Bank deposits	2.8	6.9	12.9	8.2	2.9	-0.3	-0.3	4.1	4.4	4.2	4.2	4.1	3.9
Other deposits	1.0	4.3	2.0	1.6	-1.9	1.1	1.1	2.5	2.7	2.6	2.6	2.5	2.4
Memorandum items:													
Velocity of broad money	3.8	3.5	3.3	3.2	3.3	3.6	3.6	3.7	3.7	3.7	3.7	3.7	3.7
Broad money (percent of GDP)	27.2	30.5	32.7	33.4	30.2	28.1	28.1	28.1	28.1	28.1	28.1	28.1	28.1
change)	11.9	-5.7	9.2	21.4	19.7	11.3	11.3	15.0	21.1	17.1	11.6	10.6	13.1
Nominal GDP (CFAF billion)	8,611	9,009	9,810	10,855	11,935	13,026	13,026	14,156	15,450	16,820	18,291	19,873	21,502
Nominal GDP growth (annual percentage change)	8.1	4.6	8.9	10.7	10.0	9.1	9.1	8.7	9.1	8.9	8.7	8.6	8.2

Sources: BCEAO; IMF staff estimates and projections.

1 Including credit to the private sector and to other non-financial public sector.

2 Including deposits excluded from broad money, securities other than shares excluded from broad money, loans, financial derivatives, insurance technical reserves, and shares and other equity.

Table 6. Benin: External Financing Requirements and Sources, 2022-26

	2022	2023	2024	2025	2026	Cumulative 2022-26
			Estimates		Projection	Projection
	(CFAF billion, unless otherwise indicated)					
1. Gross financing requirements	**968**	**936**	**930**	**1,318**	**1,487**	**5,639**
Current account balance (excl. grants)	617	986	821	816	744	3,984
Debt Amortization (excl. regional market securities/IMF)	157	230	303	303	330	1,322
IMF Repurchases/repayments	0	8	44	55	35	143
Change in NFA (excl. IMF) ("+" = increase)	192	-291	-239	145	378	185
Errors and Omissions	3	2	0	0	0	5
2. Available financing	**674**	**677**	**655**	**1,223**	**1,355**	**4,584**
Foreign direct investment (net)	205	261	232	249	292	1,239
Other net flows [1]	-6	-215	-46	533	497	763
of which: Eurobond	*0*	*0*	*286*	*310*	*197*	793
Project (official external)	475	632	469	441	566	2,582
Grants	*55*	*84*	*42*	*51*	*55*	287
Loans	*421*	*548*	*427*	*389*	*512*	2,296
3. Financing Gap (1-2)	**294**	**258**	**275**	**95**	**132**	**1,055**
Budget support (Multilateral)	96	136	224	75	110	640
Grants	*0*	*10*	*15*	*20*	*20*	65
Loans	*96*	*126*	*209*	*55*	*90*	576
Vaccination Support (WB)	17	*0*	*0*	*0*	*0*	*17*
Exceptional Financing (excluding RSF)	182	123	51	21	22	399
IMF	182	123	51	21	22	399
IMF share of financing gap (% total gap)	62	48	19	22	17	38
Residual Gap	**0**	**0**	**0**	**0**	**0**	**0**
4. IMF RSF Disbursement	0	0	40	31	46	117

Source: Beninese authorities; IMF staff estimates and projections
1 Includes portfolio investment, SDG financing, private investment, and capital account (excl grants).

Table 7. Benin: Quantitative Performance Criteria and Indicative Targets, 2024-25[1]

(Billions of CFA Francs)

	September 30, 2024			December 31, 2024			March 31, 2025			June 30, 2025			September 30, 2025		
	IT			PC			IT			PC			IT		
	Prog.	Prel.	Status	Prog.	Prel.	Status	Prog.	Prel.	Status	Prog.	Prel.	Status	Prog.	Prel.	Status
A. Quantitative performance criteria[2]															
Basic primary balance (floor)[3]	90.9	68.8	Not met	114	167.1	Met	43.2	105.2	Met	82.7	123.4	Met	44.0	121.8	Met
Net domestic financing (ceiling)[4]	-173.3	-143.5	Not met	-248.5	-257.5	Met	5.5	-357.1	Met	9.9	-286.8	Met	362.2	-152.2	Met
B. Continuous quantitative performance criteria (ceilings)															
Accumulation of external payments arrears	0.0	0.0	Met	0.0	0.0	Met	0.0	0.0	Met	0.0	0.0	Met	0.0	0.0	Met
Accumulation of domestic payments arrears	0.0	0.0	Met	0.0	0.0	Met	0.0	0.0	Met	0.0	0.0	Met	0.0	0.0	Met
Ceiling on the present value of new external debt contracted or guaranteed by the government[5]	1,055	801.9	Met	1,055	1,042.1	Met	620	477.6	Met	620	525.4	Met	770.5	645.0	Met
C. Indicative Targets[2]															
Tax revenue (floor)	1,220.5	1,223.3	Met	1,711.4	1,721.7	Met	443.1	443.9	Met	923.0	935.5	Met	1,366.0	1,373.5	Met
Priority social expenditure (floor)[6]	114.4	124.4	Met	185.1	188.1	Met	25.5	33.3	Met	58.8	63.6	Met	123.6	136.0	Met

Sources: Beninese authorities; IMF staff estimates and projections.
1 The terms in this table are defined in the Technical Memorandum of Understanding (TMU).
2 The performance criteria and indicative targets are cumulative from the beginning of the calendar year.
3 Total revenue (excluding grants) minus current primary expenditure and capital expenditure financed by domestic resources.
4 Includes on-lending from the BCEAO related to the IMF disbursement. If the amount of disbursed external budgetary assistance net of external debt service obligations falls short of the program forecast, the ceiling on net domestic financing will be adjusted pro-tanto, subject to limits specified in the TMU. If the amount of disbursed external budgetary assistance net of external debt service obligations exceeds the program forecast, the ceiling will be adjusted downward by the excess disbursement.
5 Excludes debt management operations which result in a reduction of the present value of overall external debt, and/or an improvement of the overall public external debt service profile (TMU ¶15). The ceiling on the amount of new debt contracted or guaranteed by the government has been adjusted upward by the present value of the portion of the commercial loan contracted using the World Bank Policy-Based Guarantee (approved in October 2024) that is used for early repayment of domestic debt (TMU ¶18).
6 Includes internally and externally financed expenditures related to government interventions that directly reduce poverty in the areas of education, health and nutrition, social safety nets, access to electricity, water and sanitation, microfinance, and security and civil protection. Excludes salary expenditures.

Table 8. Benin: Financial Stability Indicators, 2017-June 2025

(percent)

	2017 Dec.	2018 [1] Dec.	2019 June	2019 Dec.	2020 June	2020 Dec.	2021 June	2021 Dec.	2022 June	2022 Dec.	2023 June	2023 Dec.	2024 June	2024 Dec.	2025 [6] June
Regulatory capital to risk-weighted assets	11.9	8.2	9.6	10.4	10.0	14.4	13.4	14.2	14.6	16.3	15.4	17.6	18.4	18.6	18.1
Core capital to risk-weighted assets	10.2	7.2	8.7	9.7	9.3	13.6	12.6	13.3	13.8	15.2	14.4	16.6	17.2	17.5	17.2
Provisions to risk-weighted assets	16.4	12.6	11.1	10.3	11.4	11.3	10.1	8.4	9.3	6.7	5.6	4.6	2.9	2.7	2.4
Capital to total assets	4.7	5.1	5.6	5.4	4.7	6.7	6.4	6.4	7.6	6.4	6.4	7.0	7.4	7.7	7.5
Composition and quality of assets															
Total loans to total assets	43.5	46.1	47.5	48.5	45.3	42.5	40.9	37.6	40.9	44.4	45.8	48.0	48.1	49.0	50.2
Concentration: Credit to the 5 largest borrowers to capital	91.6	90.4	99.6	95.5	94.9	64.6	76.9	67.8	65.0	92.7	66.7	58.2	54.1	49.2	48.6
Credit by sector [2]															
Agriculture, Forestry, and Fishing	1.8	4.4	2.6	3.1	3.6	4.0	4.3	3.6	4.3	0.4	4.0	4.0	4.0	4.0	4.0
Extractive Industries	1.5	1.2	1.0	0.9	1.4	1.1	1.4	0.8	1.4	1.1	0.6	0.6	0.6	0.6	0.6
Manufacturing	15.2	12.2	11.0	10.2	10.5	8.7	7.5	8.2	7.5	7.8	5.1	5.1	5.1	5.1	5.1
Electricity, Water, and Gas	4.4	4.3	5.2	5.2	4.8	3.2	4.9	4.0	4.9	1.9	2.2	2.2	2.2	2.2	2.2
Buildings and Public Works	17.0	27.9	28.8	30.0	27.7	17.6	20.7	22.4	20.7	18.6	15.6	15.6	15.6	15.6	15.6
Commerce, Restaurants, and Hotels	24.1	18.7	18.7	15.9	15.3	14.3	14.4	14.4	14.4	21.0	17.8	17.8	17.8	17.8	17.8
Transportation and Communication	5.9	3.9	5.0	5.6	6.3	6.0	6.7	5.7	6.8	11.0	9.1	9.1	9.1	9.1	9.1
Financial and Business Services	8.0	3.4	3.3	3.5	5.9	7.2	9.0	6.1	9.0	7.2	16.0	16.0	16.0	16.0	16.0
Other Services	22.1	23.9	24.4	25.7	24.5	37.8	31.0	34.9	31.0	31.1	29.6	29.6	29.6	29.6	29.6
Non-Performing Loans (NPLs)															
Gross NPLs to Total loans	19.4	21.6	20.2	17.7	16.4	16.8	14.9	12.6	14.9	7.2	6.2	4.8	3.7	4.0	4.8
Provisioning rate	66.4	66.5	59.0	55.9	64.6	65.5	70.9	73.3	70.9	77.6	76.6	75.6	62.7	54.7	40.3
Net NPLs to total loans	7.5	8.5	9.4	8.6	6.5	6.5	4.8	3.7	4.8	1.7	1.5	1.2	1.4	1.9	2.9
Net NPLs to capital	69.2	77.2	80.0	77.8	62.4	41.4	31.0	21.7	26.2	11.8	11.0	8.4	9.3	11.9	19.7
Earnings and profitability [3]															
Average cost of borrowed funds	3.0	3.2	…	2.4	…	1.4	…	2.2	…	2.2	…	3.0	…	3.5	…
Average interest rate on loans	7.4	7.5	…	6.4	…	6.8	…	5.4	…	6.1	…	6.9	…	6.9	…
Average interest margin [4]	4.3	4.3	…	4.0	…	5.4	…	3.2	…	3.9	…	3.9	…	3.4	…
After-tax return on average assets (ROA)	0.0	0.1	…	0.5	…	0.6	…	1.0	…	1.1	…	1.2	…	1.1	…
After-tax return on average equity (ROE)	0.4	1.9	…	7.0	…	7.6	…	13.9	…	14.0	…	15.7	…	13.9	…
Noninterest expenses/net banking income	76.9	74.8	…	78.5	…	67.0	…	64.3	…	59.6	…	56.7	…	58.2	…
Salaries and wages/net banking income	33.9	32.4	…	32.9	…	27.6	…	27.1	…	24.1	…	23.7	…	23.6	…
Liquidity															
Liquid assets to total assets	14.5	12.5	11.7	12.8	11.5	12.1	9.0	9.7	9.0	12.3	13.2	14.4	13.3	13.0	12.6
Liquid assets to total deposits	24.4	19.3	16.8	19.6	18.0	18.4	13.3	15.2	13.3	19.0	20.3	21.8	20.3	20.7	19.8
Total loans to total deposits	84.4	83.4	77.9	82.3	79.5	72.9	67.7	65.2	67.7	72.8	74.0	75.2	75.0	79.3	80.6
Total deposits to total liabilities	59.2	64.6	69.3	65.4	63.7	65.5	67.6	63.4	67.6	64.6	64.9	66.3	65.7	63.1	63.6
Demand deposits to total liabilities [5]	26.3	29.4	31.3	28.5	27.0	30.0	29.5	31.8	29.6	32.5	31.7	32.5	29.2	30.8	30.4
Term deposits to total liabilities	32.9	35.1	38.0	36.9	36.7	35.5	38.0	31.7	38.0	32.2	33.3	33.8	36.5	32.3	33.1

Source: BCEAO.
Note: … = not available.
1 The first year of data reporting in accordance with Basel II/III and Revised Chart of Accounts (Interim Data)
2 Credits reported to the Central Risk Office
3 Income statement items with half-yearly periodicity
4 Excluding taxes on banking operations
5 Including savings accounts
6 Preliminary data

Table 9. Benin: Indicators of Capacity to Repay the IMF, 2025-46

	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046
	Proj.	Proj.	Proj.	Proj.	Proj.	Proj.	Proj.	Proj.	Proj.	Proj.	Proj.	Proj.	Proj.	Proj.	Proj.	Proj.	Proj.	Proj.	Proj.	Proj.	Proj.
Fund Obligations Based on Existing Credit (millions of SDRs)																					
Principal	45.7	71.0	94.9	107.0	97.9	81.4	84.1	38.3	13.0	9.3	8.9	8.9	9.9	8.9	7.9	8.9	8.9	8.9	8.9	2.0	-
Charges and interest	13.1	12.8	11.8	10.4	8.8	7.1	5.4	4.1	3.4	3.0	2.8	2.4	2.1	1.8	1.5	1.2	0.9	0.6	0.3	0.1	0.0
Fund Obligations Based on Existing and Prospective Credit (millions of SDRs)																					
Principal	45.7	71.0	94.9	107.0	99.4	85.2	88.8	43.0	17.7	14.0	15.2	16.8	17.8	16.8	15.8	16.8	16.8	16.8	16.8	9.9	4.0
GRA	-	26.9	41.0	49.4	52.3	53.8	55.5	26.9	11.1	4.4	1.5	-	-	-	-	-	-	-	-	-	-
PRGT	45.7	44.1	53.9	57.6	47.1	31.4	33.3	16.1	6.6	2.6	0.9	-	-	-	-	-	-	-	-	-	-
RSF	-	-	-	-	-	-	-	-	-	6.9	12.9	16.8	17.8	16.8	15.8	16.8	16.8	16.8	16.8	9.9	4.0
Charges and interest	15.7	16.1	15.1	13.7	12.1	10.3	8.6	7.1	6.3	5.9	5.5	4.9	4.3	3.8	3.2	2.6	2.0	1.4	0.9	0.4	0.0
Total Obligations Based on Existing and Prospective Credit																					
Millions of SDRs	61.4	87.1	110.0	120.7	111.4	95.5	97.4	50.1	24.0	19.8	20.7	21.7	22.2	20.6	19.0	19.4	18.9	18.3	17.7	10.3	4.0
Millions of U.S. dollars	84.3	119.8	151.7	166.7	153.9	131.9	134.5	69.2	33.1	27.4	28.6	30.0	30.6	28.4	26.3	26.8	26.1	25.3	24.5	14.2	5.5
Percent of exports of goods and services	1.5	1.9	2.2	2.1	1.8	1.4	1.3	0.6	0.3	0.2	0.2	0.2	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.0
Percent of government revenue	2.0	2.5	2.9	2.8	2.4	1.8	1.7	0.8	0.3	0.3	0.3	0.2	0.2	0.2	0.2	0.2	0.1	0.1	0.1	0.1	0.0
Percent of GDP	0.3	0.4	0.5	0.5	0.4	0.3	0.3	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Percent of quota (principal)	36.9	57.4	76.7	86.4	80.3	68.8	71.8	34.8	14.3	11.3	12.3	13.6	14.4	13.6	12.8	13.6	13.6	13.6	13.6	8.0	3.2
GRA (percent of quota)	-	21.7	33.1	39.9	42.3	43.4	44.8	21.7	8.9	3.5	1.2	-	-	-	-	-	-	-	-	-	-
PRGT (percent of quota)	36.9	35.7	43.6	46.5	38.0	25.4	26.9	13.0	5.4	2.1	0.7	-	-	-	-	-	-	-	-	-	-
RSF (percent of quota)	-	-	-	-	-	-	-	-	-	5.6	10.4	13.6	14.4	13.6	12.8	13.6	13.6	13.6	13.6	8.0	3.2
Outstanding Fund Credit Based on Existing and Prospective Credit																					
Millions of SDRs	784.8	713.8	618.9	511.9	412.5	327.3	238.5	195.4	177.8	163.8	148.6	131.7	113.9	97.1	81.2	64.4	47.5	30.7	13.9	4.0	-
GRA	322.7	295.8	254.8	205.4	153.1	99.3	43.8	16.9	5.9	1.5	-	-	-	-	-	-	-	-	-	-	-
PRGT	293.7	249.6	195.7	138.1	91.0	59.6	26.3	10.2	3.5	0.9	-	-	-	-	-	-	-	-	-	-	-
RSF	168.4	168.4	168.4	168.4	168.4	168.4	168.4	168.4	168.4	161.4	148.6	131.7	113.9	97.1	81.2	64.4	47.5	30.7	13.9	4.0	-
Millions of U.S. dollars	1,077.7	982.0	853.5	707.0	569.7	452.0	329.4	269.9	245.5	226.2	205.2	181.9	157.3	134.1	112.2	88.9	65.7	42.4	19.2	5.5	-
Percent of exports of goods and services	19.2	15.7	12.2	9.0	6.5	4.8	3.2	2.4	2.0	1.7	1.5	1.2	1.0	0.8	0.6	0.4	0.3	0.2	0.1	0.0	-
Percent of government revenue	25.4	20.7	16.1	12.0	8.7	6.3	4.2	3.1	2.6	2.2	1.8	1.5	1.2	0.9	0.7	0.5	0.4	0.2	0.1	0.0	-
Percent of GDP	3.9	3.3	2.6	2.0	1.5	1.1	0.7	0.6	0.5	0.4	0.3	0.3	0.2	0.2	0.1	0.1	0.1	0.0	0.0	0.0	-
Percent of quota	633.9	576.5	499.9	413.5	333.2	264.4	192.6	157.9	143.6	132.3	120.0	106.4	92.0	78.4	65.6	52.0	38.4	24.8	11.2	3.2	-
GRA	260.7	238.9	205.8	165.9	123.7	80.2	35.4	13.7	4.7	1.2	-	-	-	-	-	-	-	-	-	-	-
PRGT	237.3	201.6	158.1	111.5	73.5	48.1	21.2	8.2	2.8	0.7	-	-	-	-	-	-	-	-	-	-	-
RSF	136.0	136.0	136.0	136.0	136.0	136.0	136.0	136.0	136.0	130.4	120.0	106.4	92.0	78.4	65.6	52.0	38.4	24.8	11.2	3.2	-
Net Use of Fund Credit (millions of SDRs)	(45.7)	(71.0)	(94.9)	(107.0)	(99.4)	(85.2)	(88.8)	(43.0)	(17.7)	(14.0)	(15.2)	(16.8)	(17.8)	(16.8)	(15.8)	(16.8)	(16.8)	(16.8)	(16.8)	(9.9)	(4.0)
Disbursements and purchases	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Repayments and repurchases	45.7	71.0	94.9	107.0	99.4	85.2	88.8	43.0	17.7	14.0	15.2	16.8	17.8	16.8	15.8	16.8	16.8	16.8	16.8	9.9	4.0
Memorandum Items:																					
Exports of goods and services (millions of U.S. dollars)	5,611	6,256	6,991	7,839	8,765	9,485	10,262	11,099	11,998	12,966	13,988	15,074	16,240	17,493	18,838	20,267	21,801	23,448	25,216	27,113	29,151
Government revenue (millions of U.S. dollars)	4,238.8	4,751.9	5,286.4	5,880.5	6,514.8	7,183.9	7,916.7	8,719.4	9,597.5	10,439.3	11,352.9	12,293.7	13,329.4	14,448.5	15,657.6	16,933.2	18,347.5	19,855.4	21,369.0	22,998.1	24,751.3
Nominal GDP (millions of U.S. dollars)	27,489	29,849	32,403	35,170	38,053	41,166	44,527	48,147	52,047	56,248	60,678	65,389	70,448	75,882	81,717	87,917	94,571	101,715	109,383	117,616	126,456
Average exchange rate: SDR per U.S. dollars	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7
Quota (millions of SDRs)	123.8	123.8	123.8	123.8	123.8	123.8	123.8	123.8	123.8	123.8	123.8	123.8	123.8	123.8	123.8	123.8	123.8	123.8	123.8	123.8	123.8

Source: IMF staff calculations.
Note: Benin belongs to Group B for RSF financing terms.

Table 10. Benin: Access and Phasing Under the EFF/ECF Arrangements, 2022-25

Availability date	Amount (SDR Million)			Percent of Quota[1]			Conditions for disbursement/purchases
Availability date	Total	ECF	EFF	Total	ECF	EFF	
July 8, 2022	108.30	36.10	72.20	87.48	29.16	58.32	Executive Board approval of the ECF/EFF arrangements
November 21, 2022	108.30	36.10	72.20	87.48	29.16	58.32	Observance of end-June 2022 performance criteria, and completion of the first review under the arrangements.
May 1, 2023	50.82	16.94	33.88	41.04	13.68	27.36	Observance of end-December 2022 performance criteria, and completion of the second review under the arrangements.
November 1, 2023	101.58	33.86	67.72	82.06	27.36	54.70	Observance of end-June 2023 performance criteria, and completion of the third review under the arrangements.
May 1, 2024	31.20	10.40	20.80	25.20	8.40	16.80	Observance of end-December 2023 performance criteria, and completion of the fourth review under the arrangements.
November 1, 2024	31.20	10.40	20.80	25.20	8.40	16.80	Observance of end-June, 2024 performance criteria, and completion of the fifth review under the arrangements.
May 1, 2025	26.20	8.70	17.50	21.16	7.03	14.14	Observance of end-December 2024 performance criteria, and completion of the sixth review under the arrangements.
October 31, 2025	26.458	8.849	17.609	21.37	7.15	14.22	Observance of end-June 2025 performance criteria, and completion of the seventh review under the arrangements.
Total	484.058	161.349	322.709	391.00	130.33	260.67	

Sources: IMF Staff Estimates.
1 Benin's quota is SDR 123.8 million.

Table 11. Benin: Schedule of Disbursements Under the RSF Arrangement, 2024-25

Availability Date	Amount		Total Amount		EFF/ECF Review	Conditions for Access
	SDR Millions	Percent of Quota[1]	SDR Millions	Percent of Quota		
May 1, 2024	9.904	8	19.808	16	**4th EFF/ECF Review**	Reform measure 1 implementation
	9.904	8				Reform measure 7 implementation
November 1, 2024	9.904	8	39.616	32	**5th EFF/ECF Review**	Reform measure 4 implementation
	9.904	8				Reform measure 6 implementation
	9.904	8				Reform measure 11 implementation
	9.904	8				Reform measure 12 implementation
May 1, 2025	9.904	8	49.52	40	**6th EFF/ECF Review**	Reform measure 5 implementation
	9.904	8				Reform measure 10 implementation
	9.904	8				Reform measure 13 implementation
	9.904	8				Reform measure 14 implementation
	9.904	8				Reform measure 15 implementation
October 31, 2025	9.904	8	39.616	32	**7th EFF/ECF Review**	Reform measure 2 implementation
	9.904	8				Reform measure 3 implementation
	9.904	8				Reform measure 8 implementation
	9.904	8				Reform measure 9 implementation
Total	148.56	120.0				

Sources: IMF Staff Estimates.
1 Benin's quota is SDR 123.8 million.

Table 12. Benin: Remaining Prior Actions and Structural Benchmarks Under the Current EFF/ECF Arrangements, 2025

Prior actions	Due date
Provide staff with comprehensively and accurately revised fiscal accounts and central government debt data, with a breakdown by creditors, for the years 2021, 2022, 2023, and 2024.	Before the conclusion of the review
Provide staff with an opinion by the supreme audit institution (*Cour des Comptes*) that that all debt transactions between the central government and public institutions or enterprises with state participation have complied with the national legal framework and that all the debt contracted by the central government has been properly recorded as central government debt since 2021.	Before the conclusion of the review

Reform area	Structural benchmarks	Due date	Status
Transparency	Publish the audit reports of three high-stake public contracts executed during 2022-24.	End-June 2025	Met
	Publish annually the list of companies operating in the industrial zone, specifying the tax regime granted and the related benefits along with the volume of potential investment expected.	End-April 2025	Met
	Publish in their respective websites the financial statements for the period 2022 to 2024 of the electricity production and distribution companies (SBPE and SBEE), the water company SONEB, and the Port of Cotonou (PAC).	End-October 2025	Met
Business climate	Extend the online land registry (e-cadaster) to completely cover the city of Cotonou, and systematically update land transactions in the e-cadaster.	End-April 2025	Met
	Create and operationalize a single electronic window to promote investment and accelerate export facilitation, including by providing approval under the investment code and export support for small and medium-size enterprises.	End-February 2025	Met
Social policies	In line with the government's highly social mandate, develop and publish on the website of the Ministry in charge of Social Affairs a mapping of social protection programs, identifying the main vulnerabilities addressed by each program and beneficiaries, and including a quantification of coverage gaps and overlaps, and the associated policy and financing implications.	End-October 2025	Not met – Implemented with delay. The mapping was published in January 2026.

Table 13. Benin: RSF Reform Matrix

	Focus	Area	Reform Measure	Due date	Status
Pillar 1. Mainstreaming the climate agenda in policy making and PFM/PIM processes					
RM1	**A, M**	**PIM Decree and Appraisal Methodology**	Government to amend the regulatory framework governing PIM (Decree 2021-586) in order to include climate concerns in the various stages of PIM, notably identification, appraisal, selection and ex-post evaluation, and to update accordingly the September 2019 public investment manual.	End-March 2024	Met
RM2	**A, M**	**Maintenance**	Government to adopt by end 2024 a methodology to integrate climate vulnerabilities in maintenance policy for key infrastructure assets (roads, buildings) and to pilot this policy in three selected large sectoral ministries, ensuring that the funds allocated to maintenance of non-financial fixed assets within the 2026 draft budget (submitted in October 2025) and within the 2026 budget of Société des Infrastructures Routières et de l'Aménagement du Territoire (SIRAT) are determined on the basis of this maintenance policy.	End-October 2025	Met
RM3	**A, M**	**State-Owned Enterprises**	Government to adopt an implementing decree of Law 2020-20 on State Owned Enterprises to put in place an appropriate legal framework to integrate climate concerns and to relatedly publish a first annual report on SOEs (in accordance with article 65 of Law 2020-20) including analysis of (i) the contribution of SOE strategies to climate adaptation and mitigation efforts (ii) the risks related to climate change affecting SOEs.	End-October2025	Met
RM4	**A, M**	**Climate Budget Tagging**	Government to adopt an implementing order of decree 2020-495 on the calendar for budget works to set the list of budget documents to be produced each year and henceforth institutionalize the production each year of a climate budget brief. Operationalize the reform starting with the budget preparation process for FY25, with involvement of Ministry in charge of Environment and with counterparts in sectoral ministries.	End-October2024	Met

Table 13. Benin: RSF Reform Matrix
(continued)

	Focus	Area	Reform Measure	Due date	Status
Pillar 2. Enhancing adaptation to climate change and strengthening population's resilience					
RM5	**A, M**	**Water Resources**	(1) Adopt a revised decree of the National Water Council, which would include a mandate to monitor groundwater and surface water resources and equip the Council with sufficient human and financial resources to discharge its mission; and (2) Realize a strategic groundwater assessment and have the National Water Council Supervise and validate this assessment	End-April 2025	Met
RM6	**A, M**	**Water Tariffs in Urban Areas**	Institutionalize a mechanism for water tariffication in urban areas based on the following parameters: (i) a tariff study; (ii) a transparent tariff structure in conformity with international good practices and (iii) a financial equilibrium model.	End-September 2024	Met
RM7	**A**	**Local Government**	Government to propose an amendment to the 2024 budget law setting the principle of taking into account community-identified climate priorities in the criteria for allocation of transfers to local authorities, whether they take place in the current framework of FADeC – Fund for Support for Communal Development – or within the framework of the new Communal Investment Fund that will replace FADeC, and simulate the implementation of this mechanism for the 2024 FADeC.	End-March 2024	Met
RM8	**A**	**Social protection**	Integrate information on climate risks into the Social Registry (RSU), in particular for municipalities identified as being at high risk of flooding.	End-October 2025	Met
RM9	**A, M**	**Agriculture**	Government to adopt a decree to establish an agricultural insurance scheme leveraging existing programs (FNDA), including climate risk mitigation strategies, with a minimum objective of covering by September 2025 two main products amongst the ones identified in the May 2023 feasibility study to the benefit of a minimum of 100,000 producers.	End-September 2025	Met
RM10	**A, M**	**Building codes**	Government to adopt in Council of Ministers a draft building code (*projet de loi portant loi-cadre sur la construction et l'habitation*) incorporating technical standards favoring adaptation to future climatic conditions, including with respect to expected climate-hazards' magnitude and frequency, and favoring low carbon and climate resilient options for planning, technical design, maintenance and inspections, as well as requisite secondary legislation.	End-March 2025	Met

Table 13. Benin: RSF Reform Matrix
(continued)

	Focus	Area	Reform Measure	Due date	Status
Pillar 3. Supporting mitigation efforts					
RM11	**M**	**Comprehensive fossil fuel subsidy reform**	Adopt a comprehensive reform of fossil fuel subsidies, in consultation with IMF staff, by: i) conducting a comprehensive assessment of the new "tender" model for fuel imports, quantifying its costs and benefits, and assessing the risks associated with the competitiveness of the fuel import market, supply guarantees for imported petroleum products, and the timing of the tender, among others; ii) reorganizing the pricing structure for petroleum products, highlighting, where appropriate, subsidies and tax expenditures, and establishing a new tax structure; iii) defining the parameters of a predictable pricing mechanism based on the specific features of the Beninese hydrocarbon market, as well as the timing of its implementation; and iv) adopting and publishing an inter-ministerial order (Ministry of Economy and Finance and Ministry of Industry and Commerce) introducing a transitional arrangement for closing the gap between the pump price and the new formula price starting in January 2025, prior to implementing a formula-based periodic price adjustment mechanism before the adoption of the 2026 budget (November 2025).	End-November 2024	Met
RM12	**M**	**Social protection in relation to fuel subsidy reform.**	i) Establish a compensatory mechanism to limit the effect of fuel subsidy reform on vulnerable groups using the Social Registry (RSU); ii) adopt an implementation framework for the RSU which defines the Management Information System (MSI) governance structure and provides detailed operational guidance, while ensuring adequate financial, human, and material resources to the unit responsible for the operationalization of the RSU.	End-November 2024	Met

A= Adaptation; M=Mitigation

Table 13. Benin: RSF Reform Matrix
(concluded)

	Focus	Area	Reform Measure	Due date	Status
RM13	**M**	**Electricity tariff reform**	Design and adopt a comprehensive and gradual electricity tariff reform to fully remove electricity subsidies and reflect cost-recovery levels, with the first phase to be implemented in 2025.	End-January 2025	Met
RM14	**M**	**Support to renewable energy**	Remove key obstacles to development of renewable energy (RE) by adopting regulations and decisions to (i) putting in place a connection cost policy supporting connection for RE generation and (ii) committing to carrying out regular assessments of the flexibility of the grid and issues related to renewable integration.	End-January 2025	Met
Pillar 4. Mobilizing private sector financing for climate change					
RM15	**A, M**	**Mobilizing climate finance from the private sector**	Enhance the climate financial information architecture by the adoption by way of decree (arrêté) by the Ministry of Economy and Finance, and subsequent implementation of two complementary frameworks: i) a climate-related taxonomy (reference framework for private sector climate investment) covering mitigation and adaptation needs across key sectors defining financing and climate-related targets and private financing instruments; and ii) a climate mitigation and adaptation data collection and dissemination mechanism, connected to the taxonomy, across key sectors for private companies and key economic infrastructures. This mechanism will be coordinated and implemented by the National Statistics and Demography Institute, requiring the adoption of an arrêté under the 2022 legal framework governing the Institute's missions.	End-May 2025	Met

Annex I. Performance Under the 2022 EFF and ECF Arrangements

This annex provides an assessment of Benin's performance under the 2022 EFF and ECF arrangements and briefly considers possible reasons for Benin's success.

1. The 2022 EFF and ECF arrangements will end on February 28, 2026. The arrangements were approved by the IMF Executive Board on July 8, 2022, for a duration of 42 months, with a total access of SDR 484.058 million (equivalent to 391 percent of quota), and extended until February 28, 2026. The associated program was the first case under the High Combined Credit Exposure (HCCE) policy adopted in 2020 to support member countries experiencing exceptional balance of payment needs and with institutional capacity to implement a program in amounts exceeding the normal combined access limit for a blended EFF/ECF arrangement.

2. Despite numerous shocks, macroeconomic performance under the program has been strong (Figure A.I.1). Growth outperformed initial program projections in a context of lower global growth, regional tensions and a border closure with Niger, and several climate-related shocks (floods and heatwaves). Inflation has remained moderate despite a surge in international prices with the war in Ukraine and the removal of fuel subsidies in Nigeria affecting the price of smuggled fuel (about 80 percent of gasoline consumption). Good fiscal revenue performance contributed to improving the domestic primary balance by close to 3 percentage points of GDP and to stabilizing public debt. Reflecting development partners' confidence in Benin's economy and economic policies as well as the catalytic effect of the IMF-supported program, total budget support loans over 2022-25 have been three times higher than initially projected.

3. Quantitative program performance has been remarkable (Table A.I.1). Reflecting their commitment and reform drive, the Beninese authorities have met all Quantitative Performance Criteria (QPCs) set under the program, effectively mobilizing tax revenue, increasing social spending, and keeping the present value of external debt within its ceiling. Except for two indicative targets (ITs) in September 2024, all ITs were also met under the program.

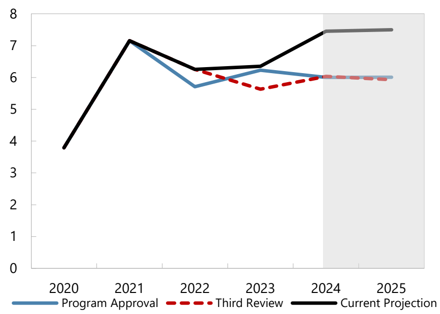
Table A.I.1. Benin: Quantitative Performance Criteria and Indicative Targets (June 2022-June 2025)

	First Review	Second Review		Third Review		Forth Review		Fifth Review		Sixth Review		Seventh Review		
	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sept-23	Dec-23	Mar-24	Jun-24	Sept-24	Dec-24	Mar-25	Jun-25	Sep-25
Quantitative Performance Criteria	**PC**	**IT**	**PC**	**IT**	**PC**	**IT**	**PC**	**IT**	**PC**	**IT**	**PC**	**IT**	**PC**	**IT**
Basic primary balance (floor)	Green	Green	Green	Green	Green	Green	Green	Green	Green	Red	Green	Green	Green	Green
Net domestic financing (ceiling)	Green	Green	Green	Green	Green	Green	Green	Green	Green	Red	Green	Green	Green	Green
Continuous Quantitative Performance Criteria (ceilings)														
Accumulation of external payments arrears	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green
Accumulation of domestic payments arrears	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green
Ceiling on the present value of new external debt contracted or guaranteed by the government	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green
Indicative Targets														
Tax revenue (floor)	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green
Priority social expenditure (floor)	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green

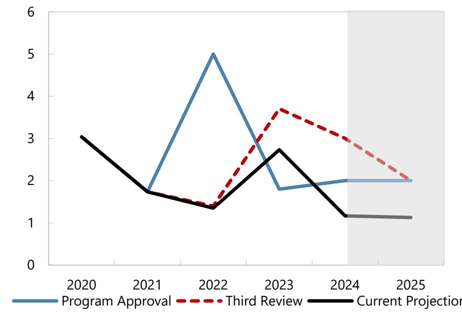
Note: PC = Performance criteria; IT = Indicative Targets; Green = target/criterion met; Orange = missed by less than 10 percent; Red = missed by more than 10 percent.

Figure A.I.1. Macroeconomic Performance Under the EFF/ECF Arrangements (2022-2025)

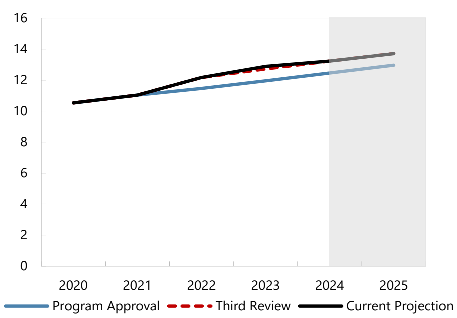
Real GDP Growth
(In percent)



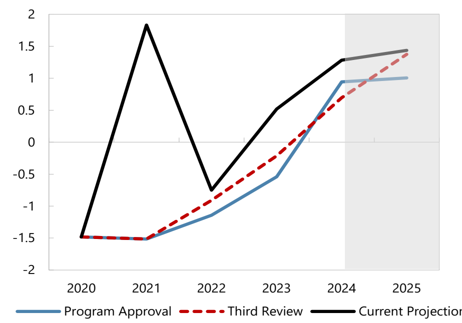
Annual inflation
(In percent)



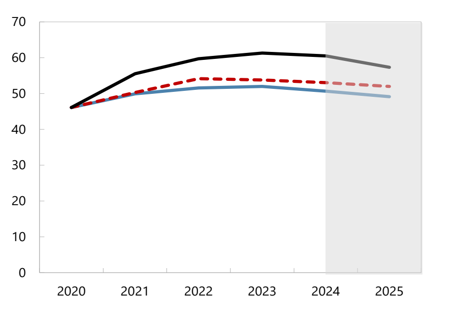
Tax Revenue
(In percent of GDP)



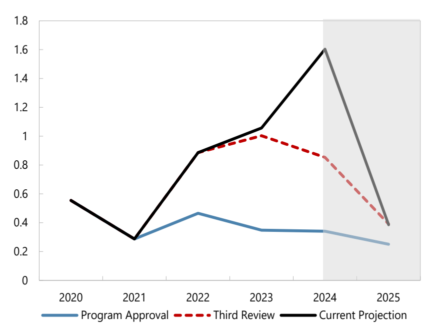
Basic Primary Balance
(In percent of GDP)



Central Government Debt
(In percent of GDP)



Budget Support Loans
(In percent of GDP)



Sources: Beninese authorities; staff estimates.

Note: The upward revision of the basic primary balance in 2021 (before program approval) is due to the reclassification of transferred loans as on-lent loans. Pre-2021 disbursements under those loans served to finance fixed assets which were transferred to SOEs in 2021 along with the associated debt. As part of the reclassification exercise, the increase in nontax revenues in 2021 corresponded to the sale of those fixed assets financed by the government before 2021.

4. Benin has successfully rebuilt fiscal buffers. Domestic revenue mobilization, supported by (i) frontloaded tax policy measures in the first year of the program, (ii) revenue administration initiatives in subsequent years, and (iii) a Medium-Term Revenue Strategy (MTRS) to anchor these efforts, raised Benin's tax-to-GDP ratio by 2.2 ppts of GDP from 2021 to 2024, nearly closing the gap with peer countries (Figure A.I.2a). The improvement in revenues, alongside continued expenditure discipline and proactive debt management, allowed Benin to reduce its fiscal deficit from 7.2 percent of GDP in 2021 to 3.1 percent in 2024, just slightly above the WAEMU deficit target. Consequently, Benin's fiscal position at end-2024 was significantly stronger than in other WAEMU countries and above the low-income country average (Figure A.I.2b).

Figure A.I.2. Fiscal Performance Through the Program

Figure A.I.2a. Tax-to-GDP Ratio
(Percent of GDP)

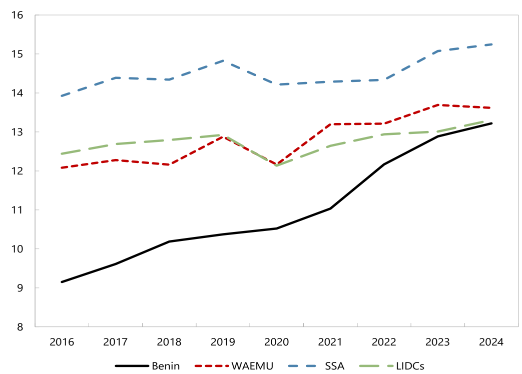
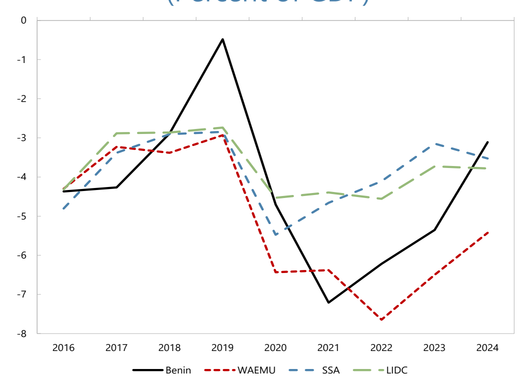


Figure A.I.2b. Overall Fiscal Balance
(Percent of GDP)



Sources: IMF World Economic Outlook (WEO) Database, and IMF staff calculations.
Note: WAEMU = West African Economic and Monetary Union, SSA = Sub-Saharan Africa, LIDCs = Low-Income Developing Countries. Data for country group aggregates are from the October 2025 vintage of the WEO database.

5. Revenue mobilization allowed for an expansion of the social safety net and an improvement in infrastructure quality. Social spending on health, education, and social assistance increased to 23 percent of spending in 2024, up from 20 percent in 2021. The increase in spending supported an expansion of the school feeding program in rural areas, tuition-free education programs, and subsidies on fertilizers to address food security risks. Alongside these, major infrastructure projects under the Government Action Program (PAG) 2021-26 are underway, including the modernization and expansion of the PAC, the development and expansion of the national road network, and the improvement of access to basic services like electricity and water. Collectively, these measures have borne fruit: Benin's performance in indices measuring social inclusion and infrastructure quality has improved markedly in recent years and exceeds that of peer countries (Figures A.I.3a and A.I.3b).

Figure A.I.3. Improved Social Safety Net and Infrastructure Quality

Figure A.I.3a. Policies for Social Inclusion/Equity (Index, 1 = low, 6 = high)

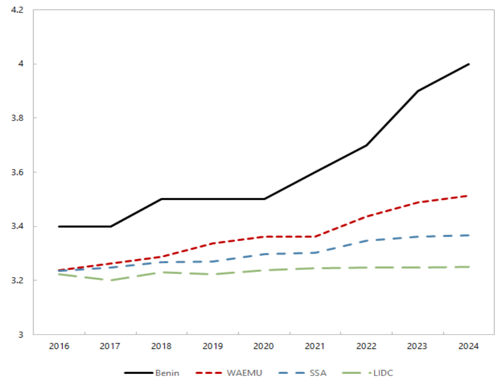
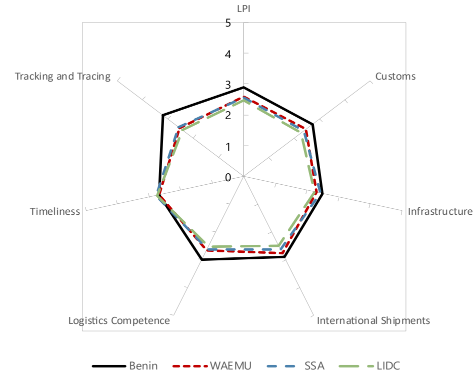


Figure A.I.3b. Logistics Performance Index, 2023 (Index, 1 = low, 5 = high)



Sources: World Bank and IMF staff calculations.
Note: WAEMU = West African Economic and Monetary Union, SSA = Sub-Saharan Africa, LIDCs = Low-Income Developing Countries. In Panel a, the score is the World Bank's Country Policy and Institutional Assessment cluster average for policies for social inclusion/equity. In Panel b, the World Bank's Logistics Performance Index (LPI), displayed at the top, is the weighted average of the country scores on the six key dimensions displayed below the LPI in the chart.

6. **Benin has also made strides in the implementation of other structural reforms**. All structural benchmarks (SBs) out of 23 agreed during the program have been implemented, with only four being implemented with delay. Capacity development from the Fund provided crucial support in areas such as public financial management (Fiscal Transparency Evaluation in 2021, Governance Diagnostic Assessment in 2022, and PIMA update and C-PIMA in 2023). Together with RSF-supported reform measures in the areas of public financial and investment management, fuel, water and electricity tariffs, social protection, and climate finance, these structural reforms have improved governance and the business environment.

7. **Much of this success can be traced to three possible reasons**:

- A clear vision for Benin's development, anchored in the Government Action Programs for 2016-2021 and 2021-26 and reflected in the design of the EFF/ECF arrangements, with full program ownership by the authorities.
- A strong drive for results and effective coordination of program-related issues by the Ministry of Finance.
- Sound policies and policy frameworks with access to international capital markets providing market discipline.

8. **Building on this success, future reform priorities should focus on**: (i) further boosting fiscal revenue mobilization and broadening the tax base through a review of the tax system, including to encourage the formalization of the economy, (ii) strengthening the fiscal policy framework through the reform of the organic law on annual budgets, (iii) improving the governance and transparency of SOEs, and (iv) facilitating private sector's access to financing, including through reforms of the collateral regime, of the credit information system, and of the insolvency regime.

Table A.I.2. Benin: Structural Performance Under the EFF/ECF Arrangements (2022-2025)

1	Adoption by the Council of Ministers of (i) a Ministerial Decree designating the National Committee for the Coordination of Activities in the Area of AML/CFT (CNCA) as the AML/CFT supervisor for designated non-financial businesses and professions (DNFBPs) and setting out its powers and responsibilities to undertake risk-based supervision of the sector in line with FATF Recommendation 28; (ii) Ministerial decree to implement a targeted financial sanctions regime to comply with relevant United Nations Security Council resolutions related to terrorism and terrorism financing and proliferation financing in line with the recommendations (6 and 7) of the FATF and empowering the Consultative Committee on Administrative Freezing (CCGA) to effectively implement this regime.	Governance / AML-CFT	Program approval	June 2022	Met
2	Adopt into law a secondary regulation requiring procurement agencies to collect BO information for companies awarded public procurement contracts above CFAF 10 million.	Governance	Program approval	June 2022	Implemented with delay
3	Finalize the community validations of vulnerable households identified through the first cycle of proxy-mean test surveys (mass registration) in at least 70 of the 77 communes; and publish social registry results at the commune level on an easily accessibly government website.	Social policy	Program approval	July 2022	Implemented with delay
4	Publish on a regular basis the BO information for companies awarded public procurement contracts above CFAF 10 million on an easily accessible government website.	Governance	Program approval	September 2022	Implemented with delay
5	Develop a strategy for rationalizing tax expenditures over 2023–25 (a detailed report on 2021 tax expenditures will be annexed to the draft budget law submitted to Parliament).	Revenue mobilization	Program approval	November 2022	Met
6	Conduct and publish a governance diagnostic.	Governance	Program approval	February 2023	Met
7	Transpose the WAEMU's regional financial inclusion strategy (adopted by the WAEMU Council of Ministers in 2016) at the national level and design a comprehensive financial inclusion strategy for Benin.	Financial inclusion	Program approval	March 2023	Met
8	Develop a medium-term revenue mobilization strategy (MTRS).	Revenue mobilization	Program approval	September 2023	Met
9	Prepare a statement containing a quantitative analysis of fiscal risks in all key areas, including macroeconomic risks, public enterprises, debt management, contingent liabilities, natural disasters, pension and social securities, as part of the 2024 draft budget law documentation.	PFM	Program approval	October 2023	Met
10	Publish all the criteria for the appraisal and selection of major investment projects, along with feasibility studies.	PFM	Program approval	December 2023	Met
11	Submit to parliament a draft law to improve the organization and governance of the school feeding program (PNASI), covering the following aspects: (i) a sustainable financing strategy which includes the sharing of responsibilities between the central government, municipalities, and schools; (ii) a prioritization of coverage of the regions most susceptible to food insecurity risks; (iii) the adaptation and clarification of standards required for the delivery of food products to school canteens in order to promote the participation of local farmers; and (iv) gradually transferring the management of the PNASI to the Beninese authorities through the establishment of the National Institution in charge of school feeding.	Social policy	1st review	April 2023	Met
12	Digitalize the processing of land titles requests, including through designing the land management application (*e-terre*) and developing its functionalities, providing training to ANDF (*Agence Nationale du Domaine et du Foncier)* staff on the use of the new system and embedding data management tools to the new application.	Business climate	1st review	April 2023	Met
13	Operationalize the Commercial Court of Appeal with staffing, funding, and equipment to help fill an important gap in Benin's judicial framework and promote greater transparency.	Governance	2nd review	November2023	Met
14	Operationalize the HCPC (Haut Commissariat à la Prévention de la Corruption) and strengthen its legal framework to ensure its independence and powers, in consultation with IMF staff	Governance	2nd review	June 2024	Met
15	Update the list of bank accounts of public organizations before the end of August 2023 and close at least half of those subject to the obligation to deposit funds in the Treasury and not benefiting from an exemption authorization from the MEF, while repatriating the balances to the public Treasury, no later than the end of June 2024	PFM	2nd review	June 2024	Met
16	Establish a legal framework which requires the collection and verification of beneficial ownership information of landholders at the time of transfer of land and the publication of this beneficial ownership information on a government website	Governance	3rd review	April 2024	Met
17	Establish and operationalize a committee within the audit court to monitor implementation of its audit recommendations	Governance	3rd review	February 2024	Met
18	Extend the online land registry (e-cadaster) to completely cover the city of Cotonou, and systematically update land transactions in the e-cadaster	Business climate	3rd review	April 2025	Met
19	Publish the audit reports of three high-stake public contracts executed during 2022-24.	Governance / Transparency	4th review	June 2025	Met
20	Create and operationalize a single electronic window to promote investment and accelerate export facilitation, including by providing approval under the investment code and export support for small and medium-size enterprises.	Business climate	4th review	February 2025	Met
21	Publish annually the list of companies operating in the industrial zone, specifying the tax regime granted and the related benefits along with the volume of potential investment expected	Governance / Transparency	5th review	April 2025	Met
22	In line with the government's highly social mandate, develop a mapping of social protection programs which identifies the main vulnerabilities addressed by each program, the beneficiaries, quantified coverage gaps, and the policy and financing.	Social policy	5th review	October 2025	Implemented with delay
23	Publish in their respective websites the financial statements for the period 2022 to 2024 of the electricity production and distribution companies (SBPE and SBEE), the water company SONEB, and the Port of Cotonou (PAC).	Governance / Transparency	6th review	October 2025	Met

Annex II. Risk Assessment Matrix[1]

Source of risks	Relative Likelihood/ Time Horizon	Expected Impact if Realized	Recommended Policy Response
External Risks			
Escalating Trade Measures and Prolonged Uncertainty	**High** **Short to Medium Term**	**Medium** Rising trade barriers and prolonged policy uncertainty could reduce trade, investment, and growth. Inflationary pressures may re-emerge. These effects can be amplified by strategic complementarities or bottlenecks in global value chains or inventory overhang.	Build on efforts to enhance regional trade integration to strengthen resilience to shocks and diversify trade partnerships through exports of locally transformed commodities.
Geopolitical tensions	**High** **Short to Medium Term**	**Medium** Intensification of conflicts, coupled with the weakening of multilateralism, may trigger commodity price volatility, increase migration pressures, reignite inflation, and weigh on growth by undermining confidence, investment, tourism, trade, and supply chains.	Strengthen institutions to further accelerate private sector-led growth. Bolster investors' confidence through careful communication on policy actions and gradually rebalance debt profile towards domestic debt to reduce sensitivity to shifts in global risk appetite, as planned in the Medium-Term Debt Strategy.
Decline in International Aid	**High** **Short to Medium Term**	Medium A further sharp reduction in international financial assistance, including development aid and humanitarian support, could severely affect low-income and fragile countries. Such an additional aid withdrawal would strain public finances, worsen current accounts, increase debt vulnerabilities, and lead to a further deterioration in living conditions and food security.	Reduce non-priority spending to preserve fiscal targets, redirect budget expenditures to mitigate impact of declining aid on poor and continue efforts to boost domestic resource mobilization. Reinforce efforts to attract FDI through improvements in the business environment and increased competitiveness and development of the SEZs.
Climate Change.	**Medium** **Medium Term**	**High** Extreme climate events and rising temperatures could cause loss of life, damage to infrastructure, food insecurity, supply disruptions, and heighten economic and financial instability.	Strengthen resilience to climate change and recourse to sustainable agriculture while enhancing private sector participation to climate financing; mitigate the immediate impact on the poor including through targeted transfers and emergency assistance.
Adverse developments in Nigeria	**Medium** **Short to Medium Term**	**Medium** Slowdown in growth in Nigeria, Benin's main trading partner, would have adverse impact on Benin's re-exports, customs revenue, and informal trade.	Move away from the transit-centered "entrepot" growth model and diversify trade partners through domestic transformation of local commodities; improve the business environment to support economic diversification; advance the infrastructure projects to expand the port activity and enhance competitiveness.

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

Domestic Risks			
Social discontent and political instability	**Medium**	**High**	Strengthen social safety nets to mitigate the impact on the poor; enhance the delivery of basic public services; ensure transparency and accountability in public spending and improve the efficiency of public investment.
	Short to Medium Term	Social tensions could increase political polarization, undermine economic activity, disrupt the reform agenda, and exert pressure on the budget.	
Financial sector vulnerabilities	**Medium**	**Medium**	Enhance monitoring of financial sector developments; consult with the WAEMU Banking Commission and communicate with banks on measures needed to ensure a prompt resolution of NPLs and adequate capitalization.
	Short to Medium Term	A surge in non-performing loans could deteriorate confidence and lower capital, affecting banking sector stability and credit to the private sector.	

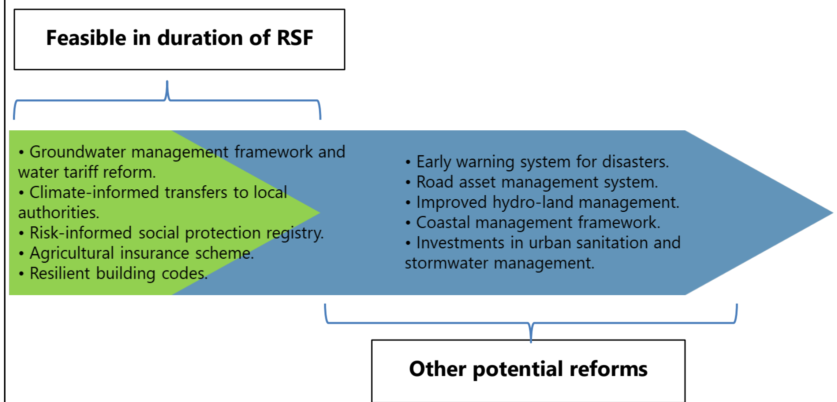
Annex III. Evaluating Progress Towards Reducing Long-Term BOP Risks through the RSF

1. Staff assessed that strengthening Benin's prospective balance of payments stability required making progress on fiscal, financial, and structural policies – including macro-structural reforms in selected specific economic sectors. Reform areas covered by the RSF were centered on four main pillars: (i) mainstreaming climate considerations in policymaking, including public financial management (PFM)/ public investment management (PIM) processes; (ii) enhancing adaptation to climate change, including resilience building at the community level and climate-proof social safety nets; (iii) supporting mitigation efforts through comprehensive energy reforms; and (iv) mobilizing private climate finance via the development of a climate financial information architecture. All reforms were aimed at reducing risks from climate change on longer-term balance of payments stability.

2. The table below provides further details on RSF-supported reforms, and is composed of the following columns: i) the reform area; ii) its status prior to the approval of the RSF arrangement; iii) reforms needed to reduce prospective BOP risks, including both those implemented in the duration of the RSF (green arrow) and additional reforms that may be carried forward subsequently by the authorities and reform partners (blue arrow); iv) the desired long-term (LT) policy outcome; and v) the channels through which the reform measures reduce BOP risks.

3. The relative length of the green arrow compared to the "full set" of reforms provides a proxy of the progress expected directly through RSF-supported reforms. This reflects the authorities' ambition (cognizant of their capacity) under the RSF arrangement as well as limits to the Fund's expertise in certain areas.

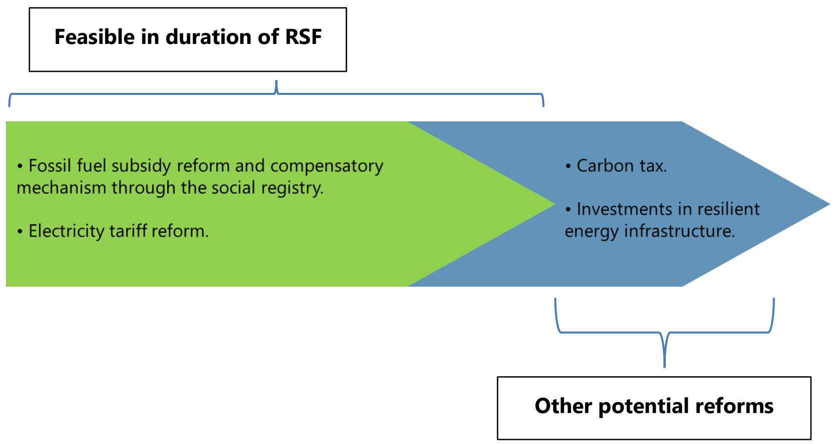
Reform Area	Status quo before RSF arrangement	Main reforms: RSF-supported (green) and beyond RSF horizon or supported by other partners (blue)	Desired LT policy outcome	Prospective BoP Risk Reduction
Mainstreaming the climate agenda in policymaking and PFM / PIM processes	A need to fully incorporate climate considerations into PIM and PFM processes, public private partnership (PPP) & SOE legal frameworks, and public asset management and maintenance policies. Government is relatively unprepared for natural disasters and climate-related expenditure.	**Feasible in duration of RSF** • Climate considerations introduced in PIM and SOE management. • Infrastructure maintenance budgets reformed to consider climate vulnerabilities. • Climate budget brief integrated into the budget process. • Climate-informed PPP framework. • Sectoral strategies reflect climate change objectives. • Climate fiscal risk statement. • Mechanism for budget to respond to materialization of climate risks. **Other potential reforms**	Effective implementation of climate risk-informed public investment, budgeting asset management and maintenance practices. Climate risk incorporated into PPP and SOE legal frameworks. Better climate coverage in sectoral strategies of key sectors of public investment. All climate-related expenditures in the budget are tracked.	*Improved fiscal and external sustainability* Reduces fiscal costs and contingent liability risks when climate risks materialize and the need for external financing. Reduces import demand for reconstruction. *Growth and investment promotion* Increases investor confidence and reduces risks of capital outflows after a climate shock. Facilitates a quick recovery of growth and net exports.

				Enhances financial sustainability of SOEs in the event of climate-related shocks.
Enhancing adaptation to climate change and strengthening populations' resilience	Inefficient management of water resources and prices. Lack of alignment between local investment decisions and national climate strategy. Climate (e.g., flooding) risks not fully incorporated in social protection infrastructure. Agricultural production is vulnerable to climate shocks. Urban planning and construction do not fully take climate considerations into account.		Improved capacity to withstand climate change and related shocks. Ensuring the population's access to sustainable water resources.	*Improved fiscal and external resilience* Enhances public debt sustainability as a result of lower post-disaster reconstruction costs. Limits the fiscal costs from the water sector. Improves the economy's resilience to flood risks and weather-related shocks. Supports agriculture and food security, in turn, reducing dependence on food imports.

<table>
<tr><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td></td><td></td><td></td><td></td><td>Increased productivity, growth, investment, net exports

Improves external investor confidence.

Enhances productivity.</td></tr>
<tr><td>Enhancing energy security</td><td>Energy prices (fuel, electricity) are not fully aligned with cost recovery principles.

The electricity system is over-reliant on expensive and high-emission fuels.</td><td>
</td><td>Reduction in wasteful energy consumption, increased production efficiency.

Shift towards renewable energies, reduced exposure to external commodity-price shocks.</td><td>BOP and fiscal resilience to shocks

Reduces the dependence on expensive energy imports and limits the impact of their volatility on economic activity, inflation and revenues.

Cost recovery would reduce fiscal costs, improve debt sustainability and gradually increase international reserve buffers.</td></tr>
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Mobilizing private climate finance	Limited consideration of climate in financial sector supervision. Under-developed climate financial information architecture.	**Feasible in duration of RSF** • Enhancing climate financial information architecture. • Climate-informed stress-testing. • Integration of climate considerations into the supervisory framework. **Other potential reforms**	Climate-informed investment decisions and financial sector supervision.	*Investment promotion* Clarifying climate-related exposures attracts investments by reducing uncertainty, supporting the BOP. *Financial sector resilience* Reduces financial sector losses when climate risks materialize, lowering recapitalization needs for banks.

Appendix I. Letter of Intent

Cotonou, February 12, 2026

Ms. Kristalina Georgieva
Managing Director
International Monetary Fund
Washington, D.C. 20431
United states

Madam Managing Director:

Benin has made significant progress since the approval in 2022 of its economic and financial program with the IMF under the Extended Fund Facility (EFF) and the Extended Credit Facility (ECF) arrangements. As we conclude the last review, we are pleased with the remarkable performance achieved in implementing the program. The substantial structural reforms that have been undertaken are producing tangible results in many areas. Tax revenue mobilization has been steadily improving, as have been transparency in economic and financial governance, the business climate, financial inclusion, the coverage of social safety nets, and macroeconomic and fiscal management. We have respected all quantitative targets at end-June 2025 and implemented all structural measures agreed with IMF staff.

We have also successfully implemented our climate reform program supported by the Resilience and Sustainability Facility (RSF). Through this program, we have put in place ambitious and robust reform measures which incorporate climate action into the budget management process, strengthen adaptation to climate change, and support mitigation efforts. We are steadfastly pursuing efforts to mobilize climate financing through, among other things, the monetization of carbon credits. We intend to maximize the benefits of the catalytic role of the RSF, with the financial commitments made by our partners at COP 29 and endorsed in the Memorandum of Understanding signed during the 2025 Spring Meetings of the International Monetary Fund and the World Bank Group.

Despite the shocks and global uncertainty, the strong growth momentum recorded in 2024 continued in 2025, with GDP growth of 7.5 percent year-on-year in the first half of the year, supported by agriculture, trade, and infrastructure. Our current account deficit has narrowed since 2023, with encouraging prospects for exports related to the resumption of oil production in 2026 and the increasing transformation of local commodities into higher value-added exports.

A major effort to consolidate public finances enabled us to reduce our fiscal deficit to 3.1 percent of GDP in 2024. The budget law for the 2026 fiscal year, approved by Parliament in December 2025, calls for maintaining this deficit below 3 percent of GDP, in accordance with the WAEMU norm. Consolidation continues to be driven by tax revenue mobilization, guided by our medium-term revenue mobilization strategy. At the same time, we remain committed to our strategy to rationalize current expenditures and creating budgetary space for public investment, while increasing priority social spending.

We have made significant progress in implementing structural reforms. In terms of social protection, we recently developed and published a mapping of social protection programs in order to optimize resource planning, enhance the consistency and integration of interventions, and guide the national social protection policy towards greater efficiency and inclusion. In line with our policy of steadily improving fiscal governance and transparency, we have strengthened the e-procurement process, conducted and published audits for several important public procurements, and published the financial statements of SONEB, SBEE, SBPE, and PAC for 2022 through 2024 in accordance with the law on state-owned enterprises (SOEs). We are committed to continuing to implement the reforms required for better monitoring of SOEs and public agencies.

With a view to strengthening the alignment of our debt statistics with international standards, we have decided to apply, starting in 2026, the internationally accepted methodology for the treatment of on-lent loans to loans transferred to public enterprises, which are responsible for servicing them. Accordingly, debt transferred to public enterprises is reclassified as part of the stock of central government debt. Consequently, and in order to ensure the consistency of the data series, we have revised our fiscal and public debt statistics for the period 2021–2024. The revised data were transmitted to IMF staff, as well as an audit report that we requested from the Supreme Audit Institution, prior to consideration of the review by the IMF Executive Board. We commit that the revised debt data fully and accurately reflect the debt of the central government as defined in paragraph 4 of the Technical Memorandum of Understanding (TMU, Attachment II). In addition, we are currently undertaking work that will lead to a revision of our legal framework for public debt management, with a view to making it legally possible to apply the methodology for the treatment of on-lent loans to loans transferred to public enterprises.

As part of the program supported by the RSF, we have carried out the remaining reform measures expected at the end of the last review. In particular, we have: (i) developed and finalized a methodology to integrate climate vulnerabilities into the maintenance policy for essential public infrastructure; (ii) adopted a decree institutionalizing the consideration of climate issues in the annual report on SOEs, which we subsequently published; (iii) reorganized the water sector and institutionalized an urban water pricing mechanism to ensure the financial sustainability of SOEs in the sector; (iv) identified areas with a high risk of flooding, in order to better assess geographical vulnerabilities and integrated this information into the single social registry (RSU); (v) adopted a decree to establish a national index-based agricultural insurance scheme covering the main climate risks—drought, heat waves, and floods; and (vi) developed a climate-related taxonomy and a mechanism for collecting and disseminating climate data to facilitate the mobilization of private climate financing.

The government is confident that the measures and policies set forth in the Memorandum of Economic and Financial Policies (MEFP), Attachment I, will contribute to strengthening the program's performance. It will take all appropriate additional measures if necessary. We will implement the commitments set forth in the MEFP and agree to provide the IMF with any information required for the February 25 evaluation of the program which ends on February 28, as provided in the TMU.

In view of the program's implementation to date, as well as the commitments set out in the MEFP, the government is requesting: (i) the conclusion of the seventh review under the Extended Fund Facility and the Extended Credit Facility and the disbursement of SDR 26.458 million (or

21.37 percent of Benin's quota), of which SDR 8.849 million under the ECF and SDR 17.609 million under the EFF; and (ii) the conclusion of the fourth review of the Resilience and Sustainability Facility (RSF) and the disbursement of SDR 59.424 million (48 percent of Benin's quota) following the implementation of reform measures 2, 3, 6, 8, 9, and 15.

To implement these priorities and support its credibility in the eyes of the international community and our people, the government intends to maintain a productive relationship with its development partners and with various stakeholders. To this end, we will remain closely engaged with the IMF to support, among others, our strategy to promote growth through investment in human capital and infrastructure.

In keeping with the government's objective of promoting transparency, we consent to the publication of this letter, its attachments and the staff report associated with our request for support.

Please accept, Madam Managing Director, the assurances of my highest consideration.

/S/
Romuald Wadagni
Minister of State, Minister of Economy and Finance

Attachments (2):
1. Memorandum of Economic and Financial Policies (MEFP)
2. Technical Memorandum of Understanding (TMU)

Attachment I. Memorandum of Economic and Financial Policies (MEFP)

Context

1. Our rigorous approach to macroeconomic and fiscal management, combined with our ongoing commitment to transformational reforms since 2016, has provided us with important levers for dealing with the repeated shocks that have hit the entire world since 2020 and for strengthening our socioeconomic resilience. Our achievements in terms of budgetary discipline, which are being consolidated every year, enabled us to instill, starting in 2020, at the onset of the COVID-19 crisis, a countercyclical stance on our fiscal policy, which is still anchored on transparency and performance-based management. The pursuit of our fiscal consolidation policy enabled us to achieve an overall budget deficit of 3.1 percent of gross domestic product (GDP) in 2024.

2. The Beninese economy has proven very resilient, with robust growth over the years despite multiple shocks related to, inter alia, COVID-19, the Russia-Ukraine war, the community decision to close the ECOWAS borders with Niger (following a coup d'état in that country on July 26, 2023), and the depreciation of the Nigerian currency. GDP growth reached 7.5 percent in 2024, up from 6.4 percent in 2023 and 6.3 percent in 2022, and the growth momentum has continued in 2025

3. Our economic and financial program (2022-2025), supported by the International Monetary Fund under the Extended Fund Facility (EFF), the Extended Credit Facility (ECF), and the Resilience and Sustainability Facility (RSF), has delivered solid results since its implementation. The transformative reforms implemented so far are producing tangible results in a number of areas, including tax revenue mobilization, governance and transparency, the business climate, financial inclusion, social safety nets, and macroeconomic and fiscal management. All quantitative performance criteria have been met and all structural benchmarks under the EFF/ECF program have also been implemented. Under the last review of the EFF/ECF program, we met all quantitative targets at end-June 2025 and also implemented all the reforms agreed for the period under review under structural benchmarks. Similarly, we have resolutely made progress on our climate agenda by completing the 15 reform measures agreed under the RSF arrangement approved by the IMF Executive Board at the end of 2023. In particular, we have implemented ambitious reform measures to: (i) incorporate climate action into the budget process and the framework of public financial management and public investment; (ii) strengthen adaptation to climate change and the resilience of the population; (iii) support mitigation efforts; and (iv) mobilize private climate finance. All six reform measures expected for the 4th RSF review have been implemented. We are currently leveraging the catalytic dimension of this program to strengthen dialogue with technical and financial partners to mobilize additional climate financing. A related memorandum of understanding was signed by Benin and several technical and financial partners during the 2025 Spring Meetings of the International Monetary Fund and the World Bank Group. RSF reform efforts recently led us to officially join the EU's International Platform on Sustainable Finance.

4. Importantly, the catalytic effect of Fund support continues to materialize in mobilizing concessional financing. At end-December 2024, budget support was more than 20 percent above the forecasts revised during the fifth program review. In addition, our sovereign credit rating performance is improving at the same time as our presence in the international financial sphere is strengthening. Our recent accession to the European Bank for Reconstruction and Development (EBRD) is a case in point.

Recent Economic Developments and Outlook

5. Overall, the Beninese economy has shown strong resilience to multiple shocks:

- Economic growth in the first half of 2025 was 7.5 percent (year-on-year), driven by agriculture, trade, and construction.
- Inflation remains contained at 1.1 percent on average in 2025, down from an annual average of 1.2 percent in 2024, as lower prices for restaurants, accommodation, and communication services offset the increase in food prices.
- Data for 2024 show a reduction in the current account deficit to 6.2 percent of GDP compared to 2023 (8.2 percent), thanks to the reduction in the deficit in services relative to GDP and lower imports of capital goods following the operationalization of the Glo-Djigbé industrial zone.

6. **The medium-term economic outlook remains promising.** Economic growth is projected to remain sustained in 2026, driven mainly by the development of the Port of Cotonou, further strengthening of the industrial sector, agriculture, the major infrastructure projects of the PAG 2021–2026, and the continued improvement of the business climate.

7. **Risks to the economic outlook:** The economic outlook continues to face downside risks, including:

- *Downside:*
  - An escalation of trade measures combined with a deterioration of the regional security situation could lead to lower external demand, reducing trade through the PAC.
  - Uncertainty ahead of the 2026 elections may weigh on investment.
  - Risks linked to climate change, through among other factors the recurrence of floods, pockets of droughts, and the uneven distribution of rainfall, could affect the performance of the agricultural sector and compromise growth forecasts.
- *Upside*:
  - The successful continuation of the recent operationalization of the Niger-Benin oil pipeline has potential to generate economic benefits in terms of value added and fiscal revenues.
  - Acceleration of the development of economic zones, in this case the Glo-Djigbé industrial zone (GDIZ), and a sustained expansion of the Port of Cotonou, as well as the reinforcement of the economic base through the entry into production of major market infrastructures could further stimulate FDI and create jobs.
  - Continued strengthening of economic ties with Nigeria, supported by the recently concluded Joint Trade Framework, would support potential growth.

- The start of oil production in Sèmè-Kpodji represents an upside risk to growth.

Continuing rebuilding fiscal buffers

2025 Budget Execution

8. We met all our fiscal and debt targets at end-June and end-September 2025. The QPCs on the basic primary balance and net domestic financing as well as the ceiling on new external debt contracts were all met with comfortable margins (see Table 1). At end-June, we achieved a basic primary balance of CFAF 123.4 billion (or 0.9 percent of GDP), comfortably above the program target of CFAF 82.7 billion (0.6 percent of GDP). At end-June 2025, we collected CFAF 935.5 billion in tax revenue, slightly above our indicative target, driven by robust economic activity and the effectiveness of various tax administration measures such as increased application of transaction value at customs, and measures to digitalize tax revenue collection. Expenditure remained contained and in line with our projections. Despite the acceleration in current spending, due in part to the increase in election-related and transfers, capital spending was reprioritized to maintain the expenditure envelope in line with program targets. Transfers increased partly due to the continued growth in priority social spending, which came in at CFAF 63.6 billion against a target of CFAF 58.8 billion (indicative target).

Staying the Course in 2026 and the Medium Term

9. We are committed to holding the course on public financial management in line with WAEMU convergence criteria. The budget law for 2026 targets a further reduction of the fiscal deficit (by 0.2 percentage point) to 2.7 percent of GDP in 2026. Revenues are expected to continue to grow relative to 2025 levels (+0.5 percentage point of GDP at least), supported by continued tax mobilization efforts with the full implementation of previously enacted revenue measures. We will pursue our efforts to rationalize certain current expenditures and will continue to rigorously monitor the evolution of public investment expenditures, with a view to achieving our objective of maintaining fiscal consolidation, even as we aim to increase capital expenditures in 2026 to support development needs. Over the medium term, we also remain committed to pursuing sound fiscal management in line with the WAEMU convergence criteria, supported by domestic revenue mobilization efforts and improving expenditure efficiency.

Strengthening Domestic Revenue Mobilization and Public Spending Efficiency While Protecting Priority Social Spending for Inclusive Growth

10. Tax revenue mobilization, which is the backbone of the 2022-2025 EFF/ECF program, remains a key focus of government action. Despite a remarkable mobilization effort (increase of 2.2 percentage points of GDP) between 2021 and 2024, aided by the implementation of ambitious reforms under the EFF/ECF program, the level of tax revenues must continue to increase – through expansion of the tax base and strengthening of tax management – to finance socioeconomic development in a sustainable manner.

- **Improving domestic revenue mobilization remains a key pillar of our fiscal reform program**, with the Medium-Term Revenue Mobilization Strategy (MTRS) as our reference framework. The implementation of the MTRS has already helped increase tax revenues and will continue to serve as a benchmark for future reforms. The process of digitizing public services that we have begun and the continued implementation of tax policy measures enacted earlier in the program continue to improve revenue collection through the gradual expansion of the tax base.

- **We continue to pursue the rationalization of tax expenditures.** After the significant progress already made in streamlining tax expenditures, particularly the VAT on the operations of certain public services, the tax on wages and salaries, and the tax on motor vehicles for public establishments, we will continue this effort in accordance with our strategy to rationalize tax expenditures drawn up with the support of the IMF.

11. Strengthening social policies, while maintaining the effectiveness of public spending, remains a priority:

- **Revenue mobilization has allowed for the strengthening of the social safety net in 2025 (paragraph 18).** Social spending, which has increased sharply in recent years, stood at 41.5 percent of the general budget in 2025 and was raised to 42 percent in the 2026 budget law, thanks to the strengthening of government interventions in the fields of education, health, and social assistance.
- **At the same time, we will continue to maintain discipline in operating expenditures and public investments.** The measures underlying the control of operating expenditure include: the signing of a framework agreement for the acquisition of IT equipment from manufacturers, the reduction of building leases due to the commissioning of the administrative sites since 2025, and the introduction of inventory accounting for rigorous monitoring of acquisitions. The review of expenditure under the 2025 budget law made it possible to identify savings, making it possible to stabilize current expenditure despite the change in financial expenses due to the mobilization of international financing resources at the beginning of the year. Should further adjustment be required, priority social spending will be protected.

12. Our fiscal targets remain consistent with our macroeconomic projections and we are confident that they are reasonable and achievable. While the 2026 budget law does not contain new tax measures, we are convinced that the tax reforms of recent years are yet to bear their full impact. The comprehensive review of the General Tax Code three years ago has made it possible to insert important tax policy measures into the tax reference system that are gradually coming into full effect.

13. Contingency measures. We have a number of instruments at our disposal to deal with unforeseen shocks: trust account (prevention and management of disasters), national disaster response fund (FONCAT), endowment for accidental and unforeseen expenses, etc. Should revenue collections fall short of forecasts, we will use expenditure control measures provided for in the Organic Budget Law and the annual budget law to maintain the fiscal deficit on track.

Rebalancing the Public Debt Portfolio Toward Domestic Debt While Prioritizing Sustainable Financing Mobilization

14. Our achievements in fiscal discipline and a proactive policy of management have enabled us to stabilize the debt trajectory in the wake of several major adverse exogenous shocks. Thanks to fiscal consolidation, combined with liability management operations carried out in 2024 and 2025, we have initiated a decline in the debt ratio since 2024. The adoption in September 2020 of the law establishing the creation, organization, and operation of public enterprises in the Republic of Benin made it possible, in October 2021, to put in place a legal framework defining the rules and procedures for the transfer of debts contracted by the government on behalf of public enterprises. For reasons of international comparability, particularly with regard to the presentation of public finance statistics and debt indicators, we decided to apply, as from 2026, the internationally accepted methodology for the statistical treatment of on-lent loans to transferred loans. With the reclassification exercise inherent in this decision, public debt would reach 60.5 percent of GDP in 2024. The government will accordingly revise the legal framework for debt management in order to make the application of the methodology for the treatment of on-lent loans to loans transferred to public enterprises legally possible, and will continue its efforts toward the continuous improvement of public financial governance and the proper reporting of public enterprise debt.

15. The medium-term debt strategy (2024-2026) favors prudent borrowing and proactive debt management to keep the risk of debt distress moderate. Over the coming years, depending on market conditions, our financing strategy will aim to gradually reduce our dependence on external financing by mobilizing more on the regional domestic market and by giving preference to government securities with long maturities, with a view to containing refinancing risk at a prudent level. For external financing, we will continue to give priority to concessional loans, in particular budgetary support, semi-concessional and commercial loans in euros at fixed interest rates, to meet our financing needs. As part of the government's strategy to combat climate change, particular attention will be given to the mobilization of sustainable borrowing and borrowing on good terms. As part of our proactive debt management, we conducted a €500-million international loan operation covered by a partial guarantee provided by the International Development Association (IDA) and used €250 million of the loan to buy back the 2030-32 Eurobond. The operation had a positive impact on our debt, in particular by generating a saving in net present value terms without deteriorating our debt profile. We carried out the operation in consultation with IMF staff. We also repaid maturing domestic debt with short-term maturities and comparable interest rates with the remainder of the commercial loan, which possesses a 16-year maturity period.

16. We will continue to strengthen the technical and operational framework for the Treasury single account (TSA). There are currently 1,511 bank accounts held by public entities, of which 1,402 have no additional authorization from the Ministry of Economy and Finance. In response to the closure of accounts, some coordinators of co-financed investment projects, whose accounts are targeted for closure, reported that the financing agreements for their projects had explicitly included provisions granting the right to open dedicated accounts in secondary banks.

Thus, the number of accounts to be closed is revised to 1298. By end-September 2025, we had already closed 78.58 percent of public bank accounts held at commercial banks and repatriated balances to the TSA. The closing of accounts will continue, through a limitation of debit transactions on accounts that have not yet been closed.

Promoting policies to foster sustainable inclusive growth and safeguard macroeconomic gains

Strengthening Social Safety Nets

17. We remain committed to strengthening social policies to accelerate progress toward the Sustainable Development Goals (SDGs) and close social gaps. The Single Social Register (RSU), our reference tool for managing social interventions, will continue to be our preferred instrument for conducting social protection programs. We are committed to expanding its coverage to maximize its usefulness and have launched a process to update the beneficiary list. The targeting of the beneficiary populations of social policy actions, through the Single Social Register, provides an enormous opportunity for action to reduce social inequalities. In line with our 2026 budget law, we will step up the implementation of social interventions in favor of the most vulnerable groups in 2026, including in the priority areas below:

- **In the health sector:** we will continue to implement all measures in progress to facilitate access to care with modernized technical platforms. In addition, the policy of exemption from customs duties and taxes and value added tax (VAT) on dialysis kits will continue to be in effect, facilitating access to care for vulnerable persons (reduction in the cost of inputs for dialysis care). Vulnerabilities will continue to be monitored for subsequent strengthening of government interventions. For example, the government has redirected certain budget expenditure lines toward paying the salaries of community contacts in some local governments, replacing the recently suspended USAID funding.

- **In the education sector:** we remain committed to the full extension of the National Integrated School Feeding Program (PNASI) for the 2025-2026 school year. The resources allocated in the budget law for 2026 will be made available for effective coverage of all public primary schools in rural and urban areas. In addition, the acceleration of the education and well-being of young girls is the subject of advanced discussions with technical and financial partners. A plan for structuring a new financing program based on the reduction of gender-based inequalities is being prepared. In addition, a policy to improve the pupil-teacher ratio remains a priority area of action, with a view to ensuring better supervision of children.

- **Social protection:** As a vehicle for our holistic social policy, we designed and launched the implementation of the Insurance to Build Human Capital (ARCH) program. The training component of the program is aimed mainly at artisans in the informal sector. After working to establish a database of 1,720 artisan trainers in 2023, an extensive training program for craftsmen in areas identified as being in great need is being deployed. As of today, more than 7,000 artisans and trainers, working in over 20 trades, have been trained with the support of international trade experts. All trades are being progressively covered, taking into account the existing network of training centers. In addition, the productive social safety net program (GBESSOKÉ), which includes initiatives including cash transfers totaling CFA 190,000 for extreme poor households, was launched in 2025 with more than 20,000 households receiving a first disbursement in 12 piloted communes. Ultimately, the project aims to support 150,000 households in extreme poverty (nearly one million people), through regular cash transfers and support for revenue-generated activities amid other supporting measures such as the expansion of Single Window for Social Services Centers from 85 to 120 and the provision of credit through the ALAFIA microcredit program. Similarly, the Compulsory Health Insurance (AMO), instituted by the Government through Decree No. 2023-327 of June 21, 2023, will be implemented at the end of this year.

18. Social protection program mapping: In keeping with our "highly social" mandate, we have prepared and published on the website of the Ministry of Social Affairs and Microfinance the report on the mapping of existing social protection programs (***structural benchmark for end-October 2025***). This report identifies for each program the key vulnerabilities covered, the beneficiaries concerned, as well as the coverage gaps and financing sources. It also highlights possible overlaps between the different schemes. This analysis is a valuable tool for optimizing the planning of resources, strengthening the consistency and integration of interventions, and steering the national social protection policy towards greater efficiency and inclusion.

Accelerating Structural Reforms

19. We will continue to accelerate reforms to modernize land administration. As part of the implementation of the land reform, we expanded the online cadaster (e-cadaster) to completely cover the city of Cotonou and we plan to systematically update land transactions in the e-cadaster (***structural benchmark for end-April 2025***). We plan to maintain this dynamic of transparent and sustainable land management, which is essential for socioeconomic development. We will expand the online cadaster to ensure coverage of the municipalities of Parakou and Porto-Novo by the end of 2026.

20. We see industrialization through SEZs as a key element of our economic transformation. The structural transformation of the economy, which has been one of the pillars of public action since 2016, is based on strengthening the industrial fabric. The investment attractiveness policy, built around the development of industrial zones, is designed to give new impetus to the promotion of industrial development. Building on the success of the Glo-Djigbé industrial zone (GDIZ), this year we established the Sèmè-Podji and Kétou industrial zones, with the aim of further boosting our industrial sector. As part of our ongoing commitment to ensure transparency and optimize tax expenditures, we update the list of companies operating in the Glo-Djigbé industrial zone every year. The first list, published in April 2025, provides details for each company of the applicable investment regime and the nature of the advantages granted (***structural benchmark April 2025***). In addition, we are implementing measures to boost investment and encourage exports by SMEs. To this end, the electronic one-stop shop, which we created and launched in March 2025, considerably simplifies the investment procedures and facilitates exports by these enterprises, in particular by issuing authorizations under the investment code and by providing specific support to SMEs (***structural benchmark for February 2025***). An information campaign was conducted in the first half of the year to raise awareness among stakeholders about access to online services.

Improving Governance, Transparency, Rule of Law and AML/CFT Framework

21. We have updated our action plan for implementing the recommendations of the governance diagnostic report. The 21 reform measures identified are regularly monitored. The reforms already implemented include the launching of the Office of the High Commission for the Prevention of Corruption (*Haut-Commissariat à la prévention de la corruption* – HCPC), the launching of the Commercial Court of Appeal and the Speciali Land Court (*Cour Spéciale des Affaires Foncières*), improved transparency regarding land ownership rights and companies, and revisions to the Penal Procedure Code and the law on the declaration of assets in order to strengthen the prevention and fight against corruption through an appropriate legal framework. Significant progress has also been made in implementing several other recommendations, including: (i) integrating the automation of revenue collection procedures into a comprehensive anti-corruption approach (extension of SIGIBe to all large and medium-sized companies, online filing of financial statements, etc.); (ii) improved management of tax and customs risk in the face of specific vulnerabilities in the Beninese economy (implementation of a joint approach to tax risk, appropriate use of tax and customs intelligence, etc.).

22. We will continue to improve the legal and institutional anti-corruption framework in Benin. To this end, we have submitted to Parliament a revision of Law 2020-09 of April 23, 2020 on the HCPC with a view to providing a legislative basis to the High Commissioner selection procedures, based on pre-established and publicly available criteria, and to the High Commissioner's dismissal and suspension procedures indicating the specific grounds that may lead to removal and suspension. The HCPC strategic objectives will be published, after they have been finalized, and their implementation will be monitored. In addition, with a view to strengthening the prevention and fight against corruption in Benin, we revised the Criminal Procedural Code in July 2025 to facilitate the prosecution of all crimes. Provisions relating to the criminalization of acts of corruption in accordance with the United Nations Convention against Corruption are contained in the penal code, and the related offenses fall under the jurisdiction of the CRIET (Court for the Repression of Economic Offences and Terrorism).

23. We will continue reforms to improve fiscal transparency. We are striving to complete the process to enable the transition to e-procurement by early 2026. Major progress was seen with the adoption by the Council of Ministers on Wednesday, April 9, 2025 of the implementing decree of the Public Procurement Code to govern the electronic public procurement procedure. In addition, we commit to conduct periodic audits of high-stakes public contracts with the support of independent auditors and to publish the reports on a government website. In particular, we have already finalized an independent audit of at least three high-stakes government contracts executed between 2022 and 2024, the audit reports for which were published at end-June 2025 on the website of the Public Contracts Regulatory Authority ***(structural benchmark for end-June 2025).*** We are also determined to improve the information available on State-owned enterprises through the systematic publication of audited financial statements as provided by Law 2020-20. In this context, we have already published, in June 2025, the financial statements of SONEB, SBEE, SBPE, and PAC for the period from 2022 to 2024 (***structural benchmark for end-October 2025***). We commit to improving the reporting of SOEs' debt.

24. We are continuing our efforts to improve the AML/CFT framework based on the recommendations of the mutual evaluation report carried out in 2021. Significant actions are being taken in line with the implementation of recommendations from the 2021 mutual evaluation report. These include the enactment of the AML/CFT and proliferation of weapons of mass destruction (WMD) law, as well as the preparation of sectoral assessments of money laundering and terrorism financing risks. To reduce the money laundering risks identified in the real estate sector, we implemented in April 2024 a legal framework requiring the collection, verification and publication of beneficial ownership information at the time of land transfer. A plan has been put in place to strengthen oversight in the real estate sector, and work is ongoing to develop specific monitoring actions for other sectors. Moreover, the real estate control and supervision unit set up at the National Land and Land Agency (ANDF) is already operational and conducted three training sessions for real estate agents in Cotonou, Ouidah, and Porto-Novo in February 2025.

Remaining Vigilant Against Heightened Financial Sector Risk Exposure

25. We continue to prudently manage potential risks stemming from increased government participation in the financial sector. The role of the public financial sector has significantly increased in recent years with the creation in 2020 of the Caisse des Dépôts et Consignations (CDCB) and the state-owned bank BIIC, which became the top financial institutions in Benin in terms of financial assets. While we appreciate their important contribution to the diversification of sources of financing for public and private projects, we pledge to exercise greater vigilance in monitoring them in order to prevent any financial risks, despite the strength of their financial stability indicators. A major shift is underway in this direction with the effective listing of BIIC's shares on the stock exchange, through an operation that ended with excellent results.

26. The government has adopted a proactive approach to Société Générale's overall strategy to divest from Africa. "Société Générale Bénin" is a public limited company under Beninese law, 94.10% owned by the Societe Generale Group. However, as part of its overall strategy to divest from certain activities (Switzerland, UK) and from the African continent, Societe Generale Group has decided to withdraw from Benin (as is already the case in several countries in the region). Given the assets that the company represents and the bank's growth dynamics, the sale of Societe Generale Benin attracted strong interest from several international players. In this context, the State has decided to exercise a right of pre-emption to ensure a smooth transition with the aim of privatizing it subsequently in the dynamics of strengthening the soundness of the West African financial center. The operation is envisaged to be carried out by the CDCB, which will remove the bank from its assets as soon as a buyer capable of contributing to the development of the local financial center has been identified. The acquisition process is ongoing. Pending the identification of a buyer, the CDCB will ensure that the bank remains profitable, liquid, and well capitalized.

Safeguarding Macro Gains

27. Our sound macroeconomic management in recent years has yielded tangible gains that deserve to be preserved. Our commitment to the structural transformation of the economy is accompanied by a strategy to improve transparency in all areas of public management. For that purpose, an annual action plan is set up to anchor budget openness and civil society involvement in the budget law preparation and execution process. We have made considerable progress in fiscal transparency, ranking first among all French-speaking countries worldwide, according to the results of the 2023 evaluation of the Open Budget Survey. Our efforts in recent years to develop the digitization of procedures, including the tax system, have indeed reduced the scope for fraud and tax evasion. To consolidate the progress made through the reforms we are implementing, it is essential to strengthen the participation of our communities in their implementation, in order to promote their support and ensure sustainable ownership of the changes underway.

28. Benin has fully implemented the WAEMU harmonized public financial management framework of 2009, in this case the reforms inherent in the Directive on the Budget Law. Organic Law No. 2013-14 of September 27, 2013, which enshrined the internalization of this directive in the legal framework for public financial management in Benin, introduced a number of innovations in public finance governance. Benin transitioned to program budget management effective January 1, 2022. The process of revising the Organic Law on Budget Laws (LOLF) is continuing, with work internal to administrations that practiced the 2013 LOLF, with a view to documenting the points on which the provisions of the law need to be adjusted. The revision of the LOLF will make it possible, among other things, to provide a legal basis for all innovations initiated by Benin in the area of public financial management alongside the implementation of the reform.

Building resilience to climate change and catalyzing green finance.

29. With the support of our development partners, we have made significant progress in implementing our climate reform program as part of the program supported by the Resilience and Sustainability Facility (Table 3): Among the recent advances, we have: (i) integrated climate considerations into public investment management and public financial management processes, the latter through the introduction of climate budget tagging (RMs 1 and 4); (ii) advanced efforts to adapt to climate change by adopting regulations for water resources monitoring, building codes, and renewable energies (RMs 5, 10, 14); and (iii) reformed fossil fuel subsidies while protecting vulnerable groups (RMs 11 and 12) and revised electricity tariff regulations to ensure the financial viability of public electricity utilities (RM13). All these actions strengthen our resilience to climate shocks, helping to reduce fiscal and balance of payments risks. We have implemented the remaining 6 reform measures expected for this last review.

- ***Maintenance of public infrastructure.*** With technical support from the IMF's Fiscal Affairs Department (FAD), a methodology dedicated to the integration of climate vulnerabilities into the maintenance policy for critical infrastructure was developed and finalized. This framework was piloted in three ministries and at the Société des Infrastructures Routières et de l'Aménagement du Territoire (SIRAT), each of which has drafted notes detailing their implementation of the methodology and related budgetary needs for 2026. Consequently, the appropriations for the maintenance of nonfinancial assets, provided for in the adopted 2026 budget and in SIRAT's budget for the financial year 2026, have been distributed according to this new maintenance policy, thus ensuring that climate issues are better taken into account in infrastructure management **(*RSF reform measure 2 for end-October 2025*)**.

- ***State-owned* enterprises**. Decree 2025-424, adopted by the Council of Ministers on 23 July 2025, institutionalizes the consideration of climate issues in the annual report on state-owned enterprises (SOEs). This decree requires that the SOE report include an assessment of the contribution of SOE strategies to climate change adaptation and mitigation actions, as well as an analysis of the climate risks to which they are exposed. The first report incorporating these provisions was published simultaneously with the annexes to the 2026 draft budget law **(*RSF reform measure 3 for end-October 2025*).**

- ***Urban water pricing:*** We have institutionalized an urban water pricing mechanism, accompanied by a reorganization of the sector to ensure its sustainable financial viability. In this context, the Société Nationale des Eaux du Bénin (SONEB) is undergoing restructuring, resulting in the creation of two separate entities: a reorganized SONEB, which is responsible for water distribution, and the Société Béninoise des Infrastructures de l'Eau (SoBIE), created in 2024 and responsible for water infrastructure management. In October 2025, we adopted an interministerial decree defining the urban water pricing mechanism in line with international standards. The decree specifies that revised tariffs, updated and ratified by the government in 2024, will come into effect in 2026, as soon as the offer and quality of service have been improved. An additional tariff revision is planned in 2027, following the completion of the restructuring of the sector, in order to reflect in the prices of the cost of capital borne by SoBIE. The new fee structure will take into account the distributional effects on households. Subsequently, tariffs will be adjusted periodically based on updated infrastructure cost projections and based on audited financial statements of SoBIE and SONEB, ensuring the financial sustainability of both companies. (***RSF reform measure 6 for end-November 2025***).

- ***Social protection.*** We have identified areas with a high risk of flooding, in order to better anticipate the vulnerabilities of the territory. The data from this mapping was incorporated into the RSU. **(*RSF reform measure 8 for end-October 2025*).**

- ***Agriculture.*** A pilot agricultural insurance project to support 100,000 rice, cotton, and livestock farmers was officially launched by the Ministry of Agriculture for 2024/25. With support from the government and its development partners, 80 percent of the premiums are subsidized and the rest is borne by farmers. Building on this first trial, a decree has been adopted to establish a national index-based agricultural insurance scheme covering the main climate risks—drought, heatwaves, and floods **(*RSF reform measure 9 for end-October 2025*).** The program will be managed by the National Agricultural Development Fund (FNDA).

- ***Green taxonomy and associated climate data collection and dissemination mechanism***. With technical support from the IMF's Capital Market Department (MCM), we have developed a climate transition taxonomy using a structured framework, involving the Ministry of Economy and Finance as well as various other ministries and agencies. This mechanism is designed to comply with international standards and to be part of Benin's current institutional coordination with regard to climate. The collection and dissemination of climate data will be ensured by the INStaD through a dedicated mechanism. We have finalized the structure, methodology, and governance of the taxonomy, as well as specific criteria for the priority sectors of energy, agriculture, waste management, and forestry. A joint roadmap will specify the steps to define criteria for other priority sectors and will include an adaptation component based on the level of exposure of the sectors to physical risks. This work was approved by executive orders on January 29, 2026 **(*RSF reform measure 15 for end-November 2025*).** We are determined to gradually extend the taxonomy to other sectors within the next 18 months.

30. We are continuing our efforts to mobilize climate finance under the RSF, including from development partners and the private sector. In constant consultation with the technical and financial partners, we are relying on the sharing of the results of the work carried out during CoP29 to obtain firm funding commitments. The priorities remain, among other things: (i) the monetization of carbon credits and the mobilization of the private sector, (ii) the mobilization of additional financing and budget support with a multi-donor matrix, etc. Our action remains consistent with the challenges posed by climate change, particularly in the eight key sectors of socioeconomic development defined in the National Adaptation Plan.

Program Monitoring

31. Program monitoring is based on performance criteria (Table 1), structural benchmarks (Table 2), and reform measures (Table 3). Indicators and reporting requirements are defined in the attached Technical Memorandum of Understanding (TMU). The authorities will provide the IMF with the data and statistics provided in the TMU, as well as any other information they deem useful or requested by the IMF for program monitoring purposes. Consistent with Article VIII obligations, Benin maintains an exchange system free from multiple currency practices and restrictions on payments and transfers for current international transactions.

32. The IMF-supported program under the EFF/ECF and RSF is monitored through joint semiannual reviews by the IMF's Executive Board. Semi-annual reviews under the EFF/ECF are based on end-June and end-December PCs and ITs for end-March and end-September. RSF reviews are informed by the assessment of implementation of the reform measures presented in Table 3.

33. The reviews discussed in this memorandum are the last reviews of this program with the IMF. We aim to maintain a close level of engagement with IMF staff to consolidate and deepen the achievements of this program.

Table 1. Benin: Quantitative Performance Criteria and Indicative Targets, 2024–25[1]

	September 30, 2024			December 31, 2024			March 31, 2025			June 30, 2025			September 30, 2025		
	IT			PC			IT			PC			IT		
	Prog.	Prel.	Status	Prog.	Prel.	Status	Prog.	Prel.	Status	Prog.	Prel.	Status	Prog.	Prel.	Status
A. Quantitative performance criteria[2]															
Basic primary balance (floor)[3]	90.9	68.8	Not met	114	167.1	Met	43.2	105.2	Met	82.7	123.4	Met	44.0	121.8	Met
Net domestic financing (ceiling)[4]	-173.3	-143.5	Not met	-248.5	-257.5	Met	5.5	-357.1	Met	9.9	-286.8	Met	362.2	-152.2	Met
B. Continuous quantitative performance criteria (ceilings)															
Accumulation of external payments arrears	0.0	0.0	Met	0.0	0.0	Met	0.0	0.0	Met	0.0	0.0	Met	0.0	0.0	Met
Accumulation of domestic payments arrears	0.0	0.0	Met	0.0	0.0	Met	0.0	0.0	Met	0.0	0.0	Met	0.0	0.0	Met
Ceiling on the present value of new external debt contracted or guaranteed by the government[5]	1,055	801.9	Met	1,055	1,042.1	Met	620	477.6	Met	620	525.4	Met	770.5	645.0	Met
C. Indicative Targets[2]															
Tax revenue (floor)	1,220.5	1,223.3	Met	1,711.4	1,721.7	Met	443.1	443.9	Met	923.0	935.5	Met	1,366.0	1,373.5	Met
Priority social expenditure (floor)[6]	114.4	124.4	Met	185.1	188.1	Met	25.5	33.3	Met	58.8	63.6	Met	123.6	136.0	Met

Sources: Beninese authorities; IMF staff estimates and projections.

[1] The terms in this table are defined in the Technical Memorandum of Understanding (TMU).

[2] The performance criteria and indicative targets are cumulative from the beginning of the calendar year.

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

[4] Includes on-lending from the BCEAO related to the IMF disbursement. If the amount of disbursed external budgetary assistance net of external debt service obligations falls short of the program forecast, the ceiling on net domestic financing will be adjusted pro-tanto, subject to limits specified in the TMU. If the amount of disbursed external budgetary assistance net of external debt service obligations exceeds the program forecast, the ceiling will be adjusted downward by the excess disbursement.

[5] Excludes debt management operations which result in a reduction of the present value of overall external debt, and/or an improvement of the overall public external debt service profile (TMU clause 14).

[6] Includes internally and externally financed expenditures related to government interventions that directly reduce poverty in the areas of education, health and nutrition, social safety nets, access to electricity, water and sanitation, microfinance, and security and civil protection. Excludes salary expenditures.

Table 2. Benin: Remaining Prior Actions and Structural Benchmarks Under the EFF/ECF Arrangement, 2025

Prior actions	Due date
Provide staff with comprehensively and accurately revised fiscal accounts and central government debt data, with a breakdown by creditors, for the years 2021, 2022, 2023, and 2024.	Before the conclusion of the review
Provide staff with an opinion by the supreme audit institution (*Cour des Comptes*) that that all debt transactions between the central government and public institutions or enterprises with state participation have complied with the national legal framework and that all the debt contracted by the central government has been properly recorded as central government debt since 2021.	Before the conclusion of the review

Reform area	Structural benchmarks	Due date	Status
Transparency	Publish the audit reports of three high-stake public contracts executed during 2022-24.	End-June 2025	Met
	Publish annually the list of companies operating in the industrial zone, specifying the tax regime granted and the related benefits along with the volume of potential investment expected.	End-April 2025	Met
	Publish in their respective websites the financial statements for the period 2022 to 2024 of the electricity production and distribution companies (SBPE and SBEE), the water company SONEB, and the Port of Cotonou (PAC).	End-October 2025	Met
Business climate	Extend the online land registry (e-cadaster) to completely cover the city of Cotonou, and systematically update land transactions in the e-cadaster.	End-April 2025	Met
	Create and operationalize a single electronic window to promote investment and accelerate export facilitation, including by providing approval under the investment code and export support for small and medium-size enterprises.	End-February 2025	Met
Social policies	In line with the government's highly social mandate, develop and publish on the website of the Ministry in charge of Social Affairs a mapping of social protection programs, identifying the main vulnerabilities addressed by each program and beneficiaries, and including a quantification of coverage gaps and overlaps, and the associated policy and financing implications.	End-October 2025	Not met – Implemented with delay. The mapping was published in January 2026.

Table 3. Benin: RSF Reform Matrix

Main challenge	Reforms	Maturity	Status
Pillar 1: Incorporate climate action into the budget and in the context of public financial management and public investment management			
RM1. Decree on Public Investment Management and Appraisal Methodology	The government will revise the regulatory framework governing public investment management (Decree 2021-586) to include climate change in the various phases of public investment management, including identification, evaluation, selection, and ex post assessment, and will also update the public investment management manual adopted in September 2019	End-March 2024	Met
RM2. Maintenance.	By the end of 2024, the government will adopt a methodology for integrating climate vulnerabilities into the maintenance policy for key infrastructures (roads, buildings) and will pilot this policy in three selected major sectoral ministries, ensuring that the allocation of credits for the maintenance of non-financial assets under the 2026 draft budget (submitted in October 2025) and the budget of the Société des Infrastructures Routières et de l'Aménagement du Territoire (SIRAT) for the 2026 financial year, will be carried out on the basis of this maintenance policy.	End-October 2025	Met
RM3. SOEs	The government will adopt a decree implementing Law 2020-20 on State-owned enterprises in order to establish an appropriate legal framework for addressing climate considerations and will consequently publish an initial annual report on State-owned enterprises within the meaning of Article 65 of the above-mentioned Law No. 2020-20, including an analysis of (i) the contribution of State-owned enterprise strategies to climate change adaptation and mitigation efforts, and (ii) of the Climate change risks affecting SOEs.	End-October 2025	Met
RM4. Climate budget tagging	The government will adopt a decree implementing Decree 2020-495 to list the budget documents to be produced each year and thus institutionalize the production in the budget documentation, each year, of the information note on the climate-related budget that identifies the climate-related budget appropriations; Activate the reform starting with the budgetary process to prepare the Finance Law for fiscal years 2025, with the involvement of the Ministry responsible for the environment and correspondents in the line ministries.	End-October 2024	Met

Table 3. Benin: RSF Reform Matrix (continued)

Main challenge	Reforms	Maturity	Status
	Pillar 2: Strengthen climate change adaptation and population resilience		
RM5. Water management	(1) Adopt a revised decree of the National Water Council, which includes a mandate to monitor groundwater and surface water resources and provide the Council with sufficient financial and human resources to carry out its mission (2) carry out the strategic groundwater assessment and have the National Water Council supervise and validate the assessment.	End-April 2025	Met
RM6. Urban Water Pricing	Institutionalize an urban water pricing mechanism based on the following parameters: (i) a tariff study; (ii) a transparent tariff structure in line with international best practices; and (iii) a financial balance model.	End-September 2024	Met
RM7. Local Government	Propose an amendment to the 2024 Draft Budget Law establishing the principle of taking into account the climate priorities identified by the communities in the criteria for allocating transfers to local authorities, whether they take place within the current FADeC framework or within that of the FIC that will replace it, and simulate the application of this mechanism for the 2024 FADeC.	End-March 2024	Met
RM8. Social protection	Integrate information on climate risks into the social registry, especially for municipalities identified as being at high flood risk.	End-October 2025	Met
RM9. Agriculture	The government will adopt a decree to establish an agricultural insurance scheme building on existing programs (FNDA), including climate risk mitigation strategies, with a minimum objective of covering two main products among those identified in the feasibility study completed in May 2023, for the benefit of at least 100,000 farmers by September 2025.	End-September 2025	Met
RM10. Building codes	The government will adopt, in the Council of Ministers, the draft law on the framework law on construction and housing, incorporating technical standards favoring adaptation to future climate conditions, including with regard to the magnitude and frequency of projected climate risks (heat waves), and promoting low-carbon and climate-resilient options for planning; technical design, maintenance, inspections and implementation decrees necessary to implement climate objectives.	End-March 2025	Met

Table 3. Benin: RSF Reform Matrix (concluded)

Pillar 3: Supporting Climate Change Mitigation Efforts			
RM11. Comprehensive fossil fuel subsidy reform	Adopt a comprehensive fossil fuel subsidy reform, in consultation with IMF staff, by: (i) conducting a comprehensive study of the "tender" model with a quantification of its costs and benefits and an assessment of the risks associated with the competitiveness of the fuel import market, guarantees of supply of imported petroleum products, the timing of the tender, inter alia; (ii) retooling the price structure highlighting tax subsidies and expenditures where appropriate, and setting up a new tax structure; (iii) defining the parameters of a predictable pricing mechanism focused on the specificities of the Beninese hydrocarbon market, as well as the conditions and timing of its implementation, and (iv) adopting and publishing an inter-ministerial decree introducing a transitional provision to close the gap in pump prices beginning in January 2025, with a view to implementing the periodic price adjustment mechanism based on a formula prior to the adoption of the 2026 draft budget law in November 2025	End-November 2024	Met
RM12. Social protection in relation to the reform of energy subsidies.	(i) Put in place a compensation mechanism to limit the impact of the fuel subsidy reform on vulnerable groups using the social register (RSU); (ii) adopt a framework for implementing the SSR that defines the governance structure of the management information system (MSI) and provides detailed operational guidance, providing the material, financial, and human resources necessary for the unit entrusted with administering the SSR.	End-November 2024	Met
RM13. Electricity tariff reform	Design and adopt a comprehensive and phased electricity tariff reform with the objective of fully eliminating electricity subsidies and reflecting cost recovery levels. The first phase of the reform will be implemented in 2025.	End-January 2025	Met
RM14. Support for renewable energy	Eliminate key barriers to the development of renewable energy (RE) through regulations and decisions to (i) implement a connection cost policy supporting connection for RE production and (ii) commit to conduct regular assessments of grid flexibility and issues related to the integration of RE.	End-January 2025	Met
Pillar 4: Unlocking Private Climate Finance			
RM15. Climate Information Architecture	Strengthen the climate information architecture with the adoption by decree of the MEF of two complementary frameworks: (i) a climate-related taxonomy (frame of reference for climate investment by the private sector) covering the mitigation and climate adaptation needs for Benin's key sectors and sectors, defining climate financing targets and objectives as well as private financing instruments; and (ii) a system for collecting and disseminating climate data, linked to the taxonomy, for key sectors with companies and key economic infrastructures. This mechanism will be coordinated by the National Institute of Statistics and Demography through the adoption of an order as part of the legal framework governing the Institute's missions.	End-May 2025	Met

Attachment II. Technical Memorandum of Understanding

1. This Technical Memorandum of Understanding (TMU) sets out the understandings regarding the definitions of the performance criteria (PCs) and indicative targets (ITs) that will be applied under Benin's program supported by a 42-month EFF/ECF (2022–2025), as described in the Memorandum of Economic and Financial Policies (MEFP) and its attached tables. It also specifies the frequency and deadlines for data reporting to the staff of the International Monetary Fund (IMF) for program monitoring purposes. Reviews will assess quantitative targets as of specified test dates and on a continuous basis. The TMU also covers some elements of monitoring of the Fund-supported program under the Resilience and Sustainability Facility (RSF).

PROGRAM ASSUMPTIONS

2. **Exchange rates under the program.** For the purposes of this TMU, the value of transactions denominated in foreign currencies will be converted into the domestic currency of Benin (the CFA franc, or CFAF), based on the key exchange rates below as of December 31, 2021 (Table 1).

Table 1. Benin: Exchange Rates (End of Period, 2021)

CFAF/US$	580.3
CFAF/€	655.96
CFAF/SDR	811.4

DEFINITIONS

3. Unless otherwise indicated, "government" is understood to mean the central government of the Republic of Benin and does not include any local governments, the Central Bank, or any other public or government-owned entity that has autonomous legal status and whose operations are not included in the table of government financial operations (*Tableau des opérations financières de l'État, TOFE*).

4. The definitions of "debt" and borrowing for the purposes of this TMU are set out in point 8 of IMF Executive Board Decision No. 6230-(79/140), as subsequently amended on December 5, 2014 by Executive Board Decision No. 15688-(14/107):

a. **Debt** is understood to mean a current – as opposed to a contingent – liability, created under a contractual agreement for the provision of value in the form of assets (including currency) or services, which requires the obligor to make one or more payments in the form of assets (including currency) or services at some future point(s) in time, and these payments will discharge the principal and/or interest liabilities incurred under the contract. Debt can take several forms; the primary ones being as follows:

i. loans, that is, advances of money to the obligor by the lender made on the basis of an undertaking that the obligor will repay the funds in the future (including deposits, bonds, debentures, commercial loans, and buyers' credits) and temporary exchanges of assets that are equivalent to fully collateralized loans under which the obligor is required to repay the funds, and usually pay interest, by repurchasing the collateral from the seller in the future (such as repurchase agreements and official swap arrangements);

ii. suppliers' credits, that is, contracts where the supplier permits the obligor to defer payments until sometime after the date on which the goods are delivered or services are provided;

iii. leases, that is, arrangements under which property is provided which the lessee has the right to use for one or more specified period(s) of time that are usually shorter than the total expected service life of the property, while the lessor retains title to the property. For the purpose of this guideline, the debt is the present value (at the inception of the lease) of all lease payments expected to be made during the period of the agreement, excluding those payments that cover the operation, repair, or maintenance of the property; and

iv. Treasury bills and bonds issued in Communauté Financière Africaine (CFA) francs on the West African Economic and Monetary Union's (WAEMU) regional market, which are included in public debt for the purpose of this TMU.

Under the definition of debt set out above, arrears, penalties, and judicially awarded damages arising from failure to make payment under a contractual obligation that constitutes debt are also debt. Failure to make payment on an obligation that is not considered debt under this definition (for example, payment on delivery) will not give rise to debt.

b. The present value of loans will be calculated using a single discount rate set at 5 percent.

c. For debts carrying a variable interest rate in the form of a benchmark interest rate plus a fixed spread, the PV of the debt would be calculated using a program reference rate plus the fixed spread (in basis points) specified in the debt contract. The program reference rate for the six-month USD SOFR is 3.29 percent and will remain fixed for the duration of the program. [1] The spread of six-month Euro LIBOR over six-month USD SOFR is -50 basis points. The spread of six-month GBP SONIA over six-month USD SOFR is 50 basis

[1/] The program reference rates and spreads are based on the "average projected rate" for the six-month USD SOFR over the following 10 years from the October 2024 World Economic Outlook (WEO).

points. For interest rates on currencies other than Euro and GBP, the spread over six months USD SOFR is 0 basis point. Where the variable rate is linked to a benchmark interest rate other than the six-month USD SOFR, a spread reflecting the difference between the benchmark rate and the six-month USD SOFR (rounded to the nearest 50 bps) will be added.

d. Domestic debt is defined as debt denominated in CFA franc other than the debt contracted from BOAD. External debt is defined as debt denominated in any currency other than the CFA franc. For program purposes, BOAD loans are considered as external debt.

QUANTITATIVE PERFORMANCE CRITERIA

A. Floor on the Basic Primary Fiscal Balance (Excluding Grants)

Definition

5. The basic primary fiscal balance is defined as the difference between total fiscal revenue on a cash basis (tax and nontax) and basic primary fiscal expenditure. Basic primary fiscal expenditure is defined as fiscal (current plus capital) expenditure minus (a) interest payments on domestic and external debt; and (b) capital expenditure financed by external grants and loans (on a payment order basis). Grants are excluded from revenue in this definition and net government lending is excluded from fiscal expenditure.

6. The balances at end-June 2025 (PCs) and the balances at end-March and end-September 2025 (ITs) must be equal to or greater than the amounts indicated in Table 1 of the MEFP.

B. Ceiling on Net Domestic Financing of the Government

Definition

7. Net domestic financing of the government (NDF) is defined as the sum of (i) the net position (difference between the government's claims and debt) vis-à-vis the central bank and commercial banks and (ii) financing of the government through the issuance (net of redemptions) of securities to individuals or legal entities outside the banking system or to nonresident banks domiciled in the West African Economic and Monetary Union (WAEMU).

8. Gross external budgetary support is defined as external loans excluding project-related loans and grants, and use of IMF resources. Net external budgetary support is defined as the difference between gross external budgetary support and the sum of total debt service obligations on all external debt (defined as the sum of interest payments and amortizations on all external loans, including interest payments and other charges to the IMF and on project-

related loans, but excluding repayment obligations to the IMF), and all payments of external arrears.

Performance Criteria and Indicative Targets

9. Net domestic financing at end-June 2025 (PCs) and the balances at end-March and end-September 2025 (ITs) must be equal to or less than the amounts indicated in Table 1 attached to the MEFP.

Adjustor

10. Net domestic financing of the government will be adjusted downward (upward) if net external budget support (as defined above) at the end of the quarter exceeds (or falls short of) program projections on a one-to-one basis. Net domestic financing of the government will be adjusted downward (upward) if external budgetary grants at the end of the quarter exceed (or fall short of) program projections on one-to-one basis, with a cap on the upward revision of CFAF 20 billion (about 0.15 percent of GDP).

C. Non-Accumulation of New Domestic Payment Arrears by the Government

Definition

11. Domestic payment arrears are defined as domestic payments due but not paid by the government after a 90-day grace period, unless the payment arrangements specify a longer repayment period. The Autonomous Debt Management Fund (CADG, Former CAA) and the Treasury record and update the data on the accumulation and reduction of domestic payments arrears. The definitions of debt given in Paragraph 4 and of the government in Paragraph 3 apply here.

Continuous Performance Criteria

12. The government undertakes not to accumulate any new domestic payments arrears. The non-accumulation of new domestic payment arrears will be continuously monitored throughout the program.

D. Non-Accumulation of External Payment Arrears by the Government

Definition

13. External public payments arrears are defined as payments due but not paid by the government as of the due date specified in the contract, taking into account any applicable grace periods, on the external debt of the government or external debt guaranteed by the government. The definitions of debt given in paragraph 4a, of external debt in Paragraph 4d, and of the government in paragraph 3 apply here.

Continuous Performance Criterion

14. The government undertakes not to accumulate any external public payment arrears, with the exception of arrears related to debt that is the subject of renegotiation or rescheduling. The performance criterion on the non-accumulation of external public payment arrears will be continuously monitored throughout the program.

E. Ceiling on the Present Value of New External Debt Contracted or Guaranteed by the Government with a Maturity of One Year or More

Definition

15. This performance criterion applies not only to debt as defined in paragraph 4a, but also to commitments contracted or guaranteed by the government (including lease-purchase contracts) for which no value has been received. This criterion also applies to private sector debt guaranteed by the government, which constitutes a contingent liability of the government. This performance criterion does not apply to:

- IMF Disbursements.
- The contracting of debt for use in debt management operations[2] that once the DMO is completed result in a reduction of the present value (present value savings) of overall external public debt and/or in improvement of the overall public external debt service profile will be excluded from the ceiling up to the amount used for external DMOs. In the calculation of the present value savings for the debt operations, the discounted future stream of payments of debt service due on the portion of the newly issued debt instrument used for external DMOs (including all costs associated with the operation) will be compared with the discounted future stream of debt service due on the instrument it replaces using a discount rate of 5 percent and these amounts will not be capped by the nominal value of the debt. Improvement in the overall public external debt profile is to be understood as elimination of

[2] Debt management operations (DMOs) are defined as the repayment or refinancing of the principal of outstanding public debts prior to or at their maturity dates.

near- to medium-term spikes in repayments that may give rise to rollover risks, without adversely affecting the DSA risk rating.

As indicated in paragraph 4d, external debt excludes Treasury bills and bonds issued in CFA francs on the WAEMU regional market.

16. The term "government" used for this performance criterion and for the performance criterion on the new external debt contracted by the government, includes the government, as paragraph 3.

17. This performance criterion also covers government-guaranteed debt of local governments and all public enterprises, including administrative public agencies (EPA), scientific and technical public agencies, professional public agencies, and enterprises jointly owned by the Beninese government with the governments of other countries.

Adjustor

18. The ceiling on the amount of new debt contracted or guaranteed by the government will be adjusted upward by the present value of the portion of the commercial loan contracted using the World Bank Policy-Based Guarantee (approved in October 2024) that is used for early repayment of domestic debt, provided that the operation results in a reduction of the present value (present value savings) of overall public debt and/or an improvement in the overall public debt profile, while maintaining the DSA ratings for overall and external risk of debt distress at "moderate".

19. For 2025, the ceiling on the present value of new external debt contracted or guaranteed by the government (cumulative since January 1, 2025) will be adjusted upward by the present value equivalent of the amount of additional budget support loans beyond the programmed 90 CFA billion, for an amount up to CFA 54 billion at end-December 2025.

Continuous Performance Criterion

20. The present value of new external borrowing contracted or guaranteed by the government should not exceed CFAF 620 billion in 2025 (Table 2). Changes to this ceiling may be made (subject to approval by the IMF Executive Board) based on the results of the public debt sustainability analysis prepared jointly by the staffs of the World Bank and the IMF.

Table 2. Benin: Borrowing Plan in 2025
(Billions of CFA francs)

PPG External Debt	Volume of new debt in 2025		PV of new debt in 2024 (program purposes)	
	FCFA billion	Percent	FCFA billion	Percent
By sources of debt financing	**1,117.3**	**100.0**	**770.3**	**100.0**
Concessional debt, of which	**328.1**	**24.6**	**178.9**	**23.2**
Multilateral debt	270.2	16.4	145.8	18.9
Bilateral debt	57.9	8.1	33.1	4.3
Non concessional debt, of which	**789.2**	**75.4**	**591.4**	**76.8**
Semi-concessional	157.1	11.7	136.8	17.8
Commercial terms[1]	632.1	63.8	454.6	59.0

Source: Beninese authorities.
[1] Non-concessional debt on commercial terms includes the EUR 500 million commercial loan contracted with the World Bank PBG. The portion of the commercial loan that was used for an external debt DMO has been excluded from the PV of new debt calculation following the IMF-supported program definition (TMU¶15). The limit on the PV of new debt is expected to be adjusted upwards by FCFA 150.4 billion, the equivalent of the portion of the commercial loan expected to be used for the early repurchase of domestic debt (TMU¶18).

INDICATIVE TARGETS

A. Floor on Tax Revenue

Definition

21. Tax revenue includes revenues collected on a cash basis by revenue-collection departments. The data are reported in the Government Financial Operations Table (statistical TOFE) prepared monthly by the Economic and Financial Programs Monitoring Unit of the Ministry of Economy and Finance.

22. The revenue will be calculated cumulatively from the beginning of the calendar year. Revenue collections at end-March, end-June, and-September 2025 and must be equal to or greater than the amounts indicated in Table 1 attached to the MEFP. The tax revenue floor is an IT for the entire duration of the program.

B. Priority Social Spending

23. Priority social expenditure includes expenditure executed from the State budget (from both domestic and external resources), excluding salary expenditure and relating mainly to public interventions in the areas of education, health and nutrition, the establishment of social safety

nets, access to electricity, water and sanitation, microfinance (small and medium enterprises), as well as security and to civil protection. Priority social spending (PSE) is very selective and captures only spending that directly reduces poverty.

24. Priority social expenditure will be monitored on a payment order basis under the program. The indicative target applies to the execution of expenditure (not the allocation). The indicative target for the central government priority social spending floor will be calculated cumulatively from the beginning of the calendar year.

25. This indicative target will be monitored through the table of quarterly expenditure provided by the Ministry of Economy and Finance. A detailed list of priority expenditure items is provided in Table 4:

Table 4. Benin: Priority Social Spending Coverage

Agriculture	Education	Social Affairs	Health	Sanitation and nature protection	Energy
-National Agricultural Development Fund; -Food safety; -Control of fishery products exploitation standards; -Support for rural economic growth; -Support for agricultural productivity of small farms; -Support for agricultural diversification and food production; -Development of market gardening; -Development of agricultural infrastructure in grassroots communities. -Development of irrigated areas in rural areas; -Soil protection and rehabilitation; -Development of lowlands; -Strengthening storage capacities; -Food security and resilience building; -Nutrition.	-School canteen program; -Free schooling at the primary level; -Provision of school books; -Free schooling for girls in secondary school; -Scholarships for students in technical and vocational high schools and colleges; -Construction and equipment of educational infrastructures in the three levels of education; -University works (catering, transport, accommodation, etc.); -Scholarships and university assistance; -Support program for doctoral students; -Scholarships for the training of trainers; -Reinforcement of social infrastructures.	-Cash transfer to the household; -Micro-credits to the poorest for the promotion of income generating activities; -Support to national solidarity; -Promotion of the family. -Regulation and management of child adoption processes; -Promotion at the base; -Support for people with disabilities; -Capacity strengthening, training and learning center for people with disabilities; -Support for the elderly; -Social welfare.	-Vaccination and primary health care; -Blood transfusion; -Screening and treatment of diseases covered by the State*; -Construction and equipment of hospitals; -Development of traditional medicine and pharmacopoeia; -Reproductive health; -Health care for the indigent; -Community health;	-Modernization of the efficient waste collection system. -Storm water sanitation. -Protection against coastal erosion; -Social housing development. -Forest protection expenditures. -Incentives for reforestation; -Expenditures to promote the substitution of wood energy for domestic gas.	- Electrification of rural localities; - Development of renewable energy and energy efficiency; - Development of conventional energy; - Reinforcement and extension of electrical networks; - Biomass electricity; - Strengthening resilience to climate change impacts.
Sport	**Security and civil protection**	**Infrastructure and Transportation**	**Water and mining**	**Justice**	**Employment**
-Development of the practice of sport at the grassroots level; -Promotion of school and university sports; -Sports competitions; -Leisure and association life	-Disaster prevention and management; -Integrated management of border areas; -Maintenance and management of the population register	-Development of rural roads; -Small bridges and various works of crossing of lowlands and others	-Drinking water supply; -Water supply system. -Development of multifunctional hydraulic infrastructures	-Child and youth safeguarding expenses. -Food for prisoners. -Social reintegration of prisoners	-Various internship programs managed by the ANPE; -Training-entrepreneurship of young people

*Assistance to hemodialysis patients; screening and treatment of ulcer, pneumo-pathobiology, fight against tuberculosis, AIDS, hepatitis, non-communicable diseases, leprosy, malaria, sickle cell anemia. subsidies to hospitals. etc.

Indicative Target

26. Priority Social spending at end-March, end-June, and end-September 2025 must be equal to or greater than the amounts indicated in Table 1 of the MEFP.

INFORMATION FOR PROGRAM MONITORING

A. Data on Performance Criteria and Indicative Targets

27. To facilitate effective program monitoring, the authorities will provide IMF staff with the following data in excel format:

Monthly:

- Data on any loan (terms and creditors) contracted or guaranteed by the government, in the first week after the end of the month of entry into force of these loans;
- Monthly consumer price index, within two weeks of the end of the month;
- The TOFE, including revenue on a cash basis, detailed data on net domestic financing of the government (bank and nonbank domestic financing, including claims held by the nonbank private sector); and data on the basic primary fiscal balance, within six weeks of the end of the month;
- Data on the balance, accumulation, amount (stock), and repayment of public domestic and external payment arrears, including in the event that these arrears amount to zero, within six weeks of the end of the month;
- The monetary survey, produced by the BCEAO, within eight weeks of the end of the month;

Quarterly:

- The price structure of petroleum products;
- The employment index and the traffic of merchandise at the Port of Cotonou, within 25 days of the end of the month;
- The Industrial production index and the turnover index, within three months of the end of the quarter;
- High priority social spending (Table 4), including health, education, social protection and security, by functional classification of expenditure, within eight weeks after the end of the quarter;

- Data pertaining to the amount of exceptional payment orders or other exceptional measures, within six weeks of the end of the quarter;

- Stock-flow adjustment table;

- National account statistics, within three months of the end of the quarter.

- Total new Eurobond issuances provided on quarterly basis, within two weeks after the end of the quarter.

B. Other Information

28. The authorities will provide IMF staff with the following data:

- Financial soundness indicators, produced semi-annually by the BCEAO, within eight weeks of the end of the semester.

- Data on the implementation of the public investment program, including detailed information on sources of financing within eight weeks of the end of the quarter; and

- Update of the PPP projects catalog and the amounts of contracted projects, within eight weeks of the end of the quarter.

- Execution of the investment budget, within eight weeks of the end of the quarter.

- Data on the stock of external debt, external debt service, the signing of external loan agreements and disbursements of external loans, within twelve weeks of the end of the quarter.

- Data on debt management operations being envisaged, including: i) debt on new debt contracted (amount, tenor, coupon rate, maturity, grace period), ii) data on debt that will be retired (amount, tenor, coupon rate, discount at purchase, maturity, grace period), iii) the breakdown of present value savings associated with the debt management operation and its impact on the overall debt profile, for the forecast horizon of 20 years, and vi) the fees associated with the new debt contracted, and the fees associated with the debt management operation.

- Data on military and security spending, within eight weeks of the end of the quarter.

- Balance of payments data, produced by the BCEAO, within ten months of the end of the year.

- More generally, the authorities will report to the IMF staff any information needed for effective monitoring of the implementation of economic policies.

29. With respect to the RSF, the authorities will provide IMF staff with all deliverables (legal texts, manuals, methodologies, etc.) referred to in each reform measure. In addition, the authorities will provide additional information to facilitate assessment of the following RMs:

- RM5 (Water governance): staffing and budget allocation to the National Water Council.
- RM6 (Water tariffication in urban areas): preparatory studies leading to the adoption of the new water tariffication mechanism

BENIN

February 12, 2026

SEVENTH REVIEWS UNDER THE EXTENDED FUND FACILITY AND THE EXTENDED CREDIT FACILITY ARRANGEMENTS AND FOURTH REVIEW UNDER THE RESILIENCE AND SUSTAINABILITY FACILITY ARRANGEMENT—DEBT SUSTAINABILITY ANALYSIS

Approved By
Vitaliy Kramarenko and Niamh Sheridan (IMF), and Manuela Francisco and Abebe Adugna (IDA)

Prepared by the staff of the International Monetary Fund (IMF) and the International Development Association (IDA)[1]

Benin: Joint Bank-Fund Debt Sustainability Analysis	
Risk of external debt distress	*Moderate*[2]
Overall risk of debt distress	*Moderate*
Granularity in the risk rating	*Limited space to absorb shocks*
Application of judgment	*No*

Benin's overall and external public debt remain at moderate risk of debt distress,unchanged from the previous DSA (June 2025) following a recent upgrade in Benin's Debt Carrying Capacity from "moderate" to "strong" due to a higher Composite Index score. Public debt was adjusted upwards for 2021-2024 to include external debt, totaling about 5.3 percent of GDP at end-2024, that was on-lent to SOEs but previously excluded from the central government debt's perimeter, leading to higher levels of debt indicators. All projected external debt burden indicators remain below high-risk thresholds under the baseline scenario, except for a temporary breach to the debt service-to-revenue and debt service-to-exports ratios in 2025 due to a debt management operation (DMO) and early repayment of a Eurobond maturing in 2032. External debt burden indicators breach high-risk thresholds in selected stress tests, particularly for export and depreciation shocks. A high debt service-to-revenue ratio leaves debt susceptible to revenue underperformance or a tightening of market conditions that would increase rollover costs. Fiscal discipline, sustained revenue mobilization efforts, alongside continued improvement in debt coverage and a proactive debt management approach and a borrowing strategy that prioritizes concessional terms, would mitigate the risk of debt distress.

[1] Prepared by the IMF and the World Bank. This DSA follows the Guidance Note of the Join Bank-Fund Debt Sustainability Framework for Low Income Countries, February 2018.

[2] Benin recently reached a strong debt-carrying capacity, with a 3.12 Composite Indicator, reflecting the 2024 World Bank CPIA index and the October 2025 WEO data.

PUBLIC DEBT COVERAGE

1. This Debt Sustainability Analysis (DSA) covers central government and central bank debt (Text Table 1)[3]. Central bank debt borrowed on behalf of the government (i.e., debt to the IMF) is included as external debt. External debt is defined on a currency basis owing to data limitations, except for debt from the regional development bank (BOAD), which is included as external debt for the purpose of the DSA.

Text Table 1. Benin: Public Debt Coverage Under the Baseline Scenario

	Subsectors of the public sector	Check box
1	Central government	X
2	State and local government	
3	Other elements in the general government	
4	o/w: Social security fund	
5	o/w: Extra budgetary funds (EBFs)	
6	Guarantees (to other entities in the public and private sector, including to SOEs)	
7	Central bank (borrowed on behalf of the government)	X
8	Non-guaranteed SOE debt	

2. Debt coverage under the baseline scenario has improved over the past years but remains incomplete, and does not include guaranteed and non-guaranteed SOE debt and the non-financial debts of other government entities.[4] The authorities have published information on the outstanding stock of non-guaranteed SOE debt for 9 SOEs, which stood at 1.9 percent of GDP by 2025Q2, and recently updated their coverage of on-lent SOE debt (¶13). Details on on-lending to SOEs were included in quarterly debt bulletins in 2024, as part of IDA's Sustainable Development Finance Policy (SDFP) and most recent Development Policy Operations. Under the SDFP, the Debt Management Office and the Directorate in charge of SOEs (General Directorate of State Participations and Denationalization, DGPED) established a monitoring system following the adoption by ministerial order of a risk-based framework for granting SOE guarantees. Local governments, including communes, have not contracted financial debt and cannot do so without the agreement of the central government. The authorities see consolidating the general government's fiscal accounts as an important prerequisite for broadening debt coverage, particularly incorporating the financial statements of the SOEs (both on the revenue and expenditure sides) for

[3] Previous DSAs mistakenly reported the inclusion of guarantees provided by the central government (estimated at around 0.2 percent of GDP at end-2024) as part of public debt. Debt on-lent to SOEs is included as part of central government borrowing.

[4] Other non-financial government debts would include items as defined by GFSM 2001/2014, such as accounts payable, claims toward social security, deposits of public entities held within the Treasury, appropriations relating to letters of comfort, and actuarial liabilities for civil servants' pensions.

inclusion in the DSA. Expanding this coverage of fiscal accounts remains an important medium-term capacity development priority being supported by AFRITAC-West.[5] The quantitative fiscal risk assessment annexed to the 2025 budget law reported positive net income from SOEs from 2020–23.[6]

3. Debt coverage has also been revised to include additional on-lent central government debt. The Beninese authorities recently revised central government debt coverage to include several loans that had been previously excluded from the perimeter of central government debt as they were being serviced by SOEs. Following a reconciliation exercise, 22 external loans that had been on-lent to SOEs since end-2021 were identified and included in the stock of central government debt.

Text Table 2. Benin: Contingent Liability Stress Test

1	The country's coverage of public debt	The central government, central bank		
		Default	Used for the analysis	Reasons for deviations from the default settings
2	Other elements of the general government not captured in 1.	0 percent of GDP	0.3	Local debt not capured in the debt stock based on end-2021 estimate.
3	SoE's debt (guaranteed and not guaranteed by the government) 1/	2 percent of GDP	3.6	The stock of non-guaranteed SOE debt is estimated at 3.4 percent of GDP, while guaranteed debt is estimated at 0.2 percent of GDP.
4	PPP	35 percent of PPP stock	2.37	
5	Financial market (the default value of 5 percent of GDP is the minimum value)	5 percent of GDP	5	
	Total (2+3+4+5) (in percent of GDP)		11.3	

1/ The default shock of 2% of GDP will be triggered for countries whose government-guaranteed debt is not fully captured under the country's public debt definition (1.). If it is already included in the government debt (1.) and risks associated with SoE's debt not guaranteed by the government is assessed to be negligible, a country team may reduce this to 0%.

4. The contingent liabilities shock has been calibrated to reflect risks associated with debt not captured in the baseline and other risks. The total shock stands at 11.3 percent of GDP and includes 3.4 percent of GDP in non-guaranteed SOE debt based on the latest available estimates, 0.3 percent of GDP for local government debt based on the latest reported estimate, 2.4 percent of GDP for PPPs based on the capital stock from the World Bank's PPP database (6.8 ppts of GDP), and the default setting for financial market risk (5.0 percent of GDP) (Text Table 2).[7] Benin's debt policy and management score was rated at 4.5 out of 6 in the 2022 and 2024 CPIA evaluations, with higher values corresponding to debt management strategies more conducive to minimizing budgetary risks and ensuring debt sustainability.

[5] See Annex IX in Benin: 2022 Article IV Consultation and Requests for an Extended Arrangement under the Extended Fund Facility and an Arrangement under the Extended Credit Facility (IMF Country Report 22/245).

[6] *Déclaration sur les Risques Budgétaires, Loi de Finances, Gestion 2025.*

[7] Contingent liabilities have not materialized from these entities in recent years.

BACKGROUND

A. Recent Developments

5. Benin's fiscal accounts have been restated following the reclassification as central government debt of some external loans on-lent to SOEs that had been excluded since 2021.[8] As a result of this correction, public debt was revised upward by an average 5.2 percent of GDP between 2021 and 2024, while the overall fiscal deficit has also been revised upward by 0.9 percent of GDP on average for the corresponding years to account for the net lending operations by the central government to SOEs.[9]This and additional revisions to the 2024 debt stock have implied an increase in the end-2024 debt stock by 7.1 percent of GDP compared to the sixth EFF/ECF review DSA.

6. Despite the revision in central government debt, public debt still declined in 2024. Public debt was revised from 50.3 to 55.6 percent of GDP in 2021, after accounting for the previously excluded on-lent SOE debt. It peaked at 61.3 percent of GDP in 2023 (revised upward from 54.9 percent of GDP), and then contracted by 0.8 percent of GDP, reaching 60.5 percent of GDP in 2024. The reduction in public debt follows a fiscal consolidation in 2024 of 2.2 percent of GDP that returned the overall deficit to 3.1 percent of GDP, almost converging to the WAEMU deficit norm of 3 percent.

7. While total debt modestly declined in 2024, the share of external debt has further increased. External debt increased from 73.7 percent in 2023 to 78.3 percent of total debt in 2024 (Text Figure 1a) and is now estimated at 47.4 percent of GDP. As of 2024, multilateral debt made up 51 percent of external debt, with 23 percent of external debt coming from IDA lending. This remains consistent with the authorities' approach to prioritizing concessional borrowing, to keep interest expense and refinancing risks contained. Eurobond issuances and commercial borrowing make up 40.4 percent of external debt. This includes the US$750 million Eurobond Moringa[10] which was issued in 2024. (Text Figure 1b).

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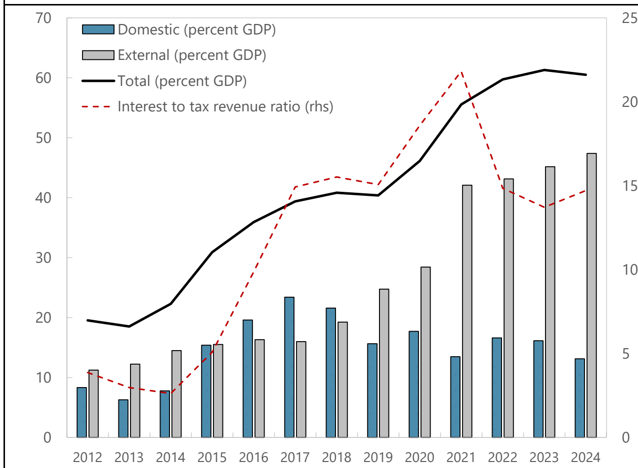
[8] Data revisions were discussed by IMF and World Bank staff with the authorities in December 2025. The revised data have not yet been published.

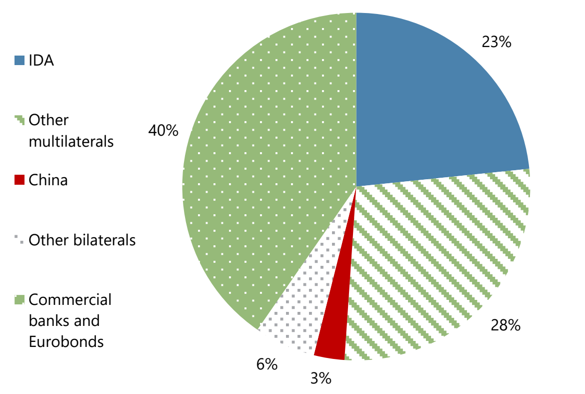
[9] Benin's fiscal accounts are compiled following the Government Financial Statistics Manual (GFSM) of 1986. Under GFSM 1986, net lending includes "government lending for public policy purposes less subsequent repayments to the government." Hence, all disbursements of on-lent loans to SOEs net of principal repayments by SOEs should be recorded "above the line", thereby affecting the overall fiscal balance. These flows are offset "below the line" by external financing flows representing the disbursements from and repayments to the external creditor. The interest paid by the budgetary central government to that external creditor is recorded as interest expense, while the payment of the interest on the on-lent loans by SOEs to the budgetary central government is recorded as nontax revenue.

[10] Eurobond Moringa, Benin's debut US dollar bond, was issued by Benin on February 7, 2024, for US$ 750 million.

Text Figure 1a. Benin: Composition of Debt (Percent of GDP)	**Text Figure 1b. Benin: Composition of External Debt as of 2024** (CFAF Billions)



Sources: Beninese authorities, CAGD.



Sources: Beninese authorities, CAGD.

8. Regional financing conditions remained costly in 2025. The WAEMU weighted-average interest rate averaged 7.5 percent in 2025, nearly unchanged from 2024. Benin benefitted from a lower interest rate compared to the regional weighted-average rate, at 6.3 percent on average in 2025, with a 41-month average maturity on debt issued. External borrowing in 2025 appeared to remain more favorable compared to domestic borrowing and provided comparable rates at longer maturities: Eurobond Akpe was contracted in 2025 at a 6.48 percent rate and a maturity of 16 years.

9. Benin used EUR 250 million of the proceeds of the commercial loan issued in 2025 with backing by the World Bank PBG for a debt management operation (DMO). The authorities conducted a DMO for the early repayment of the 2032 Eurobond, ensuring that the financial transaction generates NPV savings and does not deteriorate the country's both external and overall debt profiles. 45.3 percent of the 2032 Eurobond was repurchased at 92.6 percent of its price, generating savings on purchase of almost EUR 20 million. With the reduction of the principal and interest payments following the repurchase, the DMO generated about EUR 4.2 million of present value savings (using a discount rate of 5 percent) over 15 years, despite the added debt service of the new commercial loan.

10. The authorities used the remainder of the proceeds of the commercial loan for an early repayment of domestic debt. The authorities repaid, ahead of their maturity date in 2025, a portion of domestic debt equivalent to the remaining commercial loan proceeds. As securities currently issued on the regional (domestic) market bear higher interest rates compared to the commercial loan (¶8) and have shorter maturities compared to Eurobonds and external loans, the operation is assessed to have improved the country's overall debt profile by extending its maturity profile. It is also estimated to have reduced the rollover cost of domestic debt compared to the case where the maturing debt would have been replaced by securities issued on the regional market.

11. The Beninese authorities successfully accessed capital markets in January 2026. Benin issued an inaugural international Sukuk with a nominal value of USD$500 million and a maturity of 7 years. The operation received high interest from international investors, with an oversubscription of more than 8 times the amount issued. The Sukuk was promptly fully swapped into Euro for a coupon of 4.92 percent, through an exchange rate hedging operation. Benin also reopened its Eurobond maturing in 2038 for an additional USD$350 million, for a coupon rate of 6.19 percent in Euro, following a hedging operation that covered the entire amount issued. The authorities have indicated their intention to use the proceeds from both operations to finance the 2026 budget.

B. Macroeconomic Assumptions

12. Macroeconomic assumptions underlying the DSA projections have been revised compared to the sixth EFF/ECF review baseline but remain broadly similar to those of the last DSA (June 2025) (Text Table 3). The baseline holds similar assumptions for growth projections compared to the previous DSA, reflecting continued growth momentum. This momentum is expected to continue in the coming years, driven by the expansion of the Special Economic Zones (SEZs) that is expected to generate higher value-added exports, as well as the emergence of new services, including in the ICT and tourism sectors. The main assumptions are as follows:

- **Real GDP Growth.** After reaching its highest level yet in 2024 at 7.5 percent, strong economic growth is expected to continue into 2025 and is estimated at 7.5 percent (compared to 6.7 percent from sixth review DSA). The growth upgrade reflects sustained activity in 2025H1 (7.5 percent y/y) in the agriculture, trade and construction sectors, while first national accounts estimates for 2025Q3 show a further acceleration, with 8.8 percent real growth (y/y). These sectors, alongside continued infrastructure projects and private investment related to the SEZs, are expected to boost growth in the medium term. Medium-term growth is projected at 6 percent by 2029[11], consistent with previous reviews, but could be higher if capacity constraints like labor supply and infrastructure are improved in a timely manner.

- **Inflation and GDP deflator.** Inflation declined to 1.1 percent in 2025, compared to a 2.1 percent projection in the sixth review DSA, following more moderate inflation outturns throughout the year. The decline reflects lower prices for leisure, hotels, and restaurants, which helped offset persistent food price pressures. The GDP deflator is lower in 2025 as a result, and averages 2 percent over 2025-29 (in line with previous DSA).

- **Primary fiscal balance.** The primary fiscal balance is projected to reach -1 percent of GDP in 2025, in line with the sixth review DSA and the authorities' consolidation efforts. Continued revenue mobilization and moderation in capital expenditure will target convergence to the

[11] Growth assumptions for the long term are aligned with the World Bank's CCDR growth projections.

WAEMU overall deficit rule of 3 percent. The baseline continues to assume that the overall fiscal deficit would remain at 3 percent of GDP in the medium term, as envisaged at the inception of the EFF/ECF arrangement.

Text Table 3. Benin: Baseline Macroeconomic Assumptions for Debt Sustainability Analysis

	2023	2024	2025	2026	2027	2028	2029	2030	Medium-term 2025-29	Long-term 2030-43
GDP Growth (percent)										
Current DSA	6.4	7.5	7.5	7.0	6.7	6.6	6.5	6.0	6.8	5.7
Previous DSA[1]	6.4	7.5	6.7	6.4	6.3	6.2	6.0	6.0	6.3	5.7
GDP Deflator (percent)										
Current DSA	3.4	1.6	1.1	2.0	2.0	2.0	2.0	2.0	1.8	2.0
Previous DSA	3.4	1.6	1.7	2.0	2.0	2.0	2.0	2.0	1.9	2.0
Current account deficit (percent GDP)										
Current DSA	-8.2	-6.2	-5.6	-4.7	-4.7	-4.5	-4.4	-4.3	-4.8	-4.3
Previous DSA	-8.2	-6.8	-6.0	-5.2	-4.9	-4.7	-4.5	-4.5	-5.1	-4.4
Exports (percent GDP)										
Current DSA	22.9	20.7	19.8	20.4	21.0	21.6	22.3	23.0	21.0	23.0
Previous DSA	22.9	21.0	21.1	22.0	22.7	23.3	24.0	24.0	22.6	24.7
Primary Balance (percent of GDP)[2]										
Current DSA	-2.4	-1.1	-1.0	-1.1	-1.2	-1.4	-1.4	-1.3	-1.2	-1.2
Previous DSA	-2.5	-1.3	-1.0	-1.3	-1.4	-1.5	-1.5	-1.5	-1.3	-1.4
Revenue and grants (percent GDP)										
Current DSA	15.2	15.2	15.6	15.9	16.4	16.7	17.1	17.5	16.3	18.9
Previous DSA	15.0	15.0	15.6	15.9	16.4	16.7	17.1	17.1	16.3	18.9
Total expenditure (percent GDP)										
Current DSA	20.6	18.3	18.5	18.8	19.3	19.6	20.0	20.4	19.2	21.8
Previous DSA	19.2	18.0	18.5	18.8	19.3	19.6	20.0	20.0	19.2	21.8
Overall balance (percent GDP)										
Current DSA	-5.4	-3.1	-2.9	-2.9	-2.9	-2.9	-2.9	-2.9	-2.9	-2.9
Previous DSA	-4.1	-3.0	-2.9	-2.9	-2.9	-2.9	-2.9	-2.9	-2.9	-2.9

1/June 2025 Sixth EFF/ECF Review.
2/ Total revenue and grants minus primary expenditure.
Source: IMF staff estimates and projections.

- **Revenues and grants.** Projections for revenues and grants for 2025 are unchanged compared to the sixth review DSA, (15.6 percent of GDP). Revenue mobilization will continue to be underpinned by the Medium-Term Revenue Strategy (MTRS), that seeks to expand the tax base and improve the overall efficiency of the tax system. Over the long term, tax and non-tax revenue will continue to grow modestly, towards the WAEMU regional tax-to-GDP target of 20 percent.

- **Total expenditure.** Total expenditure in 2025 is also unchanged compared to the sixth review DSA (18.5 percent of GDP). Total expenditure is expected to average around 19.2 percent in the medium term, reflecting Benin's large development needs.

- **Fiscal adjustment.** The baseline overall deficit is still projected at 2.9 percent of GDP in 2025, in line with the previous DSA, down from 3.1 percent of GDP in 2024. This implies a small consolidation of 0.2 ppts of GDP in 2025.

- **Current account deficit.** The current account deficit is estimated to have declined in both 2024 and 2025 after reaching 8.2 percent in 2023, driven by a lower services deficit and a moderation in capital goods imports. The current account deficit is estimated at 5.6 percent in GDP in 2025 , an improvement from 6 percent at the sixth review despite a worsening in the services and income accounts, due to lower goods imports, including food and capital goods. The current account deficit is projected to decline further in 2026 (4.7 percent compared to 5.2 percent at the sixth review), reflecting nascent oil and gas production, further normalization of the services deficit and an improvement in the terms of trade. It would hover around 4–5 percent of GDP over the medium term as exports from the SEZ gradually increase and the services deficit moderates.

Table 1. Benin: Decomposition of Public Debt and Debt Service by Creditor, 2024–26 [1]

	Debt Stock (end of period)			Debt Service					
	2024			2024	2025	2026	2024	2025	2026
	(In US$ millions)	*(Percent total debt)*	*(Percent GDP)*	*(In US$ millions)*			*(Percent GDP)*		
Total	12595	100	60.5	1375	1765	1539	6.6	7.0	5.6
External	9861.9	78.3	47.4	557	1090	798	2.7	4.3	2.9
Multilateral creditors[2]	5038	40.0	24.2	188	293	284	0.9	1.2	1.0
IMF	956	7.6	4.6				2.7	4.3	2.9
World Bank	2304	18.3	11.1						
ADB/AfDB/IADB	596	4.7	2.9						
Other Multilaterals	1181	9.4	5.7						
Arab Bank for Economic Development	90	0.7	0.4						
BOAD	334	2.7	1.6						
Nordic Development Fund	16	0.1	0.1						
ECOWAS Bank for Investment and Development	70	0.6	0.3						
European Investment Bank	138	1.1	0.7						
IFAD	78	0.6	0.4						
OPEC	44	0.3	0.2						
Islamic Development Bank	411	3.3	2.0						
Bilateral Creditors	841	6.7	4.0	74	59	62	0.4	0.2	0.2
Paris Club	334	2.7	1.6	9	19	21	0.0	0.1	0.1
France	334	2.7	1.6						
Non-Paris Club	507	4.0	2.4	65	41	41	0.3	0.2	0.2
China	280	2.2	1.3						
India	13	0.1	0.1						
Kuwait	35	0.3	0.2						
Saudi Arabia	35	0.3	0.2						
Brazil	145	1.2	0.7						
Bonds	2201	17.5	10.6	125	413	139	0.6	1.6	0.5
Commercial creditors	1782	14.1	8.6	168	320	309	0.8	1.3	1.1
MUFG Bank	161	1.3	0.8						
RABOBANK	113	0.9	0.5						
Bank of China	93	0.7	0.4						
Societe General	155	1.2	0.7						
UKEF	83	0.7	0.4						
BNP Paribas	105	0.8	0.5						
Deutche Bank	670	5.3	3.2						
NTXS	335	2.7	1.6						
BPI France	11	0.1	0.1						
Credit Suisse	8	0.1	0.0						
Domestic [3]	2733	21.7	13.1	817	675	741	3.9	2.7	2.7
Held by residents, total	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Held by non-residents, total	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
T-Bills	38	0.3	0.2						
Bonds	2517	20.0	12.1						
Loans[4]	178	1.4	0.9						
Memo items:									
Collateralized debt	0		0.0						
Contingent liabilities	552		2.7						
o/w: Public guarantees	9		0.0						
o/w: Other explicit contingent liabilities[5]	543		2.6						
Nominal GDP			20809	20809	25133	27339			

1/As reported by Country authorities according to their classification of creditors, including by official and commercial.

2/"Multilateral creditors" are simply institutions with more than one official shareholder and may not necessarily align with creditor classification under other IMF policies

3/Breakdown of debt by resident not availble due to data limitations in tracking holders of regional securities in secondary markets.

4/Includes central bank on lending related to the SDR allocation and guaranteed debt.

5/Estimation of commercial non-guaranteed SOE debt that is not included in the debt stock based on end-2021 estimation.

13. Sources of financing are broadly in line with the sixth review DSA, but have been revised to reflect changes in multilateral financing:

- *Multilateral financing.* Compared to the sixth review DSA, financing from the IMF-supported EFF/ECF as well as the RSF was revised downwards, as disbursements that were expected in late 2025 with the completion of the seventh review have been postponed to early 2026. Development Policy Financing from the World Bank's IDA allocation is also expected by early 2026 (as opposed to late 2025 in the sixth review DSA). Budget support information from the AfDB and AFD is unchanged[12].

- *Bilateral and commercial financing.* Financing assumptions for bilateral and commercial financing reflect the authorities' financing plan consistent with the sixth review DSA (Text Table 5). The recent commercial loan backed by the World Bank's PBG was used entirely for debt management operations.

- *Market financing.* Market financing assumptions include the recent Eurobond issuance in 2025, which is assumed to have been fully used for budget financing. Given the authorities' sovereign rating upgrade in 2024 and successful Eurobond issuances, the DSA continues to assume access to international markets. For 2026, the recent Sukuk issuance and Eurobond reopening are expected to be used for budget financing as well. In the long term, it is assumed that international market issuances would average 1 ppt of GDP per year, with terms evenly split between sustainability bonds and Eurobonds. These assumptions are contingent on market conditions, with the potential for additional issuances if conditions improve. The authorities also remain open to additional innovative financing opportunities for climate such as Green/Blue bonds.

- *Domestic financing.* Assumptions for domestic financing have been revised to fill the gap from lower multilateral financing and external issuances in 2025. The framework assumes that a large share of public gross financing needs was externally financed in 2025, as the authorities intended to utilize the 2025 Eurobond proceeds for budget financing. For 2026, domestic borrowing is expected to be low, given the recent external issuances and multilateral financing. Reflecting the MTDS, domestic financing will increase modestly in the long term to finance part of the budget. It is expected to remain below its historical average in the medium term but will start picking up over the long term as the domestic debt market deepens and the investor base widens.[13]

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[12] Updated IDA assumptions reflect the IDA20 allocations and the fact that Benin has recently graduated to "gap" country status and is no longer eligible for new grants. They also include updates to the terms of IDA financing, including the assumption that a portion of the allocation will be in the form of shorter (12-year) maturity loans during FY23-25.

[13] This DSA assumes domestic financing will come mostly in the form of one-to-seven-year bonds with a small portion of longer maturities at rates from 6 to 7 percent, with some upside risks (including to substitute external financing) given recent issuance experience.

14. Public debt is estimated to have further declined in 2025, in line with the planned fiscal consolidation. Debt is expected to have declined to 57.3 percent of GDP in 2025 and is projected to decline to 47.6 percent by 2035, supported by adherence to the WAEMU deficit norm, the expansion of the tax revenue base, and by favorable growth dynamics. The debt trajectory is underpinned by the authorities implementing a revenue-based fiscal consolidation to ensure convergence to WAEMU regional fiscal norms.

Text Table 4. Benin: Seventh Review External Borrowing Plan 2025, (Programmed Contracted Debt)

PPG External Debt	Volume of new debt in 2025		PV of new debt in 2025 (program purposes)	
	FCFA billion	Percent	FCFA billion	Percent
By sources of debt financing	**1,013.7**	**100.0**	**666.7**	**100.0**
Concessional debt, of which	**224.5**	**24.6**	**75.3**	**11.3**
Multilateral debt	166.6	16.4	42.2	6.3
Bilateral debt	57.9	8.1	33.1	5.0
Non-concessional debt, of which	**789.2**	**75.4**	**591.4**	**88.7**
Semi-concessional	157.1	11.7	136.8	20.5
Commercial terms [1]	632.1	63.8	454.6	68.2

Sources: Beninese authorities.

1/ Non-concessional debt on commercial terms includes the EUR 500 million commercial loan contracted with the World Bank PBG. The portion of the commercial loan that was used for an external debt DMO has been excluded from the PV of new debt calculation following the IMF-supported program definition. The limit on the PV of new debt is expected to be adjusted upwards by FCFA 150.4 billion, the equivalent of the portion of the commercial loan expected to be used for the early repurchase of domestic debt.

15. Macro-fiscal projections are realistic (Figures 3-4). The three-year primary adjustment falls comfortably below the top quartile for past adjustments in LICs with IMF-supported programs and remains realistic given Benin's projected small fiscal adjustment of 0.2 percent in 2025. The growth path does not exceed those derived from typical fiscal multipliers for LICs. The authorities will also continue mobilizing tax revenue beyond 2025, all the while protecting social spending and public investment. Efforts towards agriculture diversification and industrialization by creating high value-added exports through the SEZ will also support growth. Meanwhile, the public investment rate is similar to the last DSA vintage, as is the consistent contribution of public investment to growth. Private investment has been revised downwards, reflecting historical revisions by the authorities to the composition of growth in 2022 and 2023, while projections for outer years were revised downwards based on investor surveys.

16. Unexpected changes in public debt over the last 5 years can be explained by significant shocks during the sample period. These include the 2019 Nigeria border closure, the Niger border closure, COVID-19, and the war in Ukraine and subsequent food insecurity shocks. In 2022, other debt-creating flows of 3.4 percent of GDP resulted from the implementation of the COVID-19 response plan with guarantee funds and cash transfers, and precautionary issuances on the regional securities market in anticipation of worsening financing conditions. A precautionary issuance took place in 2023 as well, contributing to debt flows by 1.2 percent of GDP. Meanwhile, the real exchange rate depreciation also contributed to the debt increase in 2022 and 2023. In terms of drivers, GDP growth is expected to be debt-reducing in the projections; the real interest rate and current account would be debt-increasing. This is broadly in line with historical trends, though significant past contributions from residual factors could add to debt. While the decomposition of drivers of debt indicates that residual components largely contributed to unanticipated changes in debt over the past five years, this is consistent with the unanticipated nature of the COVID-19 shock where emergency financing was below-the-line.

17. Risks to the outlook are balanced, with downside factors emerging from heightened political uncertainty following a coup attempt in 2025:

- Downside risks include (i) domestic uncertainty and political instability that could exacerbate socioeconomic challenges, (ii) escalating trade measures that could reduce global demand and hamper trade through the Port of Cotonou, and (iii) geopolitical tensions and global uncertainty that would trigger commodity price volatility or a tightening of financial conditions, adversely impacting internal and external accounts. Benin also remains vulnerable to extreme climate events.

- Upside risks include (i) a reopening of the Benin-Niger border that would improve cross-border trade, boost custom revenues and reduce the price of traded goods, (ii) a continued orderly development of the SEZs that could further boost growth and income through increased job creation and higher investment, and (iii) an increase in U.S. tariffs on traditional textile exporters that could potentially boost the external competitiveness of Benin’s cotton textiles. Finally, a continued strengthening in economic ties with Nigeria—most recently through their agreement on a joint trade framework—would also boost potential growth.

C. Country Classification and Determination of Stress Test Scenarios

18. Benin’s debt carrying capacity has been recently upgraded to “strong”. Based on a calculation of a composite indicator reflecting factors such as the 2024 WB CPIA index and the October 2025 WEO (real growth rates, reserve coverage, remittances, and world growth), Benin has a CI score of 3.12 (Text Table 6). As a result, this DSA now uses the external debt burden thresholds and total public benchmarks for countries with strong debt carrying capacity (Text Table 7).

Text Table 5. Benin: Calculation of Debt-Carrying Capacity

Components	Coefficients (A)	10-year average values (B)	CI Score components (A*B) = (C)	Contribution of components
CPIA	0.385	3.861	1.49	48%
Real growth rate (in percent)	2.719	6.385	0.17	6%
Import coverage of reserves (in percent)	4.052	44.102	1.79	57%
Import coverage of reserves^2 (in percent)	-3.990	19.450	-0.78	-25%
Remittances (in percent)	2.022	1.687	0.03	1%
World economic growth (in percent)	13.520	3.035	0.41	13%
CI Score			3.12	100%
CI rating			Strong	

Text Table 6. Benin: Debt Burden Thresholds and Benchmarks

EXTERNAL debt burden thresholds	Weak	Medium	Strong
PV of debt in % of			
Exports	140	180	240
GDP	30	40	55
Debt service in % of			
Exports	10	15	21
Revenue	14	18	23

TOTAL public debt benchmark	Weak	Medium	Strong
PV of total public debt in percent of GDP	35	55	70

DEBT SUSTAINABILITY RESULTS

A. External Debt Sustainability

19. **All external debt burden indicators are below their policy-dependent thresholds in the baseline apart from the one-off breach in the debt-service to revenue and debt service-to exports ratios in 2025 caused by the early repayment of a large Eurobond (Table 1, Figure 1).** The temporary breach is due to the 2025 debt management operation (DMO) that repaid 45.3 percent the 2030-32 Eurobond, which was initially scheduled for repayment starting 2030 (¶9). The PV of total PPG external debt to GDP remains well below the threshold throughout the projection

period, averaging 40.2 percent of GDP in 2025-30 and gradually declining after 2026.[14] The PV of total PPG external debt to GDP will peak at 42.3 percent of GDP in 2026 and reach 31.0 percent of GDP in 2035. The PV of debt-to-exports and debt service-to-exports ratios both remain below their thresholds, but debt service-to-exports temporarily breaches the threshold in 2025 given the recent large debt service for the 2025 DMO. The debt service-to-revenue ratio also falls below its threshold past 2025, and peaks in 2033 when the Sukuk principal repayment falls due.

20. Stress tests highlight that Benin's is particularly vulnerable to an exports shock, or a one-time depreciation. All four debt-burden indicators breach their thresholds under certain stress tests, with an export shock and a one-time depreciation shock being the most severe shocks. The shocks reveal risks from limited economic diversification, which could be reduced by gradually expanding the SEZs and growing sectors like ICT, tourism, and construction. They also point to rollover risks if exports decline. Prioritizing concessional borrowing would help mitigate external risks. A one-time depreciation shock points to risks in debt servicing in the context of a still-narrow tax revenue base. However, compared with the historical record, continued efforts to mobilize revenues and active debt management are expected to mitigate those risks.

21. The granularity assessment indicates that Benin has limited space to absorb shocks (Figure 5). Under the module, which allows qualifying the moderate risk of debt-distress, Benin is assessed as having limited space in the debt service-to-revenue, which could breach the threshold under a median observed shock scenario, resulting in a downgrade to high-risk. The debt service-to-revenue ratio, which breaches the baseline threshold in 2025, would further breach the threshold under an extreme shock scenario, when repayment needs are elevated. In line with the previous DSA, only the debt service-to-revenue indicator shows limited space to absorb shocks. Continued tax revenue mobilization and high export growth for the medium term would create space for the debt-service-to-revenue and debt-service-to-exports indicators.

22. The market-financing module suggests that market risks are moderate (Figure 6). Despite market volatility in 2025, EMBI spreads remain below the benchmark by end-December, having fallen substantially over the course of the year and now well below 400 bps. Lower spreads reflect investor confidence, with the upgrade in Benin's sovereign credit rating (B+ for Fitch and BB- for S&P) in 2024, and the reaffirmation of Benin's long-term foreign-currency Issuer Default Rating (IDR) at 'B+' with a Stable Outlook by Fitch in 2025. Gross financing needs remain well below the respective benchmark, and potential for heightened liquidity needs is low. The debt-service to revenue ratio briefly exceeds its threshold under the market financing shock, given a higher repayment profile in 2030 due to the maturing of Eurobonds in 2030-2032 and a Sukuk in 2033. Liability management operations have helped manage these risks: the Beninese authorities have

[14] This DSA includes an update to the PV calculation methodology for existing Eurobond debt, which allows users to replace the PV of existing external debt by the nominal debt stock in instances where the grant element of a loan is zero. This change reduced the PV of external debt by an average of 0.8 ppt of GDP over the projection period and a peak of 2.5 ppt of GDP in 2024.

already repaid a significant portion of the 2032 Eurobond. While the mechanical signal is low, the market risk rating was kept as moderate to account for elevated global and regional uncertainty.

23. Domestic debt remains low. Higher reliance on external debt over the past years—since Benin regained access to international markets—has reduced domestic debt's share of total debt. In addition, the tightening of financing conditions on the regional bond market in 2023 and 2024 has led to both higher yields and shorter maturities compared to international markets and accelerated the shift towards external debt. While the authorities plan to slowly increase reliance on domestic debt (in line with their MTDS), they are also prioritizing the mitigation of refinancing risks through prudent borrowing and DMOs. Domestic debt to GDP is therefore projected to rise over the long term, albeit remaining at low levels (Figure 7). The domestic debt service-to-revenue ratio will stabilize, as tax revenues continue to increase, underpinned by the authorities' MTRS.

B. Total Public Debt Sustainability

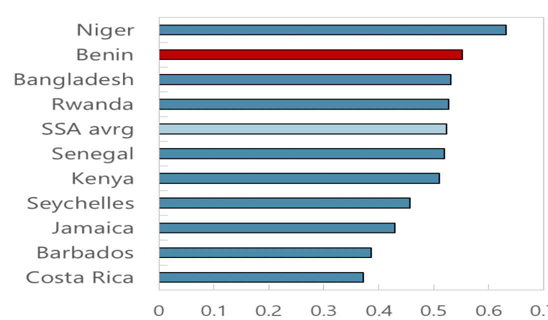
24. Total public PPG remains below its respective benchmark in the baseline (Figure 2 and Table 2). The present value of public debt-to-GDP over the next 10 years averages around 46 percent, well below the 70 percent benchmark and comparable to the previous DSA (37 percent), still reflecting the higher reliance on market-based financing in 2025 and 2026.

25. Stress tests indicate that public debt is most vulnerable to depreciation and commodity price shocks. For the PV of debt-to-GDP ratio, a commodity price shock would be the most extreme shock. The debt service-to-revenue ratio remains the most susceptible to shocks.

C. Climate Change Risks

26. Benin is one of the most vulnerable countries to climate change. The country ranks as 23rd most vulnerable out of 185 countries to climate change (Text Figure 2), making climate change a macro-critical risk. Weather-related shocks include extreme heatwaves, floods, and droughts, as well as the risk of coastal exposure.

Text Figure 2. Benin: Climate Change Vulnerability Index: Benin vs. Other Countries



Sources: ND-Gain Vulnerability index and IMF staff calculations. The vulnerability score is between 0-1 (the higher the score the more vulnerable is the country).

27. Economic exposure to climate change is mostly due to the important role of the agriculture sector, as well as the concentration of economic activity in coastal areas. Natural disaster occurrences expose Benin's agricultural sector to output and losses (for example, in case cotton, cashew, or soy production and exports are adversely affected). Meanwhile, coastal erosion or extreme weather events could disrupt trade at the port of Cotonou and hamper the nascent tourism sector.

28. Benin's Nationally Determined Contribution (NDC) suggest significant costs to address exposure to climate change. According to its NDC, Benin would need US$8.6 billion and US$1.8 billion of financing for mitigation and adaptation, respectively.[15] Private financing is expected to play a role in financing the adaptation and mitigation needs: a climate finance roundtable, co-organized by the IMF and the World Bank, was held in Cotonou in July 2024 to explore avenues for scaling climate finance in Benin. Five workstreams were identified: the monetization of carbon credits, the development of a project preparation facility, additional budget support and policy lending, the establishment of a blended finance facility, and the establishment of a one-shop window to further develop intermediated lending to local banks. Progress is already under way along those workstreams.

29. Given Benin's high vulnerability to natural disasters and climate change[16] (particularly from flooding and coastal erosion), a customized natural disaster shock has also been applied. The stress test is tailored to Benin's exposure to climate shocks and is calibrated to simulate a catastrophic flood event like the one experienced by Benin in 2010, assuming a 4 percent one-off shock to external PPG debt-to-GDP ratio in the second year of the projection period (similar to the losses incurred in 2010), a 3 percent reduction of GDP growth, and a 3.5 percent reduction of export growth. The disbursement of US$54 million by the World Bank's-CAT DDO in 2024 is already included in the stock of public debt, as financing for climate adaptation. The stress test result reflects a deterioration in Benin's indicators for external debt, highlighting the importance of continued reforms for climate adaptation.

RISK RATING AND VULNERABILITIES

30. This DSA finds that Benin remains at moderate risk of external and overall debt distress, unchanged from the previous DSA. The classification of Benin's debt carrying capacity to "strong" due to its favorable macroeconomic fundamentals has resulted in higher thresholds for external debt indicators. External debt indicators remain below their high-risk thresholds and benchmarks in the baseline, apart from a temporary breach in 2025 of the external debt service-to-revenue and external debt service-to-exports ratio thresholds, following the DMO to repurchase 45.3 percent of the 2032 Eurobond. Debt levels remain relatively low compared to the WAEMU region but are vulnerable to shocks. Benin's high debt service to revenues ratio, makes it susceptible

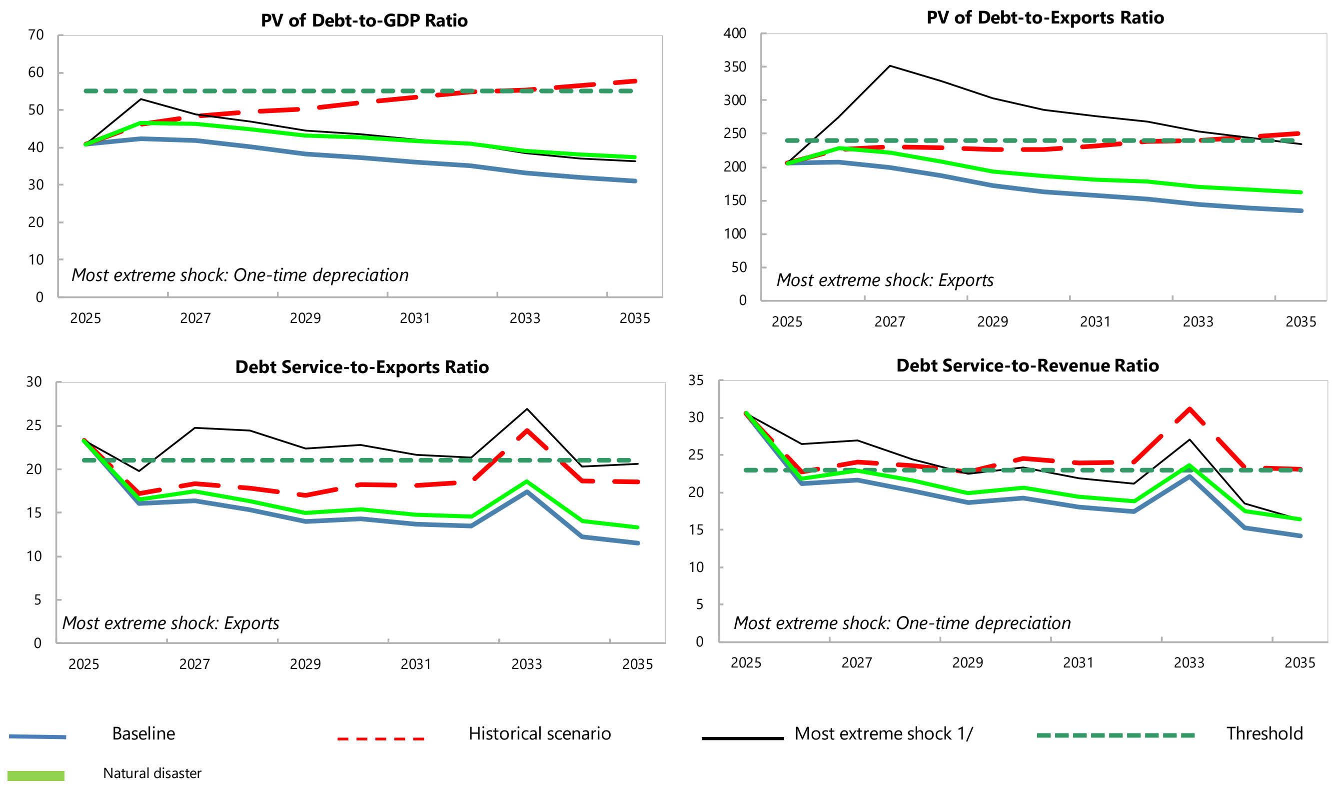
[15] Benin 2024 Staff Report, Third Review Under the Extended Arrangement Under the Fund Extended Facility and Arrangement Under the Extended Credit Facility and Request for an Arrangement Under the Resilience and Sustainability Facility.

[16] Under the RSF, Benin is implementing reform measures to enhance resilience to climate change and promote an enabling environment for climate finance. Currently, authorities are preparing decrees for mainstreaming the climate agenda into policymaking and the PFM/PIM process.

to liquidity risks in case there are large amortization payments scheduled. A drop in revenues or exports, alongside shifts in market sentiment that tighten external conditions, would increase borrowing and rollover costs, and heighten debt risks.

31. To mitigate the risk of debt distress, the authorities must continue their efforts towards fiscal consolidation and domestic revenue mobilization, alongside enhanced debt transparency and active debt management. Benin has limited space to absorb shocks, with narrow space between the debt service-to-revenue ratio and the high-risk threshold in years following debt management operations, or where large Eurobond repayments are due. Therefore, continued proactive liability management will facilitate the rollover of these payments while avoiding breaches in debt thresholds. Concessional borrowing will reduce debt servicing burdens, while implementing measures that widen Benin’s tax revenue base can help mitigate risks to debt distress.

Figure 1. Benin: Indicators of Public Guaranteed External Debt Under Alternatives Scenarios, 2025–2035[2]



Customization of Default Settings		
Tailored Stress	Size	Interactions
Combined CL	Yes	
Natural disaster	Yes	Yes
Commodity price	No	No
Market financing	No	No

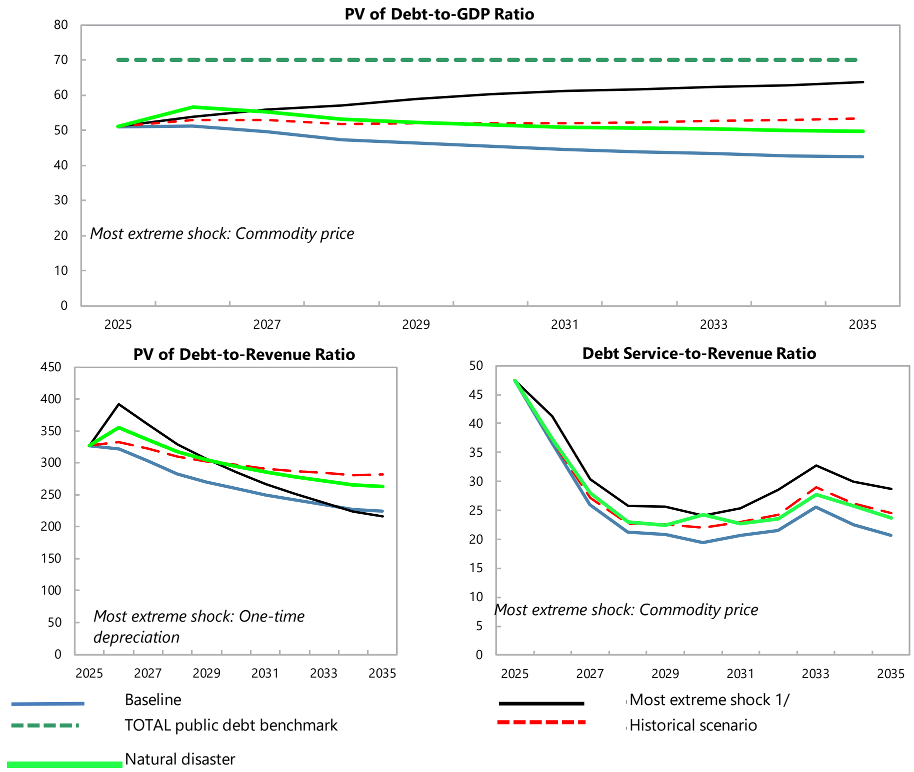
Note: "Yes" indicates any change to the size or interactions of the default settings for the stress tests. "n.a." indicates that the stress test does not apply.

Borrowing assumptions on additional financing needs resulting from the stress tests*	Default	User defined
Shares of marginal debt		
External PPG MLT debt	100%	
Terms of marginal debt		
Avg. nominal interest rate on new borrowing in USD	3.4%	3.4%
USD Discount rate	5.0%	5.0%
Avg. maturity (incl. grace period)	21	21
Avg. grace period	7	7

* Note: All the additional financing needs generated by the shocks under the stress tests are assumed to be covered by PPG external MLT debt in the external DSA. Default terms of marginal debt are based on baseline 10-year projections.

Sources: Country authorities and staff estimates and projections.
1/ The most extreme stress test is the test that yields the highest ratio in or before 2032. The stress test with a one-off breach is also presented (if any), while the one-off breach is deemed away for mechanical signals. When a stress test with a one-off breach happens to be the most extreme shock even after disregarding the one-off breach, only that stress test (with a one-off breach) would be presented.
2/ The magnitude of shocks used for the commodity price shock stress test are based on the commodity prices outlook prepared by the IMF Research Department.

Figure 2. Benin: Indicators of Public Debt Under Alternatives Scenarios, 2025–2035



Borrowing assumptions on additional financing needs resulting from the stress tests*	Default	User defined
Shares of marginal debt		
External PPG medium and long-term	82%	82%
Domestic medium and long-term	18%	18%
Domestic short-term	1%	1%
Terms of marginal debt		
External MLT debt		
Avg. nominal interest rate on new borrowing in USD	3.4%	3.4%
Avg. maturity (incl. grace period)	21	21
Avg. grace period	7	7
Domestic MLT debt		
Avg. real interest rate on new borrowing	5.1%	5.1%
Avg. maturity (incl. grace period)	4	4
Avg. grace period	3	3
Domestic short-term debt		
Avg. real interest rate	5.5%	5.5%

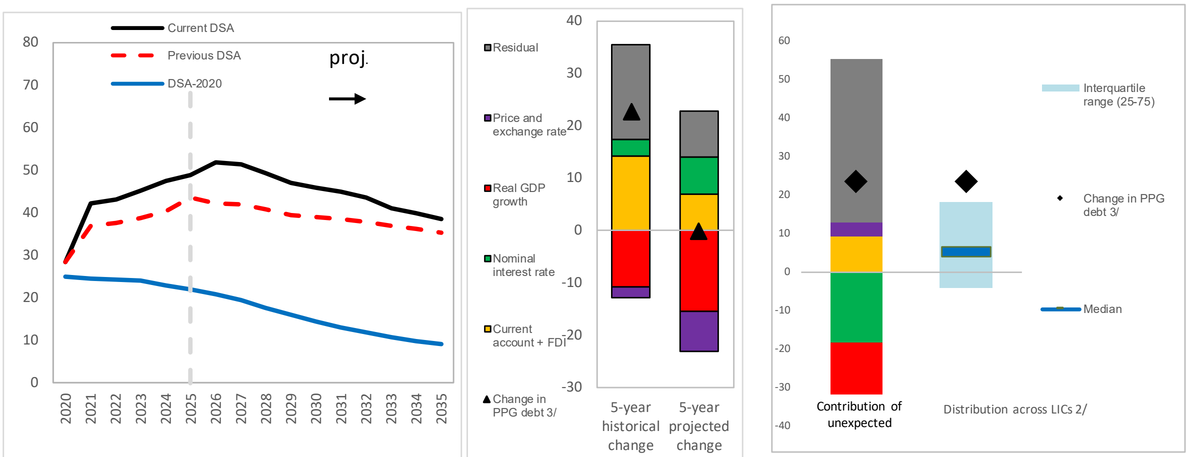
Note: The public DSA allows for domestic financing to cover the additional financing needs generated by the shocks under the stress tests in the public DSA. Default terms of marginal debt are based on baseline 10-year projections.

Sources: Country authorities; and staff estimates and projections.

1/ The most extreme stress test is the test that yields the highest ratio in or before 2033. The stress test with a one-off breach is also presented (if any), while the one-off breach is deemed away for mechanical signals. When a stress test with a one-off breach happens to be the most extreme shock even after disregarding the one-off breach, only that stress test (with a one-off breach) would be presented.

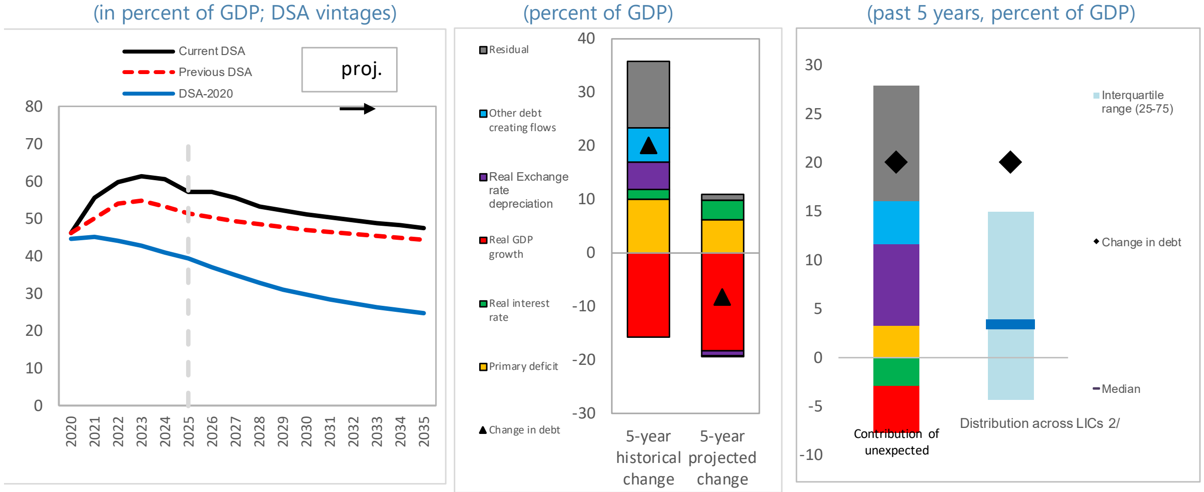
Figure 3. Benin: Drivers of Debt Dynamics – Baseline Scenario
External Debt

Gross Nominal PPG External Debt (in percent of GDP; DSA vintages) | Debt-Creating Flows (percent of GDP) | Unexpected Changes in Debt 1/ (past 5 years, percent of GDP)



Public Debt

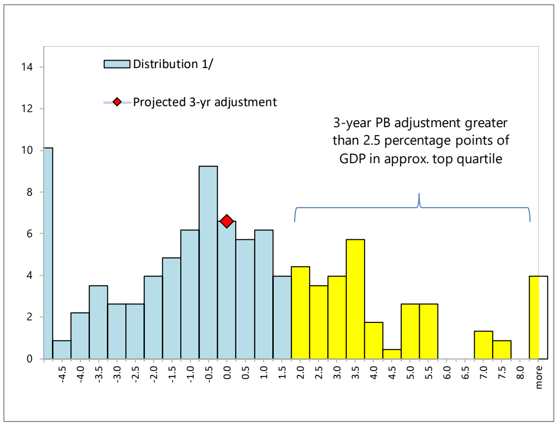
Gross Nominal Public Debt (in percent of GDP; DSA vintages) | Debt-Creating Flows (percent of GDP) | Unexpected Changes in Debt 1/ (past 5 years, percent of GDP)



Sources: Country authorities; and staff estimates and projections.
1/ Difference between anticipated and actual contributions on debt ratios.
2/ Distribution across LICs for which LIC DSAs were produced.
3/ Given the relatively low private external debt for average low-income countries, a ppt change in PPG external debt should be largely explained by the drivers of the external debt dynamics equation.

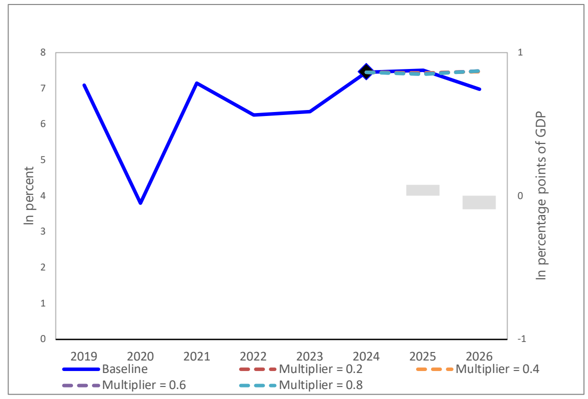
Figure 4. Benin: Realism Tools

3-Year Adjustment in Primary Balance
(Percentage points of GDP)



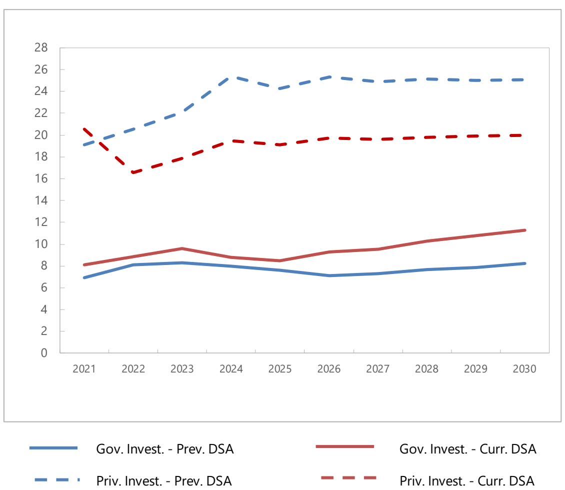
1/ Data cover Fund-supported programs for LICs (excluding emergency financing) approved since 1990. The size of 3-year adjustment from program inception is found on the horizontal axis; the percent of sample is found on the vertical axis.

Fiscal Adjustment and Possible Growth Paths 1/

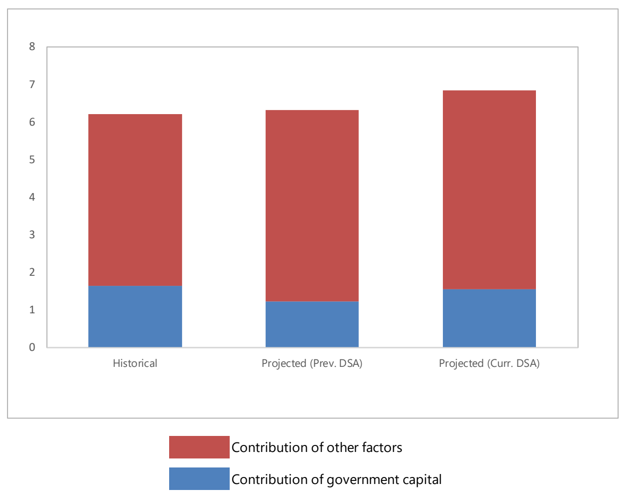


1/ Bars refer to annual projected fiscal adjustment (right-hand side scale) and lines show possible real GDP growth paths under different fiscal multipliers (left-hand side scale).

Public and Private Investment Rates
(percent of GDP)



Contribution to Real GDP growth
(percent, 5-year average)



Sources: Country authorities; and staff estimates and projections

Figure 5. Benin: Qualification of the Moderate Category, 2025–2035[1]

Sources: Country authorities; and staff estimates and projections.

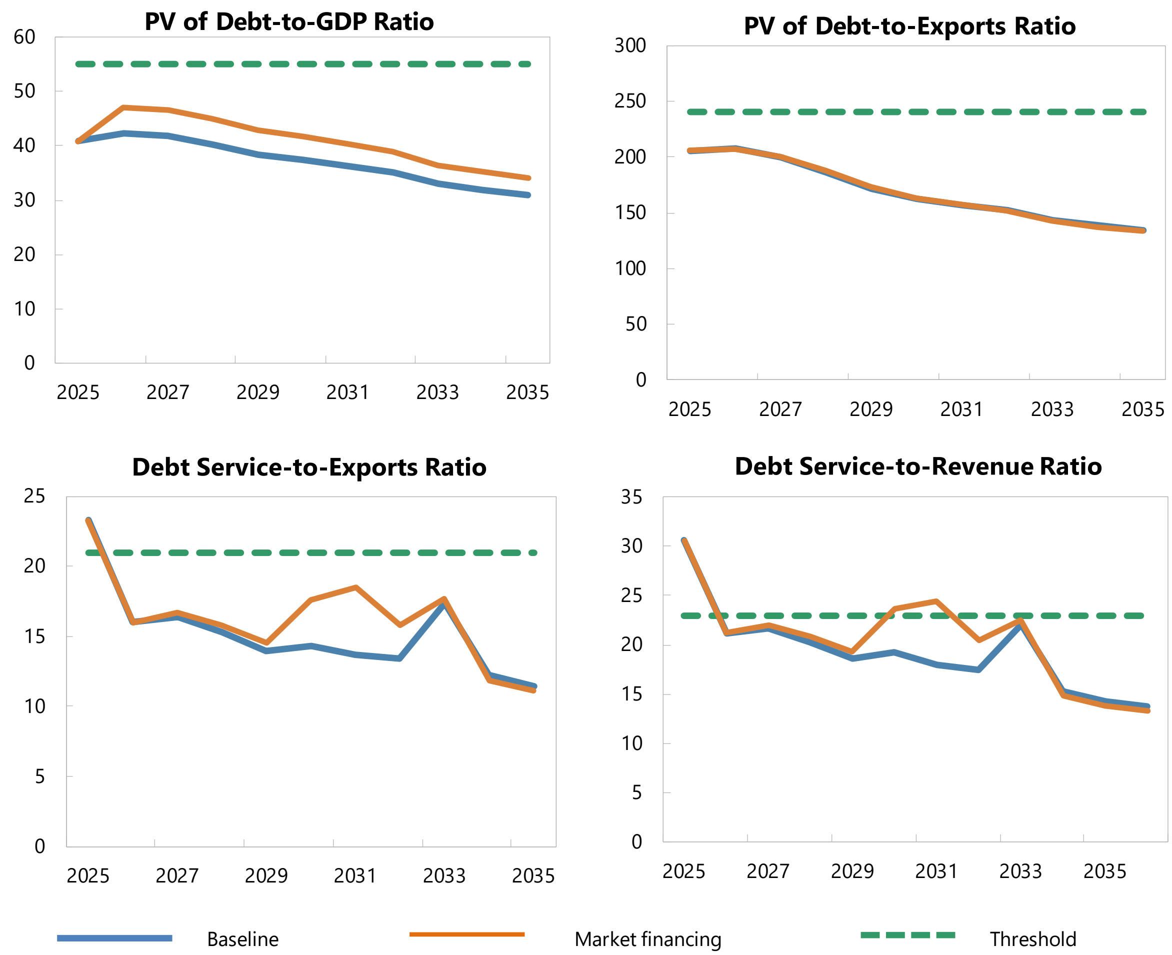
1/ For the PV debt/GDP and PV debt/exports thresholds, x is 20 percent and y is 40 percent. For debt service/Exports and debt service/revenue thresholds, x is 12 percent and y is 35 percent.

Figure 6. Benin: Market-Financing Risk Indicators

	GFN 1/	EMBI 2/
Benchmarks	14	570
Values	8	350
Breach of benchmark	No	No
Potential heightened Liquidity needs	Low	

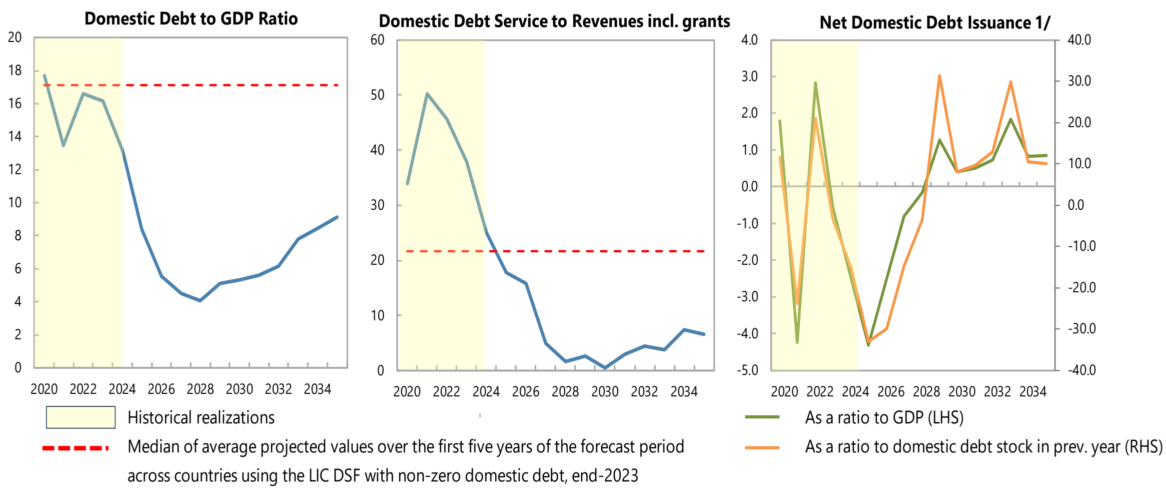
1/ Maximum gross financing needs (GFN) over 3-year baseline projection horizon.

2/ EMBI spreads correspond to the latest available data.



Sources: Country authorities; Bloomberg, and staff estimates and projections.

Figure 7. Benin: Indicators of Domestic Public Debt 2020-2034
(Percent)



Borrowing Assumptions (average over 10-year projection)	Value
Shares in new domestic debt issuance	
Medium and long-term	95%
Short-term	5%
Borrowing terms	
Domestic MLT debt	
Avg. real interest rate on new borrowing	5.1%
Avg. maturity (incl. grace period)	4
Avg. grace period	3
Domestic short-term debt	
Avg. real interest rate	5.5%

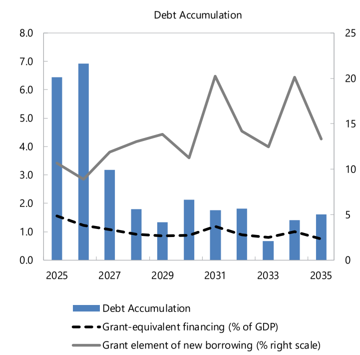
Sources: Country authorities; and staff estimates and projections.
1/ Net domestic debt issuance is an estimate based on the calculated public gross financing need net of gross external financing, drawdown of assets, other adjustments and domestic debt amortization. It excludes short-term debt that was issued and matured within the calendar year.

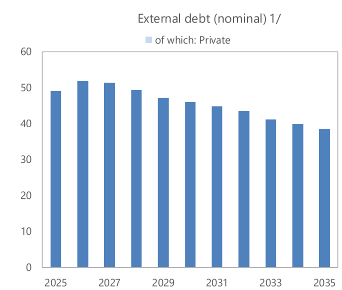
Table 2. Benin: External Debt Sustainability Framework, Baseline Scenario, 2022–2045

(In Percent of GDP, Unless Otherwise Indicated)

	Actual			Projections								Average 8/	
	2022	2023	2024	2025	2026	2027	2028	2029	2030	2035	2045	Historical	Projections
External debt (nominal) 1/	43.1	45.2	47.4	48.9	51.8	51.3	49.3	47.0	45.9	38.5	25.3	**29.8**	**45.6**
of which: public and publicly guaranteed (PPG)	43.1	45.2	47.4	48.9	51.8	51.3	49.3	47.0	45.9	38.5	25.3	**29.8**	**45.6**
Change in external debt	1.0	2.1	2.2	1.5	2.9	-0.5	-2.0	-2.3	-1.1	-1.3	-1.3		
Identified net debt-creating flows	4.4	1.1	0.6	0.7	-0.2	-0.5	-0.6	-0.7	-0.5	-0.4	-0.2	**1.9**	**-0.4**
Non-interest current account deficit	4.9	7.5	5.6	4.4	3.3	3.2	3.0	2.9	2.9	3.2	3.5	**4.3**	**3.2**
Deficit in balance of goods and services	5.9	8.5	6.6	5.7	5.1	5.2	5.2	5.0	5.0	5.0	5.0	**5.5**	**5.1**
Exports	24.5	22.9	20.7	19.8	20.4	21.0	21.6	22.3	23.0	23.1	23.1		
Imports	30.4	31.5	27.2	25.5	25.5	26.2	26.8	27.3	28.0	28.0	28.0		
Net current transfers (negative = inflow)	-0.9	-1.3	-1.4	-1.4	-1.5	-1.6	-1.6	-1.6	-1.6	-1.6	-1.6	**-1.4**	**-1.6**
of which: official	0.0	-0.1	-0.2	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1		
Other current account flows (negative = net inflow)	0.0	0.3	0.4	0.1	-0.3	-0.5	-0.6	-0.5	-0.4	-0.2	0.1	**0.2**	**-0.3**
Net FDI (negative = inflow)	-1.9	-2.2	-1.8	-1.8	-1.9	-2.0	-2.1	-2.1	-2.2	-2.5	-3.2	**-1.4**	**-2.2**
Endogenous debt dynamics 2/	1.4	-4.2	-3.2	-1.9	-1.7	-1.7	-1.6	-1.5	-1.2	-1.0	-0.5		
Contribution from nominal interest rate	0.8	0.7	0.6	1.2	1.4	1.5	1.5	1.4	1.4	1.1	0.9		
Contribution from real GDP growth	-2.7	-2.4	-3.1	-3.1	-3.0	-3.2	-3.1	-2.9	-2.6	-2.2	-1.3		
Contribution from price and exchange rate changes	3.3	-2.5	-0.7	...	...	...	...	...	...	...	...		
Residual 3/	-3.4	1.0	1.6	0.8	3.1	0.0	-1.3	-1.6	-0.6	-0.9	-1.0	**1.4**	**-0.4**
of which: exceptional financing	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Sustainability indicators													
PV of PPG external debt-to-GDP ratio	...	...	39.8	40.8	42.3	41.9	40.3	38.3	37.4	31.0	21.5		
PV of PPG external debt-to-exports ratio	...	...	192.7	205.9	207.4	200.0	186.6	171.9	162.3	134.6	93.4		
PPG debt service-to-exports ratio	8.5	8.0	8.2	23.3	16.0	16.4	15.3	14.0	14.3	11.5	8.8		
PPG debt service-to-revenue ratio	14.9	12.8	11.5	30.6	21.2	21.6	20.2	18.6	19.3	14.2	9.4		
Gross external financing need (Million of U.S. dollars)	0.9	1.4	1.2	1.8	1.3	1.4	1.4	1.4	1.5	1.9	2.7		
Key macroeconomic assumptions													
Real GDP growth (in percent)	6.3	6.4	7.5	7.5	7.0	6.7	6.6	6.5	6.0	5.9	5.4	**5.5**	**6.4**
GDP deflator in US dollar terms (change in percent)	-7.3	6.1	1.6	5.5	5.4	1.8	1.8	1.9	2.0	2.0	2.1	**-0.3**	**2.6**
Effective interest rate (percent) 4/	1.8	1.8	1.5	2.8	3.2	3.2	3.2	3.2	3.2	3.1	3.5	**1.9**	**3.1**
Growth of exports of G&S (US dollar terms, in percent)	2.8	5.6	-1.6	8.7	16.2	11.5	11.7	12.1	11.8	8.1	7.5	**4.3**	**10.3**
Growth of imports of G&S (US dollar terms, in percent)	7.5	16.8	-5.5	6.3	12.8	11.4	11.1	10.6	11.0	8.1	7.5	**4.2**	**9.4**
Grant element of new public sector borrowing (in percent)	...	...	...	10.7	8.9	11.9	13.0	13.8	11.3	13.3	9.4	**...**	**13.6**
Government revenues (excluding grants, in percent of GDP)	14.0	14.4	14.7	15.1	15.4	15.9	16.3	16.7	17.1	18.6	21.6	**13.3**	**17.0**
Aid flows (in Million of US dollars) 5/	0.1	0.2	0.1	0.2	0.1	0.1	0.1	0.1	0.2	0.2	0.3		
Grant-equivalent financing (in percent of GDP) 6/	...	...	...	1.6	1.2	1.1	0.9	0.8	0.9	0.7	0.4	**...**	**1.0**
Grant-equivalent financing (in percent of external financing) 6/	...	...	...	15.0	13.9	18.5	21.8	23.6	18.9	21.7	19.5	**...**	**21.0**
Nominal GDP (Million of US dollars)	17	20	21	...	...	...	...	...	...	... ...	...		
Nominal dollar GDP growth	-1.5	12.8	9.2	13.4	12.8	8.6	8.6	8.5	8.2	8.1	7.5	**5.2**	**9.2**
Memorandum items:													
PV of external debt 7/	...	...	39.8	40.8	42.3	41.9	40.3	38.3	37.4	31.0	21.5		
In percent of exports	...	...	192.7	205.9	207.4	200.0	186.6	171.9	162.3	134.6	93.4		
Total external debt service-to-exports ratio	8.5	8.0	8.2	23.3	16.0	16.4	15.3	14.0	14.3	11.5	8.8		
PV of PPG external debt (in Million of US dollars)			8.6	9.9	11.6	12.5	13.0	13.5	14.2	17.4	25.3		
(PVt-PVt-1)/GDPt-1 (in percent)				6.4	6.9	3.2	1.8	1.3	2.1	1.6	0.7		
Non-interest current account deficit that stabilizes debt ratio	3.9	5.4	3.4	2.9	0.4	3.7	5.0	5.2	4.0	4.4	4.7		

Definition of external/domestic debt	Residency-based
Is there a material difference between the two criteria?	Yes





Sources: Country authorities; and staff estimates and projections.

1/ Includes both public and private sector external debt.

2/ Derived as [r - g - ρ(1+g) + Εα (1+r)]/(1+g+ρ+gρ) times previous period debt ratio, with r = nominal interest rate; g = real GDP growth rate, ρ = growth rate of GDP deflator in U.S. dollar terms, Ε=nominal appreciation of the local currency, and α= share of local currency-denominated external debt in total external debt.

3/ Includes exceptional financing (i.e., changes in arrears and debt relief); changes in gross foreign assets; and valuation adjustments. For projections also includes contribution from price and exchange rate changes.

4/ Current-year interest payments divided by previous period debt stock.

5/ Defined as grants, concessional loans, and debt relief.

6/ Grant-equivalent financing includes grants provided directly to the government and through new borrowing (difference between the face value and the PV of new debt).

7/ Assumes that PV of private sector debt is equivalent to its face value.

8/ Historical averages are generally derived over the past 10 years, subject to data availability, whereas projections averages are over the first year of projection and the next 10 years.

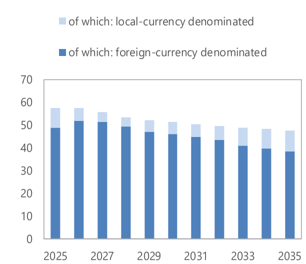
Table 3. Benin: Public Sector Debt Sustainability Framework, Baseline Scenario, 2021-45

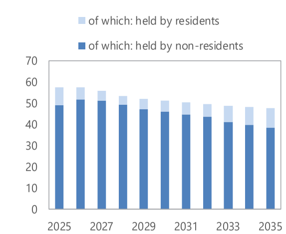
(In Percent of GDP, Unless Otherwise Indicated)

	Actual			Projections								Average 6/	
	2022	2023	2024	2025	2026	2027	2028	2029	2030	2035	2045	Historical	Projections
Public sector debt 1/	59.7	61.3	60.5	57.3	57.3	55.8	53.4	52.2	51.3	47.6	44.1	47.1	52.0
of which: external debt	43.1	45.2	47.4	48.9	51.8	51.3	49.3	47.0	45.9	38.5	25.3	29.8	45.6
Change in public sector debt	4.2	1.6	-0.8	-3.2	0.0	-1.6	-2.4	-1.2	-0.9	-0.6	-0.3		
Identified debt-creating flows	6.7	-0.7	-1.0	-2.5	-1.8	-1.5	-1.4	-1.2	-0.9	-0.6	-0.2	1.8	-1.2
Primary deficit	3.7	2.4	1.1	1.0	1.1	1.2	1.4	1.4	1.3	1.3	0.8	2.1	1.3
Revenue and grants	14.5	15.2	15.2	15.6	15.9	16.4	16.7	17.1	17.5	18.9	21.8	14.1	17.4
of which: grants	0.5	0.8	0.4	0.5	0.5	0.4	0.4	0.4	0.4	0.3	0.2		
Primary (noninterest) expenditure	18.2	17.6	16.3	16.6	17.0	17.6	18.1	18.5	18.9	20.2	22.6	16.3	18.7
Automatic debt dynamics	-0.4	-4.3	-2.0	-3.5	-3.0	-2.8	-2.7	-2.6	-2.3	-1.9	-1.1		
Contribution from interest rate/growth differential	-3.6	-3.4	-4.2	-3.5	-3.0	-2.8	-2.7	-2.6	-2.3	-1.9	-1.1		
of which: contribution from average real interest rate	-0.3	0.2	0.0	0.7	0.8	0.8	0.7	0.7	0.7	0.8	1.2		
of which: contribution from real GDP growth	-3.3	-3.6	-4.3	-4.2	-3.7	-3.6	-3.4	-3.2	-3.0	-2.7	-2.3		
Contribution from real exchange rate depreciation	3.2	-0.9	2.2	...	...	...	...	...	...	...	...		
Other identified debt-creating flows	3.4	1.2	-0.1	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.6	0.0
Privatization receipts (negative)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Recognition of contingent liabilities (e.g., bank recapitalization)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Debt relief (HIPC and other)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Other debt creating or reducing flow (please specify)	3.4	1.2	-0.1	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Residual	-2.6	2.3	0.2	-0.7	1.8	0.0	-1.0	0.0	0.1	0.0	0.0	2.1	0.0
Sustainability indicators													
PV of public debt-to-GDP ratio 2/	...	...	54.3	51.0	51.2	49.6	47.3	46.3	45.5	42.4	41.8		
PV of public debt-to-revenue and grants ratio	...	...	358.3	327.4	321.7	303.2	282.7	270.1	259.6	224.6	191.9		
Debt service-to-revenue and grants ratio 3/	60.0	50.0	36.2	47.4	36.4	26.0	21.3	20.8	19.4	20.6	28.5		
Gross financing need 4/	15.8	11.2	6.5	8.3	6.9	5.5	4.9	4.9	4.7	5.2	7.0		
Key macroeconomic and fiscal assumptions													
Real GDP growth (in percent)	6.3	6.4	7.5	7.5	7.0	6.7	6.6	6.5	6.0	5.9	5.4	5.5	6.4
Average nominal interest rate on external debt (in percent)	1.9	1.7	1.5	2.9	3.3	3.4	3.4	3.4	3.4	3.3	3.8	1.9	3.4
Average real interest rate on domestic debt (in percent)	8.7	7.0	3.9	4.3	2.4	2.3	0.2	0.7	1.6	3.6	4.6	5.7	2.3
Real exchange rate depreciation (in percent, + indicates depreciation)	8.4	-2.2	5.4	...	...	...	...	...	...	...	...	2.8	...
Inflation rate (GDP deflator, in percent)	4.1	3.4	1.6	1.1	2.0	2.0	2.0	2.0	2.0	2.0	2.1	1.5	1.9
Growth of real primary spending (deflated by GDP deflator, in percent)	9.7	2.8	-0.6	9.8	9.7	10.2	9.7	8.7	8.2	6.5	9.6	8.3	8.5
Primary deficit that stabilizes the debt-to-GDP ratio 5/	-0.4	0.8	1.9	4.2	1.1	2.8	3.8	2.6	2.2	1.9	1.1	0.7	2.5
PV of contingent liabilities (not included in public sector debt)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		

Definition of external/domestic debt	**Residency-based**
Is there a material difference between the two criteria?	**Yes**

Public sector debt 1/





Sources: Country authorities; and staff estimates and projections.

1/ Coverage of debt: The central government, central bank . Definition of external debt is Residency-based.

2/ The underlying PV of external debt-to-GDP ratio under the public DSA differs from the external DSA with the size of differences depending on exchange rates projections.

3/ Debt service is defined as the sum of interest and amortization of medium and long-term, and short-term debt.

4/ Gross financing need is defined as the primary deficit plus debt service plus the stock of short-term debt at the end of the last period and other debt creating/reducing flows.

5/ Defined as a primary deficit minus a change in the public debt-to-GDP ratio ((-): a primary surplus), which would stabilizes the debt ratio only in the year in question.

6/ Historical averages are generally derived over the past 10 years, subject to data availability, whereas projections averages are over the first year of projection and the next 10 years.

Table 4. Benin: Sensitivity Analysis for Key Indicators of Public and Publicly Guaranteed External Debt, 2025–2035 (In percent)

	Projections 1/										
	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
PV of debt-to GDP ratio											
Baseline	41	42	42	40	38	37	36	35	33	32	31
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2025-2035 2/	41	46	48	49	50	52	53	55	**55**	**56**	**58**
A2. Alternative Scenario : Natural disaster	41	47	46	45	43	43	42	41	39	38	37
B. Bound Tests											
B1. Real GDP growth	41	45	46	44	42	41	40	39	37	35	34
B2. Primary balance	41	44	47	46	43	43	41	40	38	37	36
B3. Exports	41	46	51	49	47	46	44	43	41	39	38
B4. Other flows 3/	41	43	44	42	40	39	38	37	35	34	32
B5. Depreciation	41	53	49	47	45	44	42	41	38	37	36
B6. Combination of B1-B5	41	50	50	48	46	45	44	42	40	38	37
C. Tailored Tests											
C1. Combined contingent liabilities	41	50	49	48	45	45	44	42	40	39	38
C2. Natural disaster	41	47	46	45	43	43	42	41	39	38	37
C3. Commodity price	41	47	51	49	47	46	44	43	40	38	36
C4. Market Financing	41	47	47	45	43	42	40	39	36	35	34
Threshold	55	55	55	55	55	55	55	55	55	55	55
PV of debt-to-exports ratio											
Baseline	206	207	200	187	172	162	157	152	144	138	135
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2025-2035 2/	206	226	231	229	226	226	232	238	240	**245**	**251**
A2. Alternative Scenario : Natural disaster	206	229	222	209	194	186	182	178	170	166	162
B. Bound Tests											
B1. Real GDP growth	206	207	200	187	172	162	157	152	144	138	135
B2. Primary balance	206	217	226	211	195	185	180	174	165	159	154
B3. Exports	206	**275**	**352**	**329**	**303**	**286**	**276**	**268**	**253**	**243**	234
B4. Other flows 3/	206	212	210	196	181	171	165	160	151	145	141
B5. Depreciation	206	207	186	174	160	151	146	142	134	129	126
B6. Combination of B1-B5	206	**262**	212	**261**	**241**	227	220	214	202	194	188
C. Tailored Tests											
C1. Combined contingent liabilities	206	**245**	236	220	204	196	190	184	174	168	163
C2. Natural disaster	206	229	222	209	194	186	182	178	170	166	163
C3. Commodity price	206	**295**	**294**	**264**	234	213	198	191	179	171	164
C4. Market Financing	206	207	200	187	173	163	157	152	142	137	133
Threshold	240	240	240	240	240	240	240	240	240	240	240
Debt service-to-exports ratio											
Baseline	**23**	16	16	15	14	14	14	13	17	12	11
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2025-2035 2/	**23**	17	18	18	17	18	18	19	**24**	19	19
A2. Alternative Scenario : Natural disaster	**23**	17	17	16	15	15	15	15	19	14	13
B. Bound Tests											
B1. Real GDP growth	**23**	16	16	15	14	14	14	13	17	12	11
B2. Primary balance	**23**	16	17	17	15	16	15	15	18	14	13
B3. Exports	**23**	20	**25**	**24**	**22**	**23**	**22**	**21**	**27**	20	21
B4. Other flows 3/	**23**	16	17	16	14	15	14	14	18	13	12
B5. Depreciation	**23**	16	16	15	14	14	13	13	17	12	11
B6. Combination of B1-B5	**23**	19	**23**	21	19	20	19	18	**23**	18	16
C. Tailored Tests											
C1. Combined contingent liabilities	**23**	16	18	17	15	15	15	15	18	15	14
C2. Natural disaster	**23**	17	17	16	15	15	15	15	19	14	13
C3. Commodity price	**23**	21	**21**	20	18	17	16	16	20	15	15
C4. Market Financing	**23**	16	17	16	14	18	19	16	18	12	11
Threshold	21	21	21	21	21	21	21	21	21	21	21
Debt service-to-revenue ratio											
Baseline	**31**	21	22	20	19	19	18	17	22	15	14
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2025-2035 2/	**31**	23	**24**	**24**	23	**25**	**24**	**24**	**31**	**23**	**23**
A2. Alternative Scenario : Natural disaster	**31**	22	23	22	20	21	19	19	**24**	17	16
B. Bound Tests											
B1. Real GDP growth	**31**	22	**24**	22	21	21	20	19	**24**	17	16
B2. Primary balance	**31**	21	23	22	20	21	20	19	**23**	17	16
B3. Exports	**31**	21	23	23	21	21	20	19	**24**	18	18
B4. Other flows 3/	**31**	21	22	21	19	20	18	18	22	16	15
B5. Depreciation	**31**	**26**	**27**	**24**	22	**23**	22	21	**27**	19	16
B6. Combination of B1-B5	**31**	**23**	**26**	**24**	22	23	21	20	**26**	19	17
C. Tailored Tests											
C1. Combined contingent liabilities	**31**	21	**23**	22	20	21	20	19	**24**	19	17
C2. Natural disaster	**31**	22	23	22	20	21	19	19	**24**	17	16
C3. Commodity price	**31**	**24**	**26**	**25**	23	23	21	20	**24**	18	18
C4. Market Financing	**31**	21	22	21	19	**24**	**24**	20	22	15	14
Threshold	23	23	23	23	23	23	23	23	23	23	23

Sources: Country authorities; and staff estimates and projections.

1/ A bold value indicates a breach of the threshold.

2/ Variables include real GDP growth, GDP deflator (in U.S. dollar terms), non-interest current account in percent of GDP, and non-debt creating flows.

3/ Includes official and private transfers and FDI.

Table 5. Benin: Sensitivity Analysis for Key Indicators of Public Debt, 2025ð2035

(In percent)

	Projections 1/										
	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
PV of Debt-to-GDP Ratio											
Baseline	51	51	50	47	46	45	44	44	43	43	42
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2025-2035 2/	51	53	53	52	52	52	52	52	53	53	53
A2. Alternative Scenario : Natural disaster	51	57	55	53	52	52	51	51	50	50	50
B. Bound Tests											
B1. Real GDP growth	51	55	57	56	56	56	57	57	58	59	60
B2. Primary balance	51	54	56	54	52	51	50	49	49	48	47
B3. Exports	51	55	59	56	55	54	52	52	51	50	49
B4. Other flows 3/	51	52	52	50	48	47	46	46	45	44	44
B5. Depreciation	51	62	59	55	52	50	48	46	44	42	41
B6. Combination of B1-B5	51	52	53	51	49	49	48	47	46	46	45
C. Tailored Tests											
C1. Combined contingent liabilities	51	61	59	56	55	54	53	52	51	50	49
C2. Natural disaster	51	56	55	53	52	52	51	51	50	50	50
C3. Commodity price	51	54	56	57	59	60	61	62	62	63	64
C4. Market Financing	51	51	50	47	47	46	45	44	43	42	42
TOTAL public debt benchmark	70	70	70	70	70	70	70	70	70	70	70
PV of Debt-to-Revenue Ratio											
Baseline	327	322	303	283	270	260	249	242	235	227	225
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2025-2035 2/	327	333	323	309	303	297	291	287	284	280	282
A2. Alternative Scenario : Natural disaster	327	355	337	317	305	295	285	278	272	265	264
B. Bound Tests											
B1. Real GDP growth	327	343	347	332	326	322	317	316	314	312	316
B2. Primary balance	327	337	344	321	306	293	281	272	263	254	250
B3. Exports	327	344	360	336	320	307	294	284	275	265	258
B4. Other flows 3/	327	328	317	296	282	271	260	252	245	237	233
B5. Depreciation	327	392	360	329	306	286	267	252	238	224	216
B6. Combination of B1-B5	327	325	323	302	289	278	267	259	251	243	240
C. Tailored Tests											
C1. Combined contingent liabilities	327	383	360	337	321	307	295	285	276	266	262
C2. Natural disaster	327	355	337	317	305	294	285	278	272	265	264
C3. Commodity price	327	380	381	379	371	362	351	339	337	334	336
C4. Market Financing	327	322	304	284	272	261	250	241	233	226	223
Debt Service-to-Revenue Ratio											
Baseline	47	36	26	21	21	19	21	21	26	22	21
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2025-2035 2/	47	37	27	23	23	22	23	24	29	26	25
A2. Alternative Scenario : Natural disaster	47	37	28	23	22	24	23	24	28	26	24
B. Bound Tests											
B1. Real GDP growth	47	38	29	24	24	23	26	27	32	29	27
B2. Primary balance	47	36	27	24	23	23	25	23	27	25	23
B3. Exports	47	36	27	23	23	21	22	23	27	25	24
B4. Other flows 3/	47	36	26	22	21	20	21	22	26	23	21
B5. Depreciation	47	39	34	29	28	27	28	29	35	29	26
B6. Combination of B1-B5	47	36	27	23	22	21	23	23	27	24	23
C. Tailored Tests											
C1. Combined contingent liabilities	47	36	29	24	23	30	23	23	27	27	24
C2. Natural disaster	47	37	28	23	22	24	23	24	28	26	24
C3. Commodity price	47	41	30	26	26	24	25	29	33	30	29
C4. Market Financing	47	36	26	22	21	24	27	24	26	22	20

Sources: Country authorities; and staff estimates and projections.

1/ A bold value indicates a breach of the benchmark.

2/ Variables include real GDP growth, GDP deflator and primary deficit in percent of GDP.

3/ Includes official and private transfers and FDI.

INTERNATIONAL MONETARY FUND

BENIN

February 12, 2026

SEVENTH REVIEW UNDER THE EXTENDED FUND FACILITY AND THE EXTENDED CREDIT FACILITY ARRANGEMENTS AND FOURTH REVIEW UNDER THE RESILIENCE AND SUSTAINABILITY FACILITY ARRANGEMENT—WORLD BANK ASSESSMENT LETTER FOR THE RESILIENCE AND SUSTAINABILITY FACILITY

A. Country Vulnerability to Climate Change: Human, Social and Economic Costs

1. **Benin contributes minimally to global greenhouse gas (GHG) emissions yet is highly vulnerable to climate change.** Benin's per capita emissions are among the lowest in the world. It contributes only 0.05 percent of global GHG emissions and is ranked 149 out of 188 countries for its per capita emissions. In 2021, its GHG emissions were 5 percent of South Africa's, and the second lowest of all West Africa Economic and Monetary Union (WAEMU) countries.[1] While GHG emissions are expected to increase as the country develops, mitigation measures should be considered in order to avoid carbon lock-ins. Benin's main challenge is its vulnerability to climatic shocks. The country ranks 171 out of 187 countries for extreme climate vulnerability (187 being the most vulnerable), and 156 out of 187 in the combined vulnerability and climate readiness ranking.[2] Climate change is therefore set to have a significant impact on Benin's most vulnerable population and key economic sectors in the coming decades.

2. **Climate impacts are already visible and will intensify with rising temperatures, greater variability, and more extreme events.**[3] Under a 2.7°C global warming scenario (i.e. under current policies), by 2070 Benin is expected to have one of the largest exposures to the most extreme temperatures by percentage of landmass, with 98 percent of its territory expected to be impacted.[4] Future dry and wet periods are likely to become more extreme, with more droughts and a higher risk of floods

[1] Benin is part of the WAEMU together with Burkina Faso, Cote d'Ivoire Guinea-Bissau, Mali, Niger, Senegal, Togo.

[2] See ND-GAIN Country Index (University of Notre Dame Global Adaptation Index) (dashboard), University of Notre Dame, Notre Dame, IN, https://gain.nd.edu/our-work/country-index/.

[3] World Bank Benin Country Climate and Development Report (2023). The report uses the World Bank guidance for the selection of global climate scenarios for CCDR analyses. These include SSP2-4.5, SSP3-7.0 for adaptation; and SSP3-7.0 GCMs and SSP1-1.9 GCMs for mitigation.

[4] Lenton, T.M., Xu, C., Abrams, J.F. *et al.* Quantifying the human cost of global warming. *Nat Sustain* (2023).

expected. Floods are already becoming increasingly severe and more destructive: recurrent floods in urban areas such as Cotonou, Porto Novo, and Parakou pose significant challenges to the inadequate and insufficient water supply, sanitation, and waste collection systems. Droughts will continue to affect Benin, with impacts felt in the agriculture and water resources sectors. The country's coast already has one of the highest rates of coastal erosion in the Gulf of Guinea.5

3. Poverty and inequality amplify climate risks. Poor households face higher exposure to pollution and extreme weather and rely on lower-quality public services, with fewer financial buffers to recover from shocks. This raises obstacles to poverty reduction and depresses labor productivity and household well-being. Rising temperatures and floods will also exacerbate the spread of infectious diseases such as malaria. Social safety nets remain nascent and do not yet fully integrate climate risks, and much of the health and education infrastructure is vulnerable to climate shocks.

4. Adapting to climate change requires a resilient growth model. Many sectors relevant to climate action[6] are also critical for growth. The negative impact[7] - particularly for outdoor sectors such as agriculture and could be large if no action is taken. Without any additional adaptation effort, our model estimates that average annual GDP losses will increase over time and could reach up to 19 percent of GDP by 2050. The estimated loss of real GDP due to climate change increases from an average range of 7-9 percent in the 2030s to 11-19 percent by 2050 compared to the baseline and across simulated climate scenarios. This entails an equivalent loss in real per capita income. Between half a million to 1 million additional people would remain in poverty by 2050 in the absence of adaptation action

B. Government Policies and Commitments on Adaptation: Priority Areas to Strengthen Resilience

5. Benin has established its climate change commitments and a supporting policy framework. The country's commitments to climate action are set out in its Nationally Determined Contributions (NDC 2), updated in 2021, the updated NDC (NDC 3) is currently under preparation. It has also made important efforts to establish a climate change legal and policy framework that supports NDC implementation. The Law on Climate Change was enacted in 2018, the National Adaptation Plan (NAP, 2022) to the United Nations Framework Convention on Climate Change ("UNFCCC") outlines key adaptation measures and the National Climate Change Management Policy (PNGCC, 2021-2030) aims to guide Benin towards becoming a climate-resilient country with sufficient adaptive capacity and mechanisms to respond to climate risks and ensure low-carbon growth. Benin has also integrated the green transition and United Nations Sustainable Development

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[5] Note that potential catastrophic impacts and tipping points that are not easily captured through existing estimates may pose the biggest future threats. An example refers to the West African Monsoon.

[6]Such as agriculture, disaster-risk management, energy, human health, social protection, transport, tourism, urban planning, water and sanitation.

[7] Estimates are from World Bank Benin Country Climate and Development Report (2023).

Goals (SDGs) into the Government Action Programme (GAP) that serves as a reference framework for all public policies.

6. Adaptation is a priority for Benin. The NDC highlights adaptation as a priority given Benin's vulnerability and development objectives. It considers eight sectors for adaptation (agriculture, water resources, forestry, coastal areas, tourism, energy, health, urban planning, and infrastructure) and indicates key objectives to meet for 2025, 2030, and 2050. Investment needs up to 2030 were estimated at approximately US$ 1,796 million, of which US$ 578 million (32 percent) would be provided by the government and the remaining US$ 1,217 from international support (68 percent).[8] The National Adaptation Plan (2022) also outlines key adaptation measures for the country, including eight key priority sectors which are considered most vulnerable to climate change in alignment with the NDC. It presents priority adaptation measures for each target sector. Its vision is to achieve resilient and decarbonized economic development and growth by 2030, with adaptive capacity and early warning systems in place, and institutions, organizations, the private sector, and citizens adopting climate-sensitive approaches and behavior. The total cost of adaptation options for the eight targeted sectors is estimated at US$4,240 million over the 10-year horizon, equivalent to 4 percent of 2023 GDP.

C. Government Policies and Commitments on Mitigation: Priority Areas to Reduce Greenhouse Gas Emissions

7. Despite low GHG emissions, Benin has set ambitious mitigation targets. The NDC sets a target of reducing GHG emissions by 20 percent by 2030 compared to business as usual. To achieve this, it includes several mitigation measures for the agriculture, energy, land use, land-use change and forestry (LULUCF), and waste sectors. The investment needed to achieve these objectives (including adaptation) was estimated at about US$8.6 billion, with a contribution of US$5.1 billion from the government and the private sector, and the remaining US$3.5 billion expected to be mobilized from the international community.[9]

8. The energy transition can anchor a lower-carbon development path while expanding access. Benin's electricity access remains among the lowest in Sub-Saharan Africa, with 42 percent in 2024 (61 percent urban and 15 percent of rural households). Achieving universal access to electricity by 2030 is a core national objective. The Government joined the Mission 300 initiative and adopted its National Compact in September 2025, targeting 70 percent electricity access and 50 percent clean cooking access by 2030. Renewable expansion is guided by the National Policy for Renewable Energy Development (*Politique Nationale pour le Développement des Energies Renouvelables*, PONADER, 2025–2030) and the Electricity Master Plan (*Plan de Developpement de l'Electricité*, PDE 2045), targeting 20–30 percent renewables by 2035, driven by the development of new solar and

[8] Government of Benin 2021. Nationally Determined Contribution. Benin's Updated Contribution to the Paris Agreement

[9] Government of Benin 2021. Nationally Determined Contribution. Benin's Updated Contribution to the Paris Agreement.

hydropower. The Benin Least-Cost Electrification Master Plan (2021) anticipates 76 percent grid connection by 2030. Overall, production expansion plans for 2045 will require financing of around US$2.6 billion (or 15 percent of 2022 GDP). Renewable energy will yield co-benefits especially in telecoms, agriculture and water management, and transport. A greener energy grid can reduce the emissions from ICT expansion. Digital technologies can support mitigation by enabling integration of renewables, enhancing energy efficiency, and enabling demand-side flexibility. Decarbonizing transport can also reduce negative externalities. Road transport's GHG emissions increased sixfold between 2000 and 2021, and will rise with urbanization, even if per capita levels remain low regionally.

9. Mitigation can unlock opportunities in forests and land use. To reduce carbon emissions from land use, deforestation rates will need to slow in the short-term and stop altogether in the long-term, with continued investment in sustainable forest and land use management. Carbon financing for forest production and conservation offers a high-value opportunity for increasing and conserving carbon stocks, reverse deforestation, while generating co-benefits. To support this, in the context of Article 6 of the Paris Agreement, an advanced regulatory framework to govern the property, registry and emission reduction distribution was established. The decree No. 2022-698 of December 2022 sets the terms and conditions for the registration of carbon projects and enable to access to carbon credits managed under the Ministry of Economy and Finance (MEF) and the Ministry of Environment and Transport (MCVT). At COP29, the Government also announced a National Carbon Monetization Strategy under the Carbon Project Registration Authority (AEPC), covering energy and regenerative agriculture, and aiming to mobilize around 2.5 million carbon credits. To help meet energy demands, the government aims to improve fuelwood production, while expanding the use of clean fuels and efficient technologies. Forest production targets timber and fuelwood production, of which fuelwood supports 46 percent of the national energy consumption. Benin's national forest policy (2023-2032) recognizes that investing in sustainable and participatory forest management will contribute to enhancing carbon stocks while providing co-benefits. The government aims to reforest at least 150,000 ha of degraded lands with timber and fuelwood plantations by 2030 and enable 300,000 ha of forest regeneration by 2040.

D. Climate Financing: Challenges and Emerging Solutions

10. Mobilizing financing for climate investments remains very challenging. The CCDR estimates additional financing needs amount to an annual investment of 0.1 percent of GDP up to 2030, rising to 0.3 percent of GDP to 2040 and 0.8 percent in 2050. That is, an annual average of 0.3 percent over 2022-2050. However, these are on top of the already very large investment needs incorporated into the baseline macroeconomic framework that include climate-informed actions to adapt to changing conditions. Benin's own national development plans expect significant costs. The NDC estimates adaptation and mitigation investment needs at about US$8.6 billion (with a contribution of US$5.1 billion from the government and the private sector and US$3.5 billion from the international community), while the National Adaptation Plan estimates adaptation needs alone at about US$4.2 billion over a 10-year horizon. Regardless of variations in the calculations, the investment required in the short term is significant compared with the country's economy and fiscal capacities. A significant jump in private sector investment will also be needed for the economy to continue its structural transformation while adapting to climate change and avoiding carbon lock-ins. There are thus at least three potential avenues for financing climate action: (1) Increase revenue (such as through a carbon tax) and make public spending more efficient to create fiscal space for adaptation; (2) tap into concessional and blended finance and disaster risk financing; (3) leverage corporate investment.

11. Benin has secured significant climate funding despite these constraints. The country's approach includes US$ 3.2 billion from the World Bank Group's International Development Association (IDA) and US$200 million from the Resilience and Sustainability Facility (RSF), supporting ambitious climate reforms. In addition, backing from the World Bank Group's 2023 CCDR, a EUR195 million partial credit guarantee from the African Development Bank (AfDB) is helping to establish a solid foundation for Benin's progress toward a low-carbon, climate-resilient future. Benin has also played a pioneer role in raising sustainable financing from the sovereign standpoint, thanks to the issuance of the Sustainable Development Goals (SDG) bonds and can capitalize on that experience.

12. Development partners are aligning climate reforms and finance through a three-year Climate Progress Assessment Framework (CPAF). Following the Climate Finance Roundtable held in July 2024 in Cotonou, a coalition of partners led by the Government, including the World Bank Group, African Development Bank, the Asian Infrastructure Investment Bank (AIIB), and OPEC Fund developed a three-year framework to coordinate budget support for scaling climate financing in Benin. The Climate Progress Assessment Framework (CPAF) which builds on Benin's CCDR and the IMF's RSF framework aims to provide budget resources, enhancing the effectiveness of aid and accelerating the implementation of climate policies, while fostering Benin's accountability and transparency in climate financing. Among the initial commitments, the OPEC Fund has pledged EUR30 million anticipated to be disbursed in 2026. The AfDB will provide pre-financing for electricity connections in 2026, while the International Monetary Fund (IMF) will help establish institutional mechanisms for urban water tariff structures.

13. A national Green Financing Framework to guide the issuance of green and sustainable instruments was also launched in 2025. The framework was launched under MEF and will guide the issuance of green and sustainable instruments aligned with international principles to support the country's climate commitments and development priorities. It includes increasing renewable energy, clean transport, sustainable water and wastewater management, protecting terrestrial and aquatic biodiversity, enhancing climate resilience, among others.

14. The Government is implementing reforms to improve the business climate and attract private sector investment in the green sectors. With the increased participation of the private sector more climate investment efforts could be provided. in various sectors (agriculture, forestry, water, electricity, transport), through well-designed PPPs. Encouraging private sector participation in adaptation and mitigation will require sound regulatory frameworks. Greening the financial sector will be instrumental to channel resources toward climate-friendly activities. Actions from both the government and the *Caisse des dépôts et consignations du Benin* offer promising avenues.

15. The Government and the European Union (EU) are developing Benin's green bond market to attract private investment in climate projects. The Global Green Bond Initiative aims to involve institutional investors. With Global Environment Facility (GEF) support, Benin is also considering a climate project financing plan with a dedicated credit enhancement facility. The European Union, the European Investment Bank (EIB), and the United Nations Development Program (UNDP) are providing technical assistance for project identification and development.

16. Under the African Development Bank's (AfDB) African Green Banks Initiative, the AfDB, the Climate Investments Funds (CIF) and Canada Climate Action are supporting Benin in the establishment of a blended financing vehicle for the private sector – the Benin Green Investments Vehicle. This vehicle functions as a supplementary financing instrument to advance the nation's green transition, establishing it as a regional leader and potential model for others in the area. It is designed to mobilize funding for the private sector. Establishing a national green financing vehicle is a key component of the Beninese Country Platform architecture.

17. With support from the World Bank Group, the Global Green Growth Institute, and the West African Development Bank, a climate finance platform to streamline lending for local banks and microfinance institutions. The initiative, backed by the Sustainable Finance Knowledge Center for Francophone Africa, aims to boost long-term investment in Small-Medium Enterprises while promoting green business growth.

D. World Bank Engagement in Climate Change

18. Climate action is a cross-cutting priority in the World Bank's operations, technical assistance, and knowledge for Benin. The World Bank Group maintains strong engagement, with a substantial financing and technical assistance portfolio supporting Benin's climate commitments and resilience. The CCDR (2023) will inform the next Country Partnership Framework. Recent activities include :

- *Active operations that have high climate co-benefits include:* the Benin Rural Water Supply Universal Access Program (US$470 million, P164186) that aims at increasing access to water supply service and to strengthen service delivery arrangements in selected rural areas; Benin - Stormwater Management and Urban Resilience Project (US$71.3 million, P167359) that addresses flood risks in selected areas of Cotonou and strengthen urban resilience management and capacity at the city level; Building Resilient and Inclusive Cities Program (US$200 million, P176653) specifically focused on improving access to climate resilient urban services and urban service delivery arrangement in selected municipalities; Gazetted Forests Management Project (US$90 million, P167678) and Gazetted Forests Management Project 2 (US$ 80.7 million, P508182) that improves the integrated management of targeted Gazetted Forests, to increase access of the main consumption cities to fuelwood produced sustainably, and to strengthen selected non-timber forest product value chains for forest-dependent communities; Agricultural Competitiveness and Export Diversification Project (US$160 million, P168132) looking to increase productivity and market access for selected agri-food value chains; Benin Electricity Access Scale-up (BEAS) Project (US$ 200 million, P173749) that aims at supporting the increase access to electricity services for households, enterprises, and public facilities, including through more resilient network; the Grand Nokoué Sustainable Urban Mobility Project (US$ 200 million, P180579) that will expand urban mobility and contribute to decarbonizing the urban transport sector; and the Benin Social Safety Nets Program - (US$100 million, P176680) that supports the development of an adaptative Social Registry (RSU) for social assistance, including in cases of climatic shocks.

- *The Benin Boosting Inclusive Growth and Resilience Development Policy Financing (DPF) series with Cat Draw Down Option (DDO) (P180286) supports policy and institutional reforms that strengthen climate resilience and adaptation and advance a low-carbon development pathway.* The operation also provides a critical line of contingent financing (Cat DDO) and supports the government in enhancing financial readiness to respond to the immediate needs of a natural catastrophe. It directly supports reforms to strengthen the sustainability and adaptability of the social protection system and strengthen the regulatory framework on urban planning and the protection of the coastline. The Ministry of Economy and Finance submitted a request to trigger the Cat DDO after a state of disaster was declared in 32 flood-prone municipalities. In March 2024, a partial disbursement of EUR50 million was made under this facility. The government continues to have access to a EUR22.5 million Cat DDO, which closes on December 31, 2027, with the possibility of extending the arrangement for an additional three years. Additionally, the Rapid Response Option (RRO), signed by the government on October 11, 2024, allows Benin to access further resources through the Cat DDO for eligible disasters—up to 1 percent of GDP (approximately US$197 million) and within a cap of 10 percent of total undisbursed funds in active Investment Project Financings (IPFs) and Program-for-Results (PforRs), which currently amounts to about US$140 million.

- *In 2024, the World Bank approved a Development Policy Financing (DPF, P181457) credit of EUR135.5 million and Policy-Based Guarantee of €200 million to enable the Government to mobilize EUR 500 million in long-term commercial financing.* The DPF supported reforms under three pillars: to (i) strengthen private sector–led growth, (ii) improve domestic revenue collection, (iii) enhance social and climate resilience. Some of the DPF reforms include expanding the Single Social Registry, strengthening the disaster risk management system, and adopting regulations for sustainable and resilient cities.

- *The World Bank Group will provide the Republic of Benin with development policy financing (First Accelerated Economic Transformation and Jobs) totaling EUR170.4 million (approximately US$200 million) in 2026***.** It aims to strengthen the regulatory framework for private sector engagement and invest in human capital by supporting government-led reforms aimed at generating more and better jobs in high-potential sectors. The first pillar of this initiative will focus on establishing regional economic hubs, expanding access to electricity, increasing business access to financial services, curbing tax evasion, and promoting job creation within the tourism sector. The second pillar will prioritize advancing clean cooking solutions, reducing stunting rates and improving maternal health, broadening access to quality technical and vocational education, and enhancing the availability of safe drinking water.

- *Operations under preparation are strongly aligned with the CCDR priority areas aiming to strengthen climate resilience across key economic sectors, human capital development and infrastructure.* The proposed Dogo-Bis Multipurpose Dam Program 1 (US$150 million, P513979), is the first phase of a multi-phase programmatic approach with an overall financing envelope of US$1 billion. It will address energy security by increasing hydroelectric generation capacity and develop additional renewable energy capacities for the country to strengthen the government's goal of reaching universal access to electricity by 2030.

- *In the forestry and agriculture sector, the World Bank's Scaling for Climate to Lower Emissions (SCALE) Trust Fund of US$7 million aims to support the development of a national carbon program and support the creation and sale of future agricultural and forestry carbon credits, in line with the World Bank Group's standards.* The West Africa Coastal Areas (WACA) Blue Economy and Resilience Multi-Phased Program (US$147 million for Benin, P509153) focusing primarily on Phase 1 implementation in Benin and Mauritania, will be approved in 2026 to improve coastal management and enhance resilience to climate risks while promoting blue economy growth. It builds on the WACA Resilience Investment project's (P162337) achievements, which in Benin it strengthened the resilience of targeted communities in the western coastline by reducing risks from erosion and flooding.

- *Analysis and technical assistance.* The CCDR provides a strong knowledge base supporting the country engagement on climate change across all sectors. The Bank also provides technical assistance, through TA components of projects and TA financed by the Climate Support Facility trust fund, to support the implementation of the NDCs, including the development of the MRV system, the strengthening of the DRM framework, and the operationalization of the CCDR findings.

19. The IMF's RSF for Benin operationalizes CCDR recommendations, along with other WB engagement. The RSF reforms were identified in the CCDR as critical to a resilient development path and complement the Bank's extensive engagement.

Statement by Mr. Ouattara Wautabouna, Executive Director for Benin and Ms. Esso-Solim Boukpessi, Advisor to Executive Director
February 25, 2026

1. On behalf of our Beninese authorities, we thank the Executive Board, Management, and Staff for their continued engagement and support to Benin's efforts to preserve macroeconomic stability and foster high, sustainable, and inclusive growth. The Seventh Reviews under the Extended Fund Facility (EFF) and the Extended Credit Facility (ECF), together with the Fourth Review under the Resilience and Sustainability Facility (RSF), mark the conclusion of the arrangements approved in July 2022 and December 2023, respectively. Performance across the reviews was consistently remarkable, reflecting a solid and sustained track record from the start of the arrangements. The authorities value the close and constructive policy dialogue maintained throughout the program period, which has been instrumental in supporting the implementation of Benin's ambitious and wide-ranging reform agenda.

2. Anchored by a clear development vision articulated in the successive Government Action Programs for 2016–21 and 2021–26, Benin has demonstrated strong ownership of the EFF/ECF arrangements, enhanced policy, and institutional credibility, and strengthened macroeconomic performance despite multiple shocks. More recently, a coup attempt in December 2025 was swiftly thwarted, with no impact on economic activity or on program implementation.

3. Over the course of the program, growth reached record-high levels and outpaced regional peers, reflecting increased domestic demand and effective policy implementation. Fiscal buffers were rebuilt through sustained domestic revenue mobilization and disciplined expenditure management, placing Benin's fiscal position among the most robust in the West African Economic and Monetary Union (WAEMU) and comparing favorably with other Sub-Saharan African countries. Sustained reform implementation has also reinforced development partners' engagement and boosted investor confidence, as reflected in continued access to international capital markets through successful bond issuances. In parallel, RSF reforms further embedded climate considerations across fiscal and public-sector frameworks.

Recent Economic Developments and Outlook

4. Real GDP growth further improved in 2025, reaching about 8.0 percent (y/y) in the first three quarters, driven by robust performance in agriculture, trade, and construction, as well as strong economic activity at the Port of Cotonou. Inflation remained well contained at 1.1 percent in 2025, broadly stable relative to 1.2 percent in 2024, as lower services prices helped offset persistent food price pressures. External imbalances improved, with the current account deficit narrowing to an estimated 5.6 percent of GDP in 2025, down from 6.2 percent in 2024, reflecting a smaller services deficit. Despite stronger growth and capital imports related to the Glo-Djigbé Industrial Zone (GDIZ), the outturn was about 0.4 percentage points better than projected due to lower-than-expected goods imports. Private sector credit expanded by 18 percent (y/y) in September 2025, while financial sector conditions remained sound, notwithstanding a modest increase in Non-Performing Loans (NPLs), which reached 4.3 percent of total loans at end-September 2025, compared to 4.0 percent at end-December 2024.

5. Fiscal performance in 2025 remained strong, with tax revenues exceeding projections and expenditure discipline maintained, allowing the deficit to remain in line with the budget target. In addition, to ensure data consistency and alignment with international standards, the authorities revised central government debt data for 2021–24 following the adoption of the internationally recognized statistical treatment of on-lent loans that were transferred, under the country's legal framework, to public and semi-public enterprises responsible for servicing the associated debt. While these loans have been fully serviced since 2021, international statistical standards require their reclassification in central government debt. Reflecting these methodological changes, public debt was revised upward and stood at 60.5 percent of GDP at end-2024, with an average upward revision of 6.1 percent of GDP over 2021–24. Prior to the completion of the reviews, the authorities transmitted the revised debt data, which was confirmed by an audit report from the supreme audit institution *Court des Comptes*.

Notwithstanding these revisions, public debt has stabilized over recent years, and Benin remains assessed at a moderate risk of external and overall debt distress.

6. Medium term prospects are expected to remain favorable, with robust growth supported by continued port development and industrial expansion, including Special Economic Zones (SEZs) driving higher value-added exports. Growth will also be supported by the rapid development of services—notably ICT and tourism—ongoing infrastructure projects, and continued improvements in the business climate. The fiscal deficit is set to remain below the WAEMU convergence criterion of 3 percent of GDP, while inflation should stay around the central bank's target of 2 percent in the short and medium term. The current account deficit is anticipated to narrow in 2026 and stabilize over the medium term, supported by higher oil exports and improved terms of trade, despite continued constraints on exports to Nigeria, Benin's main trading partner, stemming from the naira's depreciation. At the same time, the outlook remains subject to downside risks, including regional security conditions, global trade disruptions, and climate shocks. However, several upside risks could further strengthen growth, notably the timely realization of major investment projects, the prospective start of oil production at Sèmè-Kpodji, the successful operationalization of the Niger–Benin oil pipeline, and deeper trade integration with Nigeria following the recently agreed joint trade framework.

Program Performance

7. Program performance has remained strong. All end-June 2025 Quantitative Performance Criteria (QPCs) and end-September Indicative Targets (ITs) were met with comfortable margins. Fiscal outcomes benefited from overperformance in revenue mobilization, supported by robust economic activity and continued gains from revenue administration reforms, including enhanced customs valuation and further digitalization. Priority social spending exceeded program floors, underscoring the authorities' commitment to continue enhancing social protection systems. The authorities maintained prudent debt management practices, and, as in previous reviews, no domestic or external arrears were accumulated.

8. Structural reforms also advanced decisively, notably through the publication of financial statements of major State-Owned Enterprises (SOEs) and audit reports of high-value public contracts, thus improving transparency and governance. The authorities have published a comprehensive mapping of social protection programs, following a brief two-month delay related to additional technical work and coordination. The mapping identifies coverage gaps, fragmentation, and geographic disparities, providing a solid basis for strengthening social policies.

9. Implementation of the RSF program has been completed successfully. The timely delivery of all Reform Measures (RMs) reflects the authorities' sustained commitment, firm program ownership, and effective inter-institutional coordination, given the breadth and complexity of the reform agenda. Key measures (i) embed climate considerations into public investment management and infrastructure maintenance (RM2), (ii) integrate climate considerations into state-owned enterprises. (SOEs) annual reporting, enhancing governance and transparency in SOEs (RM3), and (iii) enhance the financial sustainability of the water sector in urban areas via an institutionalized pricing mechanism (RM6). Reforms also (iv) improve the integration of climate risks into social protection systems (RM8) including flood-risk mapping linked to the *Registre Social Unique (*RSU)), (v) strengthen climate resilience in agriculture via a national index-based insurance scheme (RM9), and (vi) lay the foundations for mobilizing private climate finance with the development of a climate transition taxonomy and a supporting climate data framework (RM15).

Macroeconomic Policies and Reforms Going Forward

Fiscal Policy and Debt Management

10. The authorities remain firmly committed to sustaining fiscal consolidation in line with the WAEMU convergence norms. Building on recent progress, fiscal policy is anchored in compliance with the WAEMU fiscal deficit target in 2026 and over the medium-term, while preserving flexibility to respond to shocks and

safeguarding macroeconomic stability. To this end, the authorities will continue to maintain fiscal discipline, while strengthening domestic revenue mobilization through the implementation of the Medium-Term Revenue Mobilization Strategy (MTRS). Further efforts are planned to rationalize tax expenditures and enhance expenditure efficiency, thus creating fiscal space for priority public investment and social spending while maintaining fiscal discipline.

11. The authorities are reinforcing public debt management by stabilizing the debt trajectory after successive external SHOCKS and rebalancing the debt portfolio toward domestic financing while prioritizing sustainable instruments. Supported by fiscal consolidation and proactive liability-management operations in 2024–25, the debt-to-GDP ratio has begun to decline since 2024. As discussed above (¶5), recent revisions to debt data, together with forthcoming amendments to the legal debt management framework are reinforcing transparency, governance, and international comparability. The authorities are cognizant, however, that continued vigilance is required to preserve debt sustainability in a volatile global environment. Accordingly, the medium-term debt strategy emphasizes prudent borrowing, longer maturities, and reduced refinancing risks, alongside ongoing fiscal reforms, including strengthening the Treasury Single Account, improving cash management, and enhancing debt sustainability. Benin has also continued to diversify its financing sources, broaden the investor base, and support the mobilization of sustainable financing, including the successful issuance last January of a seven-year international sukuk, marking the first sovereign sukuk issued by an African country on global markets.

Social Policies

12. The authorities remain steadfast in their commitment to strengthening social protection policies to accelerate progress toward the Sustainable Development Goals (SDGs), reduce social disparities, and build human capital. The *Registre Social Unique* (RSU) continues to underpin the targeting and delivery of social programs, with ongoing efforts to expand coverage, update beneficiary information, and integrate climate-risk considerations, thereby firming targeting accuracy and ensuring that support reaches the most vulnerable populations. In line with the 2026 budget framework, social spending is being scaled up, especially in health and education. Recent progress includes the launch of the *GBESSOKÉ* cash transfer program supported by the World Bank and plans to expand the Single Window for Social Services (GUPS) centers. These two initiatives will improve delivery capacity and provide a unified point of access to social assistance. Building on these advances, policies will continue to focus on strengthening social protection and productive safety nets, including by improving access to essential health services, expanding the *ARCH* health insurance program, and consolidating gains in education following nationwide expanded coverage under the school-feeding program. The authorities are convinced that continued mapping and coordination of social programs will help reduce fragmentation, optimize resource allocation, and further enhance the inclusiveness and effectiveness of the social protection system.

Monetary and Financial Sector Policies

13. Monetary policy continues to be conducted at the regional level by the *Banque Centrale des États de l' Afrique de l' Ouest (BCEAO*). The BCEAO has appropriately eased its stance following the achievement of price stability objectives and is expected to remain data-dependent, balancing easing inflationary pressures against risks from shocks, financial conditions, and reserve adequacy. At the national level, the authorities remain vigilant to fiscal and financial risks in the financial sector, while leveraging public financial institutions to support investment. Governance, oversight, and market discipline are being improved, notably through the recent listing of the *Banque Internationale pour l'Industrie et le Commerce (BIIC)* on the regional stock exchange. In addition, following *Société Générale's* withdrawal, the authorities acted decisively to safeguard financial stability by exercising their preemption right, with the *Caisse des Dépôts et Consignations du Bénin (CDCB)* expected to temporarily hold the bank pending re-privatization.

Structural Reforms

14. The Beninese authorities are pressing ahead with structural reforms aimed at strengthening fiscal governance, deepening institutional capacity, and supporting economic transformation. Key priorities include advancing public financial management and land administration reforms, notably through the expansion of the online cadaster to increase transparency, accountability, and sustainable land management. In parallel, industrialization remains a central pillar of Benin's transformation agenda. Building on the robust performance of the GDIZ, the authorities are deepening and diversifying the industrial base through the development of additional SEZs, while reinforcing transparency and investor confidence through improved disclosure of investment regimes and incentives. Investment and export facilitation, particularly for SMEs, have also been strengthened through simplified procedures and the operationalization of the single electronic window under the investment code.

15. Building on steady progress under their governance action plan, the authorities will continue to closely monitor the implementation of the recommendations stemming from the Governance Diagnostic Assessment. Reforms will focus on enhancing transparency, accountability, and oversight; enhancing budgetary and procurement transparency; and expanding automation and risk-based approaches across public administration. The authorities are also strengthening the AML/CFT framework in line with the 2021 mutual evaluation, through targeted legislative reforms, updated sectoral risk assessments, and enhanced supervisory oversight, particularly in the real estate sector, supported by greater beneficial ownership transparency. and the operationalization of dedicated control and capacity-building functions. Overall, these reforms are expected to further boost governance, support economic diversification and resilience, and promote inclusive, private-sector-led growth.

Climate Policies

16. The authorities have made considerable progress in advancing their climate reform agenda under the RSF. Climate considerations are increasingly integrated in public investment, public financial management, and sectoral frameworks. Key reforms include climate budget tagging, strengthened regulatory frameworks for water, building code, and renewable energy, as well as fossil fuel subsidy reforms, supported by targeted social protection measures. Electricity tariff adjustments and the introduction of an institutionalized urban water pricing mechanism are also improving the financial sustainability of public utilities and helping reduce fiscal and external vulnerabilities. In light of these achievements, the authorities will continue to enhance implementation to advance the climate strategy and mobilize climate finance. Priority actions include the integration of climate risks into infrastructure maintenance, further reforms in the water and agriculture sectors with notably the national index-based insurance scheme and the adoption of a climate transition taxonomy supported by a dedicated climate data framework. Together with continued efforts to scale up climate finance through carbon markets and close coordination with development partners, these reforms will support economic resilience and align with the priorities spelled out under the National Adaptation Plan.

Conclusion

17. As the programs conclude, our Beninese authorities emphasize the strong and consistent program performance achieved, demonstrating effective policy implementation amid a challenging global and regional environment. Clear policy direction and sustained ownership supported the delivery of an ambitious reform agenda spanning fiscal consolidation, governance, social protection, financial sector oversight, and climate resilience, helping to anchor macroeconomic stability, strengthen institutions, and advance inclusive growth. Looking ahead, the authorities expect that the policy framework will remain anchored in sound macroeconomic management and sustained reform momentum, consolidating the gains achieved in recent years. They will continue to maintain close engagement with development partners, including the IMF, in line with the medium-term policy priorities outlined above.

18. In this context, and considering the program's solid performance, we would appreciate Executive Directors' support for the completion of the Seventh Reviews under the ECF and EFF arrangements, the Fourth Review under the RSF arrangement, and the associated decisions.