

The background of the cover is a close-up photograph of a young woman's face. She has dark skin and is looking directly at the camera with a slight smile. Her hair is styled in braids with yellow and blue beads. The image is partially obscured by geometric shapes: a large orange triangle on the left and a blue triangle on the right.

# YOUTHSTART GLOBAL

## INCEPTION PHASE — YOUTH ECONOMIC OPPORTUNITY ECOSYSTEM ANALYSIS

BENIN COUNTRY REPORT

DECEMBER 2015



**YouthStart Global is a global programme funded by UN Capital Development Fund and the Swedish International Development Cooperation Agency (SIDA).**

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# TABLE OF CONTENTS

List of Figures	4
List of Tables	4
Definitions, Abbreviations and Acronyms	5
Acknowledgements	8
Executive Summary	9
Introduction and Context	11
Methodology	12
<b>Chapter 1: Youth economic opportunities and challenges</b>	<b>15</b>
Section 1 – Economic overview and youth unemployment challenge	16
Section 2 – Overview of youth policy landscape	18
Section 3 – Overview of the supply and demand for financial services	21
Section 4 – Assessment of the demand for and supply of labor	24
Section 5 – High-potential opportunities for youth	33
i. Opportunities in Agriculture Value Chains	33
ii. Opportunities in Crafts	34
iii. Opportunities in Tourism	35
iv. Opportunities in ICT and Retail	38
<b>Chapter 2: Current intervention landscape and implications on the way forward for YouthStart Global</b>	<b>39</b>
Section 1 – Overview of youth employment initiatives and key gaps	40
Section 2 – Overview of the supply of financial services and key gaps	46
Section 3 – Key gaps from current interventions within high-potential opportunities	48
<b>Conclusion: Moving Forward</b>	<b>54</b>

## LIST OF FIGURES

Figure 1: Study methodology	13
Figure 2: Analytical framework	14
Figure 3: Evolution of GDP and sector contribution to growth	16
Figure 4: Benin economic performance vs. Unemployment evolution	17
Figure 5: Type of financials products in Benin and adherence rates (% of the population)	22
Figure 6: Job creation and self-employment forecasts by sector	24
Figure 7: Youth preparedness for the job market	26
Figure 8: Youth unemployment rates by level of completed education (%)	28
Figure 9: Education System and Basic Training in Benin	29
Figure 10: Main challenges faced by youth in their business activities (%)	31
Figure 11: Key touristic sites of Benin	36
Figure 12: Youth employment programs in Benin, by scale	40
Figure 13: Youth employment programs in Benin, by geography	41
Figure 14: Program coverage by province	42
Figure 15: Youth employment programs by geography	45
Figure 16: Demand and supply side overview	46
Figure 17: Interventions vs. opportunities for youth	48

## LIST OF TABLES

Table 1: Entrepreneurial opportunities in the agricultural value chain	34
Table 2: Opportunities for youth in the handicrafts sector	35
Table 3: Opportunities for youth in the tourism sector	37
Table 4: Self-employment opportunities for youth in the ICT sector	38
Table 5: Opportunities, challenges, and interventions	50

## DEFINITIONS, ABBREVIATIONS, AND ACRONYMS

The government of Benin defines “youth” as persons aged 15 to 35 years old. This aligns with the African Union’s youth charter.<sup>1</sup> However, the UNCDF YouthStart Global (YSG) program uses the United Nations (UN) definition, which is persons aged 15 to 24 years old. Wherever possible, the UN definition is used. In some cases, information or data were only available for youth aged 15 to 35, and thus the government’s definition was used.

The term ‘SME’ (small and medium-sized enterprise), is defined by the Ministry of Industry, Trade and SMEs as firms that 1) are not a subsidiary of a multinational, 2) have between 5 and 99 employees and 3) capital investments between XOF 1 million and 50 million.

Conversion from XOF Francs to USD is done at XOF 580 to USD 1.

<b>ABERME</b>	Agence Béninoise d’Electrification Rurale et de Maîtrise d’Énergie – Agency for rural electrification and energy efficiency in Benin
<b>ABSU EC</b>	Agence Béninoise du Service Universel des Communications Électroniques et de la Poste – Benin Agency for Electronic Communications and Universal Service
<b>AFD</b>	French Development Agency
<b>AFREA</b>	Africa Renewable Energy and Access Program
<b>AGENTIC</b>	Agence de Gestion des Nouvelles Technologies de L’information et de la Communication – Agency for Information and Communications Technologies
<b>AGOA</b>	African Growth and Opportunity Act
<b>AGRA</b>	Alliance for a Green Revolution in Africa
<b>ANPE</b>	Agence Nationale pour l’Emploi – National Employment Agency
<b>BAA</b>	Bureau d’Appui aux Artisans – Artisan Support Office
<b>BDS</b>	Business development services
<b>BIT</b>	Bureau International du Travail – International Labor Organization (ILO)
<b>BPC</b>	Business Promotion Center
<b>BTP</b>	Bâtiment et Travaux Publics – Building and Civil Engineering Works
<b>CCIB</b>	Chambre de Commerce et d’Industrie du Bénin – Chamber of Commerce and Industry of Benin
<b>CEJEDRAO</b>	Compétences pour l’Emploi des Jeunes et le Développement Rural en Afrique de l’Ouest
<b>CIFA</b>	Centre Intercommunautaire de Formation Appliquée – Intercommunity Training Center
<b>CLCAM</b>	Caisses Locales de Crédit Agricole Mutuel
<b>CODEPA</b>	Comité de coordination pour le développement et la promotion de l’artisanat africain – Coordination Committee for the Development and Promotion of African Handicrafts

1 African Union, 2006

<b>CQM</b>	Certificat de Qualification aux Métiers – Trades Qualification Certificate
<b>CQP</b>	Certificat de Qualification Professionnelle – Professional Qualification Certificate
<b>CVD</b>	Comités Villageois de Développement – Village Development Committees
<b>DGFPCS</b>	Direction Générale de la Formation Professionnelle Continue et des Stages – Directorate General for Professional Development and Internships
<b>EMICoV</b>	Enquête Modulaire Intégrée sur les Conditions de Vie des Ménages – Integrated Modular Survey on Household Living Conditions
<b>ESMAP</b>	Renewable Energy Resource Mapping Initiative
<b>ETVA</b>	Enquête sur la Transition de l'école vers la Vie Active– School-to-Work Transition Survey
<b>EU</b>	European Union
<b>FAAR</b>	Financement des activités agricoles en milieu rural – Financing of agriculture activities in rural areas
<b>FAO</b>	Fonds des Nations Unies pour l'Agriculture – Food and Agriculture Organization of the United Nations
<b>FECECAM</b>	Faîtière des Caisses d'Épargne et de Crédit Agricole Mutuel du Bénin – Apex Saving and Agricultural Credit Unions of Benin
<b>FENAPIB</b>	Fédération Nationale des Pisciculteurs du Bénin - National Federation of Fish Farmers in Benin
<b>FG</b>	Focus group
<b>FGD</b>	Focus group discussion
<b>FNM</b>	Fonds National de la Microfinance - National Microfinance Fund
<b>FNPEEJ</b>	Fonds National de Promotion de l'Entreprise et de l'Emploi des Jeunes – National Fund for the Promotion of Enterprise and Youth Employment
<b>FODEFCA</b>	Fonds de Développement de la Formation Professionnelle Continue – Development Fund for Continuing Vocational Training
<b>FSP</b>	Financial service provider
<b>GAP</b>	Good agricultural practices
<b>GDP</b>	Gross domestic product
<b>GIS</b>	Geographic information system
<b>GNI</b>	Gross national income
<b>GPRS</b>	Growth and Poverty Reduction Strategy
<b>GSM</b>	Global System for Mobile
<b>ICT</b>	Information and communications technology
<b>ILO</b>	International Labor Organization
<b>INSAE</b>	Institut National de la Statistique et d'Analyse Economique du Bénin - National Institute of Statistics and Economic Analysis of Benin
<b>IT</b>	Information technology
<b>KO</b>	Kiosk operator
<b>MAEP</b>	Ministère de l'Agriculture, de l'Elevage et de la Pêche - Ministry of Agriculture, Livestock and Fisheries



<b>MAT</b>	Ministère de l'Artisanat et du Tourisme - Ministry of Handicrafts and Tourism
<b>MCP</b>	Microcrédit aux plus pauvres – Microcredit for the poorest
<b>MFI</b>	Microfinance institution
<b>MFPTRA</b>	Ministère de la Fonction Publique, du Travail et de la Réforme Administrative, – Ministry of Public Service, Labor, and Administrative Reform
<b>MSME</b>	Micro-, small, and medium-sized enterprise
<b>NGO</b>	Non-governmental organization
<b>OIM</b>	Organisation Internationale pour les Migrations - International Organization for Migration
<b>PASMIF</b>	Programme d'Appui au Secteur de la Micro Finance - Support for the microfinance sector
<b>PASS</b>	Program for Africa's Seeds Systems
<b>PDAVV</b>	Programme de Diversification Agricole par la Valorisation des Vallées – Program for Agricultural Diversification through the Development of Valleys
<b>PIS</b>	Programme d'investissement Structurel – Structural Investment Program
<b>PJPME</b>	Programme d'appui aux Jeunes et PME – Program to support youth and SMEs
<b>PNOPPA</b>	Plateforme Nationale des Organisations Paysannes et de Producteurs Agricoles du Bénin - National Platform for Farmer Organizations and Agricultural Producers in Benin
<b>PPEA</b>	Projet de Promotion de l'Entrepreneuriat Agricole – Project for the promotion of agricultural entrepreneurship
<b>PSRSA</b>	Plan Stratégique de Relance du Secteur Agricole - Strategic Plan for the Recovery of the Agricultural Sector
<b>SCR</b>	Stratégie de Croissance pour la Réduction de la Pauvreté - Growth Strategy for Poverty Reduction (CPRS)
<b>SEEDPAG</b>	Seed Producers Association of Ghana
<b>SIE</b>	Système d'Information d'Électricité - Electricity Information System
<b>TA</b>	Technical assistance
<b>TVET</b>	Technical and vocational education and training
<b>SWTS</b>	School-to-Work Transition Survey
<b>UAC</b>	University of Abomey-Calavi
<b>UNCDF</b>	United Nations Capital Development Fund
<b>UNDP</b>	United Nations Development Program
<b>UNESCO</b>	United Nations Educational, Scientific, and Cultural Organization
<b>URCLCAM</b>	Unions Régionales des Caisses Locales de Crédit Agricole Mutuel – Regional association of local agriculture credit unions
<b>WTO</b>	World Trade Organization
<b>YEP</b>	Youth Employment Program
<b>YSG</b>	YouthStart Global
<b>YSO</b>	Youth-serving organization



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## EXECUTIVE SUMMARY

**Benin's economy experienced growth at an average of 5% annually from 2012 to 2015, and is predicted to remain on this strong trajectory.<sup>2</sup>** Despite this growth, the social situation is still marked by the persistence of poverty, which remains a major concern—35.2% of the population were living below the poverty line in 2012,<sup>3</sup> and 37% of youth were living in poor conditions.<sup>4</sup> The country's outlook is shaped by the government's resolve to pursue its structural investments program (Programme d'Investissements Structurants—PIS) and its five-year Growth and Poverty Reduction Strategy (GPRS 2011 – 2015).

**Underemployment remains a critical challenge in the job market.** Since 2010, the economy's ability to provide jobs has steadily declined and gross domestic product (GDP) growth has not translated to increased job opportunities. Youth are the segment of the population most affected by unemployment. Indeed, according to a 2013 International Labor Organization (ILO) study in Benin, the results of the School-to-Work Transition Survey (SWTS) indicate that in 2012 there were 78,973 unemployed youth aged 15 – 29 years,<sup>5</sup> which represents 9.1% of the labor force. A review of the labor market also shows that young men (15 to 35 years) are more affected by unemployment than young women (12.3% for young men and 6.5% for young women).<sup>6</sup>

**In Benin, there are close to 30 government institutions or agencies involved in youth employment and entrepreneurship programming.** Youth employment and entrepreneurship issues are reasonably well mainstreamed into larger national policies. Overall, the policy environment in Benin is fairly supportive vis-à-vis youth. However, lack of coordination among all institutions and agencies working on youth employment and entrepreneurship is a main issue. The government of Benin has been addressing the critiques and taking some actions to address a few gaps, such as the recent reorganization of ministerial responsibilities related to youth employment and entrepreneurship.

## KEY FINDINGS

**Finding 1: A review of barriers to youth employment highlights the weakness of the Beninese economy's absorptive capacity.**

- Nearly 60% of the unemployed highlight the lack of jobs as a major barrier to their employability<sup>7</sup>
- There is a strong belief among youth interviewed through focus group discussions that to secure a job, "one has to know someone"
- Another limiting factor, from the perspective of youth, is the lack of prior professional experience. Most jobs they come across typically require at least two years of work experience, something they do not have

2 African Economic Outlook, 2015

3 African Economic Outlook, 2014

4 Labor market transitions of young women and men in sub-Saharan Africa, ILO, 2014

5 Transition to the Labor Market of Young Women and Men in Benin, Enquête sur la Transition de l'Ecole vers la Vie Active (ETVA), ILO, 2013

6 Idem

7 Labor market transitions of young women and men in sub-Saharan Africa, Institut National de la Statistique et d'Analyse Economique du Bénin (INSAE), 2013

- These challenges are further compounded by a weak support system for unemployed youth. 95.4% of young people have not received any advice on how to seek employment<sup>8</sup>

**Finding 2: Unemployment tends to grow with the level of education.**

- Youth with higher education are more likely to be unemployed. In 2012, less than 20% of youth with no or primary level education were unemployed while unemployment rates were 38.2% for youth having a secondary level education<sup>9</sup>
- This possibly reflects the fact that these youth are more selective in securing jobs or that the jobs they seek are scarce. On the other hand, youth with limited prior education tend to engage early in informal apprenticeship in artisanal activities

**Finding 3: Accessing capital is a major and consistent challenge limiting youth's ability to successfully start a business.**

- Youth (15 – 35 age group) are generally considered as the most vulnerable segments and are less served due to their supposed immaturity and poor preparation (lack of financial literacy) to entrepreneurship. Financial institutions also consider this segment as an opportunity given the importance of the youth in the overall population, and acknowledge that youth need to be supported in order to be a viable business segment
- MSMEs are also an important segment for microfinance institutions. But they are underserved due to their poor ability to secure trust from financial institutions and also the lack of know-how from financial institutions about how to best handle players active in informal activities

**Finding 4: In terms of economic opportunities:**

- The **tourism sector** offers high-potential opportunities for employment (hospitality jobs). **Tourism, according to the WTO, contributed 400 million US dollars to Benin's economy (5.6% of GDP) in 2009.**<sup>10</sup> The sector employed 1,663 people in 1999 against 7,515 persons in 2005, representing an increase of over 400% between the two periods. 72% of managerial positions are occupied by women<sup>11</sup>
- **ICT is a growing sector with many opportunities for youth.** The number of computer shops, internet cafés and phone shops, is on perpetual increase in urban centers of Benin. Most of these are manned by youth. Indeed, the last census of ICT companies has reported 223 internet cafes with a high concentration in urban areas. 84.6% of these Internet cafes are informal and 20% are held by young people aged 20-29 years
- **The crafts sector contributes about 7.5%<sup>12</sup> of GDP and has a significant weight on the socioeconomic development of the country and ranks right after agriculture and trade.** The sector in Benin is characterized by the predominance of textile and clothing units. Textile products represent about 80% of Benin's exports. Such products are cotton yarn, printed fabrics, etc. The sector employs approximately 300,000 artisans and more than 400,000 apprentices

8 Ibid

9 Transition to the Labor Market of Young Women and Men in Benin, ETVA, ILO, 2013

10 UNWTO, Basic data and indicators, 2010

11 Touristic potential of Benin and employment opportunities, ANPE, 2013

12 Benin Vision 2025

- 
- Finally in the agriculture sector, one of the main sectors of the country's economy, small scale processing and value addition have been identified as high potential opportunities for youth. The sector's contribution to GDP is about 34.3%. There are unexploited opportunities in the production and export of products derived from cashew, pineapple, shea butter, tropical fruit, palm nuts, soy and vegetables.

**Finding 5: In these four promising sectors, existing programs are not fully addressing the different elements required for youth to access high-potential opportunities.** Programs must seek to further strengthen the link between financial inclusion and the creation of economic opportunities for youth. Indeed, while young people need access to relevant and affordable financial services, they also require access to entrepreneurship training, mentoring, apprenticeships, and other relevant nonfinancial services that can support their transition from school to work at the right time, and allow them to secure and sustain decent jobs and/or to start and sustain successful enterprises. In addition, organizations generally struggle to address gender gaps among the beneficiaries of their services.

Overall, **more demand-side programs, particularly in support of youth entrepreneurship, need to be implemented and existing ones must be scaled up to reach a larger number of youth.** In addition, **more interventions in rural areas supporting youth in agriculture are needed,** particularly in provinces with low program coverage.

## INTRODUCTION AND CONTEXT

The United Nations Capital Development Fund (UNCDF) has a unique financial mandate within the United Nations (UN) system, and a proven track record and expertise in inclusive finance and local development finance, with a primary focus on least-developed countries. **In 2010, UNCDF, in partnership with The MasterCard Foundation, launched the YouthStart program,** Building Youth Inclusive Financial Sectors in Sub-Saharan Africa, as a regional pilot.

**For the past five years, the YouthStart program has worked with ten financial services providers in eight countries, to provide access to savings for over 514,000 youth,** access to loans to 71,735 young entrepreneurs, and financial literacy and other complementary non-financial services to 502,600 youth. UNCDF has learned from these different approaches that financial inclusion can help address the youth employment challenge through its regional pilot; however, UNCDF has also found that, in order to have a greater and longer-lasting impact on youth, the YouthStart program must seek to further strengthen the link between financial inclusion and the creation of economic opportunities for youth. Indeed, while young people need access to relevant and affordable financial services, they also require access to entrepreneurship training, mentoring, apprenticeships, and other relevant non-financial services that can support their transition from school to work at the right time, and allow them to secure and sustain decent jobs and/or to start and sustain successful enterprises.

**UNCDF aims to leverage the lessons learned and best practices from the regional pilot for its new program, YouthStart Global (YSG).** YSG will be implemented in three phases: 1) an inception phase that entails an analysis of youth economic opportunities in 10 to 15 countries (the first of which will be Benin, Mozambique, Rwanda, and Zambia); 2) a first phase that consists of selecting the right partners to work with in each country; and 3) a second phase that involves supporting selected partners in developing, testing, and scaling up relevant, accessible, and affordable services for youth.

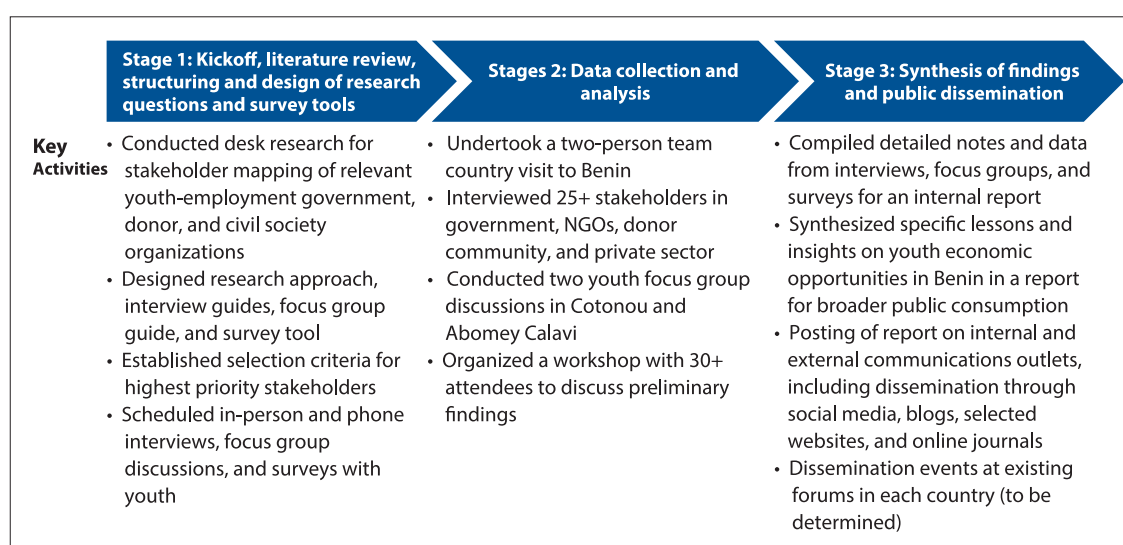
**This report is the key output of an assessment implemented over nine weeks in four target countries, including Benin, as part of YSG's inception phase.** The assessment was conducted in three stages, as outlined in the Methodology section below: 1) literature review and structuring and design of research questions and tools, 2) data collection and analysis during a two-week visit in Benin, and 3) final synthesis of findings presented in this report.

The report aims to capture a complete picture of the youth economic opportunities ecosystem in Benin by 1) providing an overview of the employment challenge and demand for financial services, 2) presenting a comprehensive analysis of the demand for and the supply of labor, and 3) identifying high-potential opportunities for youth (Chapter 1). It also provides an overview and mapping of the current youth intervention landscape and the supply of financial services, as well as an assessment of key gaps for each of the high-potential opportunities for youth (Chapter 2).

## METHODOLOGY

**Figure 1 outlines the methodology for this assessment of youth economic opportunities in Benin** undertaken in three stages: 1) literature review and structuring and design of research questions and tools, 2) data collection and analysis during a two-week visit in Benin, and 3) final synthesis of findings. This report is the product of a number of activities including desk research, stakeholder interviews, focus group discussions and surveys, and a participative workshop with key stakeholders.

Figure 1  
**Study methodology**

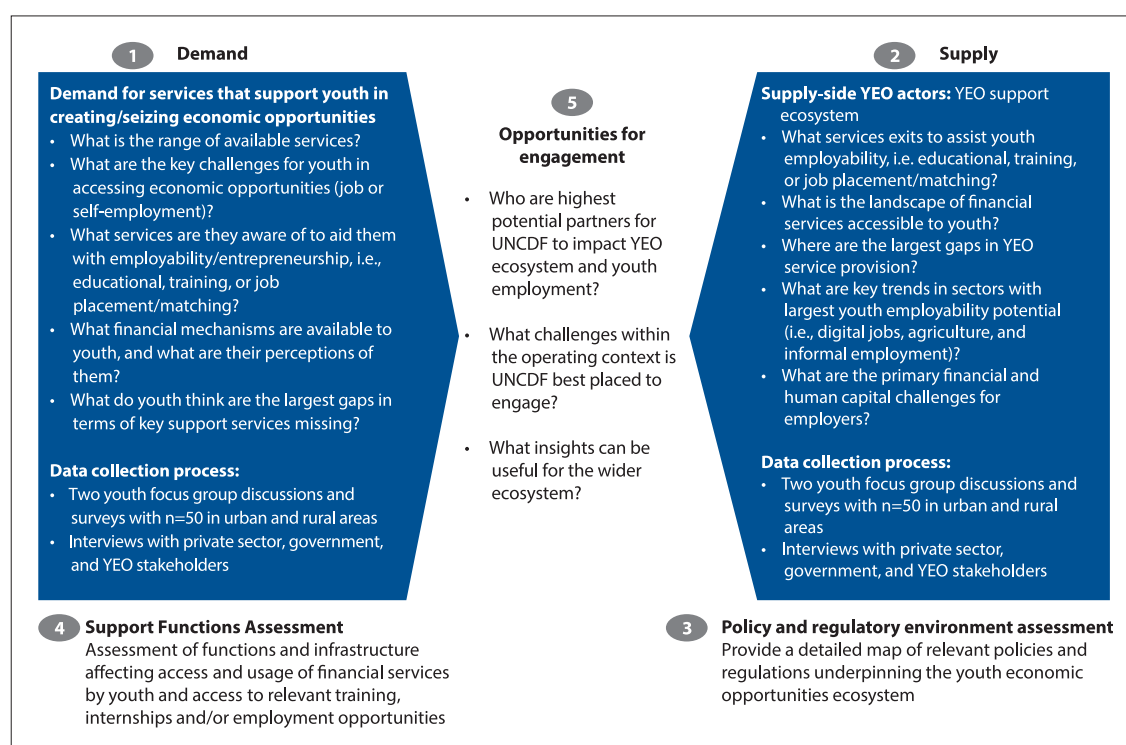


The research approach was structured across five principal elements (Figure 2).

- **Demand-side analysis**, which sought to understand, from the perspective of youth, the principal concerns, challenges, and aspirations with regard to seizing economic opportunities in Benin. The focus group discussions and surveys were the primary instrument for collecting data for this analysis, supplemented by secondary research and interviews with relevant stakeholders.
- **Supply-side analysis** focused on support for youth to create economic opportunities (e.g. vocational and technical training, access to finance, etc.):
  - A landscaping assessment comprised of interviews with key stakeholders including government actors, training or employment matchmaker services, and youth organizations, as well as a gap analysis of programmatic opportunities based on the needs identified by youth and stakeholders.
  - A macroeconomic analysis of highest-potential sectors. Quantitative sector growth and employment data were used to initially identify sectors that have a large potential for creating economic opportunities, and/or are employing large sections of the youth population. Qualitative insights were used to identify particular opportunities within each sector that are attractive and accessible to youth.

- **Policy and regulatory environment assessment** driven by desk research covering national policy documents and external policy analysis reports and by interviews with government agencies and external stakeholders.
- **Support functions assessment** focused on access and usage of financial services and training, internships, and employment opportunities.
- **Opportunities for engagement** aiming to identify the set of partners and opportunity areas where UNCDF YSG should engage to maximize impact.

Figure 2  
Analytical framework





## CHAPTER ONE

# YOUTH ECONOMIC OPPORTUNITIES AND CHALLENGES



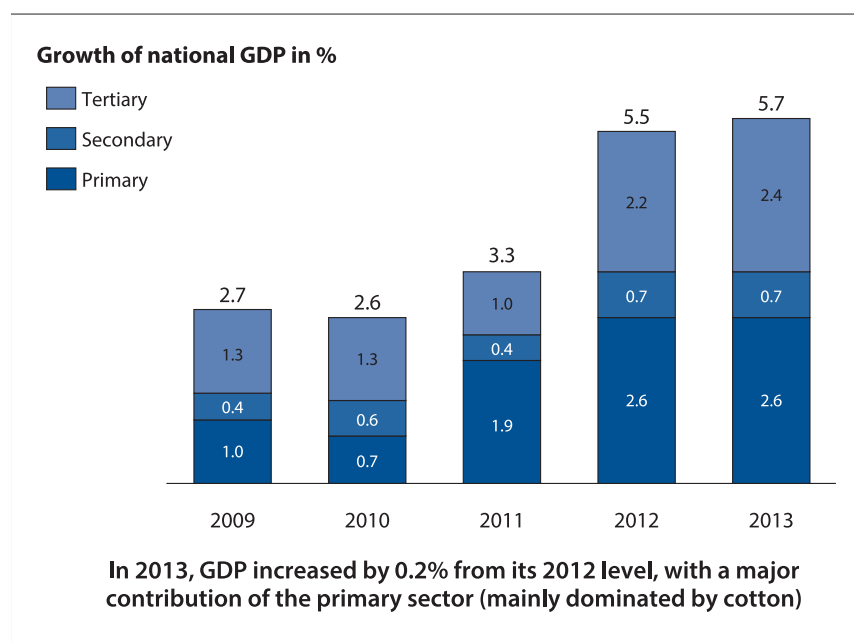


## SECTION 1 – ECONOMIC OVERVIEW AND YOUTH UNEMPLOYMENT CHALLENGE

Benin has experienced moderate growth in recent years. Growth in 2014 is estimated at 5.5%, and projected at 5.3% in 2015 and 6.0% in 2016 depending on how the political and social environment evolves.<sup>13</sup> Recent parliamentary elections in April and upcoming presidential elections in 2016 have so far overshadowed efforts to establish political consensus on necessary reforms. The country's outlook is shaped by the government's resolve to pursue its structural investments program (Programme d'Investissements Structurants—PIS) and its five-year Growth and Poverty Reduction Strategy (GPRS 2011 – 2015). The GPRS focuses on five areas: 1) accelerating sustainable growth and economic transformation with the goal of achieving a growth rate of 7.5% in 2015, 2) developing infrastructure, 3) strengthening human capital, 4) promoting good governance, and 5) aiming for balanced and sustainable development.<sup>14</sup>

The agricultural and services sectors, and a dynamic construction industry, drove growth in Benin in recent years (Figure 3). Indeed, the primary and tertiary sectors represent the bulk of GDP, at 36% and 50% respectively in 2014. The secondary sector remains dominated by cotton ginning and small-scale processing of agricultural products. The tertiary sector has benefited from an increase in port traffic. Activities in the port of Cotonou increased by more than 10% in 2013. The economy is expected to grow by 5.3% in 2015, driven by the expansion of the agriculture sector from measures taken by the government to reinforce the production of maize, rice, pineapples, and cashew nuts through the strategic recovery plan.

Figure 3  
Evolution of GDP and sector contribution to growth



Source: Benin economic situation, 2014, World Bank

<sup>13</sup> African Economic Outlook, 2015.

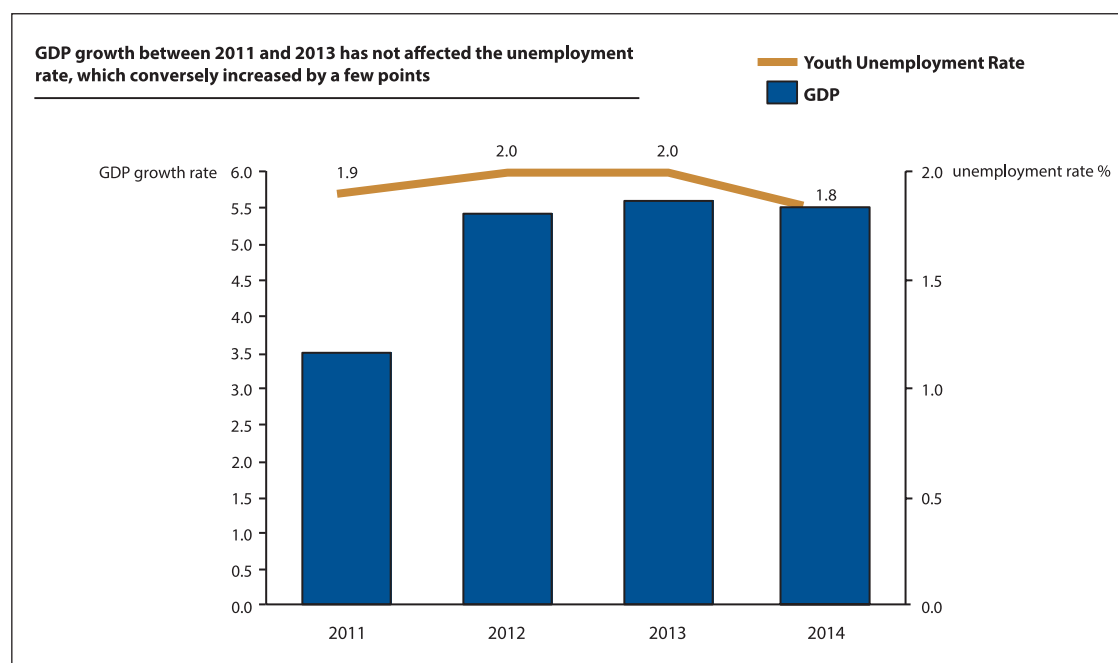
<sup>14</sup> Growth and Poverty Reduction Strategy (GPRS 2011 – 2015).

**Despite improvements in basic social services, the social situation is still marked by the persistence of poverty.** Benin has implemented a strategy for growth and poverty reduction for 2011 – 2015 aimed at making growth stronger and more inclusive. The main priorities highlighted in the Growth and Poverty Reduction Strategy (GPRS) are water and sanitation, agriculture, youth and sports, national solidarity, education, microfinance, and employment.<sup>15</sup> Despite these policies, poverty is still a major concern in Benin, where 35.2% of the population lived below the poverty line in 2012.<sup>16</sup>

Seventy-one percent of Benin's population aged 15 to 64 is employed or actively seeking employment.<sup>17</sup> This rate is only 8.2% for those 15 – 19 years of age and 10.9% for those 20 – 24 years old.<sup>18</sup> Agriculture is the largest employer, mobilizing 41.1% of the working population, followed by trade and logistics (23.4%) and culture and tourism (6.3%).<sup>19</sup> Industry and crafts engage 6.6% of the working population.<sup>20</sup>

**Despite moderate economic growth, underemployment remains a critical challenge.** Since 2010, there has been a decline in the ability of the economy to provide jobs. As illustrated in Figure 4, GDP growth has not translated to increased job opportunities. The youth segment of the population faces the greatest challenges with unemployment and underemployment. Indeed, according to a 2013 ILO study in Benin, the results of the SWTS indicate that in 2012 there were 78,973 unemployed youth aged 15 – 29 years, which represents 9.1% of the labor force.<sup>21</sup>

Figure 4  
**Benin economic performance vs. unemployment evolution**



Sources: Benin economic situation, 2014, World Bank; ILO estimates

- 15 Document for poverty reduction 2011 – 2015, Benin, Government of Benin, 2011.
- 16 African Economic Outlook, 2015.
- 17 Integrated Survey on Household Living Conditions, INSAE, 2011.
- 18 Ibid.
- 19 Ibid.
- 20 Ibid.
- 21 Transition to the Labor Market of Young Women and Men in Benin, ETVA, ILO, 2013.

A review of the labor market shows that young men (15 – 35 years old) are more affected by unemployment than young women (12.3% for young men and 6.5% for young women).<sup>22</sup>

## SECTION 2 – OVERVIEW OF YOUTH POLICY LANDSCAPE


In Benin, there are close to 30 government institutions or agencies involved in youth employment and entrepreneurship programming. Yet, the number of youth-specific or youth-related policies is very low. Youth employment and entrepreneurship issues are reasonably well mainstreamed into larger national policies. Overall, the policy environment in Benin is fairly supportive vis-à-vis youth. Benin's youth employment and entrepreneurship efforts are guided by the following key policy documents:

- **National Youth Policy:** Created in 2001 by the Ministry of Youth and Sports, the National Youth Policy covers a broad range of issues affecting all aspects of young peoples' lives, ranging from sports to environment and communication. Among these issues are economic participation and education. However, while the document includes a rich analysis of the situation of young people in Benin and a series of admirable principles, it does not include many actionable elements when it comes to employment and entrepreneurship.
- **National Vocational Training Policy (Politique Nationale de la Formation Professionnelle Continue et de l'Apprentissage):** Adopted in 1999, the most important element of this policy was the establishment of the Fonds de Développement de la Formation Professionnelle Continue et de l'Apprentissage (FODEFCA). Under the authority of the Ministry of Public Service, Labor and Administrative Reform, FODEFCA aims to strengthen the country's workforce capacity through higher quality and coordinated training within the private and informal sectors. Very recently, FODEFCA, the Ministry of Microfinance and Employment of Youth and Women and the World Bank launched a five-year project entitled Project Emploi des Jeunes (PEJ). While led by the Ministry of Microfinance and Employment of Youth and Women, two of the three pillars of this USD 35 million project are very much linked to technical and vocational education, i.e. the provision of higher quality training in sectors of growth, and reinforcement of capacities in micro-businesses and self-employment.

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22 Ibid.

- **National Action Plan for the Implementation of Education for All:** Published in 2003, this exhaustive policy prioritizes “the development of innovative education approaches targeting out-of-school youth.” Given this, technical and vocational/professional education was identified as the government’s second priority in the education sector, after primary education. A separate ministry was created in order to focus on Technical and Vocational Education. This ministry is now also responsible for youth integration and “reconversion”. The technical education divisions seem to have made some progress in developing a technical and vocational training system and in supporting pertinent and responsive training programs in sectors such as agriculture, health, hospitality, etc.
- **Microfinance Sector Policy:** Published in 2007, the Microfinance Sector Policy seeks to promote access to viable and sustainable financial services to a majority of poor and low-income households and micro-entrepreneurs throughout the country. The policy covers the 2007 – 2015 period and is currently being evaluated and revised. As part of the vision for the 2016 and beyond period, access to microfinance in rural areas, full integration of microfinance services into the financial sector, professionalization of the microfinance sector and the reinforcement of the legal, regulatory and institutional frameworks are objectives pursued.
- **National Employment Policy (NEP):** Developed by the then called Ministry of Microfinance and Employment of Youth and Women in 2012, this document describes a series of actions and initiatives focusing on the goal to generate, by 2025, decent employment for every Beninese of working age. While the policy does not identify youth employment as a sector of focus, it states that it is among a number of cross-cutting issues which will receive special attention. The policy quickly outlines the development of the private sector, the creation of better linkages between education/training and employment needs, and the promotion of self-employment as key issues to be addressed when it comes to youth employment. Among youth-specific actions described in the policy is the National Fund for the Promotion of Enterprise and Youth Employment (FNPEEJ). Established in 2007, the FNPEEJ aims to facilitate access to credit for youth graduates to start and grow a business. Among other things, FNPEEJ provides a 6% interest loan to youth through a network of microfinance institutions. Stakeholders report that the FNPEEJ has been struggling with some governance, capacity and funding issues for the last few years. Also mentioned in this policy is the National Employment Agency (ANPE). Created in 2003, the main role of ANPE is to support NEP by, among other things, generating varied employment indicators, mobilizing and managing financial resources necessary for the implementation of programs under NEP, creating synergies between the supply and demand sides, supporting self-employment and work readiness, etc. It also aims to collaborate with FNPEEJ when it comes to youth and rural employment opportunities. ANPE offers job seekers a number of programs such as an internship program, a self-employment program, and a technical capacity-building program. In addition, it offers an employment promotion training program for local authorities.



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It is undeniable that youth employment challenges represent a key concern for the government of Benin. However, past actions have failed to demonstrate a strong link between national growth and healthier youth employment. One reason for this might be that several governmental programs target (by design or by default) youth with higher levels of education, which represent only a small portion of Benin's young population. There is also an issue of scale in part created by insufficient resources, especially for rural and marginalized youth. Several stakeholders deplore the lack of sturdy programming targeting young women.

The government of Benin has been quite candid regarding its shortcomings in this area. Recently, it has been addressing the critiques and taking some actions to address a few gaps. Chief among the critiques was the lack of coordination among all institutions and agencies working on youth employment and entrepreneurship. An important manifestation of the desire for the government of Benin to produce superior results regarding youth employment is the recent reorganization of ministerial responsibilities related to youth employment and entrepreneurship. Aware of the past fragmentation of interventions and gaps in monitoring and evaluation, the Ministry of Microfinance and Employment of Youth and Women was mandated with coordinating all of the government's actions linked to youth employment and entrepreneurship. The fact that both employment and entrepreneurship responsibilities are under the same ministry will likely help with coordination and synergies.

It is interesting to note that, upon its launch, NEP was broadly criticized for its weak focus on entrepreneurship, especially for youth and young women. Since then, the Ministry of Microfinance and Employment of Youth and Women developed initiatives and partnerships to help address this gap. Among these is a business promotion center project in collaboration with UNDP. However, a program which preceded the publication of NEP was – and still is – supporting entrepreneurship in 2006. Entitled the Programme de Micro Credits aux Plus Pauvres (MCPPE), it stems from the Fonds National de la Microfinance, and is available across the country. While the number of youth reached via these programs is not sufficiently measured, several stakeholders were critical of the scale and depth of these programs' reach. The NEP policy also states itself that so far, both FNPEEJ and ANPE have not produced sufficient results due to lack of funding (which mostly comes from the national budget).

## SECTION 3 – OVERVIEW OF THE DEMAND FOR FINANCIAL SERVICES

**Financial inclusion in Benin is still low compared to other sub-Saharan countries.** Just 16% of Beninese have access to a financial account, while in Ghana, for example, the rate is 35%.<sup>23</sup> The overall financial inclusion rate in Benin is 20%, with 7% participating in commercial banks.<sup>24</sup> **Youth living in rural areas face greater challenges in accessing financial products.** These youth are difficult to reach due to low levels of education and income, and, in some cases, geographic remoteness. Overall, youth are roughly half as likely to have an account in a financial institution (8.4% for youth aged between 15 – 24 years) than is the general population (16%).<sup>25</sup>

**Lack of access to financial products and services constrains youth's access to economic opportunities, their ability to strengthen their skills,** and the development of their personal and technical capacity to launch and manage businesses. For those youth able to access financial services, products are seldom supportive of the development of their activities. For instance, financial products are characterized by a predominance of short-term loans (less than 6 months). These represent 91% of loans made.<sup>26</sup> Such arrangements are not suitable for young entrepreneurs who need repayment periods above one year. Focus group discussions reveal that youth do not currently see financial institutions as an accessible option to support their projects. Instead, they view parents and family resources as the sole available sources of funding.

**Furthermore, a low level of financial inclusion is one of the main challenges blocking development of entrepreneurship for women.** Women primarily work in agriculture (37.3%) and services (44.4%), predominantly in the informal sector,<sup>27</sup> and rarely own tangible assets that can serve as collateral. A very small percentage of rural women in Benin (11%) hold agricultural land;<sup>28</sup> formal financial institutions, however, typically require land titles as guarantees. Furthermore, only 13% of women have a bank account. As an alternative, women participate in tontines (rotating savings and credit associations), which often—because of members' overall limited saving capacity and their informal nature—do not allow them to raise significant funding and start a consequential business.

23 Global Financial Inclusion (Global Findex) Database, The World Bank, 2012.

24 Digital Financial Services in Benin – Country Profile, United Nations Capital Development Fund (UNCDF), 2014.

25 Global Financial Inclusion (Global Findex) Database, The World Bank, 2012.

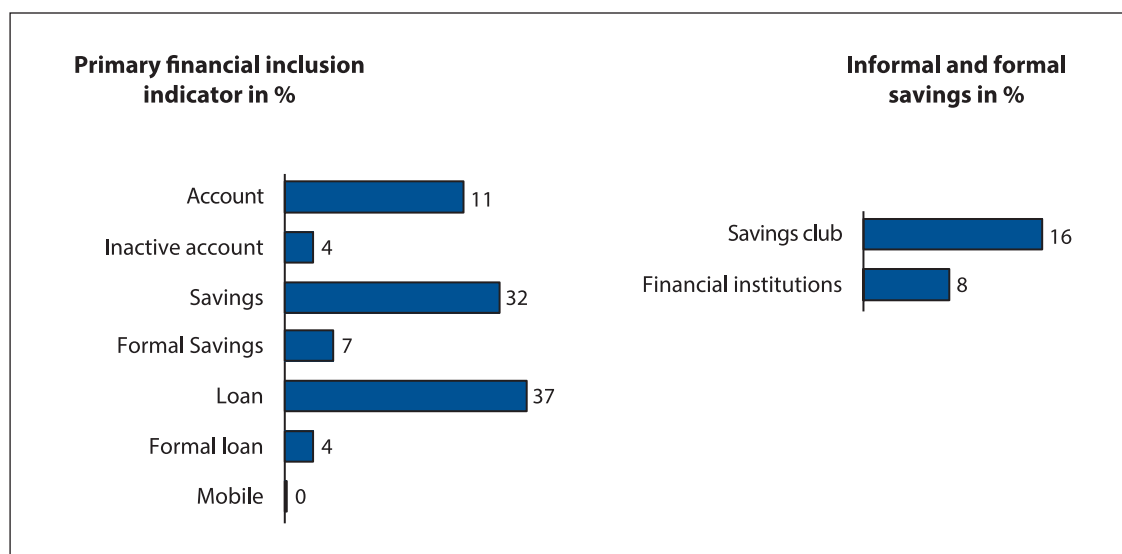
26 In-Depth analysis of the microfinance sector in Benin, INSAE, 2013.

27 Integrated Survey on Household Living Conditions, INSAE, 2011, INSAE, 2011.

28 Gender and Law - Women's Rights in Agriculture, Food and Agriculture Organization of the United Nations (FAO), 2002.

Figure 5

**Types of financial products in Benin and adherence rates (% of the population)**



Source: Global Financial Inclusion (Global Findex) Database, The World Bank, 2012

**A proliferation of small and unregulated institutions hinders the development of the microfinance sector.** Microfinance is on a strong growth path and increasingly offers diverse products. However, the informal sector has also developed in parallel and is characterized by high default rates. Indeed, a 2011 study that identified 1,021 points of service belonging to 721 institutions found that 16% of these points of service operate without any authorization.<sup>29</sup> To confront these challenges, the government of Benin has taken steps, in partnership with financial and technical partners, to set up initiatives and measures to consolidate the system. This has led to the establishment of the ALAFIA consortium, which aims to be a strong network of MFIs contributing to poverty reduction in Benin through the more effective, efficient, and sustainable development of microenterprises.

The ALAFIA consortium was created on March 10, 2000. Its role is to support microfinance institutions and promote their professionalism and growth. Its intervention areas are:

- Capacity building of its members to offer tailored financial services;
- Advocacy actions for the improvement of the legal, economic, and political environments in which its members operate.

**Key achievements of the consortium include:**

- Setting up a national information exchange platform on MFIs' clients. This platform, which is decentralized and accessible in remote areas, was developed with the assistance of the US Millennium Challenge Account initiative in Benin;
- Training of more than 5,000 employees of microfinance institutions—including national managers, international managers, and agents—in areas of good governance, financial transparency, and development of innovative products tailored to clients' needs;
- Establishing a rating system to promote best practices in microfinance institutions.

**Source:** ALAFIA website

29 In-depth analysis of the microfinance sector in Benin, INSAE, 2013.



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ALAFIA collaborates closely with both the Ministry of Economy and Finance and the Ministry of Microfinance and Employment of Youth and Women. This partnership will likely help create a cohesive and youth-inclusive network of financial services providers. With their high numbers and this on-going restructuration, MFIs continue to be important actors when it comes to financial inclusion in Benin.

**Emerging, innovative financial products and solutions such as digital financial services have the potential to create great impact if they are brought to scale.** There are currently three providers of mobile money in Benin reaching close to 500,000 mobile money users, approximately 10% of whom are active.<sup>30</sup> Both Etisalat and ASMAB launched their services in late 2013 and are developing services and partnerships to expand their client bases.<sup>31</sup> ASMAB is the first microfinance institution in the West African Economic and Monetary Union (WAEMU) to be licensed as an e-money issuer. Telecommunications company MTN offers a mobile insurance product for drivers of motorcycle taxis.

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30 Benin's Expansion of Digital Finance, Consultative Group to Assist the Poor (CGAP), January 2015.

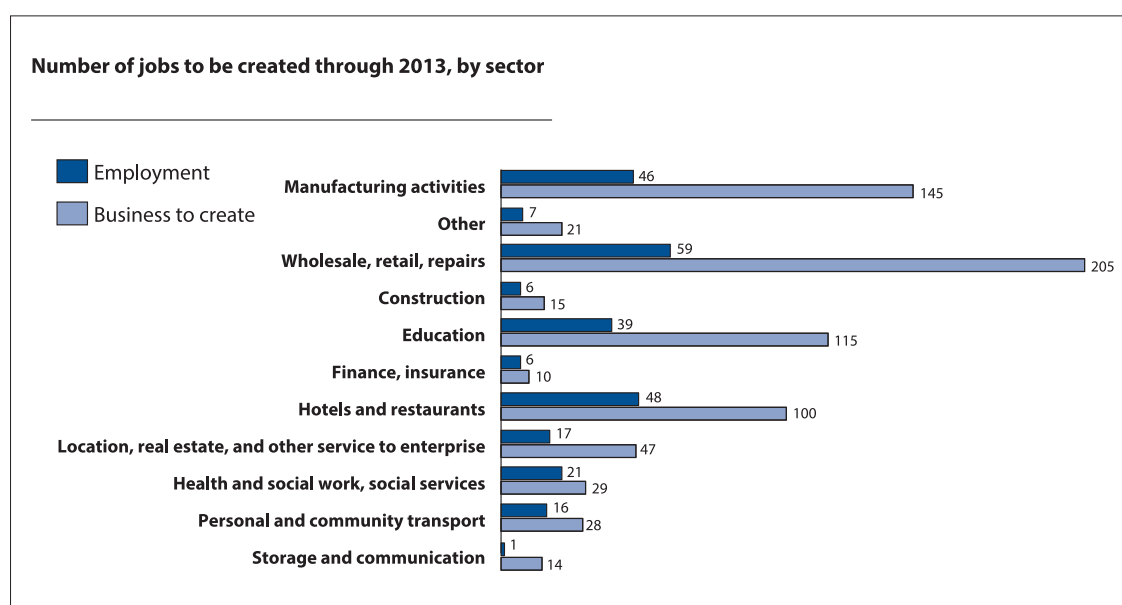
31 Ibid.

## SECTION 4 – ASSESSMENT OF THE DEMAND FOR AND SUPPLY OF LABOR

### DEMAND FOR LABOR

Each year, approximately 75,000 first-time job seekers enter the labor market; the economy is currently unable to absorb them.<sup>32</sup> As illustrated in Figure 6, approximately 2,000 jobs are expected to be created in the next couple of years within the formal private sector of Benin. As a result of this job scarcity, youth employed in Benin are mostly self-employed (51.7%) or family workers (21.4%).<sup>33</sup> Women are more likely to be family workers than men, and less likely to be employees. Skilled handicraft and industry workers represent 15.3% of youth, while youth engaged in intellectual and scientific activities represent just 3%; very few youth are managers (1.0%), executives (2.3%), or skilled employees (6.4%).<sup>34</sup>

Figure 6  
Job creation and self-employment forecasts by sector



Source: Labor market transitions of young women and men in sub-Saharan Africa, ILO, 2013

**Youth's transition from school to work is slow and difficult.** Indeed, 42.7% of unemployed young people spend more than a year on the job market looking for their first job. This rate is 50% for young women, i.e., one in two women remain unemployed for over a year.<sup>35</sup>

32 Labor market transitions of young women and men in sub-Saharan Africa, ILO, 2014.

33 Ibid.

34 Integrated Survey on Household Living Conditions, EMICoV, 2 Edition, INSAE, 2011.

35 Ibid.

A review of barriers to youth employment highlights the weakness of the economy's absorptive capacity. Nearly 60 percent of unemployed youth point to the lack of jobs as a major barrier to their employability.<sup>36</sup> In addition to the effects of weak job creation, unemployed youth do not know where to look for work. There is a strong belief among youth interviewed through focus group discussions that "one has to know someone" in order to secure a job. Another limiting factor, from the perspective of youth, is the lack of prior professional experience. Most jobs they come across typically require at least two years of work experience, which they typically do not have. These challenges are further compounded by a weak support system for unemployed youth. Ninety-five percent of young people claim they have never received any advice on how to seek employment.<sup>37</sup>

Another finding is that unemployment tends to grow with the level of education. The more educated the youth, the more likely they are to be unemployed. For instance, in 2012, less than 20% of youth with no or primary level education were unemployed while unemployment rates were 38.2% for youth with secondary level education.<sup>38</sup> This trend may reflect the fact that youth with higher levels of education are more selective in securing jobs and/or that the jobs they seek are scarce. On the other hand, youth with limited prior education are more likely to engage early in informal apprenticeship in the artisanal sector.

## SUPPLY OF LABOR

**In addition to the limited absorptive capacity of the job market, current employment opportunities remain precarious.** Indeed, only 35% of salaried youth workers are employed on the basis of a written contract, while 65% are engaged based on a verbal agreement.<sup>39</sup> Furthermore, only 36% of youth are working in jobs that match their qualifications.<sup>40</sup>

**Youth with less than a university education are discouraged and ill prepared to compete for the limited opportunities in the labor market (Figure 7).** Specifically, technical skills are often misaligned with market needs and youth lack a range of soft skills such as communication, problem-solving, or office etiquette.

36 Labor market transitions of young women and men in sub-Saharan Africa, INSAE, 2013.

37 Ibid.

38 Transition to the Labor Market of Young Women and Men in Benin, ILO, 2013.

39 Labor market transitions of young women and men in sub-Saharan Africa, ILO, 2014.

40 Transition to the Labor Market of Young Women and Men in Benin, ILO 2013.

Figure 7  
Youth preparedness for the job market

		Employment value chain				
		Motivation	Awareness	Skills development	Access to jobs / finance	Continuous follow-up
Educational attainment of labor market entrants	Primary or less	"Left out" of the current support system from the government.	Very limited access to information and awareness of job opportunities.	Very limited hard skills, even lacking literacy for some, and basic soft skills and work readiness for most.	Mostly self-employed or working for family in the primary sector; struggle to afford job search costs.	Lack of support system.
	Secondary	"Left out" of the current support system from the government.	Very limited access to information and awareness of job opportunities.	Learn their trade through apprenticeships, requiring a commitment of several years with little income.	Job opportunities are much more widely available in the informal sector than the formal sector. Youth in this category tend to prefer having their own business.	Require continuous follow-up to develop practical skills as well as soft skills.
	Vocational training	Youth graduate from technical and vocational education and training (TVET) programs equipped with practical skills directly relevant to their jobs	Mostly rely on word-of-mouth to find a job in the informal sector.	TVET curriculum not always aligned with labor market needs	Job opportunities are much more widely available in the informal sector than the formal sector. Youth in this category tend to prefer having their own business.	Require continuous follow-up to develop practical skills as well as soft skills.
	Tertiary*	High motivation in being graduates, but face higher unemployment rates and demotivated by long (+1 year) job search period.	High awareness of job opportunities in the formal sector but lack of trust in their ability to secure them without knowing someone.	Formal education often not aligned with labor market. Limited work experience and lack of soft skills.	Challenging as opportunities are scarce and there is little transparency particularly for public job opportunities.	Short-term work-readiness internship have recently been made mandatory by the main public University, which also helps new graduate find opportunities.

Legend

Most significant

Least significant

\*Note: Tertiary is the sum of post-secondary vocational training, university and post-graduate.

## MOTIVATION AND AWARENESS

**Youth awareness about government and development partner initiatives is low.** Youth living in rural and urban areas with little or no education are not sufficiently aware of ongoing youth employment programs and initiatives conducted by the government.<sup>41</sup> Possible reasons for this include the following:

- **Government initiatives are limited in their scope.** The main government instruments (ANPE, FNPEEJ, and Business Promotion Centers) are mostly accessible to and designed for youth with higher education. Youth that have no or primary level education are less likely to be able to take advantage of services (e.g., business plan support) that are designed for youth with higher education.
- **Communication channels used are not appropriate.** Few youth interviewed during the focus group discussions were aware of facilities provided to support youth employment, suggesting that the government's current initiatives face a communication and dissemination challenge. Official messages tend to be disseminated through media channels (newspapers, TV, etc.), which, again, would be accessible mostly to youth with higher education. Results from the focus group discussions suggest that such media

are not the most appropriate for disseminating information to youth. Better channels to convey information should involve the youth themselves through their associations/grassroots organizations.

**Youth do not have information about high-potential sectors.** Youth are not sufficiently knowledgeable about which sectors show the most promise in terms of economic opportunities, creative jobs, or income-generating ideas. In focus group discussions, when asked what kind of work they wanted to pursue, youth for the most part repeated the same limited roster of trades, training, and entrepreneurship plans, e.g., hairdressing or sewing for women, motor-bike mechanics or agro-industry for men.

**Repeated job search without results often leads to discouragement among young people in Benin.** The share of discouraged youth among the total economically active youth population including the unemployed is more than 15%.<sup>42</sup> Discouragement is further compounded by longer unemployment periods. Forty-three percent of youth in the 15 – 29 age group spend more than a year on their job search.<sup>43</sup>

## SKILLS DEVELOPMENT

**Lack of skills is a major barrier to employment for youth.** Disadvantaged youth don't have required skills to enter the labor market and find sustainable employment. The focus group discussions revealed that most of the disadvantaged youth are school dropouts, thus haven't completed formal training that could build their skill set and provide them with the credentials (e.g., degrees, certificates) that could facilitate their employment. Overall, access to formal and professional training is still extremely limited. Youth often lack the basic educational prerequisites, skills, support, and financial resources to allow them access to such training.

A reform addressing technical education and vocational training was initiated in 2011. By virtue of improving the effectiveness of training programs, this reform sought to ensure a better fit between the professional qualifications obtained in such programs and general market needs. This reform was supported both by a 2011-2016 action plan and the creation of the Ministry of Technical Education and Vocational Training (MTEVT).<sup>44</sup>

In 2012, a mid-term evaluation of the Ten-Year Development Plan of Benin's Education Sector (PDDSE) raised certain issues pertaining to the plan's implementation. Principal among them was the high rate of underemployment and unemployment among recent graduates resulting from the poor quality of vocational training in technical centers. The deterioration of the quality of vocational training is tied to poor teaching conditions (e.g., a state of disrepair and a lack of tools, equipment and infrastructure), the weakness of educational support, and pedagogical methods that omit ICT and relevant professionals.<sup>45</sup>

42 Transition to the Labor Market of Young Women and Men in Benin, ILO, 2013.

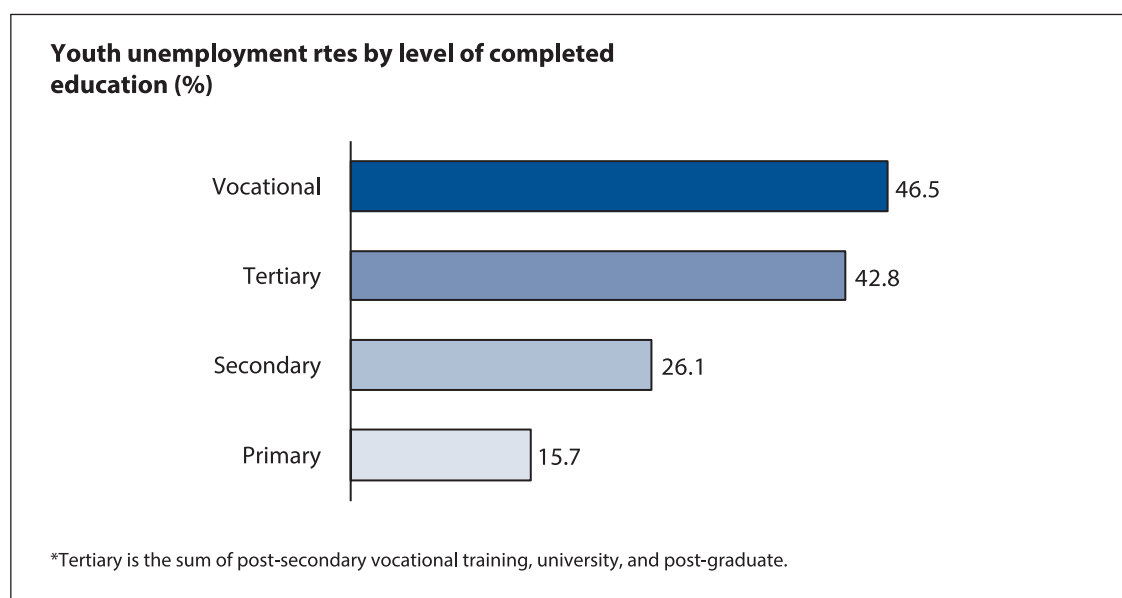
43 Ibid.

44 Mid-term review of the Ten-Year Development Plan of Benin's Education Sector (PDDSE 2006-2015), DANIDA, AFD, 2012.

45 Mid-term review of the Ten-Year Development Plan of Benin's Education Sector (PDDSE 2006-2015), DANIDA, AFD, 2012

**Inadequate qualifications and skills acquired in vocational training schools and universities remains a real challenge.** During the focus group discussions in Abomey-Calavi, one of the main barriers to employment identified by youth was the lack of practical training and exposure to the enterprise world that could make them readily employable. To address this issue, the University of Abomey-Calavi (UAC) recently launched a youth volunteering program to facilitate the transition of students into the workplace. This initiative makes it compulsory for recent graduates to complete an internship for a period of 12 months before enrolling in a master's program. The internship can also be undertaken at the start-up incubation center developed by UAC as part of the program.<sup>46</sup>

Figure 8  
**Youth unemployment rates by level of completed education (%)**



Source: Labor market transitions of young women and men in sub-Saharan Africa, ILO, 2014; SWTSS, 2012–13

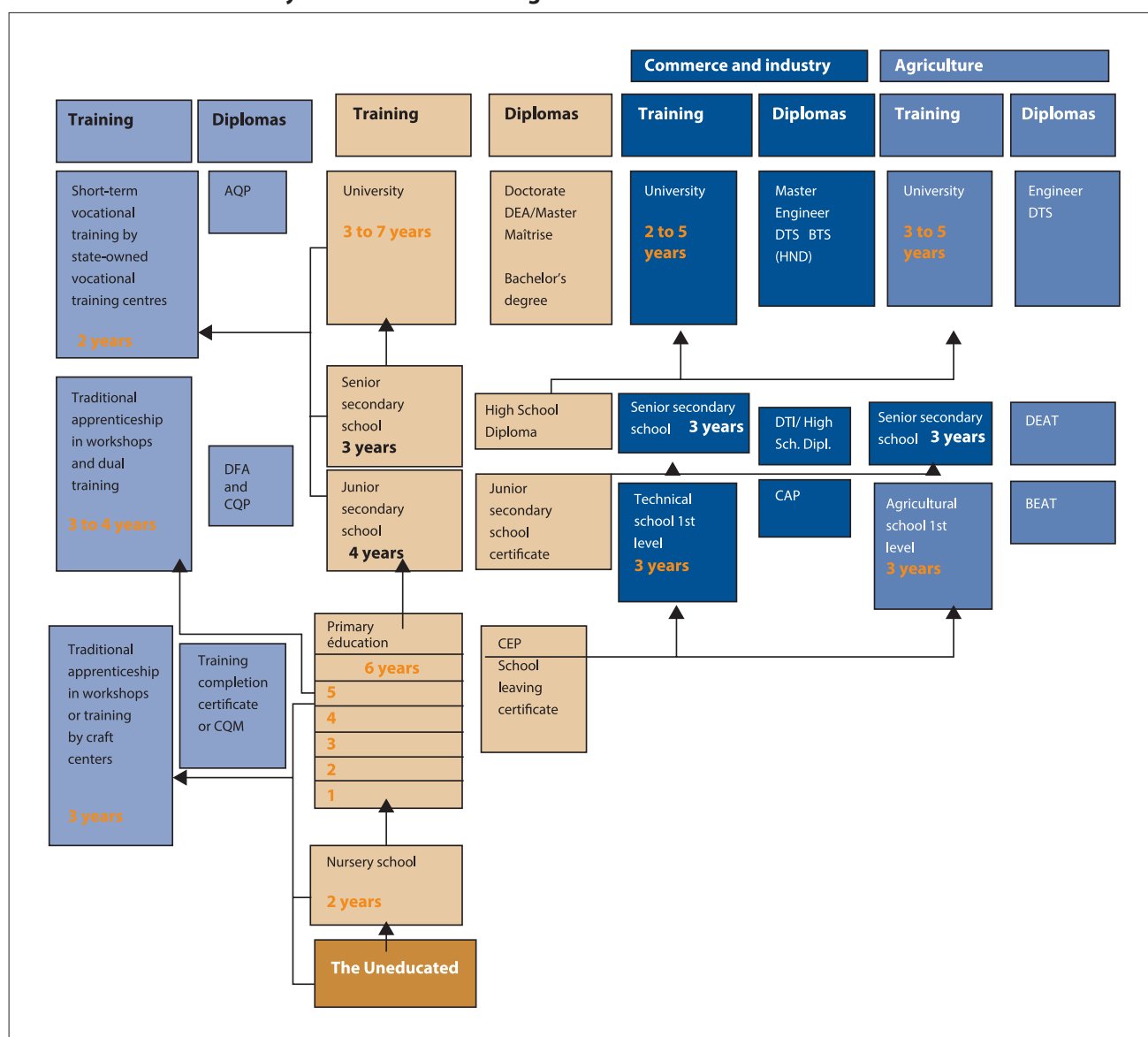
**Benin's education system offers a diversity of options (Figure 9); however, vocational and technical training still do not respond to market needs.** Youth's access to the handicraft sector and other high-potential sectors for employment and entrepreneurship—such as tourism, agriculture, or ICT—is contingent upon vocational training. FODEFCA, the fund in charge of implementing the government's policy on vocational training, has conducted a diagnosis to analyze opportunities in the industry sector. The results indicate that there is a significant need for qualified workers in the industrial and tourism sectors. Currently, FODEFCA is developing a program that aims to strengthen the capacities of youth jobseekers and match them with private sector firms that require qualified workers.

### Overview of FODEFCA

FODEFCA is a fund set up by the government of Benin in February 1999 within the implementation framework of the national vocational training policy. It serves as a funding vehicle used by the government to promote vocational education and improve its relevance and quality.

**Source:** Swiss Contact Benin

**Figure 9**  
**Education system and basic training in Benin**



**Source:** Benin Youth Assessment, Education Development Center (EDC)/ Educational Quality Improvement Program 3 (EQUIP3), 2011



### **Lack of soft skills and lack of initiative are also important barriers to employment for youth.**

Beyond technical skills, youth organizations and government agencies emphasize the need for soft skills and entrepreneurship training in the school curriculum. Currently, youth lack presentation skills and struggle to sell themselves to employers. In addition to work experience and level of education, recruiters also select youth on their work-readiness skills and appearance. In fact, 17% of recruiters look for abilities, 15% for expectations and 3% at appearance while 23% consider education.<sup>47</sup> Similarly, on the entrepreneurship side, youth often have good ideas for projects but do not have the motivation and soft skills to see them through.

## **ACCESS TO JOBS**

### **Lack of information about job opportunities remains a major constraint and limits effective and efficient decision-making for youth.**

To recruit employees for technical jobs and elementary occupations, 53% of job offers are made through parent and family connections, and only 14% are publicized. This implies that youth with limited networks are at a severe disadvantage.<sup>48</sup>

### **Youth lose interest in government initiatives due to difficult execution and follow-through.**

A lack of transparency and poor management of programs and initiatives conducted by the government has led young people to lose motivation and interest in participating. For instance, a recruitment test for various public administration bodies (e.g., taxation, customs) was cancelled in 2012 due to fraud and corruption issues.<sup>49</sup>

### **Barriers to self-employment are usually related to a lack of financial resources.**

To start their business, the majority of youth rely on their own funds or family funds. Over fifty percent<sup>45</sup> of young men confirm that they have used their own funds, while less than 40% of young women say the same.<sup>50</sup> Young women often receive funds from family or friends to set up projects; 30% of them confirmed that they had received financial support from their family, while 16% of young men say the same.

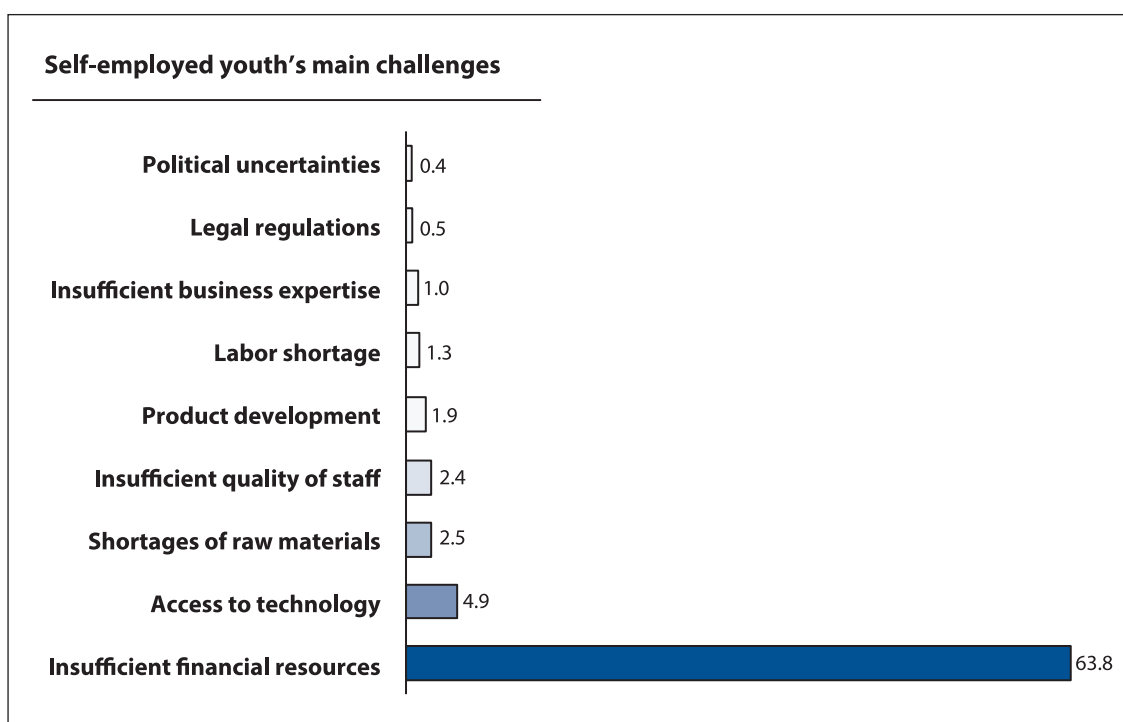
47 Transition to the Labor Market of Young Women and Men in Benin, ILO, 2013

48 Ibid.

49 Voices of Youth's Website.

50 Integrated Survey on Household Living Conditions EMICoV, 2 Edition, INSAE, 2011.

Figure 10  
Main challenges faced by youth in their business activities (%)



Source: Labor market transitions of young women and men in sub-Saharan Africa, ILO, 2014, SWTs, 2012–13

**Technical skills and literacy are the main factors preventing youth's access to information in rural areas.** Access to information varies greatly according to where youth are located. Youth living in urban areas have greater access to job offers through advertisements in the media or online via social networks. The limitations of phone, internet, and electricity coverage in rural areas, however, limit access to information channels. Lower levels of education in rural areas (80% of youth without any level of education live in rural areas) prevent access to newspaper advertisements; common alternatives are the radio or word of mouth.

## CONTINUOUS FOLLOW-UP

**Lack of information is the outcome of weak program and project monitoring systems.** Currently, no office or agency has the ability to centralize information on existing initiatives for youth employment. Reliable statistics are not available on the number of youth employment initiatives and their location, on the number of youth in the labor market, or on the opportunities available for youth. To mitigate this deficiency, the government of Benin commissioned ANPE to monitor the labor market by creating an information system. This tool is not yet operational and updating the map of high-potential opportunities for youth is a high-priority need.

## MATCHING

### **Few initiatives exist to link youth with employers and potential business partners.**

Some agencies like ANPE work on improving access to information on the labor market and facilitating entrepreneurship, self-employment, and access to finance for youth—but their reach is very limited. Lack of coordination limits the efficiency of matching programs. Ministries' and departments' mandates and programs overlap; the lack of coordinated action delays program execution. Unemployed youth do not know where to look for work. The 2012 ETVA survey reveals that 95% of young people have never received advice on how to seek employment and how to find out about job vacancies.<sup>51</sup>

// It's necessary to update the map of opportunities for youth.

//

- Director of ANPE

To address these issues, ANPE hosts a monthly event called “Ça me dit Emploi,” a platform bringing together all the actors and stakeholders in the youth employment ecosystem to discuss the challenges youth face in the labor market. The initiative has led to concrete outcomes, such as the University of Abomey-Calavi deciding to launch a training program in tourism and hotel business following a discussion at one of these sessions.

Furthermore, the government of Benin has benefited from UNDP support for the establishment of BPCs. The BPCs help youth entrepreneurs to develop business plans and coach them until they find opportunities. Unfortunately, BPCs do not cover the whole territory; only four offices are operational and all in urban areas—in Cotonou, Porto Novo, Abomey-Calavi, and Parakou.

**Given the severe constraints on labor demand, self-employment and entrepreneurship will be the mechanisms by which to create more opportunities for youth in Benin.**

## SECTION 5 – HIGH-POTENTIAL OPPORTUNITIES FOR YOUTH

Despite the challenging environment characterized by limited formal employment opportunities, findings from the research show that entrepreneurship is a strong pathway for employability, with artisanal enterprise, small-scale processing/value addition, and ICT retail as potential sectors of interest for youth. Tourism is an emerging sector in Benin that also offers employment opportunities for youth.

### I. OPPORTUNITIES IN AGRICULTURAL VALUE CHAINS

**Small-scale processing and value addition have been identified as high potential opportunities for youth in the agriculture sector.** The sector contributes roughly 34% of the national GDP—crop production is predominant and contributes on average 24% while livestock and fisheries production respectively contribute approximately 6% and 4%.<sup>52</sup> There is room for the agricultural sector to grow: eleven million hectares of land are available in Benin, of which about 60% are suitable for agriculture.<sup>53</sup> Furthermore, there are unexploited opportunities in the production and export of products derived from cashew, pineapple, shea butter, tropical fruit, palm nuts, soy, and vegetables. However, constraints do exist:

- The distribution of the Beninese population with a plot of land indicates that a mere 21% of those less than 35 years old hold at least one plot, whereas the rate for those aged 35 to 59 years old is 56%.<sup>54</sup>
- There are multiple methods for acquiring land and these can differ depending on whether the individual is male or female. In 2011, the most common methods for acquiring land in Benin were purchasing and inheriting. Sharecropping, leasing, donations and loans are other means by which land is acquired.<sup>55</sup>
- Legislative and judicial regulations on property do not impose restrictions with respect to the age or gender of individuals wishing to access land. On the other hand, sociocultural constraints, the economic situation, and a lack of political will can limit access to land.<sup>56</sup>

**In addition to crop production, livestock also provides an attractive economic opportunity.** Poultry production currently meets less than 20%<sup>57</sup> of market needs, while egg production covers barely 10% of local demand. As such, Benin has to import live animals from neighboring countries and frozen meat from Europe—in fact, with imports estimated at over USD 324 million, poultry meat is one of the main products imported by Benin each year.<sup>58</sup> Such strong demand suggests that opportunities to create livestock farms and dairy products can offer viable livelihoods for youth.

52 INSAE statistics, 2006.

53 Ministry of Agriculture and Livestock statistic MAEP, 2006.

54 Integrated Survey on Household Living Conditions, INSAE, 2011.

55 Ibid.

56 State of Governance in West Africa: Benin, Follow-up Project on West African Governance, CODESRIA, OSIWA, 2011.

57 French Development Agency.

58 The Observatory of Economic Complexity.

**There is also potential for fish farming projects,** given that the importation of fish has steadily increased over the last ten years while catches have fallen by about 15% from 2003 to 2008.<sup>59</sup>

Table 1 summarizes the specific entrepreneurial opportunities in the agricultural sector accessible to youth.

Table 1  
**Entrepreneurial opportunities in the agricultural value chain**

Self-employment activities	Description	Why is it an opportunity for youth?
Opportunity 1: <b>Light-scale processing</b>	There are tremendous unexploited opportunities in the production and export of products derived from <ul style="list-style-type: none"> <li>- cashew</li> <li>- pineapple</li> <li>- shea butter</li> <li>- tropical fruits</li> <li>- palm nuts</li> </ul> Livestock production index includes meat, eggs, and poultry	<ul style="list-style-type: none"> <li>• <b>High interest from youth:</b> During our interviews, youth indicated high levels of interest in agribusiness-related activities.</li> <li>• <b>Existence of local market:</b> Agricultural product imports represented 25% of the country's total imports, valued at USD 620 million in 2013.<sup>60</sup> Imports of jam, jelly, marmalade, and pineapple juice have also increased, indicating that a local market exists for such products.</li> <li>• Studies indicated a shortfall of more than 50,000 tons of poultry meat.<sup>61</sup></li> <li>• <b>Relatively low entry barriers:</b> Farming activities do not require highly specialized skills. Youth can start on a small-scale basis and progressively expand their activities.</li> </ul>
Opportunity 2: <b>Livestock production</b>		
Opportunity 3: <b>Fish farming</b>		

## II. OPPORTUNITIES IN CRAFTS

**The crafts sector contributes about 7.5%<sup>62</sup> of GDP, ranking just after agriculture and trade in terms of its importance to the economy.** The sector is characterized by the predominance of textile and clothing manufacturing units. Textile products—including cotton yarn and printed fabrics—represent about 80% of Benin's exports. The sector employs approximately 300,000 artisans and more than 400,000 apprentices.

Table 2 summarizes the specific employment opportunities accessible to youth in the handicrafts sector.

<sup>59</sup> Economic Observatory – Benin.

<sup>60</sup> World Trade Organization – Benin Profile, 2013.

<sup>61</sup> Study on the promotion of freshwater aquaculture for rural development in Benin, Japan International Cooperation Agency, 2007.

<sup>62</sup> Benin Vision 2025.

Table 2  
**Opportunities for youth in the handicrafts sector**

Self-employment activities	Description	Why is it an opportunity for youth?
Opportunity 1: <b>Tailoring</b>	Opening and managing tailoring / hairdressing shops	<ul style="list-style-type: none"> <li>• <b>High youth interest:</b> During focus group discussions (FGDs), youth cited tailoring as being of particular interest for young women.</li> </ul>
Opportunity 2: <b>Hairdressing</b>		
Opportunity 3: <b>Carpentry</b>	Operating small carpentry workshop	<ul style="list-style-type: none"> <li>• <b>Low to medium entry barriers:</b> Startup capital for the initial investment Youth interested in such activities already have the minimum technical skills thanks to informal apprenticeship training from chief artisans.</li> </ul>

### III. OPPORTUNITIES IN TOURISM

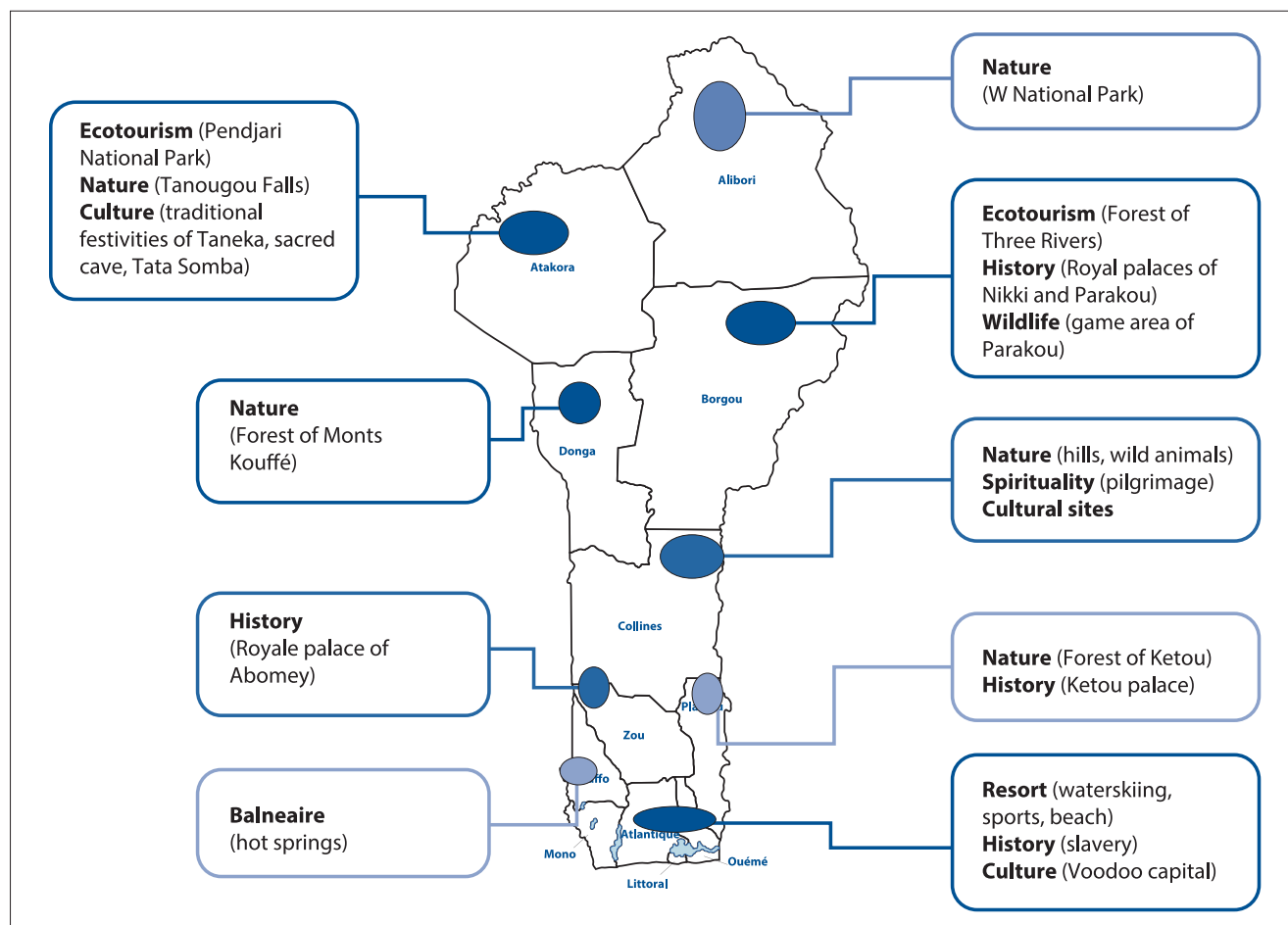
**Tourism, according to the WTO, contributed USD 400 million to Benin's economy (5.6% of GDP) in 2009.**<sup>63</sup> Employment in the sector grew by over 400% between 1999 and 2009, from 1,663 to 7,515 jobs. Women hold 72% of managerial positions in Benin's tourism industry.<sup>64</sup>

The country's tourist destinations (Figure 11) are, however, underutilized due to several external factors including poor road infrastructure, poor identification of touristic development areas, and weak regulations to promote the sector, all of which prevent the sector's growth.

<sup>63</sup> Basic data and indicators, UNWTO, 2010.

<sup>64</sup> Touristic potential of Benin and employment opportunities, ANPE, 2013.

Figure 11  
Key touristic sites of Benin





Aware of all these potentialities, the government of Benin has made tourism one of the four priority growth areas of the economy. Since 2013, two high-profile projects have been launched to support this growth: 1) the development of high-standard hotels in the short term with the creation of 1,375 direct jobs and 6,203 indirect jobs in 2 – 4 years; and 2) the Development Project of the “Route des pêches.” This project is located in a coastal area of fishing villages and long stretches of beach between the municipalities of Cotonou and Ouidah, the historic port known for the transfer of slaves to Europe and the Americas. The project involves the construction of 2,000 three- to four-star hotel rooms and the development of related infrastructure (water, sewer, electricity, telephone, access roads, and paved crossings). The human resource needs of the project are estimated at 1,500 – 1,800 employees across the following positions:

- administration personnel and management (8% – 10%)
- reception staff (9% – 12%)
- cleaning staff (18% – 22%)
- bars and restaurant staff (25% – 30%)
- kitchen staff (13% – 15%)
- maintenance personnel (14% – 16%)
- other positions (5% – 8%)

This project will also generate 6,900 – 8,280 indirect jobs.

Table 3 summarizes the specific employment opportunities accessible to youth in the tourism sector.

Table 3  
**Opportunities for youth in the tourism sector**

Employment activities	Description	Why is it an opportunity for youth?
Entry-level opportunities in the <b>hospitality sector</b>	<ul style="list-style-type: none"> <li>• Tour guide that provides trip planning and guided visits to tourists.</li> <li>• Other hospitality jobs.</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Medium to high demand on the market:</b> Demand exists at a national and international level for guides who can accurately relate the history of Benin and its touristic sites.</li> <li>• There are ongoing hotel development projects that are expected to generate hospitality jobs in the near term.</li> <li>• <b>High youth interest:</b> The majority of young people in focus group discussions have shown an interest in the profession of tourist guide.</li> </ul>

#### IV. OPPORTUNITIES IN ICT AND RETAIL

**ICT is a growing sector with many opportunities for youth.** The number of computer shops, internet cafés, and phone shops continues to increase in the urban centers of Benin. Most of these are operated by youth. Indeed, the latest census of ICT companies identifies 223 internet cafes in the country, with a high concentration in urban areas. Just under 85% of these internet cafes are informal businesses; 20% of cyber cafes are owned by young people aged 20 – 29 years.

**Ongoing initiatives already exist to promote access to ICT jobs.** The incubator AGENTIC, with support from the World Bank, has launched a project that aims to support innovative ICT startups through a grant mechanism. Close to 1,000 youth have benefited, including 256 young women;<sup>65</sup> 50 jobs have been created; five new ICT businesses have launched; and 24 ICT applications have reached market. The supporting infrastructure put in place by the project has demonstrated that it effectively helps participating youth establish ICT enterprises.

**For retail, difficult access to electricity—especially in rural areas—creates opportunities for the retail of solar products.** High-potential ongoing initiatives are taking place in this field. For instance, the NGO SNV Benin, in partnership with the telecom company MTN, launched a project to support microbusinesses in using solar technology. One hundred micro-entrepreneurs (under the age of 35) in rural areas of the country have so far benefited from the project.<sup>66</sup>

Table 4 summarizes the specific self-employment opportunities accessible to youth in the ICT sector.

Table 4

##### Self-employment opportunities for youth in the ICT sector

Self-employment activities	Description	Why is it an opportunity for youth?
Opportunity 1: <b>Providers of ICT services</b>	ICT services to users and SMEs such as: - Application development - IT services - Mobile money transfer - E-commerce for several sectors: agriculture, textiles, electronics - Sale of airtime - Charging booths, small retail shops, repair stores, and internet cafes	<ul style="list-style-type: none"> <li>• <b>Market demand:</b> There are potential niche markets not yet developed in the areas of e-money services, e-services, and e-trade. In the agriculture sector, for instance, e-platforms able to disseminate market prices, link supply and demand of produce, etc., have not yet been developed in Benin to the extent that they are in West African countries such as Senegal and Ghana. Such platforms can provide opportunities for youth to act as agents of service providers, collecting information on the ground on a fee basis.</li> <li>• The low rate of electrification creates strong demand for mobile phone recharge services and other services related to mobile in rural areas (the national electrification rate is 27.1%, while at the rural level it is 2.9%).<sup>67</sup></li> </ul>
Opportunity 2: <b>Retail of ICT goods and services</b>		
Opportunity 3: <b>Sales of solar products in rural areas</b>	Retail opportunities for - Power boxes - Mobile chargers - Solar panels - Solar lanterns	<ul style="list-style-type: none"> <li>• <b>High Interest for youth:</b> Focus group discussions reveal that youth with a minimum education level are interested in ICT retail services.</li> </ul>

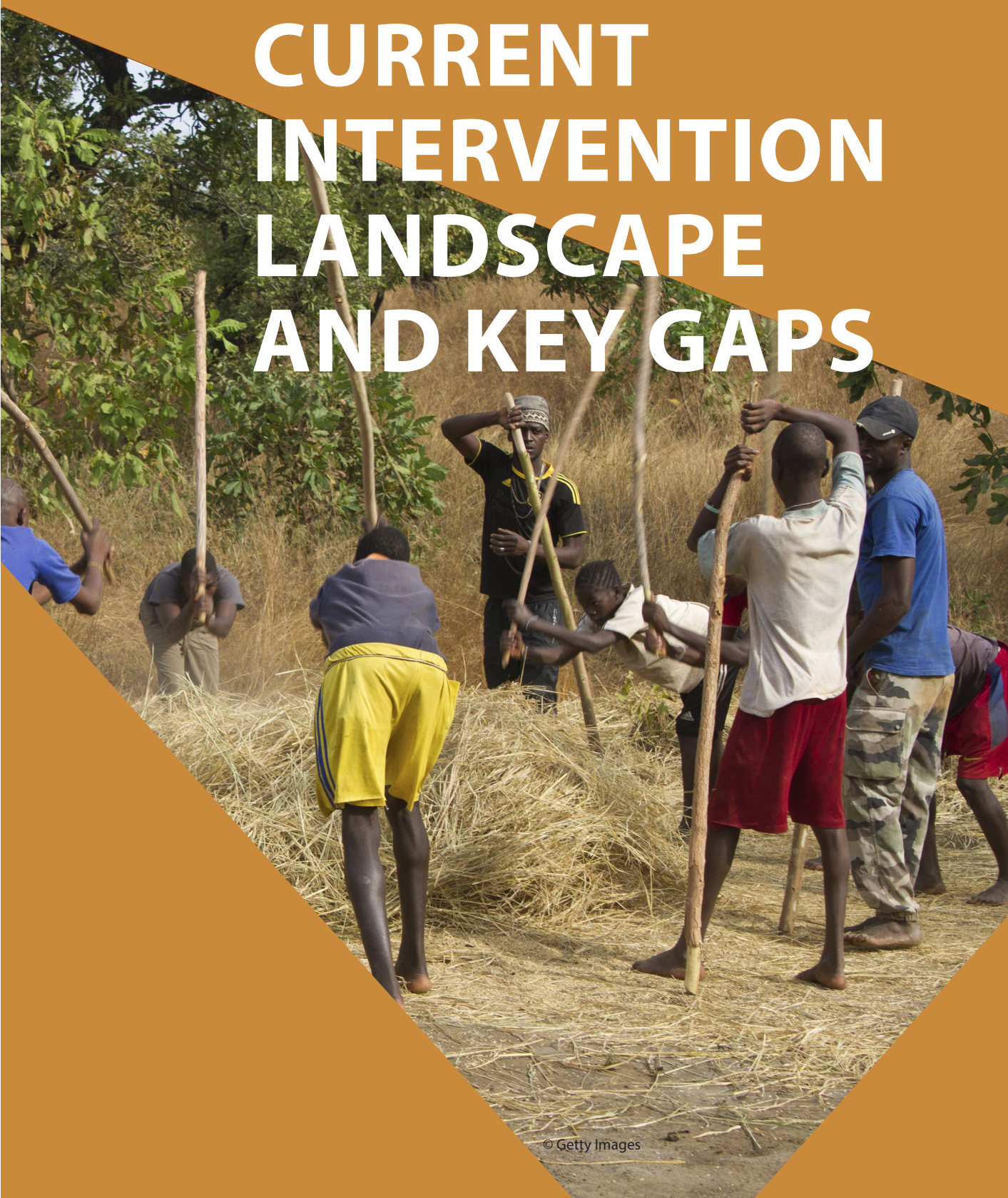
<sup>65</sup> Workshop for the evaluation of ebusiness project, AGENTIC, 2015.

<sup>66</sup> Dalberg interview notes, Benin visit.

<sup>67</sup> Progress report of the Growth Strategy for Poverty Reduction, 2009.

## CHAPTER TWO

# CURRENT INTERVENTION LANDSCAPE AND KEY GAPS



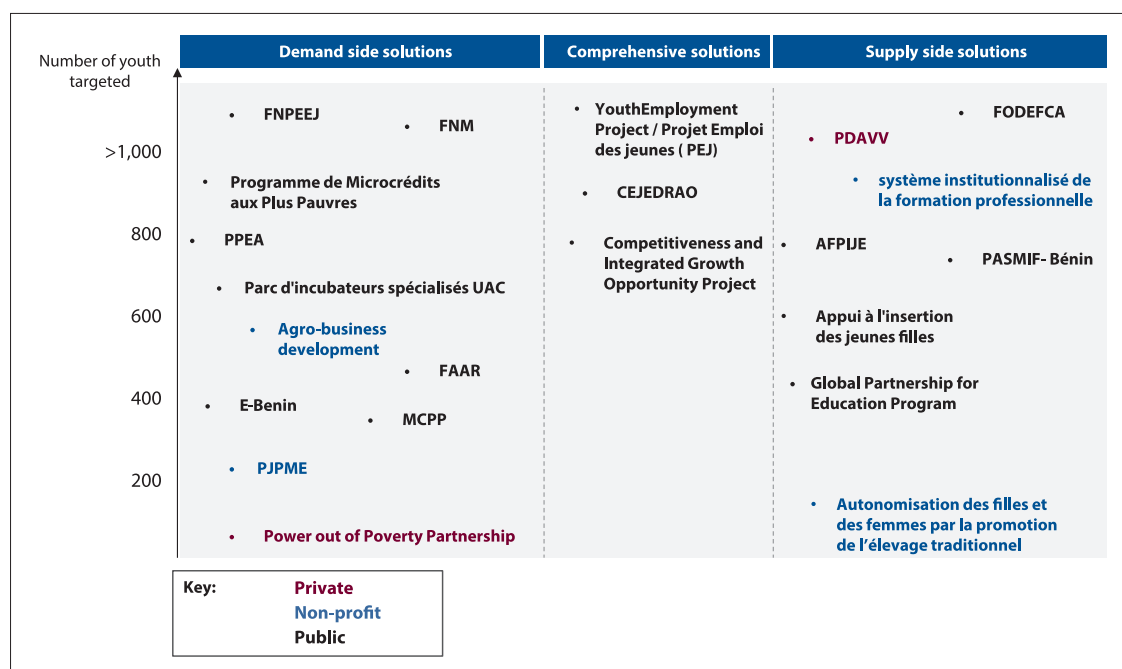


## SECTION 1 – OVERVIEW OF YOUTH EMPLOYMENT INITIATIVES AND KEY GAPS

Tackling unemployment in Benin is one of the main goals and a key component of engagement for local and international actors in the youth development space.

Figures 12 and 13 map interventions in Benin by scale and geography—please note that the list of programs identified here may not be exhaustive.

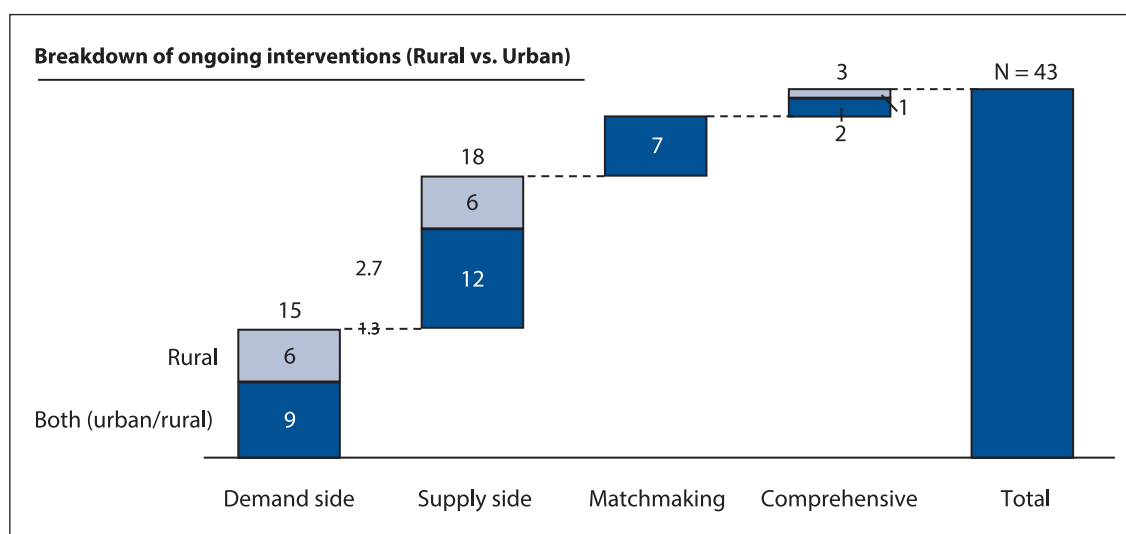
Figure 12  
Youth employment programs in Benin, by scale



Source: Dalberg analysis

Of the many youth employment initiatives underway in Benin, most focus their interventions on either entrepreneurship or technical skills development. Very few programs in Benin achieve large scale; the majority target fewer than 500 youth at a time. Most programs are public sector-led and are distributed unevenly across demand-side, comprehensive, and supply-side solutions.

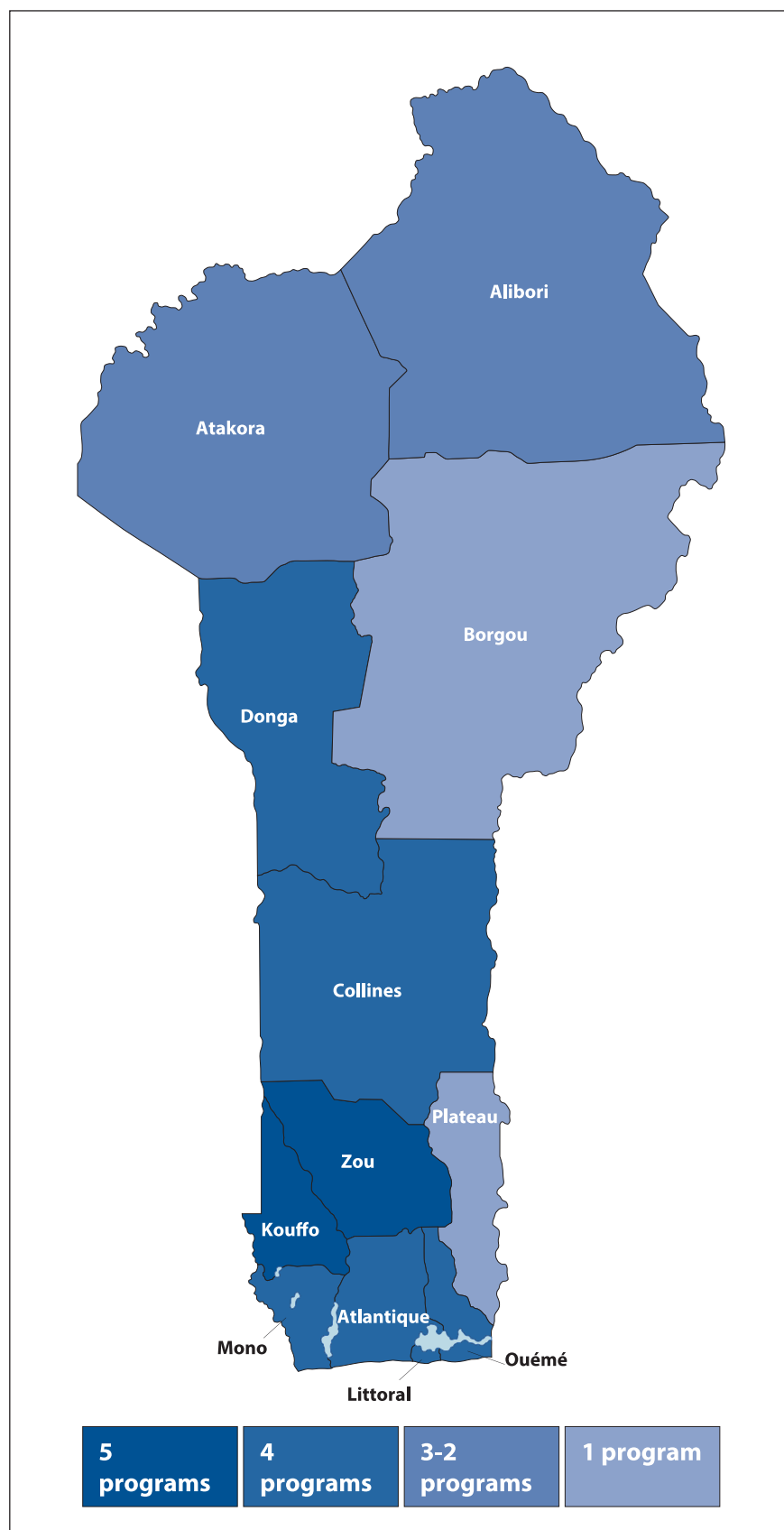
Figure 13  
**Youth employment programs in Benin, by geography**



Source: Dalberg analysis

Most of the rural programs are concentrated in the departments of Zou and Couffo (Figure 14), while **Plateau and Borgou are the provinces least served by youth employment programs.**

Figure 14  
**Program coverage by province**



Source: Dalberg analysis

## DEMAND-SIDE INTERVENTIONS

**The majority of interventions are anchored in government departments and involve international donor agencies and, in some cases, a local implementing organization.** The main interventions in the youth employment space (e.g., the World Bank's Youth Employment Project and other major donor programs such as the African Development Bank) are led by national government agencies while implementation is carried out by a national or international NGO. Increasing the involvement of stakeholders at the regional or municipal level (through local committees, youth associations, etc.) could more effectively link the larger visions of these interventions to local needs.

### **Local communities and municipalities are not sufficiently involved in program development.**

Most programs and initiatives do not involve enough municipalities. Discussions with development partners revealed that limited involvement of local players in program design and implementation has led to diminished results mainly due to the challenges in ensuring a close monitoring of the programs on the ground. Such close coaching and monitoring of youth can be performed by local actors (e.g., local extension agents, municipal officers, etc.) but these actors need to be involved early on in the conception of program interventions. For instance, by securing close monitoring and coaching agreements from local authorities, the NGO Swiss Contact was able to ensure the support of microfinance institutions, which allowed youth to secure loans without traditional forms of collateral.

## SUPPLY-SIDE INTERVENTIONS

**Supply-side interventions seldom engage employers as core partners and fail to generate significant impact in terms of job placement opportunities.** Among all the programs we identified on the supply side, none had a strong partnership with private sector employers upfront. All tended to address the overall enabling environment without directly operating to fill gaps—for instance, by selecting, training, and placing youth with participating private sector players—despite the opportunities for local job placement in sectors with skill gaps such as tourism.

## COMPREHENSIVE INTERVENTIONS

**There are very few comprehensive programs—meaning that they address both supply-side and demand-side barriers. The major comprehensive initiatives currently underway are still new and have not yet demonstrated results.** For instance, the World Bank's comprehensive Youth Employment Project launched just this year (2015). Meanwhile, one comprehensive initiative that is thought to have had positive impact, CEJEDRAO (see Case Study 2), is coming to an end. Another feature of comprehensive programs is that they have essentially focused on rural youth. There is a need for more comprehensive support particularly in urban and semi-urban areas. Indeed, while there has been limited formal impact evaluation of youth interventions, anecdotally, across the continent, programs that adopt a more comprehensive, holistic view of the education-employment value chain appear to have greater impact. Those that focus solely on improving the skills or qualifications of youth, without engaging with and understanding drivers of demand, generally are less effective. Without the view to ecosystem-level outcomes the result is limited to youth with improved paper qualifications.

## Case Study 2: Strengthening youth employment and skills for rural development in West Africa (CEJEDRAO)

CEJEDRAO is a USD 8 million project funded by the Danish government and implemented in three countries: Benin, Burkina Faso, and Zimbabwe.

**In a holistic approach to development**, the CEJEDRAO project in Benin chose the “making do” approach, where activities are carried out by private and non-governmental structures in a participatory manner. CEJEDRAO has targeted 5,000 young people in the Atlantic (south), Zou (country center), Atakora (northwest), and Donga (northeast) departments.

### Results achieved in Benin

A set of 25 Village Development Committees (CVD) have been established to play a catalytic role for the monitoring of activities provided by nine services recruited to perform activities on the ground. An initial assessment showed that the project achieved positive, tangible results. Since 2010, CEJEDRAO reports that:

- 11,284 beneficiaries have been reached, representing 108% of the total expected at the end of the project;
- 6,343 jobs have been created, or 117% of the expected total workforce at the end of the project;
- 1,964 master craftsmen have improved their craft, or 111% of the number of craftsmen expected to be reached at the end of the project;
- 2,977 apprentices have been trained, 92% of the expected total workforce at the end of the project;
- 3,480 partners are now better able to understand the problems of youth employment and informal learning.

**Source:** Summary of the project evaluation, ILO, 2014



Figure 15  
Youth employment programs by geography

Target segment	Demand side solutions	Comprehensive solutions	Supply side solutions
Both	<ul style="list-style-type: none"> <li>• FNPEEJ</li> <li>• PJPME</li> <li>• PPEA</li> <li>• FNM</li> <li>• MCPP</li> <li>• Programme de Microcrédits aux Plus Pauvres</li> <li>• Parc d'incubateurs spécialisés d'entreprise of UAC</li> </ul>	<ul style="list-style-type: none"> <li>• YouthEmployment Project / Projet Emploi des jeunes (PEJ)</li> <li>• Competitiveness and Integrated Growth Opportunity Project</li> </ul>	<ul style="list-style-type: none"> <li>• FODEFCA</li> <li>• Global Partnership for Education Program</li> <li>• AFPIJE</li> <li>• PASMIF-Bénin</li> <li>• système institutionnalisé de la formation professionnelle</li> </ul>
Urban	<ul style="list-style-type: none"> <li>• E-Benin</li> </ul>		<ul style="list-style-type: none"> <li>• Appui à l'insertion des jeunes filles</li> </ul>
Rural	<ul style="list-style-type: none"> <li>• Agro-business development</li> <li>• FAAR</li> <li>• Power out of Poverty Partnership</li> </ul>	<ul style="list-style-type: none"> <li>• CEJEDRAO</li> </ul>	<ul style="list-style-type: none"> <li>• PDAVV</li> <li>• Projet Noix de cajou</li> <li>• Autonomisation des filles et des femmes par la promotion de l'élevage traditionnel</li> </ul>

Key:

- Private
- Non-profit
- Public

Source: Dalberg analysis

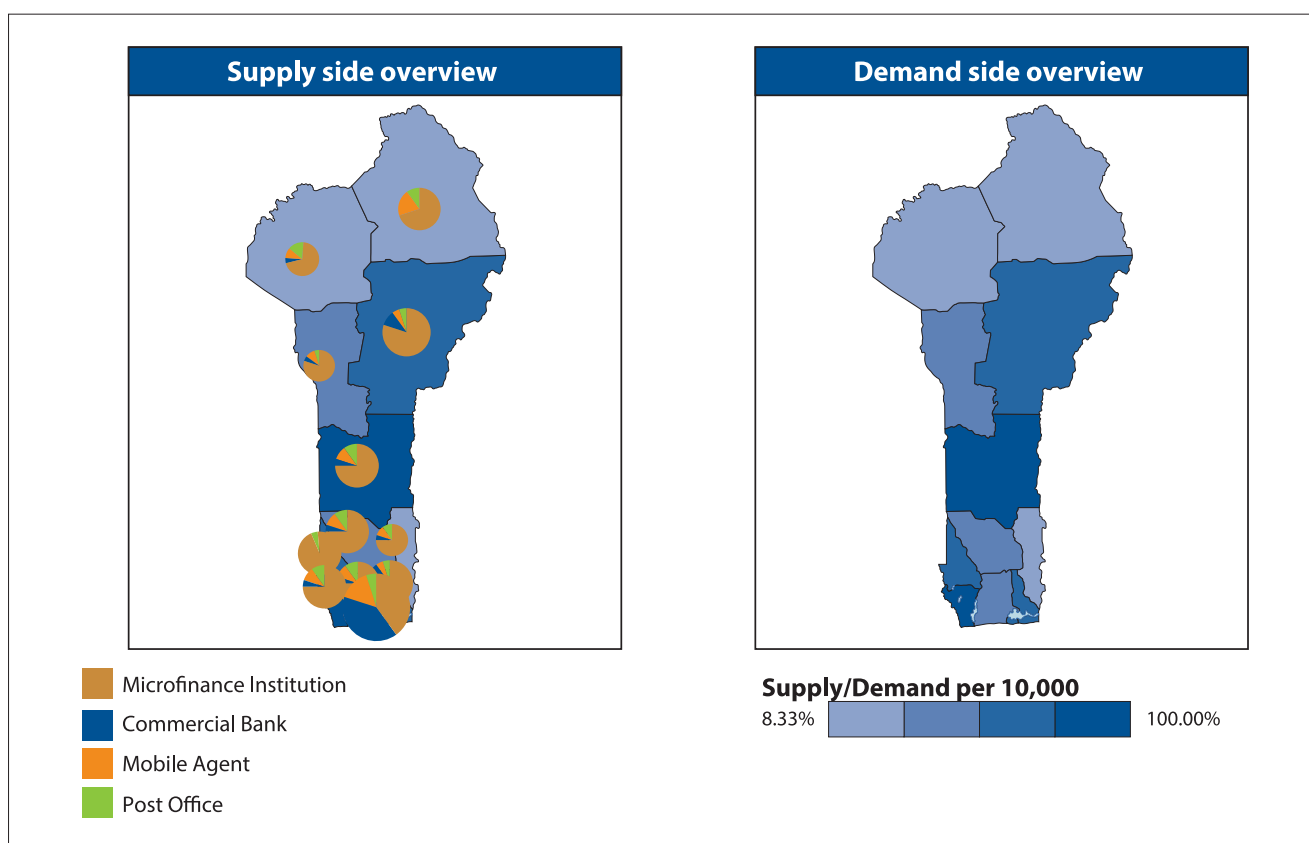
## MATCHMAKING INTERVENTIONS

The main matchmaking intervention in Benin is through ANPE, which regularly collects and posts job opportunities on its website. Focus group discussions reveal, however, that most opportunities posted require prior working experience and are geared toward individuals with high levels of education. We were unable to identify matchmaking interventions tailored for disadvantaged and less educated youth.

## SECTION 2 – OVERVIEW OF THE SUPPLY OF FINANCIAL SERVICES AND KEY GAPS

While the financial sector in Benin is characterized by a predominance of banks, there is a rapidly growing microfinance presence. The banking sector in Benin comprises 13 commercial banks, one of which specializes in housing (Banque de l'Habitat du Benin, BHB) and one of which created a microfinance company (FINADEV). Banking services are limited and concentrated in the urban areas where most branches are located (Figure 16).<sup>68</sup> The percentage of households with a bank account is still very low in Benin—5.4%, as of 2010.<sup>69</sup>

Figure 16  
**Demand and supply side overview**



*The designations employed and the presentation of material on this map do not imply the expression of any opinion whatsoever on the part of the Secretariat of the United Nations or UNCDF concerning the legal status of any country, territory, city or area or its authorities, or concerning the delimitation of its frontiers or boundaries*

Source: MFIs Breaking Down Barriers to Financial Inclusion in Benin, MIX Market, 2013

<sup>68</sup> Diagnostic of the microfinance sector in Benin, Programme d'Appui au Secteur de la Micro Finance (PASMIF), 2013.  
<sup>69</sup> West African Central Bank (BCEAO).

The microfinance sector, on the other hand, is one of the most dynamic within the West African region. It is dominated by ten financial institutions, which together hold 90% of deposits and 85% of loans.<sup>70</sup>

The financial sector as a whole in Benin is facing various obstacles due to economic and infrastructure disparities.<sup>71</sup> Indeed, despite the apparent abundance of players, the supply of financial products and services in general, and microfinance in particular, remains concentrated in commercial activities (68%) and in urban and semi-urban (70%) areas. Rural Beninese, who make up over 70%<sup>72</sup> of the total population, receive only 30% of funding, most of which is directly at short-term activities. Medium- to long-term funding needs are poorly served, mainly due to the high levels of uncertainty associated with many rural economic activities and the lack of appropriate financial products and services to help mitigate this risk.

Various efforts have been made to ease financial access for those least served, notably including the establishment of the National Microfinance Fund, which provides credit lines to microfinance institutions. However, major constraints and challenges remain both within the MFIs (e.g., insufficient staff training, weak analytical tools, and lack of good geographical information systems) and within the broader lending environment (e.g., lenders' poor understanding of the rural sector, challenges in assessing SMEs, and legal difficulties in recovering debts).

Despite product diversification efforts on the part financial institutions, there is still significant unmet demand. Key gaps remain around the accessibility of saving accounts throughout the country and the provision of short-, medium-, and longer-term credit.

Youth (15 – 35 age group) are generally considered the most vulnerable population segment; they are less served due to their supposed immaturity and poor preparation (i.e., lack of financial literacy) for entrepreneurship. However, financial institutions also recognize the opportunity represented by this sizable portion of the population and acknowledge that youth need to be supported in order to become a viable business segment. MSMEs—which hire lots of youth - are also an important segment for microfinance institutions, but they are underserved due to their poor ability to secure the trust of financial institutions as well as these institutions' inexperience in dealing with informal enterprises.

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70 Diagnostic of the microfinance sector in Benin, PASMIF, 2013.

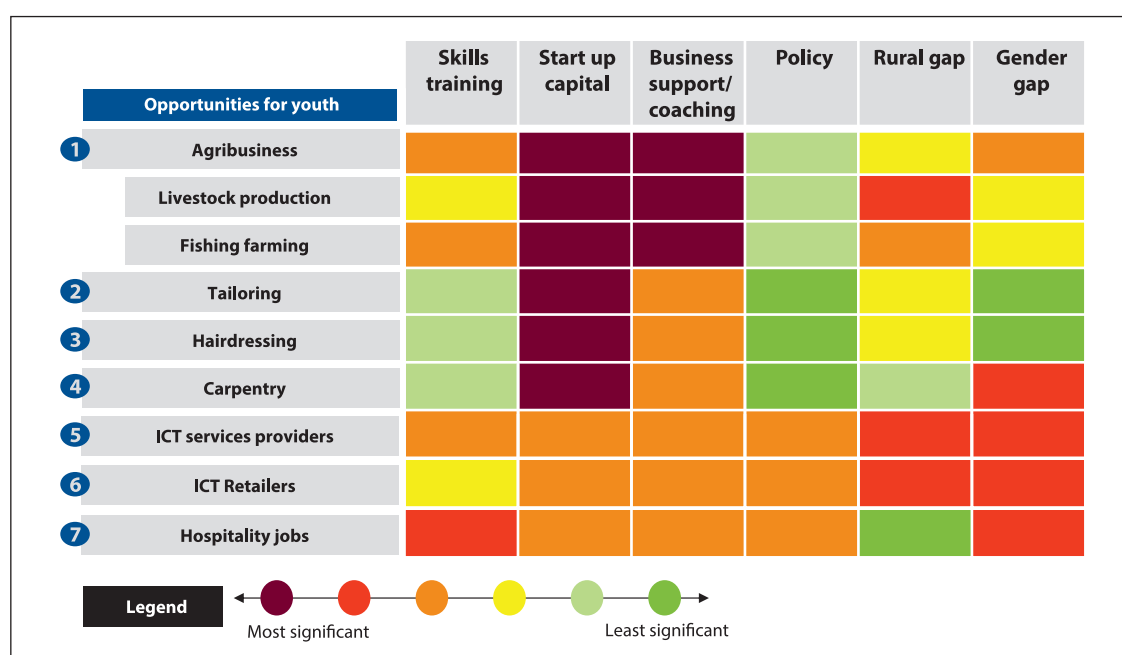
71 Ibid.

72 Ibid.

## SECTION 3 – KEY GAPS FROM CURRENT INTERVENTIONS WITHIN HIGH-POTENTIAL OPPORTUNITIES

A review of existing interventions shows opportunities for youth and recurring gaps across most programs around skills trainings, start-up capital, and business support coaching (Figure 17).

Figure 17  
**Interventions vs. opportunities for youth**



Source: Desk research; stakeholder interviews; Dalberg analysis

### Skill building:

Youth interested in artisanal activities tend to have a minimum skill set acquired with chief artisans. For this category of youth, the key is to help them acquire very specialized skills that can complement their background (e.g., a mechanic trained on using computer software needed for newer generations of cars). For other activities such as fish farming or livestock production, short-term training activities are needed to equip youth with best production practices, which later will be critical to ensuring their productivity and long-term success.

### Start-up capital:

As indicated earlier, youth remain particularly underserved by financial players; without any form of external support, their lack of financial literacy and lack of experience remain binding constraints that prevent them from securing the capital needed to support their entrepreneurial activities.

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### **Business support/coaching and matching:**

Efforts to support youth interested in entrepreneurship have largely taken the form of Business Promotion Centers, which help youth structure their business ideas and produce business plans. Such support, though positive, remains limited both in terms of the population served—the BPCs are mostly geared towards youth with a relatively higher level of education (university/senior high school)—and in terms of scope—BPC support does not extend beyond the business plan stage; the centers are not involved in follow-on coaching and monitoring of youth activities. There are also various YSOs with the capabilities to support youth; their interventions, however, remain limited to projects typically enrolling 100 – 300 youth, which falls well short of potential demand.

### **Policy:**

There is a lack of coordination among actors developing and implementing policies linked to the creation of youth economic opportunities. In addition, several of these policies do not reflect the reality of youth or are not pro-youth.

### **Geography and gender:**

Stakeholder interviews revealed that organizations struggle to integrate gender considerations into their programs, particularly for ICT-related interventions where gender balance tends to be more difficult to achieve. For instance, the MTN kiosks project didn't reach its target of 50% of females due to lower levels of interests among women.

Table 5 highlights specific gaps within high-potential opportunities.

Table 5  
**Opportunities, challenges, and interventions**

Opportunity areas	Gap size	Specific challenges	Potential implications for YSG
<b>Agriculture value chain</b>			
<b>Agribusiness opportunities (livestock, crop production, fish farming)</b>	Skills	<ul style="list-style-type: none"> <li>• Lack of knowledge of good agricultural practices (GAP)</li> <li>• Inadequate production equipment and lack of knowledge about utilization, limiting productivity</li> <li>• Few training centers offering skill building for youth in the agriculture space; the main one (Songhai Center) has limited capacity and cannot accommodate demand</li> </ul>	<ul style="list-style-type: none"> <li>• Work with the Songhai Center to train youth cohorts on GAP</li> <li>• Explore the opportunity to expand the reach of the training through a train-the-trainers scheme where YSOs will train field agents (potentially current extension workers) who in turn will provide on an ongoing basis extension advice to youth engaged in farming activities</li> <li>• In the technical assistance to be provided by participating financial service providers, integrate the development of youth financial products adapted to the agriculture sector</li> <li>• Select and train a cohort of extension agents who will in turn be providing support on an ongoing basis to youth (training can be provided by technical partners selected by the program)</li> <li>• Share success stories as a coaching component to strengthen youth leadership</li> <li>• Integrate a gender component aimed at helping young women in successfully accessing agribusiness opportunities. This would include:</li> <li>• Sensitizing parents and securing their support and commitment to help young women succeed in their enterprises</li> </ul>
	Capital	<ul style="list-style-type: none"> <li>• Few financial products are adapted for young entrepreneurs in the agriculture sector</li> </ul>	
	Business support / matching	<ul style="list-style-type: none"> <li>• Support limited to government extension agents who have very limited capacity</li> <li>• Lack of marketing information on supply / demand that can allow youth to effectively market their produce</li> </ul>	
	Policy	<ul style="list-style-type: none"> <li>• Policies are not effectively supporting the development of domestic production—for instance, ‘pro-domestic production’ policies such as limitations on poultry imports (implemented, for instance, in Zambia) and other products that can be domestically produced are non-existent. As a result, domestic production faces fierce competition with imports</li> </ul>	

Opportunity areas	Gap size	Specific challenges	Potential implications for YSG
Agriculture value chain			
	Geographic	<ul style="list-style-type: none"> <li>Geographic mapping providing a contextualized guide to production opportunities across the country's different regions is lacking</li> </ul>	<ul style="list-style-type: none"> <li>Working with local leaders and elders to ensure effective access to land for selected young women</li> </ul>
	Gender	<ul style="list-style-type: none"> <li>Accessing agribusiness activities can be particularly challenging for young women due to early marriage and lack of access to land and productive assets, which tend to be more difficult for women to acquire</li> </ul>	
Opportunity areas	Gap size	Specific challenges	Potential implications for YSG
Agriculture value chain			
<b>Artisanal opportunities (tailoring, hairdressing, carpentry, etc.) and ICT retail opportunities</b>	Skills	<ul style="list-style-type: none"> <li>Though youth interested in artisanal enterprises already have basic technical skills, they lack skills and exposure required for new trends in their arena—e.g., mechanics trained on past engines may not have the basic computing skills required for newer generations of vehicles (and for the promotion of their businesses—e.g., e-commerce website, etc.)</li> </ul>	<ul style="list-style-type: none"> <li>Ensure that skill-building activities to be provided by the YSO meet emerging needs and trends; e.g., set up a partnership with designers in order to initiate young tailors into 'haute couture,' which has a high market demand</li> <li>Leverage FODEFCA's funding and support to expand the reach of training opportunities</li> <li>In the technical assistance to be provided by participating financial service providers, integrate the development of youth financial products adapted to the handicraft sector</li> </ul>
	Capital	<ul style="list-style-type: none"> <li>Access to first equipment capital is the main bottleneck that youth indicate prevents them from starting their business</li> <li>Few opportunities for external funding to support their training (savings / credit plans for training)</li> </ul>	



Opportunity areas	Gap size	Specific challenges	Potential implications for YSG
Agriculture value chain			
	Business support / Matching	<ul style="list-style-type: none"> <li>There are few youth-serving organizations providing business support to youth; the main ongoing support is provided through the BPCs but remains limited</li> </ul>	<ul style="list-style-type: none"> <li>Involve in the YSO consortium experienced artisans who can provide coaching and mentoring support to youth</li> <li>Advocate to create a favorable tax environment and a favorable administrative environment to promote youth entrepreneurship in the sector</li> <li>Advocate for increased procurement of local furniture made in Benin (e.g., asking different government structures to order their furniture from national artisans)</li> <li>Select and train a cohort of local NGOs, which will in turn provide training to rural youth (training can be provided by technical partners selected by the program)</li> <li>The key gender implication for the program is to segment youth interest by gender; interventions can then be designed accordingly with, for instance, a girls and young women cohort for hairdressing businesses and a mixed cohort for tailoring</li> <li>Train a cohort of agents who will in turn use the curricula to provide skills trainings to youth</li> <li>In the technical assistance to be provided by participating financial service providers, integrate the development of youth financial products adapted to the retail / micro-franchising activities</li> </ul>
	Policy	<ul style="list-style-type: none"> <li>Tax policy is unsupportive of the development of the handicrafts sector</li> <li>Youth are willing to formalize their activities, but they face red tape and bureaucracy</li> </ul>	
	Geographic	<ul style="list-style-type: none"> <li>Poor spatial distribution of training centers; major trainings centers are concentrated in the south of the country</li> </ul>	
	Gender	<ul style="list-style-type: none"> <li>Women are particularly interested in artisanal sector activities (tailoring, hairdressing) and face challenges similar to those faced by youth around access to capital</li> </ul>	
	Skills	<ul style="list-style-type: none"> <li>Youth lack literacy and basic business skills</li> <li>Few vocational training centers are offering skill building for youth in ICT</li> </ul>	
	Capital	<ul style="list-style-type: none"> <li>Very few financial products are adapted for youth in the ICT sector</li> </ul>	

Opportunity areas	Gap size	Specific challenges	Potential implications for YSG
Agriculture value chain			
	Business support / Matching	<ul style="list-style-type: none"> <li>Limited scale of initiatives promoting ICT businesses accessible to vulnerable youth (ICT kiosks target no more than 100 youth)</li> <li>Existing programs are oriented toward youth with high levels of education in urban areas (e.g., AGENTIC, University of Abomey-Calavi Incubator)</li> </ul>	<ul style="list-style-type: none"> <li>Select and train a cohort of agents who will in turn provide specific support to youth (training can be provided by technical partners selected by the program)</li> <li>Advocate for pro-youth policies and services from these actors.</li> <li>Expanding the support facilities in rural areas remains a challenge—the BPCs remain localized in urban settings</li> <li>Integrate a gender component aimed at raising young women's awareness of opportunities in ICT / retail activities</li> </ul>
	Policy	<ul style="list-style-type: none"> <li>Policy initiatives (e.g., setting up the BPCs, ANPE) fail to address the needs of youth with low levels of education as they do not effectively benefit from the current support facilities</li> </ul>	
	Geography	<ul style="list-style-type: none"> <li>Expanding the support facilities in rural areas remains a challenge—the BPCs remain localized in urban settings</li> </ul>	
	Gender	<ul style="list-style-type: none"> <li>Focus group discussions suggest that young women tend to be less interested in ICT activities</li> </ul>	
Opportunity areas	Gap size	Specific challenges	Potential implications for YSG
Agriculture value chain			
Hospitality jobs opportunities	Skills	<ul style="list-style-type: none"> <li>A consistent and key challenge in the hospitality sector is the shortage of skilled workers; as a result of the skill gaps in the local markets, employers tend to resort to foreign labor coming from neighboring countries</li> </ul>	<ul style="list-style-type: none"> <li>Implement short-term skills-building programs for selected youth and further support their access to job opportunities through matching initiatives</li> </ul>

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CONCLUSION

# MOVING FORWARD



**This report demonstrates that Benin's labor market is severely demand-constrained;** it is broadly accepted that self-employment and enterprise development will be a crucial mechanism for creating more opportunities for youth.

**A review of barriers to youth employment highlights the weakness of the Beninese economy's absorptive capacity.**

- Nearly 60% of unemployed youth point to the lack of jobs as a major barrier to their employability.<sup>73</sup>
- Ninety-five percent of young people claim they have never received advice on how to seek employment.<sup>74</sup>
- Youth with higher education are more likely to be unemployed. For instance, in 2012, less than 20% of youth with no or primary level education were unemployed while unemployment rates were 38.2% for youth having a secondary level education.<sup>75</sup>
- Youth with limited prior education are more likely to engage early in informal apprenticeship in artisanal activities.

**Accessing capital is a major and consistent challenge limiting youth's ability to successfully start a business.**


- Youth (15 – 35 age group) are generally considered the most vulnerable population segment and are less well served due to their supposed immaturity and poor preparation (i.e., lack of financial literacy) for entrepreneurship.
- However, financial institutions also recognize the opportunity represented by this sizable portion of the population and acknowledge that youth need to be supported in order to become a viable business segment.

**Four sectors are the most promising in terms of economic opportunities for youth.** The **tourism sector** offers high-potential opportunities for employment (hospitality jobs). The **ICT sector** is growing and creating opportunities including the retail of ICT products and services as well as solar products and services. The **artisanal sector** also offers significant opportunities for youth in the fields of tailoring, hairdressing, and carpentry. Finally, **in the agriculture sector**, one of the linchpins of the country's economy, there are high-potential economic opportunities for youth in livestock rearing, light-scale processing, high-value crop production, and fish farming.

73 Labor market transitions of young women and men in sub-Saharan Africa, Institut National de la Statistique et d'Analyse Economique du Bénin (INSAE), 2013.

74 Ibid.

75 Transition to the Labor Market of Young Women and Men in Benin, ETVA, ILO, 2013.



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In these four promising sectors, **existing programs are not fully addressing the different elements required for youth to access high-potential opportunities.** The YouthStart program must seek to further strengthen the link between financial inclusion and the creation of economic opportunities for youth. Indeed, while young people need access to relevant and affordable financial services, they also require access to entrepreneurship training, mentoring, apprenticeships, and other relevant non-financial services that can support their transition from school to work at the right time, and allow them to secure and sustain decent jobs and/or to start and sustain successful enterprises. In addition, organizations generally struggle to address gender gaps among the beneficiaries of their services.

Overall, **more demand-side programs, particularly in support of youth entrepreneurship, need to be implemented; existing programs must be scaled up to reach a larger number of youth.** In addition, **more interventions in rural areas supporting youth in agriculture are needed,** particularly in provinces with low program coverage. Given the United Nations Capital Development Fund's (UNCDF's) core expertise in inclusive finance and local development finance, it would be particularly strategic to intervene on the entrepreneurship front, where financing is a key component of success. Interventions should aim to address the widest gaps identified in order to maximize impact. In addition, selected interventions should be scalable, and address the entire youth entrepreneurship value chain, i.e., follow an 'ecosystem approach.

This report is a key input in YSG's inception phase in Benin. The next phase of YSG will focus on convening the necessary partnerships between actors in the youth economic opportunities ecosystem for each intervention. Specifically, it will involve building the capacity of partners to develop high-quality proposals, conducting required due diligence, convening another stakeholder meeting, and, finally, securing financial and political buy-in.

The second phase will involve awarding grants to consortia, supporting and monitoring selected partners in implementation, and capturing and disseminating knowledge acquired in this process.

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