

# Benin - Impact Evaluation of the Entrepreneur Status in Benin 2014-2016

**David McKenzie, Massimiliano Santini, Najy Benhassine, Victor Pouliquen**

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## Overview

### Identification

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#### ID NUMBER

BEN\_2014-2016\_ESBIE\_v01\_M

### Version

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#### VERSION DESCRIPTION

v01, datasets for public distribution with person identifying information removed.

Three main sources of data were used for this study: administrative data on formalization and program implementation, in-person quantitative surveys with business owners, and qualitative data with study participants and implementing agencies.

If users want to replicate results published in the paper "Can Enhancing the Benefits of Formalization Induce Informal Firms to Become Formal?" they can use the files distributed with the datasets. To make the process easier, authors of the research advise to use the file structure embedded in the zip file "Datasets, Replication Do Files and Instructions" available after users select "Get Microdata" tab.

### Overview

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#### ABSTRACT

The informal sector is predominant across Sub-Saharan Africa. In Benin, informality is particularly high: in 2009, the national statistics agency estimated that the informal sector represented up to 70 percent of the GDP and 95 percent of employment.

In April 2014, the Government of Benin launched the pilot phase of Entreprenant Status, a simplified and free legal regime offered to small informal businesses to enter the formal economy. Entreprenant Status provision was added to General Commercial Law of OHADA (Organisation for the Harmonization of Business Law in Africa) in 2010. The law does not mention the specific combination of incentives that will be included in the Entreprenant Status (for example, tax, credit, business registration, social security benefits), allowing instead each country to fill in the gap. Benin, a member of OHADA, with the support from the World Bank, has been working on legal and administrative regulation that will define the Entreprenant Status.

From 2014 to 2016 experts from the World Bank Group, carried out a randomized impact evaluation, testing three different versions of the entreprenant status. 3,600 informal businesses were randomly allocated between three treatment groups and one control group. The research team tested such incentives as facilitating businesses' links to government training programs, support to open bank accounts, and tax mediation services.

Formalizing in Benin means to choose a legal status and register at the chamber of commerce, GUFE (Guichet Unique de Formalisation des Entreprises).

The entreprenant pilot program was completed in February 2015. The team carried out a baseline listing survey and data collection in September 2014. The midline data was collected in April-June 2015, and endline data - in May-June 2016. Administrative data and focus groups were also used in the study.

Upon completion of the impact evaluation, the package of incentives that result in the highest number of business formalizations will be scaled up and adopted by the government as the official entreprenant status. New insights gained from the project will also inform the shaping of the entreprenant status in other OHADA member countries. The study will also explore whether the granting of the entreprenant status is more effective for women entrepreneurs, thus contributing to women's empowerment, and inclusive growth.

#### KIND OF DATA

Sample survey data [ssd]

## UNITS OF ANALYSIS

- Informal business

## Scope

## NOTES

The scope of the study includes:

- Information on business owner, his/her household
- Financing, credits of the business
- Capital, revenues, expenses and profit
- Business training
- Taxes
- Opinion on formalization
- Entrepreneur status knowledge, opinion
- Marketing practices
- Administrative data from the chamber of commerce

## Coverage

## GEOGRAPHIC COVERAGE

Cotonou, Benin's largest city

## Producers and Sponsors

## PRIMARY INVESTIGATOR(S)

Name	Affiliation
David McKenzie	World Bank Group
Massimiliano Santini	World Bank Group
Najy Benhassine	World Bank Group
Victor Pouliquen	World Bank Group and Paris School of Economics

## FUNDING

Name	Abbreviation	Role
World Bank Group		
Strategic Research Program	SRP	
Impact Evaluation to Development Impact Trust Fund	i2i	
Private Enterprise Development for Low-Income Countries	PEDL	
Investment Climate Impact Program/ComPEL		

## Metadata Production

## METADATA PRODUCED BY

Name	Abbreviation	Affiliation	Role
Development Data Group	DECDG	World Bank	Study documentation

DATE OF METADATA PRODUCTION  
2017-03-03

DDI DOCUMENT VERSION  
v01 (March 2017)

DDI DOCUMENT ID  
DDI\_BEN\_2014-2016\_ESBIE\_v01\_M\_WB

## Sampling

### Sampling Procedure

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A listing survey was conducted in Benin's largest city of Cotonou in March and April 2014. This survey was designed in order to obtain a representative sample of all businesses operating in Cotonou, including Dantokpa market. All businesses with fixed location, except international and nationwide companies and liberal professions, were targeted. Overall, 19,246 businesses were listed, of which a sample of 7,945 were surveyed. Researchers then dropped businesses which were already formal, and which had very high or very low profits and sales to arrive at a sample of 3,596.

The randomization was done in the office using STATA and the following methodology was used for stratification:

- 16 strata were created using the following variables: business owner gender, business operating in Dantokpa market, trader, and business owns a bank account.
- Inside each stratum a Z-score was created as the average of standardized profits, turnover and number of employees. Based on this Z-score, triplets of businesses were created and inside each triplet, businesses were randomly allocated to 3 groups, each of 1,200 firms.
- The 1,200 businesses in one group were then randomly allocated further into a first treatment group with 301 businesses, and second treatment group with 899 businesses.

As a result, 301 businesses were allocated to receive package A (treatment group 1), 899 to receive packages A and B (treatment group 2), 1,199 to receive packages A, B, and C (treatment group 3), and 1,197 to the control group.

### Response Rate

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Among those 19,246 businesses, 9,938 businesses were randomly selected to be surveyed. 7,945 (80%) businesses were successfully surveyed, 1,000 (10%) businesses refused to be surveyed, and 995 (10%) businesses were dropped because the business owner was not available or not reached after 4 attempts.

# Questionnaires

## Overview

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Baseline Listing, Midline Survey Questionnaire and Endline Survey Questionnaire in French and English translation.

## Data Collection

### Data Collection Dates

Start	End	Cycle
2014-03-01	2014-04-30	Baseline Survey
2015-04-01	2015-06-30	Midline Survey
2016-05-01	2016-06-30	Endline Survey

### Data Collection Mode

Face-to-face [f2f]

### Data Collection Notes

The following three packages of incentives were tested:

Package A:

- Provision of information on the new registration system, given in-person to business owners;
- Provision of tax information and clarification on the existing tax regimes applicable to the entrepreneur.

Package B:

- Services and training: services included support to entrepreneurs in the formalization process and, for example, help in drafting financial statements, business plans, and bookkeeping; training included basic accounting and business management, and initiation to legal and tax obligations;
- Bank services: creation of a bank account (checking or saving) with a commercial bank.

Package C:

- Provision of tax mediation services: support on preparing the tax declarations; provision of safeguards against arbitrary practices from the tax administration through mediation services between entrepreneurs and the tax authority.

### Questionnaires

Baseline Listing, Midline Survey Questionnaire and Endline Survey Questionnaire in French and English translation.

### Data Collectors

Name	Abbreviation	Affiliation
Centres de Gestion Agréés	CGA	

## Data Processing

### Other Processing

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If users want to replicate results published in the paper "Can Enhancing the Benefits of Formalization Induce Informal Firms to Become Formal?" they can work with do files distributed with the datasets. To make the process easier, authors of the research advise to use the file structure embedded in the zip file "Datasets, Replication Do Files and Instructions" available after users select "Get Microdata" tab.



## Data Appraisal

No content available



# Documentation

## Questionnaires

### Listing Survey Questionnaire (in French)

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Title Listing Survey Questionnaire (in French)  
 Language French  
 Filename IE\_Benin\_Listing\_survey2014\_fr.pdf

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### Listing Survey Questionnaire (in English)

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Title Listing Survey Questionnaire (in English)  
 Language English  
 Filename IE\_Benin\_Listing\_survey2014\_en.pdf

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### Midline Survey Questionnaire (in French)

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Title Midline Survey Questionnaire (in French)  
 Language French  
 Filename IE\_Benin\_Midline\_survey2015\_fr.pdf

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### Midline Survey Questionnaire (in English)

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Title Midline Survey Questionnaire (in English)  
 Language English  
 Filename IE\_Benin\_Midline\_survey2015\_en.pdf

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### Endline Survey Questionnaire (in French)

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Title Endline Survey Questionnaire (in French)  
 Language French  
 Filename IE\_Benin\_Endline\_survey2016\_fr.pdf

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### Endline Survey Questionnaire (in English)

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Title Endline Survey Questionnaire (in English)  
 Language English  
 Filename IE\_Benin\_Endline\_survey2016\_en.pdf

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## Reports

### Can Enhancing the Benefits of Formalization Induce Informal Firms to

## Become Formal? Experimental Evidence from Benin

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Title Can Enhancing the Benefits of Formalization Induce Informal Firms to Become Formal? Experimental Evidence from Benin  
Author(s) Najy Benhassine David McKenzie Victor Pouliquen Massimiliano Santini  
Language English  
Filename wps7900.pdf

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## Enhancing the Benefits of Formalization under a New Status in Benin

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Title Enhancing the Benefits of Formalization under a New Status in Benin  
Author(s) Najy Benhassine, David McKenzie, Victor Pouliquen and Massimiliano Santini  
Language English  
Publisher(s) Finance & PSD Impact: The Lessons from DECFP Impact Evaluations November 2016, Issue 37  
Filename in37.pdf

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## Technical documents

### Impact Evaluation of the "Entrepreneur status" in Benin: Methodology Note

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Title Impact Evaluation of the "Entrepreneur status" in Benin: Methodology Note  
Date 2013-10-01  
Language English  
Filename COMPEL-Benin-MethodologyNote.pdf

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### Integrating Qualitative Methods into Investment Climate Impact Evaluations: Entrepreneur Status in Benin

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Title Integrating Qualitative Methods into Investment Climate Impact Evaluations: Entrepreneur Status in Benin  
Author(s) Alejandra Mendoza Alcántara, World Bank Group Victor Pouliquen, World Bank Group  
Date 2015-06-01  
Language English  
Filename compel-benin-qual-methods-june2015.pdf

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