

The overall objective of the IYBA-SEED project is to contribute to creating decent jobs for women and youth and resilient economies by strengthening entrepreneurship ecosystems in five sub-Saharan countries to improve access to Business Development Services (both financial and non-financial) for SEED beneficiaries. The Theory of Change above outlines the relationship between IYBA-SEED components’ activities and their corresponding results and specific objectives. A list of AoEE is given on the left of the ToC.

At the core of the theory of change is the assumption that entrepreneurship can serve as a lever for decent job creation, particularly for those women and youth that have no opportunities in traditional professional domains of activity. In the face of population growth, which is projected to outpace economic growth in many countries in Sub-Saharan Africa, inclusive entrepreneurship is a promising solution. As SEED beneficiaries launch and grow their businesses, they will then create new jobs; the theory of change posits that this will translate into more sustainable and resilient economies.

Healthy entrepreneurial ecosystems help SEED entrepreneurs grow their business activities through a variety of mechanisms: such as peer exchange, access to capital, and eventually the provision of more specialised support services furnished by AoEE. Successful business ventures serve as motivation for future entrepreneurial endeavours; thus, the ecosystem as a whole continues to developing in terms of knowledge creation, specialisation of support services, etc., while strengthening its ability to attract financial and human capital[[1]](#footnote-1). For this reason, strengthening entrepreneurial ecosystems is a more scalable and sustainable approach than targeting entrepreneurs directly. SEED beneficiaries in particular face numerous gender and youth-related obstacles as they navigate the entrepreneurial ecosystem; working with a wide variety of AoEE will thus allow the IYBA-SEED to promote inclusion on a larger scale.

The initial implementation of IYBA-SEED validated these assumptions by demonstrating that ecosystem fragmentation, unequal geographical distribution of services, and limited gender-responsive practices are key structural barriers. Strengthening ecosystem governance, standardising tools, and improving coordination were identified as essential outputs for enabling long-term systemic change.

Non-performing entrepreneurial ecosystems, on the opposite, may present barriers which limit the growth of entrepreneurs; the following sections examine these potential barriers per IYBA-SEED component in more detail.

1. Networks and Capacity Development: A strong ecosystem is needed for businesses to thrive. SEED beneficiaries in particular need complementary yet varied types of (financial and non-financial) Business Development Services (BDS) of good quality at each stage of their entrepreneurial journey, requiring a diverse and well-connected entrepreneurial ecosystem. Networks may be considered weak or underdeveloped when they lack the necessary forms of support or when the connections between AoEE are underdeveloped[[2]](#footnote-2). In these cases, entrepreneurs may miss opportunities to benefit from mixed and balanced support from financial and non-financial BDS. Access to networks may also be unequal, privileging certain sectors of business activity or certain types of entrepreneurs over others; for this reason, the IYBA-SEED programme proposes to support and connect AoEE which specifically target women and youth entrepreneurs, on both a national and an international level.

Besides the barriers related to connections and access, financial and non-financial BDS proposed by AoEE may be inadequate to meet the needs of the entrepreneurs, particularly those at the early stages of their ventures[[3]](#footnote-3). IYBA-SEED seeks to identify gaps in existing offerings of the Actors of the Entrepreneurial Ecosystem, ensuring they are well-aligned with the needs of SEED beneficiaries both in terms of access to funding as well as non-financial business development services such as mentorship, or skills development.

Thus, IYBA-SEED seeks to strengthen the nodes (i.e. AoEE) of the entrepreneurial ecosystem while also reinforcing the connections between these nodes. The theory of change postulates that these actions to strengthen networks and services of AoEE will translate into a healthier and more inclusive entrepreneurial ecosystem to support existing and future SEED beneficiaries as they grow their businesses.

The initial implementation of the programme highlighted several critical lessons that have informed the above updated Theory of Change:

First, the entrepreneurial ecosystem remains highly fragmented, with BDS providers (ESOs and FSOs) often operating in silos, which limits knowledge sharing, coordination, and the overall effectiveness of support for SEED beneficiaries. Sector-agnostic providers are also frequently disconnected from value chains, as their incentives are rarely linked to sector performance, reducing the relevance and impact of their services for entrepreneurs operating in specific industries. The initial efforts to strengthen the specialization of BDS providers should be continued and expanded in the extension of the Programme, to ensure that services are better tailored to sectoral and value chain needs.

Alignment between ESOs and FSOs also remains a key challenge. Training, incubation, and technical support programs often fail to reflect the investment criteria used by financial service providers, leaving many SEED beneficiaries underprepared to access funding. The focus should therefore be on further strengthening the capacity of ESOs to align their programmes with financial service providers’ criteria, including standardizing tools, improving investment readiness training, and facilitating structured collaboration between ESOs and FSOs.

Furthermore, the sustainability of BDS providers is a structural concern: many support organisations rely heavily on grants, operate without viable business models, and have limited long-term strategic planning. Emerging approaches, however, have demonstrated the potential of embedding BDS providers directly within value chains, for instance as purchasing centers or aggregators, which may better link their incentives and performance to tangible business outcomes.

Another significant observation from the initial implementation is the extremely limited cross-border collaboration between BDS providers. This is particularly important given that many value chains in the region are inherently regional. Strengthening cross-border networks, shared tools, and joint capacity-building initiatives is essential to support entrepreneurs operating in multi-country markets and to build more resilient and interconnected ecosystems.

Digital transformation has also emerged as a powerful lever for ecosystem strengthening. Integration of digital tools in BDS programmes including digital learning, AI-guided diagnostics, and virtual coaching has expanded the reach of support services, reduced cost-to-serve, and enabled more personalized guidance for SEED beneficiaries. These innovations allow AoEE to provide higher-quality support at scale while responding to evolving business models.

Finally, early evidence points to the growing role of value chain collaboration. Cluster development initiatives, market linkage facilitation, and the formation of associations and networks among BDS providers are beginning to strengthen the ecosystem. BDS providers including ESOs, FSOs, state agencies are increasingly acting as connectors, facilitating peer learning, policy dialogue, advocacy, and investment facilitation, while linking entrepreneurs to critical resources, markets, and institutional partners.

Overall, the initial implementation demonstrated that ecosystem constraints are not merely due to missing policies or resources, but arise from fragmented capacity, weak alignment with investment readiness, limited cross-border collaboration, and insufficient integration into value chains. Addressing these barriers through targeted capacity-building, embedding AoEE within value chains, leveraging digital tools, and fostering stronger networks forms the backbone of the updated ToC for Component 1. By strengthening the nodes (AoEE/BDS providers) and their connections, IYBA-SEED aims to create a more cohesive, resilient, and inclusive entrepreneurial ecosystem capable of supporting SEED beneficiaries in growing sustainable businesses and creating jobs.

2. Business Environment: A conducive business environment is fundamental to achieve sustainability and scale. The business environment may be defined as, “as a complex of policy, legal, institutional, and regulatory conditions that govern business activities.[[4]](#footnote-4)” Unconducive business environments may present challenges for entrepreneurs in a myriad of ways: such as overcomplicating the registration or licensing processes, making entrepreneurs personally liable in the case of bankruptcy, failing to provide incentives to attract global finance or talent, or simply by excluding the voices of women and youth. The IYBA-SEED programme proposes to address shortcomings in the business environment by first conducting a review of gaps in the existing regulatory framework. Once identified, AoEE may use networks to collectively advocate for reforms, especially those that promote inclusion for women and youth. On an international level, the programme will coordinate study tours and exchanges between SEED countries so that global best practices can be advocated for on a more local level. Through public-private partnerships, government agencies, think tanks, and other leaders in the public sphere may consult with AoEE and develop road maps to improve the overall business environment.

The theory of change assumes that the processes of gap identification and collective advocacy to improve the business environment will contribute to reducing barriers faced by SEED beneficiaries and by the AoEE who work to support them.

Several critical lessons regarding barriers, that also need to be addressed, emerged from the initial implementation of the programme:

* Limited implementation capacity within public institutions: The initial implementation revealed that political will alone was insufficient. In several countries, public institutions lack the operational capacity, tools, or coordination mechanisms to implement agreed reforms. This resulted in delays in rolling out Startup Act, activating PPD platforms, and delivering concrete services to entrepreneurs.
* Weak or uneven capacity of ESOs and BMOs to engage in policy processes: Another barrier was the varying strength of ecosystem intermediaries. Where ESOs and BMOs lacked advocacy skills or organisational maturity, policy dialogue remained abstract and disconnected from entrepreneurs’ needs. In contrast, contexts with stronger ESOs (e.g. advocacy coaching in Kenya) saw more grounded and actionable discussions.
* Over-reliance on national-level processes, with limited local anchoring: Initial implementation showed that national-level reforms often struggled to address local business realities. The absence of strong sub-national dialogue slowed relevance and uptake. County-level PPDs in Kenya and municipal engagement in Benin demonstrated that local anchoring is essential to overcome this barrier.
* Fragmented coordination across stakeholders and levels: Complex co-implementation arrangements exposed coordination as a key bottleneck. Unclear roles, multiple approval layers, and parallel processes across partners slowed execution. In many cases, delays were caused less by technical challenges and more by insufficient alignment between stakeholders.
* Policy-driven approaches to access to finance with limited market linkage: Access-to-finance efforts initially leaned heavily on diagnostics and policy discussions. Without early and direct engagement of finance institutions and practical pilots, reforms struggled to unlock real financing for entrepreneurs. The various stakeholders in the business development market should be involved to make progress more tangible.
* Low initial trust between public and private stakeholders: The early implementation highlighted trust deficits between public institutions and entrepreneurs. One-off consultations did not generate ownership, and scepticism slowed engagement. Trust only began to improve through repeated interactions, transparency, and visible follow-up actions.

Overall, the initial implementation revealed that the main barriers were not the absence of policies, but the slow, complex, and uneven processes through which reforms are implemented, communicated, and embedded in entrepreneurial ecosystems. Addressing these barriers deliberately should be a core priority of the extension.

3. Entrepreneurial Culture: The entrepreneurial culture governs how attractive entrepreneurship may appear as a means to gaining a livelihood; thus, it can profoundly influence the amount of business ventures that will be launched and that will manage to reach sustainability[[5]](#footnote-5). Several attributes have been linked to a positive entrepreneurial culture, such as the ability to recognise opportunities, to accept risks, and even to be respected within local communities as an entrepreneur[[6]](#footnote-6). Through information campaigns and other events, IYBA-SEED seeks to uplift success stories and positive role models as motivation to other entrepreneurs. Similarly, the programme supports the adaptation and enrichment of curricula in higher education with entrepreneurship training modules, and extracurricular activities that promote and support entrepreneurial skill and career development. This is being done by forging partnerships between institutions of higher education, community learning centres and entrepreneurship hubs / BDS providers. Activities will specifically target women and youth (students).

The theory of change posits that reducing barriers in the entrepreneurship culture will create a more inclusive, positive, and attractive environment for SEED beneficiaries while also promoting specific behaviours which are linked to business longevity.

4. Ecosystem Mapping and Knowledge: Ecosystem mapping and knowledge is necessary on two levels; first, diagnostics are needed to present key data, stakeholders, policies, etc., useful for analysing gaps and monitoring progress in early-stage business ecosystems. This information must be updated, centralised, and widely accessible to various stakeholders: AoEE (to learn from best practices and optimise their service offerings), SEED beneficiaries (to help them to navigate their entrepreneurial journeys), and institutional actors (to coordinate, seek synergies, and avoid duplication). When this information becomes readily available (on both a national and international scale), ecosystems will be better equipped to sustainably strengthen themselves.

Secondly, learnings on “Ecosystem Strengthening” are needed to provide evidence either in favour or against the approach an effective alternative to Entrepreneurship Development[[7]](#footnote-7). Practices and learnings from supporting AoEEs in IYBA-SEED countries will be documented for the diffusion of best practices to a wide variety of institutional actors so that future projects may build upon the experiences of IYBA-SEED without duplication.

The Theory of Change assumes that as IYBA-SEED publishes ecosystem diagnostics and mapping, and key learnings on “Ecosystem Strengthening” as an approach, AoEE, SEED beneficiaries, and other institutional actors will be equipped to continue to strengthen entrepreneurial ecosystems in a sustainable and scalable manner.

Several critical lessons regarding barriers emerged from the initial implementation:

* In many ecosystems, AoEEs are still working in silos, generating a lot of information loss, redundancy and preventing collective learning from happening. Multi-stakeholder settings, use of networks, hubs and champions (such as weavers, ESO networks, Centre Local pour l'Employabilité et l'Entrepreneuriat des jeunes, etc.) can help building trust and create a dynamic for knowledge exchange and innovation.
* A lot of information is available in the ecosystems but without being always properly organised and/or formatted into actionable knowledge for AoEEs and SEED beneficiaries. Variety of formats and digitalisation help increase accessibility, facilitate updates and foster relevance of information based on the different target groups interests, behaviours and constraints. Formalising knowledge into knowledge products that are actionable and accessible for AoEEs takes time and specific expertise. Thus, it is important to plan ahead resources (time, budget, HR) to refine those products for them to be disseminated to a wider audience.
* To address work in silos, interpersonal exchanges are a powerful tool to allow people to connect, trust and transfer of both formal and informal information. Peer exchanges and/or in-person events more specifically enable AoEEs to connect and learn from other actors of their ecosystem but also from ecosystems of other countries, while promoting networking and potential partnerships.

1. Source : [GIZ Guide](https://www.giz.de/en/downloads/giz2021-en-entrepreneurial-ecosystems-guide.pdf) [↑](#footnote-ref-1)
2. [See Social Network Analysis Case Study in Uganda for an example](https://www.swisscontact.org/_Resources/Persistent/d/b/6/5/db658ae282263f9b8cac8d80e5adba0f6478fbb3/CSSC_SNA_Uganda_2019.pdf)  [↑](#footnote-ref-2)
3. [See findings from AfriLabs Needs Assessment report](https://afrilabs.com/wp-content/uploads/2021/07/NEEDS-ASSESSMENT-REPORT.pdf) [↑](#footnote-ref-3)
4. [The Donor Committee for Enterprise Development](https://www.enterprise-development.org/implementing-psd/business-environment-reform/#BER7) [↑](#footnote-ref-4)
5. [GEM report 2019/2020](https://www.gemconsortium.org/file/open?fileId=50443) [↑](#footnote-ref-5)
6. [Global Entrepreneurship Monitor](https://www.gemconsortium.org/reports/latest-global-report) [↑](#footnote-ref-6)
7. See [GIZ Guide](https://www.giz.de/en/downloads/giz2021-en-entrepreneurial-ecosystems-guide.pdf) for a summary of Entrepreneurship Strengthening vs. Entrepreneurship Development [↑](#footnote-ref-7)