

BENIN

DIAGNOSTIC TRADE INTEGRATION STUDY
DRAFT CONCEPT PAPER

Introduction

1. The Integrated Framework (IF) was established under the World Trade Organization (WTO) in October 1997 to facilitate the coordination of trade-related technical assistance to least developed countries (LDC), and to promote an integrated approach to assist these countries in enhancing their trade opportunities. The original IF entailed the preparation of a Needs Assessment for the eligible LDCs followed by a Roundtable or Consultative Group meeting to secure donor financing for the trade action plan. However, an independent review of the IF programme concluded that the IF only produced modest results and that a new approach was required. Emerging from this review, the IF Working Group recognised the need to ensure integration between the trade strategy and overall development strategies for the country, as well as closer coordination of the donor community, including the six IF partner institutions¹, in the provision of technical assistance to LDCs. The new approach, piloted initially for Cambodia, Madagascar and Mauritania during July–October 2001 and underway in several other countries, introduced the Diagnostic Trade Integration Study (DTIS) as a vehicle to analyze constraints to LDC integration into the global economy, identify the trade-related technical assistance needs to enhance the country's prospects for increased integration into world trade and to integrate trade issues into the country's national development strategies including its poverty reduction strategy.

2. The Benin Poverty Reduction Strategy Paper (PRSP), completed and adopted by the Government in December 2002, was presented to the Executive Boards of the World Bank and International Monetary Fund in March 2003. The PRSP rests on four pillars:

- Strengthening macroeconomic stability
- Developing human capital and environmental management
- Strengthening good governance and institutional capacity
- Promoting employment and enhancing participation of the poor

3. As a small country sharing a large border with Nigeria and with a port serving as a gateway to land-locked countries in West Africa, it is self-evident that trade must play a central role in attaining these objectives. Moreover, a visitor to Benin cannot fail to notice the commercial dynamism of the country, which, along with its propitious geographic location and political stability, suggest that the country has the potential to harness the forces of international trade to further economic development. In some respects, Benin's position vis-à-vis Nigeria is analogous to that of Hong Kong vis-à-vis China. A key issue for the Benin DTIS is to assess the obstacles to Benin's capitalizing on its strategic location and other strengths.

¹ These are the International Monetary Fund (IMF), the International Trade Center (ITC), the United Nations Conference on Trade and Development (UNCTAD), the United Nations Development Program (UNDP), the World Trade Organization (WTO) and the World Bank.

4. Benin has recently completed the Joint Integrated Technical Assistance Program (JITAP), which mobilizes the expertise and support of International Trade Center (ITC), the United Nations Conference for Trade and Development (UNCTAD) and the World Trade Organization (WTO) to help African countries benefit from the multilateral trading system. The WTO is also completing a Trade Policy Review (TPR) for Benin, scheduled for late June 2004.² The proposed DTIS will draw on these and other existing studies and policy initiatives, but is wider in scope.

5. Objectives of the study. The main objective of the study is to review Benin's trade policies, constraints and performance, identify the main constraints to expansion of trade and make prioritized and sequenced recommendations for policy reforms and technical assistance provision to remove these constraints. In line with IF terms of reference, the proposed Benin DTIS will provide: (i) an assessment of the country's macroeconomic environment and of the specific constraints that it faces in accessing world markets ; (ii) an analysis of the country's trade performance and a review of the formulation and implementation of its trade policy, with particular emphasis on its integration with the national poverty-reduction strategy ; (iii) an assessment of the country's internal investment climate and of behind-the-border hurdles to the development of commercial activities; (iv) the identification of key sectors for the expansion of output, exports and employment; and (v) concluding recommendations for policy reforms, institutional capacity implications, and action plans to remove bottlenecks and seize opportunities identified in the diagnostic study. The study's conclusions and recommendations would be endorsed by the Government of Benin, following broad based consultations with all stakeholders in the context of a Trade National workshop. The DTIS would subsequently be mainstreamed into the country's development strategy (PRSP) as well as donors' support instruments including World Bank CAS.

1. Socio-economic context

1.1. Overview



6. Benin is a small West African country with a population estimated at 6.8 million and a per capita income of about \$380 in 2002, below the sub-Saharan average. More than half the population remains in the countryside, notwithstanding continued migration to urban areas in the face of high population growth. The economy is dominated by services (about 50 percent of GDP) and agriculture (close to 40 percent of GDP) with a very small industrial sector (10-15 percent). Benin enjoys relative political stability, with President Kerekou returning to office through free

² An earlier TPR was completed in 1998.

elections. Since the 1980s, Benin has transitioned from a Marxist state towards a pluralist democracy.

7. Benin is a member of the West African Economic and Monetary Union (WAEMU), a group of seven Francophone countries and Guinea Bissau, and of the Economic Community of West African States (ECOWAS). Although integration has advanced much further within WAEMU than ECOWAS, Benin remains strongly influenced by its large neighbor Nigeria.

8. Since the beginning of the 1990s, cotton has come to dominate the formal sector, in agriculture, industry and foreign trade. Cotton accounts for about 70 percent of exports, and much of the industrial sector revolves around processing cotton, particularly ginning. Activities such as manufacturing of construction materials, chemical industries (not including oil extraction from cotton seed), beverages (including breweries) are also significant in size.

9. The informal sector, while of course difficult to measure, accounts for more than 90 percent of non-agricultural employment and close to 60 percent of non-agricultural GDP. The economic and social landscape is heavily influenced by Benin's long shared border with Nigeria, the economic powerhouse of West Africa (see map). Benin's location enables it to serve as a transportation and transit hub for Nigeria and the land-locked neighboring countries, especially Niger. The vagaries of economic policy in Nigeria exert a decisive influence on Benin's formal and informal sectors, with traders rapidly exploiting differences in trade barriers, regulations between Nigeria and Benin, and fluctuations of the Naira against the CFA franc. Given the importance of the informal sector, official statistics on per capita income and other variables are subject to considerable uncertainty.

1.2. Recent Economic Developments

10. The World Bank and the IMF have been involved in Benin's stabilization and structural adjustment programs, which have been quite successful. Relative to other West African nations, and to the economic and political crisis of the late 1980s, Benin has had a robust growth performance (IMF 2003a, World Bank 2003a, 2003b). In the 1990s, growth averaged about 4.6 percent and per capita income rose modestly at about 1.5 percent annually. In 2000-2003, growth has accelerated to more than 5 percent. Fiscal discipline has been established, thanks to increases in tax revenues combined with spending restraint, and some important structural reforms have been initiated. Inflation is low and stable at about 2-3 percent and the balance of payments is quiescent, notwithstanding a large current account deficit. Benin has been a leader within WAEMU in adhering to the convergence criteria.

11. The relatively impressive growth of GDP has had little effect in alleviating poverty so far. In fact, while urban poverty rates dropped, rural poverty rates rose in the 1990s from about 25 to 30 percent (World Bank 2003b). Inequality appears to be increasing. Benin is classified as a Least Developed Country, ranked 159 out of 175 countries according to the Human Development Index (HDI). While progress towards the Millennium Development Goals is lagging overall, health and education indicators improved significantly over the past decade, resulting in gradual increases in Benin's HDI during the 1990s.

12. A number of structural reforms have lagged. Privatization of the cotton parastatal SONAPRA had been postponed but resumed recently. Some other privatizations have also been slow. Civil service reform has stalled, and allegations of corruption, red tape, and aberrant judiciary rulings are common.

13. The over-riding question is how to accelerate growth and distribute its fruits in such a way that poverty is reduced and living standards rise for all segments of the population. Clearly, for a small country like Benin, greater participation in the global and regional economies is an important condition for development and poverty reduction.

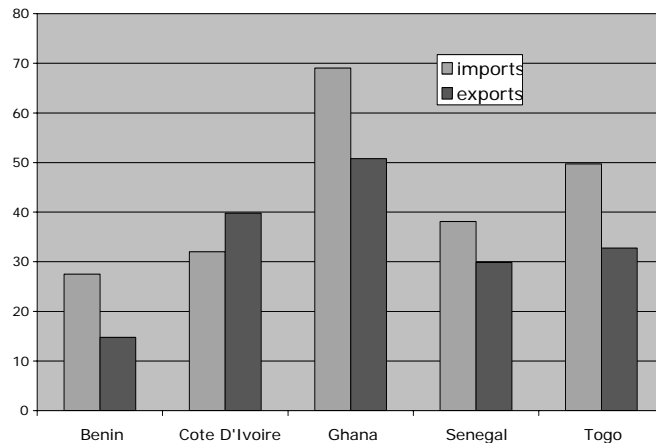
2. Benin's Foreign Trade

2.1. Trade Performance

14. Benin has low reported import and export to GDP ratios for such a small country, with openness much lower than countries like Senegal, Ghana and Togo (Figure 1)³. Inclusion of unofficial trade and smuggling is likely to substantially raise Benin's trade ratios. As for most other African countries, Benin has a structural merchandise trade deficit, with exports only covering about one half to one third of imports. The trade deficit is financed by transfers, official loans, and some private capital flows.

15. Cotton dominates Benin's recorded exports. Cotton's share of total exports has varied between about 60 and 90 percent in recent years, with fluctuations in the price of cotton as well as harvests affecting this proportion. Other export products include: tropical fruits and nuts (pineapple, cashews, manioc), meat products, and vegetable oils. Official re-exports to Nigeria are the second most important category after cotton. Re-exports to Nigeria, however, are probably vastly understated in Benin's official trade statistics, since informal exports have been estimated to be of the same order of magnitude as cotton exports.

Figure 1
Exports and Imports as a Percentage of GDP, 2000-2002 av



16. Official exports are destined overwhelmingly to cotton-producing developing countries outside Africa. In 2001 and 2002, India became the largest client for Benin at 14.2% of exports, followed by Nigeria (15%), Indonesia (10 %), China, Ghana, and Pakistan. By way of comparison, in 1992-97, Brazil was the largest buyer from Benin,⁴ WAEMU accounts for an almost negligible share of Benin's exports: 5.1 percent in 2002, down from 5.6 percent in 2001. ECOWAS as a whole was the recipient of 20 percent of Benin's exports in 2002, up from 14 percent in 2001, with Nigeria of course responsible for the bulk of the non-WAEMU ECOWAS share. These figures may greatly understate regional trade, however, to the extent that smuggling is large. The DTIS should analyze the composition of exports to developing countries and the factors driving this trade.

³ In the study, trade performance will be analysed not only in terms of goods but also in terms of goods and nonfactors service.

⁴ (Comtrade CTCI Rev.3)

17. In contrast to exports, recorded imports are mostly from developed countries, with Europe shipping about 45 percent of total imports, and France accounting for half of these. WAEMU looms a bit larger in Benin's imports than its exports at around 14 percent, with other ECOWAS countries contributing another 10 percent, for a total ECOWAS share of about 24 percent. The main imports are foodstuffs, energy products, and capital goods. Other sizeable categories include textiles, chemicals, pharmaceuticals, and paper products.

18. According to data from World Development Indicators, Benin has had a surprisingly large influx of Foreign Direct Investment (FDI) over 1988-2000, of the order of 3 percent of GDP.⁵ This is about 3 to 4 times the level of the FDI/GDP ratio in other countries in the region. This may reflect privatization of existing firms rather than new investments.

19. The murky statistics on Benin's trade need to be analyzed, and the unofficial trade estimated. It would also be desirable to obtain sectoral data on FDI in Benin and compare FDI in Benin to that of other countries. Informal trade, especially with Nigeria, is apparently a very significant proportion of total trade. The magnitudes, causes and implications of this trade should be evaluated. On the one hand, Benin should strive to obtain maximum benefits from this trade. On the other, this trade is highly dependent on the weaknesses of economic policy in Nigeria. If Nigeria improves its policies and business climate, as it appears in part to be doing, much of this trade could disappear. The mission will examine the Government's strategy (if any) to develop other more reliable forms of commerce.

2.2. The Trade Regime and Regional Integration

20. Benin's trade regime is governed by the WAEMU harmonization criteria, notably for tariffs. The new Economic Partnership Agreement currently being negotiated between the EU and West Africa (ECOWAS plus Mauritania) will also significantly influence trade-related institutions by the time they are concluded in December 2007.

21. **Trade Taxes.** As in other least developed countries, Benin's government revenue still depends heavily on taxation of international trade. Trade taxes account for more than half of tax receipts and about half of all government revenue. Import duties and other trade taxes fall disproportionately on the small formal sector, weighing heavily on the latter, and discouraging the transition from informal to formal status for SMEs. Under the WAEMU Tarif Extérieur Commun (TEC), which Benin is alleged by some to have applied more diligently than some other member countries, by 2000 internal tariffs were to be eliminated and external tariffs harmonized to a structure with only four possible rates: 0, 5, 10 and 20 percent.

22. The TEC actually raised tariff rates on balance in Benin (Direction des Statistiques 2002). For example, 47 percent of imports fell in the 20 percent tariff bracket in 2001 whereas only 10 percent of imports would have been subject to that rate had the prior tariff structure remained in effect. Apparently, therefore, Benin had unilaterally lowered tariff barriers prior to the WAEMU agreement. After the implementation of the TEC, however, Benin's tariffs remain below those of Nigeria, providing one of the incentives to re-export to Nigeria. A comparison of the structure of tariffs and other barriers in Nigeria and Benin over time is particularly important information for the DTIS. According to some of our interviews, however, Togo has been undercutting Benin by

⁵ This number should be cross-checked with a FDI/GDP ratio averaging 1.5 ??? percent for the same period.

lowering tariffs below the WAEMU-prescribed levels. It thus appears that some WAEMU countries are competing for re-export market share by cutting trade barriers. The extent of application of the common external tariff in WAEMU should be assessed and discussed with WAEMU and Togo authorities.

23. Regional Integration and EPA between West Africa and the EU. Harmonization in general and of trade policies in particular seems to have proceeded much less far in ECOWAS than in WAEMU. Information on the trade policies of ECOWAS, present and prospective is needed. The impact of WAEMU may arise primarily from the peer pressure to reform policies and institutions, for example in harmonizing tariffs, reforming regulation, etc. Initiatives to harmonize business laws (OHADA) and accounting systems (SYSCOA), in addition to the TEC, are particularly prominent in these regards. A critical analysis of harmonization and its impact is in order. Is Benin's regulation improving as a result of WAEMU harmonization? The reasons for the low level of official trade within WAEMU and ECOWAS should also be explored.

24. The last Cotonou Agreement provided for negotiation of EPAs between the EU and SSA countries. The EPAs are scheduled to take effect in 2008 when the Cotonou Agreement expires. The main objective of these EPAs is to reform trading arrangements between the EU and the SSA countries to make them more effective in enhancing trade and investment and more compatible with WTO rules. While the EPAs provide an opportunity and vehicle to strengthen regional trade integration and thus has received much political support in the region, they pose enormous challenges to countries like Benin. For instance, to comply with WTO rules, the EPAs include a provision for a reciprocity in preferential tariff reductions. However, given the importance of EU as a source of import for Benin and the significant share of import taxes in government revenues, the fiscal impact of the EPAs is likely to be important. The DTIS will assess the likely impact of tariff reductions on government revenue (see the trade and poverty chapter) and examine whether the government has a plan to offset lost revenues. It will also examine whether there are planned capacity building and training programs to help Benin increase its institutional capacity and mitigate the possible negative effects of the agreement in some sectors.

25. Export and Investment Promotion. The Code des Investissements provides a wide range of exemptions from taxes and other incentives for export-oriented activities. Benin's system of duty and value-added taxation rebates, however, are alleged to be cumbersome and slow. Exporters must apply for refunds of these taxes, which often take a long time to process and deliver (Diagnos 2000). This imposes high financing costs for traders, and thus handicaps Benin's international competitiveness in general and its comparative advantage in transshipment of goods to Nigeria in particular. In general, as discussed further in section 5 below, Benin's trade-support institutions function poorly.

26. Benin is considering creating a free-trade zone or similar arrangement whereby imports destined for export production would be exempted from tax, and the DTIS should examine this issue. Besides the potential negative impact of free-trade zones in the short term on fiscal revenue, fraud, and corruption, some skepticism may be in order given that Benin exports very little in the way of manufactured products, and the administration of such zones are complex. Free trade zones have worked well in some countries such as Mauritius but have largely failed in others such as Senegal. In this area, as elsewhere, the quality of administration seems decisive.

27. The reasons for the poor functioning of the duty drawback system and possible remedies, including the creation of a free-trade zone, should be assessed.

28. **Preferential Access to Developed Country Markets.** Benin enjoys preferential access via the U.S. Generalized System of Preferences, and the European Union's Cotonou Conventions and Everything But Arms (EBA) Initiative. The latter grants duty-free and quota-free access to the European market to LDCs for all products except arms⁶. Benin has been approved by the US as eligible for duty-free access under the Africa Growth and Opportunity Act, but has seen little benefit from AGOA so far, although Benin has already received a visa for clothing exports to the United States. The visa for clothing is the most significant provision of AGOA, and was until recently a major drawback since the US liberalization of clothing imports from Africa. The mission will specifically investigate the Government's strategy on this issue and whether any technical support is needed to obtain the clothing visa.

29. Overall, however, the value of preferences tends to be reduced by complex rules of origin and phyto-sanitary standards. The DTIS will look into this issue, focusing mainly on agricultural products, clothing and fish products (see the case of shrimp discussed in section 7).

30. **Technical Assistance/ Capacity Building.** Started in 1998, the JITAP program was completed in 2002. The JITAP's mandate is to assist LDCs in participating in the multilateral trading system. In Benin, the International Trade Center (ITC) provided technical assistance and resources to a number of trade-support institutions, and carried out sectoral studies, notably on cashew nuts. While the JITAP final report made some recommendations for institutional development, it did not include a comprehensive assessment of the functioning of trade support organizations. Trade support institutions are discussed in section 5 and sectoral issues in sections 6 and 7 of this concept note. The DTIS would provide assessment of Benin's capacity building constraints and strategy to address constraints identified, with a focus on what works or worked.

31. The next few sections of this issues paper discuss some of the structural features of Benin's economy and institutions that contribute to these problems.

2.3. High Priority Trade Policy Issues

- For both recorded imports and exports, WAEMU and ECOWAS account for a small part of Benin's trade, notwithstanding recent efforts to advance regional integration. Inclusion of unrecorded trade flows could substantially boost the relative share of intra-regional trade, particularly with Nigeria, but this has nothing to do with regional integration. The substantial harmonization of tariffs and other policies to date would be expected to reduce unofficial trade, but has so far apparently had little effect in reducing smuggling. Instead, the impact of regional integration—positive and negative-- may arise primarily from the agreement to cooperatively reform policies and institutions, for example in harmonizing tariffs, reforming regulation, etc. The reasons for the low level of official trade within WAEMU and ECOWAS should be explored.⁷

- Informal trade, especially with Nigeria, is apparently a very significant proportion of total trade. The magnitudes, causes and implications of this trade should be evaluated. On the one hand, Benin should strive to obtain maximum benefits from this trade. On the other, this trade is highly dependent on the vagaries of economic policy in Nigeria. If Nigeria improves its policies and business climate, as it appears in part to be doing, much of this trade could disappear. It would therefore seem wise to develop other more reliable forms of commerce.

⁶ Bananas, rice and sugar are the exceptions. For these products, duty-free access is phased-in between 2002 and 2008 by a gradual yearly reduction in tariffs.

⁷ The forthcoming (June 2004) WTO TPR for Benin is expected to be helpful in this regard.

- The murky statistics on Benin's trade need to be analyzed, and the unofficial trade estimated. It would also be desirable to obtain sectoral data on FDI in Benin and compare FDI in Benin to that of other countries.
- Benin's official exports are dominated by cotton. Notwithstanding preferential access, Benin has been unable to significantly diversify into non-traditional exports to developed countries. The structural barriers to export diversification need to be understood and ameliorated (see section 8).
- The effectiveness of export promotion mechanisms, particularly regarding duty drawbacks and temporary admission should be examined. Fiscal incentives mean forgone tax revenue and distortion in resource allocation. Prior to any decision in this respect, such incentives should be subject to a cost/benefit analysis. More coordination on the availability of investment incentives is required at sub-regional level.

3. Benin's International Competitiveness

32. International competitiveness can be defined and measured in various ways. Here we propose to quantify Benin's international competitiveness by 1) Benin's success in gaining export markets and FDI and 2) Benin's relative prices and costs, in both instances by comparing Benin to other relevant countries in the region.

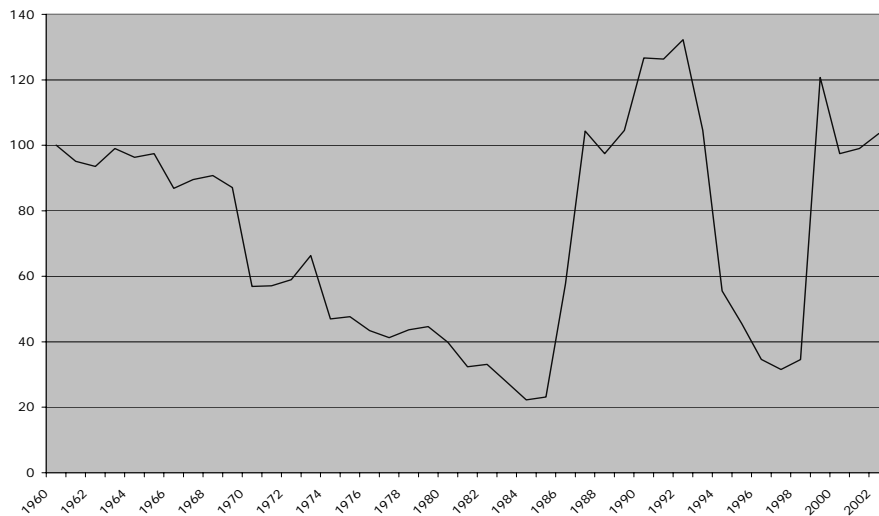
3.1. Export Performance and Real Exchange Rates

33. Benin's export and FDI performance should be compared to others in the region and its level of development, over time.

34. Benin, like other WAEMU countries, enjoys the benefits and suffers the consequences of the fixed parity of the CFA franc against the Euro (formerly against the French franc). The advantages of monetary stability and confidence in the currency are sometimes offset by the inability to adjust the exchange rate to improve international price competitiveness vis-à-vis countries outside WAEMU. This is very important, since, as we saw above, almost all of Benin's trade is with countries outside WAEMU. (Even within WAEMU, Benin's real exchange rate can vary to the extent that inflation rates differ among member countries).

35. In particular, Benin is likely to have been significantly affected in recent years by the wild fluctuations of the real and nominal Nigerian Naira exchange rate, as well as the erratic movements of the U.S. dollar against the Euro. It would be of interest to see what percentage of Benin's trade is with countries that use or are pegged to the Euro (Europe and WAEMU).

Figure 2
Bilateral Benin-Nigeria Real Exchange Rate, 1960= 100
based on GDP deflators, increase = real appreciation of CFA franc



36. Benin’s bilateral real exchange rate vis-à-vis Nigeria can be calculated and the effects of the huge fluctuations assessed (Figure 2). The consequences of the dollar’s depreciation against the Euro should also be evaluated. Real exchange rates can be measured using various alternative price indexes: CPI, GDP deflators, unit labor costs etc.

3.2. Factor Cost and Cost of Doing Business Comparisons

37. Real exchange rates are indexes showing changes in competitiveness over time but do not reveal absolute competitiveness. If possible, it is worthwhile to calculate absolute competitiveness, i.e. whether Benin’s costs are above or below those of other countries. Several studies by CAPE attempt to compare Benin and Nigeria’s costs in the manufacturing sector and find that Benin is at a cost disadvantage due to higher wages in Benin but lower productivity (Prince Agbodjan 2001). The costs and productivity in agriculture may be interesting to analyze as well. An evaluation of Benin labor productivity will also be useful for the assessment of external competitiveness.

38. Factor costs such as telecommunications, electricity, gas and water are generally high in Africa. Apparently, Benin’s factor costs are even higher than those in most neighboring countries. Privatizations of the electric power and telecommunications sectors are planned but implementation has lagged. The World Bank’s database “Doing Business” can be used to assess Benin’s factor costs and other costs of doing business. These are likely to be good indicators of the attractiveness of Benin for inward FDI.

39. A preliminary examination of some results of the World Bank database suggests that Benin is fairly typical of other countries in the region in terms of long procedural complexity and costs facing investors compared to OECD countries. The next few sections of the paper look at Benin’s institutions more closely.

3.3. High-Priority Competitiveness Issues

Benin's competitiveness should be assessed at both macroeconomic (real exchange rates) and microeconomic (factor costs) levels vis-à-vis other countries in the region, particularly Nigeria, and elsewhere.

4. Trade Facilitation Issues

4.1. Port of Cotonou

40. Benin's port has aptly been described as the lung of the country, given its importance as an entry and exit point. Several recent analyses suggest that the port is handicapped by infrastructural and especially management deficiencies, which have led to loss of competitiveness vis-à-vis Lome and Tema, notwithstanding a substantial rise in traffic in recent years⁸. Private operators have complained for years about high costs and delays in movement of merchandise, with little success. The following problems have been cited and should be corroborated and analyzed:

- An obsolete set of regulations, dating from 1967.
- Inadequate storage facilities and capacity constraints of the existing port.
- Poor organization that itself reflects (i) the absence of a plan for movement of vehicles within the port, leading to chaos and gridlock; (ii) a single entry and exit point for trucks, leading to bottlenecks; (iii) Inadequate infrastructure in the form of docks, specialized terminals. For example, it is impossible to discharge more than one boat with bulk (non-container) merchandise at a time, resulting sometimes in delays of several weeks; (iv) general disorganization, with containers being loaded and unloaded in the midst of vehicles, pedestrians, etc.; (v) the influx of used cars, in particular, which a great source of congestion and ; (vi) lack of security against theft, with whole containers sometimes vanishing.
- Handling of merchandise is inefficient and slow. Until 1998, the parastatal SOBEMAP held a monopoly on loading and unloading. Now the market for handling containers has been opened partially, but with only two private firms admitted: SMTC, an affiliate of the French group BOLLORE, and COMAN, and affiliate of the Danish firm MAERSK. The two private firms are obliged to compensate the SOBEMAP with payments of FCFA of 10,000 per container. The present situation is thus characterized by limited competition at best.
- Customs procedures contribute substantially to delays at the port (see below)
- Other administrative procedures are costly, cumbersome, and subject to corruption. The guichet unique is alleged to not really function as such, as shippers must pay multiple taxes and fees. Some agencies seem to add little value and contribute only by adding costs and delays (Conseil National des Chargeurs du Benin in particular).

41. Overall, these problems lead to long delays and high costs for importers and exporters. Prospects for improvement are good, provided strong leadership can be mustered. The basic infrastructure for the port is sound, the overall judicial framework for private investment is in place, and private investors have demonstrated their willingness to work with the authorities and invest. The most important task is to improve the efficiency of the port through streamlined

⁸ See Haskoning (2000). SDV Bénin (2004) and Bi Nagoné (2003) for diagnosis and recommendations concerning the port and related issues.

organization and reduced corruption and inefficiency in the provision of port services. Further liberalization of some services should be pursued, while maintaining strong government oversight, given the obvious natural monopoly dimensions of the port's infrastructure.

42. The costs associated with these various problems should be identified as precisely as possible.

4.2. Customs Administration

43. Given that trade taxes represent nearly half of government revenue and the ubiquitous presence of customs officials at all stages of transportation, customs has considerable influence over the efficiency of the distribution system.

44. As part of the effort to reduce the public sector payroll, customs personnel has fallen from 800 in 1983 to 650 now, notwithstanding a near quintupling of port volume during this time. Also, computerization using the SYDONIA ++ system is underway but incomplete. Nonetheless, poor organization and rent seeking may be more decisive constraints than shortage of personnel and lack of modern equipment.

45. In particular, there are said to be multiple and redundant controls, whose main purpose appears to increase opportunities to extort fees. At the level of the port, there are controls at the storage depots, at the truck parking, and during transit within the port. For used cars, the inspections are redundant since there is a fixed fee payable in advance. Only recently, however, has the latter been "officially" scrapped.

46. Once merchandise leaves the port, there are numerous customs checkpoints on the roads. From Cotonou to the Burkina Faso border, there are about 20 checkpoints, each of which is an opportunity to harass truckers and collect a small bribe. As a further redundancy, customs escorts may be required, which further raises costs and delays. All told, the 600 km trip from the Port to the Burkina border city Porga takes on average 3 days. Consequently, Burkina-based truckers prefer to route merchandise through Lome, Accra or Tema rather than Cotonou.

47. There are a number of minor import duties that must be paid separately and perhaps could be simplified:

- The "taxe de voirie" of 0.85% that must be paid twice, upon entry and exit from the port.
- The "fonds de garantie" of 0.25% levied by the Chamber of Commerce
- A statistical tax of 1%, recently raised to 5% for some destinations, notably Nigeria. This measure could adversely affect the port's competitiveness.
- The "taxe de sejour" of 10 FCFA francs per day for packages held beyond 15 days, which although very small, can add up due to the delays occasioned by congestion and inefficiency of the parastatal SOBEMAP. On average, containers are kept at the port for 25 days for imports and 7-10 days for exports.

48. As in many poor countries, there is much mutual mistrust between customs officials and shippers. Customs has a legitimate obligation to restrain smuggling and to raise revenue. It does appear, however, that customs administration in Benin is often marred by endemic corruption and degenerates into harassment, to the detriment of Benin's competitiveness. These charges should be carefully investigated in the DTIS.

4.3. High Priority Trade Facilitation Issues

The port and customs administration are critical institutions for facilitating Benin's trade. Administrative problems and corruption appear endemic, however, with consequent adverse effects on Benin's competitiveness. These issues should be carefully documented and assessed in the DTIS. In particular, it would be useful to provide a comparative analysis of the efficiency of the port and customs with other neighboring countries. The DTIS will then prioritize the identified problems and propose specific remedial measures.

The adequacy of the port's infrastructure should be assessed in view of the government's intention of constructing a second port. Could improved administration and some additional infrastructure obviate the need for such a costly venture?

5. The Institutional Environment for Trade

5.1. Support Institutions

49. The previous sections indicate the weaknesses of Benin's private sector. There is plenty of dynamism, but most businesses operate informally with little modern knowledge of markets, management, financing, technology, etc. There is therefore an evident need for support institutions. In Benin, as in many countries, such institutions have proliferated, but due to inadequate resources, duplication, and a lack of involvement of the private sector, they seem to have disappointingly little effects.

50. **Trade Support.** These include the following institutions:

- Centre Béninois du Commerce Extérieur (CBCE). Its mission is help firms find markets abroad. It collects market studies and helps firms conduct internet searches and attempts to link foreign and domestic businesses.
- Conseil National D'Exportation (CNEEx). Privately funded but under the supervision of Ministry of Commerce, CNEEx seeks to promote exports by gathering information about foreign markets and carrying out studies of these markets.
- Association de Développement des Exportations (ADEX). Intervenes in several ways to assist exports: finances studies, assists firms with marketing, management, promotes private/public cooperation, seeks to identify promising sectors and clusters.
- Observatoire des Opportunités des Affaires (OBOPAF). Aims to bring together foreign and local businesses by compiling a database on opportunities for investment in Benin.

Other Support Agencies.

- CEBENOR. Assists firms in compliance with norms in foreign markets.
- Chamber of Commerce and Industry of Benin (CCIB). Acts as a representative of business to promote the private sector. It has established a one-stop-shop, Centre de Formalités des Entreprises, but effectiveness is unclear.
- Centre de Promotion des Investissements (CPI). It is an organism under the auspices of the Ministry of Planning, responsible for overseeing and improving the business environment. CPI

manages the Code des Investissements and is responsible for investment through fairs, publications, etc., but it has no foreign offices.

51. According to some studies, these structures are generally ineffective. These institutions are generally staffed by government officials who are unfamiliar with the sectors they are supposed to assist (Crone *et al* 2002). It would seem that consolidation and rationalization of these structures is in order. The DTIS should attempt to determine which structures are useful and whether they should be merged into an agency for the promotion of investments and exports, with the remainder to be eliminated. Technical assistance needs will also be assessed.

5.2. Other Dimensions of the Institutional Environment.

52. While the focus of the IF is on trade, success in exporting as well as reaping the gains from trade require a supportive environment for the private sector more generally (financial markets, infrastructure, legal and judicial systems, etc.). These issues mostly fall outside the scope of the DTIS, except insofar as they emerge as important in the industry case studies (section 7), and are discussed only briefly here.

53. **Legal, Judiciary and regulatory factors.** Benin's legal and judiciary system has a number of deficiencies. The legal system lacks transparency, with statutes from the colonial era coexisting with more recently instituted laws. Judges are too few in number and lack training. Courts are dilapidated and equipment antiquated (Crone *et al* 2002). Several aspects are particularly relevant to trade:

(i) enforcement of competition laws. It is not so much the quality of the statutes as the will to enforce them that may be decisive.

(ii) enforcement of commercial laws. The application within WAEMU of the OHADA (Organisation pour l'Harmonization en Afrique du Droit des Affaires), an ambitious attempt to harmonize business laws within the union, is a promising venture. Nonetheless, implementation of OHADA is not straightforward, as it requires substantial efforts at informing actors, creating the requisite bodies, and adapting Benin's laws. The effects of the introduction of OHADA should be evaluated.

(iii) Land titling. In a society dominated by small farmers, insecure property rights to land undermine the viability of agriculture, by diminishing incentives for peasants to care for the soil and also preventing the use of land as collateral for credit.

54. **Finance.** Following the liquidation of the insolvent state banks at the end of the 1980s and the adoption of financial reform, Benin's financial system is now dominated by a limited number of commercial banks. As in many other countries, these reforms have been successful in cleaning up the banking system's bad debts, but largely unsuccessful in fostering long-term credit for productive purposes. Indeed, an examination of bank balance sheets reveals that long-term credit is quasi non-existent, accounting for less than 1 percent of total bank credit in 2000 (CAPE 2001). Benin has recently seen a flowering of decentralized financial institutions (micro-finance and lines of credit) that seem to have had some success in fostering micro-enterprise development. The most significant problem appears to be for SMEs, who have little access to the commercial banks and for whom micro-credit is inadequate..

5.3. High Priority Institutional Issues

Benin has a multitude of trade support institutions, but these appear redundant and ineffective. The DTIS should investigate the strengths and weaknesses of each of these institutions and make recommendations on rationalization of the system.

6. Cotton

56. As noted earlier, cotton dominates Benin's official exports, and plays a critical role in generating employment, income, and government revenue.

6.1. Cotton and the Doha round.

57. The world cotton market is anything but free, with developed countries engaging in massive interventions to tilt the playing field towards their own producers.⁹ These subsidies are of the same order of magnitude as the world price (AFD 2003, Aksoy and Beghin, 2004). U.S. subsidies are the largest in absolute value, reflecting the importance of the U.S. as an exporter, although European subsidies are much greater per unit produced. China, the world's largest producer, also provides substantial subsidies. These subsidies substantially depress world cotton prices, with consequent negative effects on Benin's terms of trade. Some studies suggest that eliminating these subsidies could raise cotton prices by about \$0.30-\$0.60 per pound, relative to a world price of about \$1.30 in May 2003.

58. Cotton subsidies were a major point of discussion in the Doha Round of trade negotiations at Cancun, with West African producers, including Benin, and other developing country producers, notably Brazil, making reduction in developed country cotton subsidies one of their central objectives. The West African efforts at Cancun, led by Benin, Burkina Faso, Mali and Chad, received widespread attention and considerable moral support, and appeared to have some chance of partial acceptance.¹⁰ Unfortunately, the failure of the talks at Cancun has temporarily taken the pressure off the United States and Europe to restrain their subsidies.

59. The West African producers have much to gain from continuing to press for the Doha agenda to be revived. At the same time, Benin should not use the failure of the Doha round as an excuse to slow down its own structural reforms. Even in the face of the developed country subsidies, cotton has proved to be a profitable export commodity for Benin in most years, and the obstacles to domestic supply are at least as significant as those arising from world market conditions. Liberalization of cotton trade at the regional level (WAEMU and ECOWAS) would also help Benin utilize its huge ginning capacity.

6.2. Evolution of the Sector in Benin¹¹

60. As in other French West African countries, until recently a monopoly marketing board Société Nationale pour la Promotion Agricole (SONAPRA) controlled all stages of the production process: importation and distribution of seeds and inputs, provision of credit and other services to producers, ginning, and exports. The SONAPRA established a single price for seed cotton and inputs once a year prior to the growing season, doing so for the last time in 2001-2002 campaign.

⁹ In late March 2004, these issues were discussed at a WTO Workshop on Cotton in Cotonou.

¹⁰ The New York Times ran a series of editorials ("Harvesting Poverty") denouncing developed country subsidies, particularly cotton.

¹¹ See World Bank and AFD (2003), World Bank (2002), Fourmann (2002), Badiane et al (2002).

61. While the organization and stability of the state-run system were strengths in Benin and elsewhere, there were significant weaknesses too. Prices paid to farmers were well below world prices, and corruption and inefficiency often thrived in the absence of any competition. Production increased in Benin due to increased acreage but productivity stagnated. Under the impetus of difficulties in the sector and under the guidance of the World Bank, Benin began to liberalize the cotton sector in the mid 1990s, and has been bolder in its reforms than the other cotton producing countries in Francophone Africa.

6.3. Reforms to Date

62. Since 1995, Benin has been opening the market previously dominated at all stages by the SONAPRA. Private ginning factories have been authorized, and private firms now control about 50 percent of production capacity. The SONAPRA has also lost its monopoly in the markets for seed cotton and inputs.

63. It has quickly been recognized that liberalization by itself is insufficient, and market-supporting institutional arrangements are required to provide public goods such as infrastructure, disseminate information, and enforce contracts, and that the transition from a state-controlled to a decentralized market system was difficult and must be phased in. The government, private sector and donors collaborated in the creation of hybrid institutions: market-based but still somewhat centralized and integrated. The main institutions are:

- Association Interprofessionnelle du Coton (AIC), which brings together all the private participants to act as a voice and agent for the private sector as whole;
- Cooperative d'Approvisionnement et de Gestion des Intrants Agricoles (CAGIA), to supervise the distribution of inputs;
- Centrale de Securisation des Paiements et Recouvrements (CSPR), which oversees the marketing and financing of production.

64. Prices are no longer fixed and the government retains an important role, so the current system falls well short of a free market. The privatization of the SONAPRA itself has been repeatedly planned but postponed. Nonetheless, the reforms appear far-reaching.

65. The reforms are generally praised by the private sector and in some respects have worked well. There are serious transitional difficulties, however, that are grave enough to threaten the well being of the sector. These have certainly been aggravated by the low world price of cotton until recently. It must be recognized, in addition, that the reforms are encountering some unexpected difficulties, with the following problems observed in the last few seasons: non-compliance or delays in meeting obligations of various sorts including payments, loan servicing, and pricing; unclear division of responsibilities between public and private sectors; and poor management of some of the new organizations. For example, the use of pesticides has not followed recommended norms and has resulted in resistance by pests. Distribution of inputs has been disorganized, leading to lower productivity. Some fear that the sector could descend into near-chaos if these problems are not addressed.

6.4. High Priority Issues for the Cotton Sector

66. The DTIS will examine some of the results of the reforms being implemented since the late 1990's. Have producer prices increased as a result of reforms? Has productivity increased? Are the new organizations failing to enforce contracts and respond to asymmetric information due to inadequate monitoring and enforcement capabilities? Or is the problem insufficient liberalization and deregulation? Furthermore, the possibilities of further processing of cotton fibers is often

mentioned, but it is not at all clear that Benin has a comparative advantage in such industries as thread and cloth, which are quite capital-intensive. The DTIS will attempt at examining this issue based on existing studies.

71. The DTIS will also summarize the discussion regarding the fate of the SONAPRA. In particular, should the SONAPRA be dismantled and sold off in pieces, or should the entity be maintained with all or some of it privatized or liquidated? The effectiveness and integrity of the SONAPRA should be examined closely to see if it is worth preserving in something like its current form. In its favor, the old vertically-integrated system had some advantages, as noted earlier, and considerable knowledge and experience of the sector may be embodied in the SONAPRA¹². Creating viable markets is not easy in a poor country with weak institutions. Dismembering and selling off the SONAPRA's assets could, however, enable a more radical restructuring and slimming down of the sector, particularly the ginning factories, which are currently operating at about 50 percent capacity.

68. At the international level, Benin should work with its WAEMU and ECOWAS partners to lobby for more open world markets, and especially, a reduction of the outrageous developed country subsidies. Benin does not have the luxury, however, of using developed country subsidies as an excuse to avoid further restructuring of the cotton sector.

69. The possibilities of further processing of cotton fibers is often mentioned, but it is not at all clear that Benin has a comparative advantage in such industries as thread and cloth, which are quite capital-intensive. The possibilities and constraints affecting cotton processing should be examined.

7. Possible Sources of Export Diversification

70. Benin currently depends heavily on cotton, transit, and informal trade, particularly with Nigeria. Each of these has important vulnerabilities, and in any case, export diversification is desirable to boost income and employment.

71. Several promising sources of export diversification are discussed in this section. This list is meant to be illustrative rather than exhaustive. Indeed, it is difficult to predict in advance which sectors are most promising, and this must be left to market forces for the most part. Instead, the purpose is to use these sectoral analyses to understand the broader constraints facing all fledgling sectors.

7.1. Agribusiness

72. **Tropical fruits and nuts.** With most of the population still residing in rural areas, raising the demand for labor via non-traditional agricultural exports seems both desirable and feasible. Lack of infrastructure and other basic services seriously handicaps any such ventures, however (Direction des Statistiques 2000, JITAP 2000). Difficulties of market access to developed countries associated with norms of hygiene and rules of origin are also important. Pineapples are an excellent example. The demand for pineapples is growing strongly in developed countries. Moreover, Benin's pineapples are highly regarded in Europe. Cashew nuts are another similar instance of a product in high demand worldwide in which Benin appears to have a strong

¹² Given recent progress on privatisation of SONAPRA, the assessment proposed here will be based on most recent developments and build on existing work and progress made.

potential comparative advantage. Exports of such tropical products, however, are severely handicapped by lack of organization of the sector. In contrast to cotton, where the state has been deeply involved, other agricultural products receive little government assistance in matters such as provision of infrastructure, norms, research, credit, marketing and inputs. Instead, these sectors suffer from high costs of inputs and transport, due to taxation of inputs, corruption and poor infrastructure. For example, there is no refrigerated storage space at the airport and cost of air freight is high. As seen in the case of cotton, the availability of market-supporting institutions is a precondition for the development of markets. Export sales to developed country markets require attention to quality, timeliness and regularity of deliveries. Such capabilities cannot easily be developed and should be facilitated by government support agencies, but as noted earlier, these support agencies apparently perform poorly.

73. One possibility is to begin with exports to countries in WAEMU and ECOWAS. But exports within the region are limited by lack of transport facilities and restrictions in countries like Nigeria on the distribution of foreign products. In any case, there is no intrinsic reason why Benin cannot also export to Europe and even United States, especially in products like pineapples that are much in demand and are not subject to major protectionist hurdles in view of the absence of domestic import-competing industries. Successful instances of export diversification such as that of Cote D'Ivoire in bananas should be studied. One issue to be investigated is whether and how to involve multinational companies such as Dole and Chiquita in organizing such sectors. Why have some countries such as Ghana succeeded in attracting foreign direct investment in tropical fruits but Benin has not?

74. The DTIS should emphasize that the proper role for policy here is to provide a generally favorable environment for investment and the requisite public goods such as infrastructure and assistance to growers (research, dissemination of information, contract enforcement). The government should probably stop short of targeting particular crops, however, as the ill-fated example of manioc suggests. The manioc case should be studied to learn from the mistakes made.

7.2. Other Sectors

75. **Fishing.** As for tropical fruit, fishing products are in rising demand in Europe. Benin's shelled shrimp are said to be highly prized for their taste. Unfortunately, the government has imposed a "voluntary" moratorium on exports of shrimp since July 2003 due to concerns that the industry is not up to European norms. Firms such as CRUSTAMER that have invested heavily in Benin face serious difficulties and may relocate to other countries if the problem is not resolved soon. The sector employs 18,000 people whose livelihood is at stake. Clearly, the government must work with producers and the EU to rapidly resolve this problem.

76. Raising quality and norms to European levels is again an example of a partial public good where the government must assist the private sector in establishing viable structures such as laboratories and qualified inspectors. Government efforts in this regard, however, remain insufficient (Macalester Elliot and Partners 2003). It is to be hoped that the EU and other donors will help fund and organize such efforts on an urgent basis. The DTIS should contain the latest information on this situation and the lessons to be drawn from it.

77. **Tourism.** With political stability, a favorable climate, and a friendly population, tourism seems to be a promising industry for Benin. Tourism is very labor-intensive and a good source of employment growth, and the possibilities and obstacles for Benin should be investigated.

78. Benin has been notably unsuccessful in diversifying exports away from cotton. Yet the country seems to have potential in various tropical agricultural products, tourism, and fishing. Once again, institutional weaknesses appear to underpin the difficulties faced by these fledgling industries. The case studies should be used to clarify and prioritize the deficiencies of trade support institutions (port, customs, duty drawback, trade support services) as well as the general business environment (access to credit, taxation, etc.) discussed previously. As the PRSP proposes four priority sectors as sources of growth : agribusiness, transit trade and hotel/tourism, new information technologies, the DTIS would also explore also information technologies as a possible export sector as in some other developing countries.

7.3. High Priority Sectoral Issues

Benin has been notably unsuccessful in diversifying exports away from cotton. Yet the country seems to have potential in various tropical agricultural products, tourism, and fishing. Once again, institutional weaknesses appear to underpin the difficulties faced by these fledgling industries. The case studies should be used to clarify and prioritize the deficiencies of trade support institutions (port, customs, duty drawback, trade support services) as well as the general business environment (access to credit, taxation, etc.) discussed previously.

8. Macroeconomic and Poverty Impact of Trade

79. The main channels through which the poor can be affected by the openness of Benin's economy include: (i) changes in relative prices of goods and services produced by the poor, in particular as they relate to changes in cotton prices; (ii) changes in the demand for factors of production, particularly unskilled labor, supplied by poor people; and (iii) changes in government revenues that might otherwise be diverted to reduce poverty.¹³ This section will seek to evaluate the above. First, Benin's recent household survey will be used to analyze the structure of income and consumption, with a focus on the sectors where the poor derive their income and the key products they consume. Then, a general equilibrium model will be used to assess the impact of change in world cotton prices on public finance, real outputs, employment, etc. Finally, the impact of various policy shocks, including cotton price changes, on different categories of households in Benin will be simulated.

9. Overall Strategy: Can Benin Become the Hong Kong of West Africa?

80. Benin is a small very poor country. But it has a strategic location next to Nigeria and as a gateway to the land-locked countries of West Africa. Moreover, it has relative political stability and an enterprising population. In these respects, Benin has similarities to Hong Kong vis-à-vis China (potential to serve as regional center for provision of business services to Nigeria and landlocked countries). To achieve trade-led growth as in Hong Kong, or Singapore, however, much needs to be done. The DTIS would study the country's potential, and highlights constraints and prospects, with a focus on the business environment. The main themes of the report are as follows.

81. **Cotton.** Benin's exports remain highly concentrated on a single crop, cotton, whose situation is somewhat perilous. To remedy this, the cotton sector must be strengthened and exports diversified. Regarding cotton, a two-pronged effort is in order, on international and domestic fronts, respectively.

¹³ See Winters 2000, McCulloch 2003, Dollar and Kraay 2001, Berg and Krueger 2002).

- At the international level, Benin should continue to press for reductions in cottons subsidies of developed countries, in collaboration with other cotton-exporting African and other developing countries.
- At the domestic level, the bold reforms to date must be strengthened and deepened, with the government demonstrating its will to make the reforms succeed. The status of the SONAPRA must be resolved.

82. Regional Integration and EPA. Benin's recorded trade with other countries in WAEMU and ECOWAS is surprisingly small. Notwithstanding the implementation of the common external tariff in WAEMU, regional integration seems largely a failure as far as trade flows are concerned. Application of WAEMU convergence criteria seems uneven, and barriers between countries remain important, especially within ECOWAS. It is also not always clear that harmonization is on balance beneficial. Meanwhile, informal trade, especially with Nigeria, is booming, reflecting traders' ability to circumvent these barriers. Part of the economy of Benin benefits from this informal trade, but it is highly vulnerable to the vagaries of economic policy in Nigeria. In light of the ongoing EPA negotiations with the EU, the DTIS will also assess the likely impact of tariff reductions on government revenue and examines whether the government has a plan to offset lost revenues. Planned trade capacity building in connection with the initiative will also be examined.

83. Trade Support. The institutions and infrastructure supporting trade do not function effectively. The port of Cotonou has a number of strategic advantages, but is losing competitiveness vis-à-vis Lome and Tema. Improvement in the port's facilities and especially its organization and management could greatly boost Benin's trade. Customs management suffers from inefficiency and corruption, leading to delays and high costs for exporters and importers. There is no lack of trade support institutions, but these seem redundant and ineffective. Clearly streamlining and rationalization of these structures is in order.

This is an ambitiously large set of issues. The goal of the report will be to develop a set of priorities amongst them. We anticipate that the logistical chain for trade, particularly the port and customs, will emerge as a key factor affecting Benin's competitiveness.

10. Overall Methodological Approach

84. Many of issues raised in this concept note have been subject to some analysis by the Government, the Bank and other multilateral and bilateral institutions. We will provide a comprehensive and up-to-date assessment starting with existing documents, filling any existing gaps, and obtaining the latest available information. In so doing we will seek to bring clarity to the high-priority issues raised in this concept note. The studies we will draw on include the WTO's soon-to-be-completed Trade Policy Review on Benin, the ITC's recent work on trade support-institutions and the Bank's ongoing work on the cotton and financial sectors. Additional information will be sought from various sources during the main mission to supplement the data collected during the preliminary mission. Data previously collected include Benin's recent Household and Expenditure Survey. Our team of local and international experts have demonstrated competence in their areas of responsibility and are expected to provide detailed and specific analyses and recommendations.

11. Country Role, Management and Team Composition

85. The Ministry of Trade (MT) is the IF implementing agency in Benin. Following the January DTIS preliminary mission, the MT had appointed an IF Focal Person (main counterpart of the IF in the government) and set up an IF Steering Committee (IFSC). The IFSC comprises

representatives of the main stakeholders in the government, outside the government and in the donor community, and it manages the IF process in the country. Benin's IFSC is actually identical to the JITAP steering committee, with marginal modifications to ensure broader representation, notably adding a greater presence from the Ministry of Finance. Upon completion of the DTIS and prior to its national validation, the Steering Committee will be responsible for creating working committees at a sectoral or thematic level for an effective discussion and ownership of the reforms proposed. It will then inform and coordinate with authorities in the process of official endorsement of the recommendations.

86. The IF team works closely with the Steering Committee during all stages of the report. During the mission, the IF focal point will play a pivotal role in coordinating meetings and keeping abreast of the mission's activities during the DTIS.

87. At the end of the main mission, the results of the DTIS will be shared with sectoral or thematic working groups in informal meetings. Once the final report is produced, it will be shared with relevant stakeholders during briefing sessions prior to, and subsequently during, the national symposium.

Team Composition

The overall Benin IF is managed and supervised by Mr. Salomon Samen (Trade Coordinator, World Bank's Africa Region). Mr. Leendert Solleveld, Trade Department, will provide support in the dialogue with donors and the IF Steering Committee.

DTIS Team Leadership

Stephen Golub (Swarthmore College, consultant)

Ndiame Diop (World Bank's Trade Department)

Socio-Economic Policy Environment

Macro Environment: R. Kalidindi/IMF team

Benin's International Competitiveness: Aly Mbaye/ Mireille Linjouom, Consultants

Trade Policies and Performance: Anne-Marie Geourjon, Consultant

Macroeconomic and poverty Impact of Trade: Ndiame Diop and Dominique Van Der Mensbrugge (World bank)

In-Depth Sectoral Analyses

Cotton sector: Dr. Nestor Ohoyo Adjovi (Consultant)/ Ousmane Badiane (AFT Agriculture)

Non-Cotton Agriculture and Agribusiness: Sèmako Yebe (Consultant)

Tourism: Joseph Tomatis (Consultant)

Cross-Sector Issues

Regional Integration: Houeninvo Toussaint (Consultant)

Customs Administration: Elian Berger (Consultant)

The Port of Cotonou and Transport: Zoro Bi Nagone (Consultant)

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The proposed tentative timetable is as follows:

Preliminary mission:	January 12-16, 2004
Circulation of draft Concept Note:	April 1, 2004
Review Meeting Concept Note:	April 19, 2004
Video-conference with government team	April 23, 2004
Meeting with Geneva based agencies:	before main mission and May 6-7, 2004
Main mission:	April 25 – May 9, 2004
Submission first draft by consultants	June 15, 2004
Submission final draft by consultants	June 30, 2004
DTIS 1st draft:	July 15, 2004
DTIS Final draft:	July 30, 2004
National symposium:	End August, 2004
Adoption of report by the government	September 2004
Donor programmatic meetings	To be determined

Abbreviations

IF	Integrated Framework
ADEX	Association de Développement des Exportations
AGOA	African Growth and Opportunity Act
AIC	Association Interprofessionnelle du Coton
CAGIA	Coopérative d'Approvisionnement et de Gestion des Intrants Agricoles
CBCE	Centre Béninois du Commerce Extérieur
CCIB	Chamber of Commerce and Industry of Benin
CNEx	Conseil National D'Exportation
CPI	Centre de Promotion de Investissements
CSPR	Centrale de Sécurisation des Paiements et Recouvrements
DTIS	Diagnostic Trade Integration Study
EBA	Everything But Arms
ECOWAS	Economic Community of West African States
HDI	Human Development Index
IF	Integrated Framework
IMF	International Monetary Fund
ITC	International Trade Center
JITAP	Joint Integrated Technical Assistance Program
LDC	Least Developed Countries
OBOPAF	Observatoire des Opportunités des Affaires
OHADA	Organisation pour l'Harmonisation en Afrique du Droit des Affaires
PRSF	Poverty Reduction Strategy Framework
SONAPRA	Société Nationale pour la Promotion Agricole
TEC	Tarif Extérieur Commun
UNCTAD	United Nations Conference for Trade and Development
WAEMU	West African Economic and Monetary Union
WTO	World Trade Organization

Main Report's Outline

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 7. Macroeconomic and Poverty Impact of Trade
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