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Committee on Trade and Development
Integrated Framework for Trade-Related
Technical Assistance

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TRADE-RELATED TECHNICAL ASSISTANCE NEEDS ASSESSMENT
SUBMITTED BY BENIN

INTEGRATED RESPONSES BY THE WORLD BANK,
ITC, UNCTAD, IMF, WTO AND UNDP

BENIN

TRADE-RELATED TECHNICAL ASSISTANCE NEEDS ASSESSMENT
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Despite a relatively low per capita income (US\$370 in 1996), Benin is one of Africa's principal trade centres. It derives its prominence from its role as a foreign trade hub for the surrounding landlocked countries (Niger, Burkina Faso) and from the proximity of Nigeria, to which a substantial proportion of its imports are re-exported.

After a long period of State control, Benin opted to liberalize its economy and this process is still continuing.

In January 1994, Benin, which is a member of WAEMU, decided to devalue the CFA franc. Since then its economy has benefited from the resulting restoration of competitiveness which has helped to reinforce the adjustment strategies pursued since the beginning of the decade: farming has become more profitable, especially the cotton sector, the principal source of income and foreign currency, and after an initial slow-down in 1994 economic growth has stabilized at an annual rate of around 5.5 per cent, inflation having evidently been brought under complete control.

However, Benin has serious deficiencies in the fields of education and health; the agricultural sector is still virtually restricted to cotton, and industrial activity is limited: most of GDP comes from the commercial sector, formal and above all informal, which specializes in the transit and re-export trade, particularly with Nigeria. Consequently, activity in Benin depends heavily on the commercial and foreign exchange decisions taken by its Nigerian neighbour.

All these factors, in conjunction with the relations maintained with the WTO since 1994, have led Benin to submit the accompanying list of its technical assistance needs, which are linked both with its concern to bring its regulatory and legislative practices into conformity with WTO rules and its desire for closer integration into international trade.

Description of T.A. requested	Beneficiary	Possible source	Priority
Assistance with the establishment of an investment bank ¹	Banking sector	WADB, ADB, IDB funds ECOWAS	1
Assistance with the setting up of a Trade Point: training, equipment, Internet access	CBCE, CCIB	UNCTAD, WTO, ITC	2
Support for the commercial promotion of Benin products (fairs, etc.)	CBCE, CCIB	ITC	3
Assistance with the establishment of an information service and training for quality control and standards	DPQC	UNIDO, FAO, UNDP	4
Study of the possibilities of developing Benin's underexploited agricultural sectors	Agricultural sector (APFB)	EU, FAO, IBRD	5
Training in international trade negotiations	DCE, CBCE, CCIB, CNCB	WTO, ITC	6
Training of trainers in international management	CCIB, CBCE, INE	ITC	7
Training of trade promotion institution managers	CCIB, CBCE	UNCTAD, ITC	8
Formulation of an investment and export promotion strategy	CCIB, DPI, CBCE	IBRD, UNIDO	9
Training in international commodity trade	APFB, CCIB, DAGRI, CAB	UNCTAD, ITC	10
Training of trainers in customs valuation and rules of origin	DGDDI	WTO	11
Improvement of industrial infrastructures (free zone and industrial estates)	CCIB, DDI	UNIDO	12
Support for improvement of the legal, judicial and fiscal framework and alignment on WTO rules	DCE, DLC, CCIB, DGDDI	WTO	13
Financial support for the promotion of international trade and tourism	CCIB, CBCE, DTH	IBRD	14
Study of the competitiveness of Benin products on foreign markets	Private sector	UNCTAD, UNIDO	15
Support for notification obligations: training and computerization, assistance with the management of the WTO dossier, etc.	DCE	WTO	16

¹ "Benin's economic operators, through the Benin Chamber of Trade and Industry, have initiated a project to establish an investment bank and an agricultural development fund for which the development partners gave their agreement in principle during the Benin round tables on the revival of the private sector and rural development. The Benin Government is keenly interested in these two institutions. Accordingly, this would appear to be the appropriate institution to take the necessary steps to bring them into being."

Description of T.A. requested	Beneficiary	Possible source	Priority
Technical support for the improvement of standards and the promotion of craft and tourist products	DNA	WTO/ITC	17
Assistance in the field of packaging	CCIB, APFB, ASNIB	IBRD, ITC	18
Holding of training seminars on the content and implications of the WTO Agreements	All sectors (DCE)	WTO	19
Study to assess the impact of the WTO Agreements on the Benin economy	DCE	WTO, ITC	20
Training of specialists in the drafting of legal texts in the field of international trade	DLC	WTO, ITC, WAEMU	21
Training of tourism and craft enterprise marketing managers	DTH, DNA	ITC, IBRD, WTO (tourism)	22
Training in new information technologies, especially the Internet	CCIB	WTO	23
Study of the informal sector and its role in foreign trade, especially subregional trade	DCI, CCIB	IBRD	24
Assistance with the facilitation of customs procedures	DGDDI, PAC	WCO	25

N.B. The body identified as the reference centre and organizer of the assistance in question is indicated in parentheses.

LIST OF ACRONYMS

ASNIB	-	National Association of Benin Manufacturers
APF	-	BAssociation for the Promotion of Fruit and Vegetables
ADB	-	African Development Bank
IDB	-	Islamic Development Bank
WADB	-	West African Development Bank
CAT-CNS	-	Technical Support Unit of the National Monitoring Committee of the Private Sector Revival Programme
CBCE	-	Benin Foreign Trade Centre
CCIB	-	Benin Chamber of Commerce and Industry
CNCB	-	Benin National Shippers Council
CNEX	-	National Export Council
CPA	-	Centre for the Promotion of Crafts
DAGRI	-	Agricultural Directorate
DAPS	-	Analysis, Forecasting and Synthesis Directorate
DAR	-	Application of Regulations Directorate
DAS	-	Sectoral Coordination Department
DDI	-	Industrial Development Directorate
DG/DDI	-	General Directorate of Customs and Excise
DMM	-	Merchant Marine Directorate
DNA	-	National Craft Trades Directorate
DOI	-	International Organizations Directorate
DPI	-	Investment Promotion Directorate
DPQC	-	
DTH	-	Tourism, Hotels and Restaurants Directorate
GREXPOB	-	Benin Association of Oleaginous Product Exporters
MAEC	-	Ministry of Foreign Affairs and Cooperation
MCAT	-	Ministry of Trade, Crafts and Tourism
MDR	-	Ministry of Rural Development
MF	-	Ministry of Finance
MIPME	-	Ministry of Industry and Small and Medium Enterprises
MPREPE	-	Ministry of Planning, Economic Restructuring and Job Promotion
MTPT	-	Ministry of Public Works and Transport
PAC	-	Autonomous Port of Cotonou
SONAPRA	-	National Agricultural Production Society

The satisfaction of Benin's technical assistance needs would facilitate compliance with the World Trade Organization Agreements and the integration of the Benin economy into the world economy and regional and international trade.

Annex 1: List of current technical assistance programmes

At the moment, there is no trade-related technical assistance project in progress.

Annex 2: Brief description of Benin's trade regime

During the last ten years, Benin's trade regime has been gradually liberalized: abolition of quantitative import restrictions in 1998, import licences in 1991, and official market prices for imports. As a result of two tariff reforms (1991 and 1994) the duties levied on imports have been reduced to two and, at the same time, the number of rates has been reduced from 16 to 5.

Because of its international transit role, Benin's tariffs are among the lowest in Africa south of the Sahara: the duties, mainly *ad valorem*, amount on average to 13 per cent, but the effective collection rate is further reduced by the numerous exemptions applied. Finally, VAT at 18 per cent is levied on imports at the frontier.

Annex 3: Viewpoint of the private sector

The Benin private sector suffers from the same handicaps as that of other countries of the subregion, despite Benin's role as an international trade hub. Seminar participants have often mentioned the following factors which impede their production and trade development efforts:

- The cost of energy, but especially air freight, which is holding up the development of tourism and ongoing efforts to develop non-traditional fruit and vegetable exports;
- the difficulties associated with a sometimes obscure legal environment, aggravated by a lack of lawyers trained in business law and especially the law of contracts in international trade;
- the poor dissemination of information on trade opportunities abroad, and the lack of means of processing that information;
- a lack of human skills in the areas of management and international marketing;
- the lack of an export credit guarantee and insurance system;
- finally, the slowness of financial settlements in international transactions.

These handicaps are making foreign operations more expensive and delaying the integration of the Benin economy into international trade.

INTEGRATED RESPONSE BY THE WORLD BANK,
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BENIN

Technical assistance needs identified in the questionnaire	Organization	Reply
<u>Technical assistance needs submitted by the Republic of Benin, in order of priority:</u>		
1. Assistance with the establishment of an investment bank. ¹		
2. Assistance with the setting up of a Trade Point; training, equipment, Internet access.	UNCTAD	A Trade Point will be installed, together with the necessary equipment and the training required to operate it, including connection to the Internet. Part of the financing is already assured.
	UNDP	Additional assistance could be provided by UNDP, either under the project BEN/97/008 "Communications network for sustainable human development" or under project RAF/97/01 (Internet).
	ITC/ UNCTAD/ WTO	WTO experts connected the official focal point at the Ministry of Trade with the Internet in October 1997 under the ITC/UNCTAD/WTO integrated technical assistance programme (IP attached).
	World Bank/ WTO	Joint World Bank-WTO site already installed.
3. Support for the commercial promotion of Benin products (fairs, etc.).	ITC	See ITC/UNCTAD/WTO Integrated Project (IP) for institution building. In addition, textile sector promotion activities are planned within the context of current regional projects.

¹ Benin's economic operators, through the Benin Chamber of Trade and Industry, have initiated a project to establish an investment bank and an agricultural development fund. The Benin Government is keenly interested in these two institutions. Accordingly, this would appear to be the appropriate institution to take the necessary steps to bring them into being.

Technical assistance needs identified in the questionnaire	Organization	Reply
Technical assistance needs in order of priority (cont'd):	UNDP	The UNDP will assist the Government under the projects BEN/95/010 "Strengthening of support capacities for enterprise creation, rehabilitation and development" and BEN/95/012 "Consolidation and extension of the support system for urban and rural micro-enterprises".
4. Assistance with the establishment of an information service and training for quality control and standards.	ITC	See IP for the establishment of a trade information service and support for quality. The TOPS database on trade opportunities for ECOWAS member countries will be made available to the Ministry of Trade.
	UNDP	The UNDP, in conjunction with the IP partners (ITC/UNCTAD/WTO), will assist the Government under the project BEN/95/010 "Strengthening of support capacities for enterprise creation, rehabilitation and development" (standardization and quality).
5. Study of the possibilities of developing Benin's underexploited agricultural sectors.	ITC	See IP for strengthening export sectors at the operational level.
	UNDP	The UNDP will finance sector studies under the project BEN/95/011 "Strategic management of agro-industrial sector and subsector development at the small and medium enterprise level" and will help the Government to define strategies and an action plan for the development of promising sectors.
	World Bank	Agricultural sectoral programme (SIP) being prepared for 1998.

Technical assistance needs identified in the questionnaire	Organization	Reply
<p>Technical assistance needs in order of priority (cont'd):</p> <p>6. Training in international trade negotiations.</p>	ITC/UNCTAD/UNDP	<p>Training of trainers and strengthening of international trade training institutions are provided for within the context of the ITC/UNCTAD/UNDP project.</p> <p>Moreover, UNDP will finance Benin's participation in the subregional seminar on this topic in which two national officials from the Benin Administration will be invited to take part (RAF/96/001).</p>
	WTO	Simulation of negotiations provided for in the context of the trade policy training courses for French-speaking LDCs.
	ITC/UNCTAD/WTO	Additional training activities are provided for within the context of the IP.*
7. Training of trainers in international management.	ITC/UNCTAD/UNDP/WTO	See 6 above. (Additional financing being sought.)
8. Training of trade promotion institution managers.	UNDP	UNDP will meet part of this request under project BEN/95/006 and the private sector support projects BEN/94/003 and BEN/95/009.
	ITC/UNCTAD/UNDP	The project RAF/96/001 provides for the strengthening of training institutions in the field of international trade.
9. Formulation of an investment and export promotion strategy.	ITC	See above. The IP provides for an export promotion strategy to be put in place.

*Financing to be requested.

Technical assistance needs identified in the questionnaire	Organization	Reply
Technical assistance needs in order of priority (cont'd):	UNDP	The UNDP will respond to this request through projects BEN/95/010 "Strengthening of support capacities for enterprise creation, rehabilitation and development" (investment) and BEN/95/003 "Creation of an enterprise formalities centre".
	World Bank	A private sector development project (Cr. Q042, approved 15 May 1997) is under way and will meet this need. The project is aimed at supply constraints, especially the regulatory frameworks.
10. Training in international commodity trade		
11. Training of trainers in customs valuation and rules of origin	WTO	See IP concerning its customs valuation and rules of origin activities.
12. Improvement of industrial infrastructures (free zone and industrial estates).	UNDP	The UNDP has already undertaken to finance a feasibility study on the establishment of an industrial free zone under the project BEN/95/005.
	World Bank	Study envisaged in the private sector development project (Cr. Q042, approved 15 May 1997).
13. Support for improvement of the legal, judicial and fiscal framework and alignment on WTO rules.	ITC	The JURIS database on the legal aspects of international trade will be made available to the Government.
	World Bank	A private sector development project (Cr. Q042, approved 15 May 1997) (under way) meets this need. (See 9).
	WTO	See IP.
14. Financial support for the promotion of international trade and tourism.	UNDP	The UNDP will assist the Government in this field through project BEN/95/011 "Strategic management of agro-industrial sector and subsector development at small- and medium-enterprise level". Additional financing required.

Technical assistance needs identified in the questionnaire	Organization	Reply
Technical assistance need in order of priority (cont'd):		
15. Study of the competitiveness of Benin products on foreign markets.	ITC	See items 3, 4 and 5.
	World Bank	A private sector development project (Cr. Q042, approved 15 May 1997) (under way) meets this need. (See 9).
16. Support for notification obligations: training and computerization, assistance with the management of the WTO dossier, etc.	WTO	See IP.
17. Technical support for the improvement of standards and the promotion of craft and tourist products.	ITC	See item 4.
	UNDP	The UNDP will go some way towards meeting this need under project BEN/95/011 "Strategic management of agro-industrial sector and subsector development at small- and medium-enterprise level" (standardization).
18. Assistance in the field of packaging.	ITC	See item 4.
19. Holding of training seminars on the content and implications of the WTO Agreements.	UNCTAD/ WTO	See IP
20. Study to assess the impact of the WTO Agreements on the Benin economy.	UNCTAD	This study is provided for under the IP. Preliminary activities have already begun.
21. Training of specialists in the drafting of legal texts in the field of international trade.		
22. Training of tourism and craft enterprise marketing managers.	ITC/ UNCTAD/ UNDP	See item 6.
23. Training in new information technologies, especially the Internet.	ITC/ UNCTAD/ UNDP/ WTO	See item 2.

Technical assistance needs identified in the questionnaire	Organization	Reply
Technical assistance need in order of priority (cont'd):		
24. Study of the informal sector and its role in foreign, especially subregional trade.	World Bank	The authorities could benefit from the results of the study completed in 1994.
25. Assistance with the facilitation of customs procedures.	IMF	Commitment in principle (for 1998) to provide assistance to review and update customs legislation and regulations and to rationalize the import tariff and coordinate it with the domestic indirect tax system to assure efficient collection of revenues.
	UNCTAD	The customs computerization system ASYCUDA has already been installed in Benin. UNCTAD will check its operation in order to strengthen customs management and facilitate customs procedures in the areas not covered by the original system. UNCTAD will endeavour to train customs and port officials in the use of the ASYCUDA++ system which it will help to bring into use on a national scale.*

*Financing to be requested.
