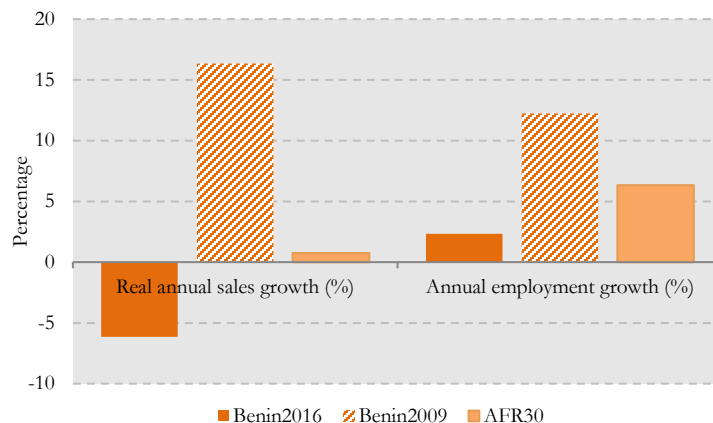


The World Bank Group conducted face-to-face interviews with top managers and business owners of 150 enterprises in Benin from July 2016 through October 2016. The Enterprise Survey (ES) sample is representative of Benin’s formal private sector. The ES covers several aspects of business environment along with measures of firm performance. Below are the main highlights from the survey.

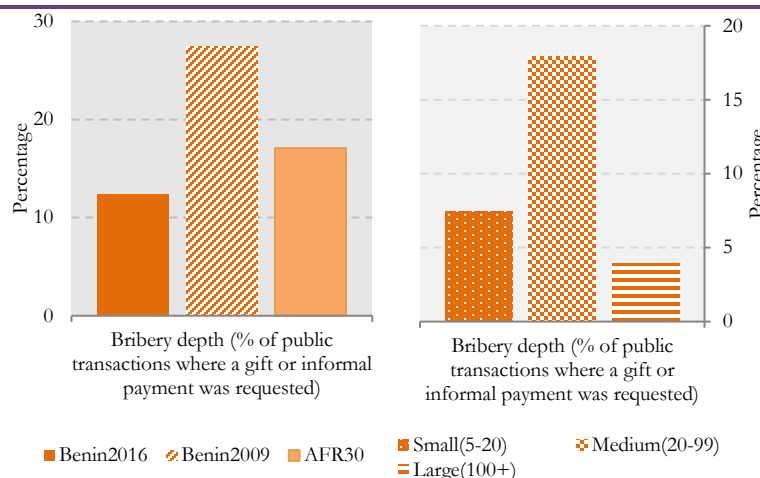
Firms in Benin perform worse than regional comparators in both sales and employment growth

Between 2013 and 2015, Benin experienced negative real annual sales growth (-6.2%), in contrast to Sub-Saharan African countries for which ES data are available (AFR30) that, on average, experienced sluggish but still positive annual sales growth (0.6%). Benin in 2009 performed remarkably better, with an annual sales growth rate of 16%. Similarly, despite being positive, the annual employment growth rate for Benin in 2016 is also significantly lower than in 2009 (2.3% in 2016 compared to 12.2% in 2009) and underperforms the regional average of 6.3%.



Firms experience lower levels of corruption compared to 2009

Benin firms experienced lower levels of corruption in 2016 compared to 2009. In 2016, 12% of public transactions were reported to be accompanied with a request of a gift or informal payment (bribery depth). This is less than half the figure of 2009 (27%) and below the regional average of 17%. Interestingly, medium sized firms (20–99 employees) are more likely to experience a request of a gift or informal payment than small or large firms. While bribery depth is 18% for medium sized firms it is only 7% and 4% for small (5–20 employees) and large (more than 100 employees) firms, respectively.



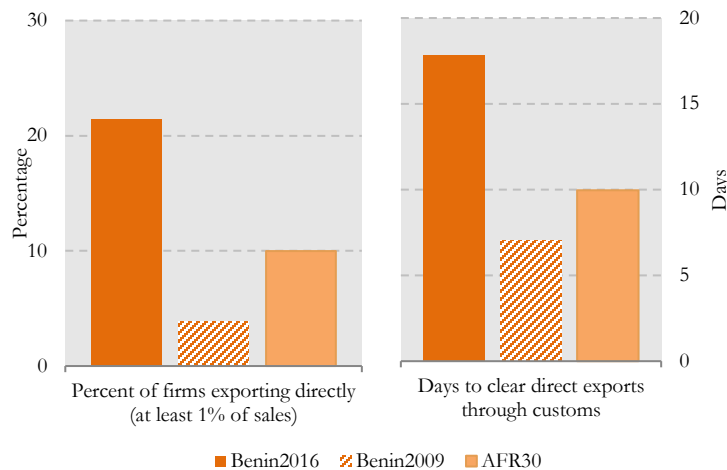
The percentage of firms obtaining bank credit has decreased since 2009

The percentage of firms that are using bank credit has fallen by almost 50% since 2009. The availability of credit enables firms to fund projects that otherwise would be constrained by each firm’s limited pool of funds. In 2016 only 24% of firms have a bank loan or line of credit compared to 46% in 2009. However, this figure is comparable to the regional average of 22%. Access to credit varies by firm size. While 60% of large firms have a bank loan or line of credit only 16% of small and 16% of medium size firms obtained their credit from a bank.



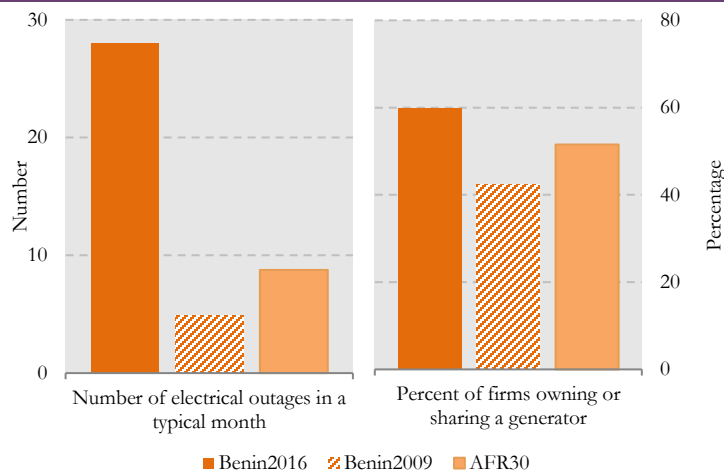
Significantly more firms are exporting compared to 2009

The percentage of firms exporting directly has increased more than five-fold between 2009 and 2016. In 2006, 21% of firms in Benin directly engaged in international trade compared to 4% in 2009, and more than double the regional average of 10%. Efficient customs procedures enable businesses to directly export goods while delays in clearing customs create additional unanticipated costs to the firm. In 2016, it takes twice as long to clear direct exports through customs compared 2009 (18 days compared to 7 days); longer than the regional average of 10 days.



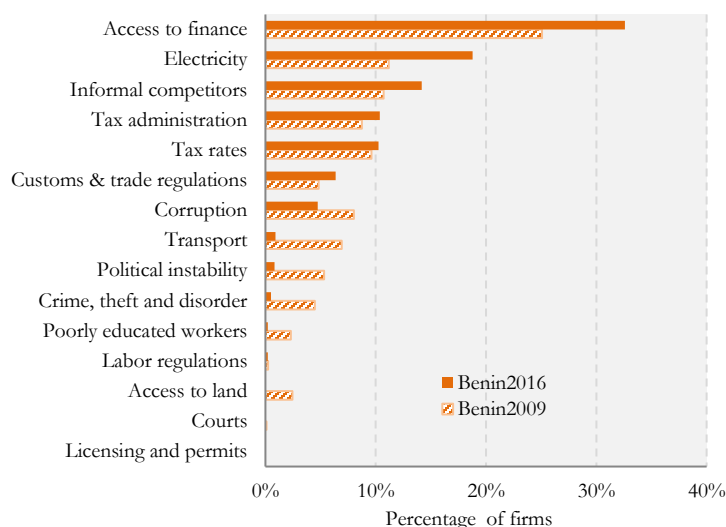
Electricity supply has significantly deteriorated since 2009

The supply of electricity to firms in Benin has significantly deteriorated since 2009 and is worse than the regional average. Efficiency in private sector operations requires a reliable supply of electricity. In 2016, firms experienced approximately 28 electrical outages in a typical month, compared to 5 outages in 2009 and 9 outages per month in regional comparators. This deterioration in electricity supply is also reflected in the increased percentage of firms that own or share generators. Sixty percent of firms in Benin indicate they own or share a generator, more than in 2009 (42%) and above the average for the regional comparators (52%).



Firms consider access to finance as the biggest business environment obstacle

Among 15 areas of the business environment, 32% of firms in Benin indicated access to finance as the biggest obstacle to their daily operations. This is consistent with the firms' experience presented above which indicates that access to bank credit has deteriorated since 2009. Electricity is ranked second (cited by 19% of firms) and informal competitors is ranked 3rd by 14% of firms. There has not been much shifts in the top obstacles identified by firms over time as the top obstacles in 2016 were similarly ranked in 2009; further, compared to 2009, a larger proportion of businesses view the three most cited obstacles – finance, electricity, and informality - as impediments to the business environment.



The Enterprise Analysis Unit is a joint World Bank and IFC team of economists, survey experts specialized in private sector development. Surveys implemented by the team reveal what businesses and firms experience across the world by interviewing representative samples of the formal, non-agricultural, non-extractive, private sector with 5 employees or more. The resulting globally comparable firm-level data is used to construct business environment indicators and measure firm performance. The findings and recommendations help policy makers identify, prioritize, and implement policy reforms that support efficient private economic activity.

For more information on the survey visit <http://www.enterprisesurveys.org>