

APPENDICES

Appendix A. Compact with Africa Countries Reform Matrices

Benin

Benin's Reform Commitments and Initiatives	Progress in Meeting Commitments and Initiatives	Partner Support
MACROECONOMIC FRAMEWORK		
Macroeconomic Stability		
Progress Made on 2018 Reform Commitments		
Maintain macroeconomic stability	<p>On May 15, 2020, the IMF Executive Board completed the sixth and final access review of the Extended Credit Facility. The arrangement was approved on April 7, 2017, for a total amount of SDR 111.42 million (90 percent of quota) to support the country's economic and financial reform program, which was strengthened by an increase in access to IMF resources during the last program review (equivalent to 61.4 percent of quota, bringing total access to 151.4 percent of program assessment). The results achieved under the program have remained very satisfactory, with a solid track record over the three years of the program. The authorities expressed interest in continuing their medium-term collaboration with the IMF after the program expires. On December 21, 2020, the IMF approved a disbursement under the Rapid Credit Facility equivalent to SDR 41.30 million (33.33 percent of quota) and a purchase under the Rapid Financing Instrument equivalent to SDR 82.54 million (66.67 percent of quota) to address urgent public finance and balance of payments needs arising from efforts to address the persistent impact of the COVID-19 pandemic. The combined amount of this envelope amounted to 100 per cent of Benin's quota. On November 20, 2021, the IMF concluded an IMF staff visit to Benin. This mission took place in the context of an official request for a new program supported by the Fund by the Beninese authorities.</p> <p>Benin received debt service relief to the IMF (5 tranches) as part of the IMF's response to the crisis under the Disaster Assistance and Response Trust. In December 2019, \$100 million in IDA financing was approved to foster high and sustainable growth and strengthen fiscal management. This funding has been dedicated to removing critical bottlenecks to help support high and inclusive growth, create more and better jobs, and encourage entrepreneurship, especially among women and youth. On 26 June 2020, Benin received \$50 million in funding to strengthen fiscal and debt management, improve the financial sustainability of the energy sector and foster the development of the digital economy. The transaction was consolidated with a second financing of \$100 million on December 16, 2020, to specifically improve the financial viability and competitiveness of the Beninese Electric Power Company (SBEE), develop renewable energy technologies and promote a competitive, reliable and accessible digital sector.</p>	<p>The IMF supported macroeconomic stability through the Extended Credit Facility, the Rapid Credit Facility/Rapid Financing Instrument financing tranche, and the SDR allocation that took place in August 2021. The World Bank complemented these efforts with policy reforms supported by DPOs in the areas described</p>

Benin's Reform Commitments and Initiatives	Progress in Meeting Commitments and Initiatives	Partner Support
New Reform Initiatives		
Strengthen the macroeconomic framework and ensure its stability	To strengthen the macroeconomic framework and ensure its stability, Benin integrated three main actions into the government's 2021-26 action plan: (i) strengthen the macroeconomic framework and regional integration, (ii) continue to improve public financial management (PFM), and (iii) continue to improve the business climate. Details of the reforms and projects related to each of these pillars are available in the presentation of the Government Action Program 2021–26 (PAG).	IMF and World Bank
Domestic Revenue Mobilization		
Progress Made on 2018 Reform Commitments		
Dematerialize of tax and non-tax revenue procedures and payments to tax and customs authorities	<ul style="list-style-type: none"> • Closure of the Benin Domestic Revenue Growth Support Project (PAARIB). • To strengthen compliance with tax procedures and reduce tax evasion, the Ministry of Economy and Finance (MEF) piloted an electronic system to improve the exchange of information between the central tax authority (the Directorate General [DG] of Taxes) and the customs authority (the DG of Customs and Indirect Duties). This pilot project is now permanent. • An electronic services portal was set up, allowing taxpayers to make payments online. The government set up an electronic platform interconnected with the SIGTAS system for online tax declaration and payment for large companies since February 1, 2018, and medium size enterprises since February 1, 2019. Since February 1, 2019, medium size enterprises under the Tax Centers for Medium Enterprises in several cities, including Cotonou, can declare and pay their tax and social obligations electronically. This includes medium size enterprises located in the departments of Littoral, Atlantique, Borgou - Alibori (where about 90 percent of companies are located). In 2019, the government took additional measures, including the use of VAT invoicing devices, which transfer data relating to a VAT transaction to tax authorities in real time. • Benin set up an online platform based on ASYCUDA World for the Single Window for Foreign Trade. Several procedures related to foreign trade such as the declaration of foreign trade transactions, the hiring of a customs broker and the verification of documents by customs officers can now be completed online through this platform.²¹ • As reported by the government in 2022, digital platforms are being improved and already allow individual taxpayers to meet their obligations through mobile money transfers and bank e-cards. Through this action, the coverage of electronic platforms for taxpayers will reach a wider population, as individual taxpayers will have access to a digital platform to pay taxes, fines, and fees. From January 2020, the platform will cover the payment of fees and fines related to vehicles. 	World Bank-DPO Series (2018–20) and Global Affairs Canada (through PAARIB)
Broaden the tax base	<p>The budget law approved in December 2019 included the following reforms:</p> <ul style="list-style-type: none"> • To broaden the tax base, the authorities eliminated tax expenditures related to the temporary exemption from registration duties of 1 percent on all contracts for the supply of goods, services or labor; to improve tax revenues, the government increased the rates of excise duty on alcoholic beverages, tobacco and energy drinks and adjusted the number of excise duties, in accordance with West African Economic and Monetary Union (WAEMU) regulations; it has simplified the structure of income tax, including by aligning the minimum tax rates on the profits of corporations, micro-enterprises and individuals engaged in industrial or commercial activities. 	World Bank through the 2019–20 DPO series, IMF through Afritac West TA and FEC and OECD-

²¹ See <https://quce.gouv.bj/assets/downloads/foreignTrade.pdf>

Benin's Reform Commitments and Initiatives	Progress in Meeting Commitments and Initiatives	Partner Support
	<ul style="list-style-type: none"> The transfer pricing framework was strengthened by the adoption of the legislation in the Budget Act and its related regulatory instruments (2020), aligned with OECD best practices. In 2018, the government created a new Tax Policy Unit (TPU) at ITB to strengthen evidence-based tax policy development. The TPU is now operational. The first nine officers joined the TPU in March 2018, and a head of unit was appointed in April. The TPU publishes regular reports on tax policy issues to the DGI and the MEF. The newly created unit is developing a tax benchmark to better quantify tax expenditures. 	BM TA on Transfer Pricing
New Reform Initiatives		
Strengthen the mobilization of tax revenues	The Government Action Plan 2021–26 provides for the implementation of the Intelligent Administration or SMART GOUV project (phase 2), promoting the digitization of public procurement and land certificate. In general, the reform of public finances should make it possible to strengthen the mobilization of tax revenues through the strengthening of the capacities of the actors and the operationalization of the statistical information system of the ministries. The Plan aims to reach 14.2 percent of GDP in tax revenue by 2026.	
Adopt the 2022 General Tax Code	Benin adopted a new 2022 General Tax Code in accordance with Law No. 2021-15 of December 23, 2021. CGI 2022 incorporates a book of tax procedures, which now establishes a clear separation between the base rules and tax procedures. The new rules of procedure ensure transparency, speed, and taxpayer protection. With this new document, the government aims to establish a development tax system at the service of citizens. The new CGI guarantees state revenues while respecting the rights of taxpayers in accordance with the requirements of the rule of law. Several other improvements are planned for the online tax payment system, including a module to automatically correct returns, integration of VAT refunds, payment of taxes at national and local levels using mobile money, and the digital provision of tax certificates. Training is planned for practitioners.	
Digitalize asset registration and transfers	The digitization of asset registration and transfers through the introduction of an electronic tax stamp will help improve domestic revenue mobilization. A further generalization of VAT invoicing arrangements is foreseen.	
Migrate foreign trade procedures and customs units to digital platforms	<ul style="list-style-type: none"> In the coming years, all foreign trade procedures must be migrated to the GUCE platform. All customs units are migrated to ASYCUDA World. The computerization of customs procedures is continuing with the introduction of a system for the precise analysis of risks based on the data of sea freight manifests and is not available for goods to and from Benin. 	
Update and extend Benin's Integrated Tax Management System (SIGIBé)		

Benin's Reform Commitments and Initiatives	Progress in Meeting Commitments and Initiatives	Partner Support
Complete dematerialization of the procedure for registering transfers of buildings		
Generalize the issuance of tax regularity certificates online to all companies		
Implement COVID-19 tax measures	<p>The COVID-19 tax measures were designed to preserve the structural revenue gains achieved. They include the exemption from motor vehicle tax for public transport operators in 2020, the postponement of tax returns from April to June 2020, and the acceleration of VAT refunds. VAT refunds, though accelerated, are made considering the risk-based framework approved in the 2020 Budget Law (see below).</p>	<p>World Bank through the 2019–20 DPO series; IMF through Afritac West TA; and FEC and OECD-BM TA on transfer pricing</p>

Management of Public Investments (public procurement, PPPs, SOEs, public services)

Progress Made on 2018 Reform Commitments

Strengthen the legal framework for public finances	<p>Benin adopted, as part of Law No. 2020-26 of September 29, 2020, a new Public Procurement Code. The law establishes the rules for the award, control, execution, regulation, and regulation of public procurement in Benin. Benin implemented Law No. 2018-38 of October 17, 2018, establishing the Caisse des dépôts et consignations in Benin (CDCB) to support the State's public policies in economic and social development through innovative solutions and financing of investments in Benin. Strengthening budgetary transparency and developing a mechanism for citizen control of public action, Benin adopted Law No. 2020-20 of September 2, 2020, on the creation, organization, and operation of public enterprises. The Law establishes a new single regulatory framework that applies to public entities and aims to promote and foster the organization and management of public enterprises by strengthening the role and prerogatives of boards of directors. Benin implemented Law No. 2020-25 of September 2, 2020, amending Law No. 2018-17 of July 25, 2018, on the fight against money laundering and the financing of terrorism. The new law provides, inter alia, for the establishment of a National Financial Intelligence Unit to enhance the effectiveness of the State in the fight against money laundering and the financing of terrorism.</p>
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Benin's Reform Commitments and Initiatives	Progress in Meeting Commitments and Initiatives	Partner Support
Operationalize the institutional framework for the sustainable programming of public investments	<ul style="list-style-type: none"> • Benin adopted its new PPP framework (the PPP law was adopted in 2017). • To improve the financial viability of the electricity sector, the government started the implementation of the sector's financial recovery plan for the period 2019–22, including policies to reduce technical and non-technical losses. The plan was developed from a financial model that integrates all key sector parameters that reflect the financial balance of the electricity sector. The plan's adoption was essential as the government installed new domestic generation capacity. Since its adoption, it enabled the Ministry of Energy and the SBEE to identify and implement medium-term measures for the financial equilibrium of the electricity sector encompassing a healthy energy mix and a program to reduce technical and non-technical losses. • The financing and implementation of SDG Eurobonds continues with amazing results already for the expansion of educational services and improvement of the capacity to care for pupils and students, with 198.54 million euros injected, 85.12 for access to drinking water and wastewater treatment, 64.74 for development of sustainable living environments and infrastructure for all, 36.97 percent for improving health for all, and 29.29 for access to low-carbon, reliable, and low-cost energy. • In total, 57 socioeconomic development projects are beneficiaries of the amount raised from investors and partners. At approximately €485.4 million, half of the amount allocated to all the projects selected is divided into reimbursement and the other half into new financing needs. • From the the different pillars, the share of reimbursement is higher at the level of the Partnerships and Planet pillars, 73.2 percent and 53.1 percent, respectively, while the high share of the new funding, noted at the level of the Prosperity and Population pillars, is estimated at 54.1 percent and 50.6 percent, respectively. 	MCC (compact énergétique) and World Bank (IPFs and DPOs)
New Reform Initiatives		
Institutionalize the Court of Auditors	<ul style="list-style-type: none"> • Benin institutionalized the Court of Auditors within the framework of Organic Law No. 2020-38, to strengthen the control and transparency of public management. • Adoption of the revised General Tax Code. • Benin adopted a program-based budget for the first time in 2022. This innovation aims to strengthen the harmonization of the PFM framework, its transparency, and the efficiency of the resources used by various public institutions. Another innovation is the adoption of a new Integrated PFM System. 	
Align the criteria for the selection of public investment project with international standards and practices	Benin intends to align all criteria for the selection of public investment projects with international standards and practices in the coming years. This will be done through the implementation of the mission's recommendations on the evaluation of investment management using the PIMA methodology. The deployment and structuring of public investment expenditure are done in commitment authorizations (AE) and payment appropriations (CP) in sectoral ministries. A methodological guide should be prepared for EI/CP and for the transition from PAs to EAs, with mechanisms to ensure quality of execution. Principles and rules should be established for the management of deferred funds and their implementation by sectoral ministries. Commercial debts arising from the execution of capital expenditure on closed or ongoing projects should be systematically included. The aim is to develop public officials' skills in monitoring the budgetary and financial aspects of public investment expenditure. The model of Annexes AE/CP of the Annex to the Draft Finance Law for the National Assembly needs to be improved.	
Implement the General	In the context of COVID-19, the authorities have put in place a moratorium on the suspension of electricity for those who could not pay the electricity bill for 3 months (May–June). Benin approved Decree 2019 - 193 of July 17, 2019, setting the framework for	

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Framework for the Management of Public Investment Projects	the management of public investment projects, which aims to optimize implementation of the PAG and the effectiveness of public investments.	
Set the general framework for the management of public investments	Benin adopted Decree No. 2021 - 586 of November 10, 2021, setting the general framework for the management of public investments. The decree determines the legal framework for the selection, implementation, and monitoring of projects in collaboration with the institutions in charge of the projects of the PAG. Benin plans to continue the revision of the decree. 2019 - 193 of July 17, 2019, to strengthen it and bring the legal framework in line with methodological and organizational developments in budgetary and accounting management.	
Restructure SBEE networks	As part of the 2021–26 PAG projects, Benin aims to restructure the distribution and extension system of SBEE networks in major urban centers.	
Performance monitoring for certain SOEs	Performance contracts must be implemented for major SOEs to improve their performance.	

BUSINESS FRAMEWORK

Regulations and Institutions

Progress Made on 2018 Reform Commitments

Strengthen the monitoring of Business Ready (B-Ready) indicators	<ul style="list-style-type: none"> • Interministerial Committee for investment promotion (Minister of Economy and Finance is the spearhead). • The appointment of the MEF as direct supervisor of reforms related to improving the business climate, in particular those related to the Doing Business Index, accelerated the pace of reforms implementation. Similarly, BAI/APIlex technical teams have been strengthened with the support of MEF staff. • The work to set up a Permanent National Framework for Public-Private Dialogue between the government and private sector carries the hope of the establishment of structures for identifying and resolving private sector concerns. The government thus has interlocutors who discussed public policies in favor of the private sector before and during their implementation. 	IFC/BM
Streamline and simplify procedures	<ul style="list-style-type: none"> • Benin implemented Law No. 2020-03 of March 20, 2020, on the promotion and development of MSMEs in Benin. The law aims to create a legal, institutional, and financial framework conducive to the development of entrepreneurship. The law includes measures to identify SMEs to facilitate the allocation of public aid, the creation of public agencies for SMEs, assistance measures and access to finance, tax incentives for the purchase of professional equipment, the promotion of financing access to land, and support measures for companies in difficulty. • In 2020, the implementation of the online business register was finalized. • The business creation process was streamlined and digitized with online procedures and payments (www.monentreprise.bj) and electronic creation certificates obtained within 3 hours. 	

Benin's Reform Commitments and Initiatives	Progress in Meeting Commitments and Initiatives	Partner Support
	<ul style="list-style-type: none"> • The issuance of building permits was simplified and digitized, as have applications for new water connections. • The land register was digitized and the property registration process was simplified (www.enotaire.andf.bj). Free electricity connections have been introduced for medium-sized companies with needs of 140 to 160 kVA, and the procedures for requesting a new connection have been simplified and digitized. • An electronic collateral register (www.suretés.tccotonou.bj) was established for movable collateral to facilitate access to credit. Since 2015, the payment of taxes and the submission of documents related to international trade have been gradually digitized via the ASYCUDA World platform, which significantly reduces import and export times. A private credit bureau was established by Credit Info Volo to collect and disseminate credit information to facilitate access to credit. • The government reported in 2021 that streamlining procedures must be implemented for all companies requesting electricity connection (all capacities combined). Automated systems must be implemented for the monitoring of power failures. • There are plans to continue expanding the credit bureau to increase its coverage. 	
Investment Code Authorizations	<ul style="list-style-type: none"> • Benin approved Law No. 2020-02 of March 2, 2020, adopting a new investment code that provides for a common law regime for the authorization of investments and preferential regimes comprising three basic privileged regimes and two special regimes. The Code incorporates tax advantages and guarantees for investments, local content requirements and transparency in the making of investments, renovation of the institutional framework, and reorganization of investment dispute settlement methods. 	
Establish Special Economic Zones (SEZs)	<ul style="list-style-type: none"> • The Glo Djigbé Industrial Zone is now a reality in Benin with 6,000 direct jobs and a forecast of 300,000 jobs by 2030. • This integrated industrial zone on 1,640 hectares focuses on the creation of flourishing value chains, ranging from the supply of raw materials and transformation of resources to the export of finished products. The zone was developed on the model of an integrated business city and the concept of Work-Learn-Live-Play. 	
New Reform Initiatives		
Establish the Technical Support Unit for the improvement of Business Climate and Investment Promotion	<p>In 2021, Benin made operational the Technical Support Unit for the Improvement of the Business Climate and Investment Promotion responsible for piloting large-scale reforms relating to the business environment, governance, and private sector development. The cell (Cellule Climate des Affaires) is working to: (i) adopt legislation to promote mandatory infrastructure sharing by existing operators through; (ii) clarify the Digital Law 2017-20, art. 188-189 involvement for the Towercos; (iii) detail the conditions under which mobile sites may be deployed and transferred; (iv) clarify the Digital Law 2017-20, art. Art. 72 Involvement for Towercos: clarify mandatory sharing provisions in priority areas; and (v) study the reduction of red tape for the authorization of deployment of the site at the municipal level.</p>	
Implement the national strategy for technical and vocational education and training	<p>Implementation of the national strategy for technical and vocational education and training through:</p> <ul style="list-style-type: none"> • Construction of 30 modern agricultural technical high schools with new vocations that will lead them to contribute effectively to the development of the national economy, • Construction of 7 reference schools in the fields of energy, digital, building and public works, automotive and industrial equipment, water and sanitation, wood and aluminum industries, tourism-hotels and restaurants, • Construction of 17 rehabilitated technical high schools in the energy, digital, living environment-infrastructure-transport and tourism-hotel-catering sectors. 	

Benin's Reform Commitments and Initiatives	Progress in Meeting Commitments and Initiatives	Partner Support
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Implement the e-forex module of the single window for foreign trade	Implementation of the e-forex module of the single window for foreign trade (digitize the process of processing foreign exchange (forex) authorization applications related to international trade).	
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Investor Protection and Dispute Resolution

Progress Made on 2018 Reform Commitments

Operationalize new commercial jurisdictions	The commercial courts of Cotonou, Parakou, and Abomey have been fully operational since July 2017. In addition, a simplified procedure for small claims not exceeding a value of XOF 5000 was introduced at the Cotonou Commercial Court in February 2020, with a second Small Claims Chamber created in January 2021. A Small Claims Chamber was established at the Cotonou Court of First Instance in January 2021. Several other innovations have been introduced at the Cotonou Commercial Court to improve its efficiency, including capping the maximum number of adjournments, introducing a pre-trial conference, and introducing incentives for alternative dispute resolution. The court was digitized and now allows users to file complaints, pay court fees and receive service online. An e-case management system was introduced for judges and lawyers. Judgments and statistics on the court's performance are published on the court's website, which contributes to transparency.	
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New Reform Initiatives

Adopt the Law on the Modernization of Justice	The Law on the Modernization of Justice of April 2020 introduced changes in the rules of procedure allowing plaintiffs to obtain from defendants and witnesses any document related to the subject matter of the request at trial and facilitating the plaintiff's request for documents from the defendant.	
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Service modernization, access to justice and accountability	The 2021–26 MAP integrates judicial service modernization, access to justice and accountability (Phase 2). A Court of Appeal is created at the Cotonou Commercial Court. In the coming years, the focus will be on continuing the training of lawyers and bailiffs on the electronic case management system at the Cotonou Commercial Court, the digitization of old judgments, the maintenance and improvement of the digital system and its databases.	
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FINANCIAL FRAMEWORK

Investment Risk Mitigation

Progress Made on 2018 Reform Commitments

Implement a zoning system and electronic registration of land titles	<p>Thanks to the modernization and digitization of the Agence Nationale du Domaine et du Foncier (ANDF), all existing title deeds in Cotonou are now stored in a digital format, and all new property titles are obtained in a digital format.</p> <ul style="list-style-type: none"> • All plots of land in Cotonou and nine other communes in Benin have been mapped, and mapping of other communes is underway. Information on digitized title deeds and mapped plots is available in online databases. • The digitization of land administration has enabled the ANDF to provide many of its services electronically, via the E-Notaire platform, and contributed to the increased efficiency of service delivery. 	
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Benin's Reform Commitments and Initiatives	Progress in Meeting Commitments and Initiatives	Partner Support
	<ul style="list-style-type: none"> • It is therefore now possible to request a descriptive statement, to request the transfer of a title deed, and to file complaints about the services provided by the ANDF via the E-Notaire platform. • Progress has been made in the property registration process with improving the reliability and transparency of the land administration system by publishing official statistics on land transactions and disputes for the previous calendar year and has started to issue a legally binding document within a specific period. The recent completion of the cadastre for Cotonou, Porto-Novo and Lokossa should contribute to the enforcement of property rights. The corresponding data are available online. (https://cadastre.bj). Benin also improved access to credit information with the recent launch of a new credit bureau (2019) and has improved its labor market regulation through the amendment of regulations on fixed-term contracts (2019). <p>The 2021–26 PAG intends to continue the dematerialization of the issuance of land titles.</p> <ul style="list-style-type: none"> • The efficiency of the real property registration process needs to be further improved in the coming years through the streamlining and digitization of procedures, and the reduction of costs for users. A unique parcel number must be set up for this purpose. • Awareness and training programs on the new digitized procedures need to be put in place for municipalities. Title deeds must be established for all private plots of land in the capital and, eventually, throughout Benin. • The mapping of all private plots in Benin must be completed. All cadastral registers must be made available online. • To simplify the settlement of property disputes, a national database for verifying identity documents should be created. • A judicial procedure allowing for a faster resolution of property disputes must be put in place. • Statistics on land disputes for the past five years must be published online and updated regularly. 	
Strengthen diversify financing instruments for SMEs and agricultural enterprises	<p>The 2021–26 PAG incorporates numerous reforms in terms of SME financing: Mise in place of an investment and venture capital mechanism in relation to the CCIB; Establishment of a one-stop promotion window and a public guarantee mechanism for SMEs (in particular those impacted by COVID-19); Establishment of a mechanism to promote private investment in processing and handicrafts; Development of the Chamber of Trades of Benin. In addition to the above-mentioned reforms, the project to strengthen the competitiveness and upgrade of MSMEs will be operationalized. In addition, the government has approved and transmitted to the National Assembly, for study and vote, the WAEMU Community Directive on leasing.</p> <p>Regarding the facilities granted to SMEs: Some measures are being implemented in the context of promoting SMEs. These are: incentive measures for the creation of companies: (i) the free formality of registration registered in the General Tax Code for several acts whose company acts are still in force. (Introduced by LF corrigendum 2016); (ii) For companies covered by the Synthetic Business Tax (GST) regime: exemption from the GST for new companies, regularly created, on their first twelve months of activity; and reduction of the minimum tax from 150,000 to 10,000 CFA francs; (iii) for new companies covered by the corporate tax (IS) or business income tax regime: exemption from the license for the first twelve months of activity; and reduction by bracket of income tax on the first three years of activity; (iv) For startups: exemption from corporation tax and employer payment on salaries during the first two (2) years of activity; and a 50 percent reduction in the same taxes for the third year.</p> <p>Measures to promote SMEs: (i) establishment of a system of declaration and imputation of the AIB and abolition of the obligation of prior request for validation; (ii) introduction of the possibility of obtaining a modulation of instalments of income tax when the</p>	<p>Several donors in the context of COVID-19</p> <p>World Bank</p>

company considers that the tax it will pay in respect of a year will be lower than the instalments of the same year; (iii) reinstatement of deemed deferred depreciation, which is now considered to be deductible deficits over five years; (iv) establishment of the possibility of split payment of the supplementary license to relieve the cash flow of companies awarded works contracts; (v) establishment of the possibility of deferred payment of registration fees when the State is a party to the act; (vi) free registration of deeds of transfer of immovable property, the amount of which is less than or equal to 50 million francs, in the name of commercial and industrial companies; (vii) reimbursement by tax credit of the costs of acquiring and configuring Certified Electronic Invoicing Machines; (viii) abolition of the withholding tax of 40 percent of the amount of VAT invoiced, for certain companies in a justified creditor situation; (ix) reduction of the income tax rate from 30 percent to 25 percent, for private schools of school, university, technical and vocational education; (x) benefit from a tax credit for companies justifying a year of activity, following the conclusion of an employment contract of indefinite duration with people accessing their first job; (xi) exemption from the VPS for new companies duly created in respect of their first year of activity; (xii) abolition of the fee required of companies for the issuance of tax documents; (xiii) exemption from VAT on request, of new materials and equipment imported by small and medium-sized enterprises not benefiting from a derogatory tax regime, intended for the installation of craft and industrial units. The modalities for the implementation of this provision are fixed by decision of the Interministerial Committee for the Promotion of Investments provided for by the Investment Code in the Republic of Benin (Article 12 LF 22).

Measures aimed at the formalization of the informal sector: (i) reduction of 40 percent of corporate tax, business profits tax or synthetic business tax, for any company not known to the tax services and carrying out a commercial, industrial, craft or agricultural activity, which joins an approved management center (CGA), from the first to the fourth year from its date of membership of the CGA; (ii) exemption from tax audits during the first two financial years following that of joining a CGA; (iii) remission of penalties, fines and tax increases to any taxpayer in the informal sector who spontaneously subscribes for the first time to his declaration of cases carried out in previous financial years and who makes full payment of the duties due; and (iv) exemption from payment of duties due in respect of previous years, by companies formerly created and having declared on their honor not to have carried out activities since their creation. The 2021-26 PAG incorporates many reforms to enhance agriculture: (i) measures to facilitate access to seeds, inputs, and markets; (ii) fiscal and non-tax incentives for the import of agricultural inputs and the export of agricultural products; (iii) establishment of the agency for the management of large plantations and an office for the management of livestock holdings.

Through the recapitalization project of the National Agricultural Guarantee Fund (FONAGA), the World Bank is providing \$10 million and TA to strengthen FONAGA's capacity. It also supports the establishment of the following frameworks: (i) business environment promoting access to information on investment opportunities in agribusiness, PPD on the removal of specific constraints and interactions with local and international investors; (ii) an incentive framework to enable the private sector to provide training services related to commercial agriculture; (iii) institutional frameworks for the organization of priority agricultural sectors promoting the development of governance structures that respond to Benin's agricultural and commercial realities; (iv) legal and regulatory framework for warehouse receipts to allow the use of agricultural production as a guarantee for the financial sector and facilitate the marketing of products; (v) regulatory framework (seeds) and incentive mechanism (fertilizers) promoting the establishment and sustainability of private seed companies and a supply of specific fertilizers for non-cotton sectors.

Benin's Reform Commitments and Initiatives	Progress in Meeting Commitments and Initiatives	Partner Support
New Reform Initiatives		
Establish the COVID-19 socioeconomic response plan	A socioeconomic response plan to mitigate the impact on businesses, the self-employed and households was put in place. It supports companies in the formal sector (82 billion CFA francs, or 0.9 percent of GDP) and vulnerable households (16 billion CFA francs, or 0.2 percent of GDP). A public guarantee plan and credit lines and refinancing measures were put in place to promote access to finance for micro, small and medium-sized enterprises. To contain fiscal pressures, spending on these stimulus packages is expected to span the entire period 2020-2022 and will be adjusted as needed. Benin has launched projects to support the development of the cashew sector and agricultural entrepreneurship (PADEFA-ENA), and the competitiveness of agricultural value chains and export diversification (PACOFIDE).	
Mobilization of private and institutional investments		
Progress Made on 2018 Reform Commitments		
Improve Benin's credit rating through debt restructuring and the support of internationally renowned credit rating agencies	<p>The policy-based guarantee operation, supported by the World Bank, had several impacts beyond debt reprofiling. Benin obtained its first international sovereign credit rating (July 2018), which has since allowed it to access financing by Eurobonds (March 2019, January 2020) at rates more advantageous than those of the regional market. The transaction supported by PBG (Policy-based guarantee) introduced a new class of investors in Benin. Secondly, on the latter point, it has helped to increase confidence in Benin's borrowing, which has led to lower interest costs for regional borrowing. Third, and contributing to Benin's growth and productivity agenda, the loan has freed up domestic resources and increased liquidity in the domestic financial sector, thereby helping to reduce the crowding-out effect on the domestic banking sector.</p> <p>Credit growth in the private sector has increased significantly. It improved the Debt Management Unit's ability to analyze the debt portfolio and refine its negotiating skills with international banking markets. Interviews with representatives of the Ministry of Finance and the Debt Management Unit highlighted the following points: On January 12, Benin raised €1 billion (5.7 percent of GDP) in Eurobonds, during the first issue of African debt on international markets of the year. Benin issued its Eurobond in two tranches: the first tranche with an 11-year maturity and a yield of 4.875 percent for a total of 700 million euros (459 billion FCFA) with a 3-year repayment plan over 2030–32; the second tranche with a maturity of 31 years and a yield of 6.875 percent for a total of 300 million euros (197 billion FCFA). Both tranches were oversubscribed, reflecting strong investor confidence in Benin and the search for higher returns in EMDEs. Since the COVID-19 epidemic, Benin is the second West African country to issue on international markets after Côte d'Ivoire issued a €1 billion Eurobond with a maturity of 12 years in November 2020 for an average return of 5 percent. The issuance of Eurobonds has three objectives: (i) to reprofile the existing external debt, (ii) to finance the 2021 budget and (iii) to contribute to the PAG's flagship projects.</p> <p>On July 15, Benin successfully issued an inaugural €500 million bond on the SDGs (maturity of 12.5 years with a coupon of 4.95 percent) to cover relevant environmental and social objectives, such as access to clean water and energy, education, health, decent housing, connectivity, and biodiversity conservation, inter alia. This is an important transaction as it is the first ESG issue by a sovereign of sub-Saharan Africa. On November 29, Benin concluded a proactive early debt repayment operation, initiated in July 2021, targeting domestic debt instruments for a total amount of 217.9 billion CFA francs. These instruments had initially financed projects that were now eligible for the newly issued SDG bond and had less favorable financial conditions (resulting in a saving of XOF 36 billion on debt servicing). This historic transaction, the first of its kind in the regional capital market, reflects</p>	World Bank

Benin's Reform Commitments and Initiatives	Progress in Meeting Commitments and Initiatives	Partner Support
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the Republic's agile public debt management strategy and the achievement of the SDG commitments of the Presidential Development Agenda. In March 2021, Moody's upgraded the rating of the long-term issuer and the Government of Benin's senior unsecured debt from B2 to B1. The outlook has shifted from positive to stable, reflecting a strong balance sheet of fiscal consolidation and improved debt structure, and growing economic resilience, with robust growth prospects supported by ongoing structural reforms. In October 2021, Fitch upgraded Benin's rating from B to B+, reflecting the economy's resilience to the pandemic shock and the Nigerian border closure, combined with Fitch's view that the likelihood of downside scenarios associated with these shocks has decreased. Bloomfield raised Benin's long-term rating from A- to A due to the good management of the COVID-19 crisis and the country's strong economic resilience. The agency highlights the strong mobilization of budgetary resources, the negotiations for the establishment of a free trade area with Nigeria, a sustainable public debt, and the new development plan. In January 2022, the regional rating agency WARA (West African Rating Agency) published its inaugural rating of the Republic of Benin (A-/Stable/w-3; and international iB+/Stable/iw-5). This rating is supported by Benin's proactive structural economic policy, improved governance indicators, public debt control and position as a hub for sub-regional trade. On the other hand, international competitiveness, the banking sector, and the high elasticity of macroeconomic performance compared to that of Nigeria remain constraints.

Strengthen access to opportunities offered by multilateral and bilateral institutions to reduce non-commercial risks for private and institutional investors

In July 2020, Benin received €6.28 million from the AfDB as part of the financing of the Multi-Country COVID-19 Pandemic Response Support Program (PAR COVID-19). On September 8, 2020, the AfDB granted €1.78 million for the Project to Support the Decentralization of Drinking Water, Hygiene and Sanitation Services in Atacora-Donga (LEauCal Project), in northwestern Benin, which was designed to increase people's access to water and sanitation. On November 24, 2020, Benin received \$67.19 million from the AfDB through the African Development Fund and the Global Environment Facility for the sustainable increase of productivity and crop production through the promotion of promising sectors (Project to Support Agricultural Infrastructure in the Ouémé Valley (PAIA-VO). On May 20, 2021, the EIB provided €140 million to accelerate investments in the health sector and address the impact of climate change on Benin's health and economy. On June 29, 2021, Benin received \$30 million from the World Bank Group through IDA to ensure the immunization of its population. On December 14, 2021, the World Bank approved \$300 million in financing to help Benin promote employment and economic opportunities for youth and women through access to quality technical and vocational education, training, and entrepreneurship for 46,000 students.

New Reform Initiatives