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Supporting young and female entrepreneurs for SME growth in Uganda and Somalia

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Contents

Introduction

This project was designed to analyze services offered by two innovation support agencies; Microfinance Support Centre in Uganda and Shaqodoon in Somalia. The study sought to situate the two by identifying their support for SMEs in their countries. How they contribute towards supporting young female entrepreneurs in their entrepreneurship journey. More especially starting and sustaining small enterprises, and how their support advance equity, diversity and inclusiveness (EDI) within the SME sector. The study also sought to examine the broader ecosystem of SME support promotion in both countries and assess the state of knowledge on the design and impact of the innovation programs.

The objective was to analyze the potential impacts of their interventions in order to develop a package for a more rigorous evaluation that will strengthen innovation agencies' capacity through access to better data and research evidence in addition to cross-sharing experiences and comparative learning.

This study aimed at comparing the approaches of the two organizations, examining the usefulness of services versus the context in which they are delivered. Examine how EDI (Inclusiveness, diversity, and equity) play out comparatively and understand how such interventions can influence young women's involvement in the SME sector but also highlight important gaps that hinder women's involvement.

Objective

To examine the potential impacts of the interventions offered by the two innovative support agencies in their support of young female entrepreneur's engagement in the SME sector

Research Questions

- What do these organizations offer and how has it been contextualized to the local needs?
- How do they support young women in their entrepreneurship journey? (usefulness and relevance and potential impacts of the services to aspiring young female entrepreneurs)
- To what extent are the SMEs, and innovation programs by MSC and Shaqodoon, able to include EDI considerations?

Comparing the broader SME ecosystems for Uganda and Somalia

Uganda's Business Ecosystem[1] has lot of entrepreneurial activity and a growing number of established and new organizations. There is a growing entrepreneurial spirit powered by the growing population and natural resources. The highest proportion of MSMEs work in the agricultural sector (14%), followed by the education & health sector (13%), and recreation & personal (10%) (**National Business Survey 2015**). The majority of the businesses are young

[1] A business ecosystem is a concept first adopted by business strategist James Moore in 1993. It implies a network of organizations; suppliers, distributors, customers, competitors, and government agencies involved in the delivery of products or services through both competition and cooperation. An ecosystem could present strong barriers to those entering the competition, however, flexibility and adaptability are keys to the survival of the players.

less than 10yrs in existence (69%) and the survival rate is estimated at 4.85 years Uganda is said to be one of the countries in Africa with a high business failure rate yet it enjoys economic freedom (59.7 scores), **(Muhwezi 2018, Mugisha R 2019**). The SME sector is mainly affected by talent and financing challenges. The other notable challenge to the business survival is the fact that most businesses are born out of necessity to have an income source than passion. Because of this, on one hand, there is mass pressure to grow incomes, for most of the population, while at the same time, people lack sufficient capital to invest in ventures they are passionate about or skilled for.

National efforts to support the SME sector in Uganda:

The entrepreneurial activity in Uganda is supported by the presence of the government's Micro, Small, and Medium Enterprise strategy released in 2015 which is rooted in Government National Development Plan II; "Strengthening Uganda's Competitiveness for Sustainable Wealth Creation, inclusive Growth and Employment". The Uganda National Development Plan III also laid down strategies like agro-industrialization, export promotion, promotion of local manufacturing, access to energy, and increased skills and vocational development have all been instrumental in creating an enabling environment for small businesses to flourish. The success of NDPIII rested on the government's ability to create an environment where the private sector to invest and grow. The Uganda MSMEs mainly face operational challenges because of limited capital. For example, many businesses lost operational capital due to increased operational costs and significant losses incurred through the lockdown. Finance is still needed to facilitate access to other factors of production like land and labor. The lack of ability to raise finance due to the inability to secure loans, lack of information to the available financing options, and low technical and management skills still act as hindering blocks (**Thom 2016, Swanson2017**) no wonder in Uganda an estimate of 33% of the businesses close before celebrating their second birthday (**Murithi 2017**),

National efforts to support SMEs in Somalia:

Unlike Uganda, the Somali SME ecosystem is still complex due to the un-stable political environment and limited government support, less developed support systems and regulations. The economy is heavily dependent on foreign financial aid, remittances and the informal sector. The entrepreneurs have to manage under adverse circumstances including political instability which threatens investment. This study was carried out in most parts of the more stable part of Somalia, That's Somaliland which is a self-proclaimed independent state since 1998. This part of Somalia presents more stability than the main (Mogadishu) Somalia and the context is slightly different.

Policy environment: The lack of regulations and policy frameworks supporting the SME sector in Somalia plays a big role in the future sustenance of the entrepreneurship activity, and the establishment and growth of the SME sector. Unlike the main Somalia, Somaliland has a drafted policy on SMEs (July 2019) with little follow-up activities. According to Somaliland's Vision 2030 and the 2nd National Development Plan (2017-2021), the country's susceptibility to climate change shocks poses long term risks to the country's traditional economy dominated by the livestock industry. Nevertheless, it recognizes the need to leverage on MSMEs to drive economic diversification with a focus on value addition for exports, import substitution, provision of services to other countries in the region in order to achieve long-term growth. Even if this is still a dream in implementation, it still a step in the right direction. Finance: The Somali financial sector is restricted in size and basic in structure. According to (The Somali, Micro, and Small &Medium enterprise Ecosystem report 2021). The lack of a legitimate financial framework has led to a dollarized economy while the Somali shilling is mostly used by the small transactions. This brings economic turmoil where price stability cannot be achieved, the cost of starting a business become high (**Mohamed I Nor 2012**), In addition Somalia lacks any policy to deal with inflation and institutions to monitor or regulate the financial sector. The compromised central government also has less control on taxation with also affects SMEs. The tax payers pay taxes to different levels of government and local authorities, this ambiguity threatens sector growth.

This study examined two organizations; Microfinance Support Centre (MSC) in Uganda and the Shaqodoon organization in Somaliland. While MSC is a government agency and offers highly subsidized loans to groups, Shaqodoon is a private organization that trains and offers support, mentorship, and loan guarantees. The two organizations work in different contexts; Uganda has a more developed SME sector compared to Somalia, which on the other hand is in learning stages, and in a culturally sensitive environment.

Methods:

This study employed a mixed-methods exploratory approach but was majorly qualitative. The decision makers, program managers and other key informants were interviewed. Focus group discussions and phone interviews were done with those who had benefited from the programs in the last 3 years. A literature review was carried out to understand the local contexts of the two countries in relation to SMEs' environment and explored areas of equity, diversity and inclusiveness in the SME sector. A scoping review was done to identify studies that examine these concepts in the SME perspective, however few studies were found addressing these concepts in Uganda and Somalia. Because of limited data further research is necessary. Survey data were collected to examine the current status and the SMEs that benefited from the innovative programs. The participants were clustered according to the activities or programs they benefited from according to their geographical locations (urban/rural).

Study Area

In Somalia, the study was carried out in Laascaanood, Hargeisa, Nugaal, Sool and Maroodijeh regions, while in **Uganda** it was carried out in Central districts of Kampala, Luwero, Kayunga, Western region- Kabaale and Hoima.

Sampling

Given the exploratory nature, the sample size was not determined by a power calculation. In the quantitative survey, the study targeted 90 respondents in Somalia but only **83 S**MEs responded while also 90 were targeted in Uganda and 60 were found in operation by the time of interview. To answer the qualitative questions, participants were identified randomly among the beneficiaries and purposively among the key persons in the SME sector including program managers.

Data collection

Data collection in Somalia was carried out by Delta consultancy firm in Hargeisa while in Uganda data was collected by BRAC's independent research and evaluation team (IERC). In this study, we also considered SMEs in equal numbers in both high-urbanization and low-urbanization areas. This is important since closeness to urban centers could contribute to access to training, support, financing, and possibly inclusiveness.

Ethics & Accountability

Ethical approvals were sought from the local research and ethics committees in the two countries. For Uganda ethical review and approval were sought from Hospice Africa Uganda (HAUREC) and from the Uganda National Council for Science and Technology (UNCTS). Approval for Somalia was sought from the Somali Academy of Sciences and Arts (SOMASA), Mogadishu. Consent information was translated into the local languages of both Uganda and Somalia.

Limitations

The study has a number of limitations for example the study was majorly qualitative thus impact can't be empirically quantified. In addition many would-be study participants' beneficiaries from MSC in Uganda had fallen out of business since the intervention. The COVID-19 lockdown had severely affected small businesses and many had closed. Small and medium enterprises' survival across Somalia is also low and many respondents are either out of business or had migrated and are not accessible. This limited the study from getting an in-depth understanding of issues, especially for those unable to sustain the business.

Findings

The contribution and engagement of women in the SME sector are enhanced by the availability of resources like capital, skills, information, and networks, coupled with good investments in education. Training is also necessary in addition to enabling policy environments. For young female entrepreneurs to engage in the SME sector these conditions need to be tailored to the needs and the context of the country. Supporting young female entrepreneurs in the growth of the SME sector requires deliberate efforts to level the ground for their participation. Young female entrepreneurs face a number of challenges including lack of capital for startups, entrepreneurship skills needed to manage the business into a success, and navigating the financial access environment among other factors.

State of research on the performance of SME support programs

There are a number of SME support organizations and incubator programs in Uganda compared to Somalia. Both countries have a vibrant private sector despite the political limitations in Somalia. Most of the SME support organizations are privately owned for Somalia while Uganda has significant support from the government linked support organizations. In both countries there is considerable research work on the issues influencing women involvement and growth in the SME sector and literature in relation to why SME growth and sustainability is limited despite the efforts. However, there is very limited research in the area of the performance of SMEs and the performance of SME support organizations. There is almost no visible studies on how the many support organizations have impacted on the SMEs. There is very limited accessible data on impact studies in the SME sector despite the many interventions. Studies highlighting how approaches or interventions in SME support has yielded from the different support organizations and programs organizations. There is also limited research on the state and performance of SMEs themselves.

Comparing the business environments: The Ugandan SME environment gives women the opportunity to engage in business compared to Somalia. In Somalia; the strict cultural values act as a hindering block to accessing financing for young Somali women. This is because of the preference for boys over girls in education, training, and getting loan guarantors. Somali women also find it difficult to navigate the financing processes since education also plays a part. Generally, women were less likely to access loans and training opportunities compared to men in both countries. Access to information also plays part in hindering women's involvement.

Impacts of the two agencies

The two innovation agencies have been instrumental in their contribution to supporting women's engagement in the SME sector. Loan guarantees and group loans have had the most appreciated impact on participants. Loan guarantees contribute a lot in helping women access finance since young entrepreneurs often do not have the requirements to access conventional finance from banks. This also helps in navigating complex financing systems. Taking from the Shaqoodon example, women who would otherwise not be able to navigate the banking system are supported, however for Uganda this is still a challenge especially for the rural low income women.

Training and entrepreneurship support: This was reported to be playing a vital role in pushing young female entrepreneurs into opening small businesses. In countries like Somalia where education for girls is still limited, with strong cultural influences, this plays a role in building confidence, especially for the out-of-school graduates. However, this intervention needs to be coupled with access to financing and mentoring.

Group loans: This is an approach to financing where individuals organized in groups are offered a loan as a group and they share the loan amount equally. The members are required to return their individual shares and interest accordingly. These loans are usually extended to women, youths, elderly persons and persons with disabilities. These must be organized in VSLAs at the village level. The loans offered to the groups that otherwise do not have the requirements to access commercial banks and often do not have collateral where the group serves as its collateral. 'The idea of group savings dates back centuries and is local to many regions, having a trained agent start the group facilitates its success, and offering the ability to borrow in the short term gives households an additional financial option when the need arises. "These are remote areas, where financial institutions typically have not reached' (**Dean Karlan et al 2017**). This approach has been found to be effective in producing short term impacts like boosting women empowerment, more engagement in profitable business but the long term impacts have not be assessed.

SME individual loans

The Microfinance Support Centre supports groups of women across the country. These loans had lower interest rates and participants appreciated their affordability. The money was given to groups and the groups decided on whether to use it as a group or to split the amount to individuals so that they can do personal businesses. The loans gave recipients a chance to engage in business especially those who had no starting capital. The approach was highly appreciated by the recipients however a number of challenges were identified:

Group loans had more impact when the money received was used as group; for example one group started a catering service where they bought cooking pans and utensils, the group kept together and offers cooking services at functions, sharing the profits as a group. For such groups the loans had an impact since the money received collectively was enough to start meaningful business ventures, on the other hand, for those who divided the money to make individual businesses, the loan amount were too small to realize value or start meaningful business. The other challenge identified is that most of the Ugandan communities engage in agriculture, most of the loans received were used in agriculture related activities, these activities are seasonal thus the timeliness of the loan services matter if it is to produce impact. MSC being overwhelmed with loan requests, the time spent from the application to realization is long and by the time the loan is received the seasons have already passed making the loan unnecessary.

The second problem expressed was the loan amounts; since groups comprise of members up to 30people a loan amount of 5million (1400$) when divided each person is left with 46$ and amount which can't start any profitable business. This was expressed almost in all the FDGs conducted with recipients.

Group loans as an approach has registered some success for example microcredit may reduce liquidity constraints, help families cope with shocks, and encourage entrepreneurship (**Dean Karlan 2017, Attanazio et al 2011**) however other scholars criticize its impact. The ultimate impact on poverty indicators such as income and consumption, nevertheless, remains ambiguous (**Alfredo Burlando et al., 2020**), providing microenterprises with access to credit could, in theory, increase their profits, but recent research has not found an impact of microcredit on either business or household income. *Some scholars suggest that the approach could be* successful if the loan amounts were sufficient to support meaningful business (**Nyakaisiki 2018**).

From this study there are two major learning: While the availability of credit encouraged activity and gave people hope to start again or engage in business, participants expressed that small loan amounts were quickly lost in domestic needs and this reduced the impact or sometimes left them worse than before. The loan amounts need to be meaningful and timely since most-small businesses are linked to seasons, especially in agriculture.

Generally, group loan approach has benefits to individuals who are not able to afford individual loans however, a number of problems associate are making them less popular including: high interest rates, failure of member to pay affects the ability of the group to access more funding.

Islamic financing

Despite having a religious connotation it is not a religious product. Islamic financing[2] is also extended to none Islamic denominational participants. The approach is that the loan is given in

[2] Islamic financing is an approach where the financial products are based on Shari'ah principles as laid down in Islamic commercial law are applied. Banking in Islam is a framework of saving money governed by Islamic law standards, also known as the Sharia law. The two fundamental concepts of Islamic banking is the prohibition of interest (riba) collection and payment and profit and loss sharing. In other words, Islamic law does not allow gathering and interest collection.

terms of assets that are used in the business and in return the borrower returns the principal and shares the markup with the lender. The principles in Islamic banking include among others; the abolition of interest (return after trading money) and promotion of profit (return after trading real economic goods) to promote entrepreneurship, risk, and reward sharing. There are different products offered within the Islamic arrangement which are all based on the same principle above including: **Musharaka (Equity financing/partnership), Murabaha (Cost plus financing),** Mudaraba **(trustee financing contract)**, Salam **(forward sale)** and **Istisna** is a contract based transaction under which a manufacturer agrees to complete a construction project on a future date for a fixed, agreed-upon price and with product specifications that both parties agree to. In Uganda Islamic financing is gaining popularity yet still not yet understood by the common market?

Islamic banking has a number of challenges both in Uganda and Somalia and one of these making it less popular is the unavailability of the legal and supervisory frame work but also this banking system fronts less liquidity and more on assets which makes it more complicated to implement especially with commodity businesses that that survive on cash exchanges than assets.

Islamic financing was one of the appreciated financing options that are however limited to a few individuals because of a lack of information. This loan scheme is not popular yet in Uganda but it could offer women safe options for financing. Women have not yet embraced it due to a lack of information. In Somalia where it is more prevalent still, there are some structural challenges to it that need to be addressed before its rollout as well. Interviews from those who benefited indicate successful ventures since money is given in the form of assets. Many respondents wished to access Islamic banking but were limited by the information about its accessibility.

Generally, to level the ground for women to excel in the MSMEs there is a need for women-oriented interventions like; tax reductions, production skills, leveraging digital space for women and providing women-friendly loans to enable young entrepreneurs' ability to engage in business. Islamic banking could offer an opportunity for women to borrow in a more lenient way.

Solving the problem of Loan Guarantors in Somalia:

One of the major challenges to women engagement in the SME sector in Somalia is the inaccessibility to information on the available financing options available to them and lack of loan guarantors. This problem is more pronounced in the Somali context due to cultural preferences for male sex and dominance. In Somalia in accordance to the Sharia law every women will need a collateral or male guarantor to access credit (**Khadar A Abdi, 2021**) However at household level men are preferred than women engagement in business and work outside if the home. Shaqodoon organization tried to bridge this gap by offering their participants loan guarantees, these were not offered to female alone, but male so that they can access financing with the backing of the organization guaranteeing access. These aim at Limiting risk to encourage investment for youth, no collateral is required for loans below 5,000$, Increased duration of payback, Increased grace period to 90 days, alternative funding options (crowd fund). This is done in collaboration with banks where the loan risk is reduced up to 70% and the bank bears 30% risk in case the loan amount is not paid.

This is was one of the most appreciated interventions since it is very challenging for young entrepreneurs to have guarantors to help them access financing with stringent restrictions and requirements.

SME Context and Policy

The Uganda Context

Youth unemployment is one of the major challenges governments in Africa face, with implications on economic growth. In some African countries, youth unemployment is as high as 60%. This contributes to a raise in crime rates involving the youths, use of drugs, and substance abuse among others. The problem of youth unemployment has more implications in the case of young women. It is associated with early marriages, early pregnancies, and extreme poverty as a result; the vicious cycle continues since poverty has a gender side.

To solve this problem, there is a need to develop a sector that could easily accommodate ever-growing youth populations and the SME sector promises that. Small and medium-sized enterprises are crucial for the development of any economy, especially those seeking sustainable growth. In Uganda, for example, over 80% of employed youths are taken by firms that have less than 20 workers (**UBOS, 2014**). Uganda has 60 percent of the population under 20 years of age, and the formal sector employs less than 20% of the employable population (**UN, 2017**). Micro, small and medium enterprises are the major source of employment for most African countries. A 'Micro Enterprise' is an enterprise employing up to four people, with an annual sales/revenue turnover or total assets not exceeding Uganda shillings 10 million.

As small and medium enterprises grow and continue to take in more youths there is still a need to ensure that they embrace inclusiveness, equity, and diversity. This gives young female entrepreneurs a chance to venture into the SME sector. Inclusiveness and diversity is not only a good thing to do but also important for the business to thrive. Embracing inclusion in SMEs, not only ensures an increase in the best of the people, in terms of retention and productivity but also gives the opportunity to young females who have the potential, also to join the SME sector.

Currently, in Uganda SMEs are estimated to exceed 1.1 million with an estimate of over 80% of Uganda's GDP (**National Strategy for Private Sector Development, 2017**). It is the fastest-growing sector driven by high levels of unemployment. MSMEs in Uganda are diverse in nature with the largest proportion in the agricultural sector. Generally, most are young with not more than 10 years of existence (**National business survey, 2015**). The micro-enterprise is the biggest, and most volatile, mostly employing one person. These tend to be financially constrained since they are individually funded and often fail to withstand economic shocks to the proprietor.

The Somalia Context:

On the Somalia side, the SME sector is in its infancy. The policy on SMEs is still under development though suggests the establishment of clear and effective policy options to fully support the Small and medium companies , protect growth of existing companies, provide economic support, technical skills. On the other hand Somaliland has already made a policy that sets path to "Support formalization of informal enterprises by streamlining and rationalizing business registration services at the Ministry of Trade, Industry and Tourism and across other MDAs, creating awareness about business opportunities and sharing information. This will enable growth of the formal economy and reduction of Somaliland's large informal sector; 2. Promote potential high growth sub-sectors of the economy and sector-specific initiatives to support diversification of the economy from the current high dependence on livestock and general trade; 3. Support and promote transformation of MSMEs from trade and commerce towards production, value addition and industry and utilization of local raw materials to develop high value products' Somaliland SME policy.

This sector is recognized to contribute to almost 90% of the GDP and employment (Somalia financial sector technical report, 2020). Women dominate the small and micro business which mostly run informally. Women's engagement in the SME sector has had significant strides in the last decades but, even with these, female-led enterprises are often smaller and do not survive longer comparatively. In some states like Puntland even though they hold almost 45% of the household businesses, they often have lower revenues compared to their male counterparts and are largely excluded from higher-learning segments of value chains. Achievements in female labor force participation are far from sufficient to offset a legacy of historical, economic, sociocultural, and structural factors that tend to have a greater adverse effect on women. Gender-based disparities persist in almost all geographical and economic areas and with varying degrees of seriousness.

Like in many African countries, Somalia is suffering from a youth bulge with an estimated 70% of its population under 30 years (**USAID youth assessment report (2020**). According to this report; "more than half of Somali youth are illiterate; two out of three have no formal education, out-of-school youths are dropouts, or completed school, but unemployed. As a result of this, girls are forced into early marriage with some experiencing gender-based violence. This affects one out of four women". The country's fragile situation and the long crisis have affected its ability to take advantage of the benefits of its largely youthful population. Unemployment amongst young people aged 14-29 in South Central Somalia is estimated at 67%, one of the highest in the world.

SMEs are a promising approach to economic development for many countries. They play a role in the transition of economies in developing countries (**OECD, 2004**) to have a sustained impact, SMEs ought to be more inclusive to produce balanced growth. Across the world, there has been growth in women's involvement in SMEs. An estimated 40% of all SMEs are owned by women (**OECD, 2021**). However, this growth is not even, with more inclusiveness observed in the more developed world. Increased women's participation can be very instrumental in handling inequalities and poverty.

Women entrepreneurs in Somalia

The Somali region has experienced long periods of political turmoil, wars, insecurity, and harsh climatic conditions. This has made the region not suitable for investment for over two decades. Consequently, there is less growth in the SME sector as compared to Uganda. SMEs employ more than 60% of the employable population and many are micro enterprises that spring from women who have lost their husbands to the long standing war. These women often liquidate the little assets left to get capital to run small businesses often selling foodstuffs stuff like vegetables and fruits. Most of these enterprises are in agriculture, selling khat (a mildly narcotic leaf that is chewed), cosmetics, and textiles.

Women are well-represented as business owners, however, they own smaller businesses compared to their male counterparts. In Somaliland for example women own approximately 45% of the formally established business. This sector is sustained by the support of relatives abroad who offer capital and financial boosts. The businesses are run as family enterprises with little inclusiveness and often do not grow into medium enterprises. Despite, there is still a gender gap in business growth and sustainability, where women's businesses tend to remain small and thus more vulnerable to financial shocks.

Being in the recovery state, there are a few organizations offering opportunities for young entrepreneurs with skills for business including (Somaliland Skills Training Association (SOSTA), Shuraako and Shaqodoon). These projects aim at building peace and stability in Somalia by improving opportunities for youth to engage in peace-building, skills development, income-generation, entrepreneurship, sports and culture. These programs are holistic in nature, coupled with skills building, entrepreneurship, and even startup and mentoring youths into small enterprises.

Women entrepreneurs in Uganda

Unlike Somalia, Uganda women enjoy the freedom to engage in business at any level without social and cultural influences. The business environment is welcoming to women as long as they can afford to raise capital and are able to sustain profits and compete favorably in the market. The stable political climate, security and the presence of agricultural resources contribute to women's involvement in the SME sector. Like in Somalia, women in Uganda engage in agricultural-related micro-enterprises. These often run as sole proprietor and are established out of need for household income for self-sustainability than skill and interest.

Young graduates who have failed to secure jobs often will look for survival through opening small businesses which often fail to survive due to the limited starting capital and skills to maintain and sustain a business. The number of women-owned businesses outnumber that of men by almost 1.5 (A report by the International Labour Organization (ILO 2014) and the proportion of women-owned enterprises was estimated at 37% by 2014. The report stated that women were more likely to start a business out of necessity and these businesses dint survive beyond 42 months, however, despite women owning more businesses than men, the majority of these businesses are microenterprises. Compared to men, women start more businesses but also fail at a higher rate compared to men. The women-led businesses are less likely to have more employees than men (38% vs. 55% in established businesses) which is one of the predictors of business survival.

While women in Somalia need help to gain confidence to start a business their counterparts in Uganda need business management skills and capital boost to sustain the started businesses and help to grow into medium enterprises that can compete in the market nationally and internationally.

Sectorial Strengths and weaknesses

According to the SME ministerial conference in Mexico in 2018(**OECD, 2019**). a policy note identified that in order to improve the business environment for SMEs, governments ought to address these issues: Simplify the regulations and administrative procedures and do a regulatory impact assessment to tailor approaches to specific contexts, put across reforms to tax administration and bankruptcy procedures to give a second chance for honest entrepreneurs, make information readily available, and foster collaborative relationships. These recommendations are still far-fetched in most African countries. For example, Uganda is simplifying tax registration through the introduction of an online system. The Uganda Registration Services Bureau and Uganda Investment Authority are working to create a one-stop center for tax registration services. Even with this, a lot remains desired like the typical financing requirement and conditions remain restrictive and limit access to finance. The high-interest rates, short loan tenors, high collateral requirements, and inflexible loan conditions slow women progress of the SME sector.

In Somalia, unlike Uganda, the SME sector is still underdeveloped. The major advantage to the growth of this sector is the funding from international donors who are willing to support programs for SME growth. When the sector is undergoing development it attracts attention, especially, from development partners. Well-managed humanitarian aid could have a positive impact on the economy, especially local business generation, raising capital and tax revenues (Idris 2016). However, lack of priorities and mismanagement of international AID could be contributing to the economy not benefiting from the large sums of money received(**Ali Yassin et al, 2018;Zahra Sheikh Ahmad, 2015**) According to Somalia Humanitarian Fund (SHF) reports 2015), lack of funding priorities and mismanagement has reduced the impact of international support to Somalia'

In Uganda the SMEs sector is recognized by the government and there are efforts in support for the sector by the government. Government support includes providing a safe environment for the necessary financing sources especially banks to thrive. To some extent it has supported young entrepreneurs with training and seed capital through youth programs even though the impact of these efforts have not been evaluated.

During financial crises, SMEs are severely affected, for example during the period of the COVID-19 lock-downs, SMEs were severely hit. The informal, small and micro enterprises were badly hit with the owners unable to work and accumulating rent costs. The government response included providing banks with finance to offer subsidized loans. The response also included measures to mitigate the fallout in the MSME sector the government offered 230.0000US $ for small business recovery fund, the northern part of Uganda the in partnership with the Uganda Development Bank and 13.3million US $ to be used in seed money grants to informal micro entrepreneurs who are members of savings and credit cooperatives. These efforts only favored those that had business documentation or were in saving groups eliminating many of the small and informal enterprises.

Economic recessions manifest market failures and it is the role of the government to mitigate the undesirable consequences of the market activity through regulation and appropriate fiscal policy instruments without losing the benefits of a competitive economy (**Marus Eton, 2019; Aikins, 2009**). There is a need to promote financial facilities to make credit access easier. The gap in this aspect is huge. This is even worse on the Somalia side, there is government willingness to support the SME sector but these efforts are still hindered by the limited resources in a recovering economy and less established policy environment.

Financing for the SME sector

Small and Medium enterprises play a crucial role in driving innovations, creating employment, and contributing to sustained economic development. SMEs are therefore fundamental to the future success of the African continent, with the potential to establish a new middle class and boost the demand for local goods and services. Their role in driving innovation, creating employment opportunities, and therefore contributing to domestic wealth creation routes is critical for sustained economic development. Despite their crucial role in driving the continent's economic development, evidence suggests that SMEs in Africa experience several problems, one of them being a severe shortfall in financing that has historically hindered their growth. A study conducted by Investisseurs & Partenaires found that 40% of SMEs in Africa identified the primary factor constraining their growth as accessing finance other obstacles identified include less access to skills, short term financing and fragile corporate governance Some estimates put the current funding gap at more than US$140bn."According to International Finance Corporation (IFC), SMEs run by women in Sub-Saharan Africa suffer from a financing deficit estimated USD 42 billion. Source: IFC, "MSME finance gap: Assessment of the shortfalls and opportunities in financing micro, small and medium enterprises in emerging markets 2017". According to the Uganda national survey on SMEs in 2015, banks only finance 4% of the sector (**National Small Business Survey Uganda, 2015**).

In both countries; given that SMEs are limited in accessing finance from banks because of stringent protocols for access to money (**Eton M, 2021**), most of the SME financing comes from individual saving and personal incomes. This becomes a major limiting factor for young entrepreneurs. This not only limits business startups but also limits business sustainability. The problem is coupled with other issues like the inefficiency of African capital markets in supporting SMEs, the need for up-skilling and training. There is a need of a government-led SME strategy to develop the ecosystem in order to boost the SME sector.

In addition to the above problems, the Somali context has additional hurdles which include: Lack of basic education and training; small businesses are run by women who lack basic entrepreneurial skills training like bookkeeping marketing or business planning. Lack of sufficient commercial legal framework and commercial arbitration mechanism, is one of the biggest obstacles in SME growth and success. (**Mohammed Dahir Ahmed, 2016)**.

There are many challenges of SMEs in Somalia including multiple taxation, unclear guidelines and regulations but the biggest challenge is access to finance. **Abshir Musse (2022)** lists the following:

> Mark-up rate: the profit rate that financial institutions change on the loans they provide to MSMEs in Somalia is relatively high. These financial Institutions focus on repayment and not impacts; this can participate small-scale businesses to fail if not provided with technical support by banks or business development service providers. The Conditions to offer loans for MSMs, such as guarantor & collateral is a significant impediment to MSMEs' access to loans, especially for Women and Youth owned enterprises.
>
> Lack of products targeting specific groups: using Murabaha as a mode of financing and lack of innovative products segmented to a particular group of borrowers makes financial institutions are sluggish in attracting new clients since they dominate the market. Banks

are urban-centered the rural community is left out of access especially the remote villages. To avoid risks, most banks prefer to invest in already existing clients with excellent repayment history; thus not reaching more businesses, especially those owned by Women and Youth in rural and remote villages.

The application process most probably takes weeks if not months, this is a major problem that MSMEs face when they apply instantaneous investment from local financial institutions to handle emergency business deals, banks lack of bank staff capacity to screen, and expedite the process.

Inclusiveness, equity and diversity in SMEs

Gender inclusiveness in SMEs is not only the right thing to do but also a top strategic priority (**Nicolas Blancher et al., 2019)**. Gender gaps still exist in the business sector in many countries. In Uganda for example, women tend to run smaller businesses compared to men (**World Bank, 2019)**. Economic development and gender equality go hand-in-hand; societies, where income and gender inequality are lower, offer better social-economic opportunities for women, and tend to grow faster. The inclusiveness in the SME sector has more to do than support for growth. The Africa Human Development Report 2016, identifies that economic and social discrimination against women is costing Africa $105 billion a year or 6% of its gross domestic product and thus closing this gender gap would be a boom for the continent's economic prospects. It also states that; African women hold 66% of the all jobs in the non-agricultural informal sector and only make 70 cents for each dollar made by men and only between 7 and 30 percent of all private firms have a female manager**.**

Equity, diversity, and inclusion are key components in supporting young female entrepreneurs to embrace and gain from the SME sector that employs more than 70% of the population in Africa. Many programs have emphasized the increased women's involvement in the SME sector yet there is still a gap in terms of equity, inclusiveness, and diversity in this sector. These problems tend to affect women in such a way that women's businesses tend not to be sustained for longer and often fail within a few years, thus women tend to own the lower category businesses with less ability to progress into medium enterprises.

Understanding the equity, diversity, and inclusiveness of the SME supporting organizations both in Somalia and Uganda, the economic performance of SME support programs as well as their social impact on young female entrepreneurs would contribute a long way to improving women's involvement in meaningful employment.

Background of the innovation organizations

Uganda- Microfinance Support Centre (MSC): MSC is a government Institution that was incorporated in 2001 to deliver affordable finance to businesses to enable them to increase their production and incomes. This intervention was in response to the failure of private-sector lenders to deliver much-needed financial support to rural poor communities. The MSC was thus created to manage microfinance funds on behalf of the government and to provide affordable credit and Business Development Services (BDS). The company operates under a Board of Directors who direct and provide enterprise-wide oversight of operational management. They report to the Minister of Finance, Planning, and Economic Development (MoFPED).

Target Market: This organization targets Microfinance institutions (MFIs); Cooperatives; Savings and Credit Cooperative Organizations (SACCOs); Village Savings and Loan Associations (VSLAs), and Micro, Small, and Medium Enterprises (MSMEs). Provision of affordable credit is done through financing various agricultural value chains which include bananas, coffee, tea, maize, and dairy among others. This mainly targets women who form the majority of the informal sector. The loans are offered to groups of mostly women, but men are also encouraged to apply.

Products & Services: These include Agriculture Loans, Commercial Loans, Group Loans, Asset Finance Loans, and Agro-input loans. Micro lease and in the process of designing an invoice discounting loan product specifically targeting Cooperative Unions and SMEs in the agro-industry sectors. The company implements the conventional interest-based financing system and the Islamic (non-interest-based financing system). The conventional system provides loans at interest rates ranging from 8% p.a. to 17 p.a. depending on whether the client is purely commercial, trade, or agricultural. Agribusinesses, VSLAs, and SACCOs receive lower interest rates. Under the Islamic financing system, the agency provides Sharia-based, non-interest sale, lease, trade, and partnership options.

MSC also offers training and technical assistance (BDS) to its clients as well as specialized consulting services including technical assistance and advisory as a way of strengthening the client institutions and the business enterprises, for sustainability.

SOMALIA: SHAQODOON Organization

Shaqodoon is a non-for-profit organization operating in Somalia founded in 2011 to create innovative and long-lasting solutions to Somalia/land's employment challenges. The organization designs, delivers and evaluates innovative programs to address some of the local community's most urgent challenges in livelihood skill demand, education, entrepreneurship, private sector needs, and the technology for development. Shaqodoon's utmost goals are to improve the resilience of the target communities, maintain sustainable livelihoods and strengthen the economy at large.

Our approach is based on the belief that Entrepreneurship, skills training employment and access to finance opportunities for targeted youth and communities in Somalia are critical for stability, reconstruction, and economic growth. Our services build a comprehensive ecosystem that provides:
Business Development Services: We design job creation programs that create sustainable solutions to widespread unemployment and underemployment based in market need and promote efficient and effective labor market systems rather than short-term interventions. We deliver this through direct training and coaching.
Access to Markets: Underpinned by technology, we provide entrepreneurs with access to market information, and facilitate connections to buyers through our flagship platforms, M-Dalag, eliminating the need for a middleman and significantly improving market access for farmers.

Access to Finance: Recognizing the barriers in accessing finance for Micro Small and Medium Enterprises (MSMEs) and startups, particularly those led by women and youth, Shaqodoon utilizes innovative funding mechanisms to set entrepreneurs up for success.

Shaqodoon launched the Tarmiye Fund in 2019 in partnership with Premier Bank and Dahabshill partnering in 2021. The Tarmiye Fund offers small to medium loans with low-zero collateral. The Tarmiye fund also offers a crowd funding platform for micro-financing which has so far seen 1,753 contributors donate $370,192 to 129 campaigns.
Digital Skills Development Services: Following our exploration of the digital skills gap in Somalia, these services are reflective of private sector demand for a workforce equipped with digital skills, and economic opportunities for un/underemployed individuals. Delivered through a bit schools' model.
Access to Technology: Through Technology4Development, Shaqodoon offers specialized advanced mobile-based services (e.g. SMS, IVR, USSD) that bridge the gap between communities and services providers, including government departments and local and international humanitarian and development agencies. The origination's funding is activity based from different donors. The organization identifies possible innovative approaches that can be funded through direct grants and sub grants.

STUDY FINDINGS

The study findings in this section are organized around six thematic topics - SME characteristics, the contribution of the innovation programs towards women's engagement in SMEs and potential impacts, equity diversity and inclusiveness in SMEs, female entrepreneurship limiting factors for both Uganda and Somalia, challenges to the approaches (examining areas of further research and innovation), and possible areas for further Innovative promising services that support female entrepreneurs to enter the SME sector or grow.

Descriptive findings

Respondent	**Responses**
Key Informant Interviews (KIIs)	These included semi-structured individual in-depth interviews with 8 key informants who were purposefully sampled with the assistance of the project team. Given their in-depth engagement with the program, the KIIs offered a detailed view of equity inclusiveness, and diversity in SMEs. Other areas explored include relevance, effectiveness, and potential sustainability and impacts from the programs. KII included government officials, women representatives from the SME sector and managers of innovative organizations picked from the central region.
Focus Group Discussions (FGDs)	These included discussions with program target groups, including beneficiary community groups, both in Uganda and Somalia to understand attitudes on the SME innovation programs

Survey with a structured questionnaire	A survey in Uganda was done on 60 SMEs and 89 SMEs in Somalia. These were beneficiaries of the Microfinance Support Centre and Shaqodoon organization.

Table 1: Respondent Demographics

Variables	Uganda	Somalia
Number of Survey response (Freq)	60	89
Survey response rate (%)	67%	98%
Gender Number of Male(Freq) Number of Female (Freq)	 53 7	 41 48
Education level completed (Freq) None Primary Secondary Certificate, Dip& Degree	 2 3 15 26	 8 15 4 9 48
Respondent is a business owner(Freq)	60	89

Table 2: Ages of the business owners

Variable	**Somalia**		**Uganda**	
Age range	**Freq.**	**Percent**	**Freq.**	**Percent**
15-25yrs	6	0.7	0	0
26-35yrs	43	48	11	18
36-45yrs	39	43	15	25
46-55	1	0.01	20	33

The study surveyed 60 SMEs from Uganda and 89 from Somalia. The respondents were small business owners who had benefited from the innovation agencies either through loans (MSC) or training and entrepreneurship support from Shaqodoon. Of these, 48% were Women-led in Somalia while only 12% were female-owned in Uganda. There was an observable discrepancy in respondents for Uganda; while as those who participated in FDGs were mostly groups, those who responded to the telephone survey were mostly those that had got individual SME support loans. This becomes a limitation to the generalizability f this study.

According to the table above the interventions had not similar age groups for example Shaqodoon's support is for the young people seeking or joining business while MSC loans were mainly accessible to the more mature persons with more established businesses that probably could afford the loan requirements. This possibly questions equity in access for young entrepreneurs. On average these SMEs had been in operation for an average of 4yrs for both Uganda and Somalia.

The discrepancy is also in approaches, where Shaqodoon offers training and entrepreneurship to enable start up, and ensures equity and diversity in the enrollment processes however MSC offers SME loans to the established businesses which are most times owned by men and group loans which to the women groups who operate micro businesses and hardly progress into the small and medium enterprises to qualify for such loans. **Education:** Somalia: 26% had either none or primary education, 4% had at least attained secondary education and 64% had either a certificate, diploma or a degree. For Uganda, 43% had at least a degree/ diploma and less than 30% had primary education and secondary education. The numbers observed for Somalia do not give a picture of the education of business owners since there is an intervention selection component of the SME support organizations.

In Uganda, unlike the previous decades when the small business sector was employing those who have dropped out of school or never schooled, now small businesses are being taken up by young graduates who are looking for the opportunity to live independent lives. However in Somalia the picture is different, most informal businesses are occupied by the less educated.

Business ownership

From the Uganda survey only 12% of the SMEs who received MSC loans were owned by women while in Somalia 48% of the SMEs that received Shaqodoon interventions surveyed were female-owned. The above figures for Uganda could highlight the less numbers of women who access loans opportunities. Women tend to access small- microloans compared to men. Men are often access bigger loans reflected by many other factors like risk taking behavior, but could also be associated with access to information and the fact that they own bigger businesses compared to women as the literature above suggests. MSC gender data on loans recipients could offer a more conclusive reason for this.

This observation also falls in line given that women run smaller businesses that may not qualify for conventional loan facilities. This discrepancy highlights of the need for affirmative action in supporting female entrepreneurs in the SME sector. The Ugandan participants were those who received loans from MSC, this means without support women are less likely to access financing even when such low-interest loans are provided by the government.

Business support training: Of the participant's surveyed 54%female/46% were male had had business training from Shaqodoon while for the beneficiaries from MSC 62% had not had any form of business training despite receiving support from MSC. The common types of business that the new entrepreneurs engaged in catering, tailoring, retail shops, and agriculture.

The study observed that the participants most often started a business similar to the one where they had been employed before which brings out the role of training in entrepreneurship. Those who had been employed before were more likely to start a business when aided with capital than those who didn’t have previous exposure.

Willingness to borrow:

Willingness to borrow	**Uganda**	**Somalia**
Willing to borrow if the loan process was shorter	76%	66%
Would wish to borrow but lacks collateral	73%	64%
Willing to borrow if don't fear the lender to confiscate property	65%	69%
Would borrow if interest rates were lower	78%	64%

The survey also identified that most businesses did not start as a result of the training received. But businesses with owners who had received business or entrepreneurship training tend to survive longer even though this was not provable statistically. We could not attribute this to the training since the business duration was not homogenous for both countries. In Uganda those who benefited from SME loans had been in operation for a considerable amount of time a minimum of 4yrs 65%, compared to those who those who received group loans. This highlights issues with access to loans, this indicates the possibilities of limitations related to access of SME loans. The newer entrants are limited in loan access.

Ownership of a bank account:

From the previous discussion access to finance is influenced by possession of bank account. This is also identified in the KII especially with the small and micro business owners. These are often not registered and do not possess credit history and cash flows. These are important in determining the profitability of the venture. Also gives financial assurance of the client’s capability to pay. This problem was identified in both countries. This being an exploratory study also explored how much businesses were willing to borrow. From the Somali side the average desired amount for borrowing was 2687$ with the minimum amount desired as 300$. And for Uganda the average amount desired for borrowing was much higher 3500$.and this also depicts they types of businesses supported by the SME support organizations.

Owner have a bank(Yes)	**Uganda**	**Somalia**
Male	**49%**	**87%**
Female	**51%**	**12%**
Total	**100%**	**99%**

Despite the emphasis given in training through Shaqodoon organization and the entrepreneurship training 49% of the female and 51% of male business owners did not possess a bank account. This gives a more comparable picture to real life than Uganda where the intervention was a loan access itself where ownership of a bank account is a requirement

For Uganda since the intervention -loan access ownership of a bank account was a requirement for all the participants however we observe that only 14% of those who accessed MSC loans were women. This also highlights inclusion concerns where women maybe either structurally excluded on interventions that are meant to be inclusive.

Keeping records - Somalia

The business keeps records(Yes)	**Uganda**	**Somalia**
Male	88%	44%
Female	12%	56%
Total	**100%**	**100%**

Keeping records is one of the requirement to access to finance, unfortunately most SMEs do not keep records and as a result affects their ability to qualify for finance from financial institutions like banks. Contribution of innovation programs toward women's engagement in SMEs and the challenges encountered

The discrepancy shown in the table above is as a result of Shaqodoon intervention since we interviewed only those that had got support from the organization. The picture might be very different for the untrained business owners. Unfortunately there is limited published data, this study could not find data or published information on record keeping practices for businesses in Somalia.

Impacts of the SME support agencies' Approaches

The MSC Approach

- Group loans
- SME support subsidized low interest loans
- Agricultural loan plus training support
- Islamic financing options

One of the challenges that affect women's involvement in SMEs is startup capital. Young graduates or out of school business owners as observed above, who form the majority of the small and medium-sized enterprises, often do not have the requirements to access financing from banks which is the most available financing source for business. For example in Somalia, the SomRep- Oxfam research report on financial inclusion (2021) highlights that only 9% of the surveyed women business owners in Somalia had ever applied for a loan while more than half were rejected. Generally there is limited reliable data on the general access to financing especially loans across banks. This applies for both conventional and Islamic banking system. Most of the commercial banks in Somalia tend to operate under the Sharia law guidance. Generally the banking system in Somalia is available in the big towns, while the majority of the population raise money for business through the informal sector sources like friends and family while depending on mobile transfer operators (MTOs)

Even though the situation is different for Uganda with a more advanced commercial sector and many financial service providers, women in both countries still often access small amounts or micro loans compared to their male counterparts. This makes women businesses less competitive and contributes to early collapse. The major reasons contributing to the inaccessibility to financial services especially loans are; the expensive loan repayment fees, lack of a male guarantor for Somalia, and short repayment periods given and unequal access to tailored products for example the low interest MSC loans In addition, young women often don't possess the requirements like collateral compared to their male counterparts (**Morsy and Youssef 2017**) and previous cash flow documentation that conventional banks require for one to access finance. There is a financial disproportionality in the SME sector between women and men.

In Somalia though financial services may be available, this does not mean they are accessible. These financial services or banks are situated in the major towns and their penetration is limited to only a small percentage of the population. Possibly that own a bank account especially in rural Somalia. Banks are still skeptical about taking risks and this makes eligibility inflexible.

Thus Shaqodoon's innovative program's support approach becomes handy in bridging these access gaps to help women access financing is a major push toward women's involvement in the SME sector. The overall responses show that the most applauded benefit was the help to access capital especially loan guarantees and seed capital in Somaliland.

For Uganda, group loans are a good approach to helping groups, especially women who are not able to access financing through the conventional banking system. These offer an opportunity to the lowest economic ranking individual who gets a loan with the group as their security. The survey data indicates that small businesses are often hindered from accessing financing from banks because of the long loan processes, the need for collaterals, high-interest rates, and the fear of losing capital when they fail to service loans.

MSC's approach of providing low interest groups loans was appreciated by the recipients and could contribute a lot to women engagement in the SME sector in Uganda. Microloans play an important role in the development of the SME sector.

Microloans encourage start-ups, Uganda is characterized as a hub for innovation, but these innovations must be given the opportunity to begin. Micro/group loans offers those who would not be able to get a chance to start a business. MSCs loans in agriculture were found to be the most sustainable compared to the other loans offered. This could be attributed to offering a loan coupled with skills or mentorship. The approach offers a more sustained impact.

Challenges affecting loan effectiveness (MSC)

Access to MSC loans is inherently limited by a number of factors. For example, in the survey of 50 Ugandan SMEs supported by MSC, the study found that only 12% were owned by women and 90% of those who accessed the loans had a bank account while only 1in 6 Ugandans own a bank account (**Tuweza report 2018**)

Loan Amounts affect usefulness: This problem was identified by many of the recipients across Uganda and Somalia. For example, MSC's loans are offered to groups for the micro-enterprises into saving groups or community groups. These groups' loans give an opportunity to those who would not be reached by banks due to loan requirements. The loan amount is then divided among members who in turn invest in their small businesses. With groups of 30 participants the portions for the individual recipient become less significant to operate a meaningful business.

Respondent Uganda: "*I got the money from the microfinance support center but the money given to people is really not enough for example we have a group of 30 members when you give us 5 million it means that every member will be getting at most UGX. 200,000 (51$) now which kind of business can someone start with that amount of money! They need to improve on that, they either don't give that money to people or give them what is enough. Even the five million (1300$) they gave us was not enough for me as an individual."*

The complexity in loans processing makes loans inaccessible: a number of recipients expressed challenges with the loan processes. The loan processes need to be clear and well explained so as not to deter those who would be interested. *An interview MSC loan recipient: ''The forms we filled were so many that I got fed up. They were so many and I felt that was enough, I kept wondering whether we shall get the money or not, there were many questions asked, and I felt those questions were enough, they later told us to return, from there I kept on doubting and I said in my life since I have never filled forms like that to get a loan, we got more challenges, we got lost, I got hurt and the members of the group started quarreling''*

The loans given to individuals were found to be more impactful compared to group loans. This could be attributed to the loan amounts given since groups receive smaller amount compared to individual loans. From the data the study observed that 50% of the group members that received group loans had already fallen out of business compared to the individual loans given to the already existing SMEs.

A KII from Uganda noted that: comparing the approaches; group loans seem to be more effective in situations of ultra-poverty. This has been practiced by MSC in Uganda and seems to reach more people and more of the grassroots than individual loans this could also be explored in Somalia however in the ultra-poverty situation there must be more support given in form of livelihoods.

Information gap in Uganda (this also applies to men)	- The loan processes and the paperwork is discouraging, the long processes of getting loans discourage further participation. - Anxiety and lack of understanding of the loan processes were some of the hindering factors - Misunderstanding between the loan and government money, the clients feel this is government money they may not need to refund money and thus does not need to refund - Young entrepreneurs lack access to information on loans

Why loans might not yield expected results

- The Engagement in non-routine income generation -lack of sustainability
- Group loans without training affect the sustainability of impacts
- Lack of training breeds poor management of funds - groups don't know how to save till the next opportunity
- Loan repayment VS income received VS competing need will need a lot of support
- Loans can bring counterproductive issues for example husbands stop supporting women when they know they got a loan, men involvement is important in the loan process
- Financial literacy is important beyond loans, most group loans were either misused or used for the wrong reasons

Respondent from Uganda: *We were happy because we received the money, some people got an equivalent of (26$) Ugandan shillings and others got 200,000/=shillings (52$). Some of the people who received the money ran away with it during covid19 and others didn't pay it back. We as leaders are the ones facing the challenge of paying back that money*

Competing livelihood needs: Most of the female-financed businesses are small limited capital ventures, they hardly survive financial shocks, unfavorable financial conditions, and family problems. There is generally a lack of backup financing to support these businesses against these shocks. Due to the small amount being received the unprepared recipients tend to lose it in other domestic needs. *RS: We shared the money from MSC. Some people even thought it was from the government for livelihood, they used the money but not for business and later disappeared leaving the burden with the group leaders to pay back.*

Waiting time: The average time from application to the time of receiving the money ranged from 6 months to 1yr. The average waiting time for Somalia was lower since the process was handled by the banks and the support organization. The long time between application and receiving the loan affected the usability of the loan received. **KII *SME owner Uganda:*** *Microfinance Support Centre takes a long time to respond. You write the proposal and the turnaround time is long because for me it took like a year. Actually the first loan I applied for was delayed and I didn't take it up because it had passed the time I wanted it. Like if I want money today because they have opened borders to stock products and you give it to me after 12 months when we are off the season, it will not be helpful to me.*

Respondent Uganda*: Give us the money without delay because we have programs, for example, I want money such that I have something to do, and when I prepare to get the money in the incoming months, you change your mind. Issues like farming are seasonal and the loan needs to fit within the season. This is one of the challenges to MSC loans, they need to improve on this.*

The respondents who had already established businesses (SME owners) preferred the Islamic banking option over the conventional loan. This is where no interest is charged on the money lent to the recipient but rather a markup is shared when the dividends are received. This option reduces the burden to the recipient where only the markup is shared after dividends have been received. This option is available to both Muslims and non-Muslims.

From the key informant interviews in both countries with the local leaders identified that most loan recipients did not understand the finance access system in their country (Somalia). It takes effort to make people understand loan schemes especially those with little education. Since Somalia embraces the Islamic banking system[3] it is not easy for a rural young woman to understand and navigate the finance opportunities available to them for both commercial and Islamic financing. Islamic financing becomes even more complex to implement if the receiver does not have an already running business. In addition, education, culture, and exposure also play a role. For sustained impact, the loans given ought to have a longer repayment period to allow the startup to thrive.

Long term impacts

[3] Islamic Banking: Introduction Islamic Banking refers to a system through which finance is provided in the form of money in return for either equity or rights to share in future business profits, or in the form of goods and services delivered in return for a commitment to repay their value at a future date (Daud D.Hassan 2019) There are many approaches including : Murabaha a kind of sale where the seller expresses mentions the cost of a commodity purchased and sells to another person at a margin(this is not a loan perse).

Despite the challenges with loans, there was a lot of business learning. The SMEs are offered skills that are important to the future of the business and participants appreciated it. **KII SME owner Uganda**: *MSC expects you to organize your records, have good cash flows, and appropriate projections, and be timely in terms of meeting your obligations. All those are aspects that have helped me as an individual because they are not going to end with a microfinance loan but there are certain things that will continue whether with microfinance or without it.*

There were challenges with the MSC loans for groups yet these worked well for the SMEs that have been existing for a long time. These often reported a good impact on the loans because most likely they had existing systems and requirements in place. The money was used to boost capital investments and the amount was considerably bigger to make meaningful contributions to the business.

Generally, women face considerable challenges in the SME sector and these tend to cut across African countries. As previous scholars identified, small farms are less likely to access professional services like accounting, legal services, and taxation consultations which become obstacles to expansion (Vinod M 2017). Women-led firms are also less likely to use technology, and advertising services. Thus in order to support women in the SME sector there is still a need for further research and intervention in such areas beyond the basics of training and access to finance.

The Shaqodoon Approach

- Helping young entrepreneurs navigate the loan process
- Offering loan guarantees
- Business training
- Mentorship and support
- Offering money for startups and helping entrepreneurs to raise capital through crowd funding and other approaches.

Interview Respondent from Somalia: *Financing young entrepreneurs gives them a chance to venture into business: Currently the main gaps we have in the SME sector include limited banks for financial support, no regulating policies for encouraging SMEs, and limited funding donors for SMEs. (KII Somaliland)*

Respondent from Somalia: *The loans were guaranteed by Shaqodoon which means we did not need to produce all the requirements the banks need before the loan is processed and this helps us who can't afford to get loan by ourselves*

Respondent from Somalia*: For a normal out-of-school without any push, how can I even navigate the bank system so as to get credit for business? Many girls who wish to start business miss the opportunity because they lack help*

Respondent from Somalia *In a patriarchal set up it is hard for women to own property that can be used to collateral in the bank thus this limits women from the start.*

Respondent from Somalia: *''We have received financial support, loans, and knowledge training for the benefit of the business. We also gained huge support for our needs, like encouragement''*

Combining access to finance with training

The Shaqodoon organization offers money in the form of a loan guarantee with the local banks but also offers entrepreneurship training. This gives chance to young entrepreneurs to use the skills learned and create self-employment. Low-interest loans play a big role in solving the capital problem for startups. In this study we identify that not only do young entrepreneurs need startup money, but they also need continuous support. This support helps businesses to pass the mark of 2-3 years where most small businesses fail. Combining training with financial support produces a synergic impact on business survival and since 'qualities' of the entrepreneur will play in the future survival, growth and performance of the SME' (C.Mirjan van Praag 2003)

Financial literacy is important in the sustainability of SMEs. The mental attitude of entrepreneurs ought to change so that they are able to handle business shocks. An entrepreneur needs to have an independent mind, dependency thinking does affect the business negatively. Respondent from Somalia "*We have received a lot of awareness about how to manage our finances and we have also received funding from the bank and we hope it continues. ''* When people are inherently dependent they are not likely to push through the hardship of sustaining a business"

Interviews with program managers identified that business initiation could be ignited by attitude change: Most respondents that were picked for training did not have entrepreneurship training before however, the majority developed an interest in starting small businesses. This initiative was identified as a pushing factor for business startups, especially for women in strong culture-sensitive communities like Somalia. This eventually contributes positively to their lives and to their families. **Respondent from Somaliland:** "My understanding of the business has increased. Moreover, the training gave me the confidence to start my own business.", ''The training has greatly affected my life because I have learned to build confidence and belief in myself that I can have a business and believe that it will go well''. Most women lack the skills how to start a business and struggle with the uncertainty of whether the business will survive or not. Business training offers the opportunity to build confidence.

Skills alone might not yield when there is no capital, especially for the vulnerable groups where raising capital is an uphill task. But still when capital is offered to the most vulnerable without any other livelihood to support as the business takes root sustainability of the business becomes impossible.

Challenges to women's participation in the innovation programs- Somalia

Social Cultural Influence: Interviews with program managers revealed that making entrepreneurship programs inclusive of young women in Somalia is an uphill task. **KII Program Manager**: *Getting a representative number of young women can be challenging from the Somalia context: "Though we are working with the community at the grassroots level, still the number of young women from disadvantaged backgrounds participating in programs are not as equal to the* *number of young men. Discussions with the community committees and young women participating in our program revealed there are cultural barriers where young women are encouraged to stay at home and do household chores."*

In Somali culture, male children are given more preference than girls. Girls are less likely to be supported by their families to guarantee access to loans. Banks always require grantor for their money yet culturally at household level, young men are always given priority than girls.

Transportation also plays a big role, the majority of the donors cover transportation costs of the trainees by providing incentives to cover their daily costs, there are still some donors that don't provide. In this regard, trainees from far communities fail to cover the transportation costs. **KII Program Manager Somalia:** *Some male trainees travel by foot to the training centers like Shaqoodon offices but young women usually dropped out of the entrepreneurship training as they were afraid to take risks while they were on the route to the training center.*

Another challenge identified is that – Generally, in Somalia there are no SME-supporting policies. Politically Somalia adopted the federal system, therefore all the existing member states have the authority to develop and implement their own policies and laws. In this regard, only Puntland and Somaliland have some policies which are partially implemented or in the development stage. Therefore, the recruitment or business environment is not favoring female young entrepreneurs to either establish or run their own businesses compared to young men. Government always pressures SMEs to pay taxes, however, there is room for negotiation which young women cannot do with government officers.

UGANDA

Solving the financing problem for micro-enterprises.

Like Somalia, the challenge to young women's involvement in SMEs is the lack of or insufficient capital to start or maintain a business. Women continue to face a lot of challenges in their desire to penetrate the SME sector which is predominantly male. The challenges mostly stem from social and cultural decision-making and access to financial resources and being able to overcome these constraints that cut across most African countries including Uganda and Somalia.

The Microfinance Support Center's major mandate is to give affordable credit to the most disadvantaged or un-bankable communities. It is a government commitment to ensure that the people whom banks don't reach are able to access affordable credit. The focus is to ensure that disadvantaged communities' especially rural communities are able to increase their household incomes. These communities are supported through umbrella groups to help them access money using group efforts 'the group is their security'. In addition, it also supports SMEs with capital financing to establish SMEs.

MSC's approach seeks to support women. According to their program description and interview with its program manager, it seeks to economically empower women. The groups mostly include women, especially those seeking to engage in business. The efforts are directed at women because of their contribution to society since they bear the most care burdens of families. By design the program was meant to be inclusive, however, the major challenge of making these loans inclusive is how to ensure the youth and young women are part of the recipients.

(***KII Manager)**-Uganda*: Making financial services for young women is a challenge for most financing institutions, even government programs that aim at being inclusive. For example an interview with MSC's program manager revealed that their programs fail to reach out to young women who would be interested or engaged in business. "We support women when they are under their umbrella institutions and our major focus is to see how we include the youth because they are the biggest percentage of the population yet few are involved in these for, example village saving Sacco's*".* Young women tend not to be involved in Sacco's or village saving groups if they are not engaged in business. Yet most of the benefits of government support including MSC loan groups would need one to be in a group to access the funds. There are also a number of issues that hinder young women from joining Sacco including the requirement of share capital, and the information gap among others.

The approach of giving group loans offers the opportunity for those who would not have the chance to access financing. MSC loans are less stringent on requirements than conventional banks this has offered opportunities to many women groups and the impact is enormous. Women not only need capital but also need the skills to push themselves and sustain themselves in the volatile business environment.

Training: Women's engagement in the SME sector is hampered by a number of factors including limited access to training opportunities, lack of business skills, and poor risk-taking attitudes (**Tambudzayi G 2022**), this is observed in ways that women most times are not willing to take big risks like taking big loans. There is also an underrepresentation of women in managerial and business positions even though a few proliferate, most tend to remain stagnated. There is still gross inequality in the SME sector which hampers growth (Hakura 2016).

Challenges identified about women engagement

The challenges of women are both domestic and structural. Respondent-Uganda: *Women in SMEs face a number of challenges compared to men, for example, women have divided attention like domestic work, and responsibility for the business so you find they open late at 9:00 am yet for us men we open at 7:00am and still they close early given the nature of the way we live. The other aspect is that I have seen few taking big loans, I see them limited to small loans and when it comes to attaining big loans you find that the collateral that is required may not be easy for the women to get.*

Issues identified during interviews for both countries

Entrepreneurship limiting factors for both Uganda and Somalia	● Lack of capital to startup cuts across for both countries even when it easier to access loan services in Uganda compared to Somalia. The loan interests are high but even worse for Somalia ● Lack of practical skills training for young people to enable them to join the market easily ● Limited empowerment on the use of digital platforms for effectively running a business

	● The bridge between the market and SME product producers is filled by middlemen who are exploitative of the young women ● Poor implementation- enabling policies in support of young entrepreneurs ● Limited access to funds for capital with lenient terms
Issues Identified that limit access to the available	The information gap especially for young women still exists these will know the available financing options

Equity, Diversity, and Inclusiveness in SMEs

Diversity and inclusiveness are two of the challenging issues to implement in the SME sector, especially in small businesses. Since this sector employs more than 60% of the employable populations across the world it is worth fostering inclusivity. From the macro level, the focus has been on approaches especially for Uganda aimed at improving access financing for women, the rural poor, and disadvantaged groups to start or grow businesses. For the sake of Somalia the sector is still running under laws of nature since government efforts are still limited. Many organizations especially the MSMEs are obliged to follow regulations mandating equal treatment and other pro-equity legislation like parental leave but the smaller and micro enterprises do not have the capacity to implement or manage these issues. The legislation is also soft on private ownership enterprises, and not much research has been done in this area.

This study explored the perceptions of the participants and here are their views.

Diversity Perceived benefits	***KII Uganda****: The benefits include: increased collaboration; raised employee engagement; higher business growth; improved profitability; and stronger brand recognition.* ***KII Uganda****: I like giving opportunities or hiring different people to help with my business. A diverse workforce attracts customers, has better talent, and improves decision-making, customer orientation, and employee satisfaction* ***KII Uganda:*** *If my business gets bigger I will employ different people from different backgrounds. Moreover, I don't care about men or women, I just care about my business. ‘’ Emphasizing the diversity of the employees does not often exist in this area. However, I run my business by myself and one member of my family. Yes, I believe that working in a business with different people in the community has a benefit to the well-being of the business.*

Perceived inability	*The diversity of the employees has great importance in the workplace. Diversity is very important to the businesses, and I like to add my business with different employees if I had that opportunity.* *A diverse workforce attracts customers, has better talent, and improves decision-making, customer orientation, and employee satisfaction. Of course, I always keep in mind that I need to employ a lot of different people in my business to reach diverse places. Workers from different fields have different ways of achieving the same results, and in many cases, this can provide a better way to solve problems. if my business get enlarge and attain the opportunity to hire others definitely*
Small businesses are run by family members	*Now, no one works for me except for my kids. Yes, I believe that the diversity of the work and the participation of the community is very important. If you are doing business, you shouldn't look for some specific persons, all people are important to your business, so keep in mind their importance but still I feel comfortable working alone. My daughter helps me sometimes.*

Generally, small businesses do not intentionally apply EDI considerations. It is a concept that is generally not well known, especially for small and micro enterprises. Most of these are sole owners 1-2 employees who most times are relatives. In countries like Somalia the male preference still exists from the household level not giving equal chances to females. Programs find it challenging to pick young females since there are few who apply, in addition, the employment of men is preferred. Despite the recent trends in the changes in employment gaps inequalities still exist (**Blau D and Kahn 2017**) (**Alison W.2014**) for countries like Somalia this is further pushed by cultural beliefs.

Discussion and recommendations

This study set out to examine potential impacts of interventions offered by the two innovation support organizations in their support for young female entrepreneurs in the SME sector. By examining what the organizations offer and how it is contextualized to the local needs, situate the support programs in the broader ecosystem of SME sector support and promotion in the two countries, assess the state of knowledge on the design and impact of innovation support programs and the extent to which these have applied EDI considerations.

This was a mixed methods study which was majorly qualitative and explorative in nature. The study did not quantify the impacts statistically but rather explored issues to give ground for further research in the different areas and approaches. The study took a comparative approach for the two countries, however, it acknowledges that the SME ecosystems are very different for the two countries. There are big differences in the areas of development, security and research which greatly affects the SME ecosystems but despite this there are areas of cross learning for the two organization's and the two countries. Improvements in education, health, security, policy have a direct correlation with the success and engagement of women entrepreneurs. Since women play an essential role in the Somali and Uganda vibrant private sector, it is important to reduce the gender-based barriers that still exist for women in a number of areas including access to markets, technology, financial and non-financial services.

While the situation in Uganda is different, in Somalia and Somaliland where most of this data was collected 74% of women businesses do not have bank accounts and their businesses are not legally registered with the Somaliland Chamber of Commerce or the Ministry of Commerce (**Khadar A. Abdi 2021**) and the Somali chamber of Commerce and industry. Mobile money transfers are the most common forms of mobile money exchanges with 95% coverage. There are high costs of business registration and the requirement of a national ID which also requires a male guarantor to acquire. These challenges make the SME sector less inclusive of women.

The study explored services offered by the two innovation support organization's exploring what was impactful and challenges linked to the approaches. Access to finance was the major hindrance to women engagements in the SME sector. Different approaches were used by the two organizations to solve this problem. The Shaqodoon approach of solving the problem include loan guarantees, entrepreneurship training, support to navigate the bank systems, crowd funding, giving money to finance start-ups for Somalia but also support in other forms like access to water.

The learning from the Shaqodoon Approaches:

- Skills training and financing alone may not solve the puzzle, women especially those in cultural sensitive environments and less education or exposure may lack the confidence and belief in themselves to start a business by themselves. The most plausible approach would be to bundle the services for women like training, networking, market support, and financing as a package.
- There is a need to develop support mechanisms to cope with challenges like climatic changes that affect access to water. In places where financing was coupled with livelihood support like building a water source were more meaningful than money for business alone.
- The environment for women's entrepreneurship is important for business success. Developing a supportive environment for women's entrepreneurship is important and this includes support in terms of transport even when the training opportunities are open and available. The approaches need to be contextualized to the local circumstances in order to make programs inclusive for rural women.
- Approaches like group loans might only work well where there is political stability and stable climatic conditions
- Laws and regulations are important for to stabilize access to financing, this works by making feel the security of their equity to reduce their lending rates. This is one of the areas that need to be addressed in the Somalia context

Learning from the MSC – Approaches:

In Uganda- MSC: The major approaches were group loans, individual-SME loans, Islamic financing approaches and training support for agriculture related loans. The SME individual loans were found more impactful in the Uganda context yet not inclusive for a young female entrepreneur. From this study only a few women accessed this loan- Further research could be necessary to understand why. But also only older persons with businesses that had been in operation for more than 4years accessed the loans.

While MSC – Uganda group approach was appreciated given that it could reach the un-bankable populations, the loan amounts affected their impact. This being attributed to the rise in prices of commodities across the country. Commodities are twice as costly compared to the previous two years. The amount that could start a small business can now barely do as much. Some challenges were identified that made these approaches less achieving than expected.

- The group loan approach works in increasing access to finance to those who cannot afford bank requirements like collateral but the amounts ought to be sufficient according to the prevailing economic conditions
- The group loan approach still leaves out young women especially the University fresh graduates and those out of school who most times do not join village groups. An affirmative action for this group needs to be taken into consideration
- Information gaps contributes affects access to finance. Rural women might miss out on opportunities if not reached out to
- Long waiting time makes loans (small loans and individual loans) since most of these loans are sought out for agricultural activities that are seasonal
- Islamic banking system is a promising approach to financing problems especially the fact that assets are used than cash, this makes the loans acquired more usable. Given that they are interest free, they
- There must be deliberate efforts to introduce equity, diversity and inclusiveness are issues in small businesses. Small business owners feel not capable of employing these concepts however support organizations can enforce it in the processes. This could open more ground for young female entrepreneurs.
- Entrepreneurship training and business support could add value to women owned businesses however research that measures impact is limited in this area.

State of knowledge of what works and evidence that exists on what works in relation to government efforts to promote the SME sector

There are many interventions that have been implemented to support SMEs by both government agencies like MSC in Uganda but not much Somalia. However there is little research on what works. The MSME sector is one of the less funded areas by external donors in both countries. Even the governments and local agencies have put little money to support research to evaluate the interventions to prove what works or not.

There are four areas for evaluation in the SME sector: The first is support to create an enabling environment for SMEs to thrive, which may include interventions in legislation framework, regulations, privatization, anticorruption measures and labor markets. In these areas Uganda has had a number of interventions incomparable to Somalia but still there are little impact evaluations on the programs implemented to inform us of what works and why.

The second area is support for business services where interventions are aimed at services that are in turn directed at businesses to build market institutions like standardization, certification, financial /capital availability and financial markets. The third is where we categorize support to specific firms or interventions through the private sector directly. These include capacity building programs directly targeted to individual actors which may include entrepreneurship training, business mentorship and support, lending schemes and trade promotion.

State of research on the performance of SMEs and where we could deepen our understanding through research and evaluations

Performance of SMEs: In general, performance can be described as an achievement of an intention or activity. It can also defined as how a person or groups of people achieve in a specific activity. Performance can also be applied in several areas of financial economic, technical and social areas. According to (**Achim 2010**) business performance is defined as the extent to which to target task in business was achieved in relation to the final output at the end of the business period.(**Yildiz et al 2014**) also defines performance as the level at which firms fulfil their objectives. And in this section we examine performance of SMEs in the aspects of: entrepreneurial competences of SMEs, profitability, business share, survival rate. Despite the many performance indicators; profitability and sales growth are the most extensively used indicators for performance of SMEs (**Leyla Mahmudova 2018**). The others include cash flow, profit margin, total gross profit and stock performance. Some indicators are complex to assess like effectiveness and customer satisfaction. Generally there are a few studies in the areas of assessing performance of SMEs in Uganda and Somalia. Below is an exploration on a few indicators of performance like profitability

Profitability of SMEs: According to (**Leyla Mahmudova etal 2018**): Profitability or monetary performance embodies quantifying the outcome of a businesses' entire operations in terms of money. There are many factors that affect firm profitability directly and indirectly including: Interest rates, taxation, interest rate, inventory volume. Other factors that may influence profitability include external funding to bridge the gaps, owner time invested, and the capital invested. All businesses must have some capital to start a business, this in most times it contributed by the owner or some external funders or a combination. The contribution of capital to business profitability dwells more on long-term investment and also depends on the daily management of income and expenditure.

In Uganda: Since only a handful of studies explore the area of profitability, we cannot conclusively comment on the profitability of SMEs however, the few studies identify that most MSMEs are not profitable and that one of the major problems being poor utilization of assets and equity to produce return.(**Sazir Nsubuga 2020).** Lack of profitability could be one of the factors contributing to the high mortality of SMEs in Uganda and Somalia, In Uganda 50% of the SMEs are less than 5yrs old. The failure rate is as high as one business is established another one fails. There is often less transition small the small enterprises to the medium scale, most remain small scale. The size of the scale of business offers some protection with the smaller ones failing often. Relative to big businesses, small ones are disproportionately disadvantaged. Some of the explanation to this phenomenon is include issues to do with compliance and the high costs of business operation compared to the little profit margin. Inability to formalize business also affect their competitive edge by hindrances in terms of access to financing or ability to compete for lucrative contracts. This is an area that requires more evaluations on how each of these components play out.

Entrepreneurial Competence vs. profitability: Interestingly, entrepreneurial competence also affect profitability and business survival. For example; (**Kisubi et al 2022**) observed 'A positive and significant influence of entrepreneurial competencies and firm capabilities on SME performance. The writer identified that t among the seven entrepreneurial competencies identified, innovative competency was highly associated with SME performance than other competencies but also that, firm capabilities were found to be a powerful predictor of SME performance than entrepreneurial competencies. But still there were no impact evaluations identified to support this further

Muno, Unshie Ahmed (2014): Somalia- discovered that there is a positive significant relationship between marketing strategies and profit maximization of small medium enterprise in Mogadishu Somalia (r = 0.646) and suggested that strategic marketing strategies are not only crucial mechanisms in profit maximization but also helps to enhance the development of new product/service for existing markets. There is a need to examine ways how SMEs can ether the global market, more research can also target approaches that give SMEs room for quality improvement to maximize profits.

Adan A.O.S and Kising'u (2018): Reveals that the "absence of SME policy and rivalry competition setbacks to SME performance in Somalia. A lack of political stability is one of the major factors affecting business operations. This makes financing very expensive to an economy with reduced purchasing power. Also the lack in education and financial structures contributes a lot to business failure especially for small businesses that are dominated by women who are not educated. Somalia has unique circumstances including the absence of female employees women in employment are disproportionately situation (**Amina, Najma I, 2016**) which is a reflection of the imbalance in the education of women which limit their success or limit them to the small and micro levels.

Survival Rate: SME performance is highly linked to entrepreneurial competencies of the managers (**Kisame Kisubi 2022**): Found a significant influence of entrepreneurial competencies and firm capabilities on SME performance. Innovative competence of the entrepreneur are highly linked to SME survival.

This is an area that has not been documented. There are many written pieces without scientific data backing in terms of numbers rates, by gender among others. This could help address specific gaps in relation to survival. However, high interest loans are identified to often suffocate business, this apply to both countries under study. For businesses to survive, the loans should be given at low interest rates since most of the SME owners cannot afford loans at high interest rates (**Nshemereiwe Sheila 2018**):

Survival versus growth: The life span and survival of small business is linked to necessity entrepreneurship including sophistication level supposed to opportunity driven that is linked to long term survival (**Ligthelm, Herrington & Kew, 2009**). Herrington &Kew argue that economies dominated by opportunity driven entrepreneurs have a lower rate of business failure than countries with higher proportions of necessity-driven entrepreneurship. In this study two dimensions were examined to measure SMEs performance such as; profitability and sales growth. (**Nshemereiwe Sheila (2018**): observed that a positive significant relationship between market information and performance of SMEs Yet It was observed that very few SMEs keep books of account in their business. An exploration into the business support approaches that yield results could be of importance.

Learning from this study

The main objective of this study was to examine the potential impacts of the interventions offered by the two innovative support organizations in their support of young female entrepreneur's engagement in the SME sector. Here are the areas of learning:

Training for entrepreneurship development: As scholars still struggle to associate education with success in business, it is still identified that a level of education and business experience are vital determinants of business performance (**Amarteifio, 2014**). Though the level of education per say may not equivalently result in business success, (**Edward Niir Ama 2017**), but education still plays a part, it may contribute to higher quality of entrepreneurial performance, which justifies appropriate investments in education. Entrepreneurs still need skills that are passed through some form of education. Entrepreneurs need knowledge of how to manage basic accounting and saving, among other skills. From this study we identify that training and entrepreneurship support creates confidence and could contribute to business survival even though this would need to be evaluated scientifically.

Leveraging digital platforms in support for SME growth: In the ever-increasing digital era, the business has had a push from the digital market space. Digital platforms provide SMEs with the opportunity to enter and integrate into the supply chains, develop their own supply chains, and connect demand to supply chains. (Chong et al. 2018). The advent of COVID-19 pandemic has emphasized the need for SMEs to embrace digitalization. This cannot be achieved without help, especially for young female entrepreneurs, they need to learn how to use digital platforms to enhance their business. This is to some extent embraced in Uganda, especially in digital payments. There is still a need to help rural women to embrace digital technology and boost the SME sector. In the examination of all the above components equity, diversity and inclusiveness seem to be an area less explored and how it contributes to the SME sector. There is limited data on this aspect.

The Group loans Approach: Since young women lack the capital to engage in business (Abanis and Author (2013) but even when they try to raise the capital they are still limited by the high costs of running businesses. The business environment is such a situation that there is a high investment cost needed with little returns. This favors businesses that are already established. Financing interventions are very handy in improving women's engagement in the SME sector, however, loans should be tailored to the needs and their access procedures need to be made easier for a young female entrepreneur to navigate the system.

The approach of giving loans in groups is an opportunity for many women without security to access financing however this needs to be coupled with training and other interventions like training and livelihood in order to offer leverage for businesses to survive the start period. The recipients need to be prepared to use the loans according to their capacities, especially for small and micro enterprises. Poor preparation and education on how to use the loans lead to defaulting. Small loans often vanish in home expenses and the impact of the loans is not felt.

Delays make loans irrelevant: The business sector runs on seasonal timelines. In the countries studied, the loan turnaround was long. Especially for MSC loans, customers felt the loan processing time was too long which made the money received less relevant. This could be a structural problem for the MSC loan processing procedure and an area of improvement as an innovation agent.

Inaccessibility of information limits female involvement: Accessibility was one of the challenges expressed in this study. The study identified that important programs are launched but most often information does not reach some of the would-be beneficiaries. This poses a limitation on the participants who have limited access to information. Unfortunately, these programs are usually not advertised for the public and thus Uganda: *Respondent from Uganda: People who live in remote areas have a lower chance of receiving these loan projects. Moreover, a few people joined us on the project from remote areas. The availability of these borrowing projects is limited and relatively small compared to the size of the community. For example, not all of the people who participated in the training received funding, only a small number of them did.* This makes the programs inequitable for rural young entrepreneurs.

What can be done to promote inclusive innovation for women, youth and other groups that are economically active in the economy?

Uganda

Supporting recovery: The business sector especially in Uganda is still dealing with an unprecedented health and economic crisis that started in 2020. The country has been struggling with an economic shock caused by the COVID-19 pandemic, locusts, which caused an economic recession and prolonged drought, as well as the war between Ukraine and Russia.

The market or the local business is not welcoming to young female entrepreneurs because of the problems identified. However, if they get the necessary support from the government and NGO's, they may overcome these problems.

There are several opportunities such as rapid urbanization, the use of digital technology, and planned investment in sectors such as energy, ports, education, and small businesses, so women need to be assisted to get investment opportunities, so that they can also benefit from economic development that is at a high speed.

Businesses in the country are mostly small businesses that contribute to the local economy with a lot of income by bringing growth and creativity to the community and also providing job opportunities to people who may not work for big companies. And women can find business opportunities in small businesses if they receive funding and continuous encouragement.

There are many business opportunities in Uganda, it is only necessary for young people to be helped to think creatively and come up with ideas when compared to other countries like Somalia which present fewer opportunities comparatively.

The smaller size of women-owned enterprises, survival rate, and competitiveness is partly contributed by barriers women face in the labor market. Business start-ups are usually wage savings financed. The trend of women’s engagement in the employment sector is estimated at 58.4% yet of these 13.8% are in paid employment compared to 27.9% of working men (Mugabi 2014). This means women are forced into self-employment with fewer resources to start yet compounded with other responsibilities that make the ground unequal for their participation. This calls for approaches to bridge the gap especially in reducing the informality of women-led SMEs so that they can access finance. These include support towards the formalization process, support to register, and social security-oriented programs. Research is necessary for this area to evaluate programs that reach women to meet their needs but also produce gender-segregated data to support programming.

Somalia:

Taking the approach of Shaqodoon by Giving 50% share to young women: The organization allocates 50% of its beneficiaries to young women from disadvantaged backgrounds. This strategy is set in consultation and agreement with the respective donors and government. Though it is not successful all the time to find 50% female participants because of the negative social norms that limit girls/ young women to the home. Women are not allowed to travel long distances to the training centers which often possess a limitation on their participation and generally fewer women to have basic education and which limits them from being included in programs like this. More structural programming and support are needed to lift women across sectors, especially education.

One of the other approaches to inclusiveness is employing SME female trainers: to promote young women’s participation in programs and the strongly religious environment was done to attract females into the program to act as role models this is also coupled with, **targeting communities with disadvantaged backgrounds**: SME projects mainly focus and target location or areas living by disadvantaged communities such as IDPs, poor people, returnees, minority, and rural areas. ‘’In rural villages, we trace the youth who moved to major urban towns to provide them the training’’

Tax reduction: Interventions that promote young female entrepreneurs join the market include but are not limited to providing positive discriminating interventions such as tax reduction for female businesses, developing policies and laws that favor females, and allocating more funds for females. Banks should also treat young female entrepreneurs differently than male SMEs

Production skills: Types of support that can be given to young women entrepreneurs to join the business market include teaching them skills to work in small businesses and linking their business to the market to make a competitive market for their products as well as their businesses. This intervention needs to be tailored to the economy of the country so that the business and the products have a market. The skills training needs to be tailored to the needs and context of the country.

Technical skills: Technical skills are preferred more than business skills alone: Women are the backbone of society, therefore, technical skill training should be given, such as sewing, tailoring, make-up arts, and other business skills. Business support or hands-on support enables them to have a growing business.

Leverage on digital space: Leverage Digital apps to reach the hard-to-reach: How can inclusive entrepreneurship measures leverage digital platforms and tools to reach target often hard-to-reach target clients promote inclusive entrepreneurship telecommunication companies should ensure the internet is accessible where disadvantaged groups are living and if access is there, they should provide cheap internet to allow vulnerable community joint to the SME field. Financial banks should also add free internet to their loans or financial support to vulnerable groups, especially for Somalia.

Generally there is a need to help women to enter and influence the SME ecosystem. There is a need to apply a gender-sensitive legal and regulatory system that advances women's economic empowerment in both countries but more especially in Somalia. In both countries financial services need to be tailored to the needs of women leveraging the fact that women have low rates of defaulting rate, they could benefit also from Islamic banking approaches.

There is also a need to enhance the use of digital or internet business programs that are aimed at women, and young people meet many needs including identifying opportunities in the digital economy, effective use of social media, reaching international markets, and understanding regulatory differences across jurisdictions. It is important that the training includes opportunities to build networks and access business.

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Appendix 1. Survey Tool- Excel format attached