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Benin: Letter of Intent, Memorandum of Economic and Financial Policies and Technical Memorandum of Understanding

July 21, 2005

The following item is a Letter of Intent of the government of Benin, which describes the policies that Benin intends to implement in the context of its request for financial support from the IMF. The document, which is the property of Benin, is being made available on the IMF website by agreement with the member as a service to users of the [IMF](#) website.

July 21, 2005

Mr. Rodrigo de Rato
Managing Director
International Monetary Fund
700 19th Street N.W.
Washington, D.C. 20431
USA

Dear Mr. de Rato:

1. The arrangement approved in July 2000 by the Executive Board of the International Monetary Fund under the Poverty Reduction and Growth Facility (PRGF) in support of the economic reform policies of the government of the Republic of Benin expired on March 31, 2004.
2. Despite the encouraging results obtained when this program was implemented, a major challenge for Benin remains that of ensuring sustainable, high economic growth by diversifying its economy and reviving the private sector. Recent economic and financial developments have been marked by negative external shocks in the form of a significant drop in the international prices for cotton, and Nigeria's intensification, from August 2003, of restrictions on trade with Benin. The impact of these external shocks was magnified by delays in the implementation of structural reforms aimed at diversifying Benin's economy and improving its competitiveness. Economic growth slowed, and the expected progress in adjusting the balance of payments and budget could not be achieved. Within a stable macroeconomic framework, measures to diversify the economy and revive the private sector will form the basis for providing durable solutions to the vulnerability of Benin's economy to external shocks and its disproportional dependence on the cotton sector and on trade with Nigeria.
3. The second challenge for Benin is to obtain convincing results in its fight against poverty, not only through higher growth but also through more resolute implementation of economic and social policies designed to achieve those ends. The first annual report on progress made in 2003 in implementing the poverty reduction strategy drawn up in September 2002 revealed a need for more strenuous efforts so as to not stray from the path leading to the Millennium Development Goals by 2015.
4. To meet these challenges, the government of Benin has drawn up a new program of economic reforms for the three-year period that began April 2005. This program, for which the government is seeking the financial support of its development partners, aims at restoring sustainable, high growth in a stable macroeconomic environment, as well as tangible results in the effort to reduce poverty. The principal components of the program are based on the policies set forth in the poverty reduction strategy paper (PRSP) of September 2002.

5. In the attached memorandum on economic and financial policies (MEFP), the government presents the objectives and policies it intends to pursue within the framework of its medium-term strategy and specifies the objectives and measures for the first year of the program. In this context, the government of Benin hereby requests a three-year arrangement under the PRGF in the amount of SDR 6.19 million.

6. The government believes that the policies set out in the MEFP are adequate to achieve the program objectives; however, it stands ready to take any further measures that may prove necessary. The government of Benin will continue to provide the staff of the IMF with the information required to properly evaluate Benin's progress in executing the policies contained in the attached MEFP. It will also continue to consult with the IMF on its economic and financial policy, in accordance with the provisions and practices of the Fund governing such consultations.

Sincerely yours,

/s/

Cosme Sehlin

Minister of Finance and the Economy
Republic of Benin

BENIN

Memorandum on Economic and Financial Policies for 2005-2008

July 21, 2005

I. INTRODUCTION

1. In the context of implementing its poverty reduction strategy, the government of the Republic of Benin undertook discussions with the staff of the International Monetary Fund about a medium-term economic and financial program for the period April 1, 2005 to March 31, 2008. Building on the progress made and results obtained in 2004, the discussions focused on a program designed to stimulate Benin's economy, and, more specifically, on the prospects and measures for the remainder of 2005, including the major components of the budget. Aware of the challenges facing the economy if it is to achieve strong and lasting growth, reduce its vulnerability to external shocks, and accelerate the reduction of poverty, the government reaffirms its resolve to implement all the policies described in the present document.

II. Recent Economic Developments

2. Because of the dependence of Benin's economy on cotton and trade with Nigeria, both of which were affected by external shocks, and delays in the implementation of structural reforms, economic performance continued to deteriorate in 2004. Growth slowed, exports weakened, and a drop in fiscal revenues forced the government to tighten fiscal policy. Inflation was moderate, however, the household consumer price index rising by about 1 percent on average.

3. Preliminary estimates show that GDP growth in real terms was only 3.1 percent, compared with an average of 4.2 percent in the preceding two years and with the objective in Benin's poverty reduction strategy paper (PRSP) of about 6.5 percent. This slowing of growth is mainly attributable to three factors: (i) the drop in production of cotton fiber that is due, in part, to the disorganization of the sector stemming from the failure of some participants to honor the provisions governing the relations between stakeholders; (ii) border closings and the intensification of trade restrictions imposed by Nigeria; and (iii) the loss of competitiveness of the port of Cotonou, together with multiple roadblocks and highway controls that discourage transiting Benin with goods intended for neighboring countries.

4. The external current account deficit, excluding grants, deteriorated slightly to 8.7 percent of GDP in 2004, despite an increase in private current transfers and the gains realized from servicing the external debt as a result of the recording of this debt service net of any relief. This development reflects, on the one hand, a deterioration in the trade balance linked to an increase in the oil bill and stagnation of cotton exports and, on the other hand, a minor reduction in public current transfers resulting from reexportation activities.

5. Benin's overall fiscal deficit on a commitment basis and excluding grants was limited to 3.7 percent of GDP, unchanged from 2003. Nevertheless, on a cash basis, the fiscal deficit worsened by 0.8 percent of GDP and the slippages would have been even greater, given a substantial rise in the wage bill, had the government not taken measures to reduce other expenditures by about 0.3 percent of GDP. It made those reductions while preserving priority poverty reduction spending to the extent possible.

6. Analysis of the changes in the monetary aggregates is extremely difficult owing to technical problems encountered over the past several years in estimating currency in circulation and the net foreign assets of the national branch of the Central Bank of West African States (BCEAO). To solve these problems, the BCEAO has begun revising the methodology it uses to estimate currency in circulation. According to available data, which reflect these technical difficulties, the money supply contracted by 5 percent in 2004; in parallel, the BCEAO's net foreign assets contracted by CFAF 54 billion, or more than 2.5 percent of GDP. Credit to the economy rose by merely 4.5 percent, against a 33 percent expansion in 2003 and the government's credit position toward the banking sector continued to contract.

7. Overall, the banking system, assessed on the basis of its adherence to the prudential ratios, remained sound, although the number of non-performing loans increased from 4.7 percent to 7.2 percent of private sector credit. This change reflected, in particular, problems at the National Agricultural Promotion Company (SONAPRA). In addition, Continental Bank, in which the government retains a 43 percent share, continues to experience financial difficulties. In 2004, two new banks were licensed to operate in Benin, while two other institutions lost their operating licenses and are now in liquidation. At end-December 2004, the national banking system consisted of nine banks and two nonbank financial institutions. One bank remained under provisional receivership, ordered by the Minister of Finance and the Economy, and the number of institutions subject to surveillance by the Banking Commission was reduced from four to two.

8. While the Beninese authorities continued to make progress in implementing budget reforms and improving social services, other structural reforms were again delayed in 2004, in part owing to resistance from trade unions. The sale of SONAPRA's ginning plants was not completed, although the lots were awarded by bid. Preparations for the privatization of the national telecommunications company, Bénin Télécoms S.A.—a result of the splitting of the Office of Postal Services and Telecommunications (OPT) into postal services and telephone services—continued to be delayed. The strategy for privatizing the electricity company, Société Béninoise d'Énergie Électrique (SBEE), was not adopted. The action plan to enhance the competitiveness of the port of Cotonou—entailing the creation of a “centralized clearing and invoicing center” and the participation of the private sector in port management—and its implementation calendar were not finalized.

9. The modernization of the administration and reform of the civil service, including development of a merit-based compensation system, did not advance meaningfully in 2004. Following the updating of the single reference database that makes it possible to track the

number of paid civil servants, the government shifted the responsibility for managing personnel administration from the Ministry of the Civil Service to the ministries in charge of education and created a technical commission to integrate and coordinate administrative reforms. The government also continued to seek the cooperation of social partners in promoting these wide-ranging reforms, supported for the past several years by the World Bank; the reforms are considered necessary to the better functioning of the program budgets and the use of management by objectives by the government.

III. Medium- Term Framework

10. The new medium-term economic and financial program forms part of the poverty-reduction strategy the government adopted in September 2002. The first annual progress report on Benin's implementation of its Poverty Reduction Strategy Paper (PRSP) covered the period 2002-03. The conclusions of that report do not question the basic principles of the strategy, whose four pillars continue to guide the government. The program takes into account the report's recommendations to strengthen ownership of the PRSP by the staff and agencies charged with implementing the PRSP's measures and to infuse new energy into the implementation of the structural reforms. Benin's poverty reduction strategy is scheduled to be updated and a new PRSP prepared in 2006, and the medium-term program will be modified, if necessary to address new priorities and actions that have arisen in the country's pursuit of the Millennium Development Goals (MDGs).

11. While benefiting from the lessons learned from implementing the poverty reduction strategy since 2003, the 2005-08 program aims to meet the pressing economic and financial challenges facing Benin. These challenges include (i) maintaining a stable macroeconomic environment by adopting prudent economic and financial policies and, in particular, by consolidating public finances; (ii) ensuring Benin's economic recovery by improving its competitiveness through wide-ranging structural reforms; and (iii) gradually increasing the resilience of the economy and expanding its export base by diversifying Benin's economic activities and promoting exports.

12. The government has set as its objectives the gradual resumption of growth with a target of 5.5 percent in real terms by 2008, while keeping inflation below 3 percent on average. These objectives are ambitious but realistic and underscore the government's resolve to implement the structural reforms and policies that can contribute to a gradual acceleration of growth. To guarantee the sustainability of this strategy over time, the government also intends to contain the external current account deficit, excluding grants, to 7.4 percent of GDP by 2008 and to gradually reduce the burden of foreign debt as a percentage of GDP. With those objectives in view, the government will strive to enhance the competitiveness of the economy in order to better integrate Benin into regional and world trade and boost private investment in the productive sectors. A prudent monetary policy, conducted at the regional level should enable Benin to limit inflation to about 2.5 percent annually.

13. In support of these macroeconomic objectives, the government's fiscal policy will aim for fiscal consolidation, increased support for the implementation of the PRS, and a positive contribution to the economic recovery.

- For Benin to achieve fiscal consolidation, the government must (i) ensure that its fiscal policy and external public debt policy are sustainable and (ii) improve compliance with fiscal convergence criteria of the West Africa Economic and Monetary Union (WAEMU). This will result from improving fiscal balances over the program period, while continuing to settle government liabilities and payment arrears. The program seeks to reduce the overall fiscal deficit to 4.5 percent of GDP and achieve a primary surplus (excluding externally financed investment expenditure) by 2008. To achieve these objectives, the government will intensify its efforts to mobilize revenues by reforming the tax system and strengthening the General Directorate of Taxes and Public Lands (DGID) and the General Directorate of Customs and Indirect Taxation (DGDDI). These measures should boost the tax effort to 17.8 percent of GDP by 2008. That increase in the tax ratio will allow overall expenditures to stay at 22.2 percent of GDP by 2008 and keep primary expenditures at 17.7 percent of GDP over the period 2006-08. Taking into account the envisaged fiscal consolidation and the programmed strengthening of the government's net credit position vis-à-vis the banking system, the financing gaps over the period 2006-08 will be about 2 percent of GDP.
- In the context of the fiscal consolidation, the program takes into account the government's decision to assume responsibility for the financial impact of automatic promotions and advances of civil servants, which were not paid because such payments had been suspended between 1987 and 1991 then gradually restored after 1992. These obligations are now being assessed and, when the process is complete, the authorities will draw up a strategy to eliminate them. This strategy will take into account the government's financing constraints within the framework of the country's poverty reduction strategy and will aim to prevent any deterioration in the sustainability of fiscal policy.
- The medium-term budget program will aim to streamline expenditures and improve their quality, as well as to call for effective implementation of the priorities and objectives of the poverty reduction strategy. In this regard, the institutional capacity for budget preparation and programming will be strengthened, to improve the preparation of budget programs—which currently cover 17 out of the 21 ministries—and to better integrate the medium-term expenditure framework (MTEF) of each ministry into the overall government budget. The budgetary expenditure program will favor the priority sectors, notably the social sectors. At the same time, the wage bill will be contained at 5.6 percent of GDP. Public investments will be concentrated in the sectors contributing to the improvement of public services, the strengthening of basic infrastructures, the quality of the service provided by the education system, access by all citizens to primary health care, and the effectiveness of the legal system.

- The contribution of fiscal policy to the economic recovery will be increased by improving governance and intensifying the fight against corruption. The ongoing administrative budgetary reforms—especially the strengthening of the public financial agencies—the reform of government contracting, and the modernization and management of the civil service will result in improved transparency and governance. Finally, the government intends to initiate a reform of the tax system in 2006 to simplify and broaden Benin’s tax base, while contributing to the revenue objectives and the restoration of an environment conducive to private sector development. To that end, the government is seeking assistance from its development partners and in particular the IMF.

14. To ensure economic recovery and reduce the economy’s vulnerability to external shocks, the government will strengthen the competitiveness of existing activities and implement an economic diversification strategy through expanded regional and international trade. The government will therefore focus on concluding the structural reforms already under way in the cotton sector, ensuring lasting development of formal trade with Nigeria, and completing the reforms of the transportation (including the port of Cotonou), telecommunications, and energy sectors to improve their competitiveness. These urgent reforms will be accompanied by an effort to identify the growth sectors and to implement a more effective development strategy based largely on foreign trade. Starting in 2005, the development of such a strategy will benefit from a number of studies on the competitiveness of Benin’s economy and its sources of growth, along with a study on integrating Benin into international trade. To eliminate internal barriers that prevent Benin from participating fully in world trade, the government needs to strengthen ongoing structural reforms, such as the reform of the legal system. The entire range of these reforms will be bolstered by a strengthened banking and financial sector, especially microfinance. To anchor growth in the sectors in which Benin has a clear competitive advantage, the trade development strategy will be strengthened in light of the prospects for accelerated integration into the WAEMU, and gradually, into the Economic Community Of West African States (ECOWAS). The mainstay of this strategy will be the enhanced competitiveness of the port of Cotonou, with the effective operation of the centralized clearing and invoicing center and the expansion of its activities. Benin is seeking technical and financial assistance in modernizing the legal and regulatory environment for investment, transportation, trade, and other services, which should attract private investment and ensure accelerated economic growth.

15. The government believes that performance-based management requires appropriate administrative reform based, in particular, on a revamping of the civil service personnel regulations and the development of performance-based compensation. Consequently, the government intends to obtain the cooperation of all social partners in the new performance-based management methods and administrative reform. Such a reform will pave the way for the establishment of a wage policy based on recognition of employee performance and an adequate recruitment policy. In 2005, the government will adopt an action plan for 2005-07 consisting of a sustainable framework for a staff turnover strategy and the finalization of new civil service personnel regulations that introduces elements of performance-based management.

16. The medium-term program calls for strengthening the government's institutional capacity to improve the development and monitoring of economic and financial policy and to ensure implementation of the poverty reduction strategy. As a complement to the budgetary and administrative reforms mentioned above, the capacity of sector ministries to monitor and assess policy implementation will be enhanced. The statistical systems for collecting and processing data will be improved to ensure the availability of reliable and timely statistics to help in the making of decisions and policies.

IV. Policies and Measures for the Remainder of 2005

17. The first year of the program supported by the Poverty Reduction and Growth Facility (PRGF) extends from April 1, 2005 to March 31, 2006. Economic growth for 2005 is projected at 3.9 percent; inflation at 2.5 percent; and the external current account deficit (excluding grants) unchanged at 8.7 percent of GDP. The 2005 growth target takes into account the buoyancy of activities in the secondary sector linked to the strong rebound of cotton production, improved relations with Nigeria, and the effect of the gradual restoration of competitiveness of the port of Cotonou. The recovery of the construction and public works sector and of the tertiary sector—in particular, telecommunications, trade and transportation—will contribute to the realization of the growth target. Some stabilization of the prices of petroleum products on the world markets in the course of the year, together with enough rain for normal growth of food production, should enable Benin to contain inflation at less than 2½ percent. The external current account deficit is not expected to improve in 2005 owing to the decline in international prices for cotton and the appreciation of the CFA franc against the U.S. dollar, combined with the swelling oil bill and the reduction of trade with Nigeria despite some expected improvement. Consequently, despite the surpluses in financial and capital accounts, official reserves are expected to decline further.

A. Public Finance and Fiscal Reform

18. In light of the poverty reduction strategy, the 2005 budget adopted by the National Assembly reflects the policy priorities of the government as set forth in the new Government Action Program and the PRSP. The budget is broadly consistent with the objectives of the poverty reduction strategy of (i) increasing use of the program budget and unified budget approaches, (ii) improving revenue collection, (iii) giving priority to current and capital spending in the social sectors and to economic infrastructure, and (iv) strengthening capacities for management and absorption of the available resources.

19. Immediately after its adoption, however, the 2005 budget came under intense pressure because of, on the one hand, the less favorable economic outlook and, on the other, the government's decisions to protect cotton producers against the impact of the significant drop in international prices, amplified in local currency terms by the weakness of the U.S. dollar; to increase the compensation of some categories of personnel; and to consolidate public finances. This fiscal consolidation involves clearance of utilities and telephone bills representing claims on the central government, and on local governments and other public

institutions, as well as implementation of the government's program to recognize debts incurred when promotions and advancements for civil service employees were suspended between 1987 and 1991.

20. These budget pressures called for vigorous measures to increase revenue and for expenditure reductions in an amount equal to 1.1 percent of GDP to contain the narrow primary fiscal deficit at 0.9 percent of GDP and the overall deficit, on a commitment basis and excluding grants, to 5.3 percent of GDP. The Council of Ministers adopted the adjustments required in the 2005 budget on June 6, 2005, and the Minister of Finance and the Economy communicated them to the appropriations managers.

21. On the revenue side, the new tax measures introduced by the 2005 budget law were limited essentially to the extension of customs exemptions to farming equipment and machinery and a downward revision of the tax on wages and salaries in light of the increase in the minimum wage and wage demands of workers. Consequently, the increase in total budget revenues to 17.4 percent of GDP reflects, especially, the continuation of efforts to strengthen tax administration and the inclusion of exceptional revenues linked to the settlement of the cross debts between the government and the water and electricity company. In terms of administrative measures, the government intends to: (i) continue to strengthen the DGID, particularly the large enterprises directorate (DGE), and expand the computerization of the medium-size enterprise centers (CMEs); (ii) improve coordination between the DGDDI and the DGID by introducing a new tax identification number for taxpayers and improving data sharing between the two administrations; (iii) tighten customs valuation controls; (iv) track exemptions by computer; and (v) step up the calendar for establishing the centralized clearing and invoicing center at the port of Cotonou. In addition, in 2004 the government renegotiated and signed a new agreement with mobile telephone companies. This agreement establishes a provider licensing fee of CFAF 5 billion each, with payment spread out over six years. The public treasury is to collect, on a regular basis, both of these user fees and royalties for the use of designated bandwidths and frequencies.

22. In 2005, total expenditure and net lending are expected to reach CFAF 512 billion, or 22.7 percent of GDP. This amount takes into account the budgetary pressures noted above and the offsetting measures designed to limit the increase in expenditures. Despite the budgetary restrictions, the 2005 budget will nonetheless contribute to poverty reduction while maintaining macroeconomic stability and long-term fiscal viability.

23. The wage bill will be allowed to reach CFAF 128.7 billion, or 5.7 percent of GDP, taking into account the government's decisions to grant additional benefits to teachers and personnel in the health sector, undertake new recruitment in the social sectors, and complete the adjustment of wages so that civil servants are paid in line with their administrative positions. Additional teachers and health care personnel will also be recruited locally, using a portion of resources from the Heavily Indebted Poor Countries Initiative in the form of transfers.

24. Current expenditures, excluding the wage bill and educational grants and allowances, will be nearly 25 percent higher than in 2004, reflecting fiscal consolidation and support for rural producers affected by the drop in the prices of cotton. Transfers will increase by 31 percent in 2005, mainly because of subsidies to cotton producers. The government's decision to assist of the cotton industry is creating a charge on public finances of about CFAF 26 billion (that is, 1.2 percent of GDP), in the form of (i) a subsidy of about CFAF 19 billion to soften the impact of external price shocks on the rural poor while maintaining producer prices at a reasonable level and (ii) another CFAF 6 billion subsidy to cover SONAPRA's operating deficit for the 2004-05 crop year in the context of the privatization by end-2005 of its ginning units. Besides the CFAF 19 billion subsidy, the other current transfers and expenditures will increase by 12 percent compared with 2004, while the increase in domestically financed capital expenditure—including the Administrative Services Capital Budget—will be limited to 9 percent.

25. Following an agreement with trade unions within the framework of efforts to align wages and salaries with the actual wages of regular government employees starting on January 1, 2005, the government has focused on assessing its obligations resulting from the retroactive application of the actual wage scales. In that context, the 2005 budget incorporates an allocation of CFAF 10 billion (about ½ of 1 percent of GDP) to allow payment this year of a part of verified claims made by regular government employees—both actively employed and in retirement. The objective is to liquidate obligations of less than CFAF 500,000 to each employee, or to make a partial payment of CFAF 500,000 to eligible employees whose back pay will exceed that amount. The government will impose conditions on subsequent payments such as (i) completion of the assessment of government overdue wage debt; (ii) development of a plan to bring its commitments into line with its financial capacities; and (iii) progress in the implementation of the administrative reforms. Similarly, with a view to containing expenditures for consumption of water, electricity, and telephone services, the Ministry of Finance and Economy has signed a contract with an audit firm charged with reconciling the invoices of the water, electricity and telecommunications companies with the actual consumption of government departments and agencies.

26. The government is awaiting budgetary support in the form of concessional loans and grants that will enable it to contain to CFAF 14 billion the financing gap resulting from these consolidation operations. Rather than finance its operations through domestic borrowing, the government is seeking additional financial support in the amount of CFAF 13 billion from the African Development Fund. Budgetary assistance from France is expected to provide the remaining CFAF 1 billion.

27. In the context of strengthening fiscal management, the government intends to go beyond the measures taken in recent years to improve the execution of public expenditures. For example, in 2005 the government will take measures aimed at (i) deepening budgetary reforms, in particular in the area of government procurement; (ii) extending the coverage of the integrated budget management system (SIGFIP) to externally financed expenditures and restore automatic expenditure control mechanisms; and (iii) tighten its control of financial and physical execution of infrastructure expenditures. The government will also tighten

controls over expenses not just to reduce the number of expenditures executed outside normal procedures, but also to improve the quality of expenditures. The amount of expenditures without prior payment authorization—and therefore without payment orders—must not exceed 10 percent of current appropriations for equipment, supplies, and transfers. Moreover, the government will grant high priority to the preparation of a strategy to safeguard the financial viability of the National Pension Fund (FNRB). To that end, it will expand the actuarial study of the FNRB and decide on key measures to restore its long-term financial equilibrium before December 2005. Finally, prior to end-2005, the government will complete preparation of the 2004 budget accounts and forward them to the audit office; the budget review laws for 2001 and 2002 will be submitted to the National Assembly by end-December 2005.

28. To strengthen the monitoring of budget execution, the government has charged the secretariat of the National Commission for Development and the Fight against Poverty (CNDLP) to formalize the methodology for collecting, processing, and presenting government finance statistics, including the government financial operations table. To that end, it has assigned three newly recruited professional staff to the CNDLP's permanent secretariat and charged them with implementing the methodology.

B. Monetary Policy and the Financial System

29. Monetary policy, which is the responsibility of the BCEAO at the regional level, will aim at strengthening official reserves and maintaining price stability. In light of the foreseeable trends in economic activity and financial intermediation, the rate of growth of money supply could be about 6 percent in 2005. Net domestic assets are expected to increase by 19 percent in 2005, reflecting a 12 percent increase in credit to the private sector and a further steep decline in government deposits with the banking system equal to 37 percent, or 3 percent of the beginning money stock.

30. As part of its effort to correct the weaknesses of Benin's financial system, the government will take the necessary steps to strengthen the management of financing institutions, in line with the recommendations of the Banking Commission of the WAEMU. The government will closely monitor Continental Bank and will strive to improve and motivate its management; before end-2006, the government will propose a plan to sell off its shares. In addition, the Banking Commission will monitor all financial institutions' observance of prudential ratios, especially those related to equity capital. In the case of institutions engaged in micro financing, the government will, by end-2005 strengthen the unit responsible for their prudential oversight to help it improve its monitoring of the two major networks, FECECAM and FENACREP.

C. Other Structural Reforms

31. In response to the economic slowdown, the government reaffirms its determination to reenergize the implementation of structural reforms, so as to restore the conditions for strong, sustainable growth and, thus, significant poverty reduction. Consequently, it intends to

accelerate privatizations and promote the private sector in order to attract private investors from within Benin and from abroad.

32. The port of Cotonou is the lifeline of the national economy; its competitiveness affects the development of Benin's transportation and trade activities. For that reason, the government is supporting efforts to improve the port's productivity and establish a development strategy that will enable the port to play fully its role in the economic development of the country and the region. The port's centralized clearing and invoicing center, to be established by the Cosmos company under a government contract, will constitute the interface between users of port services and port operators. The center, which will be in operation by end-2005, will allow single invoicing for all services provided by the port's operators to the users of the port. The management of the centralized clearing and invoicing center will consist of a general directorate accountable to a committee including representatives of all port operators. Parallel to the setting up of the centralized clearing and invoicing center, the government has taken measures to improve the port's competitiveness, in particular by reducing the costs of services charged by the public operators (i.e., PAC and SOBEMAP). The autonomous port will request technical assistance from a port with a recognized international reputation to improve its competitiveness and develop a plan to expand its activities, on the basis of a physical and financial assessment of the entire range of its operations. The terms of reference for this assessment will be developed with the technical assistance of the World Bank, and will be sent to a short list of ports chosen in consultation with the World Bank to invite them to offer bids. A proposal for a program to develop the port's activities and boost its productivity will be communicated to the IMF staff before the end of the discussions on the first review of the PRGF arrangement. Handling activities already open to the private sector for the handling of containers, will be completely deregulated by year's end. To prepare SOBEMAP for these developments, the government will draw up a plan to strengthen its competitiveness.

33. Telephone services are very expensive in Benin. The liberalization of the sector of telecommunications began, with the granting of four mobile telephone licenses, in the absence of an adequate regulatory framework. To complete the sector's deregulation and ensure its effectiveness, the government has not renewed the contract with the investment bank involved to date but has instead asked for technical assistance from the World Bank to hire a new consultant for the preparation of appropriate regulatory and institutional framework. The World Bank has assisted in drawing up a short list of investment banks and the terms of reference for the call for bids. The draft legislation and decrees governing the sector will be adopted by the Council of Ministers before October 31, 2005, and the draft legislation will be submitted to the National Assembly for the end-year session. The new regulatory framework for telecommunications is therefore expected to be in place before the end of the year. Before end-2005, the bid documents for privatization of Benin's Télécoms S.A. will be ready. The bidding will begin in December 2005, and a bidder will be selected by June 2006 at the latest. Simultaneously, the government designed a sizable telecommunications infrastructure development program to improve national coverage of telephone services. Work on this program will follow a calendar aligned with the entry of private operators into the capital of Bénin Télécoms S.A. in 2006.

34. A plan to revive the financial activities of the postal service will be drawn up to enable it to play its part fully in financial intermediation across the nation.

35. With the help of the World Bank, the government will continue to strengthen the institutional and regulatory framework for water and electricity and will accelerate the privatization process. With the technical and financial assistance of the World Bank, the government intends to prepare for its withdrawal from the management of the SBEE and to launch an international call for bids for a strategic partner prior to end-2005.

36. The government has sent a letter to the successful bidders of the three lots of ginneries inviting them to resume the privatization of the cotton ginning plants. The successful bidders confirmed their interest in purchasing this industrial facility and agreed to the terms of the specifications. The government signed sales agreements that committed the parties to completing the transfer of the cotton ginning facilities by October 31, 2005. The transaction will be concluded at the price agreed to when the bids were awarded, adjusted for any depreciation of equipment and losses observed in the course of the joint inspection. If a disagreement arises about this sale price, the parties agreed to appeal to an independent expert and accept their estimate of the sale price. The transfer of personnel will take place in accordance with the specifications accompanying the sale contracts; in line with its responsibilities, the government has resumed negotiation of a social and reintegration plan for the remaining staff. Benin has asked its development partners to finance a portion of this plan. The revenues resulting from this transfer of assets will be used, in order of priority, to (i) pay off the bridge loan of CFAF 20 billion that was not honored by SONAPRA and for which a government guarantee was activated; (ii) settle SONAPRA's obligations, in particular its 2005 operating deficit; and (iii) contribute to the social plan being negotiated. The residual revenues will be used within the framework of the fiscal consolidation program, drawn up in consultation with the staff of the International Monetary Fund.

37. The government showed due diligence in its efforts to resolve the legal dispute impeding the final lot (lot #3) of the ginning plants managed by SONAPRA. It will decide before September 30, 2005, on its strategy for transferring these assets to the private sector. In any event, the ginning of the 2005/06 cotton crop will be undertaken entirely by the private sector.

38. Within the framework of the development of the cotton sector, the government has set itself the objective of restoring and maintaining the integrated nature of the sector in a context of private management. Faced with the dysfunction and tentativeness of the industry, the government's interventions in the 2004/05 crop year ensured that the 2004/05 harvest went smoothly, and it is important that this crop year be concluded under the best possible conditions. With that phase behind them, for the 2005/06 crop year, the government will aim to return accountability to the players in the industry and to guide their return to the idea that the cotton sector should be independently managed—the idea that underlies the current reform. Self-management implies abiding by the framework agreement signed at end-2004, which, however, will fall short of realization unless the industry principals (i) confirm the

government's policy of nonintervention in the industry and (ii) take action to strengthen the industry's institutional framework and operating efficiency.

39. Actions to strengthen the cotton sector's management by the Interprofessional Cotton Association (AIC) include (i) strengthening the industry's organizational structures of the industry and (ii) setting producer prices, with confirmation by the government. These actions will benefit from the audit of the bidding system for supplying sector inputs and for drawing up a pricing formula (to be applied to the 2006-2007 crop) based on international prices (cotton fiber and seed cakes) using a mechanism that distributes any gains and losses of overall industry operations among all participants industry. The AIC will hire an independent consultant to conduct an audit of the operation of the bidding system for providing industry inputs for the crop years 2003/04 and 2004/05. The results of this audit will be communicated to the staff of the IMF before end-September 2005. The AIC has requested technical assistance in developing the pricing formula. Concurrently, the AIC and the government have appealed to Benin's development partners for help in creating a price stabilization mechanism for the cotton industry. This mechanism will be based on a jointly managed fund that could be given initial financial support mobilized by the government from among its development partners. For its operations, the fund's financing will come from the levies imposed on members of the industry when international prices exceed a certain threshold, and its established uses of funds will be the rebates offered to producers when international prices fall below an agreed threshold.

40. In the context of its action program for promoting good governance, the government has prepared, in consultation with the various national stakeholders in Benin, a draft national strategy for the fight against corruption. In addition, the government has adopted regulations for the organization of relations between government departments and users procedural manuals for government agencies.

V. Prior Actions and Program Monitoring

41. Circulation of the documents for purposes of review of Benin's PRGF request by the Executive Board of the IMF was contingent on several prior actions, namely (i) approval by the Council of Ministers of this memorandum of economic and financial policies; (ii) approval by the Council of Ministers of budgetary restrictions supporting the budget program for 2005; (iii) signing of a memorandum of understanding including a commitment to transfer ownership of SONAPRA's ginning plants before October 31, 2005, between the government and each of the successful bidders on lots 1, 2, and 4; (iv) launching of a limited competition to recruit an investment bank to handle the privatization of Bénin Télécoms S.A. and draw up of a regulatory framework for telecommunications, with the assistance of the World Bank; and (v) launching of a limited competition for the preparation of a development program to improve the productivity of the port of Cotonou, in consultation with the World Bank. As of July 21, 2005, all these actions have been completed.

42. To monitor progress in program implementation, the government reached understandings with the IMF staff on the quantitative performance criteria and benchmarks (Table 1), in addition to structural performance criteria and benchmarks (Table 2). On a monthly basis, the government will also provide the International Monetary Fund with the statistical data and information listed in the attached technical memorandum of understanding, as well as any information it deems necessary or that the Fund staff requests in order to monitor the program. During the program period, the government will not introduce restrictions on payments and transfers on current international transactions, or tighten any such restrictions, without the approval of the Fund; introduce or modify multiple currency practices, conclude bilateral payments agreements not compatible with Article VIII of the IMF's Articles of Agreement; or introduce or intensify restrictions on imports for the purpose of balance of payments.

43. To evaluate progress made in the course of the first year of the program, the government, together with the IMF staff, will undertake two reviews of the program with the Fund, the first of these to be completed by end-December 2005, and the second by end-June 2006. The first review will reassess and establish quantitative and structural performance criteria and benchmarks for end-December 2005 and the remainder of the first year of the program.

Table 1. Benin: Quantitative Performance Criteria and Indicative Targets for the period June 2005-December 2005
(In billions of CFA francs)

	End-December 2004 Actual	End-September 2005 performance criteria Program	End-December 2005 indicative targets Program
A. Quantitative Performance Criteria and Indicative Targets (cumulative from December 31, 2004)			
Net domestic financing of the government 1/ 2/		11.0	6.5
Primary fiscal balance (excluding grants)		-12.5	-19.5
Accumulation of domestic payments arrears		0.0	0.0
Memorandum items:			
Budgetary assistance		30.6	49.0
Restructuring spending		6.0	13.0
B. Continuous quantitative performance criteria			
Accumulation of external payments arrears		0.0	0.0
External debt contracted or guaranteed by government with maturities of 0-1 year		0.0	0.0
Nonconcesional external contracted or guaranteed with maturities of over one year		0.0	0.0
C. Indicative Targets (Cumulative from december 31, 2004)			
Total revenue	351.7	276.3	392.8
Wage bill	118.3	96.5	128.7

1/ The ceiling on bank financing will be adjusted pro tanto if the amount of disbursed budgetary assistance falls short of program forecast up to a limit of CFAF 7.5 and 15 billion at end-September and end-December, respectively.

2/ If external budgetary assistance exceeds the amount projected in excess of more than CFAF 3 billion, the ceiling will be adjusted downward, by the excess disbursement beyond 3 billion, unless they are used to absorb domestic arrears.

Table 2. Benin: Prior Actions, Structural Performance Criteria and Benchmarks for the 2005 Program

Measures	Date	Status
Prior actions for circulation of the request for a new arrangement to the Fund Executive Board		
Forwarding to Fund staff of the minutes of the Cabinet meeting approving the MEFP and 2005 budget spending adjustments		Completed
Signing by the government of memoranda of understanding with successful bidders on the three lots of ginneries providing for the transfer of plants by end-October		Completed
Launching, to a short list of investment bankers, of invitations to bid for advising in the preparation of the privatization of Benin telecoms SA		Completed
Preparation of terms of reference to conduct an audit, develop the productivity and expand the activities of the port of Cotonou; and launching of invitations to bid to a short list of firms		Completed
Structural performance criteria		
Start up the centralized clearing and invoicing management center of the port of Cotonou	End-December	
Structural benchmarks		
Adoption of a strategy to divest the final lot of ginneries	End-September	
Installation of the software for the centralized clearing and invoicing management center of the port of Cotonou	End-September	
Approval of a strategy to divest Benin Telecoms SA and launching of invitations to bid for the implementation of the strategy	End-December	
Transmittal to Fund staff of the proposed program to develop the and expand the activities of the port of Cotonou	End-December	
Launching of the invitation to bid for the implementation of the government strategy for divesting the SBEE	End-December	
Transmittal to Fund staff of the report of government's debt vis-à-vis civil servants resulting from the past wage freeze and the accompanying plan to settle those obligations	End-December	
Transmittal to the Audit Chamber of the relevant accounts of the 2004 budget; transmittal to the National Assembly of the settlement laws for the 2001 and 2002 budgets.	End-December	
Formalization and execution of the methodology for collecting, processing, and presenting government finance statistics, including the government financial operations table, and increased staffing of the permanent secretariat of the National Commission for Development and Fight Against Poverty (CNDLP) for effective implementation of the methodology.	End-December	

INTERNATIONAL MONETARY FUND
BENIN

Technical Memorandum of Understanding

July 21, 2005

1. This technical memorandum of understanding defines the quantitative and structural performance criteria and benchmarks for the program supported by the Poverty Reduction and Growth Facility (PRGF). It also sets out the frequency and deadlines for data reporting to the staff of the International Monetary Fund (IMF) for program-monitoring purposes.

I. DEFINITIONS

2. Unless otherwise indicated, the government is defined as the central government of the Republic of Benin and does not include local authorities, the central bank, or any other public entity with autonomous legal personality that is not included in the table of government financial operations (TOFE).

3. The definitions of “debt” and “concessional borrowing” for the purposes of this memorandum of understanding are as follows:

(a) As set out in Point 9 of the Guidelines on Performance Criteria with Respect to Foreign Borrowing (Executive Board Decision No. 6230-(79/140), amended by Executive Board Decision No. 12274-(00/85) (8/24/00), debt is understood to mean a current, that is, not contingent, liability created under a contractual agreement through the provision of value in the form of assets (including currency) or services, and which requires the obligor to make one or more payments in the form of assets (including currency) or services at some future points in time; these payments will discharge the principal and/or interest liabilities incurred under the contract. Debt can take a number of forms, the primary ones being as follows: (i) loans, that is, advances of money to the obligor by the lender 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 buyer 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 payment until some time after the date on which the goods are delivered or services are provided; and (iii) leases, that is, arrangements under which property is provided that 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 the 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 arrangement, excluding those payments that cover the operation, repair, or

maintenance of the property. Under this 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 debt. Failure to make payment on an obligation that is not considered debt under this definition (e.g., payment on delivery) will not give rise to debt. The external debt excludes treasury bills and bonds issued in CFAF on the regional financial market of the West African Economic and Monetary Union (WAEMU).

- (b) **A loan is considered concessional** if, on the date the contract is signed, the ratio of the present value of the loan, based on the reference interest rates, to the nominal value of the loan is less than 65 percent (i.e., a grant element exceeding 35 percent). The reference interest rates used in this assessment are the commercial interest reference rates (CIRRs) established by the Organization for Economic Cooperation and Development (OECD). For debts with a maturity exceeding 15 years, the ten-year reference interest rate published by the OECD is used to calculate the grant element. For shorter maturities, the six-month market reference rate is used.

II. QUANTITATIVE PERFORMANCE CRITERIA

A. Ceiling on Net Domestic Financing of the Government

Definition

4. Net domestic financing of the government is defined as the sum of (i) net bank credit to the government, as defined below, (ii) net nonbank financing of the government, including the proceeds from the sale of government assets net of the cost of structural reforms to which these proceeds are earmarked, and (iii) government treasury bills issued in CFAF on the regional financial market of the WAEMU.
5. Net bank credit to the government is defined as the balance between the liabilities and claims of the government vis-à-vis the central bank and commercial banks. The scope of net credit to the government is that used by the Central Bank of West African States (BCEAO) and is consistent with the established Fund practice in this area. It implies a broader definition of government than that specified in paragraph 2. Claims of the government include the CFA franc cash balance, postal checking accounts, subordinated debt (*obligations cautionnées*), and all deposits with the BCEAO and commercial banks of public entities, with the exception of industrial or commercial public entities (EPIC) and public enterprises, which are excluded from the calculation. Government debt to the banking system includes all debt to these same financial institutions.
6. The net bank credit to the government and the net amount of government treasury bills and bonds issued in CFAF in the regional financial market of the WAEMU are calculated by the BCEAO, and nonbank financing is calculated by the Beninese Treasury, whose figures are those deemed valid in the context of the program.

7. The ceiling on the net domestic financing of the government will be adjusted if disbursement of external budgetary assistance (excluding IMF financing and HIPC assistance) net of debt service obligations (excluding IMF repayment obligations) and payments of arrears, exceed or fall short of program forecasts. In the event of disbursement in excess of more than CFAF 3 billion, the ceiling will be adjusted downward pro tanto by the excess disbursement beyond CFAF 3 billion, unless they are used to absorb domestic arrears. In contrast, if at the end of each quarter disbursements are less than the programmed amounts, the ceiling will be raised pro tanto by the amount of the shortfalls up to the limit (on a noncumulative basis) of CFAF 7.5 billion at end-September 2005, CFAF 15 billion at end-December 2005. The amount of external budgetary assistance provided is calculated from end-December 2004 onward. Budgetary assistance is defined as grants, loans, and debt relief (excluding project loans and grants, IMF resources, and debt relief under the enhanced Initiative for Heavily Indebted Poor Countries (HIPC Initiative)).

Performance criteria and indicators

8. The ceiling on net domestic financing of the government is established as follows : CFAF 11.0 billion at end-September 2005, and CFAF 6.5 at end December 2005. The ceiling is a performance criterion as at end-September 2005 and an indicative target as at end-December 2005.

Reporting requirement

9. Detailed data on domestic financing to the government, including a detailed list of the bank account balances of other public entities, will be transmitted on a monthly basis within the four weeks following the end of the month. The definitive data will be provided within an additional four weeks after the provisional data have been reported.

B. Narrow Primary Fiscal Balance

Definition

10. The narrow primary fiscal balance is defined as the difference between total budgetary revenues (tax and nontax) and the budgetary expenses, less interests on the debt and capital expenditure financed by foreign grants and net loans.

Performance criterion

11. The ceiling on the narrow primary fiscal balance is established as follows: a deficit not higher than CFAF 12.5 billion at end-September 2005, and a deficit not higher than CFAF 19.5 billion at end December 2005. The ceiling is a performance criterion as at end-September 2005 and an indicative target as at end-December 2005.

Reporting requirement

12. Provisional data on the narrow primary fiscal balance, including the data generated by the computerized budget management system (SIGFIP), will be transmitted on a monthly basis within the four weeks following the end of the month. The definitive data will be provided within an additional four weeks after the provisional data have been reported.

C. Accumulation of New Domestic Payments Arrears on Government Obligations

Definition

13. Domestic payments arrears on government obligations are defined as outstanding debt owed by the government to residents due following the expiration of a 60-day grace period, unless specified otherwise, but not paid, and any financial obligation of the government verified as such by the government (including any government debt). The Caisse Autonome d'Amortissement (CAA-the government debt management agency) and the Treasury keep and update the inventory of domestic debt arrears on government obligations and maintain records of their payments.

Performance criterion

14. The government undertakes not to accumulate any new domestic payments arrears on government debt. For obligations other than government debt, the government undertakes not to accumulate arrears beyond six months. The non accumulation of domestic payments arrears will be monitored on a continuous basis throughout the program period.

Reporting requirement

15. Data on outstanding balance, accumulation, and repayment of domestic payments arrears on government obligations will be provided monthly within eight weeks following the end of each month.

D. Nonaccumulation of External Public Payments Arrears

Definition

16. External public payments arrears are defined as the sum of external payments owed to non residents due and not paid on external liabilities of the government and on foreign debt held or guaranteed by the government. The definition of external debt provided in paragraph 3 applies here.

Performance criterion

17. Under the program, the government will not accumulate external payments arrears, with the exception of arrears arising from debt under renegotiation or being rescheduled. The

performance criterion on the nonaccumulation of external public payments arrears will be monitored on a continuous basis throughout the program period.

E. Ceiling on Nonconcessional External Debt with a Maturity of One-Year or More Newly Contracted or Guaranteed by the Government

Definition

18. This performance criterion applies not only to debt as defined in point No. 9 of the Guidelines on Performance Criteria with Respect to Foreign Borrowing (Executive Board Decision No. 6230-(79/140), amended by Executive Board Decision No. 12274-(00/85) (8/24/00), but also to commitments contracted or guaranteed (including lease-purchase agreements) for which no value has yet been received. The definition of external debt excludes bonds issued in the regional market and disbursements under the PRGF arrangement.

19. The concept of “government” for the purposes of this performance criterion includes government as defined in paragraph 2, public institutions of an administrative nature (EPA), public institutions of a scientific and/or technical nature, public institutions of a professional nature, and local governments.

Performance criterion

20. Nonconcessional external borrowing will be zero throughout the 2005/6 program.

Reporting requirement

21. Information on any borrowing (including terms of loans and creditors) contracted or guaranteed by the government shall be transmitted each month within four weeks following the end of the month.

F. Ceiling on Short-Term External Debt Newly Contracted or Guaranteed by the Government

Definition

22. The definitions in paragraphs 18 and 19 also apply to this performance criterion.

23. Short-term external debt is debt with a contractual term of less than one year. Import-related loans and debt-relief operations are excluded from this performance criterion.

Performance criterion

24. In the context of the program, the government will not contract, guarantee, or secure short-term nonconcessional external debt.

25. As of December 31, 2004, the government of Benin has no short-term external debt.

III. QUANTITATIVE INDICATORS

A. Floor on government's revenues

Definition

26. Government revenues are defined as those that appear in the government's financial operations table (TOFE).

Indicative targets

27. Indicative targets for total government revenues are set at CFAF 276.3 billion at end-September 2005, and CFAF 392.8 at end-December 2005 (cumulative since end-December 2004).

Reporting requirement

28. The government shall report its revenues to IMF staff each month in the context of the TOFE and before the end of the following month.

B. Ceiling on the Wage Bill

Definition

29. The wage bill includes all public expenditure on wages, bonuses, and other benefit or allowances granted civil servants employed by the government, the military, and other security forces, and includes expenditure with respect to special contracts and other permanent or temporary employment with the government. The wage bill, therefore, excludes the salaries related to projects financed by foreign donors as well as the transfers related to the salaries of the teachers at the level of local municipalities.

Indicative targets

30. The quantitative benchmarks are defined as cumulative amounts after end-December 2004. The civil servant wage bill quarterly ceilings are CFAF 96.5 billion at end-September 2005, and CFAF 128.7 billion at end-December 2005.

Reporting requirement

31. The government shall report the wage bill to IMF staff each month in the context of the TOFE.

IV. PRIOR ACTIONS FOR CIRCULATION OF THE REQUEST FOR A NEW ARRANGEMENT

32. The following actions have been taken before the circulation of the staff report on the new arrangement to the Executive Board of the Fund:

- Forwarding to Fund staff of the minutes of the Cabinet meeting approving the MEFP and 2005 budget spending adjustments;
- Signing by the government of memoranda of understanding with successful bidders on the three lots of ginneries providing for the transfer of plants by end-October;
- Launching, to a short list of investment bankers, of invitations to bid for advising in the preparation of the privatization of Benin Telecoms SA;
- Preparation of terms of reference to conduct an audit, develop the productivity and expand the activities of the port of Cotonou; and launching of invitations to bid to a short list of firms.

V. STRUCTURAL PERFORMANCE CRITERION

33. Activating the centralized clearing and invoicing system of the port of Cotonou, before end-December 2005.

VI. STRUCTURAL BENCHMARKS

34. The government will complete the following actions by end-September 2005:
- Adoption of a strategy to divest the final lot of ginneries;
 - Installation of the software for the centralized clearing and invoicing management center of the Port of Cotonou.
35. The government will complete the following actions by end-December 2005:
- Approval of a strategy to divest Benin Telecoms SA and launch invitations to bid for the implementation of the strategy;
 - Communication to Fund of the proposed program to develop and expand the activity of the Port of Cotonou;
 - Launching of the invitation to bid for the implementation of the government strategy for divesting the SBEE;
 - Transmittal to Fund staff of the report of government's debt vis-à-vis civil servants resulting from the past wage freeze and the accompanying plan to settle those obligations;
 - Transmittal to the Audit Chamber of the relevant accounts of the 2004 budget; transmittal to the National Assembly of the settlement laws for the 2001 and 2002 budgets;

- Formalization and execution of the methodology for collecting, processing, and presenting government finance statistics, including the government financial operations table, and increased staffing of the permanent secretariat of the National Commission for Development and Fight Against Poverty (CNDLP) for effective implementation of the methodology.

VII. OTHER DATA REQUIREMENTS FOR PROGRAM MONITORING

C. Public Finance

36. The government will provide to the Fund the following:

- detailed monthly revenue and expenditure estimates, including social expenditures, payments on arrears, and HIPC Initiative-related expenditure;
- monthly data on domestic financing (bank and nonbank) of the budget (including government bonds held by the nonbank public), which will be transmitted on a monthly basis within four weeks of the end of each month;
- data on the implementation of the development budget, with detailed information on the sources of financing, which will be transmitted on a quarterly basis within 4 weeks of the end of each quarter.

D. Monetary Sector

37. The government will provide to the Fund the following data on a monthly basis within eight weeks of the end of the month:

- the consolidated balance sheets of deposit money banks, and the individual bank balance sheet, as needed;
- the monetary survey;
- lending and deposit rates;
- the standard bank supervision indicators for banks, as well as those for nonbank financial institutions and for individual institutions, as needed.

E. External Sector

38. The government will provide to the Fund the following data within 12 weeks of the end of each quarter:

- Export and import price and volume data;
- Other balance of payments data, including data on services, private transfers, official transfers, and capital account transactions.

F. Real Sector

39. The government will provide to the Fund:

- Monthly disaggregated consumer price indices will be transmitted on a monthly basis within two weeks of the end of each month;
- Any revisions to the national accounts data will be transmitted within eight weeks of the date of revision.

G. Structural Reforms and Other Data Requirements

40. The government will provide to the Fund:

- Documentation of all decisions, laws, decrees, orders, and circulars undertaken by the government pertaining to the economy of Benin will be submitted within ten days of publication;
- All studies and research papers related to the economy of Benin, will be submitted within two weeks of publication.