



IMPROVEMENTS IN THE BUSINESS CLIMATE IN BENIN

2 A FEW IMPACTS OF ACTIONS ILLUSTRATED BY SEVERAL INDICATORS AND INTERNATIONAL RANKINGS

- ▲ **Financial rating by Standard & Poor's** : Benin was rated B+ sovereign credit rating, with a stable outlook, which ranks the country among the top 5 best rated countries in Africa.
- ▲ **Financial rating by Bloomfield Investment** : Benin has a sovereign credit rating of A-stable.
- ▲ **Financial rating by FitchRatings** : Benin obtained a B+ stable sovereign credit rating.
- ▲ **Doing Business Index 2019** : Benin has improved its Doing Business ranking.
- ▲ **Recent IMF assessment (end October 2019)** : implementation of public policies is satisfactory. Economic activity is expanding, with growth of 6.7% in 2019 in a context of controlled inflation.
- ▲ **The National Policy and Institutional Assessment Index of the World Bank (CPIA 2020)** : Benin obtains an overall score of 3.6, higher than the average for Sub-Saharan Africa (3.1).
- ▲ **The Mo Ibrahim Index of Governance in Africa (IIAG)**, one of the barometers of the situation on the continent, ranks Benin in the top 4 of ECOWAS countries (2020 report data).
- ▲ **Transparency International rating** : Benin's rating in 2019 is 80 and it has moved up 5 places.

Furthermore, the clearly stated and implemented development ambition, the good prospects and the relevance of the Government's Programme of Action have enabled Benin to benefit from important international initiatives to support its economic and social development. One of these initiatives is :

- ▲ **Benin's accession to the G20 Africa Compact**



Contacts

Investment and Export Promotion Agency (APIEx)

- ▲ contact@apiex.bj
- ▲ Tel : (+229) 21 31 86 50 / 21 31 86 72 / 21 31 07 04

www.presidence.bj
facebook.com/gouvbenin
twitter.com/gouvbenin



In order to promote sustainably the economic and social development, the Government is positioning itself in a facilitator role **to boost the economic dynamics** and help the private sector to fully play its role as wealth generator and to exploit investment opportunities offered by the Programme of Action of the Government (PAG).

This facilitator role is reflected in the following :

- ▲ **Creating a business-friendly environment to facilitate wealth generation and contribute to the prosperity of companies.**
To this end, the Government has implemented a series of actions and reforms to remove the obstacles to private investment, improve the business climate and attract foreign capital.
- ▲ **Building infrastructure necessary for the structural transformation of the country and the availability of low-cost production factors.**
Indeed, to correct the infrastructure deficit which is a major hindrance to private investment, the Government has initiated a programme of massive public investment, on the one hand, in production factors (roads, energy, communication networks, etc.) and, on the other hand, to boost private investment, particularly in the tourism sector.
- ▲ **Providing investors with technical and financial studies for projects identified as having a growth potential.**
The technical studies for the preparation of investment projects are carried out by renowned consultancy firms.

In addition, the government is undertaking to clean up the macroeconomic and governance framework in order to increase the capacity to mobilise its own resources and to direct the State's resources towards productive and structuring investments. This approach also aims at rationalising public expenditure in order to improve the conditions for providing social services to the population. The actions initiated since 2016 are being pursued and allow Benin to have one of the best macroeconomic frameworks in the sub-region with the support of the IMF.

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ACTIONS AND REFORMS TO IMPROVE THE BUSINESS CLIMATE

These actions are grouped into four (04) points :



Governance at strategic level

- ▲ The creation of the Inter-ministerial Committee for Investment Promotion to improve strategic coordination of relations with the private sector as well as the follow-up by the Presidency of the Republic.



Implementation mechanism

- ▲ The Investment and Export Promotion Agency (APIEx) is now the one-stop window for investors in Benin. This mechanism enables to improve the reception, orientation, formalities for business creation and provide support to investors and exporters.



Strengthening of the legal and judicial framework to secure investment

- ▲ Reform of the Investment Code to make it more attractive, in particular by the possibility of granting specific advantages to projects deemed strategic and to non-resident investors
- ▲ The law on Special Economic Zones.
- ▲ Adoption of a unified and secure legal framework for Public-Private Partnership. Revision of the Public Procurement Code.
- ▲ Relaxation of Labour Code provisions, in particular with regard to hiring conditions, the capping of the amount of compensation in the event of dismissal and the regulation of the right to strike.
- ▲ Adoption of the digital code.
- ▲ Modernisation of public administration: procedures, computerisation, digital archiving and dematerialisation (Smart Gouv).
- ▲ Establishment of a biometric population file.
- ▲ Revival of technical education and vocational training in partnership with the private sector.
- ▲ Creation of the International Innovation and Knowledge City [Cité Internationale de l'Innovation et du Savoir (CIIS)] with tax exemption for training, research and incubation activities.
- ▲ Implementation of an action plan to clean up the public finance management system and improve transparency.
- ▲ Reform of administrative order control bodies.
- ▲ Taking measures to ensure the security and protection of goods and people.
- ▲ The law on the promotion of micro, small and medium enterprises.
- ▲ Revision of international tax treaties and trade laws.
- ▲ The law on state-owned companies and modalities of denationalizations.

Areas of reform



▲ BUSINESS CREATION

- Implementation of 100% online business creation www.monentreprise.bj integrating payment by credit card and mobile money
- Benin is ranked by UNCTAD as the top country for business creation (less than 5 hours for company creation)

▲ BUILDING PERMIT ISSUANCE

- Dematerialization of the building permit application procedure : <https://permisdeconstruire.gouv.bj/>
- Dematerialisation of water supply connection application procedure : www.soneb.bj
- Free water connection for SMEs and SMIs with a maximum connection time of 6 days
- Free of charge service by fire-fighters as part of the implementation of the fire safety report.

▲ CONNECTION TO ELECTRICITY

- Dematerialization of the connection procedure : www.sbee.bj
- Maximum connection time of 30 days
- Free electrical connections (*)

(*) For SMEs and SMIs with consumption needs from 140 Kva up to 160 Kva

▲ CROSS-BORDER TRADE

- Dematerialization of customs clearance procedures (www.guce.bj)
- Dematerialization and electronic payment of certificates, licences and permits via Mobile Money
- Optimization of container inspection times
- Establishment of an Authorised Economic Operator programme reducing customs formalities (direct clearing) <http://douanes-benin.net>

▲ CREDIT SECURING

- Leasing Act
- Factoring Act
- Information and Credit Bureau Act
- Credit Information Bureau establishment Authorization (Credit Info Volo)
- Establishment of a platform on security interests : www.suretes.tccotonou.bj

▲ TRANSFER OF OWNERSHIP

- Reform of the land code
- Maximum time for the procedure set at 72 hours
- Dematerialization of the property transfer procedure (e-notary platform, <http://enotaire.andf.bj>)
- Revision of the notaries' fee (1% instead of 3% previously)
- The national Land Register is available online: <https://cadastre.bj>
- Suspension of registration fees on real estate transfers of less than 25 million CFA francs

▲ TAXES AND DUTIES

- Abolition of the advance payment on synthetic business tax for business start-ups
- Implementation of the single form for tax and social security declarations : www.impots.finances.gouv.bj
- Dematerialization of tax returns : <https://eservices.impots.bj>
- Dematerialization of the transmission of balance sheets : <https://ebilan.impots.bj>
- Reduction of the tax rate applied to dividends :
 - 5% versus 7% applied to the proceeds of shares regularly distributed by listed companies
 - 5% versus 10% applied to the proceeds of shares regularly distributed to partners not resident in Benin
- Abolition of 11 taxes

▲ EXÉCUTION DES CONTRATS ET RÈGLEMENT DES LITIGES COMMERCIAUX

- Law on modernisation of the justice system (establishment of a small claims chamber in magistrates' courts and commercial courts, limitation of the number of hearing referrals to 2 in favour of the debtor, etc.).
- Establishment of the Commercial Court of Cotonou : www.tribunalcommercecotonou.bj
- Specialisation of a hearing for collective proceedings at the Commercial Court
- Exemption from registration duty on court decisions in commercial matters for amounts less than CFAF 5 million
- Operationalisation of the Arbitration and Mediation Centre : www.ccibenin.org/service-camec
- Free mediation by CAMEC-CCIB for disputes of less than 10 million CFA francs