

YOUTH EMPLOYMENT  
& ENTREPRENEURSHIP  
TEAM



Netherlands Enterprise Agency

# Ecosystem Mapping Bénin



Ministry of Foreign Affairs of the  
Netherlands

 **ORANGE  
CORNERS**  
AN INITIATIVE OF THE KINGDOM OF THE NETHERLANDS



Netherlands Enterprise Agency  
Prinses Beatrixlaan 2 | 2592 AL The Hague  
P.O. Box 10366 | 2501 HJ The Hague  
Telephone: +31(0)88 04 2 42 42  
[www.rvo.nl](http://www.rvo.nl)

Authors: Ward Karssemeijer, Rachel van  
der Pol, Jurren van Melis  
Youth Employment & Entrepreneurship  
Team | Orange Corners Programme

## List of abbreviations

A2M	Access to market
ADET	Agence pour le Développement de l'Enseignement Technique
ANDF	Agence Nationale du Domaine et du Foncier
ADPME	Agence de Développement des PME
AI	Artificial Intelligence
AMM	Autorisation de Mise sur le Marché (Market Authorization certificate)
BBAN	Benin Business Angels Network
BDS	Business Development Support
B2B	Business-to-Business
B2C	Business-to-Consumer
CCIB	Chambre de commerce et d'industrie du Bénin
CDCB	Caisse de Dépôt et de Consignations du Bénin
CDE	Centre de Développement de l'Entrepreneuriat
CNP	Conseil National du Patronat
CPA	Cité Internationale de l'Innovation et du Savoir
DFI	Development Finance Institution
ECOWAS	Economic Community of West African States
ETLS	ECOWAS Trade Liberalisation Scheme
EIB	European Investment Bank
EKN	The Embassy of the Kingdom of the Netherlands
ESO / SAE	Entrepreneurial Support Organisation / <i>Structure d'Accompagnement à l'Entrepreneuriat</i>
FCFA	Franc of the Communauté Financière Africaine, valuta Bénin, also XOF
FedSAEI	Fédération des Structures d'Accompagnement à l'Entrepreneuriat Innovant
FMO	Dutch Entrepreneurial Development Bank
GDIZ	Glo-Djigbé Industrial Zone
GDP	Gross Domestic Product
HR	Human Resources
ICT	Information and Communication Technology
letP	Investisseurs & Partenaires
IMF	International Monetary Fund
JEE	Journées de l'écosystème Entrepreneurial
KPI	Key Performance Indicator
LLC	Limited Liability Company
MEB	Mois de l'Entrepreneuriat Bénin
MFA	Ministry of Foreign Affairs
MND	Ministère du Numérique et de la Digitalisation
MPMEPE	Ministère des Petites et Moyennes Entreprises et de la Promotion de l'Emploi
MPMEs	Micro, Small and Medium Enterprises
MSME/MPME	Micro-, Small and Medium Enterprises / <i>Micro, Petites et Moyennes Entreprises</i>
MFI / SFD	Micro-finance Institution / <i>Systèmes Financiers Décentralisés</i>
NGO	Non-Governmental Organisation
OAE	Organisations d'Appui à l'Entrepreneuriat
OC / OCIAC	Orange Corners / Orange Corners Incubation Acceleration Component
OCIF	Orange Corners Innovation Fund
OECD	Organisation for Economic Co-operation and Development
PF2E	Projet de Formation Professionnelle et d'Entrepreneuriat pour l'Emploi
PMEI	<i>Petites et moyennes entreprises innovante</i>
PNPDME	Politique Nationale de Promotion des Petites et Moyennes Entreprises
PSD	Private Sector Development
RBC	Responsible Business Conduct

R&D	Research and Development
RVO	Netherlands Enterprise Agency (Rijksdienst voor Ondernemend Nederland)
SAEI	Structures d'Accompagnement à l'Entrepreneuriat Innovant
SMEs / <i>PME</i>	Small and Medium Enterprises / <i>Petites et moyennes entreprises</i>
STEM	Science, Technology, Engineering and Mathematics
TEF	Tony Elumelu Foundation
TVET	Technical and vocational education and training
UAC	University of Abomey-Calavi
UP	University of Parakou
UN	United Nations
VAT	Value added tax / <i>TVA</i>
VAE	Validation des Acquis de l'Expérience
VC	Venture Capital
WAEMU	West African Economic and Monetary Union
YEET	Youth Employment and Entrepreneurship Team

## Disclaimer

This ecosystem mapping is written from the perspective of the Orange Corners programme. It does not aim to give a complete overview of the entrepreneurial ecosystem in Benin. The ecosystem mapping will be updated regularly. If you want to give feedback on this mapping or want to get in touch with Orange Corners, please contact us via [www.orangecorners.com/contact](http://www.orangecorners.com/contact).

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## Preface

Orange Corners (OC) is an initiative of the Ministry of Foreign Affairs of the Netherlands that provides young entrepreneurs across Africa, Asia and the Middle East with training, mentorship, network, funding and facilities to start and grow their businesses. We support innovative solutions to local challenges that contribute to the UN Sustainable Development Goals. We partner with various stakeholders to support and strengthen local entrepreneurial ecosystems.

Orange Corners supports young entrepreneurs with growing their businesses through our incubation and acceleration programmes. Furthermore, we also run several projects that are focused on strengthening the entrepreneurial ecosystem, involving education, policy making and skills building. Lastly, Orange Corners also supports entrepreneurs financially through the Orange Corners Innovation Fund (OCIF).

Orange Corners is managed by the Netherlands Enterprise Agency (RVO) at the request of the Dutch Ministry of Foreign Affairs (MFA). The Youth Employment and Entrepreneurial Team (YEET) works closely together with the Embassy of the Kingdom of the Netherlands (EKN) and local partners in each programme country.

In November 2025, Ward Karssemeijer and Rachel van der Pol of the Youth Employment and Entrepreneurship Team (YEET) visited Benin to map its entrepreneurial ecosystem. This ecosystem mapping report is conducted via desk research, an ecosystem mapping survey, in-person interviews and focus group discussions, providing a comprehensive foundation with recommendations for the potential implementation of an Orange Corners (OC) and Orange Corners Innovation Fund (OCIF) programme, as well as potential ecosystem strengthening activities.

We thank all actors for their lively participation during interviews, company visits and focus group discussions.

## Executive summary

This report is the synthesis of an intensive scoping mission conducted to map the youth entrepreneurial ecosystem in Benin, drawing on data, field insights, and conversations with entrepreneurs, support organisations, and public stakeholders. Its primary purpose is to provide the Embassy of the Kingdom of the Netherlands (EKN) and the Youth Employment and Entrepreneurship Team (YEET) with a strategic roadmap for launching the Orange Corners (OC) and Orange Corners Innovation Fund (OCIF) programmes, while establishing a framework for broader, long-term ecosystem strengthening activities.

### *Benin at a glance*

Benin is currently navigating a pivotal demographic transition. The country faces a massive youth bulge, with approximately 106,000 young people entering the labour market annually, while the formal economy generates only about 38,000 jobs each year. This highlights the critical importance of formal entrepreneurship and enterprise creation as a national priority for youth employment.

The ecosystem is often described as "nascent but stable". Benin benefits from political continuity and a government actively steering economic development through strategies such as "structural transformation", shifting from raw commodity exports toward local industrialization, most visibly in the Glo-Djigbé Industrial Zone (GDIZ). While the country is modernising rapidly, it still lags behind regional heavyweights like Nigeria or Côte d'Ivoire in terms of ecosystem maturity. Furthermore, the entrepreneurial landscape remains heavily centralised, with nearly all major support structures clustered in Cotonou, the economic capital.

### *The Domains of Change*

- **Infrastructure:** The government has made significant progress in expanding digital connectivity, including fiber-optic installations across multiple municipalities. However, actual internet adoption remains relatively low, due to high costs and limited digital literacy, which constrains entrepreneurial opportunities. Energy also continues to be a major operational burden, with electricity tariffs well above the regional average.
- **Finance:** Benin faces a stark "Missing Middle" financing gap that constrains growth. While the country has a large number of MFIs serving subsistence-level needs, youth-led businesses requiring between €5,000 and €450,000 fall into a structural void. For SMEs, banks prioritise land-based collateral over business viability, while startups are limited by a lack of venture capital and local seed funding. Promising developments include supportive public institutions such as CDCB, growing interest from regional and international funds, and the return of diaspora as potential angel investors.
- **Governance:** Benin's entrepreneurial landscape is largely shaped by state-led coordination, managed through a network of ministries and specialised agencies. High-tech innovation is championed by Sèmè City and the Ministry of Digitalisation, while traditional SME support is centralised under the Agence de Développement des PME (ADPME). The government has achieved significant progress in digital transformation, migrating many public services online and positioning the country as a regional digital gateway. However, a persistent policy implementation gap remains:

while the high-level political strategies are ambitious and technologically advanced, entrepreneurs on the ground still face bureaucratic friction, due to limited executive capacity to implement these reforms at the intended pace.

- **Markets:** The domestic market is small and highly price sensitive. While expensive and complex certification requirements (such as the Authorisation de Mise sur le Marché, or AMM) often block entry into formal retail, young entrepreneurs are demonstrating high adaptability and resourcefulness by using social media platforms like TikTok and WhatsApp to reach consumers directly and bypass traditional market barriers.
- **Human capital:** Beninese youth are praised for their strong technical skills, but what they seem to be lacking on the other hand, are specific soft skills such as: leadership, strategic thinking, negotiation skills, and having a growth mindset. These gaps partly reflect an education system that remains largely theoretical.
- **Network & support structures:** The support landscape is growing but remains geographically imbalanced and lacks specialisation. Most organisations provide rather generic pre-incubation, incubation and employment creation services, leaving a gap for more specialised follow-up support with an emphasis on innovative entrepreneurship. Furthermore, a "per-diem culture" in development programmes sometimes distorts the motivations of participants.
- **Culture:** A trust deficit is undermining the business culture, leading to many solo founders and a tendency to avoid collaboration due to fear of idea theft. At the same time, a blend of factors including the business mindedness of the government and returning diaspora are contributing to rebranding entrepreneurship as a prestigious, high-growth career path, helping to shift societal attitudes toward risk.

### **What's next**

Based on this mapping, we propose the following strategic directions for future YEET programming in Benin:

#### **1. Implementing Orange Corners (OC): From Incubation to Acceleration**

Orange Corners, as an entrepreneurship support programme, should differentiate itself by focusing on (pre-)acceleration for innovative enterprises that have already survived the launch phase. The curriculum should prioritise "savoir-être" (mindset) – leadership, resilience, and growth mindset – over purely technical training. To address the trust deficit, the programme should actively facilitate co-founder matchmaking and multi-sector cohort programming to foster collaboration.

#### **2. Optimising OCIF: Alternative Financing for the Missing Middle**

OCIF should be wary of purely grant-based approaches to avoid encouraging "fund-chasing" behaviour. Instead, it can explore alternative financing models like milestone-based financing, equipment leasing, or recoverable grants, which are better suited to productive investment and reduce dependence on cash grants. By providing capital in the €5,000–€50,000 range, OCIF can serve as the primary bridge for youth-led ventures entering the Missing Middle, while providing hands-on TA for structurization and investment readiness.

### 3. Ecosystem Strengthening: Decentralisation and Market Linkages

It is suggested that future activities should extend beyond Cotonou, targeting regional clusters like Parakou for agro-logistics. (Pre-)acceleration and decentralisation are not in conflict per se; but they would require adapting support to regional realities. Furthermore, ecosystem strengthening activities could focus on things such as leveraging the diaspora, creating formal mentorship pools of returning professionals to transfer executive capacity; improving access to markets, creating "fast-tracks" for local SMEs to acquire certifications required for scaling; and institutional advocacy, working with the government agencies to improve delivery of entrepreneurship services.

## Part 1 – Introduction and overview

### Background

Please note that this report is not a comprehensive research of the startup ecosystem of Benin. It presents an overview of the observations of the Youth Employment and Entrepreneurship Team (YEET) and the Private Sector Development (PSD) and EKN colleague(s) that participated in this study and includes both primary and secondary data sources. YEET has not yet conducted a previous mapping in Benin.

The report begins by outlining its objectives, rationale, and methodologies, followed by an overview of the Benin context, including political, economic, and social dimensions. It then delves into the seven key domains as described below. Finally, the report concludes by identifying key leverage points and presenting both short- and long-term recommendations.

### Goals

The goals of this report are as follows:

- To provide an overview of the entrepreneurial ecosystem for young entrepreneurs in Benin;
- To identify existing challenges and opportunities in the entrepreneurial ecosystem and formulate recommendations to the Embassy of the Kingdom of the Netherlands for programmatic engagement in this regard;
- To explore the feasibility and opportunities for setting up an Orange Corners programme and an Orange Corners Innovation Fund in Benin;
- To map relevant partners and initiatives for collaboration;
- To offer a baseline for the start of activities – OC, OCIF and other ecosystem strengthening activities.

### Methodology

The first phase of the ecosystem mapping involved desk-research, conducted by Ward Karssemeijer, Programme Advisor for OCIAC, Jurren van Melis, Programme Assistant at YEET, and Rachel van der Pol, Programme Advisor OCIAC & OCIF. This research drew on both grey and academic literature, as well as insights from an online survey distributed via RVO MS forms. The survey received responses from 20 stakeholders, including representatives from government, knowledge institutions, Entrepreneurial Support Organisations (ESOs), private sector companies, financial institutions, mentors, and entrepreneurs.

The second phase involved a two-week field visit to Benin in November 2025, during which Ward Karssemeijer and Rachel van der Pol from the Youth Employment and Entrepreneurship Team (YEET) mapped the entrepreneurial ecosystem in Benin. During this period, various interviews, focus groups, company visits and a workshop with ESOs were conducted and organised in Cotonou, Porto Novo, Calavi and Parakou. A total of 36 in-person interviews were conducted, adding 6 online interviews before and after the work trip. Additionally, the researchers participated in the events of Mois de l'Entrepreneuriat and the three Journées de l'Écosystème Entrepreneurial (JEE). The interviewees represented a diverse range of stakeholders within the ecosystem, such as ESOs, financial institutions, entrepreneurs, ministries, and NGOs. The list of stakeholders was compiled through desk research and in close collaboration with the embassy.

It is important to note that the two-week time frame inevitably limited the depth and scope of the ecosystem mapping. As a result, certain nuances of the ecosystem may not have been

fully observed or captured through desk research and interviews alone. Additionally, the interviews were conducted by employees of the Kingdom of the Netherlands, which could have caused confirmation bias due to perceived power dynamics. Furthermore, it is important to note that the ecosystem mapping is based on the perceptions of non-Benin individuals, which could have influenced the interpretation of context and dynamics.

The methodology of the ecosystem mapping centres around seven Domains of Change that together form the heart of the entrepreneurial ecosystem. These domains are: Infrastructure, Access to Finance, Policy & Enabling Environment, Market Access, Skills & Human Capital, Culture and Support Systems & Networks. Most of these domains are considered core domains to YEET. These are areas where YEET can directly design interventions. Infrastructure and Culture however, are primarily contextual domains. They describe important external conditions that affect youth entrepreneurship, but are generally outside our direct programming sphere. Understanding them helps us to tailor our programme and projects to the local environment and anticipate potential challenges and/or opportunities.

Domain of Change	Definition	Type of Domain
Infrastructure	The availability and reliability of physical and digital infrastructure.	Contextual
Access to Finance	The availability and accessibility of financial services for youth entrepreneurs.	Core
Policy & Enabling Environment	The laws, regulations, and government initiatives that support or hinder youth entrepreneurship.	Core
Market Access	Opportunities and barriers for youth-led businesses to reach local and (inter)national markets.	Core
Skills & Human Capital	Access to relevant entrepreneurship education, vocational training, digital and soft skills needed for youth entrepreneurs to start and grow a business.	Core
Culture	Societal attitudes toward (youth) entrepreneurship including risk tolerance, gender roles, and trust in self-employment.	Contextual
Support Systems & Networks	Availability and quality of mentoring, peer networks, incubators, accelerators, and collaboration platforms that support youth entrepreneurs.	Core

**Root causes**

For each domain of change, this mapping outlines key developments affecting youth entrepreneurs, with a particular emphasis on the challenges they encounter. Rather than simply listing these challenges, this mapping seeks to uncover and understand their underlying root causes. By gaining a deeper insight into the specific drivers behind each challenge, we are better positioned to design effective and targeted interventions. Depending on the nature of the root causes, interventions may take one of three forms:

- Replicate: If both the challenge and its root cause are consistent with those in other ecosystems, an existing intervention can be replicated.
- Contextualize: If the challenge is similar but the root cause differs, the intervention must be adapted to fit the specific context.
- Create: If both the challenge and its root cause are unique, a new intervention must be developed.

The mapping is conducted with a location and sector agnostic perspective in mind, reflecting on where (which geographical locations) and what (which sectors and value chains) the OCIAC and OCIF programmes could and should focus on to create most impact and additionality. Within this process, the mapping builds upon and takes into consideration what EKN is already doing in the field of entrepreneurship and how entrepreneurship is currently reflected in the embassy’s annual plan.

The Embassy’s entrepreneurship strategy focuses on strengthening the macro-business environment and facilitating bilateral trade by professionalizing public institutions and securing agreements to encourage Dutch investment. Simultaneously, it directly supports the local ecosystem through a variety of programmes, focused on youth entrepreneurship, infrastructure development, and targeted capacity building for SMEs in priority sectors such as agriculture and water.

**Contextual risk scan**

Benin’s entrepreneurial landscape offers significant potential for youth economic inclusion, yet it operates within a high-risk environment characterized by widespread informality and structural fragility. The dominance of the informal economy creates pervasive Responsible Business Conduct (RBC) risks, most notably child labour and unsafe working conditions in key youth-employing sectors such as cotton agriculture, construction, and small-scale artisanal work. These challenges are compounded by a stark geographic environmental divide: rising sea levels threaten the coast, while desertification in the north exacerbates resource scarcity and land tenure conflicts, forcing youth to compete for shrinking productive land.

For Youth Entrepreneurship and Employment (YEET) programming, navigating this landscape requires a "Do No Harm" approach. Without careful design, interventions risk unintentionally reinforcing gender disparities or supporting enterprises that rely on exploitative labour and environmentally degrading practices. To mitigate these risks, programming must integrate robust safeguards, including strict child protection due diligence, and conflict-sensitive resource mapping. By actively fostering formalization and enforcing gender and anti-corruption guidelines, the Orange Corners’ interventions can ensure that youth entrepreneurship drives not just economic growth, but dignified, inclusive, and sustainable development.

<b>Responsible Business Conduct (RBC) risks</b>	<b>Risk assessment to YEET programming</b>	<b>Safeguards</b>
Child labour and forced labour	Remains a concern in agriculture (especially cotton), informal retail and small-scale artisanal work. Youth programmes could unintentionally support exploitative practices.	Introduce or strengthen child protection policies with implementing partners; require due diligence checks on supply chains; encourage awareness training for entrepreneurs on international labour standards.
Unsafe working conditions	Youth often work in high-risk sectors and value chains (e.g. construction, textiles, agriculture (cotton specifically), and informal work) without adequate safety measures. Programmes might promote engagement in these risky businesses.	Promote basic occupational health and safety guidelines in training curricula; ask partners to monitor working conditions in supported enterprises; consider linking to local institutions that can provide complaints mechanisms for unsafe work.

Gender discrimination	Women and girls may encounter some systemic barriers in accessing finance, training, or entrepreneurial networks, including bureaucratic challenges in accessing permits or public services. However, the issue is often more nuanced: participation can be limited because women and girls may not actively seek available opportunities or may perceive them as not relevant to themselves, rather than because information is unavailable. If programmes are not carefully designed, these factors may unintentionally reinforce gender inequalities.	Apply gender equity guidelines in programme design; promote targeted mentorship and training for women; encourage partners to track female participation and outcomes; integrate anti-discrimination safeguards into contracts and calls.
Environmental degradation	Benin faces specific environmental challenges: coastal areas are threatened by rising sea levels and the northern regions face desertification (due to Sahara expansion). Unsustainable agricultural and small-scale production practices can worsen environmental pressures.	Require partners to do a climate-risk assessment or adopt environmental standards in project selection; promote climate-adaptive and sustainable business models; integrate basic climate due diligence into entrepreneurial support activities.
Corruption and weak governance	Bribery, bureaucratic inefficiencies in business registration and informal practices are widespread in Benin. These barriers create uneven opportunities and push youth toward informal or insecure work.	Encourage transparency and anti-corruption guidelines for supported enterprises in line with OECD standards; require clear reporting and accountability mechanisms from partners; explore collaboration with local actors to support fair registration pathways for youth entrepreneurs.
Politicized Market Structures and Strategic Monopolies	Certain strategic sectors (notably cotton, logistics, and port activities) are characterized by high market concentration and strong intersections between political and commercial interests. Youth-led SMEs attempting to enter these primary value chains may face significant barriers to entry, an uneven regulatory playing field, or risk of displacement by entrenched incumbents.	Conduct "Political Economy" analysis prior to selecting focus sectors to ensure a level playing field exists for new entrants.  Focus on "niche" or downstream opportunities: Advise programmes to support innovation in peripheral services or downstream transformation (value-add) rather than direct competition in highly consolidated primary markets.
Informal land tenure and resource conflicts	Lack of formal land rights among youth can be a significant barrier, particularly in agriculture (cotton) and construction, where bureaucratic inefficiencies and informal practices are widespread. Competition for scarce resources (e.g., water or productive land) is exacerbated by	Promote formalisation by linking supported enterprises to local actors who support fair land/business registration pathways. Require partners to conduct conflict-sensitive risk

	desertification in the north, increasing the risk of conflict or displacement if activities are not carefully managed.	mapping in areas facing resource scarcity. Integrate training on communal resource management into agricultural and small-scale production practices.
Data protection and digital rights	Digital interventions (e.g. digital literacy training or fintech support for youth entrepreneurs) carry risks such as insufficient data privacy protection, digital exclusion, or harmful surveillance practices.	Develop and enforce data protection and privacy policies for all digital interventions, in line with international best practices. Ensure entrepreneurial training on awareness of digital rights. Require clear accountability mechanisms for handling and protecting sensitive youth data.



Benin's relatively low youth unemployment rate of 3.3% suggests that Benin's economy generates jobs. However, this figure is misleading; many young people take up work in the informal sector because the labour market does not generate sufficient jobs in the formal sector.<sup>13</sup> Consequently, in 2022, 90.1% of workers were employed in Benin's informal sector.<sup>14</sup> In this informal sector, few young people hold employment contracts or salary-based positions and almost all receive minimum wage and have no access to social security coverage. Among other things, the phenomenon of seasonal subsistence farming, where work is available only at certain times of the year, creates a form of hidden unemployment, which makes the country's official employment statistics appear more favourable than reality.<sup>15</sup>

Unemployment is primarily an urban issue, with young people and people with higher education levels being the most affected.<sup>16</sup> Meanwhile, the public sector does not provide significant employment, accounting for only 2.2% of all jobs, while working in the public sector remains a highly preferred option for many higher educated youth.<sup>17</sup> Notably, young citizens (18-35) face more unemployment than their elders with 29% reporting that they are jobless and seeking work, compared to 16–23% of those in the middle-aged group.<sup>18</sup> Hence, most youth must compete in the private and informal sectors, where job security and benefits are rare. This harsh environment has left many educated youths with "*unfulfilled societal expectations*" of landing a white-collar job to support their families, causing frustration.<sup>19</sup> A major cause for these unfulfilled expectations is Benin's educational system, and the skills gap it brings forward.

### **Educational system**

Benin has expanded educational access for youth over recent decades, but gaps in quality and relevance persist. Nearly half of young Beninese (age 18-35) today have at least a secondary education, far higher than older generations (26-32%).<sup>20</sup> Primary schooling is compulsory (age 6–11) and tuition-free, and in a bid to boost female enrolment the government also waived fees for girls through junior high school.<sup>21</sup> These policies have raised youth literacy and school attendance. However, completion rates remain low; only about 39% of boys and 35% of girls finish lower secondary school.<sup>22</sup> Many students drop out due to poverty, overcrowded classrooms, regional disparities in school access and the urban-rural divide. Benin's higher education is characterized by the dominance of public universities; the cultural importance of studying (with Benin/Dahomey as the traditional Latin quarter of Africa); the overcrowding in universities; large gap between those that are very highly educated and the rest. Girls face additional hurdles: they are often pulled out for household duties, and early marriage is common in certain central and northern regions; roughly one in four young women are married by age 18.<sup>23</sup> In rural areas, approximately 32% of girls are married before the age of 18, compared to 22% in urban areas.<sup>24</sup> Such factors cut short many young women's education, affecting their job prospects later on.

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<sup>13</sup> Benin Labour Market Profile (2025) [Benin Labour Market Profile 2025/26 \(ulandssekretariatet.dk\)](#)

<sup>14</sup> The World Bank in Benin (2025) [World Bank Benin \(worldbank.org\)](#)

<sup>15</sup> Benin Labour Market Profile (2025) [Benin Labour Market Profile 2025/26 \(ulandssekretariatet.dk\)](#)

<sup>16</sup> Benin Labour Market Profile (2025) [Benin Labour Market Profile 2025/26 \(ulandssekretariatet.dk\)](#)

<sup>17</sup> Benin Labour Force Survey 2022 [Benin Labour Force Survey ILOSTAT \(ilo.org\)](#)

<sup>18</sup> Afrobarometer Dispatch No. 971 [Afrobarometer Dispatch No. 971 \(afrobarometer.org\)](#)

<sup>19</sup> Benin Labour Market Profile (2025) [Benin Labour Market Profile 2025/26 \(ulandssekretariatet.dk\)](#)

<sup>20</sup> Afrobarometer Dispatch No. 971 [Afrobarometer Dispatch No. 971 \(afrobarometer.org\)](#)

<sup>21</sup> Benin Labour Market Profile (2025) [Benin Labour Market Profile 2025/26 \(ulandssekretariatet.dk\)](#)

<sup>22</sup> United Nations Educational, Scientific and Cultural Organization, Benin: Education Country Brief, January 2024.

<sup>23</sup> World Bank Blog, Different sex – same opportunities? Not really: a close look at the extent of gender inequalities in Benin, October 20, 2023 [World Bank Blog Different sex - same opportunities worldbank.org](#)

<sup>24</sup> The Child Marriage Data Portal (2023) [Child Marriage Data Country Profile Benin \(childmarriagedata.org\)](#)

## Skills

A major challenge is the mismatch between youths' skills they have obtained through education and the jobs available. Benin's young workers often lack the skills to meet job requirements, while their education is very often more theoretical than practical and many are undereducated.<sup>25</sup> One reason why too few young people have obtained the skillset that matches the jobs offered, is that certain professions are highly coveted, for example, formal office jobs or government posts, while trades like farming or skilled crafts are often seen as less desirable. This is reflected in the choices young people make; over half of students in technical programs choose administration or management fields, whereas agriculture (the country's biggest employer) attracts only about one-quarter of students, reflecting a cultural bias toward white-collar careers.<sup>26</sup> Students are also hesitant to enrol in formal technical and vocational education and training (TVET) because these programs are often perceived as underdeveloped and inadequate.<sup>27</sup>

On a positive note, Benin's government in recent years has recognized the need to strengthen vocational and job-oriented education. A National TVET Strategy (2020–2030) and related reforms have been launched to modernize the system for the curriculum has traditionally been very academic and geared toward theory.<sup>28</sup> A new agency was created to develop TVET, and laws have been passed to integrate technical training into the education framework. These reforms aim to equip youth with marketable skills and encourage entrepreneurship in sectors beyond the traditional civil-service track. Under this new strategy, studies are ongoing to ensure the increased delivery of quality skills and TVET programs in priority sectors (agriculture/agribusiness, environment, infrastructure, energy sector, digital domain, and tourism).<sup>29</sup> Moreover, since 2024, a global Cotonou Youth Action Agenda was launched, focusing on areas such as reshaping the education system and broadening pathways that enable young people to improve their futures.

## Migration patterns & climate

Roughly 3.3% of Benin's total population consists of immigrants.<sup>30</sup> One of the main drivers behind migration in Benin is the search for employment, which results in a largely rural-to-urban migration pattern with people relocating to cities such as Cotonou and Porto-Novo. Many individuals eventually find work in services such as trade, hospitality, and other unstable forms of employment, while others take jobs in manufacturing or become active within the agricultural sector.<sup>31</sup>

Benin's net migration rate has been in balance in recent years, and migrants moving to Benin mainly arrive from Togo, Nigeria, Niger, Côte d'Ivoire, and Ghana.<sup>32</sup> As of 2019, roughly 666,000 Beninese (about 5.7% of the population) were living abroad, driven by the hope of better livelihoods, often moving towards French-speaking countries like Togo, Côte d'Ivoire, Gabon, and France.

The National Development Plan 2018–2025 identifies the diaspora as an important channel for development funding, highlighting both its role in sustaining household consumption and its capacity to strengthen domestic savings.<sup>33</sup> However, the outflux of Beninese people also

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<sup>25</sup> International Labour Organization, Skills and jobs mismatches in low- and middle-income countries, (2019) [ILO Skills and jobs mismatches in low- and middle-income countries \(ilo.org\)](https://www.ilo.org/global/skills-and-jobs-mismatches-in-low-and-middle-income-countries)

<sup>26</sup> Creating Markets in Benin – International Finance Corporation [Creating Markets In Benin - IFC \(ifc.org\)](https://www.ifc.org/creating-markets-in-benin)

<sup>27</sup> Ibid

<sup>28</sup> Benin Labour Market Profile (2025) [Benin Labour Market Profile 2025/26 \(ulandssekretariatet.dk\)](https://www.ilandsssekretariatet.dk/benin-labour-market-profile-2025-26)

<sup>29</sup> Creating Markets in Benin – International Finance Corporation [Creating Markets In Benin - IFC \(ifc.org\)](https://www.ifc.org/creating-markets-in-benin)

<sup>30</sup> Country Profile Benin (2022) [Benin Profile Integral Human Development \(migrants-refugees.va\)](https://www.migrants-refugees.va/benin-profile-integral-human-development)

<sup>31</sup> Benin Labour Market Profile (2025) [Benin Labour Market Profile 2025/26 \(ulandssekretariatet.dk\)](https://www.ilandsssekretariatet.dk/benin-labour-market-profile-2025-26)

<sup>32</sup> Country Profile Benin (2022) [Benin Profile Integral Human Development \(migrants-refugees.va\)](https://www.migrants-refugees.va/benin-profile-integral-human-development)

<sup>33</sup> Benin National Development Plan (2024) [Benin National Development Plan \(p4h.world\)](https://www.p4h.world/benin-national-development-plan)

creates “brain drain”; about one-third of Benin’s emigrants have higher education, and their skills often go unrecognized or underutilized in other countries due to qualification mismatches.<sup>34</sup> Opposite to the outflux, Benin sees a certain influx of people, including returning highly educated diaspora and businesses from the region, as well as migrants from the Sahel, many of whom are traders. While the Sahelian traders primarily seek commercial opportunities, the skilled diaspora are attracted by Benin’s relative stability and rosy economic prospects, resulting in a certain “brain gain,” although there is not (yet) statistical evidence to support this trend.

Another major driver behind internal migration patterns besides employment prospects is climate change. Benin is frequently battered by climate-induced disasters, such as floods, droughts, wildfires and severe storms, which worsen livelihoods and force many to relocate. For example, between 2008 and 2012, over 475,000 people were displaced by flooding alone.<sup>35</sup> The adverse impacts of climate change are challenging many small-scale agricultural workers living in vulnerable areas in Benin. Meanwhile, the cumulative impact of climate change is projected to be economically severe; studies estimate it could cost Benin on the order of 7–9% of GDP in the 2030s, rising to 11–19% of GDP by 2050 if adaptive measures are not taken.<sup>36</sup> Climate-induced migration contributes to the rush of young migrants into cities, as rural areas become less viable. Forecasts indicate that by 2043, about 58% of Benin’s population will live in urban areas, driven by employment prospects, harsh climatic conditions, declining national resources in rural areas and other factors.<sup>37</sup> The steady flow of people into cities has fuelled swift urban expansion, most notably in the more developed southern regions, putting pressure on housing and public services. Yet, formal employment opportunities remain limited, leaving many newcomers from rural areas underemployed in the informal sector through petty trade, motorcycle taxi driving, or casual labour. This situation reinforces a downward cycle of vulnerability and stagnation.

### **General state of the economy**

Benin has an open economy and fertile agricultural land. It is strategically positioned at the centre of two regional corridors: the Abidjan-Lagos and Cotonou-Niamey corridors, which have historically supported regional commerce and tourism. Nevertheless, the transit link to Burkina Faso, Mali, and Niger is currently disrupted due to political divergences. While the port of Cotonou has traditionally served these landlocked countries, many now prefer the port of Lomé in Togo. The port of Cotonou continues to serve an important role as a transit hub for Nigeria.

Benin has an estimated Gross Domestic Product (GDP) of 90 billion dollars according to World Economics.<sup>38</sup> Over the last ten years, Benin’s economy has shown strong performance, maintaining resilience even in the face of repeated shocks including the COVID-19 crisis, Ukraine war, political tensions in neighbouring Sahel countries and sanctions from the West African Economic and Monetary Union (WAEMU) against major trading partner Niger. In 2023, Benin’s economic growth reached 6.4%.<sup>39</sup> Looking back, the country’s real GDP rose at an average annual rate of 5.1% from 2011 to 2019, which is roughly one point above the regional mean for sub-Saharan Africa.<sup>40</sup> Growth momentum was even stronger in the years 2017 to 2019, when it averaged 6.4%.

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<sup>34</sup> Country Profile Benin (2022) [Benin Profile Integral Human Development \(migrants-refugees.va\)](#)

<sup>35</sup> Climate Crisis, Displacement, and the Right to Stay (2024) [Othering & Belonging Institute at UC Berkeley \(belonging.berkeley.edu\)](#)

<sup>36</sup> IMF report Benin (2024) [IMF report Benin \(elibrary.imf.org\)](#)

<sup>37</sup> Benin Combined Agenda 2063 (2024) AFI Geographic Futures Benin Combined Agenda 2063

<sup>38</sup> Benin GDP (2025) Benin GDP ([worldeconomics.com](#))

<sup>39</sup> Women entrepreneurship development & access to finance (2025) [World Bank Document \(worldbank.org\)](#)

<sup>40</sup> Women entrepreneurship development & access to finance (2025) [World Bank Document \(worldbank.org\)](#)

Benin's economy has historically been undiversified, heavily dependent on a few commodities and trading activities. In particular, cotton has long been the dominant export earner, accounting for roughly 80% of export revenues.<sup>41</sup> The lack of diversification of Benin's economy is also reflected in Benin's workforce division; about 43% of Benin's workforce is employed in agriculture and agri-business.<sup>42</sup> This over-reliance on cotton as a single commodity left other sectors underdeveloped and exposed the country to fluctuations in global cotton prices. The economy also depends on re-export trade with Nigeria; for years, Benin has imported goods like rice and used cars and then unofficially exported them to its giant neighbour.<sup>43</sup> This trade has been lucrative but makes Benin vulnerable to Nigeria's policy changes (such as border closures or subsidy reforms). Any decline or disruption in commerce with Nigeria is a major downside risk for Benin's outlook.<sup>44</sup>

Recognizing these vulnerabilities, the government has been pursuing diversification. The industrial sector remains relatively small, about 18–20% of GDP focused on agro-processing (e.g. cotton ginning, palm oil, cashew processing), light manufacturing, and construction.<sup>45</sup> Services contribute nearly half of GDP (around 48%) and employ about 50% of the workforce, driven by trade, transport, telecommunications, and banking.<sup>46</sup> To address the abovementioned vulnerabilities, the government of Benin has enacted a decisive policy pivot toward "structural transformation" via mandatory local value addition. Moving away from the passive export of raw commodities, the state now incentivizes – and in sectors like cashew and soy, effectively mandates – domestic processing to capture higher economic value before goods leave the country. This strategy is physically anchored by the Glo-Djigbé Industrial Zone (GDIZ), a flagship industrial hub designed to process local agricultural outputs into finished textiles and food products, thereby shifting the economy from simple trading to diversified manufacturing.

Notably, the Port of Cotonou is one of West Africa's largest ports and a critical transit hub for landlocked neighbours, so transportation and logistics are key service industries.<sup>47</sup> Tourism is an emerging sector, which is why Benin boasts cultural heritage sites and nature attractions, and with better marketing and infrastructure, and its proximity to Nigeria's huge market, tourism could grow substantially.<sup>48</sup> Moreover, ongoing investments in the GDIZ and modernization of the Port of Cotonou are anticipated to boost manufacturing and trade activity.<sup>49</sup>

Benin's private sector is characterized by a scarcity of large formal companies or medium-sized businesses, with the overwhelming majority consisting of micro and small enterprises which often operate in the informal sector.<sup>50</sup> Data indicate that around 98% of firms in the country are run by individual entrepreneurs.<sup>51</sup> To support private sector development, the government has introduced various initiatives to encourage self-employment and entrepreneurship, including the establishment of an agency dedicated to small and medium-sized enterprises (SMEs) in 2022 (ADPME).

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<sup>41</sup> Climate Crisis, Displacement, and the Right to Stay (2024) [Othering & Belonging Institute at UC Berkeley \(belonging.berkeley.edu\)](https://belonging.berkeley.edu)

<sup>42</sup> Benin Labour Market Profile (2025) [Benin Labour Market Profile 2025/26 \(ulandssekretariatet.dk\)](https://ulandssekretariatet.dk)

<sup>43</sup> The World Bank in Benin (2025) [World Bank Benin \(worldbank.org\)](https://worldbank.org)

<sup>44</sup> Benin Economic Outlook (2024) [African Development Bank Group \(afdb.org\)](https://afdb.org)

<sup>45</sup> Benin: Economic and Political Overview (2025) [Lloyds Bank Benin \(Lloydsbanktrade.com\)](https://lloydsbanktrade.com)

<sup>46</sup> Ibid.

<sup>47</sup> Climate Crisis, Displacement, and the Right to Stay (2024) [Othering & Belonging Institute at UC Berkeley \(belonging.berkeley.edu\)](https://belonging.berkeley.edu)

<sup>48</sup> Creating Markets in Benin – International Finance Corporation [Creating Markets In Benin - IFC \(ifc.org\)](https://ifc.org)

<sup>49</sup> Benin: Economic and Political Overview (2025) [Lloyds Bank Benin \(Lloydsbanktrade.com\)](https://lloydsbanktrade.com)

<sup>50</sup> The World Bank Group, Country partnership framework for Benin (2018) [Worldbank Benin \(worldbank.org\)](https://worldbank.org)

<sup>51</sup> Ibid.

Benin is also actively developing special economic zones to stimulate industrialization, value addition, job creation, and attract foreign investment. The GDIZ is the flagship industrial zone in Benin, conceived as a special economic industrial zone to foster manufacturing, agro-processing, textiles, and value chains.<sup>52</sup> However, more special economic zones are being launched, such as the one in Kétou, which is focused on the production and processing of grain, and trade with Nigeria.<sup>53</sup>

### *Relative political stability in Benin*

Benin is recognized as one of West Africa's more stable democracies, having enjoyed peaceful transfers of power since the 1990 transition to multiparty rule.<sup>54</sup> The country's political situation is generally stable, marked by regular elections and successive democratic alternations in leadership.

Despite the overall calm, there have been episodes of political tension and unrest. Reforms to the party system and a new electoral code in 2018 led to the exclusion of political parties in the 2019 legislative elections, sparking deadly protests and violence around the 2019 and 2021 elections.<sup>55</sup> President Patrice Talon was re-elected in 2021, in a vote characterized by low turnout.<sup>56</sup> However, in January 2023, Benin held legislative elections that saw the return of opposition voices to parliament after a four-year absence; the pro-government parties won, but the election was far more inclusive than the 2019 elections. November 2025 was characterised by a short-lived and unsuccessful military coup attempt. Despite the caused unrest the general election in April '26 passed by quietly and peacefully, and indicated a clear winner, with Romuald Wadagni as Talon's successor.

Benin's stability is affected by the regional security situation. Benin faces a growing threat of jihadist spillover from neighbouring Sahel countries; Islamist militant groups from Burkina Faso and Niger have carried out sporadic attacks in northern Benin's border areas.<sup>57</sup> So far, these incursions remain limited to remote areas, and overall, the country continues to enjoy relative peace and internal stability.

### *Governance challenges and reforms*

While Benin remains a democracy, observers note several governance challenges in recent years. Under President Talon's administration political space has shrunk and organised opposition has narrowed—affected by new rules and regulations.<sup>58</sup> A 2018 electoral law imposed stringent party registration requirements and a high vote threshold, complicating participation of opposition parties in parliamentary elections. Similarly, presidential candidates now must garner endorsements from 10% of MPs or mayors, a hurdle that disqualified several presidential challengers in 2021.<sup>59</sup> These moves, alongside the prosecution of opposition figures, have led critics to accuse the regime of authoritarian tendencies.<sup>60</sup>

Corruption and institutional weaknesses also pose ongoing governance issues. Corruption remains widespread in Benin, and enforcement of anti-graft measures is limited.<sup>61</sup> A special

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<sup>52</sup> Benin- Economic Transformation and Industrial Policy (2024) [Benin - Economic Transformation and Industrial Policy \(elibrary.imf.org\)](#)

<sup>53</sup> Benin launches Kétou SEZ to target Nigerian Market (2025) [Ecofin Agency 2025 \(ecofinagency.com\)](#)

<sup>54</sup> BTI 2024 Country Report (2024) [BTI Benin Country report \(bti-project.org\)](#)

<sup>55</sup> Ibid.

<sup>56</sup> Freedom House Benin Report (2024) [Benin: Freedom in the World 2024 \(freedomhouse.org\)](#)

<sup>57</sup> BTI 2024 Country Report (2024) [BTI Benin Country report \(bti-project.org\)](#)

<sup>58</sup> Freedom House Benin Report (2024) [Benin: Freedom in the World 2024 \(freedomhouse.org\)](#)

<sup>59</sup> Freedom House Benin Report (2024) [Benin: Freedom in the World 2024 \(freedomhouse.org\)](#)

<sup>60</sup> BTI 2024 Country Report (2024) [BTI Benin Country report \(bti-project.org\)](#)

<sup>61</sup> Freedom House Benin Report (2024) [Benin: Freedom in the World 2024 \(freedomhouse.org\)](#)

court (CRIET), established in 2018 to handle economic crimes and terrorism, has been criticized for targeting political opponents and journalists under the guise of anti-corruption efforts.<sup>62</sup> Transparency has suffered as well: asset declaration requirements for officials were loosened in 2020, and there have been instances of the government concealing information, such as downplaying violent incidents in the north.<sup>63</sup>

Administrative capacity is uneven across the country. In many rural areas, the state struggles to consistently implement policy or deliver good public services. Citizens in remote regions often rely on local customary mechanisms for governance and justice, as government presence is relatively weak. This governance gap contributes to regional disparities and can exacerbate vulnerabilities; for instance, weak rule of law and limited services in border communities have been linked to local conflicts and higher risk of extremist influence.<sup>64</sup> Addressing these issues is part of the government’s challenge: improving governance and state capacity is a stated priority in Benin’s development plans.<sup>65</sup>

On a positive note, some reforms have aimed to strengthen institutions and inclusion. A package of constitutional amendments in 2021 introduced a term limit for legislators, extended legislative terms to align with the presidential cycle, and created a new vice-president post.<sup>66</sup> Moreover, the government’s Action Program (Programme d’Actions du Gouvernement, PAG) has focused on modernizing public administration and infrastructure since 2021, which has improved some services and urban amenities.<sup>67</sup> IMF analysis notes a clear GovTech agenda to improve service delivery and support structural transformation, with Benin performing better than many regional peers on overall GovTech.<sup>68</sup> However, their research also shows there is a gap in internet access and a digital divide among households along several dimensions, including location, gender and income.

**Table 1: Benin’s ranking on various economic, social and environmental indices**

Index	Year	Score	Comments
<b>Governance</b>			
<u>Fragile State Index</u>	2024	72.5 / 120	Country ranking 2024: 74/179. A lower score means less fragility. Benin is mid-range: not among the most fragile states, but still facing structural and political stability challenges.
<u>Freedom in the World report</u>	2024	60 / 100	A higher score means more political rights and civil liberties. Benin is classified as ‘partly free’: citizens enjoy some political rights and civil liberties, but restrictions remain, especially on political participation and media freedom.
<u>Global Peace index</u>	2025	2.21 / 5	Country ranking 2025: 112/163. A lower score means a more peaceful country. Relatively low level of peace and security, with issues around internal stability, crime, and safety risks.
<u>Global Corruption Index</u>	2023	55.58 / 100	Country ranking 2023: 139/196. A lower score means less corruption. Benin’s score indicates corruption is widespread and remains a major obstacle for governance and development.
<u>Corruption Perceptions Index</u>	2024	43 / 100	Country ranking 2024: 70/176. A higher score means lower corruption. Benin performs slightly above the

<sup>62</sup> WADR News Benin’s CRIET Court (2025) [Benin criticism CRIET \(wadr.org\)](#)  
<sup>63</sup> Freedom House Benin Report (2024) [Benin: Freedom in the World 2024 \(freedomhouse.org\)](#)  
<sup>64</sup> Helping youth in Benin find economic opportunities (2024) [Benin blog worldbank \(blogs.worldbank.org\)](#)  
<sup>65</sup> Benin Approves 2025-2029 Plan to Boost Youth Jobs (2025) [Benin 2025-2029 plan \(ecofinagency.com\)](#)  
<sup>66</sup> Freedom House Benin Report (2024) Benin: Freedom in the World 2024 (freedomhouse.org)  
<sup>67</sup> Benin PAG (2021) [Benin Programme d’Actions du Gouvernement \(beninrevele.bi\)](#)  
<sup>68</sup> IMF Benin (2024) Benin IMF

			regional average, but corruption continues to undermine transparency and accountability.
<u>Bertelmann Transformation Index (BTI)</u>	2024	5.48 / 10	Country ranking 2024: 60/137. A higher score means stronger political transformation. Benin is mid-range: democratic reforms are progressing, but institutions remain fragile.
<u>Index of Economic Freedom</u>	2025	58.5 / 100	Country ranking 2025: 96/184. A higher score means more economic freedom. Benin shows limited economic freedom, with bureaucracy and regulation hindering entrepreneurship.
<b>Labour and human rights</b>			
<u>Doing Business Report</u> <i>Index has been discontinued; report can be used to inform research.</i>	2020	52.4 / 100	Country ranking 2020: 149/190. A higher score means easier business conditions. Benin scores low, reflecting a difficult business environment with heavy administrative and legal barriers.
<u>Global Innovation Index</u>	2024	15.4 / 100	Country ranking 2024: 119/133. A higher score means stronger innovation performance. Benin's very low score highlights weak innovation capacity and poor knowledge infrastructure.
<u>Venture Capital &amp; Private Equity Country Attractiveness Index</u>	2023	19.6 / 100	Country ranking 2023: 118/125. A higher score means greater attractiveness for investors. Benin is among the least attractive countries, with very limited access to finance.
<u>Statistics on working poverty</u>	2024	18,3%	The working poor are employed people who live in households that fall below an accepted poverty line. For these poor workers, the problem is typically one of employment quality. Share of employed persons living below US\$2.15 PPP a day, latest year
<u>African Entrepreneurial Ecosystem Index (2024)</u>	2024	1.82 / 5	Country ranking 2024: 22/29. A higher score means a stronger entrepreneurial environment. Benin's low score shows a weak ecosystem despite a young and growing population.
<u>WEF Gender Gap Report</u>	2025	0.676 / 1	Country ranking 2025: 113/148. A higher score means a smaller gender gap. Benin still shows large gender disparities, especially in economic and political participation.
<u>Gender Inequality Index</u>	2025	0.573 / 1	Country ranking 2023: 153/193. A lower score means less inequality. Benin's high inequality reflects limited access for women to education, jobs, and healthcare.
<u>The Global Slavery Index Vulnerability</u>	2023	48 / 100	A lower score means more vulnerability. Benin's score shows high exposure to modern slavery risks due to poverty and informal work.
<u>The Global Slavery Index Government response</u>	2023	39.7 / 100	A higher score means stronger government response. Benin scores low, showing weak state capacity to address modern slavery.
<u>Human Development Index</u>	2025	0.515 / 1	Country ranking 2025: 173/193. A higher score means higher human development. Benin ranks among the lowest worldwide, with poor outcomes in health, education, and income.
<u>ITUC Global Rights Index</u>	2025	4 / 5	A higher score means more workers' rights violations. Benin shows widespread restrictions on union activity and collective bargaining.
<b>Environmental</b>			

<u>Ecological Threat report</u>	2024	4.4 / 5	A higher score means higher ecological risk. Benin faces very high threats from climate change, food insecurity, and environmental stress.
<b>Digitalisation</b>			
<u>GSMA Connectivity Index (0-100)</u>	2024	38,9	It assesses whether a country has the necessary <i>enablers</i> for people to start using mobile internet (infrastructure, affordability, consumer readiness, content). A low score implies that even if the signal exists, the cost is too high or the population lacks the skills to use it effectively.
<u>Network Readiness Index (rank)</u>	2023	119	The "maturity" of the country's digital economy. It looks beyond just smartphones to see if the government and businesses are ready to leverage technology for economic growth. A low rank indicates that the country is not yet structurally ready to support high-tech industries or a digital-first economy due to weak regulations or low integration.

Compared to the other West-African countries where Orange Corners is active, Benin can be classified as both "nascent" and "stable". When compared to its West African peers (Nigeria, Ghana, Senegal, Côte d'Ivoire, Mali), Benin occupies the middle ground: overall it scores better on safety and governance indicators when compared to the Sahelian countries and its giant neighbour Nigeria. Still, Benin lags behind when compared to the other coastal countries (Ghana, Côte d'Ivoire, Senegal), both in human capital and in innovation maturity. Benin's Global Peace Index (112th) is lower than Ghana (61st) or Senegal (69th), but it performs significantly better than Nigeria (147th) and Mali (160th: least peaceful).

Noteworthy is Benin's Corruption Perceptions Index (43), where it stands out. It scores significantly better than Nigeria (25) and Mali (28), and is arguably on par with Senegal and Côte d'Ivoire (45). In a region where corruption is often cited as a primary threat for business growth, Benin's score (ranking 70th globally vs. Nigeria's 145+) suggests a more predictable regulatory environment for startups than its giant eastern neighbour. Interestingly, the Human Development Index (HDI) is one of Benin's most critical weaknesses, with an HDI of 0.515, Benin ranks far behind Ghana (0.632), Côte d'Ivoire (0.582), and Nigeria (0.548). While Ghana and Nigeria produce thousands of university graduates and experienced professionals, Benin has a smaller talent pool and faces gaps in skills and education compared to regional peers. In terms of innovation, there is much work to be done as well. On the Global Innovation Index, Benin (119th) ranks behind Senegal (90), Ghana (101), and Nigeria (113th). Unlike Nigeria (massive market) or Côte d'Ivoire (hub of Francophone Africa), Benin is a small market with low digital connectivity. In summary, Benin does not match the market size of Nigeria or the innovation maturity of Ghana. However, it offers relative stability and a good regulatory framework that can make it an ideal piloting environment.

## 2.2 Domains of Change

This section presents the main research findings for each of the seven Domains of Changes: Infrastructure, Access to Finance, Policy & Enabling Environment, Market Access, Skills & Human Capital, Culture, and Support Systems & Networks. In addition to relevant data from studies and reports, this section draws primarily on fieldwork insights. It highlights local perspectives, emerging trends, and existing knowledge gaps.

### 2.2.1 Infrastructure

Is Benin (Francophone) Africa's best kept secret? And is Cotonou the new Abidjan? <sup>69</sup> There is a certain buzz and positive vibe when it comes to Benin as a whole and specifically Benin's business infrastructure. Benin has in its favour both the port and the corridor logic, serving the regional coastal cities as well as the Sahel. Its strategic positioning is currently met with high ambitions and practical efforts, in the form of large infrastructural developments. You don't need to spend much time in Benin to see the work in progress; new paved roads connect Cotonou to cities such as Parakou and Ouidah, significantly reducing travel times and facilitating trade. In addition to the new roads and buildings, there are the eye-catching new industrial zones (GDIZ) and innovation spaces (Sèmè City Open Park), showing that, at least to a certain extent, the government is walking the talk. However, it is questionable whether the current investments in infrastructure are sufficient to meet the expressed ambitions of becoming the West African Tech and Processing Hub. Internet connectivity is both limited and expensive, electricity costs remain very high, a large portion of the population remains digitally illiterate, the regional disparities remain very high, and Benin is coping with significant climate vulnerability. Infrastructure-wise, there is much to be done for Benin to play its role as a regional hub.

#### *Energy access and reliability*

An important challenge of Benin is its low national electrification rate, with only about 57% of the population having stable access to electricity. An additional challenge is the accompanying urban-rural divide, ranging from an average of 43% of the population having access in rural areas versus 70% in urban areas.<sup>70</sup> This massive urban-rural access gap means that entrepreneurs outside of major cities face a fundamental barrier to operating, severely constraining the potential for decentralized economic development. "*Energy supply shortage*" is identified as one of the top five risks most likely to pose the biggest threat to the country.<sup>71</sup>

For entrepreneurs, this translates into two major operational hurdles: 1) unreliability of energy access and 2) high cost of energy. Benin imports about 75% of its electricity, and despite recent improvements in reducing power cuts, the supply remains insufficient to meet all national needs. This unreliability causes frequent operational disruptions for businesses. Furthermore, the high connection costs and tariffs – around US\$0.25 per kWh, which is far above the Sub-Saharan African average – deter small and medium-sized enterprises (SMEs) from formal electrification. This forces many to invest heavily in expensive, private solutions such as generators or installing "mini grids", which significantly increases their operating costs and undermines their competitiveness.

Ultimately, the unreliable and costly energy supply is a major obstacle for Beninese enterprises, slowing growth, hindering innovation, and the (semi)industrialization of small businesses – particularly in agro processing where machinery and cooling are essential – forcing

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<sup>69</sup>[https://www.linkedin.com/posts/trehunt\\_benin-francophoneafrica-startups-activity-7390054976414294016-WCbL?utm\\_source=share&utm\\_medium=member\\_desktop&rcm=ACoAAASb-EQBNILBU57vnEo0Df93nl9pxw2ZbBc](https://www.linkedin.com/posts/trehunt_benin-francophoneafrica-startups-activity-7390054976414294016-WCbL?utm_source=share&utm_medium=member_desktop&rcm=ACoAAASb-EQBNILBU57vnEo0Df93nl9pxw2ZbBc)

<sup>70</sup> <https://africa-energy-portal.org/aep/country/benin>

<sup>71</sup> <https://www.ulandssekretariatet.dk/wp-content/uploads/2024/12/Benin-LMP-2025-final.pdf>

entrepreneurs into a vicious cycle of low productivity and high overhead. While policy reforms encouraging renewable energy and government initiatives to develop solar production offer a positive outlook, the current situation – rooted in outdated infrastructure and reliance on imports – means the entrepreneurial ecosystem cannot reach its full potential until these energy constraints are fundamentally resolved.

### **Mobility**

Infrastructure and mobility are given a priority by the government, leading to strong improvements in roads, investments in the strategic transit corridors and upgrades at the port of Cotonou resulting in e.g. shorter waiting times in the flow of freight. All these developments are making Benin more attractive as a regional transit hub, catering for export-focused businesses. However, mobility remains a major obstacle for Beninese enterprises due to two primary issues. Firstly, there is the rural-urban divide. Most secondary and feeder roads are unpaved and impassable during the rainy season, making access to transport and markets costly and restricted for rural entrepreneurs. Secondly, costs have risen. High transport costs are exacerbated by the reduction in Nigerian fuel subsidies, which increases prices of imported Nigerian goods. For exports, smaller enterprises struggle with the difficulty of aggregating goods to fill containers.

### **Digital infrastructure and internet connectivity**

The Beninese government is actively positioning the country as a digital hub for West Africa, i.e. Benin is a country that nurtures tech talent, has recently been installing an extensive fiber network, makes available many government services online, and supports startups through labels and incentives. However, a successful implementation of these high-level policies is hindered by three key elements. To start with, connectivity is expensive and limited. Only about 32% of the population uses the internet, characterised by a strong urban-rural divide, with access and infrastructure worsened in rural areas.<sup>72</sup> Across the board, connectivity costs are often very high for entrepreneurs, hindering the commercial potential for small businesses, especially for those regionally based. Benin ranks poorly in network readiness (112th globally), confirming the weak technological infrastructure. Furthermore, there is still a high digital and device illiteracy. Only about 16% of those older than 13 are able to complete simple tasks online. A constraining factor is the high cost of hardware, with Benin ranking 126th globally on handset prices. Gaps in skills and device access mean that the shift to e-government services and a digital economy largely excludes a significant portion of the rural and low-income population. Finally, there is the gender divide. Women are underrepresented in ICT and technical fields, often lacking technical expertise because they leave school early and face social norms that restrict their entry into these sectors. The Afrobarometer report notes that men are 18% more likely to be online than women. This digital gender gap means that the benefits of the government's e-government strategy are unlikely to reach women-led businesses to the same extent as businesses led by men, further exacerbating inequality. Simultaneously, the ongoing digitalisation is providing opportunities for women that are operating their business from home, as it allows them to do sales and manage operations, while still being able to perform certain family duties.

### **Access to business premises, working spaces and production facilities**

The availability of formal working spaces and support infrastructure in Benin is characterized by a strong concentration in Cotonou (Littoral region). Approximately 46% of all entrepreneurship support structures – including co-working spaces, FabLabs, and incubators like Sèmè City Open Park, Etrilabs, Fanaka, Future Studios, MTN Innovation Lab, BloLab, Iroko

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<sup>72</sup> [Digital 2026: Benin – DataReportal – Global Digital Insights](#)

Lab etc. – are located in and around Cotonou. This leaves the majority of the country, particularly the North and regions like Plateau and Couffo, with very few support structures.

*"Il existe une concentration des offres d'espaces de coworking à Cotonou... En revanche, il existe peu de services d'accompagnement facilement accessibles aux entreprises des autres régions du pays."* <sup>73</sup>

*"In Parakou there are a lot of young people with good ideas, but there are less opportunities, because there are not many operating structures."* – interview ESO from Parakou

Furthermore, there is a critical shortage of workspaces suitable for *production* and *transformation* (agro-industry), as opposed to service-based startups. Most ESOs cater better for laptop- or service-based businesses. Most processing and industrial entrepreneurs work from home or in small boutiques that often do not meet production or sanitary regulations, hindering their ability to scale or export. While the government has established large industrial zones, such as GDIZ, these are perceived as difficult to access for local MSMEs. The industrial zones are geared towards large-scale production for external markets. Noteworthy as well is the information gap. Many entrepreneurs – especially those that are less connected – lack the required information to make use of available and accessible business premises and working spaces. The overall impact is a system that limits scaling, fosters informality, and exacerbates geographic inequality.

In addition, inadequate storage, processing, and prototyping infrastructure further constrains enterprise growth. Many small businesses lack reliable cold storage, drying, or processing equipment, leading to spoilage, quality loss, and financial setbacks, especially for companies dealing with perishables. Technical development spaces such as maker spaces (e.g., Sèmè City Open Park) are heavily centralized in Cotonou, leaving rural entrepreneurs excluded from experimentation and scaling opportunities. As a result, entrepreneurs who have successfully prototyped a product often lack the necessary resources and equipment to produce on a bigger scale.

*"Stockage facilities were insufficient. Some chicken parts remained unsold longer, leading to spoilage and significant financial losses."* – interview entrepreneur Calavi

*"Lack of adequate drying equipment and issues like crystallising sugar during transport are major barriers."* – interview ESO

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<sup>73</sup> [https://epme.adpme.bj/wp-content/uploads/2025/02/Entrepreneurial-Ecosystem-Diagnostic\\_Benin.pdf](https://epme.adpme.bj/wp-content/uploads/2025/02/Entrepreneurial-Ecosystem-Diagnostic_Benin.pdf)

## 2.2.2 Access to finance

Access to finance remains one of the most critical barriers for youth entrepreneurs in Benin. While this challenge is common across the region, the Beninese ecosystem presents some distinctive features that make this financing landscape particularly difficult to navigate.

The banking sector is conservative and shaped by French-influenced banking structures and regulatory frameworks, with strict collateral requirements and risk-averse lending practices. Microfinance institutions dominate small-scale credit provision but maintain high interest rates and often have limited regulatory capacity. In Benin, capital remains limited, fragmented, and difficult to access for youth. Many young entrepreneurs rely on informal sources (family, friends, or community groups) which can sustain only small-scale activities, but limit meaningful growth. In addition, many struggle to structure professional business plans or funding dossiers, further limiting access to formal finance. In this chapter, we explore the scope of financing options available to youth in Benin, the persistent barriers, but also the emerging opportunities to strengthen access to finance.

### *Scope of financing options for youth*

#### **Grant financing**

Youth-specific grants exist, but are scarce, highly competitive and often tied to specific sectors and accompanied by strict eligibility criteria, such as being formalised or having a high percentage of own-contribution. Application processes are often perceived as complex, information is not widely available (“*méconnaissance*”) and opportunities are seen as favouring those who know the paths, making access difficult for less connected entrepreneurs or those in rural areas. Various young entrepreneurs consistently highlighted that the underlying challenge is not necessarily the available finance, but a lack of investment readiness (structurization: poorly structured enterprises and weak business plans or dossiers), which is a key barrier that prevents many young entrepreneurs from securing funds. While early-stage capital, especially pre-seed grants, remains extremely scarce in Benin, donors are increasingly coordinating to move away from providing ‘free’ financing. Field insights indicated that past grant programmes have created some donor distortion, shaping a mentality in which entrepreneurs often expect grants - by some interviewees described as “coming just to eat” - chasing funds and programme benefits, rather than building sustainable businesses. In response, donor programmes such as LCF, PF2E and IFEV-Benin are exploring co-financing in different forms (match-contributions, future revenues etc).

#### **Debt financing**

From all types of financing, debt is the most widely available in Benin, but it comes with high barriers. Most formal debt is provided through microfinance institutions (MFIs, *in French: SFDs*) and a few targeted soft loan programmes, while commercial banks primarily serve established SMEs.

Benin has over 95 MFIs, though only 58 are formally licensed. They mainly serve small-scale entrepreneurs, offering loans from 30,000 to 5,000,000 FCFA, with some PME loans up to 50,000,000 FCFA. Interest rates are high, typically around 10-11%, but can even reach 18%, and traditional collateral requirements remain a major barrier. Some MFIs, such as Vital Finance, offer loans up to 300,000 FCFA using group guarantees (*caution solidaire*) instead of personal collateral, which improves accessibility for women and youth. In practice, micro-loans from MFIs are the most accessible form of debt financing, but they usually support subsistence-level business activities rather than growth or scaling businesses.

Benin has 15 commercial banks and the highest bank penetration rate in the WAEMU region (31.2%). This indicates that while basic access to banking services is widespread compared to its neighbours, the financial sector is highly competitive yet remains cautious in lending to SMEs. In Benin only around 12% of SMEs use bank credit for investment, much below the regional Sub-Saharan average of 19%. The collateral requirements are not flexible, requiring land or property, and do not accept specialised equipment or a business vehicle, which creates difficulties for many youth- and female entrepreneurs. Women in Benin rarely own these assets due to socio-cultural norms, and therefore often have to rely on male family members or husbands to obtain bank loans. Furthermore, the process of opening a business bank account or applying for a loan is often discouraging, as it involves complex paperwork, guarantors, and visits to offices. The bureaucratic procedures, which are not youth-friendly, are daunting for many women and youth, especially those with limited formal education. Moreover, interest rates range from 9-13%, which remains high relative to the income levels for early-stage entrepreneurs. As a result, bank loans largely support the formal, established SMEs and trading businesses, while early-stage enterprises, that are too large for MFIs but too small for banks, remain underserved.

To address some of these barriers, the government and development partners have started to introduce loan guarantee mechanisms. The *Fonds d'Investissement Garantie pour PME (FICPME)* is set to launch in January 2026, targeting green SMEs, and the *Fonds National de Développement Agricole (FNDA)* provide partial risk coverage for agricultural loans. However, uptake remains limited due to lack of awareness and bureaucratic hurdles. Soft loans are sometimes offered through development programmes, like IFEV-Benin which offers 0% interest financing ranging from approx. €30,000 to €450,000, typically unsecured but requiring an entrepreneur contribution.

### **Equity and Alternative financing**

Equity and alternative financing remain nascent in Benin, as formal equity channels are very scarce, yet slowly developing. The ecosystem hosts a small, (seemingly quite informal) network of local angel investors, the Benin Business Angels Network (BBAN), which aims to bridge early-stage financing, offering tickets between 5 and 50 million FCFA (€7,500 – €75,000). The network is sector-agnostic, and its main bottleneck is the scarcity of investment-ready projects rather than funding. At the venture capital level, there is only one dedicated VC fund located in Benin, which is Noru Capital, that focuses on growth-stage investments, offering 15–300 million FCFA (€22,500–€450,000) for minority stakes (5–15%) in sectors ranging from tech and agribusiness to health and tourism, reflecting regional market needs. At the same time, several impact investors are increasingly interested in the country. Multiple sources indicate that letP (Investisseurs & Partenaires) plans to open a local office early 2026, and is supporting the government with developing a dedicated fund to support early-stage and growth-stage SMEs.

Further, there are some VC funds with regional coverages, such as Sahel Capital that recently re-invested in a Benin enterprise, but these examples of early-stage VC investments are extremely limited, leaving seed and pre-seed ventures largely underserved.<sup>74</sup> In terms of public capital, this is mainly provided through the *CDCB (Caisse de Dépôt et de Consignations du Bénin)*. They position themselves as a key player serving the missing middle (enterprises too large for MFIs but too small for banks) by offering longer-term (5-7 years) patient capital through equity and quasi-equity instruments seeking a return of 6-9%, mostly sourced from retirement funds. CDCB's tickets range from €15,000 to €450,000, with minority stakes capped at 25%, and clear exit intentions, helping overcome cultural hesitation to give up ownership and control.

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<sup>74</sup> [Sahel Capital makes follow-on investment in West African agribusiness company](#)

Cultural attitudes further complicate equity investments. Both entrepreneurs themselves and investors indicate entrepreneurs are unfamiliar with equity investment, hence they prefer debt. Moreover, they are often hesitant to give up ownership, fearing excessive pressure or loss of control over their business or lack the skills to structure their business for this type of financing. Investors also note that founders often underestimate the importance of governance, financial reporting, and exit strategies, which can lead to friction in early-stage investment discussions. Further, the absence of a local stock exchange restricts public equity options, and regional WAEMU exchanges are mostly for established corporations, not youth-led SMEs. Overall, equity and alternative financing options are slowly emerging, they remain niche and largely inaccessible to early-stage youth ventures. Most young entrepreneurs still rely on informal or family-based capital, which constrains their ability to professionalise, scale, and attract external investment.

### **Informal funding options**

Informal financing continues to play a key role in youth entrepreneurship in Benin, particularly given the limited accessibility of formal debt and equity. Many youth rely on personal savings and contributions of family and friends ('love money'), often used as *capital de démarrage* for micro- and subsistence-level activities. These funds are typically small (a few hundred to a few thousand euros), flexible, and relatively fast to mobilise. Many entrepreneurs also bootstrap their businesses, reinvesting profits into their business instead of seeking loans. While this self-financing approach allows them to sustain and grow their business independently, it is usually slow and rarely sufficient for scaling. Interviewees noted that mobilising family support can be difficult, as parents often perceive their financial role completed after supporting education, they frequently lack entrepreneurial experience, and view early-stage businesses as too risky and are thus reluctant to invest. This reliance limits professionalisation, scale, and growth potential. Outside the more urbanised South of Benin, communities often rely on community-based and informal saving mechanisms. Tontines and *groupes d'épargne* (saving groups) are widely used, formally recognised, and particularly popular among women active in *petit commerce*. These systems are based on trust (*confiance*) and social proximity, providing small amounts where formal collateral is lacking. However, while these structures support business survival, they are not well suited for scaling or growth. Moreover, when enterprises face financial difficulties, the mixing of family and business finances can create tensions. In the agricultural sector, young farmers face similar challenges accessing formal credit, often depending on cooperative credit schemes or buyer advances, which can sometimes be exploitative. Despite these limitations, informal financing remains a central pillar of the Beninese entrepreneurial ecosystem.

### **Social, cultural and geographic barriers**

Youth and women in Benin face a combination of social, cultural, and institutional barriers, strengthened by strong geographic disparities. As indicated earlier, women experience structural disadvantages linked to collateral requirements, due to limited property ownership and inheritance norms, contributing to a financing gap of 2.4 billion USD.<sup>75</sup> Until recently, women in Benin needed spousal approval to open a bank account (this has changed under newer laws, although cultural norms may still affect practices). To date, only 75% of women-led enterprises hold a bank account, compared to 98.6% of men-led enterprises.<sup>76</sup> At the same time, women are the economic backbone, often viewed culturally as the "real entrepreneurs" of informal operations, managing small trade (*petit commerce*) relying on community and personal networks, while men are more involved in the formalisation processes and negotiation of financing. Heavy domestic responsibilities and socio-cultural expectations further constrain women's ability to participate in business training, coaching or networking events. Their under-representation in technical fields also limits their access to

<sup>75</sup> [World Bank Document](#), BENIN Gender Data Landscape

<sup>76</sup> <https://www.ifc.org/content/dam/ifc/doc/2023-delta/cpsd-benin-en.pdf>

higher-value sectors. In response, several targeted initiatives aim to address these gaps, including CDCB's IDERA programme and the EIB-Vital Finance partnership, earmarking 70% of beneficiaries to be women. Geographical disparities intensify these challenges. Rural entrepreneurs have limited exposure to national and donor-funded programmes, often face challenges in meeting formalisation criteria or collateral requirements, and have less access to information and networks needed to seize these opportunities effectively. While MFIs cover the entire country, commercial banks or support programmes are heavily concentrated in the south, particularly in Cotonou and the Littoral region, leaving northern and interior departments underserved. These regional disparities, on top of the existing social and cultural barriers, intensify the unequal access to financing.

### *Financial literacy and awareness*

The most mentioned barrier in the Benin ecosystem is not just the lack of capital, but the inability of many young entrepreneurs to structure or create a 'dossier', a formal application file or business plan that meets the standards of financial institutions. Despite relatively high levels of general education, practical financial management skills to structure their business are often lacking. For example, many entrepreneurs fail to separate personal and business finances and maintain weak bookkeeping practices. Moreover, awareness of existing support and financing mechanisms is low. Many don't know how to identify relevant funding opportunities or where to submit their applications (*'trouver le guichet'*). Accessing public funds and institutional grants (e.g., the 5 billion CFA agriculture fund) are often perceived as too complex, leaving valuable resources unused because entrepreneurs do not "know the paths" (*'il faut connaître les chemins'*). In addition, basic financial concepts, such as interest rates, repayment schedules, guarantees, and equity participation are poorly understood, further limiting their ability to navigate the financing landscape effectively. While there are ongoing efforts by DFIs within the entrepreneurship programmes offered by incubators to improve financial education, such as basic accounting and finance workshops, their coverage remains limited. Further, ADPME is making an effort in sharing information on new financial initiatives. Increasing financial literacy and awareness of the formal financial system is crucial, as it would help young entrepreneurs navigate the financial landscape, evaluate their options better and build their creditworthiness.

### *Funding barriers and emerging opportunities*

The Beninese private sector is predominantly composed of small and often informal enterprises. This high concentration of informal micro-enterprises, which lack traceable financial histories, naturally excludes them from traditional banking and many state-led support initiatives. However, even within the formal sector, growth is stifled by a persistent reluctance to form partnerships. Driven by a deep-seated mistrust and fear of intellectual property theft, many entrepreneurs avoid joint ventures, resulting in a solo-founder bottleneck that prevents businesses from reaching the scale required for export or large-scale formal investment.

This landscape is further constrained by a stark missing middle financing gap, spanning from €5,000 to €450,000, which falls outside the limits of microfinance and the current appetite of commercial banks. This gap affects the entire spectrum of formal business. For traditional SMEs, the barrier is primarily one of bankability; traditional lenders demand (land-based) collateral that most founders do not possess, while offering interest rates that are often prohibitively high. Simultaneously, high-potential startups face a different structural void, characterized by a near-total absence of local angel investors and venture capital firms to provide necessary risk capital. Addressing these diverse financing hurdles for both traditional and innovative enterprises will be a prerequisite for moving the economy toward the formal, high-growth trajectory envisioned by the government.

Promising opportunities are beginning to reshape the landscape:

- The government's push for digitalisation facilitates access to information, improves the ease of doing business, and offers a simple registration process. Additionally, the Startup Label under the Startup Act provides formal recognition and potential benefits like tax exemptions and improved access to finance.
- Public institutions like the CDCB are working to bridge the "missing middle" financing gap by mobilizing patient capital, targeting businesses needing between €15,000 and €450,000. Moreover, the upcoming launch of FICPME in 2026 will provide guarantees for green SMEs, reducing risks for banks and enabling greater access to formal financing.
- Fintech innovations are developing, with mobile money usage growing rapidly. Digital lending and saving platforms are emerging in the region, enabling youth to transact without needing a bank. Future fintech products could use alternative data to lend to youth without traditional collateral, offering a more inclusive financing model for younger entrepreneurs.
- Alternative and innovative finance structures are developing. For example, launched in 2024, JUMO's Float Loan is helping mobile agents in Benin overcome cashflow constraints by offering small working capital loans (up to FCFA 3.2 million, circa 5,500 USD), with a 99% monthly repeat rate.<sup>77</sup> Additionally, InvestiSens, managed by SENS Benin, has developed an equipment leasing mechanism designed to finance machinery where traditional loans are inaccessible, providing an alternative financing model for businesses in need of capital for equipment but unable to secure conventional credit.
- There is a growing interest in Benin from funds and investors, many of which are exploring either a fund launch or establishing their offices in Benin, including I&P, Fanaka but also FMO has indicated a positive outlook.
- The notable return of diaspora professionals is particularly promising, as they can help foster a nascent angel investing culture by acting as business angels and supporting early-stage enterprises.

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<sup>77</sup> [Driving Financial inclusion in Africa and Empowering MSMEs](#)

### 2.2.3 Policy and enabling environment

Under its current leadership, Benin has adopted a business-centric agenda, prioritizing the development of policies designed to stimulate the private sector. The involved ministries and government agencies are not merely regulators but active coordinators within the ecosystem. Exemplary for this engagement is the interest and curiosity that the government – particularly ADPME – has in Orange Corners, where it takes up the role in orchestrating and streamlining the various youth employment and entrepreneurship initiatives. Yet, it is not automatically evident that the strong presence of ADPME within the Beninese entrepreneurial ecosystem translates directly into tangible impact for entrepreneurs. This sub-section examines the policy environment that enables or constrains entrepreneurship in Benin. An effective policy framework is essential for establishing a regulatory environment in which entrepreneurs can successfully start and grow their businesses. Without sufficient regulatory support, entrepreneurs face bureaucratic hurdles, inconsistent regulations, and high costs that can stifle innovation and growth.

*"Depuis 2016, le gouvernement béninois a manifesté une volonté politique accrue de soutenir les entreprises en phase de pré-amorçage et d'amorçage, comme en témoigne la récente adoption d'une nouvelle Loi pour la promotion et le développement des PME et la création de zones économiques."*<sup>78</sup>

#### Loi N° 2020-03

The cornerstone of business regulation is the Loi N° 2020-03 (20 March 2020) for the Promotion and Development of MSMEs, which provides a formal definition of enterprises and grants fiscal benefits, such as tax exemptions and preferential access to public procurement.<sup>79</sup> To incentivize formalization and reduce initial operating costs, the law grants certified MSMEs a twelve-month exemption from the business license tax (*patente*) and provides customs duty waivers on imported professional equipment and raw materials. Regarding market protection, the legal framework aims to secure local demand by mandating a 5% preference margin for MSMEs in public tenders and by legally requiring large contractors to subcontract a specific quota of state projects to local small businesses.<sup>80</sup> The regulatory framework looks promising and robust on paper, although a certain implementation gap is present. Firstly, many micro-entrepreneurs are unaware they qualify for these exemptions, let alone how to (an information gap). Secondly, there is an apparent lack of harmonization with e.g. the tax authorities (*impôts*) and ADPME using different operational definitions, creating friction (a coherence gap). Thirdly, despite the 5% preference, the *financial guarantees* and other conditions required for tenders often disqualify MSMEs before they can even apply, significantly limiting the practical effectiveness of preferential procurement (a regulation gap). Fourthly, it remains unclear how structural some of the incentives, such as the temporary tax exemption, are, as some of the stakeholders within the ecosystem perceive them as attractive on paper but limited in practice.

*"When there is a call for tenders, what is often requested is an annual turnover that is too high and a financial guarantee that is too large for young companies."* – interview water entrepreneur

#### 2024 Code Général des Impôts

In addition to this MPME law, Benin's latest tax code, the 2024 Code Général des Impôts (CGI), under Article 147 provides innovative ICT startups with fiscal breaks.<sup>81</sup> Qualifying startups are

<sup>78</sup> [https://epme.adpme.bj/wp-content/uploads/2025/02/Entrepreneurial-Ecosystem-Diagnostic\\_Benin.pdf](https://epme.adpme.bj/wp-content/uploads/2025/02/Entrepreneurial-Ecosystem-Diagnostic_Benin.pdf)

<sup>79</sup> Rapport\_final\_d'évaluation\_BéniBiz2.pdf

<sup>80</sup> <https://sqq.gouv.bj/>

<sup>81</sup> [Nouveau CGI: Très belles mesures fiscales incitatives au profit des start-ups dans le secteur du numérique! - Site officiel du Ministère de l'Économie et des Finances du Bénin](#) : Site officiel du Ministère de l'Économie et des Finances du Bénin

those who make annual revenue below 100 million CFA francs and are labelled as 'start-up' by the government. These enterprises pay no corporate income tax or employer social contributions for the first two years, and only 50% on those taxes in the third year.<sup>82</sup> In sum, labelled startups enjoy three years of significantly lower taxes. However, in order to benefit from these provisions, a company must obtain the official 'Startup Label' granted by the government. The Code Général de Impôts also states that businesses must register for VAT once their annual turnover exceeds XOF 50 million.<sup>83</sup> This means that crossing this revenue level triggers VAT liability, which places a heavy burden on SME's. This is one of the reasons why Benin continues to have high rates of informality, despite its very quick registration process; entrepreneurs fear that formalization immediately triggers heavy tax burdens (TVA) – especially once they cross specific revenue thresholds.<sup>84</sup>

*"Entrepreneurs view formalization as a double-edged sword. While registration is fast, reaching the 50 million CFA revenue threshold triggers an immediate 18% VAT (TVA) requirement, which acts as a "false carrot" and discourages businesses from scaling to avoid the sudden fiscal shock."* – interview ESO

### Startup label

While Benin does have a dedicated law for MPMEs, it does not yet have a standalone Startup Act that defines startups as a distinct legal category. Instead, a decree (Décret n°2023-095 du 15 mars 2023) outlines the rules and conditions under which enterprises may be granted startup status through the Startup Label.<sup>85</sup> This label serves as a formal mechanism to identify eligible startups and connect them to the fiscal and regulatory benefits described above.<sup>86</sup> Only innovative high-potential firms are granted the start-up label. However, the actual implementation and awarding of the label are still in early stages with only 15 startups currently certified.<sup>87</sup> Slow adoption of the "Label Startup" status and a rigorous and lengthy "labelisation" process leave most startups without certification.<sup>88</sup> The primary bottleneck lies in the operational disconnect between the awarding digital bodies and the tax authorities who must execute the exemptions on the ground. The Beninese government is actively promoting a vision of Benin as a startup powerhouse – the digital and technological hub of West Africa – but there are still many steps to be taken yet. One major point of critique on Benin's legal MPME system, as mentioned by ESO's, is that legal definitions of MPMEs are not harmonized across all government agencies (e.g., Tax Office vs. ADPME), leading to fragmentation between financial regulations and entrepreneurial development incentives.<sup>89</sup> This fragmentation could be addressed through the harmonization of the MPME framework by introducing a formal Startup Act that standardizes definitions, rights, and support mechanisms across public institutions. Importantly, the National AI & Big Data Strategy (2023–2027) already identifies the 'acceleration of the adoption of a Startup Act' as a high-priority measure, suggesting that such a reform may become reality in the near future.<sup>90</sup>

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<sup>82</sup> [https://api.impots.bj/media/65d5ae32a155a\\_B%C3%A9nin-Code%20G%C3%A9n%C3%A9ral%20des%20Imp%C3%B4ts%202024.pdf](https://api.impots.bj/media/65d5ae32a155a_B%C3%A9nin-Code%20G%C3%A9n%C3%A9ral%20des%20Imp%C3%B4ts%202024.pdf) article 147

<sup>83</sup> [Taxation in Benin: a comprehensive guide for businesses](#)

<sup>84</sup> Interview – ecosystem leader

<sup>85</sup> <https://sqq.gouv.bj/doc/decret-2023-095/>

<sup>86</sup> [adpme.bj](http://adpme.bj)

<sup>87</sup> Interview Government agency

<sup>88</sup> Interview educational institution

<sup>89</sup> Interview ESO

<sup>90</sup> [National Artificial Intelligence and Big Data Strategy 2027-2030](#)

## Policy Context

In the context of SME's, the Beninese government has developed broader SME and enterprise policies. A new SME Promotion Policy (PNPDPME 2025–2034) was launched in 2025.<sup>91</sup> It recognizes persistent barriers: weak management practices, low human capital, an unattractive business climate, and especially poor access to finance and markets for micro, small and medium enterprises. The PNPDPME sets key priorities accordingly; improving SME competitiveness, fully enacting the 2020 SME Promotion Law (n°2020-03), fostering innovative financing, and strengthening entrepreneurs' skills. The Beninese government has also pursued digital reforms to ease business creation. In 2020, it launched the MonEntreprise.bj online registration portal through Decree No. 2020-396, centralizing procedures such as tax identification, social security registration, and commercial certification into a single digital platform.<sup>92</sup> This reform appears to have had tangible effects: between 2019 and 2022, the number of businesses created by young Beninese more than tripled, rising from 7,416 to 23,312, suggesting improved accessibility to formal entrepreneurship.<sup>93</sup> The creation of MonEntreprise is part of the government's digital transformation agenda which is supported by the Ministry of Digital Economy and Digitization and focuses on digitalization of public services and e-services.<sup>94</sup> MonEntreprise.bj has reduced the company registration process to just a couple of hours, aligning Benin with OHADA (Organisation for the Harmonisation of Corporate Law in Africa) standards. Yet many entrepreneurs remain unaware of these streamlined procedures.<sup>95</sup> Moreover, as discussed in chapter 2.1, the Beninese government has formed a National Strategy for Technical and Vocational Education and Training. It emphasizes the importance of standardizing training in the informal sector, to increase formalization of its labour market.<sup>96</sup> Lastly, the state has mandated that entrepreneurship must be integrated across all university programmes so that every student understands the basics of owning an enterprise.<sup>97</sup>

## Governance, implementing agencies, and public programmes

Governance is not centralized in a single entity but spans key ministries such as the Ministry of SMEs and Employment Promotion, the Ministry of Economy and Finance, the Ministry of Industry and Trade, and the Ministry of Digital Affairs and Digitalisation. Characteristic for Benin is that a clear distinction is made between the support of 'traditional' SMEs versus 'innovative' Startups. On the one hand the Ministry of MSMEs – operationalised by ADPME (operational since 2022) – holds a mandate to support the traditional economic fabric, serving as a *one-stop shop* for MSMEs. On the other hand, the Ministry of Digital Affairs and Digitalization – with flagship projects like Sèmè City – is spearheading the support for *innovative* businesses (i.e. high-growth startups). This ministry also steers the implementation of the Startup Act and manages the labelling committees. The split between 'traditional SME policy' and 'digital innovation policy' is reflected in the language used within the ecosystem, distinguishing PMEs (i.e. SMEs) and PMIs (Innovative SMEs and Startups) and SAEs (i.e. ESOs) and SAEIs (i.e. ESOs focusing on innovation), albeit the new *vocabulaire* is not contributing to more clarity for everyone per se, as it is always easier to categorise on paper than in practice. It is the implementing agencies that act as the primary interface between policy and practice, each holding a distinct mandate that ranges from investment promotion and administrative formalization to technical innovation and financial inclusion.

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<sup>91</sup> [Politique Nationale de Promotion et de Développement de Petites et Moyennes Entreprises](#)

<sup>92</sup> <https://monentreprise.bj/> ; Décret N° 2020-396 du 29 juillet 2020

<sup>93</sup> [UNCTAD - Benin triples number of companies opened by youth in 2022](#)

<sup>94</sup> [Digitalisation of public services in Benin: challenges and opportunities](#)

<sup>95</sup> Interview Ecosystem player

<sup>96</sup> [STRATEGIE NATIONALE DE L'ENSEIGNEMENT ET LA FORMATION TECHNIQUES ET PROFESSIONNELS \(EFTP\)](#)

<sup>97</sup> Interview Government agency

*"L'Agence de développement des PME (ADPME) sert désormais d'ancrage pour toutes les interventions d'appui à l'entrepreneuriat." – interview ESO*

*"Sèmè City acts as the dedicated body for innovation and high-tech entrepreneurship, directly attached to the Presidency, highlighting its strategic importance in the regulatory landscape." – interview ESO*

To translate high-level legislative intent into operational reality, the Beninese government, often in collaboration with international donors, has deployed a myriad of programs.

### ***Policies versus implementation***

There is clearly an effort being made by the state – the presidency, the different ministries, and its implementing agencies – to stimulate entrepreneurial development. Despite the advancements being made, the reality for many Beninese entrepreneurs remains frictionous. The ecosystem faces a critical gap between high-level legislative intent and operational execution.

*"There is a sharp disconnect between the high-quality vision at the ministerial level (inspired by global models like Estonia) and the lower-level public administration, which is often described as slow, bureaucratic, and lacking the mindset or skills to facilitate private sector growth." – interview ESO*

Mechanisms for public-private dialogue exist, but their utilisation is limited and tends to privilege established SMEs based in and around Cotonou. There are bodies like the Chamber of Commerce (CCIB) that aim to represent the private sector, but due to a lack of coordination among the various associations and umbrella organizations, it is particularly the voices of smaller and more rural enterprises that remain unheard. Several entrepreneurs highlight regulatory burdens as a primary challenge, citing persistent bureaucratic inefficiencies. For example, getting certain permits or licenses can be slow, and interactions with customs or tax officials can be complicated for small businesses (some entrepreneurs cite experiences with informal practices or additional unofficial costs, especially traders moving goods). Corruption, while reportedly reduced under recent governments, is still a concern.

Additionally, developed policies do not always align with market realities, such as the rapid implementation of raw material export bans, leading to market shocks, as transformation capacity is being developed, but not yet fully established. What's more is that inter-ministerial coordination exists but is often described as bureaucratic and siloed. Another bottleneck entrepreneurs are complaining about is the product certification by AMM. Excessive delays of up to two years and high costs spent to public agencies (e.g. paying 2,000,000 CFA to obtain an environmental certificate) stifle the entry of local products into supermarkets.

Next to the challenges several opportunities can be identified as well. The Beninese government is actively positioning the country as a digital gateway for West Africa. This is, of course, easier said than done. But it is true that this vision holds a certain potential, especially because it is backed by an available pool of talent (i.e. technically highly skilled developers), a couple of good coding and tech schools, and a handful of supporting policy measures.<sup>98</sup>

Furthermore, Benin is moving away from the passive export of raw materials toward a strategy of "structural transformation" through mandatory local processing, with agro-processing as the most promising sector. Other sectors that the government is focusing on are: 2) digital /

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<sup>98</sup> Lentrepreneuriat-numerique-durable-au-Benin-Opportunités-defis-et-stratégies.pdf

tech, 3) crafts, 4) tourism & culture, 5) textiles. Special Economic Zones serve as physical anchors for the country's industrialization goals.

*"Moving away from the passive export of raw commodities, the state now incentivizes—and in sectors like cashew and soy, effectively mandates—domestic processing to capture higher economic value before goods leave the country" – interview donor*

When aiming for more effective entrepreneurship policy, the biggest opportunity lies in (partly) closing the 'implementation gap' in combination with 'decentralizing support' to foster development beyond 'the south'. There is an opportunity in better training and equipping civil servants, so that they are better capable in implementing entrepreneurial policies. There is an opportunity as well in making civil servants better understand entrepreneurship and entrepreneurial ecosystem development.

The other opportunity links to the untapped potential in the northern part of Benin, as the majority of entrepreneurship support is concentrated in the south. Secondary cities like Parakou are described as "dynamic" hubs with "a lot of young people with good ideas, but fewer opportunities". By broadening its focus beyond Cotonou, the government can tap into rural value chains. "60% of Benin's active population works in agriculture," a sector currently disadvantaged by the urban focus of most support structures.

## 2.2.4 Market Access

The image that emerges on Benin's business environment is one of an economy dominated by agriculture, employing a large share of the population. Yet, the energy and creativity of young entrepreneurs is increasingly visible in digital, services, and green sectors as well. Most business activity is informal, low-profit, and very much necessity-driven. While formal structures exist, these are challenging to navigate: licenses take time, taxes are complex, distribution networks are fragmented, and the domestic market is small. Still, Beninese entrepreneurs are resourceful, finding ways to connect to markets and reach customers directly. The section below highlights some of the most revealing insights regarding private sector dynamics, ease of doing business, market access, and emerging opportunities in Benin

### *Private sector dynamics*

Benin's private sector shows a clear duality: a very small, formal private sector consisting of a handful of large companies in banking, telecoms, and manufacturing, alongside thousands of micro, household, and family businesses dominating trade, agro-processing, and local services.<sup>99</sup> Agriculture remains the backbone of the economy and the largest employer, with cotton, cashew and maize as key outputs. Men typically control land and larger investments, while women lead retail, agro-processing and informal trade.

*"Agriculture drives the economy, but informal trade keeps the youth busy; formal jobs are scarce, and women juggle markets and farms while men dominate land and large-scale business."* – interview ESO from Cotonou

Benin has a historical role as a regional trading hub, including re-export trade to Nigeria, which continues to shape the entrepreneurial approaches today. The government plays an active role in shaping private sector dynamics, and aims to stimulate agro-industrial local processing to enable higher-value production, notably through export restrictions on raw cotton and cashew, and the creation of industrial zones (GDIZ) to facilitate this transformation. The service sector (trade, transport, telecom, and retail) is growing but remains low in productivity, while industry (construction, small manufacturing) accounts for 15-18% of employment. Emerging sectors include ICT (digital services, fintech), creative industries (fashion, arts), agro-processing (fruit juices, meat processing) and renewable/green enterprises (e.g., solar installation). These, alongside tourism, education, manufacturing and infrastructure, are the government's priority sectors for development and reflect areas where youth-led innovation could thrive.

### *Youth participant and aspirations*

Youth participation in entrepreneurship is to large extent necessity driven. Formal employment opportunities are very scarce, with only 20% of graduates securing salaried positions. Most youth are pushed into self-employment and subsistence-level entrepreneurship, operating small, informal businesses such as family farming, trading or artisanal crafts. Men often work in transport (e.g. motorcycle taxi drivers ('*zémidjan*'), construction or technical businesses, while women are mostly active in retail (e.g. running market stalls), small-scale food processing, textile and personal services. Social norms, limited access to skills, and domestic responsibilities shape these patterns. Women increasingly pursue entrepreneurship to gain flexibility and manage both work and household responsibilities.

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<sup>99</sup> [Benin Labour Market Profile – 2025/2026](#)

*"There are currently more women that want to work as entrepreneur to be more flexible, to manage the house, manage the kids, be more flexible in terms of time, instead of for a public institution."* - interview from Cotonou

Urban youth tend to be more open to entrepreneurship in new fields (digital, services), while rural youth focus on trading, small-scale processing, or migrate to cities for work, as farming is seen as hard and not lucrative. Risk aversion seems to be higher among academically successful students, while those from less academic backgrounds are more likely to launch small businesses, mostly out of necessity.

*"Les étudiants les plus brillants académiquement ne sont pas ceux qui créent des entreprises... ils craignent le risque et l'échec."* – interview government agency

Entrepreneurship has historically been viewed as a fallback option rather than a long-term career. This mindset is gradually shifting, with the government stimulating youth to become entrepreneurs. However, most youth view business ownership as a chance for independence and income, rather than high-growth ambition. The public sector remains the most preferred career path by 74% of students, due to the perceived stability and lack of a social safety net for entrepreneurs.<sup>100</sup>

### **Ease of Doing Business**

Benin has made tangible progress in improving the business environment, particularly for business registration. Due to recent digitalisation efforts, registering an LLC can now be done in circa 3 hours via [MonEntreprise.bj](http://MonEntreprise.bj).<sup>101</sup> During field interviews, this reform was frequently cited as an example of the government's commitment to entrepreneurship. At the same time, registration is only the first step (if you pursue the formal path). While the *creation* of a company is digitized, the *operation* of one often forces entrepreneurs back into analogue bureaucracy. For instance, while tax and social security (CNSS) declarations have theoretically moved to online e-services, the platforms frequently suffer from technical glitches or lack synchronization with local tax office data. Entrepreneurs often report having to visit physical offices to resolve "digital errors" or prove payments that the system failed to record, partially negating the time savings promised by the digital reforms.

Furthermore, the regulatory framework governing employment presents a significant structural hurdle. Benin's labour code is widely perceived by entrepreneurs as rigid and overly protective, making the dismissal of non-performing employees both legally complex and financially costly for cash-strapped startups. To avoid these regulatory risks, many founders shy away from offering formal employment contracts. Instead, they rely on perpetual "internship" agreements (*contrats de stage*) or informal verbal arrangements, which creates job insecurity for youth and leaves businesses in a precarious legal grey zone.

On top of this, the operational bureaucracy related to compliance remains heavy. Entrepreneurs report long waits for construction permits and high costs for mandatory environmental studies, particularly in agro-processing. Product certification by the AMM is a critical bottleneck, with lengthy delays that stifle market entry.

*"L'autorisation pour la mise en marche est compliquée et dure... prend 2 ans."* – interview ESO

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<sup>100</sup> [Entrepreneurial-Ecosystem-Diagnostic\\_Benin.pdf](#)

<sup>101</sup> [6\\_BeniBiz\\_Rapport-de-cartographie-des-SAE-2.pdf](#)

## Market access and feasibility for entrepreneurs

Benin's domestic market is relatively small, with an estimated population of 14,9 million, and a low purchasing power. Consumers are highly price-sensitive, often choosing 'fast and cheap' imported goods over higher-quality local or sustainable alternatives. As a result, when young entrepreneurs develop new or improved products, they struggle to generate sufficient demand locally, particularly for higher-value or non-essential goods. For many, the main bottleneck is therefore not production itself, but access to market: identifying, reaching and retaining customers in a competitive and fragmented market. Competition from low-cost imported goods, mainly from Asia or neighbouring Nigeria, further limits market opportunities for local manufacturers, agro-processors and artisans, as their production costs are often higher due to the small scale, energy costs or compliance requirements.

Formal retail channels, such as supermarkets, are largely inaccessible to most local producers. These channels are dominated by established, often foreign, supplier networks, and require compliance with packaging, quality and certification standards, which often require investments that are too high for small enterprises, putting additional pressure on their already thin margins.

*"Les supermarchés sont dominés par des fournisseurs étrangers... ce qui rend extrêmement difficile pour les produits locaux d'entrer dans les canaux de distribution formels."* – interview government agency

Certification requirements imposed by national agencies (e.g. ABSSA, ANM) further restrict access to higher-value markets, including exports and institutional buyers. While these standards are necessary, several entrepreneurs highlighted that the financial and administrative burden of certification creates a "chicken-and-egg" problem: enterprises cannot scale without access to better markets, but cannot access those markets without first scaling and formalising, which often requires an investment.

*"L'obtention du certificat environnemental lui a coûté 2 000 000 CFA, sans compter l'étude requise, ce qui a rendu le processus encore plus exigeant."* – interview entrepreneur

As a result, rather than relying on formal retail channels, many entrepreneurs focus on informal networks and direct B2C sales. Social media platforms play a key role in this, with TikTok, Facebook and Whatsapp for business allowing these entrepreneurs to reach customers and bypassing formal distribution networks.

*"La croissance est venue rapidement, stimulée par le bouche-à-oreille et un engagement fort sur les réseaux sociaux. En peu de temps, ils avaient constitué une base de clients de plus de 4 000 ménages."* – interview entrepreneur

While enabling market entry, these channels offer limited scalability, and it also carries the risk of over-reliance on a single online sales channel that can be easily blocked. Sales remain fragmented and localised, logistics are weak, and digital payments are not widely trusted or adopted.<sup>102</sup> Transactions often still take place offline, through cash-on-delivery or in-person, limiting efficiency and geographic reach.

## Regional and cross-border market opportunities

Regional market integration offers potential, but is still largely underutilised. Although Benin is a member of the ECOWAS Trade Liberalisation Scheme (ETLS), which theoretically allows for duty-free exports within the region, practical access is often hindered by significant non-tariff

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<sup>102</sup> [L'entrepreneuriat numérique durable au Bénin: Opportunités, défis et stratégies: Opportunités, défis et stratégies](#)

barriers. In reality, SMEs struggle with complex "Rules of Origin" certifications and face frequent obstructions such as informal checkpoints, harassment, and unpredictable border closures by Nigeria. In addition, there are also the language barriers. Consequently, despite the legal framework, the "free trade" advantage is often nullified by operational friction on the ground. Benin's big brother Nigeria is both an opportunity and a risk; its large market offers potential demand, but currency fluctuations, fuel subsidies and trade policy changes immediately affect Beninese entrepreneurs.

*"Le marché nigérian exige des produits de meilleure qualité... mais l'expansion là-bas est risquée à cause de la langue et des problèmes de certification."* – interview ESO

Even within Benin, value chains are highly fragmented. Little aggregation and few reliable off-takers or distribution platforms exist that small producers can plug into. This means each entrepreneur is on their own to find markets, and most producers operate independently, managing production, storage, transport, marketing and sales. In agriculture, trader networks do move goods from rural areas to cities or across borders, but these arrangements often favour intermediaries rather than producers. The absence of structured distribution platforms limits the ability of small firms to reach wider markets and prevents most companies from expanding regionally. Moreover, regional and cross-border trade is further constrained by security concerns affecting northern trade routes. Additionally, low trust limits collaboration, with many enterprises choosing to remain small rather than sharing costly production equipment or forming cooperatives to reach the scale needed to fulfil large orders.

Market saturation is a direct outcome of this dynamic. Many entrepreneurs cluster in the same activities, such as small retail or agro-processing. As one interviewee noted, there are "a million" similar pineapple transformation businesses competing in the same markets for the same limited customer base. Business models are often imitated rather than differentiated, leading to intense price competition and low margins. This is reinforced by limited access to reliable market information. Most entrepreneurs operate without formal market research and lack data on demand, pricing or consumer preferences beyond their direct surroundings. Decisions are therefore based on observation, imitation and trial and error, contributing to lack of innovation and oversupply in the same segments. Nevertheless, there are a few BDS providers, like Mark'Ethic, that have developed a business model on supporting entrepreneurs with market information and access to market support.

*"On ne connaît pas encore totalement quels produits sont les plus rentables... il manque une analyse appropriée."* – interview entrepreneur

Emerging opportunities include Benin's active diaspora, which represents potential demand for niche products and export linkages, but also the underserved regional Francophone markets offer possibilities, where language and regulatory alignment are better. Initiatives such as CCI Benin's *Programme d'Accompagnement des Entreprises à l'Accès au Marché* supports companies in meeting quality standards and accessing formal markets, but their reach remains limited relative to demand.<sup>103</sup>

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<sup>103</sup> [Accompagnement des MPME vers de nouveaux marchés : La CCI Bénin lance un nouveau dispositif - CPCCAF](#)

## 2.2.5 Skills & Human Capital

*Skills and human capital* are among Benin's key assets, a view reinforced during our two-week field visit. The government positions Benin as the West African and Francophone Tech Hub. The people we meet at universities, incubators, governmental agencies, and other places speak highly of the quality of Beninese developers. Beyond tech, the portrayed image is similar; Benin is known for the technical skills of its people. On the other hand, what they are often lacking – according to these same stakeholders – are the soft skills, business management capacities, and an entrepreneurial mindset needed for successful entrepreneurship. As always, the reality is more nuanced, but this overview captures the key elements. Below an overview of the elements we found most interesting and revealing when it comes to skills and human capital in Benin.

*"Beninese: they have the hard skills, they have the competences; but they need soft skills, leadership, business management, HR, financing, pitching."* – interview from ESO in Cotonou

### **Entrepreneurial universities**

The four public universities: 1) University of Abomey-Calavi (UAC), the country's largest and oldest public university; 2) University of Parakou (UP), the primary public institution serving the northern regions of Benin; 3) National University of Agriculture (UNA), located in Kétou and with an agri focus; 4) National University of Sciences, Technologies, Engineering and Mathematics (UNSTIM), located in Abomey and with a STEM focus, all play a critical role in shaping and strengthening Benin's entrepreneurial ecosystem. Characteristic is the entrepreneurial outlook of all four universities, offering different entrepreneurial courses and modules, with two of the four universities having their own incubator. Within UAC, Startup Valley was created and UP has its incubator called CDE. Both institutions have a strategy that focuses on transforming into "entrepreneurial universities", this is driven by both opportunity and necessity. Given the large numbers of graduates each year and the limited formal job market (only about 20% of graduates secure a formal job), one could argue entrepreneurship offers a critical pathway for youth employment.

*"One of the key pillars of the university since 2021 has been the ambition to become an entrepreneurial university."* – interview educational institute

The quality of the public universities and their entrepreneurial outlook are seen as key strengths. But there are many challenges as well, including dependency on donor funding for running university incubators, red tape of the university environment (leading to UAC's StartUp Valley – for example – to operate independently), university curricula that remain largely theoretical with limited connections to market needs, lack of interactions and connections between universities and the private sector and difficulty of placing students at internships, which is caused by the small private sector. There are ongoing initiatives and attempts to further strengthen the university landscape, but most of those are mediated by external programs (e.g., Benibiz, GIZ) rather than direct organic partnerships.

*"The school system is very much focused on knowledge and not on practical experience."* – interview ESO

*"Linkages between universities and the private sector were almost non-existent in the past; they are only now beginning to form... Most enterprises in Benin are micro or small, and they cannot host large numbers of interns."* – interview government agency

*"The one with diplomas are not the ones that are creating enterprises."* – interview government agency

### **Vocational training with the private sector**

Drawing a clear picture of the TVET landscape in Benin has been challenging. On the one hand there is a formal public vocational training system that has been undergoing significant reform, leading to the creation of a new agency: ADET – *Agence pour le Développement de l'Enseignement Technique*. ADET is tasked with rapidly executing Benin's National TVET Strategy. It focuses on bridging the gap between education and the labour market by building modern infrastructure and implementing a "dual training" model that directly integrates private sector needs – going from 90% theory to 70% practice. The new developments look promising, with the private sector better engaged through *Comités Sectoriels* in defining "competency standards".<sup>104</sup>

On the other hand, there is a very large informal sector, where skills are learned and taught. In Benin, thousands of mechanics, tailors, and electricians are highly skilled but learned their trade through traditional apprenticeships in the informal sector. They have zero academic paperwork to prove their skills, which significantly hinders their opportunities to, for example, obtain a formal bank loan; be hired by a major firm; bid for a government contract; or negotiate for a higher remuneration, because they lack a diploma. VAE stands for *Validation des Acquis de l'Expérience*, which is a policy tool designed to bridge the gap between the massive informal economy and the formal sector. VAE allows a worker to say: "I didn't go to school, but I know how to do the job. Test me, and give me the degree."

Traditional sectors (agriculture, mechanics, hairdressing, dressmaking) dominate the informal apprenticeship landscape even though there is a strategic government push towards emerging sectors such as: ICT/Digital (fiber optics, device repair), creative industries, and tourism.<sup>105</sup> What is still missing is a well-equipped workforce able to operate within the emerging sectors. The political will, newly established agencies, and innovative policies are all in place, and can significantly improve the quality of vocational education and its market fit, thereby providing a push for innovation within existing sectors as well as successful expansion towards emerging ones. The challenge, of course, is how these new policies translate into effective practices.

A less rosy picture on the state of vocational training can be drawn as well. Key challenges include: the relatively low public funding for TVET institutions (compared to regional peers); the prevalence of a 'per diems' culture, with learners expecting a remuneration for participation; a curriculum that lags behind industry needs and remains overly theoretical; while very important for actual growth, vocational training still has a low social status and is often seen as a fallback for those who failed higher education; only about 20% of Beninese companies offering formal training, a much lower proportion than in other sub-Saharan countries; a significant gender gap, with females significantly underrepresented (34%) in vocational training.<sup>106</sup>

*"The country has the lowest government expenditure on vocational education compared with the neighbouring countries."*<sup>107</sup>

*"Working with TVETs is really difficult, it is always about per diems .... "* – interview entrepreneurship programme

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<sup>104</sup> [https://www.researchgate.net/publication/339966430\\_Dual\\_apprenticeship\\_in\\_Benin\\_Between\\_theory\\_and\\_practice](https://www.researchgate.net/publication/339966430_Dual_apprenticeship_in_Benin_Between_theory_and_practice)

<sup>105</sup> <https://www.hiiq.de/wp-content/uploads/2023/02/L'entrepreneuriat-numerique-durable-au-Benin-Opportunités-defis-et-stratégies.pdf>

<sup>106</sup> <https://www.ulandssekretariatet.dk/wp-content/uploads/2024/12/Benin-LMP-2025-final.pdf>

<sup>107</sup> Benin Labour Market Profile (2025) [Benin Labour Market Profile 2025/26 \(ulandssekretariatet.dk\)](https://www.ulandssekretariatet.dk)

## Skill building

In Benin, there is a robust and growing ecosystem for technical digital training (coding, web development, fiber optics), led by specialized institutions like Epitech, Sèmè City, MTN Innovation Lab and the government's *École des métiers du numérique*. These institutions are shifting from traditional pedagogy to interactive, project-based learning ("learning to learn") to produce job-ready talent. While coding and technical skills are strong, there is a gap in applying these skills to solve local context-specific challenges.

*"The people are very educated... Strong technical base... but how are you going to solve local challenges."* – interview tech school

This aligns with the prevailing view within the ecosystem, emphasizing that there is a severe shortage of soft skills training – e.g. leadership, pitching, HR, business management – relative to technical and hard skills. Many young Beninese are technically well educated, they have their degrees and they know how to code. What they lack is the "savoir-être" and "business acumen" required to run an enterprise or secure funding.

*"The people are very educated, but they don't have the soft skills, they have the hard skills, what they need is soft skills: leadership, business management, HR, financing, pitching."* – interview tech incubator

*"Il y a une pénurie de savoir-faire commercial et managérial... Manque de compétences commerciales et managériales chez les entrepreneurs."* <sup>108</sup>

Soft skills training is mainly delivered through donor-funded programs and private ESOs, rather than the formal education system. However, the quality of these SAEs varies greatly, with many acting as generalist consultancy firms rather than specialized trainers.

Women face specific barriers to attending training due to household and childcare responsibilities. Women-led organisations recommend tailored programming, via e.g. the integration of confidence-building and leadership modules, and through flexible scheduling or supportive measures such as facilitating childcare to ensure participation.

*"Many women are not allowed to attend training because they must care for children. If a child is sick, the woman must stay home."* – interview female entrepreneur

There is a growing awareness within the ecosystem that the "per diem" culture poses a significant barrier for the development of the ecosystem and requires change. There is an increasing reluctance on projects providing services for free, particularly growing businesses should pay for (high quality) services.

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<sup>108</sup> [https://epme.adpme.bj/wp-content/uploads/2025/02/Entrepreneurial-Ecosystem-Diagnostic\\_Benin.pdf](https://epme.adpme.bj/wp-content/uploads/2025/02/Entrepreneurial-Ecosystem-Diagnostic_Benin.pdf)

## 2.2.6 Support Systems and Networks

Support systems and networks are among the most visible and fast-growing components of Benin's entrepreneurial ecosystem. Fieldwork and interviews show that Benin has no shortage of incubators, hubs, training centres, networks, and projects targeting entrepreneurs, especially youth. This has created a dense ecosystem, though coordination mechanisms are still evolving. At the same time, this large number of actors does not automatically translate into effective or well-connected support. Instead, the ecosystem is characterized by many similar support structures, uneven quality, strong geographical concentration and heavy dependence on donor funding.

Across interviews, entrepreneurs and ecosystem actors consistently emphasised that the main issue is not the absence of support, but rather the quality, relevance, and continuity of that support. While early-stage and ideation support are widely available, significantly fewer options exist for post-incubation support, growth acceleration and structured mentorship support. The section below highlights the main features related to support systems and networks in Benin.

### **Entrepreneurship Support Organisations (ESOs / SAEs)**

Benin hosts a very large number of Entrepreneurship Support Organisations (locally referred to as SAEs). A recent mapping identified at least 278 structures offering business development services (BDS), ranging from private cabinets and NGOs (that constitute 75% of these actors) to university incubators and public agencies. Many are clustered in umbrella networks such as GERME Bénin, Entreprendre Bénin (REB), and the ASA2E network.<sup>109</sup> Despite this high number, quality and experience differ strongly between organisations. Only a small fraction of ESOs run certified or labelled programmes, and many do not systematically track or document results. Entrepreneurs often described support activities as repetitive, short, and too theoretical, especially when they are already running a business and facing real market challenges. Many programmes provide initial exposure and skills, but lack follow-up or clear pathways to the next stage of business development.

Support services are also highly concentrated in Cotonou and the Littoral department, where 46–50% of ESOs are located, leaving secondary cities and rural areas largely underserved.<sup>110</sup> While Parakou is emerging as a (pre)incubation hub, the diversity of services remains limited compared to the south. Further, rural youth face barriers related to formal registration requirements and the need to be physically present in urban centres. Only a few organisations, such as SENS Bénin, actively target rural entrepreneurs.

A recurring limitation identified during the fieldwork is the lack of (technical) specialisation among ESOs. Most structures attempt to be 'generalists', offering all types of services in order to remain eligible for different donor-funded projects. This has resulted in an ecosystem that is heavily skewed toward early-stage support (skills building, ideation, pre-incubation, incubation), primarily focused on pipeline creation rather than long-term business sustainability.

*"Everybody wants to do everything to take every opportunity... therefore there is no one really specialised."* - interview ecosystem builder

This approach often results in generic support rather than deep expertise in specific sectors, value chains, or business stages. It has also created a 'copy-cat' dynamic, with similar training modules and programmes replicated across organisations. This behaviour is closely linked to

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<sup>109</sup> [6\\_BeniBiz\\_Rapport-de-cartographie-des-SAE-2.pdf](#)

<sup>110</sup> [Entrepreneurial-Ecosystem-Diagnostic\\_Benin.pdf](#); [6\\_BeniBiz\\_Rapport-de-cartographie-des-SAE-2.pdf](#)

the strong dependence on international donor funding, which is for many the only source of income. While donor-funded programmes have expanded access to free or subsidised support for entrepreneurs, they have also distorted the local market for BDS and discouraged differentiation among providers.

*"If you'd remove all donor funded parties... you wouldn't be left with a lot."* - interview International Development Organisation

Notable ESOs include Sèmè City (multisector government-backed innovation hub), Etrilabs (tech and innovation incubator/accelerator), Foundation UAC Startup Valley (university-linked incubator at Université d'Abomey-Calavi), Future Studio (digital and tech entrepreneurship), MTN Innovation Lab (first private sector hub), Iroko lab (design and crafts) and Women in Tech Benin (supporting female digital entrepreneurs). These organisations offer a combination of training, co-working spaces and network opportunities, covering sectors from digital and tech to social enterprise. While many support structures target (very) early-stage enterprises, in terms of sectors there is a growing focus on agribusiness (accounting for 43% of employment) and digital innovation, reflecting emerging priorities in Benin's ecosystem.<sup>111</sup> A full list of ESOs and support structures can be found in the [2023 BeniBiz Rapport de Cartographie](#).<sup>112</sup>

### **Mentorship and networks**

Access to structured mentorship is nearly non-existent in Benin and one of the most critical gaps in the ecosystem. Entrepreneurs consistently explained that this aspect is rarely built into programmes, which requires them to take personal initiative, often relying on personal social circles rather than an organised pool of experienced mentors. Several factors contribute to this gap: Benin has a relatively small number of experienced entrepreneurs and business leaders, who also have limited time and incentive to mentor early-stage founders. Furthermore, cultural trust issues and fear of 'idea theft' discourages openness, leaving many founders to learn through trial and error. Moreover, due to the limited success stories, there is not yet a strong culture of alumni networks, where successful founders routinely mentor new ones.

For women and youth, peer networks play a particularly important role. Initiatives like the African Women Leaders Network (AWLN) and Women in Tech Benin provide space for peer learning, exposure and confidence-building that generic training programmes do not offer. However, women face additional challenges due to household responsibilities and societal expectations, which reduces their flexibility for evening or travel-based networking events.

*"Les femmes sont souvent considérées avant tout comme des mères et des épouses... cela les rend souvent moins flexibles pour participer à des formations commerciales et à des événements de mise en réseau."*<sup>113</sup>

Additionally, generational hierarchies persist, where young founders, mostly women, feel they are not taken seriously by older business leaders. Formal business networks, such as Chamber of Commerce (CCIB) or the National Employers' Council (CNP) remain difficult to access for early-stage entrepreneurs, who frequently perceive them as clubs for larger, established firms, rather than early-stage enterprises. Informal networks, including family, friends, religious groups, and community associations therefore play a central role in facilitating market entry, information sharing and initial support, especially in the informal economy, which accounts for over 90% of economic activity in Benin. Entrepreneurs often begin by selling within their own

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<sup>111</sup> [6\\_BeniBiz\\_Rapport-de-cartographie-des-SAE-2.pdf](#)

<sup>112</sup> Ibid.

<sup>113</sup> [Entrepreneurial-Ecosystem-Diagnostic\\_Benin.pdf](#)

community, and religious or social organisations (churches, Lions Club, Rotary etc) frequently host workshops or meetups that indirectly serve as networking opportunities. While these networks are critical for inclusion, they often remain small and localised.

At the same time, the ecosystem suffers from network fragmentation. A multiplication of small, overlapping umbrella associations (*faîtière*) and networks, for every sector (e.g. for cashew exporters, or IT professionals, but also four networks representing SAEs) has led to "network fatigue".<sup>114</sup> This fragmentation makes it challenging for entrepreneurs to navigate which networks are relevant and valuable, and repeated events or memberships do not necessarily translate into access to finance, markets or mentorship. To combat this fragmentation, there is a nascent movement toward centralisation. The government and consular chambers launched the "Plateforme PME Bénin" in 2023, specifically to structure these various *faîtières* and give them a more unified voice in public-private dialogue.<sup>115</sup>

An important, yet underutilised opportunity lies in the Beninese diaspora. In contrast to many other countries in the region, in Benin we can speak of an actual 'Brain Gain', with diaspora returning. This massive, untapped reservoir of skills and capital could strengthen the local mentorship pool, if properly structured. To date however, their engagement remains largely informal and linked to specific projects, rather than long-term structures.

### *Ecosystem coordination*

Coordination within the Beninese ecosystem has improved significantly in recent years. Historically, the ecosystem was highly fragmented and donor-dependent, but there has been an impressive shift toward a more structured, market-driven landscape with better alignment among actors. The ADPME is emerging as a central coordinating body, with the ambition to act as a "one-stop shop" for SME support, by mapping actors, aligning programmes and reducing duplication. Together with Sèmè City, ADPME has led the recently introduced "labellisation" process for OAE (Organisations d'Appui à l'Entrepreneuriat). In September 2025, this government initiative officially recognised a first cohort of 15 high-quality support structures, providing a reference point for donors and agencies when selecting implementation partners and representing a first step toward quality assurance and strategic coordination.<sup>116</sup>

Coordination has also improved informally, through donor working groups, co-funded programmes, and larger ecosystem events such as the 'Mois de l'Entrepreneuriat Bénin' (MEB), bringing together and fostering connections between different stakeholders. The collaborative process around the Startup Act are positive examples of collective engagement. A distinctive feature of the Beninese ecosystem is its shared "ecosystem language" with terms such as: SAE, SAEI, FedSAEI, PME, PMI. On the one hand, this reflects a drive for coordination and alignment; on the other, it characterises experienced diversity and tendency for siloing.

Coordination remains work in progress, limited exchange between agencies and ESOs can lead to misunderstandings. Multiple interviews indicated that, while top-level management has a clear vision and understanding of entrepreneurship, agency staff are not always fully trained in this area, resulting in misaligned expectations. At the same time, limited alignment among support programmes often means the same 'high potential entrepreneurs receive multiple, overlapping forms of support, while others remain unsupported. A structured pipeline or referral system between ESOs is still lacking, which can result in inefficiencies, and frustration for entrepreneurs.

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<sup>114</sup> [6\\_BeniBiz\\_Rapport-de-cartographie-des-SAE-2.pdf](#)

<sup>115</sup> [Evaluation finale Projet Benin Business \(BeniBiz\)](#)

<sup>116</sup> [Organisations d'Appui à l'Entrepreneuriat: Le Bénin présente ses 15 premières OAE labellisées - L'économiste du Bénin; Liste-de-OAE-LAbelisée-Finale \(1\).pdf](#). doc\_num.pdf

### ***Moving towards more post-incubation, paid and A2M services***

Several strategic gaps limit the effectiveness and sustainability of Benin's entrepreneurial support ecosystem, primarily characterized by a disconnected support pipeline and shifting financial models. While there is widespread support for early-stage ideation and incubation, a critical shortage of post-incubation support leaves growing founders without the necessary resources to scale. These entrepreneurs require acceleration, investment readiness, and market access to attract funding, yet the current ecosystem lacks a cohesive 'support continuum' to guide them beyond the initial startup phase.

Simultaneously, there is a strategic push within the ecosystem, particularly among funders, to demand more 'skin in the game' from entrepreneurs. The sector is moving away from 100% free support toward models involving co-funding—such as percentage contributions or future revenue sharing—or fee-based services. This shift aims to ensure entrepreneur commitment and strengthen the business models of Entrepreneur Support Organisations (ESOs), a necessity highlighted by recent studies on the real price of ESO support. As one ecosystem builder noted, "Entrepreneurship should not be subsidised to the point where it distorts behaviour... entrepreneurs [should] pay something—symbolic or substantial."

Furthermore, a significant gap exists in providing market access as a service. While most ESOs focus heavily on training and skill development, few provide direct connections to buyers, distribution channels, or strategic partners. Examples like MarkEthic and SENS illustrate the potential of structured market linkage services, highlighting an opportunity for ESOs to bridge the critical gap between theoretical capacity building and tangible commercial outcomes.<sup>117</sup>

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<sup>117</sup> [6\\_BeniBiz\\_Rapport-de-cartographie-des-SAE-2.pdf](#)

## 2.2.7 Culture

The lack of a real entrepreneurial culture among many Beninese has been one of the most recurring topics in conversations with stakeholders in the ecosystem. Entrepreneurship is often seen as high-risk, and choosing the entrepreneurial path often comes with little encouragement from family and friends. The challenge is not only starting, but also growing one's business. Do Beninese entrepreneurs have the hunger (*"faim"*) to really succeed, or do they lack a real growth mindset? The cultural explanation here is trust and a lack thereof. A lack of trust leads to less sharing – of, for example, ideas, practices – and makes working together more challenging, while working together and teaming up is an essential ingredient for building growing businesses. On the other hand, one can argue that there is a shift going on, that Benin is moving from a time when all university graduates received government jobs, to a moment where the country's leadership is very much business oriented themselves.

### **Social status, risk taking, growth mindsets, and culture shifts**

Entrepreneurship is often viewed negatively, partially because it is still closely associated with the informal economy and its uncertainties. The societal dynamics push towards stability and risk aversion, making that especially the talented students that have multiple options prefer a career in government or for large corporations – i.e. white-collar jobs. They view entrepreneurship as a last resort rather than an aspirational career path. For many, starting a business is seen as the final option (*"dernier recours"*), often undertaken out of necessity rather than intrinsic passion or career desire. A recent survey set out to university students showed that 74% hoped they would be able to find a public sector job.<sup>118</sup>

*"Les conditions de travail précaires dans l'économie informelle créent une « mauvaise réputation » pour les petites entreprises et les entreprises locales"* <sup>119</sup>

*"You need seed capital to get started, and often parents have already paid for study, so they are not so keen to put more in for you to start your business."* – interview ESO

An entrepreneurial mindset and risk-taking are not second nature of most young Beninese, especially not the highly educated. What they are missing is a *"just do it"* and *"starting small"* mentality. Too many wait for support or financing instead of just starting small and testing their ideas. The focus should be on helping young graduates to dare (*"oser"*).

*"The most academically successful students are not the ones creating enterprises. They tend to fear risk and fear failure."* – interview government agency

The majority of Beninese entrepreneurs (54%) are under 30, frequently out of necessity rather than choice. Many graduates turn to entrepreneurship because they cannot find formal employment and shift back to salaried work if the opportunity arises. This indicates that often the real entrepreneurial passion is absent, and it explains the missing growth mindset, because why should you focus on growing if you're not sure that you'll stay in the game?

*"Peu ont des attentes de croissance élevées, car la plupart ne sont pas intéressées par l'entrepreneuriat en soi, mais s'y engagent plutôt par nécessité"* <sup>120</sup>

Cultural shifts take time, but there is certainly an effort being made to rebrand entrepreneurship. Public universities are making entrepreneurship a central pillar in their strategy, and government agencies such as ADPME and ANPE are running campaigns and initiatives that present entrepreneurship as a viable option. With *"Un Emploi Indépendant"* ANPE

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<sup>118</sup> [https://epme.adpme.bj/wp-content/uploads/2025/02/Entrepreneurial-Ecosystem-Diagnostic\\_Benin.pdf](https://epme.adpme.bj/wp-content/uploads/2025/02/Entrepreneurial-Ecosystem-Diagnostic_Benin.pdf)

<sup>119</sup> [https://epme.adpme.bj/wp-content/uploads/2025/02/Entrepreneurial-Ecosystem-Diagnostic\\_Benin.pdf](https://epme.adpme.bj/wp-content/uploads/2025/02/Entrepreneurial-Ecosystem-Diagnostic_Benin.pdf)

<sup>120</sup> [https://epme.adpme.bj/wp-content/uploads/2025/02/Entrepreneurial-Ecosystem-Diagnostic\\_Benin.pdf](https://epme.adpme.bj/wp-content/uploads/2025/02/Entrepreneurial-Ecosystem-Diagnostic_Benin.pdf)

tries to shift the mindset of young job seekers toward entrepreneurship. Through the MEB, ADPME increases the visibility of entrepreneurship. It is only with time that we'll be able to reflect on the actual cultural change that is – or is not – taking place.

### **Trust, collaboration, joint ventures and growth**

The biggest and most persistent obstacle hindering entrepreneurship from really taking off in Benin may be a lack of (mutual) trust. It is the deep-seated lack of trust that blocks successful collaboration from the get-go. Already at ideation stage students express their hesitancy in sharing their initial business idea, as it might incentivize others to take a walk with it. This cultural attitude acts as an anchor for business growth, which is much more challenging when you're alone (i.e. many single founders), and when you have no habit of working together.

*"Ce n'est pas dans la culture béninoise de travailler ensemble, il y a un problème de confiance."*  
– interview entrepreneur

Many Beninese entrepreneurs view bringing in a co-founder as "losing control" rather than "gaining capacity", whereas research indicates that teams with 2 or more founders grow much faster than solo founders, and investors are significantly less likely to fund solo founders. The high level of mistrust has crippling effects on growth. Benin has a surplus of micro-enterprises whose growth is constrained by a reluctance to outsource tasks or pool resources. Mistrust also limits export potential, as to fulfil large international contracts (such as for pineapple exports), small companies must bundle their volumes and provide uniform quality. Furthermore, growth requires a mix of technical and business skills, albeit solo entrepreneurs have difficulties succeeding in gathering competent teams around them, due to the fear of losing control or ownership. Therefore this "trust-deficit" significantly hinders growth.

*"Scaling often requires outsourcing, but many founders 'don't trust outsourcing' and insist on doing everything, from engineering to production, internally."* – interview entrepreneurship programme

### **Women entrepreneurship**

Women are highly represented in entrepreneurial activity, particularly in informal commerce and micro-enterprises, they are often described as the "real entrepreneurs". Cultural norms prescribe that while women are often the primary informal operators, men still control formal ownership and credit collateral.

*"Husbands have significant influence on whether a woman succeeds; they can 'make the business fall.'" – interview female entrepreneur*

Women and mother led enterprises experience challenges combining professional ambitions with extensive family obligations. Societal expectations often consider women still primarily as mothers and wives, which can limit their participation in training, networking and travel. Kickstarting a business from home is seen as an opportunity to combine entrepreneurship with motherhood and the obligations that come with it. Furthermore, (young) women entrepreneurs continuously face stereotypes when doing business.

*"I often meet men that find it strange that I am still a young woman, and that I can give orders."*  
– interview female entrepreneur

## Part 3 – Conclusions and recommendations

### 3.1 Key challenges, opportunities and programming ideas

The table below summarises the main challenges and opportunities identified across the seven domains of change, affecting youth entrepreneurship and the broader ecosystem in Benin. It links observed challenges and gaps to their root causes and outlines potential programming implications.

**Table 2: Challenges, Root causes, Opportunities, Programming ideas table**

Challenges, Root causes, Opportunities, Programming ideas table				
Domain of change	Challenges	Root causes	Opportunities	Programming ideas and implications
Infrastructure	Energy access is unreliable and expensive, with electricity tariffs far above the Sub-Saharan average, forcing agro-processors to rely on costly generators, reducing competitiveness	Structural import dependency: Benin imports ~75% of its electricity; the outdated grid cannot support widespread industrialization outside of special zones	Promoting decentralised solar energy for productive use in agri-processing clusters	Providing support to SMEs on electrification (e.g. mini-grids, solar panels, batteries), including the financing for it #OC
	The digital divide (gender and geography): despite fiber optics, internet penetration and usage is relatively low. High costs and digital illiteracy limit participation amongst particularly women and people in rural areas	High cost of devices and data: phones and mobile data are expensive relative to incomes, limiting access, especially for women and rural users.  Socio-cultural norms restrict women's entry into technical fields.	Invest in digital literacy among women and youth, especially in rural areas – in combination with improved digital access (price / availability).	Include digital training, use of WhatsApp and low-data tools, reflect on accessibility of online / hybrid training; select ESO that can provide working space (with high speed internet); collaborate with telecom provider (potentially as private partner) that can provide data bundles #OC
	Cotonou-centrism of entrepreneurial spaces: physical support (hubs, workspaces) is concentrated in Cotonou. Rural regions lack professional facilities.	Most investment concentrates around Cotonou and the main corridors, while secondary cities and interior regions remain underfunded.	Promote the development of regional hubs / incubators in secondary cities (e.g. Parakou / Porto-Novo).	Promote implementation beyond Cotonou alone; select partner(s) that can cover multiple regions; stimulate ideas such as an entrepreneurship "caravane" #OC

	Few ESOs provide co-creation facilities, small-scale industrial processing (e.g. drying and packaging), or R&D support. Uneven geographic distribution of spaces pushes production into homes and unfit spaces.	Government support prioritizes large industrial zones s.a. GDIZ and tech hubs	The creation of physical entrepreneurial hubs, co-manufacturing spaces, and R&D labs – especially outside of Cotonou – can boost entrepreneurial activity and innovation  Invest in initiatives s.a. community processing centres and small-scale applied R&D labs	Select an implementer with dedicated co-creation or training spaces to provide the physical infrastructure entrepreneurs lack; incentivize OC implementer to invest in R&D capacity and small-scale industrial facilities #OC
Access to Finance	A stark missing middle gap (€5k – €450k), where innovative SMEs and start-ups have very limited finance options because of a variety of reasons  Banks typically require hard collateral (e.g. land titles, 120% coverage), which excludes most youth and women enterprises  Few investment ready entrepreneurs, many SMEs and Start-ups lack ‘structurization’ (e.g. weak bookkeeping, lack of audited financials, incomplete or unprofessional business plans, and weak governance)	Unfitting missing middle finance option – MFIs do mostly short-term trading, banks prioritize larger SMEs (both often require collateral and have high interest rates caused by things s.a. high transaction costs), very limited seed funding options for Startups (linked to limited startups to fund), limited grants and soft loan options as well  Conservative and risk averse bank lending, with banks relying on asset-based lending rather than cash-flow analysis  Gaps in financial- and operational skills among founders, which are insufficiently addressed in entrepreneurial training programmes	Growing interest from international/regional funds and investors to launch activities in Benin (i.e. establish local funds), and public institutions s.a. CDCB are mobilising "patient capital" fill the missing middle gap  Fintech and alternative data are emerging as ways to de-risk lending to youth and women without traditional collateral  Financial education and -literacy provide a space for specialisation for ESOs and BDS providers	High relevancy of OCIF to address the missing middle #OCIF  Communicate with A2F stakeholders and government in positioning OCIF within the A2F ecosystem #OCIF  There might be a limited number of parties capable and eligible to do OCIF #OCIF  Scarcity on A2F offers will result in high OC and OCIF applications → provide ‘wild cards’ for investment ready entrepreneurs to prevent overcrowding in OC programme #OC #OCIF  Explore how OCIF and other A2F programmes can – digitally – build credit history #OCIF #ecosystem  Put "structurization" as front and centre of TA and Investment Readiness support #OC #OCIF

	<p>An ecosystem that is too dependent on donor funding with many young entrepreneurs used to donor grants, shaping expectations as well as incentives</p> <p>Women entrepreneurs have less access to funding</p>	<p>Donor grant funded entrepreneurs may be more donor than market oriented, reducing market-driven decision-making</p> <p>A combination of structural and behavioural barriers s.a. inheritance norms, household responsibilities and time scarcity, administrative hurdles, opportunity unawareness, pitch shyness limit many women from accessing finance</p>	<p>Support the setting-up and strengthening of other/local types of funding, through things s.a. the development of (diaspora backed) angel networks</p> <p>Invest in lifting the structural and behavioural barriers through initiatives that support: 'soft collateral' (e.g. group guarantees); Mobile Money (leaving a digital footprint)</p>	<p>Support the growth and development of angel networks #ecosystem</p> <p>Explore leasing or equipment-based financing instead of grants #OCIF</p> <p>Explore 'participation fees' (optionally refundable upon graduation) #OC</p> <p>Explore a model with matching funds (e.g., "we match what you mobilize") and recoverable grants for OCIF #OCIF</p> <p>Provide additional support for women entrepreneurs in acquiring follow-up funding after OCIF #OCIF</p> <p>Support initiatives that specifically focus on A2F for women entrepreneurs s.a. women-led (angel) networks, and tontines (informal savings groups)</p>
Policy and enabling environment	<p>There is a significant implementation gap between high-level government vision and operational execution at the administrative level</p> <p>(Growing) business face a strong fiscal burden, while initial registration is easy, crossing a 50 million FCFA revenue threshold triggers an 18% VAT (TVA) requirement, which can stifle growth</p>	<p>The government has become very business oriented, translated into a clear vision, carried by higher government echelons, but a combination of red tape and lack of capacity is hindering implementation</p> <p>Sharp tax thresholds stifle growth for SMEs, incentivizing small businesses to stay small/informal</p>	<p>The opportunity is clearly to improve the implementation of business friendly policies through things s.a.: public-private dialogue (creating quick feedback loops between businesses and regulators), the further strengthening of e-government services, the capacity development of civil servants</p> <p>Introduce more gradual taxation, support a smoother transition in taxation for growing SMEs, which can encourage formalisation</p>	<p>Support ecosystem strengthening initiatives that: improve public-private dialogues, further strengthen e-government, train civil servants #ecosystem</p> <p>Support entrepreneurs in the programme not only with formalisation (where needed), but also with fiscal support (for example by equipping founders with tax planning strategies) #OC</p>

	Benin has the ambition to become West-Africa tech hub, but thus far only 15 startups have been labelled since the decree was passed	The Startup ecosystem is still very nascent, with only few businesses able to meet the criteria (example: Future Studio is not yet doing an acceleration cohort, because there is no pipeline yet)	The conditions are set (i.e. there is a Startup Act and Startup Label that comes with tax exemptions), but it is a long-haul process (where the focus should be on creating a pipeline through high quality services)	Support initiatives that help to create a pipeline for Start-ups as well as initiatives that further improve the conditions for Start-ups #OC #ecosystem Include a module on navigating the Start-up Label process #OC
Market access	<p>The domestic market is small (14,9 million), and highly price-sensitive, with consumers often choosing fast and cheap imports (Asia/Nigeria) over local products, due to low consumer purchasing power.</p> <p>High barriers to formal retail (e.g. supermarkets) make it difficult for SMEs to scale</p> <p>Many entrepreneurs do the same thing (i.e. imitation and copycat behaviour) reducing margins</p> <p>The government dominates certain sectors, difficult for SMEs to enter when small and not yet experienced (and locked in)</p>	<p>Local production costs are structurally higher (energy, small scale) than mass-produced imports, with consumers being price-driven</p> <p>Compliance is too expensive without volume sales, but volume sales are impossible without compliance, leading to a chicken or egg story</p> <p>It is a lack of market data as well as innovation that often results in imitation, rather than analysis of unmet needs</p> <p>Public procurement prioritizes stability and track record to minimize delivery risk</p>	<p>For Benin, it is impossible to compete in market size, but it can compete on being the ideal pilot market (for innovation) due to its stability, regulatory framework basic infrastructure</p> <p>Opportunities and actions can include: the support of aggregators/intermediaries that handle retail compliance for many SMEs; supporting SMEs in further expanding direct sales (using social media); deepening training for SMEs on A2M</p> <p>Support initiatives that: are demand driven (i.e. making what the market needs), provide widespread access to market intelligence (via e.g. CBI); work with Venture Studio models</p> <p>Encouraging policies where large contract winners must subcontract a percentage to accredited SMEs (e.g. support SMEs to form consortia to meet entry criteria collectively)</p>	<p>On the one hand support entrepreneurs to reduce their production costs to be more competitive, on the other hand support them to innovate and specialise so that they can demand premiums #OC #OCIF</p> <p>Include A2M support (e.g. customer identification / segmenting, branding, packaging, certification &amp; compliance) as a key element in the curriculum #OC</p> <p>Take 'innovation' as an important selection criteria, focus in curriculum on things s.a. HCD, market research, export readiness, and finance innovation #OC #OCIF</p> <p>Opportunity to work with the government on Startup- and small business acts that promote the role of SMEs in government tenders</p>

<p>Skills &amp; Human Capital</p>	<p>Most university graduates have strong technical skills (coding/engineering), but lack the business acumen (leadership, HR, sales) for successful entrepreneurship (i.e. the soft skills gap)</p> <p>4 strong public universities, 2 with own incubator, but lack of involvement private sector, and mismatch with market needs</p> <p>The "per diem" culture—where learners expect payment for attending training— hinders the success of many skills programmes</p>	<p>Most academic education still prioritizes (theoretical) learning over "savoir-faire" and "savoir-être", with curricula often being disconnected from private sector realities</p> <p>Many successful Beninese entrepreneurs are self-made traders who bypassed higher education, and therefore have little connection to academia</p> <p>Long-term donor dependency has normalized the idea that training is an income source rather than a personal investment</p>	<p>A wide range of opportunities s.a.: shadowing programmes; business simulation programmes; project based learning; student entrepreneur programmes (already exists) in addition to and instead of internships etc.</p> <p>Bridging the gap by bringing industry <i>inside</i> the campus, creating education models where the private sector co-designs curricula and defines employability standards</p> <p>Aiming for models that incentivize 'Co-Investments', eliminate 'per diems', filter out learners without intrinsic motivation</p>	<p>Prioritize soft skills, mindset, and "savoir-être" over purely technical training in the OC curriculum; work as much with trainers that are (former) entrepreneurs themselves #OC</p> <p>Support initiatives that strengthen the ties between academia and the private sector #ecosystem</p> <p>Programme OC without 'per diems', and limit the grants (i.e. 'free money') component of OCIF #OC #OCIF</p>
<p>Support systems and networks</p>	<p>Many ESOs offer generic and often similar types of training, with varying levels of quality, often lacking specific (sector) expertise</p> <p>ESOs offerings for starting entrepreneurs are abundant, but post incubation support (focused on growth) is very limited</p>	<p>ESOs are generally very dependent on donor funding, chasing funding opportunities rather than market needs, discouraging specialization</p> <p>Ecosystem prioritizes creating new entrepreneurs (pipeline) over the expensive, long-term support needed for scaling, also many ESOs lack the capacity for (pre)acceleration services</p>	<p>The government has recently labelled 15 SAEs based on quality standards, which can be a good start towards an ecosystem that creates clarity on quality as well as specialisation</p> <p>Things s.a.: investing in (pre)acceleration offerings directly; and strengthening the capacity of ESOs that are able to provide growth services</p>	<p>Incentivize SAEs to work together in partnership and specialise accordingly (e.g.: per region, service type) #OC</p> <p>Support initiatives that invest ESOs capacity and specialisation #ecosystem</p> <p>Position OC as a (pre-)acceleration programme focusing on innovation, growth, industrialization, and export #OC</p>

	<p>Very few growing and large business in Benin and limited visibility of their founders (i.e. role models)</p> <p>Most entrepreneurship support services are 'free', incentivizing 'grantpreneurs', and preventing ESOs from creating sustainable business models</p>	<p>Small number of successful founders, with a lack of 'giving back' culture, leading to limited mentors and role models, which are essential for growing enterprises</p> <p>Years of donor subsidies has led to market distortion– i.e. devalued professional services, making fee-based models difficult</p>	<p>Investing in mentorship programmes and role models, with an additional opportunity to leverage the (returning) diaspora</p> <p>Gradually re-introducing market logic to break the 'charity' cycle, showing step-by-step that expert advice is a service worth paying for</p>	<p>Focus on having a strong mentoring component to the programme #OC . Support promising mentorship initiatives #ecosystem</p> <p>Be sensitive to the extent and the amount that the OC programme offers free services, potentially including a <i>symbolic</i> participation fee (refunded upon graduation) #OC</p> <p>Consider TA vouchers that entrepreneurs can use for specific business development services (offered by different ESOs) #OC #OCIF</p>
Culture	<p>Entrepreneurship is often perceived as a fallback option by young people (i.e. 74% of youth prefer public sector jobs)</p> <p>A lack of mutual trust (<i>confiance</i>) often prevents entrepreneurs from collaborating with other and/or forming <i>joint ventures</i></p> <p>Entrepreneurs often play on 'safe', lacking the 'hunger' and 'stamina' needed for (aggressive) growth preferring small, stable, manageable operations over high-risk scaling</p>	<p>Culturally entrepreneurship is associated with informal 'struggle' and success is defined by 'stability' (i.e. a public sector job)</p> <p>Deep-seated mistrust stifles team formation, cooperatives, and <i>joint ventures</i>, with collaboration seen as 'losing control'</p> <p>Society and education has long rewarded security (diplomas) over ambition, with failure perceived as a disgrace, often leading to stifling growth once subsistence is met</p>	<p>Shine light on aspirational and opportunity driven entrepreneurship, as a pathway to social mobility and social status</p> <p>The government's vocal pro-business stance is gradually shifting societal attitudes toward self-employment and entrepreneurship</p> <p>Normalise a culture of both bootstrapping and failing (forward) through workshops, events and campaigns (support for example pre-incubation programmes that focus on learning from failures)</p>	<p>Position OC not just as training, but as a prestigious programme, focused on ambition and potential for future entrepreneurial leaders #OC</p> <p>Emphasize on trust-building, teamwork, co-founder matchmaking etc. in OC programme #OC</p> <p>Work with multi-sector cohort-based groups to incentivize openness and sharing #OC</p> <p>Focus on the power of failure and the importance of bootstrapping #OC</p> <p>Consider the use of performance based financing, releasing funds only upon hitting certain <i>growth</i> targets could stimulate growth as well as personal development #OCIF</p> <p>Exchange initiatives (with e.g. Nigeria) could be inspirational #ecosystem</p>

## 3.2 Recommendations for Orange Corners and YEET programming

Based on the ecosystem mapping, the following recommendations are designed to guide the Orange Corners and YEET programming in Benin. The recommendations are organised across three key domains: (i) the incubation and acceleration programme (OCIAC), (ii) the Orange Corners Innovation Fund (OCIF), and (iii) broader ecosystem-strengthening interventions.

### 3.2.1 Recommendations for Orange Corners Incubation and Acceleration Programme

#### *Adopt a sector-agnostic approach, but keep in mind sector-specific needs*

A first recommendation is to adopt a sector agnostic, or at least multi-sector, approach when designing Orange Corners Benin. A choice that is in line with the vision of the Embassy and most ecosystem stakeholders. Characteristic of the entrepreneurial ecosystem in Benin is a strong mutual distrust among entrepreneurs, which is only reinforced by working with more homogeneous cohorts. Additionally, the question is whether it is desirable to work with a very strong sector focus within a small country like Benin, where the pool of entrepreneurs to choose from per sector might be limited, depending on the sector and the type of support provided. At the same time, there are a number of sectors with clear growth potential (including tech, agri/processing, tourism) that also align well with the government's priorities<sup>121</sup>. These sectors can be given thematic attention within a broader multi-sector cohort model, for example through the organisation of sector-specific masterclasses for subsets of entrepreneurs and/or by doing the mentor-mentee matchmaking on the basis of sector expertise. Bringing entrepreneurs from diverse sectors together can also help counter the prevalent 'copy-cat' culture, which contributes to both mutual distrust as market saturation in specific segments – because it facilitates peer learning in an environment with lower direct competition.

#### *Position Orange Corners beyond incubation, towards (pre)acceleration*

Secondly, it is recommended to position Orange Corners as a programme that goes beyond mere incubation. Benin already hosts a wide range of pre-incubation and incubation programmes. What is notably less present are programmes that support businesses beyond early ideation and incubation, and focus on growth, market expansion and organisational development. Positioning Orange Corners as a (pre)acceleration programme therefore seems logical. Of course, there needs to be a sufficient amount of companies ready for this, and the extent to which this is the case differs per sector, and is as well dependent on the regional focus. For instance, there are (almost) no startups that are ready for a (pre)acceleration phase, but for the agri/food sector, this is not the case. Furthermore, most of the more mature SMEs can be found in and around Cotonou, suggesting to formulate tailored threshold criteria when sourcing from both Cotonou and other regions. The overall recommendation is to challenge potential implementing partners to design a programme that goes beyond basic incubation, while remaining realistic about sector-specific and regional maturity levels and pipelines.

#### *Stimulate collaboration between ecosystem support organisations (ESOs)*

Thirdly, Orange Corners should actively support collaborations between stakeholders in the entrepreneurial ecosystem and particularly between ESOs. A characteristic of Benin is the large number of ESOs (SAEs), circa 50+ ESOs and this is excluding all the consulting firms (*cabinets*) that are active within the entrepreneurship space. The number drops significantly if you only count those that recently received a government label (*label OAE*), which amounts to 15. Narrowing down further, one could say that only a limited number of ESOs are able to

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<sup>121</sup> Focus sectors: agro-food processing and transformation, renewable energy, handicrafts and creative industries, tourism, health, tech and digital, transport and logistics

provide top notch services on a variety of topics. Encouraging ESOs to work together can reduce competition, enable specialisation, leverage complementary strengths and can lead to higher quality programming. Therefore Orange Corners encourages ESOs to team-up to facilitate high quality programming on a variety of topics.

#### *Address geographic concentration beyond Cotonou*

A fourth point is that most ESOs are only active in one geographical area, in most cases Cotonou. In Benin, there is a lot of talk about "Cotonou vs. everything else," where by far the majority of support structures are located in and around Cotonou, which is also where most support for entrepreneurs takes place. Orange Corners Benin can increase its impact if it focuses not only on Cotonou but also on one or a few regions outside of it (e.g. Abomey, Calavi, Parakou, Porto-Novo, Bohicon). OCs implementing partners will be encouraged to design a multi-region programme in one way or another – for example through regional cohorts, decentralised delivery models, or partnerships with local ESOs to have satellite hub(s). There is also value to be added through the formation of multi-region cohorts, as it makes natural connections between more production-oriented regions and its markets.

#### *Focus the curriculum on soft skills, co-founder matchmaking, and market access*

A fifth point links to the content of the programme and the curriculum and modules that should take a central place in it. A recurring message from within the ecosystem is that the curriculum must address the 'soft skills gap' that has been given insufficient attention within university walls and early entrepreneurship programmes. Priority should be placed on 'savoir-être' (professional posture, confidence, leadership etc.) over purely technical training. To address the cultural 'trust deficit' and the many 'solo-founders', the programme should encourage cohort-based collaboration, trust-building modules, and facilitate co-founder matchmaking. In addition, Access to Market (A2M) support should be integrated into the curriculum, given Benin's small domestic market and limited purchasing power. Entrepreneurs should be supported in identifying customers, validating markets, differentiating products, and developing an early export or regional expansion mindset. Orange Corners encourages its future implementing partners to design a tailored curriculum that responds to identified ecosystem challenges linked to the soft skills gap, the trust deficit, and the market access bottleneck.

### 3.2.2 Recommendations for OCIF and Access to finance

A key recommendation from this report is to carefully design and implement OCIF in Benin, as it addresses one of the most pressing gaps in the ecosystem: access to early-stage finance for youth enterprises. Given the stark “missing middle”, limited risk appetite among banks, and the strong reliance on informal financing, OCIF has the potential to play a highly relevant role. Its success will depend on combining funding with hands-on technical assistance, careful selection of entrepreneurs, and developing strong linkages to follow-up financiers. OCIF is strategically positioned to respond to the scarcity of early-stage financing in Benin. The following recommendations should guide its design and implementation:

#### *Prioritise structuring and investment readiness*

What Beninese entrepreneurs often lack even more than funding is structure. Many struggle with bookkeeping, developing business plans, maintaining reliable financial records, or compiling simple but professional investment dossiers. OCIF should prioritize ‘*structurization*’ as a core component of its technical assistance and investment readiness support. Structured, hands-on technical assistance is essential to ensure that entrepreneurs are ready to absorb finance effectively and can build a foundation for future funding.

#### *Ensure sufficient duration and intensity of Technical Assistance*

Entrepreneurs in Benin often require longer and more hands-on support before they are ready to absorb capital. Short or light-touch interventions risk being ineffective in a context with low levels of financial literacy and formalisation. OCIF should therefore provide enough time and support, including dedicated post-investment support where possible. TA should be practical and tailored to entrepreneurs’ operational realities, rather than theoretical or classroom-based.

#### *Avoid funding-driven participation*

Due to the limited availability of early-stage finance in Benin, there is a risk that entrepreneurs seek to join Orange Corners primarily to access OCIF funding. To mitigate this, OCIF selection should remain clearly linked to readiness and performance demonstrated during the OC programme. In addition, it would be advisable to consider a limited number of ‘wild cards’ for entrepreneurs who have already participated in other Dutch-funded programmes, but who could strongly benefit from OCIF. This would reduce duplication of capacity building efforts, avoid ‘wasting’ entrepreneurs’ time, and strengthen linkages between Dutch initiatives by building on previous support and pipelines.

#### *Explore alternative financing mechanisms*

As the ecosystem is increasingly trying to move away from ‘free money’, it would be good to consider this trend, and be cautious about OCIF as grant funding. Therefore, OCIF Track II should explore alternative financing mechanisms, such as equipment leasing or recoverable grants, which can better support productive investment, while reducing dependency on grant-based financing. Particularly for production-heavy businesses, such as agro-processing or manufacturing, pure cash grants may not always be the most suitable instrument. OCIF should also be open to models that demand an own contribution in the form of future revenues or otherwise.

#### *Address barriers for women entrepreneurs*

Women entrepreneurs in Benin face structural constraints in accessing finance, due to limited access to land titles and other forms of collateral, as well as socio-cultural norms. OCIF should tailor both selection criteria and TA to these realities, ensuring women are not directly excluded. Moreover, OCIF should plan beyond the programme itself and actively support women entrepreneurs’ access to follow-up financing, given the persistent barriers they face

within the formal financial system. Women entrepreneurs indicate the importance of role models and mutual support, therefore OC and OCIF should explore the additional value that 'women circles' can provide to female entrepreneurs.

### *Strengthen ecosystem linkages*

The OCIF programme should actively connect with other financial actors targeting the missing middle, including public institutions such as CDCB and emerging or prospective funds like I&P and Fanaka. Strengthening these linkages will ensure that OCIF not only serves as a pipeline, but actively facilitates access to follow-up financing in line with the programme's objectives.

### *Formalisation as a requirement for financing*

Benin's private sector is characterised by many small and many informal enterprises. If it is decided that informal businesses are allowed to participate in the Orange Corners programme, formalisation should be a clear condition for accessing OCIF Track II funding (as is the case in other OCIF target countries). Support to achieve formalisation should be embedded within the OC programme, ensuring enterprises are able to meet this requirement within a defined timeframe.

### 3.2.3 Recommendations for ecosystem strengthening

Beyond programme-level interventions, the ecosystem mapping highlights several structural constraints that cannot be addressed by Orange Corners or YEET alone, but where both programmes (OC and OCIF) can play a catalytic and convening role. Ecosystem strengthening in Benin should therefore build on existing initiatives, focus on coordination rather than duplication, and target systemic gaps related to market access, skills, trust, and ESO capacity.

#### *Work through existing ecosystem actors*

Benin already has several actors that play a key role in strengthening the entrepreneurial ecosystem, notably ADPME, IYBA-Seed, and BeniBiz. Rather than creating parallel structures, Orange Corners and YEET should coordinate and work closely with these organisations, aligning objectives and activities where possible. This includes coordination around flagship initiatives such as the annual Month of Entrepreneurship (JEE), joint events, and referral mechanisms between programmes. Such alignment can reduce fragmentation and increase the visibility and coherence of ecosystem support.

#### *Strengthen Access to Market (A2M) and export readiness*

Given Benin's small domestic market and limited purchasing power, A2M is one of the most binding constraints for growth-oriented youth enterprises. Ecosystem support should therefore place stronger emphasis on A2M, including branding, packaging, pricing, and meeting certification and quality standards. Entrepreneurs should be encouraged to design for regional or international markets from an early stage, rather than focusing exclusively on local demand. This 'export mindset' is particularly relevant for agro-processing, light manufacturing, and selected service sectors, and should be embedded across Orange Corners and YEET-supported activities. As A2M is a challenge for a myriad of entrepreneurs, participating in various programmes, it makes sense to address this at an ecosystem-level activity. In doing so, one should consider working together with the different organisations and bodies that can bring in much expertise, such as: AMM, CCIB, MarkÉthic, CBI, Erevan. There are different approaches, as it could also make sense to train a network of ESOs to better equip entrepreneurs to gain market access, and/or to work directly with government bodies (i.e. AMM) to streamline A2M procedures. The best approach should be the result of further exchange with the ecosystem itself.

#### *Leverage the diaspora for structured mentorship, brain gain and investment*

Benin has a growing pool of returning diaspora professionals with international business experience, yet this resource remains largely untapped. Orange Corners and YEET could play a catalytic role by supporting the creation of a structured diaspora mentor and advisor pool that leverages diaspora expertise. This would help address the limited availability of experienced local mentors and contribute to trust-building within the ecosystem. Mentorship should go beyond inspirational talks and focus on practical guidance related to scaling, governance, and market expansion. In addition, diaspora engagement could also be explored as a source of early-stage capital, including developing a business angel scene and co-investors, thereby using the brain gain and accessing finance. Interventions could be designed to leverage this, an example of this is the VC4A mentor-driven capital programme<sup>122</sup> that could be considered. More broadly, the number of mentorship initiatives in Benin is limited, while high quality mentoring is a crucial element to support growing business. It can, therefore, be interesting to support mentoring initiatives.

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<sup>122</sup> VC4A [Mentor Driven Capital](#) – Startup Academy

### *Invest in the capacity and specialisation of ESOs*

While Benin has a large number of ESOs, only a limited number is able to provide high-quality, specialised services. Orange Corners and YEET should deliberately invest in ESO capacity development, evidently building on or supporting existing initiatives. From a 'practice what you preach' perspective, this could include being open to consortium-based applications, where ESOs collaborate based on complementary strengths. Other initiatives could focus on exchange visits to (more mature) neighbouring ecosystems to stimulate learning and specialisation, and capacity-strengthening training aimed at improving ESOs business models (reducing donor dependency) and/or strengthening the quality of their services (working towards consistent quality). All initiatives should be complementary to or build upon the already existing initiatives in this space.

### *Support decentralisation of ecosystem activities*

Furthermore, ecosystem strengthening efforts should explicitly address the strong geographic concentration of support in and around Cotonou. OC and YEET can help reduce this imbalance by incentivising activities in secondary cities, supporting regional ESOs, and experimenting with decentralised delivery models. This would help ensure that entrepreneurial talent outside the capital is not structurally excluded from high-quality support. YEET activities should be tailored towards local realities in secondary cities, working with partners who understand the local context, and (re)designing curricula and training so that it best fits the entrepreneurial experiences on the ground.

### *Entrepreneurial education*

Entrepreneurial education in Benin has its strengths and weaknesses. Education in Benin is by many deemed to be very important, and especially university education comes with high social status and is very much encouraged. Also, relatively speaking, the Beninese population is well educated and is praised for its technical skills. On the other hand many existing education and training programmes remain largely theoretical and insufficiently connected to practical entrepreneurship or the private sector. This results in gaps in soft skills, financial literacy, and growth-oriented mindsets among young entrepreneurs. Additionally, entrepreneurship education is seen as 'risky' and has for a long time received less traction. Promising is the entrepreneurship mindset that is growing within the four public universities that are all running entrepreneurship programmes – some through their in-house incubation programme. While Orange Corners and YEET cannot reform the education system, they can play a role by strengthening linkages between education institutions and the entrepreneurial ecosystem and private sector. This may include partnerships with universities and vocational training institutes, practice-oriented modules, exposure to entrepreneurs and private sector role models, early-stage business experimentation, and capacity strengthening of the university incubators (their teachers and the training modules).

### *Be cautious with free services and subsidy distortion*

While subsidised support remains necessary in a low-income ecosystem, excessive provision of free services risks reinforcing grant dependency among both entrepreneurs and ESOs. Orange Corners and YEET should remain sensitive to the volume and duration of free support offered, and where possible introduce cost-sharing, performance-based incentives, or gradual fee structures, in line with the initiatives in development in the ecosystem. This can contribute to a more sustainable support market and encourage a shift from funding-driven participation towards long-term business development.