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BENIN

HIPC Initiative: Debt Sustainability Analysis

Attached is the debt sustainability analysis that has been undertaken by the Beninese authorities with staffs of IDA and the IMF in the context of the HIPC Initiative. The results of this analysis show that, based on the debt sustainability criteria governing the Initiative, the external debt burden of Benin is sustainable.

Benin - Debt Sustainability Analysis

1. This document presents an assessment of Benin's external debt situation at the end of 1996 and evaluates its sustainability in a long-term perspective. The analysis was prepared jointly by the authorities and the International Monetary Fund and the World Bank staffs, and carried out in the context of Heavily Indebted Poor Countries (HIPC) Initiative.[1]

Track Record

2. Since 1989, Benin has implemented successive economic adjustment programs, which have received the backing of the Fund, the World Bank, and other bilateral and multilateral donors. As a result of these reforms, the primary fiscal deficit[2] (broad definition) was reduced from 6.9 percent of GDP in 1990 to 2.2 percent of GDP in 1996, and the overall fiscal deficit (cash basis) was cut from 10 percent of GDP to 4.6 percent of GDP over the same period. After declining by 2.5 percent in 1989, real GDP recovered and grew by 5.5 percent in 1996. Inflation peaked at 39 percent in 1994, after the devaluation of the CFA franc, but fell to less than 5 percent in 1996. The Fund has supported the programs with two annual SAF arrangements and two three-year ESAF arrangements, under which performance has been satisfactory. The World Bank has supported the government's comprehensive structural adjustment program, which has been aimed at increasing the role of the private sector, while addressing issues related to environmental protection, energy, population, health services and nutrition, education, and economic management. To that end, the World Bank approved a first structural adjustment loan (SAL I) of US$45 million equivalent in 1989, followed by a second structural adjustment loan (SAL II) of US$55 million equivalent in 1991, which aimed at expanding and deepening the reforms initiated under SAL I. A third structural adjustment loan (SAL III) of US$40 million equivalent was approved in 1995, and its first tranche of US$20 million was disbursed in February 1996, with the second tranche release being expected later this year. Also, Paris Club creditors granted Benin relief on its eligible debt service three times (in 1989, 1991, and 1994) before agreeing to a comprehensive stock-of-debt reduction on concessional Naples terms in October 1996. Based on its satisfactory track record and a stock-of-debt operation by Paris Club creditors, Benin could be considered to have reached the decision point for its eligibility under the HIPC Initiative.

Debt composition

3. At the end of 1996, Benin's outstanding official external debt amounted to US$1.5 billion (CFAF 792 billion), equivalent to 70.4 percent of GDP. In net present value

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[1]It was initiated during a joint mission that visited Benin in February-March 1997, and was concluded in June 1997.

[2]Total government revenue (excluding grants) minus noninterest government expenditure.

(NPV) terms and before debt relief from non-Paris Club creditors, debt outstanding amounted to US$1,056 million (CFAF 552.8 billion) at end-1996, or 214.7 percent of exports of goods and nonfactor services (three-year average ending in 1996) and 49.1 percent of GDP. After debt relief from non-Paris Club creditors,[3] including that on outstanding arrears, the NPV of debt is estimated at US$800 million (CFAF 419 billion), or 162.7 percent of exports goods and nonfactor services, and 37.2 percent of GDP.

4. In NPV terms, multilateral institutions, including the IMF, were the most important group of creditors (50.4 percent of the total) followed by non-Paris Club bilateral creditors (35.5 percent), and Paris Club creditors (13 percent). Short-term debt amounted to only 1 percent of the total. Among the multilateral institutions, IDA was the largest creditor with a debt stock of US$232.6 million outstanding at the end of 1996 (22 percent of the total), followed by the African Development Bank (US$107.3 million, or 10.2 percent of the total). Debt to the IMF amounted to US$83.1 million, or 7.9 percent of the total. Total arrears outstanding at the end of 1996 are estimated at US$254.0 million (CFAF 133 billion)[4] and comprise debt service to non-Paris Club creditors, for which the authorities have requested relief, as well as debt in dispute. Most arrears are on debt to Russia of US$53.1 million (CFAF 27.8 billion) and to Nigeria of US$172 million (CFAF 90 billion).[5]

5. In 1996, scheduled debt service was equivalent to 15.1 percent of exports of goods and non factor services, and 25.7 percent of government revenue. Debt service owed to multilateral institutions amounted to 33.0 percent of the total, including 3.2 percent to the

[3]It is assumed that Benin obtains debt relief from non-Paris Club creditors on terms comparable to those granted by the Paris Club.

[4]Principal arrears are included in the stock of debt outstanding. Debt outstanding to Russia amounted to US$63 million valued at historical exchange rate.

[5]The status of most of the debt owed to Nigeria is unclear; it results from loans jointly guaranteed by the governments of Nigeria and Benin to two public enterprises owned by both governments. The two governments assumed the debt-service payments when the enterprises defaulted on their loans. However, the debt service on those loans was part of the 1988 Paris Club rescheduling agreements with Nigeria and was excluded from debt relief granted by Paris Club creditors to Benin. Since then, Benin has not serviced the debt and is currently discussing the status of those loans with Nigeria. Without prejudging the conclusions of the discussions between the two governments, it has been assumed for the purpose of financial programming and the debt sustainability analysis that potential annual interest payments on these loans amount to CFAF 5.2 billion until 2001. It is also assumed that interest payments would be included in the amount subject to debt relief from non-Paris Club creditors on terms at least as favorable as those granted by the Paris Club.

IMF. Debt relief granted by Paris Club creditors reduced the debt-service ratio to export by about 2 percentage points and the ratio of debt service to government revenue by more than 4 percentage points.[6]

Debt relief from Paris Club

6. On October 24, 1996, Benin benefited from a comprehensive stock-of-debt reduction on concessional Naples terms from Paris Club creditors. Eligible debt was reduced by 67 percent in NPV terms through two options. The first option, adopted by the majority of Paris Club creditors, consisted in a reduction of the debt stock by 67 percent of its NPV, with the remainder being rescheduled at appropriate market rates. Under the second option, 100 percent of the debt was rescheduled or refinanced, with interest rates being set at the level required to achieve a 67 percent reduction of the debt stock in NPV terms. The agreement covered pre-cutoff-date debt not previously rescheduled as well as debt previously rescheduled under the consolidation agreements concluded according to the agreed minutes dated June 22, 1989 and December 18, 1991 (debt previously rescheduled under Toronto terms), as well as June 21, 1993 (debt previously rescheduled under London terms). The agreement applies to all amounts outstanding as of October 24, 1996 (including principal and interest in arrears). Overall, the reduction in the stock of debt is estimated at US$199 million (CFAF 104 billion), or 11.6 percent of the debt stock prior to the agreement. Bilateral agreements have been signed with Belgium, France, Norway, and the United Kingdom. It is expected that bilateral agreements will be signed with the other three Paris Club creditors (Germany, Italy, and the Netherlands) before the end-June 1997 deadline. The authorities have also scheduled meetings with Russia and Argentina in June.

Long-term economic scenario and debt sustainability

7. The long-term economic scenario that is shown in Table 1[7] assumes the implementation of sound economic and financial policies, a further liberalization of the regulatory framework, the pursuit of structural reforms, a stable external environment, and debt relief from non-Paris Club creditors on terms equivalent to those granted under the Paris Club agreement. Under these assumptions, real GDP is projected to grow at 6 percent a year in 1997-99 and 5 percent thereafter. Achieving a high rate of growth would critically depend on increasing domestic private saving and private investment, as the public sector continues to reduce its role in productive and marketing activities and public saving rises. Private investment is assumed to grow from 11.1 percent in 1997, to 12.2 percent in 1999, and 15.0 percent in 2015. Between 1997 and 2005, export volume growth should average 8.8 percent yearly,

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[6]Including CFAF 2.3 billion of debt service falling due in 1996 that was canceled by France in 1994.

[7]The analysis is similar to those presented in EBS/96/127 (August 12, 1996) and EBS/96/4 (January 18, 1996), and PFP 1996 (SecM96-909).

thanks to continued growth in the cotton sector, increased palm oil production following the privatization of plantations and industrial units, and an expected increase in oil exports. Between 2006 and 2015, export growth is assumed to slow down to an average yearly rate of 6.2 percent, slightly above GDP growth. During that period, export growth should be led by a more diversified group of commodities. With an elasticity of imports to real income of unity, the external current account deficit (before grants) would narrow from 6½ percent in 1997, to 4.8 percent in 1999, 4.0 percent in 2005 and 3.1 percent in 2015.

8. Debt sustainability in Benin need to be assessed in terms of the sustainability of the fiscal position. Given the monetary and exchange arrangements of the CFA franc zone, the government's ability to service its external debt depends on its capacity to mobilize domestic resources rather than on its ability to generate foreign exchange earnings. Under the baseline scenario, it is assumed that continued fiscal consolidation will result in the broad primary deficit narrowing from 3.8 percent in 1997, to 2.1 percent in 2005, before being eliminated by 2015. This objective could be achieved by increasing the government revenue-to-GDP ratio progressively from 15.0 percent in 1997 to 18.0 percent by 2015, and by reducing the weight of the wage bill by a little more than 1 percentage point of GDP, from 5.2 percent in 1997 to 4.0 percent in 2015. This would leave room for an increase in nonwage outlays for health and education. At the same time, public investment would remain stable, at about 8.0 percent of GDP, but would be increasingly financed through government saving, which would rise from 3.7 percent in 1997, to 4.8 percent in 2005 and 6.5 percent in 2015.

9. This scenario would result in the progressive narrowing of the current account deficit of the balance of payments from 7.1 percent of GDP in 1996 to 4.3 percent of GDP in 2000 and to 3.1 percent of GDP in 2015. External public financing (excluding debt relief) would decline progressively over the period, from 8.2 percent of GDP in 1996 to 6.5 percent of GDP in 2000 and to 3.5 percent of GDP in the year 2015. Most of the financing after the year 2000 is assumed to be in the form of highly concessional project financing. Private capital flows are projected to remain relatively low.

10. Under these conditions, and after assumed debt relief, the ratio of external debt to GDP would decline from 70.4 percent in 1996 to 42.5 percent in the year 2000 and to 28.8 percent by 2015. In NPV terms, external debt would decline from 162.7 percent of exports of goods and nonfactor services in 1996, to 113.1 percent in 2000, 94.0 percent in 2005 and 68.9 percent by 2015. The debt-service ratio would fall from 12.8 percent in 1996 to 9,6 percent in 2000, 6.8 percent in 2005, and 6.1 percent in 2015. In terms of government revenue (excluding grants), the NPV of debt would decline from 245.9 percent in 1996, to 180.5 percent in 2000, 146.5 percent in 2005, and 94.6 percent in 2015; debt service would fall from 20.9 percent in 1996 to 16.4 percent in 2000, 11.4 percent in 2005, and 9.0 percent in 2015. All debt indicators in the baseline scenario thus show Benin's external debt to be sustainable.

11. An alternative scenario has been developed in order to assess the sustainability of Benin's external debt under less favorable circumstances affecting export growth. Under this

scenario, export volume growth is assumed to be roughly three percentage points below the baseline scenario—owing mainly to stagnating cotton production. As a consequence, GDP growth is assumed to average 3.0 percent in real terms over the 18-year period under study. Under these assumptions, the current account deficit before grants would still decline from its current level, but by less than in the baseline scenario. The current account deficit would amount to 3.7 percent of GDP in 2005 and to 3.9 percent in 2015. Financing gaps averaging 1.2 percent of GDP a year would remain and would need to be covered by official grants and loans.

12. Under these assumptions, Benin's external debt appears still to be sustainable. The net present value of debt-to-exports ratio would decline from 162.7 percent in 1996 to 129.4 percent in 1999 and to 101.2 percent in 2015. The debt-service ratio would decline from 12.8 percent in 1996 to 9.9 percent in 1999 and to 9.3 percent by 2015. The debt-service ratio to government revenue would equally decline from 20.9 percent in 1996 to 17.0 percent in 1999, and 14.2 percent in 2015. Finally, the debt-to-GDP ratio would fall from 70.4 percent in 1996 to 49.5 percent in 1999 and reach 44.7 percent in 2015.

13. In conclusion, the preceding analysis indicates that, with the implementation of sound economic and financial policies, Benin's external debt appears to be sustainable, with the key debt indicators being below the thresholds used under the HIPC Initiative. The government agrees with the technical results of the debt sustainability analysis, stressing that Benin's strong adjustment efforts over the past eight years have significantly contributed to the decline in the debt burden.

Table 1. Benin: Debt Sustainability Analysis, 1996-2015

	1996	1997	1998	1999	2000	2005	2010	2015	Average 1997-2005	Average 2006-2015
I. Baseline scenario										
Debt and debt service indicators 1/										
Debt service ratio 2/	12.8	10.3	9.2	9.4	9.6	6.8	5.4	6.1	8.6	5.8
Multilateral debt-service ratio 3/	5.2	5.8	6.6	6.6	6.9	4.5	1.7	1.4	6.0	2.0
Debt service as a percentage of										
Government revenue (excluding grants)	20.9	17.1	16.0	16.1	16.4	11.4	8.5	9.0	14.6	9.0
Government expenditure	16.0	12.5	12.0	12.4	12.8	9.1	7.2	8.1	11.3	7.7
NPV debt-export ratio 4/	162.7	148.9	136.1	123.6	113.1	94.0	80.9	68.9	113.3	81.1
NPV debt to government revenue	245.9	231.0	211.6	193.4	180.5	146.5	118.9	94.6	178.5	118.9
Debt-to-GDP ratio	70.4	55.1	49.4	45.3	42.5	35.6	32.7	28.8	42.4	32.1
Key assumptions/Projections 1/										
Real GDP growth	5.5	5.8	6.2	6.2	5.0	5.0	5.0	5.0	5.4	5.0
Export volume growth	21.6	13.6	18.4	7.6	8.0	6.6	5.8	6.4	8.8	6.2
Import volume growth	-3.2	5.2	11.2	6.0	5.6	5.1	5.1	5.1	6.2	5.1
Terms of trade (percent change)	-6.6	-8.3	3.8	1.1	0.7	-0.1	0.1	0.2	0.0	0.1
Current account (percent of GDP)	-4.9	-4.6	-4.2	-4.2	-4.1	-3.8	-3.4	-3.0	-4.1	-3.4
Excluding official transfers	-7.1	-6.5	-5.2	-4.8	-4.3	-4.0	-3.6	-3.1	-4.6	-3.5
Net official transfers (percent change in dollar terms)	10.9	19.6	-14.7	1.2	1.5	1.6	1.6	1.6	1.3	1.6
Financing gap (percent of GDP)	0.0	0.7	0.2	-0.1	0.0	-0.1	-0.5	-0.5	0.1	-0.4
II. Sensitivity analysis										
Debt and debt-service indicators 1/										
Debt-service ratio 2/	12.8	10.3	9.5	9.9	10.4	8.4	7.6	9.3	9.5	8.2
Multilateral debt-service ratio 3/	5.2	6.1	6.0	6.4	6.8	5.0	2.1	1.8	6.2	2.4
Debt service as a percentage of										
Government revenue (excluding grants)	20.9	17.1	16.5	17.0	17.7	13.6	11.5	14.2	15.9	12.5
Government expenditure	16.0	12.5	12.0	12.5	13.1	10.1	9.2	11.4	11.9	9.9
NPV debt-export ratio 4/	162.7	148.9	138.5	129.4	122.9	118.6	112.1	101.2	126.1	112.0
NPV debt to government revenue	245.9	231.0	218.3	206.3	197.7	183.4	162.3	145.8	199.1	164.0
Debt-to-GDP ratio	70.4	55.1	51.5	49.5	48.3	47.1	46.7	44.7	48.9	46.3
Key assumptions/Projections 1/										
Real GDP growth	5.5	5.8	3.0	3.0	3.0	3.0	3.0	3.0	3.3	3.0
Export volume growth	21.6	13.6	11.0	5.0	5.8	2.4	1.9	2.0	5.2	2.0
Import volume growth	-3.2	5.2	5.2	3.2	2.9	3.2	3.2	3.2	3.6	3.2
Terms of trade (percent change)	-6.6	-8.3	3.8	1.1	0.8	0.0	0.1	0.2	0.0	0.1
Current account (percent of GDP)	-4.9	-4.6	-3.9	-3.8	-3.6	-3.5	-3.7	-3.7	-3.7	-3.7
Excluding official transfers	-7.1	-6.5	-4.9	-4.5	-3.9	-3.7	-3.9	-3.9	-4.2	-3.9
Net official transfers (percent change in dollar terms)	10.9	19.6	-14.7	-1.1	-0.3	2.6	2.7	2.7	1.4	2.7
Financing gap (percent of GDP)	0.0	1.4	0.6	0.6	0.6	2.1	1.0	0.8	1.2	1.2

1/ After debt relief from Paris Club creditors and assumed debt relief from non-Paris Club creditors.
2/ In percent of current-year exports of goods and nonfactor services.
3/ Including IMF.
4/ NPV of debt as a ratio of three-year average of exports of goods and nonfactor services.

Table 2. Benin: External Debt and Scheduled Debt Service, 1996-2015

(In billions of CFA francs)

	Debt Outstanding End-1996 After PC IV	1996 Before Relief 1/	1996 After Relief	1997	1998	1999	2000	2005	2010	2015
Total debt service due		43.9	35.6	40.5	42.0	40.4	43.8	38.7	40.8	62.7
Interest		24.1	16.8	17.1	15.9	15.2	15.2	12.5	18.2	24.1
Principal		19.7	18.8	23.4	26.1	25.2	28.6	26.2	22.5	38.6
On disbursed debt at end-1996		43.9	35.6	40.0	41.9	39.9	42.7	32.6	20.7	21.8
Multilaterals (excluding IMF)		13.1	13.1	15.6	16.3	17.0	17.6	17.3	13.1	14.4
IMF		1.4	1.4	3.0	3.7	5.8	8.3	7.0	0.0	0.0
Paris Club		16.5	8.2	8.5	8.5	8.5	8.5	5.7	5.2	6.7
Post-cutoff-date debt		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Pre-cutoff-date debt		12.3	4.1	4.3	4.3	4.4	4.4	5.7	5.2	6.7
Debt of postal service and hospitals, not subject to rescheduling		4.1	4.1	4.1	4.1	4.1	4.1	0.0	0.0	0.0
Other bilaterals		11.9	11.9	12.9	13.4	8.6	8.2	2.6	2.3	0.7
Short-term debt		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Interest		24.1	16.8	16.6	15.7	14.7	14.1	6.5	4.7	3.4
Multilaterals (excluding IMF)		5.1	5.1	4.7	4.1	3.6	3.3	2.0	1.6	1.2
IMF		0.4	0.4	0.6	0.6	0.6	0.6	0.4	0.0	0.0
Paris Club		12.9	5.5	5.5	5.2	4.9	4.6	3.9	3.1	2.1
Post-cutoff-date debt		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Pre-cutoff-date debt		11.4	4.1	4.3	4.3	4.3	4.3	3.9	3.1	2.1
Debt of postal service and hospitals, not subject to rescheduling		1.5	1.5	1.2	0.9	0.6	0.3	0.0	0.0	0.0
Other bilaterals		5.8	5.8	5.8	5.8	5.6	5.6	0.2	0.1	0.1
Short-term debt		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Principal	791.8	19.7	18.8	23.4	26.1	25.2	28.6	26.1	15.9	18.4
Multilaterals (excluding IMF)	477.9	8.1	8.1	10.9	12.2	13.4	14.3	15.2	11.6	13.1
IMF	51.9	0.9	0.9	2.5	3.1	5.2	7.7	6.6	0.0	0.0
Paris Club	86.6	3.6	2.7	3.0	3.3	3.6	4.0	1.8	2.1	4.6
Post-cutoff-date debt	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Pre-cutoff-date debt	73.0	1.0	0.0	0.1	0.1	0.1	0.2	1.8	2.1	4.6
Debt of postal service and hospitals, not subject to rescheduling	13.5	2.7	2.7	2.9	3.2	3.5	3.8	0.0	0.0	0.0
Other bilaterals	169.1	6.1	6.1	7.1	7.6	3.0	2.6	2.4	2.3	0.6
Short-term debt	6.3	1.0	1.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Debt service on new disbursements		0.0	0.0	0.5	0.1	0.5	1.1	6.2	20.1	40.9
Interest		0.0	0.0	0.5	0.1	0.5	1.1	6.1	13.5	20.7
Principal		0.0	0.0	0.0	0.0	0.0	0.0	0.1	6.6	20.2
Possible debt reduction due to debt relief from non-Paris Club debt		0.0	0.0	9.4	10.0	5.3	4.9	-0.7	-2.7	-6.6
Interest		0.0	0.0	2.3	2.5	2.3	2.3	-3.1	-2.9	-2.0
Principal		0.0	0.0	7.1	7.6	3.0	2.6	2.4	0.2	-4.6
Arrears 2/	133.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Interest	6.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Principal	126.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total debt service cash basis after assumed debt relief 3/		28.7	35.6	31.0	32.0	35.1	38.8	39.4	43.4	69.2
Interest		14.5	16.8	14.7	13.4	12.9	12.9	15.7	21.1	26.1
Principal		14.2	18.8	16.3	18.6	22.2	25.9	23.7	22.3	43.1
Debt outstanding, before assumed debt relief 3/		829.7	791.8	779.4	767.3	767.2	772.5	904.4	1133.8	1363.8
Debt outstanding, after assumed debt relief 3/		808.7	…	670.2	650.5	647.4	650.0	768.5	992.6	1233.7
NPV of debt before debt relief		0.0	552.8	411.9	403.2	398.2	394.9	465.6	570.2	699.7
NPV of debt after assumed debt relief 3/		0.0	418.9	420.4	422.1	423.3	426.3	507.7	610.5	727.2

Sources: Data provided by the Beninese authorities; and staff estimates and projections.

1/ Debt relief granted by Paris Club creditors.
2/ Arrears on debt service subject to debt relief and debt service in dispute.
3/ Assumed debt relief from non-Paris Club bilateral creditors.

Table 3. Benin: Debt Indicators, 1996-2015

	1996 Before Relief 1/	1996 After Relief	1997	1998	1999	2000	2005	2010	2015
	(In percent of exports of goods and nonfactor services)								
NPV of debt/exports ratio, before debt relief 2/	193.7	214.7	145.8	130.0	116.2	104.8	86.2	75.5	66.3
NPV of debt/exports ratio, after debt relief	0.0	162.7	148.9	136.1	123.6	113.1	94.0	80.9	68.9
Total debt service due, before assumed rescheduling	15.1	12.8	13.4	12.0	10.8	10.8	6.7	5.1	5.6
Interest	8.4	6.0	5.6	4.6	4.1	3.7	2.2	2.3	2.1
Principal	6.7	6.7	7.7	7.5	6.7	7.0	4.5	2.8	3.4
Total debt service cash basis, after assumed rescheduling	9.7	12.8	10.3	9.2	9.4	9.6	6.8	5.4	6.1
Interest	4.9	6.0	4.9	3.8	3.4	3.2	2.7	2.6	2.3
Principal	4.8	6.7	5.4	5.3	5.9	6.4	4.1	2.8	3.8
Debt service to the Fund	0.5	0.5	1.0	1.1	1.6	2.0	1.2	0.0	0.0
Interest	0.2	0.2	0.2	0.2	0.2	0.1	0.1	0.0	0.0
Principal	0.3	0.3	0.8	0.9	1.4	1.9	1.1	0.0	0.0
	(In percent of GDP, unless otherwise specified)								
NPV of debt/GDP ratio	50.7	49.1	33.9	30.6	27.9	25.8	21.6	18.8	16.3
Debt outstanding before assumed rescheduling	73.7	65.1	64.1	58.2	53.7	50.5	41.9	37.3	31.9
Debt outstanding after assumed rescheduling	71.9	…	55.1	49.4	45.3	42.5	35.6	32.7	28.8
Debt service to the Fund (in percent of total debt service)	3.2	3.9	7.5	8.8	14.4	18.9	18.0	0.0	0.0
Debt service as a percent of government revenue	25.7	20.9	17.1	16.0	16.1	16.4	11.4	8.5	9.0

Sources: Data provided by the Beninese authorities; and staff estimates and projections.

1/ Debt relief granted by Paris Club creditors.

2/ Net present value (NPV) of debt in percent of three-year average of exports of goods and nonfactor services.

Table 4. Benin: Balance of Payments, 1997-2015

(In billions of CFA francs)

				Projections			
	1997	1998	1999	2000	2005	2010	2015
Trade balance	-75.8	-68.5	-71.0	-72.7	-108.9	-165.1	-247.1
Exports, f.o.b.	234.9	273.2	296.1	321.2	456.1	631.1	874.8
Domestic exports	149.2	183.1	201.5	221.9	316.2	433.9	597.0
Cotton	122.9	153.6	166.6	180.3	237.9	297.8	372.6
Oil	6.5	6.3	7.1	8.4	12.0	16.4	22.5
Other	19.8	23.2	27.8	33.2	66.3	119.7	201.9
Reexports	85.8	90.1	94.6	99.3	139.9	197.2	277.9
Imports, f.o.b.	-310.7	-341.7	-367.1	-393.8	-565.0	-796.2	-1122.0
Domestic imports	-247.2	-275.0	-297.0	-320.3	-461.4	-650.1	-916.1
Imports for reexport	-63.5	-66.7	-70.1	-73.6	-103.7	-146.1	-205.8
Services (net)	-40.7	-41.3	-42.3	-42.5	-45.8	-40.7	-23.7
Nonfactor services	-27.2	-28.2	-29.9	-30.3	-36.2	-28.0	-9.6
Factor services	-13.5	-13.1	-12.4	-12.2	-9.6	-12.7	-14.1
Of which							
Interest due	-17.1	-15.9	-15.2	-15.2	-12.5	-18.2	-24.1
Unrequited private transfers (net)	37.7	41.1	44.6	48.7	69.0	97.2	136.9
Current account before grants	-78.8	-68.7	-68.7	-66.5	-85.7	-108.7	-133.9
Official grants (net)	70.8	60.4	61.1	62.0	64.4	69.6	75.3
Project grants	47.7	47.5	52.6	58.0	60.4	65.6	71.3
Program grants	19.1	8.9	4.5	0.0	0.0	0.0	0.0
Current account, after grants	-8.0	-8.4	-7.6	-4.5	-21.3	-39.0	-58.7
Capital movements (net)	13.7	25.1	29.4	29.2	56.4	102.2	146.3
Medium- and long-term (public)	19.8	22.0	27.6	29.6	47.4	56.3	49.0
Disbursements	40.7	45.1	47.5	50.5	67.0	78.9	87.6
Project loans	31.2	45.1	47.5	50.5	67.0	78.9	87.6
Program loans	9.5	0.0	0.0	0.0	0.0	0.0	0.0
Amortization due	-20.9	-23.0	-20.0	-20.9	-19.6	-22.5	-38.6
Private capital (net)	1.2	5.4	6.5	7.6	13.7	24.6	44.2
Deposit money banks	-3.4	-5.0	-5.0	-5.0	0.0	0.0	0.0
Short-term capital and errors and omissions	-3.9	2.6	0.4	-3.0	-4.7	21.3	53.1
Overall balance	5.7	16.7	21.9	24.7	35.1	63.1	87.7
Financing	-5.7	-16.7	-21.9	-24.7	-35.1	-63.1	-87.7
Change in net foreign assets (- increase)	-13.9	-19.2	-20.0	-25.0	-33.7	-47.5	-66.9
Of which							
Net use of Fund resources	4.7	4.1	-1.6	-7.7	-6.6	0.0	0.0
Loans	7.2	7.2	3.6	0.0	0.0	0.0	0.0
Repayments	-2.5	-3.1	-5.2	-7.7	-6.6	0.0	0.0
Change in external arrears (+ increase)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Debt relief obtained	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financing gap	8.2	2.5	-1.9	0.3	-1.4	-15.6	-20.7

Sources: Data provided by the Beninese authorities; and staff estimates and projections.

Table. Benin: Calculation of Net present value of Benin's debt by currency

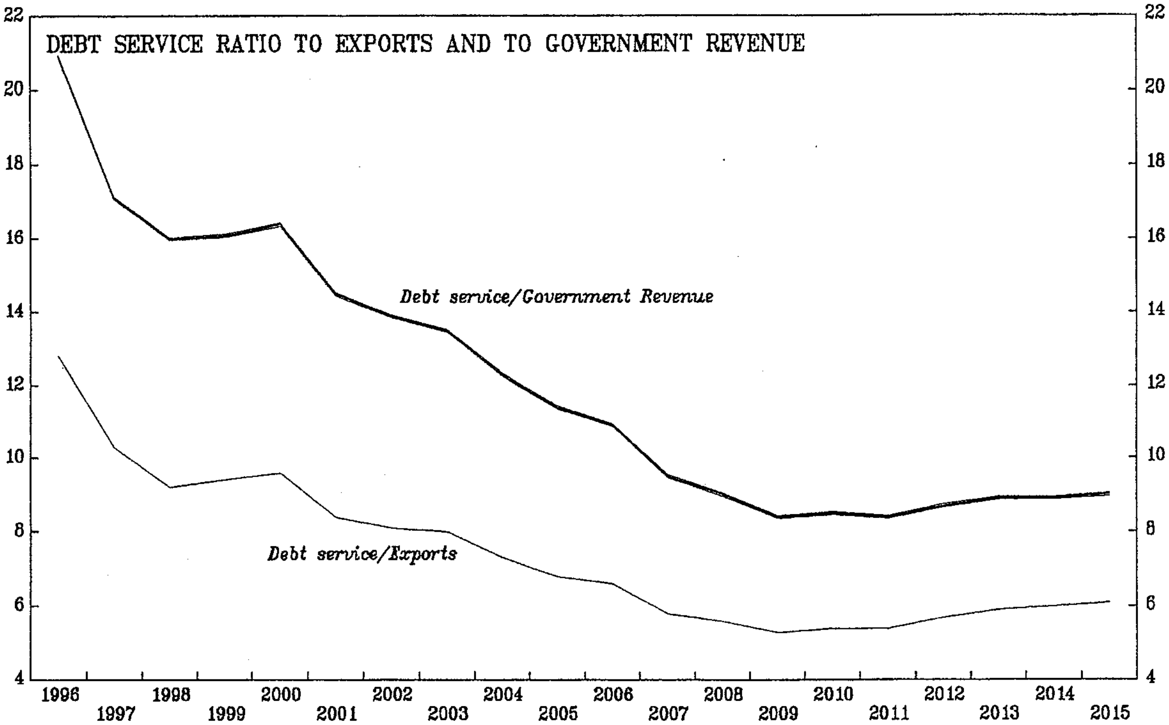
Table 5. Benin: Nominal and NPV Debt Outstanding, End-December 1996

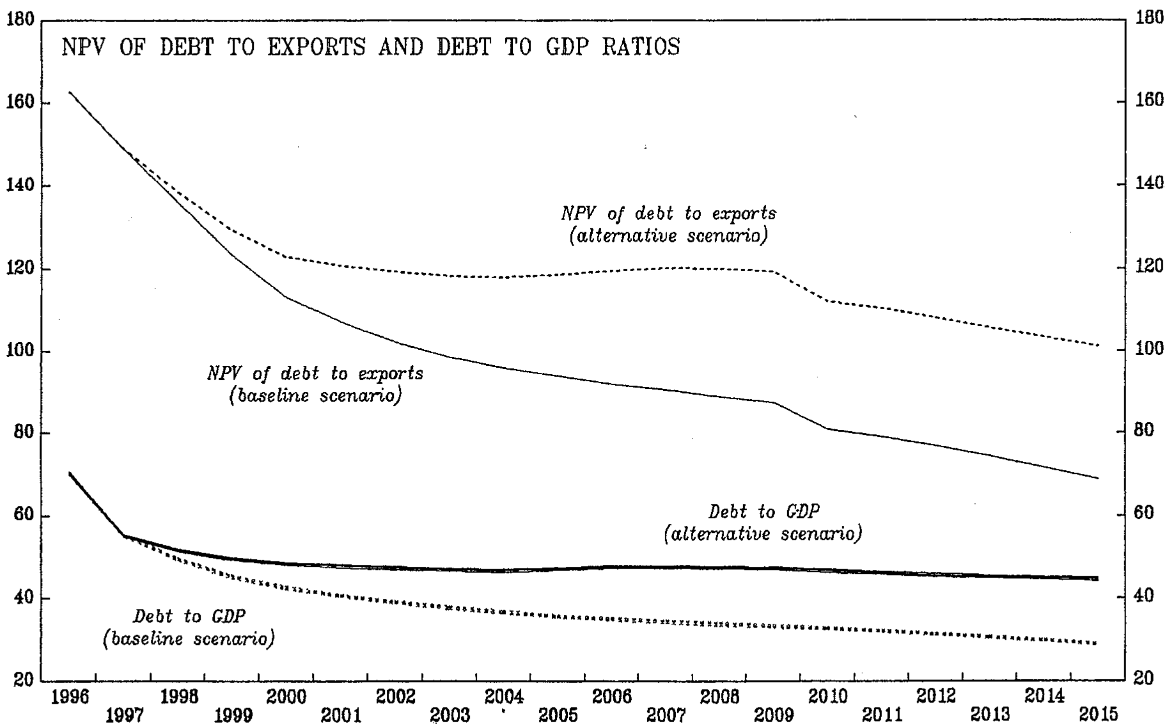
	Nominal debt		NPV debt	
	US$ Millions	Percent of Total Debt	US$ Millions	Percent of Total Debt
Total	1,511.9	100.0	1,055.6	100.0
Multilaterals (excluding IMF)	912.6	60.4	448.9	42.5
World Bank	481.0	31.8	232.6	22.0
AfDB group	240.7	15.9	107.3	10.2
Other	190.9	12.6	108.9	10.3
IMF	99.1	6.6	83.1	7.9
Paris Club	165.3	10.9	137.2	13.0
Post-cut-off date debt	0.0	0.0	0.0	0.0
Pre-cut-off date debt	139.4	9.2	114.7	10.9
Debt of postal service and hospitals, not subject to rescheduling	25.9	1.7	22.5	2.1
Other bilaterals	322.9	21.4	374.4	35.3
Short-term debt	12.0	0.8	12.0	1.1

Source: Beninese authorities and staff estimates.

FIGURE 1
BENIN

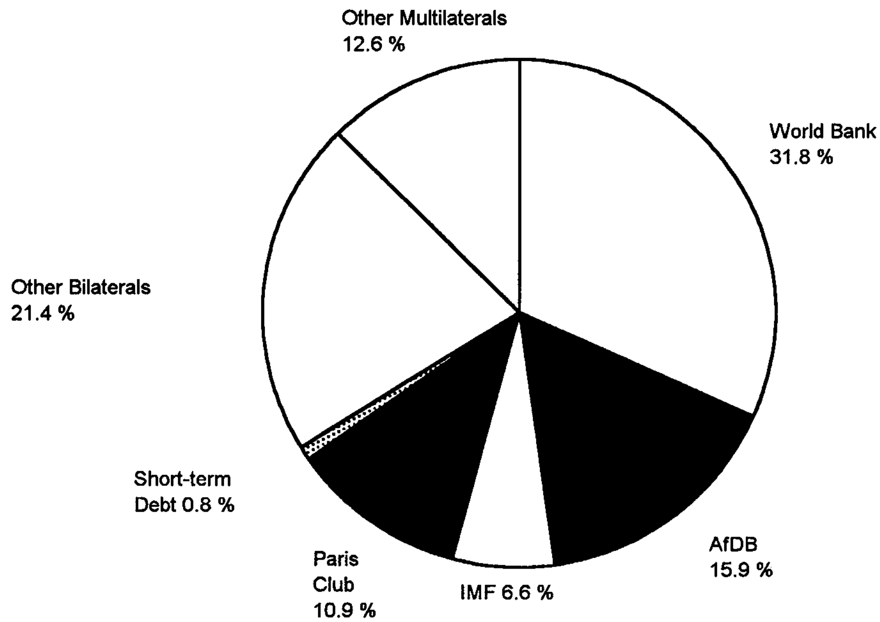
DEBT SUSTAINABILITY ANALYSIS, 1996-2015
(In percent)





Sources: Beninese authorities and staff estimates.

Figure 2
Distribution of Nominal Debt Outstanding, End-December 1996



Net Present Value of Debt Outstanding, End-December 1996