

Promoting SME Competitiveness in Benin

COVID-19: An Inclusive Path Towards Resilience



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About the paper

Boosting the competitiveness of small and medium-sized enterprises is crucial to transform Benin into a resilient and sustainable economy.

Limited access to finance, low rates of quality certification and shortfalls in infrastructure prevent small firms from thriving in Benin, according to ITC's SME Competitiveness Survey. While COVID-19 put one in five respondents at risk of closure, companies that take steps to reduce their environmental impact are better positioned to handle the pandemic's economic effects, making the case for a sustainable response to the crisis.

Publisher: International Trade Centre

Title: *Promoting SME Competitiveness in Benin – COVID-19: An Inclusive Path Towards Resilience*

Publication date and place: Geneva, November 2020

Page count: 90

Language(s): English

ITC Document Number: RSE-20-46.E

Citation: International Trade Centre (2020). *Promoting SME Competitiveness in Benin – COVID-19: An Inclusive Path Towards Resilience*. ITC, Geneva.

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For more information on the SME Competitiveness Survey, see: <http://www.intracen.org/SMEintelligence/>

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Foreword

Developing countries and their small businesses have been particularly vulnerable to the repercussions of the COVID-19 pandemic. Benin is no exception.

In Benin, growth is expected to drop to 3.2% in 2020, down from almost 7% growth in 2019. The government has an emergency response plan, focusing on more health spending, assistance to vulnerable households and support to affected businesses.

Small and medium-sized enterprises (SMEs) employ a significant share of Benin's workforce. This makes the impact of COVID-19 on them all the more alarming. SMEs are instrumental to achieving the United Nations 2030 Agenda on Sustainable Development. Their role is also recognized in Vision Bénin Alafia 2025, the 2018–2025 national development plan, with its transformative agenda to make the country more competitive.

Helping small firms become more competitive would unleash their potential to deliver on jobs and inclusive growth in the post-COVID-19 era. The 'new normal' in trade will emphasize resilience to shocks, embracing digital opportunities, inclusive employment opportunities and investing in environmental sustainability.

The transformative policymaking required for this new direction will require data and analysis about the opportunities and constraints that SMEs face.

To this end, the Chamber of Commerce and Industry of Benin and the Ministry of Industry and Trade partnered with the International Trade Centre to assess SME competitiveness in Benin and the impact of COVID-19. Data from more than 500 companies, collected using the ITC SME Competitiveness Survey, offer insights about the strengths and weaknesses of firms and their business ecosystem. A follow-up ITC COVID-19 Business Impact Survey, administered to a subsample of Beninese respondents, complements this business competitiveness data.

ITC, the Chamber of Commerce and Industry of Benin, and the Ministry of Industry and Trade share a common vision to build SME competitiveness to help these small businesses access more local, regional and international markets. The 'great lockdown' caused by the pandemic underscored the importance of investing in strong regional supply chains, providing a powerful rationale for the implementation of African Continental Free Trade Area.

The report can be used to design policies and programmes that create a competitive and resilient SME sector that can weather future shocks, whatever their nature or origin.

Trade can fuel growth, generate income and reduce poverty, especially if suitable domestic policies are in place. We see this report as an important step to make this vision a reality.

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Acknowledgements

The International Trade Centre would like to express its appreciation to the representatives of enterprises who agreed to be interviewed about competitiveness.

Florian Borino and Eric Carlson wrote this report under the guidance of Valentina Rollo of ITC. Aissata Boubacar Moumouni supervised the data collection and provided statistical support. Aissatou Diallo, Mario Filadoro, Ruat Lalruatpuii, Sarah Mohan, Antonina Popova and Sameedh Sharma provided key inputs and helpful comments. Marion Jansen, Chief Economist and Director of the Division of Market Development, supervised the project.

The staff of the Beninese Chamber of Commerce and Industry collected the report data. Thanks go to Alain Hinkati, Interim Director of CCIB; Raymond Adjakpa Abile, Secretary General; Joëlle Goussanou Videhouenou, Operations Director; Hyppolyte D. Koukou, Chief of Information and Sector Studies Department; Camarou Bello, Chief of Institutional and Economic Partnership Department and Razack Yessoufou, Chief of Delegated Services and Regions Department. ITC would like to thank His Excellency Eloi Laourou, Ambassador and Permanent Representative of the Republic of Benin to the United Nations Office and other International Organizations based in Geneva.

We are grateful to Natalie Domeisen and Anne Griffin of ITC, who oversaw the editing and production process; Jennifer Freedman, who edited the report; and Franco Iacovino and Serge Adeagbo of ITC, who provided graphic and printing support.

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