

Benin

BENINS' REFORM COMMITMENTS BY CWA COUNTRIES IN 2018	COMMITMENTS FOR 2023	PARTNER SUPPORT	IMPLEMENTATION STATUS AND OUTLOOK
<p>Maintain macroeconomic stability</p>	<p>To strengthen the macroeconomic framework and ensure its stability, Benin has incorporated three main actions into the government's 2021-2026 action plan: (i) strengthening the macroeconomic framework and regional integration, (ii) continuing to improve the management of public finances and (iii) continuing to improve the business climate.</p> <p>Details of the reforms and projects linked to each of these pillars can be found in the presentation of the PAG 2021-26.</p>	<p>The IMF supports macroeconomic stability through the ECF, the RCF/RFI financing tranche, and the SDR allocation that took place in August 2021.</p> <p>The World Bank (WB) has complemented these efforts with policy reforms supported by Development Policy Operations (DPOs) in the following areas.</p>	<p>The continued resilience shown by Benin in recent years, the country's very favorable growth prospects, and the acceleration of fiscal consolidation anticipated from 2023 are a reminder of the strong economic dynamism recorded by Benin since 2017 despite successive external shocks, with growth in surplus. We have forecast growth of nearly 6% in 2023, accelerating to an average of nearly 6.5% over 2024-2026. These projections are underpinned by the soundness of the economic policies pursued and the effective implementation of the Government's Action Programme. In addition, the rapid development of the Glo Djigbé special economic zone is contributing to the structural transformation of the Beninese economy and the development of high value-added sectors. We expect Benin's fiscal performance to improve in the short term, driven by continued growth in budget revenues and a strategy of targeted spending on the most strategic sectors. From 2023 onwards, we will see an acceleration in the reduction of the budget deficit, which should fall back below the EU standard of 3% by 2025. The quality of the country's financing strategy and proactive debt management should be highlighted. The favorable structure of Benin's public debt, the support of international donors, and the ability to mobilize innovative financing mean that the repercussions of the global rise in interest rates on Benin can be effectively limited.</p>
<p>Computerization of tax and non-tax revenue procedures and payments to tax and customs authorities.</p>	<p>Updating and extending Benin's Integrated Tax Management System (SIGIBé)</p>	<p>WB-PO series (2018-2020)</p>	<p>Since 2017, an automatic data exchange platform has been in place between Directorate General of Customs and Indirect Taxes (DGDDI), the Directorate General of the Budget (DGB) and the Directorate General of Taxes (DGI). This data exchange platform makes it possible to monitor taxpayers' imports and exports, the public contracts awarded to them, and the payments made by t</p>

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	<p>Complete dematerialization of the property transfer registration procedure</p> <p>Extending the online issuing of tax clearance certificates to all businesses</p>		<p>Budget on their behalf. This system makes it possible to block (deactivate the Unique Tax Identifier) taxpayers who are not up to date with their tax obligations or who under-report their turnover. It should be noted that this measure obliges treacherous taxpayers to regularize their tax situation and to get some of them out of the informal sector. It should also be noted that some taxpayers who are in the Small Business Tax Centres (CIPE) and who make imports in excess of 1 million euros are systematically checked and transferred to the higher segment tax centers.</p> <p>This platform, known as C-FISC, has been completely updated with the integration of new modules and interconnection with SIGIBé.</p> <p>In April 2021, the DGI launched work on a new integrated tax management system, a project to completely overhaul the information system used until then. Made operational on 30 April 2022, the platform was extended two months later to all medium-sized business tax centres nationwide. La plupart des modules fonctionnels sont déjà développés et mis en production. Il s'agit essentiellement des modules : adhésion, authentification des documents, télédéclaration DGI, module gestion des comptes bancaires, module gestion paiements, traitement des ordres de paiement par API ou Console, module de gestion documentaire, module administration, CNSS teledeclarati ePayment, documents module, taxpayer module, collection module and statistics module. Since June 2022, tax returns and payments for medium-sized and large businesses have been made directly online via this new system, a platform called e services.impôts.bj, which will be gradually updated with the integration of new modules and new functionalities.</p> <p>During the fourth quarter of 2023, thematic workshops on local taxes were organized, as well as workshops on the automatic issue of VAT tax liability certificates, the taxation of digital giants, TVM and mpayment. These include the introduction of mpayment (tax payments by mobile money) and taxation of the Web giants.</p> <p>However, as of 31 December 2023, several other modules are still under development. These include</p> <ul style="list-style-type: none"> - stabilizing and maintaining e-services & SIGIBé;

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	<p>Benin has adopted a new General Tax Code 2022 in accordance with Law no. 2021-15 of 23 December 2021. The CGI 2022 incorporates a Book of Tax Procedures (LPF), which now establishes a clear separation between tax assessment rules and tax procedures. The recommended new rules of procedure ensure transparency, speed, and taxpayer protection. With this new document, the government is aiming to establish a tax system that serves the public. The new CGI is a fundamental instrument for guaranteeing State revenue while respecting taxpayers' rights in</p>	<p>Canadian Global Affairs (through PAARIB)</p>	<ul style="list-style-type: none"> - deployment of SIGIBE in the Small Business Tax Centres (CIPes); - automate the management of local taxes so that the reform can be deployed in Cotonou's small business tax centers by the end of 2023 at the latest; - digitize the entire tax audit procedure; - modelling and development of the module for monitoring tax disputes; <p>the creation of an "Individuals" e-services portal, with payment of GST, TVM and property taxes (TFU);</p> <ul style="list-style-type: none"> - Implementation of a module for electronic transmission of financial statements (eBalance sheet) in e-services; - digitising the issuing of tax documents; - creating an accounting module for seamless integration with the Public Finance Management System (SYGFP); -automated management of the business directory; <p>On 1 February 2021, the Directorate General of Taxes (DGI) made the electronic platform for issuing standardized invoices, known as e-MECeF, operational. Before this date, standardized invoices could only be issued using Certified Electronic Invoicing Machines in physical form. The e-MECeF platform allows taxpayers to issue standardized invoices online without a physical MECeF machine.</p> <p>In 2023, the Directorate General of Taxes continued to implement the reform of standardized invoices by updating the technical specifications, which were reviewed and validated by COPIL with the consortium, updating the SyGMEF, integrating the payment schedule for the 5% AIB by MoMo and stepping up controls in Benin's departments. During the 4th quarter of 2023, 14,229 new machines were activated for 11,073 taxpayers. By 31 December 2023, 157,039 machines had been deployed</p>

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	<p>accordance with the requirements of the rule of law.</p> <p>Several other improvements are planned for the online tax payment system, including a module for automatically correcting returns, the integration of VAT refunds into the online system, the payment of taxes at national and local level using mobile money and the digital provision of tax certificates. Training courses are also planned for practitioners to familiarize them with the new functionalities.</p> <p>The digitization of the registration of goods and transfers through the introduction of an electronic tax stamp will also help to improve the mobilization of domestic revenue.</p>		<p>to 151,180 taxpayers, including 9,063 VAT and 14,785 GST payers and 127,332 individual VAT consultants.</p>
			<p>The operationalization of the Guichet Unique du Commerce Extérieur www.guce.gouv.bj has enabled almost thirty services offered on the port platform to be put online. Several certificates and licenses are now issued online. Similarly, despite the sub-regional crisis and the sanctions imposed by ECOWAS, customs performance has been kept under control</p> <p>The implementation, from May 2019, of the National Authorised Economic Operator (AEO) Programme.</p> <ul style="list-style-type: none"> - The online availability of Sydonia world, which now gives authorized customs agents unrestricted access to the customs clearance tool wherever they are; - The requirement for importers to sign a customs clearance order for their goods, together with the relevant supporting documents, to strengthen

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			<p>the fight against the production of false documents and the misuse of IFU numbers during customs clearance;</p> <ul style="list-style-type: none"> - The introduction of digital management of exemption requests, which will increase productivity, make life easier for customs users and strengthen controls to ensure compliance with regulations; - The drafting of a new decree defining the conditions for the approval of Authorised Customs Agents (CAD) with a view to further promoting professionalism, ethics, and better performance for customs operations; - Continuing the interconnection of Benin's customs IT systems with those of neighboring countries, notably Togo with SYGMAT and those already achieved with Niger and Nigeria. - The modernization of connectivity infrastructures and access to electrical energy at the level of all Customs Administration Units - Strengthening collaboration with the General Tax Directorate by setting up a data exchange system and creating the Joint Tax-Customs Research Unit (CERMID), which aims to rationalize controls for greater efficiency; - Strengthening maritime surveillance and land border control, with the launch of a project to install video surveillance equipment at the Kraké-Plage and Hillacondji customs posts;
Strengthening the legal framework for public finance (2018)	<p>Benin intends to bring all selection criteria for public investment projects into line with international standards and practices in the coming years.</p> <p>This will be done by implementing the recommendations of the mission to evaluate investment management using the PIMA methodology.</p>		

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	<p>Public investment expenditure is deployed and structured in terms of commitment authorisations (CA) and payment appropriations (PA) in the sectoral ministries.</p> <p>A methodological guide needs to be drawn up for AE/CP and for the transition from CP to AE, with mechanisms to guarantee the quality of execution.</p> <p>Principles and rules must be established for the management of carry-over funds and their implementation by the sectoral ministries.</p> <p>Trade debts arising from the execution of capital expenditure on closed or ongoing projects should be systematically included.</p> <p>The aim is to develop the skills of government employees in monitoring the budgetary and financial aspects of the implementation of public investment expenditure.</p> <p>The model for the AE/CP annexes in the appendix to the Finance Bill for the</p>		

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	National Assembly needs to be improved.		
Operationalising the institutional framework for sustainable public investment programming	<p>Benin has adopted Decree no. 2021 - 586 of 10 November 2021, setting out the general framework for public investment management. The decree sets out the legal framework for selecting, implementing, and monitoring projects in collaboration with the institutions in charge of projects under the government's action programme.</p> <p>Benin plans to continue revising the decree. 2019 - 193 of 17 July 2019, setting the general framework for the management of public investment projects, to strengthen it and bring the legal framework into line with methodological and organisational developments in budgetary and accounting management in programme mode.</p>	<p>MCC (energy compact)</p> <p>World Bank (IPFs and DPOs)</p>	
	<p>As part of the PAG 2021-2026 projects, Benin aims to restructure the distribution system and extend SBEE's networks in major urban centres.</p> <p>Performance contracts are to be implemented for the main public enterprises to improve their performance.</p> <p>Fifty-seven (57) socio-economic development projects will benefit from</p>		<p>69% of the 2023 Energy Budget was earmarked for electrification, network extension and densification (...) to ensure that more and more localities in the country, more and more of our fellow citizens, have access to this major development moment. The Government is also committed to making renewable energies a cornerstone of its energy mix through the National Renewable Energy Development Policy. To this end, around 18% of this budget has been earmarked for the development of renewable energy infrastructure.</p> <p>In addition, the following projects continue to be implemented, and it is hoped that they will be completed by 2025. These are</p>

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	<p>the funds raised from investors and partners. At around €485.4 million, half of the amount allocated to all the projects selected is in the form of repayments and the other half in the form of new financing requirements.</p>		<ul style="list-style-type: none"> - The project to build a 140 MW combined-cycle gas turbine power plant on the Glo-Djigbé SEZ site; - The project to extend the DEFISSOL solar power plant (Forsun solar section); - Benin's Sustainable and Secure Access to Electricity project (PADSBEE 2019-2025) VINCI section; - Restructuring and extension of SBEE's distribution system (PRESREDI); - Modernisation of SBEE's information system (DEFISSOL-Volet SI); - The project to extend and increase the electrical density of SBEE's networks (PEDER); - The project to electrify 750 social and community infrastructures using photovoltaic solar systems, etc.

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Reinforced monitoring of Business Ready indicators (B-Ready)	<p>In 2021, Benin made operational the Technical Support Unit for Improving the Business Climate and Investment Promotion (Cellule technique d'appui à l'amélioration du climat des affaires et à la promotion des investissements), which is responsible for steering wide-ranging reforms relating to the business environment, governance, and private sector development,</p> <p>The CCA is working to: (i) adopt legislation to promote compulsory infrastructure sharing by existing operators through; (ii) clarify the digital law 2017-20, art. 188-189 implication for towercos; (iii) detail the conditions under which mobile sites can be deployed and transferred; (iv) clarify the digital law 2017-20, art. 72 implication for towercos: clarify the compulsory sharing provisions in priority areas and (v) study the reduction of administrative formalities for site deployment authorisation at municipal level.</p>	IFC/WB	The Business Climate Unit is now operational and is working on setting up and running the national framework for public-private dialogue. It provides the secretariat for the country's preparations for the World Bank's Business Ready evaluation.
Streamlining and simplification of procedures	The following reforms are expected (i)(i) streamlining and strengthening entrepreneurship programmes and promoting innovation (ii) operationalising the Interministerial Committee for the Support and Financing of Growth Entrepreneurship in Benin, which will identify and supervise key reforms;		ADPME is now operational as a one-stop shop for the promotion of SMEs, with a mandate to federate all public interventions for the benefit of Benin's micro and medium-sized enterprises.
			The streamlining of electricity connection procedures is continuing with the automation of the connection request.

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	Streamlined procedures should be implemented for all types of businesses requesting an electricity connection (all capacities combined).		SCADA work is underway, with funding from the MCA.
Investment Code authorisations			
Creation of special economic zones (SEZ)	The GDIZ is a 1,640-hectare integrated industrial zone focused on the creation of flourishing value chains ranging from the supply of raw materials and the processing of resources to the export of finished products. The GDIZ is being developed on the model of an integrated business city and the Work-Learn-Live & Play concept.		<p>Following the development of the first 400-hectare phase, 36 investors have signed up to set up factories within GDIZ-Benin. In terms of installations, 12 units are already operational. These include 02 textile production units, 05 cashew nut processing units and 02 organic and conventional soya processing units, for a total processing capacity of 260,000 tonnes of soya. By the end of 2024, GDIZ's soya processing capacity will be 600,000 tonnes. In addition to these plants, there is one (01) packaging manufacturing unit and 02 concrete plants. All these units, which are already operational, have generated more than 10,000 direct jobs.</p> <p>A veritable industrial revolution is underway at GDIZ-Benin. As a result, the Zone has obtained several ISO certifications in terms of quality management, environmental management and occupational health and safety management.</p>
Other	<p>Implementing the national strategy for technical and vocational education and training through</p> <ul style="list-style-type: none"> - Building thirty (30) modern agricultural technical colleges with new vocations that will enable them to contribute effectively to the development of the national economy, - Building seven (7) benchmark schools in the fields of energy, digital technology, construction and public works, automotive and industrial 		<ul style="list-style-type: none"> - Work is underway to develop training programmes with the help of South African technical partners. - The TVET governance model is also being developed - The APS and APD have been completed and tenders have been launched for 14 lycées, with construction work on 10 lycées due to start in 2024.

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	<p>equipment, water and sanitation, the wood and aluminium industries, tourism-hospitality, and catering,</p> <p>- Construction of seventeen (17) rehabilitated technical high schools in the energy, digital, living environment-infrastructure-transport and tourism-hospitality-restauration sectors.</p>		
	<p>Implementation of the e-forex module of the one-stop shop for foreign trade (digitising the process for handling foreign exchange authorisation requests relating to international trade).</p>		
Setting up new commercial courts	<p>The 2021-2026 PAG incorporates the modernisation of judicial services, access to justice and accountability (phase 2).</p> <p>A court of appeal has been created within the Cotonou commercial court.</p> <p>In the coming years, the focus will be on continuing to train lawyers and bailiffs on the electronic case management system at the Cotonou Commercial Court, digitising old judgements, and maintaining and improving the digital system and its databases.</p>		<p>The Cotonou Commercial Court of Appeal has been set up and is becoming operational.</p> <p>Training sessions are regularly organised for users of the Commercial Court.</p> <p>Digitalisation of the Commercial Court continues</p>

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Set up a zoning system and electronic registration of property titles	<p>The PAG 2021-2026 intends to continue the dematerialisation of land titling.</p> <p>The efficiency of the property registration process is to be further improved in the coming years by streamlining and digitising procedures and reducing costs for users. To this end, a single parcel number is to be introduced.</p> <p>Awareness-raising and training programmes on the new digitised procedures must be set up for municipalities.</p> <p>Title deeds must be drawn up for all private plots in the capital and, eventually, throughout Benin.</p> <p>The mapping of all private land parcels in Benin must be completed.</p> <p>All cadastral registers should be made available online.</p> <p>To simplify the settlement of property disputes, a national database for</p>		

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	<p>verifying identity documents is to be set up.</p> <p>A judicial procedure to resolve property disputes more quickly should be introduced.</p> <p>Statistics on property disputes over the past five years should be published online and updated regularly.</p>		
<p>Strengthening and diversifying financing instruments for SMEs and agricultural businesses</p>	<p>The PAG 2021-2026 incorporates a number of reforms in the area of SME financing: setting up an investment and venture capital mechanism in conjunction with the CCIB; introducing a one-stop promotion shop and a public guarantee mechanism for SMEs (particularly those affected by Covid-19); setting up a mechanism to promote private investment in the processing and craft industries; developing the Benin Chamber of Trades.</p> <p>In addition to the above reforms, the project to strengthen the competitiveness and upgrading of SMEs will be put into operation.</p> <p>The government has also approved the WAEMU Community Directive on leasing, which has been sent to the National Assembly for consideration and vote.</p>	<p>Several donors for COVID-19</p>	<p>ADPME operationalisation</p>

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	<p>Facilities for SMEs: Many measures are being implemented to promote small and medium-sized enterprises.</p> <p>These include</p> <p>Measures to encourage the creation of businesses: (i) the free registration formality listed in the General Tax Code for several deeds including company deeds is still in force. (Introduced by the Amending Finance Law of 2016); (ii) For businesses subject to the Synthetic Professional Tax (TPS) regime: exemption from the TPS for new businesses, duly created, for their first twelve months of activity; and reduction of the minimum tax from 150,000 to 10. 000 CFA francs; (iii) for new businesses subject to corporation tax (IS) or business profits tax (IBA): exemption from business tax (patente) for the first twelve months of business; and a reduction in income tax by instalments over the first three years of business; (iv) for start-ups: exemption from corporation tax and employer's payment on salaries for the first two (2) years of business; and a 50% reduction in the same taxes for the third year.</p> <p>Measures to promote SMEs: (i) introduction of a system for declaring and charging AIB and abolition of the requirement to apply for validation in advance; (ii) introduction of the possibility of obtaining a modulation of income tax instalments when the</p>	WORLD BANK	

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	<p>company estimates that the tax it will pay in respect of a year will be lower than the instalments for that year; (iii) reinstatement of depreciation deemed to be deferred (ARD), which are now considered as deductible losses over five years (iv) introduction of the possibility of payment in instalments of the supplementary tax to relieve the cash flow of companies awarded works contracts; (v) introduction of the possibility of deferred payment of registration duties when the State is a party to the deed; (vi) free registration of deeds of transfer of real estate, the amount of which is less than or equal to 50. 000. 000, in the name of commercial and industrial companies; (vii) reimbursement by tax credit of the costs of acquiring and configuring certified electronic invoicing machines (MECeF); (viii) abolition of the 40% withholding tax on the amount of VAT invoiced, for certain companies in a justified credit situation; (ix) reduction in the rate of income tax from 30% to 25%, for public school, university, technical and vocational education schools; (x) a tax credit for companies that have been in business for one year, following the conclusion of a permanent employment contract with people taking up their first job; (xi) exemption from VPS for new companies that have been duly set up in their first year of business; (xiii) exemption from VAT, on request, for new materials and equipment imported by small and</p>		

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	<p>medium-sized enterprises not benefiting from a special tax regime, intended for the installation of craft and industrial units. The procedures for implementing this provision are set by decision of the Interministerial Investment Promotion Committee provided for by the Investment Code in the Republic of Benin (Article 12 LF 22.)</p> <p>Measures aimed at formalising the informal sector: (i) a 40% reduction in corporation tax, business profits tax or synthetic business tax for any business not known to the tax authorities and carrying on a commercial, industrial, craft or agricultural activity, which joins an approved management centre (CGA), from the first to the fourth year after joining the CGA; (ii) exemption from tax audits for the first two financial years following the year in which the business joins a CGA; (iii) remission of penalties, fines and tax surcharges for any taxpayer in the informal sector who spontaneously submits his or her business tax return for previous financial years for the first time and who pays the duties due in full; and (iv) exemption from payment of duties due for previous years for companies that were previously set up and that have declared on their honour that they have not carried out any activities since they were set up.</p>		