



Program Information Document (PID)

Concept Stage | Date Prepared/Updated: 27-Jan-2025 | Report No: PIDPC00102

**BASIC INFORMATION****A. Basic Program Data**

Project Beneficiary(ies)	Region	Operation ID	Operation Name
Benin	WESTERN AND CENTRAL AFRICA	P500561	Women entrepreneurship development & access to finance
Financing Instrument	Estimated Appraisal Date	Estimated Approval Date	Practice Area (Lead)
Program-for-Results Financing (PforR)	03-Mar-2025	23-Jul-2025	Finance, Competitiveness and Innovation
Borrower(s)	Implementing Agency		
Ministry of Finance	Caisse de Dépôts et des Consignation du Benin		

Proposed Program Development Objective(s)

Improve women entrepreneurs access to finance, markets and business throughout the lifecycle of their firms.

COST & FINANCING (US\$, Millions)**Maximizing Finance for Development**

Is this an MFD-Enabling Project (MFD-EP)?	Yes
Is this project Private Capital Enabling (PCE)?	Yes

SUMMARY

Government program Cost	493.00
Total Operation Cost	100.00
Total Program Cost	85.00
IPF Component	15.00
Total Financing	100.00
Financing Gap	0.00

FINANCING

Total World Bank Group Financing	100.00
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World Bank Lending

100.00

Concept Review Decision

The review did authorize the preparation to continue

B. Introduction and Context

Country Context

Benin has experienced robust growth over the past decade and despite multiple shocks economic activity remained resilient in Benin, growing by 6.4 percent in 2023. Real gross domestic product (GDP) growth averaged 5.1 percent in 2011-19, one percentage point above the sub-Saharan Africa (SSA) average,¹ and 6.4 percent over the 2017-19 period, driven by agriculture (cotton) and services (transportation and commerce). The COVID-19-induced global recession and border restrictions resulted in an economic deceleration in 2020 with the real GDP growth slowed from 6.9 percent in 2019 to 3.8 percent in 2020 but recovered to 7.2 percent in 2021 and then dropped to prior Covid-19 growth average of 6.3 percent in 2022. Growth is projected to stabilize at 6.2 percent between 2024 and 2026, driven by investment and the Glo-Djigbé Industrial Zone (GDIZ) expansion.

Despite the robust growth performances recorded over the last years, the national poverty rate was estimated at 36.2 percent in 2022 and the level of ‘vulnerable employment’² remained high. Poverty declined by only 2.3 percent between 2018-19 and 2021-22. The drop in poverty was almost entirely driven by progress in rural areas as urban poverty barely changed. Strong economic activity during the last decade was accompanied by limited official private sector jobs in Benin. Informal employment accounts for approximately 90 percent of total employment, the third-largest share in Sub-Saharan African. The proportion of vulnerable employment is higher among women (82.7 percent) in 2022. This high proportion of vulnerable employment reflects the large informal sector.

Benin’s economic growth has been highly unequal across regions and is vulnerable to security challenges. Benin's economic growth has not been evenly distributed, leading to pronounced disparities that exacerbate vulnerabilities, especially among the youth and women, who face significant barriers to employment and access to resources.

In addition, the country is vulnerable to climate change impacting key economic sectors and the population. According to 2023 Notre Dame Global Adaptation Initiative, Benin is the 23rd most vulnerable country to climate shocks and the 133rd most ready country to address their consequences.

To address these socioeconomic challenges, the authorities have adopted the second Government Action Program (PAG II) for the period of 2021–26. The PAG II 2021–26 focus on accelerating Benin’s economic and social development through a three-pronged approach: (i) strengthening democracy, the rule of law, and good governance; (ii) accelerating the structural transformation of the economy; and (iii) continuing to improve people’s social wellbeing.

¹ Excluding high and upper-middle income countries.

² Vulnerable employment is often characterized by inadequate earnings, low productivity and difficult conditions of work that undermine workers’ fundamental rights (source ILO)



Sectoral (or multi-sectoral) and Institutional Context of the Program

The Government of Benin has placed private sector development at the heart of its growth agenda and is committed to an ambitious business reform agenda through the Government Action Program 2 (2021–2026) and the National Development Plan (2018-2025). Since 2013, Benin has undertaken many reforms to encourage the formalization of micro, small, and medium enterprises (MSME).

However, the business reform agenda remains unfinished although the fundamentals are in place for an investment climate favorable to private initiative. With 90 percent of Benin’s workers identified as “self-employed”, entrepreneurship is a key priority for the government. Despite significant efforts to strengthen the entrepreneurship ecosystem, the business environment in Benin remains suboptimal and regulatory burden remains high for MSMEs, characterized by high transaction costs, cumbersome procedures, implementation gaps but also limited institutional capacity for private sector facing institutions.

Widespread underemployment, unemployment, and limited formal economic opportunities are serious challenges, for the youth and women. Most Beninese jobs are informal, constituting about 88.1 percent of employment (the third largest share in Sub-Saharan Africa). The informal sector makes up 65% of GDP and employs 88% of the labor force.

Seventy-five percent of Beninese businesses activities are threatened by climate change. Indeed, most firms lack information and knowledge on risks, programs and opportunities related to climate change. Entrepreneurs lack the capacity to develop and deploy climate mitigation and adaptation measures. Climate finance is nascent in the country. All these constraints are more accentuated for women entrepreneurs as they have fewer coping mechanisms and are more likely than men to adopt negative coping strategies.

In addition to climate threats, women entrepreneurs face specific constraints when starting and growing their businesses. Women entrepreneurs, typically struggle to access finance. Fewer than one in four companies have access to a line of credit. According to the country private sector diagnostic (March 2023), a third of businesses in Benin report that they consider access to finance to be the biggest barrier to their daily operations, due to high collateral requirements (on average more than twice the loan amount), prohibitive costs (interest rates and other transaction fees). Access to credit is more constrained for women-led enterprises, with only 3.4 percent of women-managed firms able to access a bank loan. The collateral-based lending approach contributes to excluding women entrepreneurs from accessing business credits to support their growth. Land title is the preferred collateral while only 5 percent of landowners in Benin are women.

Skills constraints are an important obstacle for women entrepreneurs too. A range of expertise is needed to support businesses. Young women drop out of school early to have children and/or get married. As of 2022, only 36 percent of women were literate, compared to more than half of men. Beninese women spend three times more time on housework (not remunerated) than men. Time poverty for remunerated activities is a major barrier as it reduces women ability to engage actively in a business.

Limited digital adoption and awareness among women entrepreneurs remains a major business constraint. In Benin only 16.3 percent of the population possess basic digital skills. Access to technology solutions such as mobile phones can help women keep control over their own money, conduct business exchanges, however only 29.6 percent have a mobile money account.

Women entrepreneurs lack role models, networks, mentoring and face social and cultural barriers. There is limited success stories shared about women entrepreneurs, they lack the network of business contacts and may not have mentoring or coaching from established entrepreneurs.



Relationship to CAS/CPF

The proposed operation is consistent with and aligned to the World Bank Group's Country Partnership Framework (CPF) for Benin (2018-2023). The program supports the foundational theme of the CPF on women's economic empowerment. It also supports the objective of improving the environment for private sector investment and competitiveness under 'Focus Area 1: Structural Transformation for Strengthened Competitiveness and Productivity'. Through this program, the World Bank will expand financing from the private sector to SMEs, including those led by women. The proposed operation is also consistent with the Benin CPSD (2023) which calls for more reforms to promote a conducive business environment and to increase MSMEs competitiveness and create more opportunities for Benin youth and women. This program will contribute to reducing the large gender gap in access to finance and will empower Benin's women economically. The program also supports Objective 8: Reducing vulnerability to climate-related threats under Focus Area 3 Increasing Resilience and Reducing Climate-Related Vulnerability. Women are less protected in the event of a climate shock, and more likely to lose their livelihood as a result.³ This program will contribute to increase women financial security and reinforce their capacity to respond to climatic shocks with the introduction of innovative climate and financial solutions. It is noted that the proposed operation is equally aligned with IFC's strategic approach for Benin. IFC intends to contribute to Benin's inclusive growth, job creation, and local value creation by promoting the formalization and industrialization of the Beninese economy. This specifically includes promoting ever-greater access to finance by broadening its partnerships with local financial intermediaries and expanding the range of its instruments.

The program is consistent with the Country Climate and Development Report (CCDR) recommendation on mobilizing innovative financing solutions and avoiding widening gender gaps. Women face disproportionate risks from climate change which potentially delaying a sustained economic transformation. The program contributes to increasing their financial security which is crucial to help mitigate and adapt to the impacts of climate change. The proposed program will encourage domestic and international private investments to shoulder the cost of mitigation and adaptation as recommended in the CCDR through a line of credit (LoC), guarantee scheme which will contribute to deepen banking and microfinance sectors, and sustainability-linked financing solutions with clear key performance indicators (KPIs) aligned to climate mitigation and adaptation.

Rationale for Bank Engagement and Choice of Financing Instrument

Despite several initiatives to foster women entrepreneurship development and access to finance, important gaps remain. The scale of existing access to loans programs targeting women entrepreneurs are small. A public bank program that is offering individual business credit bundled with business advisory funded only 12 women entrepreneurs in 2023; the second round in 2024 allowed 34 women entrepreneurs to access finance. Banks as well as MFIs are facing expertise and liquidity constraints that hinder their ability to sustain lending activities to support their clientele with climate mitigation and adaptation solutions, including for women led MSMEs. Access to finance is essential for removing bottlenecks that prevent women entrepreneurs to grow their businesses, create jobs, wealth, managing risks, and mitigating financial shocks.

The proposed program aims to strategically leverage the World Bank Group's extensive global expertise in enhancing women entrepreneurship, SME finance and climate finance, integrating valuable cross-country insights and best practices into its design. This approach draws upon the World Bank's rich repository of knowledge in facilitating W-SME development and financing and incorporates lessons learned from climate finance initiatives across various geographies. The program will also benefit from IFC's experience while complementing its ongoing and forthcoming engagements in the areas of access to finance, especially for women entrepreneurs and climate businesses. By doing

³ Erman et al., 2021



so, the operation will be crafted to economically empower women entrepreneurs and maximize financing for development, with innovative mechanisms that catalyze the mobilization of private capital towards women led businesses development and building their resilience to climate change. This deliberate integration of global experiences and lessons, positions the project as a robust platform for addressing the financial and non-financial needs of women entrepreneurs in Benin, fostering economic transformation, and building MSMEs resilience to climate change risks.

Prior operations in Benin have demonstrated that the country is increasingly adept at utilizing the Program for Results (PforR) instrument such as the Health System Enhancement (P172940), and the Benin Economic Governance and Services Delivery Program (P176763). The development of a dedicated program for women's entrepreneurship development and access to finance, will create broad ownership of the results-oriented approach and allows the Government to integrate World Bank and other development partners investments strategically into this broader program on entrepreneurship development and economic transformation under development and that will be supported by this PforR. The PforR is also well suited to building institutional capacity and sustaining it beyond the life cycle of the operation.

The PforR is more suitable than other World Bank financing instruments such as Development Policy Financing (DPF) or Investment Project Financing (IPF). It allows for an expandable disbursement schedule provided results are achieved and verified and is well suited for implementation of policy and institutional reforms. The PforR is also better suited than IPF for achieving the development objectives because it is more focused on results and supports the implementation of existing government programs. As such it allows more national ownership and a shift in focus of World Bank engagement from upstream technical advice and financing of inputs to supporting specific and verifiable systems improvements.

C. Program Development Objective(s) (PDO) and PDO Level Results Indicators

Program Development Objective(s)

Accelerate the growth of sustainable women-led businesses and innovative climate change solutions.

PDO Level Results Indicators

The PDO will be monitored through the following set of PDO-level indicators:

- Amount of private capital mobilized⁴ (amount, US\$)
- Number of MSMEs implementing innovative climate solutions
- Number of women-led businesses using debt financing⁵ (cumulative)
- Increase in yearly average business earnings by beneficiary women-led businesses (percentage)

D. Program Description

PforR Program Boundary

⁴ This PDO indicator is consistent with the new corporate scorecard indicator "Private Capital Mobilization".

⁵ This PDO is consistent with the new corporate scorecard indicator "People and businesses using financial services, of which (%) are women".



The Government does not have yet a clear structured program on entrepreneurship and access to finance neither on women entrepreneurs' promotion. However, the Ministry in charge of Small and Medium Enterprise and Job Promotion is developing a national MSMEs promotion policy and action plan to support the implementation of the PAG 2021-26/Pillar 2/ strategic objective 4 on accelerating economic growth. The program is still under preparation; however, the GoB already starts implementing some of the measures on access to finance with the CDCB already providing equity financing for firms and the national bank supporting a line of credit for women entrepreneurs, the creation of a national credit guarantee scheme and development of entrepreneurial ecosystem with one-stop-shop with ADPME.

The national MSMEs promotion policy and action plan is expected to be formally adopted by the cabinet by the end of this calendar year. Building on this policy, the GoB will prepare a dedicated program on SME development in Benin which will serve as an anchor for this PforR. A request for a project preparation advance will be submitted following the PCN review to support the client finalize the national program.

Table 1: Government and PforR Program

	Government program ⁶	Program supported by the PforR (PforR Program)	Reasons for non-alignment
Objective	by 2035, Beninese MSMEs are competitive in an adequate institutional framework and a business environment favorable to the creation of wealth and decent and sustainable jobs.	Accelerate the growth of sustainable women-led businesses and innovative climate change solutions.	
Duration	2025-2035	2025-2030	<i>The government program covers 5 more years</i>
Geographic coverage	<i>All the country</i>	Countrywide	
Results areas	RA1: Strengthen the coordination and cooperation between stakeholders in the MSME entrepreneurial ecosystem RA 2: Continue to review the texts governing MSMEs in all sectors RA 3: Strengthen the capacities of the one-stop shop for the entrepreneurial ecosystem RA 4: Strengthen the governance of MSMEs RA 5: Strengthen the mechanisms supporting the quality improvement of MSME products and services RA 6: Strengthen international trade partnerships for the promotion of local goods and services RA 7: Strengthen the financial capacities of MSMEs	RA I: Increased women led-businesses access to finance. RA II: Enhanced entrepreneurial ecosystem and business environment for MSMEs development with a focus on women-led businesses. RA III: Boosted the development of innovative climate change solutions	

⁶ Government program is under development, the project preparation advance will help finalize the program design and expenditure framework. This column presents, the MSME promotion policy objective and strategic orientations. This Column will be updated once the national program is finalized.



	RA 8: Establish a diversified, integrated financing mechanism adapted to the needs of MSMEs		
Overall Financing	US\$ 493 ⁷ million for firms access to finance program already implemented by government initiatives. However, the total amount for MSME promotion program is not yet available, as the program is under preparation.	US\$ 100 million	

As this PforR is prepared in parallel to the Government's Program, the proposed program activities have been designed to achieve the objectives that will be outlined in the Government's Program. Already during the identification process, an inclusive and in-depth consultation with the key stakeholders was conducted to ensure alignment with government priorities. Additional assistance will be provided to enhance the abilities of the entities implementing.

The PforR introduces a comprehensive package of financial services designed to catalyze access to a diversify source of financing for women entrepreneurs in Benin. By offering line of credit, equity, subsidy and mobilizing more resources from capital markets, our approach aims not only to stimulate private investment and financing for women entrepreneurs but also to position the GoB as a pioneering leader in the region for facilitating financing that is linked to sustainable development goals. This innovative model capitalizes on the strategic use of limited public funds to leverage additional private sector investment, demonstrating a forward-thinking approach to economic development and sustainability. During the appraisal, the team will quantify the expected economic and financial benefits and costs. Positive results in similar Bank interventions in Rwanda and Ethiopia provide a further compelling justification for the project

An assessment of the proposed PforR alignment with Paris Agreement was conducted. The assessment and reduction of mitigation risks conclusions are: The project's activities pose low risks due to their focus on access to finance. Both results areas will not lead to a significant increase in GHG emissions. The assessment and reduction of adaptation risks concluded: the main hazards adversely impacting Benin are floods, rising temperature, coast erosion. The capacities of banks and MFIs are bolstered through technical assistance to enhance their risk assessment and management practices, ensuring thorough due diligence and screening for climate-related risks. This approach ensures that financial institutions are better equipped to manage the challenges posed by climate change while aligning with best practices and the goals of Benin's NDC. Women led MSMEs benefiting of the program support will be able to invest in climate mitigation and adaptation activities thanks to different financing instruments that they will access (equity, credit, grants).

The MoF is leading the Program's implementation with adequate M&E capacity. A robust monitoring and evaluation (M&E) will be established to ensure that interventions are effectively tailored and adjusted based on real-time feedback and outcomes. The table below provides the preliminary DLIs. They will be refined during the program preparation.

Below tentative Disbursement Linked Indicators:

DLI #: 1: Amount of equity investments into women-led MSMEs

DLI #2: Amount of loans granted to women-led MSMEs

DL#3: Early-stage grants provided to selected women-led MSMEs

⁷ Source: CDCB annual report, FIGPME creation decree.



DL#4: Operationalization of a permanent mechanism for public-private dialogue to monitor implementation of cross-cutting business reforms

DLI #5: High growth potential women-led MSMEs embarked into incubation and acceleration programs

DLI #6: Aspiring women entrepreneurs joined mentoring and coaching program

DLI #7: MSMEs have access to innovative climate solutions

DLI# 8: Sustainability linked bond is issued

E. Initial Environmental and Social Screening

The Program aims to accelerate the growth of sustainable women-led businesses and innovative climate change solutions. Thus, in addition to its environmental benefits (climate protection through the financing of initiatives based on innovative climate solutions), the Program could result in significant negative environmental impacts linked to the implementation of innovative climate change initiatives. Indeed, the Program provides Small and Medium-sized Enterprises with access to innovative climate solutions, which refer to the development of renewable energy initiatives, energy efficiency, water efficiency, climate-smart agriculture, green buildings, waste management and resilient infrastructure and transport. Implementing these initiatives will be a source of risks and negative impacts on the biophysical components of the host environments. Added to this is the uncertain capacity of small and medium-sized enterprises, guarantee funds, financial intermediaries, etc., and their limited knowledge of the national environmental and social framework and that of the World Bank for PforRs, which could also constitute obstacles to adequately addressing the Program's risks and impacts. It is therefore essential to consider criteria for assessing risks and negative environmental impacts when selecting and developing innovative climate change solutions to be financed. Environmental and climate-smart" selection criteria from the earliest stages of the design of innovative solutions to be financed are essential to reduce the negative environmental impacts of the Program. Financial intermediaries will have to adopt and maintain, in the form of an Environmental and Social Management System (ESMS), systems, procedures and capacities for assessing, managing, and monitoring the environmental and social risks and impacts of activities. The Environment and Social Systems Assessment (ESSA) prepared will provide further details on the risks and impacts and the appropriate mitigation measures. At the end of this evaluation, an action plan will be proposed to support the implementation of this Program with the national E&S system.

Legal Operational Policies

Policies	Triggered?
Projects on International Waterways OP 7.50	No
Projects in Disputed Area OP 7.60	No



Summary of Screening of Environmental and Social Risks and Impacts of the IPF Component

In summary, the environmental risks and impacts of the IPF component are estimated to be moderate at this stage of preparation and will be linked to (i) the early-stage financing program for women entrepreneurs and especially innovative climate solutions could induce environmental risks and impacts, (ii) the lack of assurance on the capacity of MSMEs and WMSME and also of the Guarantee Fund that has just been established. These elements could constitute limiting factors for the effective consideration of environmental risk and impact mitigation measures from the design of the program. It is therefore essential to consider criteria for assessing risks and negative environmental impacts already at the design of the innovative climate solutions to be financed. Environmental and climate-smart selection criteria from the earliest stages of the design of innovative solutions to be financed are essential to reduce the negative environmental impacts of the Program. The Financial Intermediaries (FIs) that will receive financial support from the Bank will apply the requirements of this ESS and will cause each subsequent FI to apply the requirements of this ESS. An ESMS to identify, assess, manage, and monitor the environmental and social risks and impacts of FIs subprojects on an ongoing basis will be set up to manage E&S risks and impacts from the design of sub-projects. The Borrower will develop an ESCP in close collaboration with the World Bank E&S specialists to define: - the means and the frequency of reporting on the implementation of measures and actions required to achieve compliance with World Bank's ESF, particularly as it is laid out in the ESRS; - a commitment to implement the mitigation measures recommended during the process of technical assistance and Sustainability linked financing through an ESMS to identify, assess, manage, and monitor the environmental and social risks and impacts of FIs subprojects on an ongoing basis will be set up to manage E&S risks and impacts from the design of sub-projects; - the Borrower's commitment to carry out monitoring and reporting, including of incidents and accidents; - measures to ensure gender and disability inclusion in IPF activities; - designate the entity(ies) responsible for implementing defined mitigation measures; commitments to prepare and disclose all relevant E&S instruments. A stakeholder Action Plan actions and Labor Management Procedures activities will be included in the ESPC and a GRM could be developed as a standalone documents.

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