



Policy Brief

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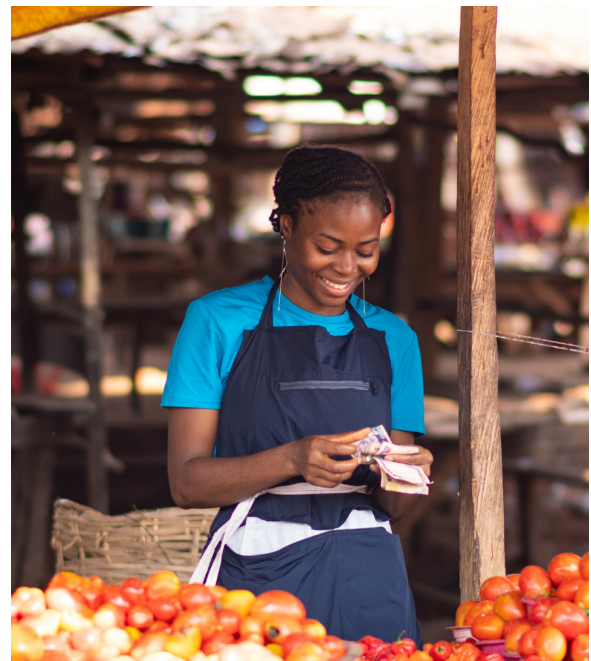
Empowering Youth and Women Through Small and Medium Enterprise Development: Leveraging Data, Evidence, and Innovation for Inclusive Wealth Creation in Africa

Countries at Focus: Burundi, Egypt, Ethiopia, Kenya and Nigeria



Key Messages

- Persistent gender disparities and high youth unemployment continue to hinder economic inclusion across Africa.
- Women and youth face systemic barriers; from unequal access to education and skills training to discriminatory labor market practices.
- Without reliable, disaggregated data by country, sector, and gender, policymakers lack the tools to design and implement targeted, effective solutions.
- SMEs are largely excluded from the benefits of the data economy, limiting their capacity for innovation, competitiveness and growth.
- Data gaps need to be bridged to leverage SMEs for women and youth empowerment, policy interventions, vibrancy of SME ecosystems and customized design of SME development programs.



Context

Development of small and medium enterprises (SMEs) contributes to inclusive job creation, income generation and poverty reduction (Adenutsi, 2023; Mugano & Dorasamy, 2024; Nor, 2024). SMEs contribute to 34% of Kenyan GDP and 31.4% are female owned, 61% operating as unlicensed SMEs (Oxfam, 2021). In Egypt, SMEs employ 33% of the female workforce with the hotel and restaurant sector contributing immensely (ESCWA, 2024). However,

informality limits growth and sustainability of SMEs (Mutisya, 2024) and affects achievement of Sustainable Development Goals 8 and 9 on decent work and sustainable economic growth respectively (Amuda, 2024). Across Burundi, Egypt, Ethiopia and Nigeria, SMEs account for a significant share of economic activity, yet these enterprises face numerous barriers that limit their scalability and impact. Challenges such as



limited access to finance, inadequate business skills, regulatory constraints, and exclusion from formal markets disproportionately affect youth and women led enterprises (Akinyemi & Adejumo, 2018; Fatoki, 2014). Despite these challenges, SMEs present a powerful avenue for inclusive wealth creation, particularly when supported by data-driven decision-making, evidence-based policies, and innovative business models (Roux et al., 2023; Tawil et al., 2024; Troise et al., 2024).

Gender disparities and youth unemployment remain significant barriers to economic inclusion across Africa (Algül, 2024; Gebrehiwot & Ndinda, 2024; Lwanda, 2024). Women and young people often struggle to access formal job markets due to systemic inequalities in education, skill development, and discriminatory labor market practices (Klasen & Pieters, 2015; ILO, 2020). In many cases, traditional gender norms and cultural expectations further limit women's participation in formal employment, pushing them into low-paying informal sector jobs with little job security or benefits (World Bank, 2018).

Additionally, youth and women unemployment rates remain significantly higher than that of adults and men (Axelrad, 2018; Verick, 2023), as social cultural constraints, labor market entry barriers, mismatches between education and industry demands, and limited job creation opportunities hinder their economic engagement (World Bank, 2018). Despite a strong SME support ecosystem in South Africa, racial and gender inequalities persist, impacting access to opportunities and funding. In the absence of country, sector and gender disaggregated data, the unemployment menace cannot be effectively addressed (Madhou & Sewak, 2019; Onuoha & Agbede, 2019).

In Ethiopia and Burundi, young women face particularly acute challenges due to gender-biased hiring practices and a lack of access to vocational training (Brixiová et al., 2015). Similarly, in Egypt and Nigeria, despite improvements in female educational attainment, labor market participation rates remain low due to restrictive policies and societal norms that discourage women from engaging in formal employment (Assaad & Krafft et al., 2016; Virk et al., 2024). These disparities

are reinforced by weak social safety nets and insufficient government support programs aimed at bridging the employment gap for youth and women (Verick, 2023). Without targeted data driven interventions, that address these systemic issues, economic inequalities will persist, hindering sustainable development efforts in these nations (Poli et al., 2024).

Leveraging data and innovation in SME development can enhance productivity and competitiveness (Kádárová et al., 2023; Kgakatsi et al., 2024). Digital financial services, mobile technology, and artificial intelligence are transforming the SME landscape, improving access to credit, market intelligence, and operational efficiency (Okafor et al., 2021; Yantin & Ali, 2023). Moreover, evidence from rigorous evaluations indicates that targeted interventions, such as business incubation programs, mentorship, and capacity-building initiatives, significantly improve the sustainability of youth and women-owned businesses (Naudé, 2017; Ahmed et al., 2022). However, absence of evidence on the causal effect and consequent impact, compromises the ability to scale.

The African SME ecosystem is diverse, with contextual differences influencing the effectiveness of policy and program interventions. Egypt, Kenya, Nigeria, and South Africa have relatively well-developed financial and technological infrastructures that support SME growth, while Burundi faces unique socio-economic constraints that require localized solutions (Abor & Quartey, 2010; Herrington & Kew, 2017). Ninety-two percent of investment in technology was funded in Egypt, Kenya, Nigeria, and South Africa on account of population, growth of GDP, regulations that support innovation and better managed political and socio-economic restraints (AfDB, 2021). Moreover, these countries have more than one third of startup incubators and accelerators and receive over 80% of the foreign direct investment into Africa (AfDB, 2021).



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Methodology

A systematic review was conducted on the role of SME development in empowering youth and women, with a focus on leveraging data, evidence, and innovation for inclusive wealth creation. The review synthesized insights from 105 peer-reviewed articles, policy documents, and institutional reports published between 2015 and 2025. Sources were selected from academic and policy databases including ScienceDirect, Google Scholar, ECONBIZ, JSTOR, EBSCO, Web of Science, and Scopus. Literature selection was based on relevance to SME development, gender inclusion, youth empowerment, and innovation within the African context. While the primary geographic focus was on Burundi, Egypt, Ethiopia, Kenya, and Nigeria, studies from other

African countries offering relevant insights were also included. Only credible, peer-reviewed and institutional sources were considered. A keyword-based search strategy using Boolean operators (e.g. “SME development in Africa” AND “youth entrepreneurship”) was applied, and Litmap® was used to identify additional literature. From an initial pool of 381 sources, 105 met the inclusion criteria. Findings were analyzed thematically across four dimensions:

- (1) Data-driven decision-making,
- (2) Evidence-based programs,
- (3) SME ecosystem strengthening,
- (4) Impact measurement and scaling.

Findings

1. SMEs are left behind in the data economy

At the micro level, most SMEs are not leveraging data or evidence-based approaches to drive growth. In contrast, larger firms are increasingly using big data analytics, including insights from SME behavior to strengthen their own market positions. Key barriers for SMEs use of data include limited awareness and negative mindsets toward data use, inadequate technical skills, cybersecurity and data privacy concerns, and financial constraints.

2. Opportunities exist to empower youth and women-led SMEs through data-driven decision-making

These opportunities lie in two key areas: (1) systematically mapping SME opportunities and (2) generating and using sex and age disaggregated data. While countries like Kenya and Nigeria have made notable progress in opportunity mapping, efforts remain limited in Burundi, Ethiopia, and Egypt. Opportunity mapping has not significantly drilled down to SME development value chains and the opportunities available for women and youth. 52% of African countries lack disaggregated data critical for inclusive policy planning and targeted SME support especially in technical areas such as enforcement of intellectual property rights.

3. Limited use of evidence to inform scalable policies

In Burundi, Egypt, Ethiopia, Kenya, and Nigeria, evidence has been used to inform program design in areas such as access to finance, entrepreneurial education, and regulatory reform. However, the use of data remains suboptimal creating a gap in understanding the impact of these interventions on long-term viability of SMEs. Many programs rely on variables that are not well-contextualized for

African realities, are too limited in scope to support generalization or scaling, and often lack rigorous impact evaluation. As a result, most findings have not effectively translated into broader policy change or institutional learning.

4. Data gaps undermine efforts to strengthen the SME Ecosystem

Opportunities exist to strengthen the SME ecosystem for youth and women SMEs by enhancing market access, collaboration of SMEs and improving the policy environment. However, in Burundi, Egypt, Ethiopia, Kenya, and Nigeria, the absence of reliable data or the inability to effectively use available data has contributed to fragmented efforts, duplication of programs, and the emergence of disconnected economic blocs. This limits the ability of policies and interventions to address the real and evolving needs of SMEs across Africa.

5. Inability to effectively measure and scale impact

Measuring and scaling impact remains the weakest link in leveraging data and evidence to grow SMEs in Africa. Many countries miss the opportunity to use the insights from these programs to refine and improve their approaches. The lack of clarity on “what works, for whom, when, how, and where” means that generalized data and one-size-fits-all programs are applied across countries, despite the significant differences in their economic, social, political, and other contextual factors.

Policy Recommendations

1. Strengthen data driven approaches for SMEs to enhance growth and competitiveness

To ensure growth and competitiveness of SMEs, it is crucial to bridge the gap between the data capabilities of SMEs and larger firms. This will be achieved by:

- a. Enhancing data awareness on the value of data and evidence based decision making by creating accessible platforms for SMEs to understand how data driven approaches can enhance business outcomes.
- b. Promoting data literacy and technical skills development in vocational training centers, universities, and business associations to offer affordable data literacy programs.
- c. Address cybersecurity and data privacy concerns by creating clear and accessible framework for SMEs which includes affordable cybersecurity tools and guidance on compliance with data protection regulations.
- d. Offer financial support and incentives such as grants or tax breaks, to encourage SMEs to invest in data infrastructure and analytics tools.
- e. Encourage collaboration between SMEs and larger firms for knowledge transfer through industry clusters or innovation hubs where SMEs can collaborate with technology providers, research institutions, and large firms to collectively address market challenges.
- f. Establish clear data use policies that are inclusive and friendly to SMEs. These policies should provide guidelines on how SMEs can legally access, use, and share data without fear of violating regulations.

2. Empower youth- and women-led SMEs through data driven decision making

To unlock the potential of youth and women-led SMEs, it is crucial to adopt data-driven approaches that facilitate informed decision-making and targeted support. Policy makers can achieve this by:

- a. Standardizing SME opportunity mapping methodologies delineating specific value chains where women and youth can thrive and in the longterm build a comprehensive database of available opportunities.
- b. Invest in sex and age disaggregated data collection covering areas such as barriers of entry, business growth and access to finance amongst others.

- c. Strengthen legal and technical support for women and youth SMEs especially in the enforcement of intellectual property rights.

3. Strengthen data driven decision making to inform scalable policies and sustainable SME growth

There is a critical need to enhance the rigor and relevance of data collection and analysis, ensuring that policies are not only responsive to current and emerging challenges but also capable of driving scalable and sustainable growth for SMEs across the continent. This can be achieved by:

- a. Strengthening the collection of contextually relevant data that reflects the realities and unique challenges faced by SMEs in Africa.
- b. Expanding the scope of data collection to capture a wider variety of variables that impact on SMEs such as market access, innovation capacity, infrastructure and regulations.
- c. Implement rigorous impact evaluation frameworks into all SME related programs. The evaluations should focus on short term and long term outcomes and assess sustainability and scalability of interventions.
- d. Promoting inclusive evidence based policy dialogues where data-driven insights can be discussed and translated into actionable policy reforms.

4. Bridge data gaps to strengthen the SME ecosystem for youth and women SMEs

Efforts to strengthen the SME ecosystem, with a focus on youth and women entrepreneurs, hold immense potential for driving inclusive economic growth in Africa. Data gaps can be bridged through:

- a. Investing in reliable data infrastructure for SMEs by creating national or regional SME databases that provide realtime data on business performance, challenges, access to finance, market opportunities, and sector-specific needs.
- b. Enhance data sharing and collaboration across sectors by promoting data sharing platforms among key stakeholders, including government agencies, development partners, the private sector, and academia.
- c. Strengthen cross border and regional SME networks by creating integrated regional platforms that connect SMEs.



- d. Strengthen capacity for data analysis and usage for government officials, SME support organizations and SMEs. This will empower stakeholders at all levels to make more informed choices and contribute to more effective program design.
 - e. Establish monitoring and evaluation programs for SME programs that incorporate feedback loops to ensure that programs are adapted based on data-driven insights and assess the long term and short term effects of interventions on youth and women SMEs.
- 5. Enhance impact measurement and scaling for SME growth**
- Strengthening impact measurement and scaling mechanisms is essential to ensure that interventions are more effective, contextually relevant, and sustainable. This can be achieved by:
- a. Developing context specific measurement frameworks that consider local economic, social, and political conditions and tailoring measurement indicators to reflect these nuances. Data segmentation by sector, region and demographics should be embraced for targeted interventions and adaptive learning.
 - b. Adopting flexible approach to scaling with an understanding that different regions and sectors require different interventions.
 - c. Investing in longitudinal impact assessments that measure immediate, short term and long term impacts considering variables such as business growth, innovation, and resilience to external shocks.
 - d. Support capacity for impact evaluation specifically in designing, implementing and analyzing evaluations in addition to how to use findings to adjust and scale interventions.

Conclusion

Data driven initiatives are used internally by SMEs to map opportunities. However, they face constraints namely: limited resources, absence of data usage culture and limited skills. At the macro level, absence of gender and age disaggregated data limits the development of conducive policies, regulations and programs.

In all the five countries under analysis, there is evidence of progressive regulations to encourage startup and growth of women and youth led SMEs.



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