



# Market Assessment Survey

Market opportunity mapping in Somalia/Somaliland

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# Acknowledgements

**Market Assessment Survey: market opportunity mapping in Somalia/Somaliland** was commissioned by Adam Smith International through Somalia Stability Fund (SSF) and implemented by Shaqodoon Organization, a local non-profit NGO in Somaliland/Somalia. The purpose of the survey is provide an overview of the market opportunities for youth entrepreneurs to start and grow businesses in the local markets, market trends, identification of major weaknesses in the value chain of various economic/business sectors and highlights of growth sectors in which youth enterprises could have high potential for growth and sustainability.

This study is made possible from the support of government of Somaliland/Somalia and Puntland, international donors, local business associations & financial institutions, and national civil society. In particular, Somaliland & Puntland Chamber of Commerce, representative of private sector and national stakeholders.

This report has been prepared with the financial assistance of SSF. The views expressed herein are those of Shaqodoon and its Consultants and not necessarily those of SSF.

## 1.0 INTRODUCTION

### 1.1 Background Information

Somalia has been ravaged by war, political turmoil, and humanitarian crisis for decades. The protracted conflict spanning over two decades coupled with perennial drought and lack of effective central government has continued to undermine the meaningful economic activities leading to a failed economy with limited employment opportunities. This has left most of the population in abject poverty and in many cases, left to rely on humanitarian support. Due to weak economy, there is high level of unemployment among the youth, including those who are graduating from universities and other middle level colleges. This is made worse by the fact that the country has a disproportionately large population of young people with more than 70% of the population aged less than thirty years. Considering fertility level of 6.2 births per woman reported between 2010 and 2015, Somali youth will continue to make up a disproportionately large percentage of the population of the country for the foreseeable future.

A significant factor in Somalia's development future rests with youth and having them engage in economic activities. However, traditional formal-sector entry points into the workforce are very limited and careers leading to jobs are scarce. Youth unemployment has therefore become a pervasive issue and is especially apparent in some of the most vulnerable groups in society such as poor with limited or no access to formal education, ex-militia, disabled, minorities, IDPs and, most important, women. Although they make up two-thirds of the potential labor force, statistics on unemployment indicate that 70% of youth in the country are unemployed. According to UNDP Somalia Human Development Report of 2012, the unemployment rate of youth aged 14 to 29 was 67%, which is one of the highest rates in the world.

The nexus between unemployment particularly among youth and conflict has assumed great significance due to poor socio-economic conditions and limited economic opportunities, both which make the lack of sustainable employment opportunities a catalyst for conflict. Out of desperation some of the youth become vulnerable to recruitment into militant groupings or join criminal activities such piracy. A number of them have also been reported to illegally leave the country to destinations in Asia and Europe with hope of getting better life regardless of dangers that lurks with such illegal migrations.

While the security situation is still high, conditions are starting to improve in several areas and there are deliberate efforts by local authorities to create conducive environments which the populations can get back to meaningful economic activities. But considering that opportunities for formal employment may take long to establish, it is prudent to support entry of youth into informal-sector employment as one of the alternatives to speed up development and address the problem of unemployment. As such there is an acute need to mobilize interest, investment, knowledge, resources, and action to drive large-scale comprehensive employment and enterprise development programs, particularly for youth. It is against this backdrop that Shaqodoon and partners initiated a youth enterprise support project in five areas within Somalia from November 2014.

### 1.2 Youth Enterprise Initiative Project

In response to the concerns highlighted above, Shaqodoon and its partners initiated a youth enterprise development project entitled "**Youth Enterprise Initiative [YEI]**". The aim of this

project is to stimulate youth job creation through entrepreneurship by combining the provision of enterprise training and support with the emergence of a new breed of responsive financial institutions and linking these into a structured mechanism which enables Somali Diaspora to invest (financially and with human resources) back in their home communities or provide additional skills training and mentorship opportunities to youth. Project activities involve provision of financial and non-financial services to 40-50 Somali youth entrepreneurs over one year period in five main cities in Somaliland, Puntland, and South-Central Somalia, namely Hargeisa, Bossaso, Mogadishu, Kismayo and Beletweyn respectively.

While access to finance is a barrier to starting and growing sustainable enterprises it is not the sole support required. To this end, Shaqodoon and its partners have developed a range of innovative enterprise support services such as business skills training, business development services, entrepreneurship mentoring and market access solutions which have been offered to enterprises to synergistically complement financing. To refine the design and activities of the Youth Enterprise Initiative project, Shaqodoon conducted sector/market assessment survey in the five operating areas. The assessment sort to answer several research questions as highlighted in the section below.

### **1.3 Research Questions**

1. What does local supply and demand for goods and services show about opportunities for self-employment for Shaqodoon youth entrepreneurship fund beneficiaries?
2. What does local demand for goods and services show youth entrepreneurs' opportunities for business start-up and self-employment?
3. What 'complementary skills' do upcoming youth entrepreneurs need to meet consumer needs and preferences?
4. How can youth prepare themselves with the skills necessary to be competitive in a particular sector?
5. How can linkages between youth entrepreneurs and business associations be created to support emerging youth in establishing successful businesses?

### **1.4 Objectives of the Market Assessment Survey**

The aim of the survey was to fully understand and determine potential business opportunities existing in the local markets by collecting, analyzing, and interpreting fresh data, and thus decide on the economic/business sectors to support under the project in which youth enterprises could have high potential for growth and sustainability, profit maximization and return on investment. Data from this assessment will be further used to design and disseminate **Youth Business Handbook** which will provide guidance to youth on high potential business ideas in the local Somali markets in the five operating cities in which the data is collected from. It is envisaged that the Business Handbook will compile at least fifty [50] potential business ideas based on the market assessment findings in the five cities i.e., ten business ideas from each target area although it is expected that there would be some overlaps as some businesses are viable in all the cities. To answer the research questions above, the market assessment looked specifically into the following:

1. Goods and services with the highest and lowest demand
2. The sectors and industries that have demand which is unmet by existing sellers/producers/service providers.
3. Business sectors with adequate or too many sellers
4. The businesses in town that are most successful.
5. Sectors that have the most competition
6. Goods brought into the towns from other areas and local goods that are taken out of the towns for other destinations.
7. Patterns of consumption of goods and utilization of services of the population.
8. What goods/services needed by the population that could not be satisfied by local markets
9. Skills required to successfully run business within the target areas.
10. Integration of the above objectives to inform the sectors in which youth might find business opportunities.

## **2.0 METHODOLOGY**

### **2.1 Scope of the Survey**

The market assessment survey was conducted in five cities where Youth Enterprise Initiative project is being implemented, i.e. Hargeisa in Somaliland, Bossaso in Puntland, Mogadishu, Kismayo and Beletweyn in South Central Somalia in December 2014. Thematic scope was mainly assessment of market situations using range of participatory and observation approaches that could allow for full assessment of market dynamics to fully explore opportunities available in the local markets and identify the challenges/limitations facing Small and Medium Enterprises [SMEs] in each of the cities visited.

### **2.2 General Approach**

The assessment was participatory with data being collected using both quantitative and qualitative techniques. The three main tools, Market Observation tool, Consumer tool, and Local Business tool were used for data collection. The markets were visited, and individual respondents have been interviewed. The type and purpose for each of the tools used are briefly described below:

**Market Observation Tool:** Market observation is the first step in understanding what goods and services are supplied and demanded in the community. This tool was therefore used to guide careful observation of local economic activity through visits to town centers; central business districts, local markets and key transport/trading hubs, and interactions with local sellers and producers. It helped in understanding goods and services with the highest and lowest demand, the most successful businesses in town and sectors with the most competition. It also allowed for assessment of goods that are being imported to the towns and local goods that were being exported to other towns, districts, and regions. Observations were at different points and different times of the day i.e., morning, midday, and evening.

**Consumer Tool:** This tool was used to collect data that allowed for better understanding of local routines, community needs, and for identification of the goods and services that community members relied on in their work life and home life. It also helped to assess the products and services used by the local population on a daily, weekly, and monthly basis and provided a picture of what sectors are most important in the local economies. It also helped to identify what people need but could not buy locally, thereby giving an idea of what was missing from the local economy of different cities.

**Local Business Tool:** The main objective of this tool was to determine key characteristics of the operating environment for local businesses. Interviews with local businesses in different sectors gave an understanding of market demands, the business skill required, and the competition or saturation of various sectors. Information from these interviews will help youth entrepreneurs to better understand challenges they may find when trying to compete in different business sectors.

### 2.3 Sample Size and Sampling Procedure

Statistically viable samples were appropriately determined for quantitative data collection based on the populations of the target areas. For market observation, the assessment team visited the centre of town where most businesses are located. Using the tool, they observed the activities that were going on in the market and interviewed sellers/producers and costumers. They also took note of the purchase and sale of goods and services, and the types of shops which were most and least successful and goods that were being traded. The teams returned to the sites at various times [morning, afternoon, and evening] of the day to observe differences in consumer activity between morning, afternoon, and evening. For the consumer tool, enumerators randomly stopped a person who was shopping in the market, or other target locations such as Bus Parks. After an introduction and brief talk to make respondents feel free to volunteer information, the enumerators extracted all the necessary information using the consumer tool. Information from local businesspeople was collected from respondents that were purposively targeted to get opinions from diverse businesses. A total of 900 market observations, 900 consumer interviews and 90 key informant interviews with local businesspeople were carried out for the market assessment. Deliberate efforts were made to observe businesses run by both male and females and interview people of different gender to get gender balanced opinion. Details of the number of observations and interviews conducted across the cities are shown in table 1.

**Table 1: Planned and the actual numbers of interviews conducted for the assessment.**

City	Beletweyn	Mogadishu	Kismayo	Bossaso	Hargeisa
<b>Type of Interview</b>					
<b>Market Observation</b>	150	300	150	150	150
<b>Consumer Tool</b>	150	300	150	150	150
<b>Local Business</b>	15	30	15	15	15

### 2.4 Data Entry and Analysis

Hard copies of the duly filled questionnaires and other evaluation instruments were taken to a convenient place for data entry. A data entry scheme was developed for the market observation



and consumer tool in SPSS computer software. Questions with multiple responses that are not mutually exclusive were split in the data entry scheme so that the proportions of each of the responses are captured separately. All the items in the questionnaire were entered into SPSS spread sheet after which the data was cleaned to correct for errors in code entries and outliers, then analysed using SPSS and Microsoft Excel software. Data from local business tool was qualitatively analysed by manual coding, sorting, and sifting before inferences were drawn from the different coded responses. Findings within and across different groups of people interviewed and from market observations have been collated and triangulated and are presented in this report.

### **3.0 FINDINGS OF MARKET AND SECTOR ANALYSIS**

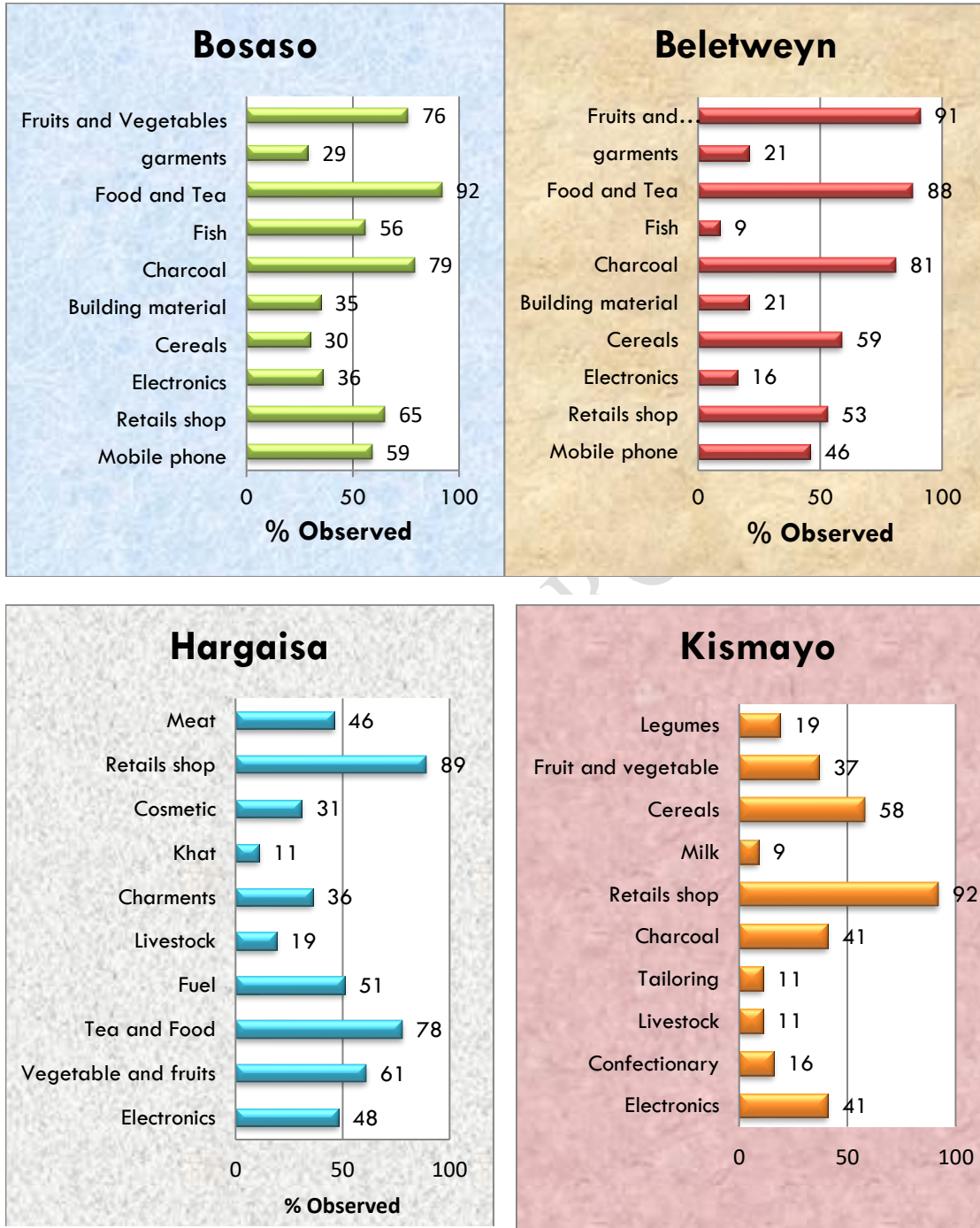
#### **3.1 Market Structure**

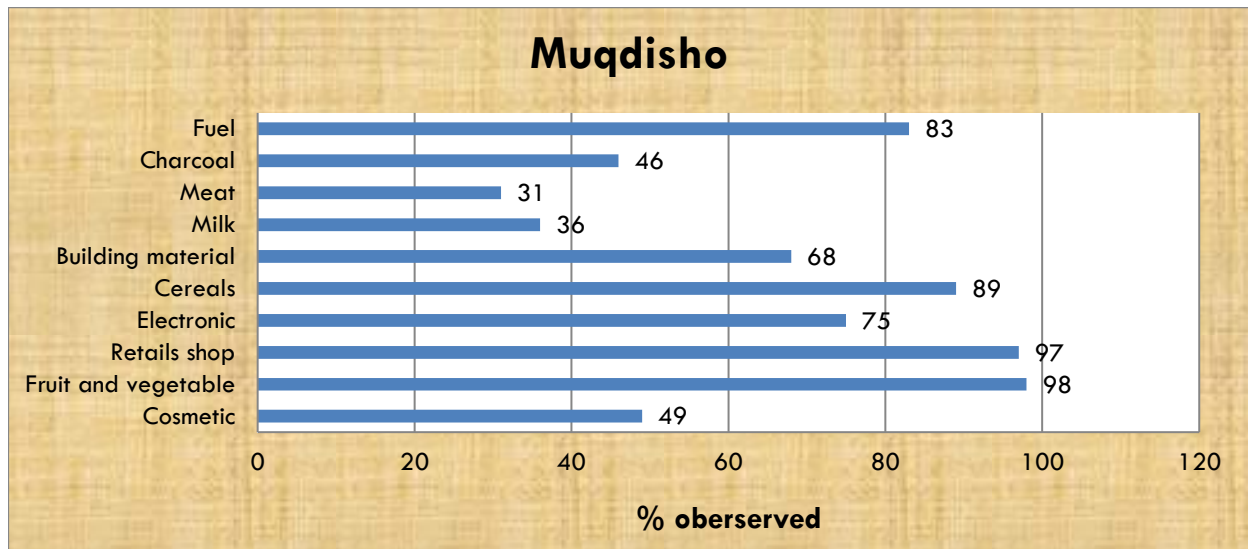
##### **3.1.1 Local Supply**

All the five cities assessed offer vibrant retail and service markets. In most of the sites visited, fruits and vegetables, common consumer goods in retail shops, mobile phones, food/tea, and cereals had the most vendors. However, there were some variations noted across the five cities with some of them having more vendors retailing several other different items mentioned as shown in figures 1a-e.

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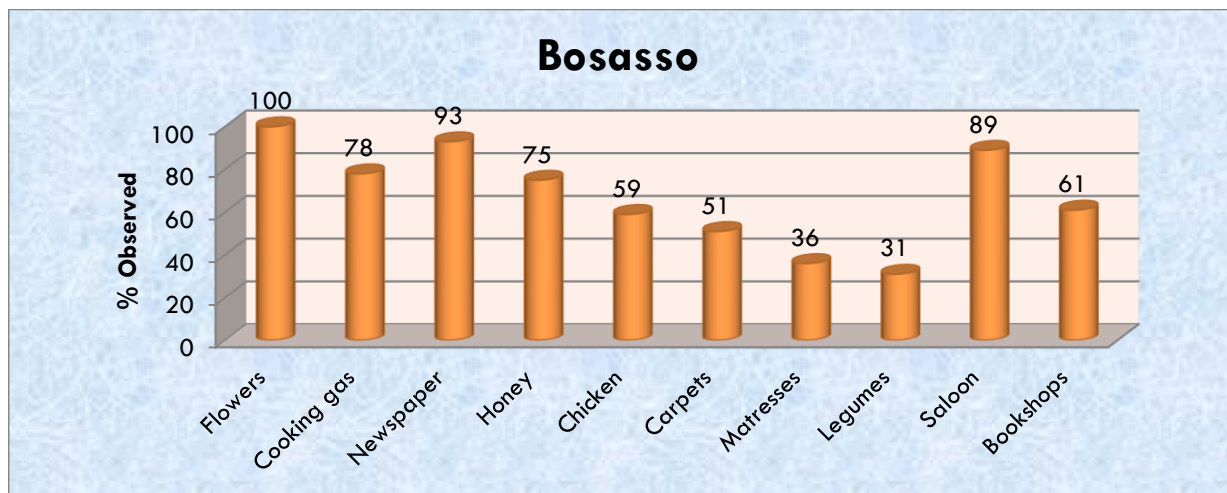
Figure 1a-e: Ten items and services with most vendors in the five cities assessed.

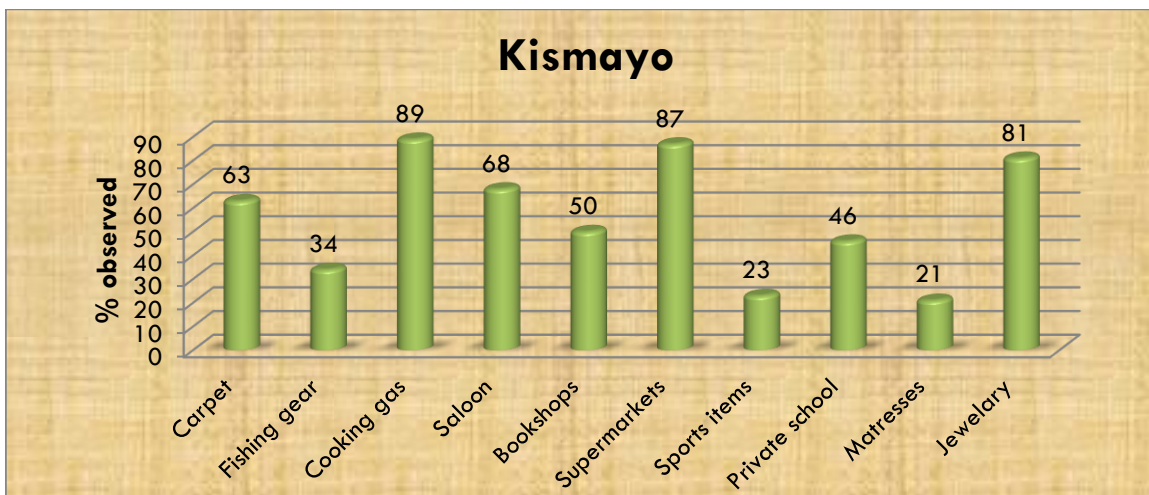
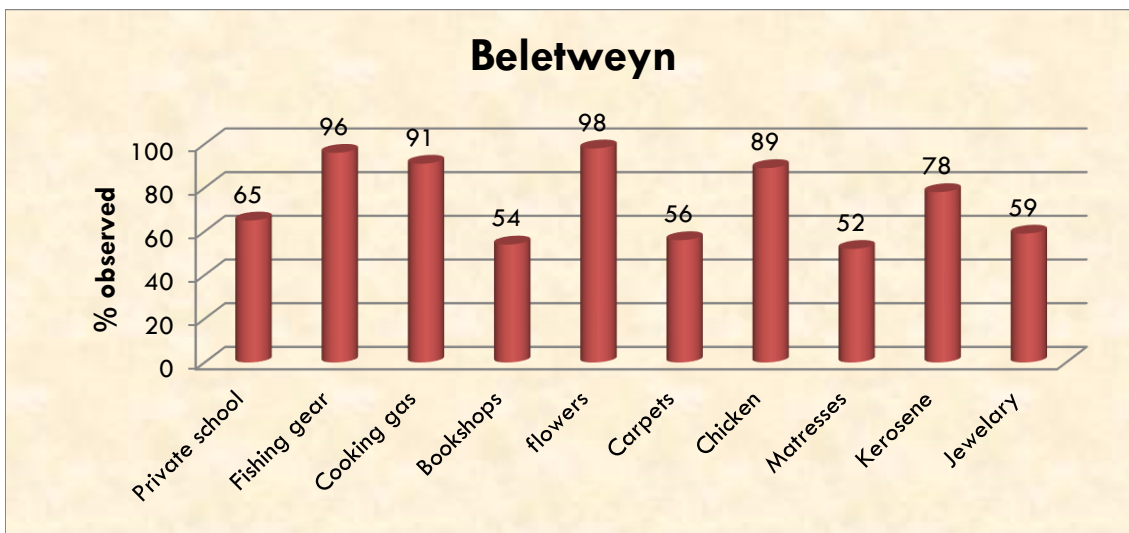
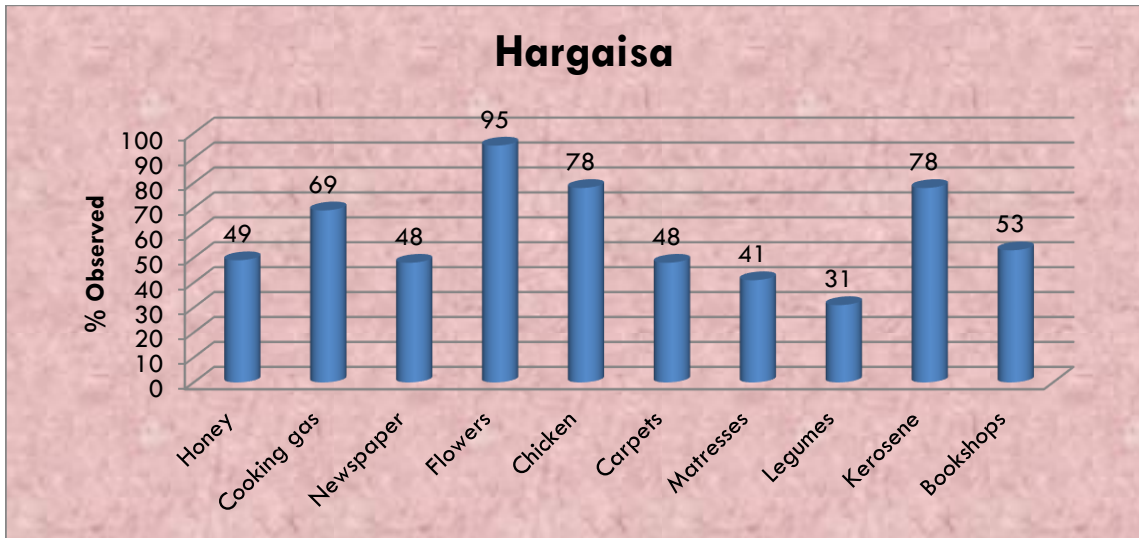


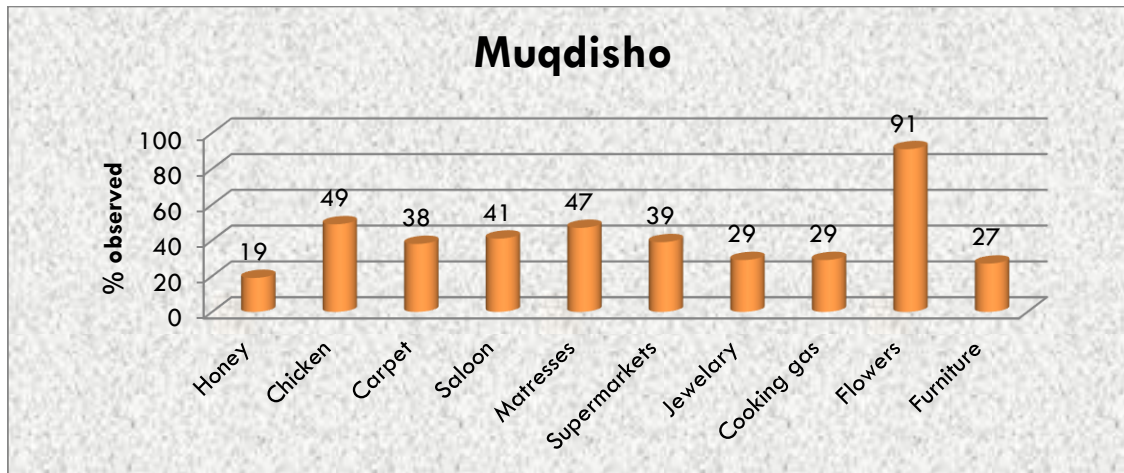


On the other hand, some items were consistently noted to have fewest vendors across the five cities. These included flowers, newspapers, and chicken. However, for some other items there were variations across the cities. For instance, vendors of cooking gas, honey and hair dressing services were also noted to be few in Bossaso while in Beletweyn there are few vendors for kerosene and cooking gas. On the other hand, Kismayo had few vendors for jewelry, cooking gas and services such supermarkets. Figures 2 a-e gives details of commodities with fewest vendors across the five cities assessed.

**Figure 2a-e: Ten items and services with the fewest vendors in the five cities surveyed.**







The sectors that most people start businesses in across the five cities are retail of consumer goods, garments involving retail of clothing and footwear, restaurants, and electronics. The confectionary business is also getting popular particularly in all cities except Beletweyn. The sale of secondhand clothes was also mentioned as an upcoming business that most people are venturing into, particularly in Bossaso, Hargeisa and Kismayo. On the other hand, several sectors were also noted to have few players. These include carpentry and joinery, welding and fabrications and large stores (supermarkets).

The most popular stores and stalls across the five districts are those selling fruits and vegetables, butcheries selling beef and mutton and retail shops selling assorted consumer commodities. In addition, stores selling mobile phones, solar systems, electronics, confectionery, and spare parts are also popular in Bossaso. In Beletweyn tailoring shops and stores selling tobacco (cigarettes) are also popular. Stores selling electronics, garments, cosmetics, and stalls selling *khat* are also popular in Hargeisa. In Kismayo, secondhand clothes and tobacco are also popular while in Mogadishu those selling electrical equipments, building materials, welding products and medicine are also popular.

The location of the stores appears to be the most important factor that influences their popularity as noted in all the five cities. Other factors that were reported to make some stores popular include quality of goods and reasonable prices, especially for those not selling identical commodities. Personalities of vendors also contribute to stores popularities particularly where customers have freedom to get the same commodity from many vendors. Except in Bossaso, it was noted that store appearance is also a factor that contributes to popularity. However, time at which the store operates appear not to be a factor in all the cities probably because all stores have similar operation time.

Analysis of stores and services with the least number of customers revealed area specific variations in terms of commodities and services required by the different populations. Stores selling carpets

and mattresses appear to be the quietest in all the five cities. The reason for this is the items are long lasting and people buy them infrequently. Demand for services such as photocopying is lower in relatively smaller towns like Beletweyn and Kismayo compared to the other cities. Details of stores noted to have the least number of customers in the five cities are shown in table 2.

**Table 2: Stores observed to have fewest customers at different points of the five cities surveyed.**

City Type of Store	Bossaso	Beletweyn	Hargeisa	Kismayo	Mogadishu
Mattress and blankets shop	Yes	Yes	Yes	Yes	Yes
Shops selling nets	-	-	Yes	Yes	Yes
Carpet shops	Yes	Yes	-	Yes	Yes
Cosmetics shops	-	Yes	-	-	-
Chicken stall	Yes	Yes	Yes	Yes	Yes
Honey stalls	Yes	Yes	-	Yes	Yes
Saloons	Yes	-	-	Yes	-
Furniture shops	-	Yes	-	Yes	-
Welding workshops	-	Yes	-	-	-
Vehicle spare parts shops	-	Yes	-	-	-
Electrical equipment shops	-	Yes	-	-	-
Bookshops	-	-	-	Yes	-
Agrovet shops	-	-	Yes	-	-
Photocopying centers	-	Yes	-	Yes	-
Jewelry shops	-	Yes	-	Yes	-
Sports items shops	Yes	-	-	Yes	-
Cooking gas stores	Yes	Yes	-	Yes	Yes
Flower stalls	Yes	-	-	-	Yes
Kerosene stalls	-	-	Yes	-	Yes
Supermarkets	-	Yes	-	-	-
Travel agencies	-	-	-	Yes	-
Private schools	Yes	-	-	-	-

For stores selling same type of products, poor location choices appear to determine the number of customers visiting. In areas that are not highly populated or the backstreets of major business areas there are fewer customers. Poor quality of goods and high prices were also cited as major cause of low numbers of customers. It was reported that poor customer relations also put off potential customers thus leading to lower numbers. The appearance of the shop was cited as an important factor that leads to low numbers of customers in Beletweyn, Hargeisa and Kismayo but not in Bossaso and Mogadishu.

However, the number of customers as far as different commodities are concerned is not affected by any of the factors highlighted above. Instead, it is largely dependent on existing demand for such commodities or services within a specific area. There are several commodities that their demand is bounded by specific geographic area while others are not in demand due to social and cultural characteristics of the local consumers. For instance, demand for fishing gear is nonexistent in Hargeisa and Beletweyn because fishing is not one of the economic activities of the population as the towns are not located along the coast. Demand for chicken across the five cities is low because consumption of chicken meat is traditionally low among the Somali population. On the same note,

use of flowers as a means of conveying messages is not widespread among the population hence low number of customers for such businesses. A town like Beletweyn that has few international travelers naturally has low demand for services offered by travel agents while in Kismayo, demand for solar system is low due to high initial cost of solar system and scarcity of technical expertise.

From the general assessment of local supply, it appears that consumer commodities offered in retail shops are in high demand in all the five cities. Hargeisa and Mogadishu, being large cities with higher populations and vibrant construction industry, have higher demands for building and electrical installation materials, welding products and fuel. On the other hand, smaller towns like Beletweyn and Kismayo have higher demands for items such as solar system and basic services such as education. In these two cities, private schools stand as one of the services providing business that is lacking despite the demand that exists.

### 3.1.2 Market Segmentation

Although there are several businesses that are being run by both men and women and people across the age groups, there are also several others that are age and gender specific. The youth, who are define in this assessment as any person of ages 18-34 are involved in a wide range of businesses ranging from general businesses like sale of fruits and vegetables to more specialized ones such as running internet cafes. Table 3 provides details of businesses where people of different ages and sex are mostly involved. This was the same in the five cities and we therefore present consolidated information from all the cities surveyed.

**Table 3: Goods and services offered by people of different gender and ages.**

Type of Business	Youth (18-34)	Women	Men	Both men and women	Why
Sale of Fruits and vegetables	Yes	Yes	-	-	Customers are always female hence males culturally don't fit
Sale of garments	Yes	Yes	Yes	Yes	Customers both male and females
Retail of medicine	Yes	Yes	Yes	Yes	Customers both male and females
Sale of mattresses	-	-	Yes	-	Sold in large shops that are mostly run by males
Sale of carpets	-	-	Yes	-	Sold in bigger shops that are mostly run by males
Food and tea	Yes	Yes	Yes	Yes	Customers both male and females
Sale of cosmetics	Yes	Yes	Yes	Yes	Run by both
Sale of fish	Yes	Yes	Yes	Yes	Customers both male and females
Sale of khat	Yes	Yes	Yes	Yes	Customers mainly males but it is normal to find women selling it
Sale of fuel	-	Yes	Yes	Yes	There are regional variations. In Mugdisho and Kismayo there are mainly women who sell the fuel while in Beletweyn both genders sell fuel while in Hargaisa and Bosaso men are the main sellers of fuel.
Preparation and sale of charcoal	Yes	Yes	Yes	Yes	Men are those who prepare the charcoal while both men and women sell.
Sale of milk	-	Yes	-	-	Customers mainly women



Running of butcheries	-	Yes	Yes	Yes	Customers comprise both males and females
Making and sale of furniture	Yes	-	Yes	-	Men hardly make furniture, but you can find very few women who sell
Sale of cereals	-	Yes	-	-	Since customers are mainly female, the business is dominated by females.
Sale of building material	Yes	-	Yes	-	Customers are mainly males
Sale of legumes	-	Yes	-	-	Customers mainly women
Sale of electrical materials	-	-	Yes	-	Customers mainly males
Sale of electronics	Yes	-	Yes	-	Customers mainly males
Sale of spare parts	Yes	-	Yes	-	Male dominated business
Running of retail shops	Yes	Yes	Yes	Yes	Customers are both males and females
Running of supermarkets	Yes	-	Yes	-	Large businesses mainly run by males
Sale and repair of computer and printers	Yes	-	Yes	-	Large businesses run by males and most technicians are also males
Sale of office equipment	Yes	-	Yes	-	Large business mainly run by males
Sale of computer accessories	Yes	-	Yes	-	Most technicians are males
Sale and repair of mobile phones	Yes	-	Yes	-	Most technicians are males
Running of hotels and restaurants	-	-	Yes	-	Most large businesses are run by males
Running of bookshops	Yes	-	Yes	-	Traditionally it is a business run by males, but females can also run it
Sale of newspapers	Yes	-	Yes	-	Buyers are mainly males
Running photocopying services	Yes	-	Yes	-	Traditionally it is a business run by males, but females can also run it
Running and working in saloons	Yes	Yes	-	-	Clients are 100% women
Sale of tobacco	-	-	Yes	-	Culturally males are the ones who are involved in the trade
Sale of confectionaries	Yes	Yes	-	-	The business is mainly associated with females
Sale and installation of solar systems	Yes	-	Yes	-	Technicians are mainly males
Sale of secondhand clothes	Yes	Yes	Yes	Yes	Customers both male and females
Running of internet cafes	Yes	-	Yes	-	Most people with technical knowhow in IT are males
Sale of jewelry	-	Yes	Yes	Yes	Customers largely females but it is culturally acceptable for males to sell jewelry
Tailoring	Yes	Yes	Yes	Yes	



Running of barber shops	Yes	-	Yes	-	Clients are 100% are males
Running of public transport	Yes	-	Yes	-	This is a physically demanding business hence mainly done by males
Running of taxis	Yes	-	Yes	-	Taxis work at odd hours, and it has its own level of risks hence mainly done by males
Running of motor vehicle workshops	-	-	Yes	-	Mechanics are mainly males
Running of private schools	-	-	Yes	-	This requires good education and large capital a combination that most women lack
Sale of livestock	-	-	Yes	-	Traditionally done by males
Running of welding workshops	Yes	-	Yes	-	Welding technicians are mainly males

Basically, the youth are involved in all sectors of the economy. However, to successfully compete in the local markets they need to engage in technology-related businesses as most of them have technological skills/knowledge compared to older generations. Information technology and mobile telephony sectors offer good prospects to this end. Women especially with young demographic appears to have limited choices as the data reveals stereotype where they are mainly confined to few businesses that have traditionally been carried out by women such as tailoring and sale of foodstuff. However, they have equal potential opportunity to engage in small and medium size enterprises comparable to their male counterparts. They can also take both fashion and beauty sector to a different level from the traditional practice so that instead of just engaging in tailoring they can venture into fashion design.

### 3.1.3 Market Dynamics

Most commodities traded in all the five cities are from outside the country and their supply comes mainly through the seaports of Mogadishu, Bossaso, Kismayo and Berbera. There are several businesspeople who are involved in the supply chain such as importers, transporters, and wholesalers. The flow of these imported commodities is continuous and independent of the time of the day. These goods are offloaded anytime the day they arrive and loaded for dispatch to other smaller towns based on demand. However, there are a few items especially those that are locally produced whose patterns of supply to the town are specific. Typically, fruits and vegetables, milk, meat, and livestock are brought to all the towns in the morning.

Cities like Mogadishu, Kismayo and Bossaso, fish is supplied to market in the morning. At around midday, the notable commodity that arrives in all the cities is *khat*. Although this commodity is not locally produced, it is perishable and supplied daily. *Khat* is imported from Kenya and Ethiopia with supply to the northern regions like Hargeisa and Bossaso coming mainly by road from Ethiopia while in the Southern regions like Mogadishu and Kismayo come largely from Kenya by air. Distribution to Beletweyn and other smaller towns is by road from the landing ports. There were no perishable goods reported to be getting into the cities in the evening except in Mogadishu where there was also supply of *khat* at that time.

For coastal cities, fish is the main commodity that gets out of the towns for other destinations, and this is mainly in the morning. In Beletweyn, the main items leaving the town mainly during morning hours to other destinations are fruits and vegetables. The other item produced locally around the

cities is charcoal but most of what is brought to the towns is used by residents and due to high local demand, little of it is taken out of the city to be sold elsewhere.

The commodities that are not produced locally but in high demand include garments, electronics [e.g., mobile phones] and all consumer items in retail shops such as sugar, beverages, cooking oil, soap, and detergents. In addition to these common ones, demand for some commodities is area specific as shown in table 4.

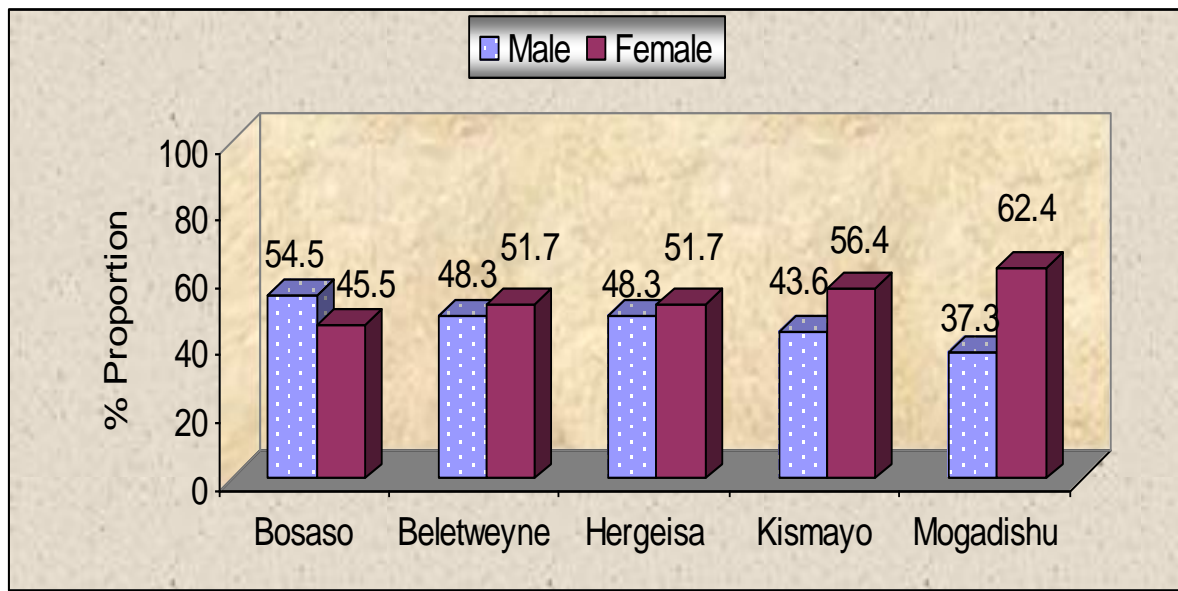
**Table 4: Commodities that are not produced locally but with high demand in the five cities**

Commodity	Bossaso	Beletweyn	Hargeisa	Kismayo	Mogadishu
Garments	Yes	Yes	Yes	Yes	Yes
Medicine	Yes	Yes	Yes	Yes	Yes
Cosmetics	Yes	Yes	Yes	Yes	Yes
Khat	Yes	Yes	Yes	Yes	Yes
Fuel	Yes	Yes	Yes	Yes	Yes
Building material	Yes	Yes	Yes	Yes	Yes
Cereals	Yes	-	Yes	-	-
Electronics [e.g., mobile phones]	Yes	Yes	Yes	Yes	Yes
Vehicle spare parts	Yes	-	Yes	Yes	Yes
Consumer goods in retail shops	Yes	Yes	Yes	Yes	Yes
Welding materials	-	-	-	Yes	Yes
Electrical equipments	Yes	-	Yes	Yes	Yes
Books and other stationery	Yes	Yes	Yes	Yes	Yes
Solar system	-	Yes	-	Yes	Yes
Tobacco	Yes	-	Yes	Yes	Yes
Secondhand clothes	Yes	-	Yes	Yes	Yes
Agro vet products	-	Yes	Yes	Yes	Yes
Jewelry	-	-	-	-	-
Kitchenware	Yes	-	Yes	Yes	Yes

The five cities surveyed are regional headquarters and act as supply/distribution points for many other towns within each region. There are therefore additional wholesale trading opportunities as many traders from the smaller towns get their supply from these major cities. Virtually all the commodities except those locally produced are taken out of the cities daily to the other towns.

### 3.2.1 Consumer Needs

To have holistic picture of the retail and service market potential in the cities, the survey also looked at consumers' needs to establish goods that constitute people basic requirement and how often they use such commodities. A total of 900 randomly chosen respondents were interviewed in the five cities to get consumer information. Out of this total, 46.4% were male while 53.6% were females giving a balanced gender opinion. However, there were some variations on the proportions across the cities with Bossaso having slightly more male respondents while Mogadishu had more female respondents (figure 3). The average age of those interviewed was 31.8 ( $\pm 10.1$ ) years, but with a wide range of 18 minimum and 61 maximum.



**Figure 3: Proportion of male and female respondents by city**

Commodities required by the households daily that most of respondents cited across the five cities included meat, vegetables, sugar, and cooking oil. Households also require several other consumer goods for daily use but those citing of some of these commodities varied across the five cities as shown in table 5 below. In addition to commodities shown on the table, households with children also confirmed daily need for milk, potatoes, powder milk, and diapers. Others also mentioned baby formula and eggs although uses of these were not cited by many of respondents. For those who go to work, there are several items and services that are used on either a daily or regular basis. Notable ones cited included telephone services, electricity, stationery, and internet services. Also, a necessary service required for work is transportation with options of use of private cars, taxis, and public transport system that in turn enhances the need of fuel.

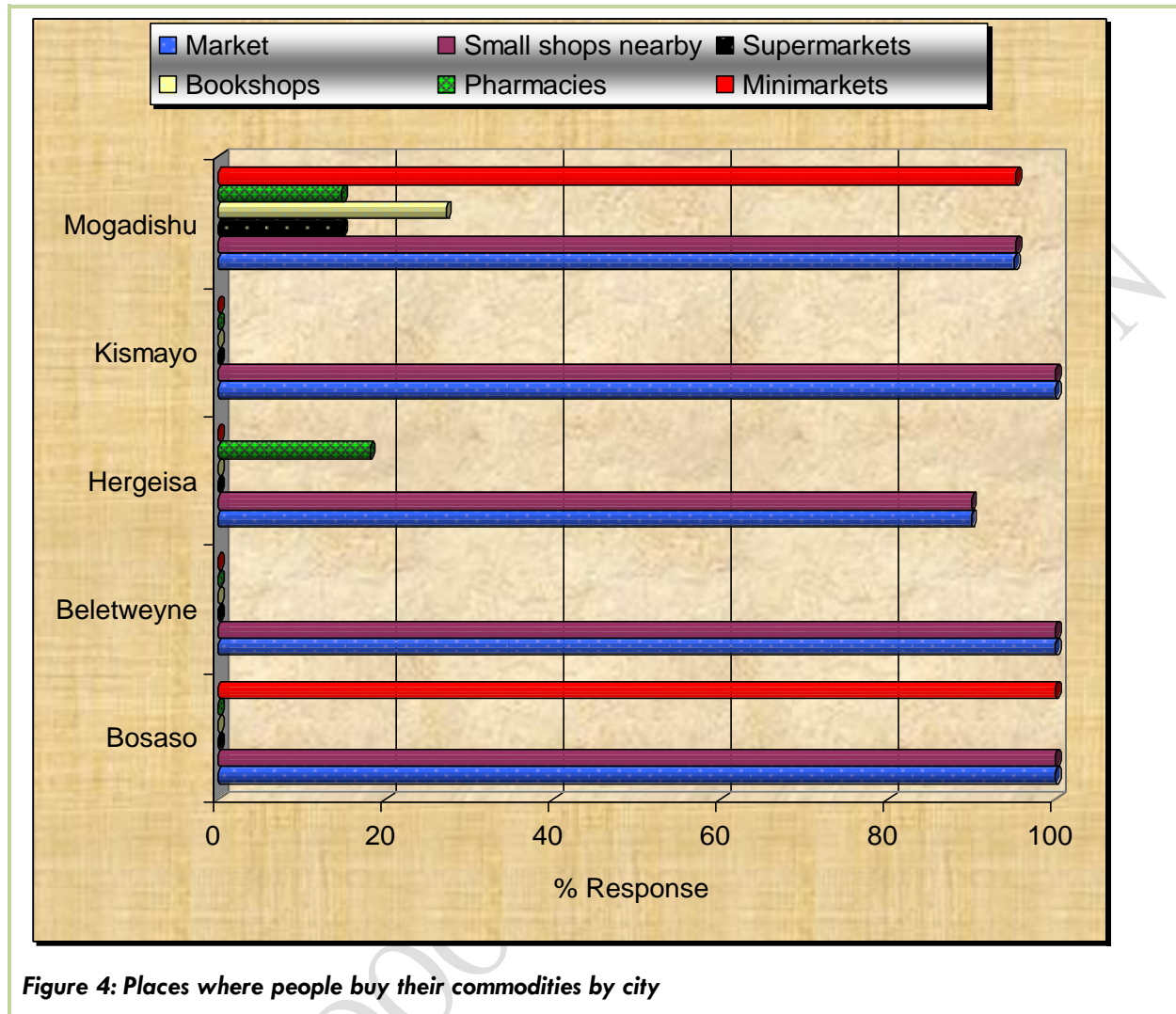
**Table 5: Goods and services required by households for use at home on daily basis.**

City	Bossaso	Beletweyn	Hargeisa	Kismayo	Mogadishu
<b>Type of Goods</b>					
Meat	-	Yes	Yes	Yes	Yes
Fruits	-	Yes	Yes	-	Yes
Vegetables	Yes	Yes	Yes	Yes	Yes
Bread	Yes	Yes	Yes	Yes	Yes
Mineral water	Yes	-	-	-	-
Rice	Yes	Yes	Yes	Yes	Yes
Sugar	Yes	Yes	Yes	Yes	Yes
Pulses	-	-	-	-	Yes
Cooking oil	Yes	Yes	Yes	Yes	Yes
Soft drinks	Yes	-	-	-	-

Medicine	-	-	-	-	-
Beverage	-	-	-	-	-
Charcoal	Yes	Yes	Yes	Yes	Yes
Wheat flour	Yes	Yes	Yes	Yes	Yes
Soaps and detergent	Yes	Yes	Yes	Yes	Yes
Fish	Yes	-	-	Yes	-
Salt	Yes	Yes	Yes	Yes	Yes
Electricity	Yes	Yes	Yes	Yes	Yes
Milk	Yes	Yes	Yes	Yes	Yes
Phone calling services	Yes	Yes	Yes	Yes	Yes
Maize	-	Yes	-	Yes	Yes
Pasta	Yes	-	Yes	Yes	Yes
Sorghum	-	Yes	-	-	Yes
Transportation	-	-	Yes	Yes	Yes
Potatoes	Yes	Yes	Yes	Yes	Yes
Chicken	-	-	-	-	-
Cosmetics	-	-	-	-	-

When it comes to choices of places to buy commodities, many people are not very particular about where they do their shopping. Most of them cited commodities from the markets that happen to have a mixture of business establishments offering variety of consumer goods. Others also said they get such commodities from nearby small shops that are convenient due to proximity to their homes. The places where people get goods also appear to be determined by the type of stores available. For instance, purchase of goods from supermarkets was mainly confirmed by residents of bigger cities particularly Mogadishu. Details of these variations are shown in figure 4.

Although most of the consumer goods listed in table 5 are used daily, many people stock them either for weekly or monthly use. Apart from perishable items such as meat, milk, fruits, and vegetables, most of the other items are bought to last beyond the day of use. These include staple foods such as rice, pasta, wheat flour, maize, sorghum, and pasta. Other items stocked beyond daily use are cooking oil, sugar, soaps and detergents, beverages, cosmetics, and sanitary materials.



**Figure 4: Places where people buy their commodities by city**

However, there were some variations in those confirming the routine of purchase of different commodities by populations of the different cities (table 6). In addition to the types of different commodities that the families purchase and use daily, there are also several items purchased for special occasions e.g., during Eid. These include clothes, shoes, perfumes and toys for the children, soft drinks, and mineral water. Use of cosmetics and other beauty services and products also increase during such occasions. There is also increased demand and sale of food such as meat, fish, chicken, and eggs as households purchase these food items in larger quantities for occasions.

**Table 6: Goods purchased by households for weekly or monthly use**

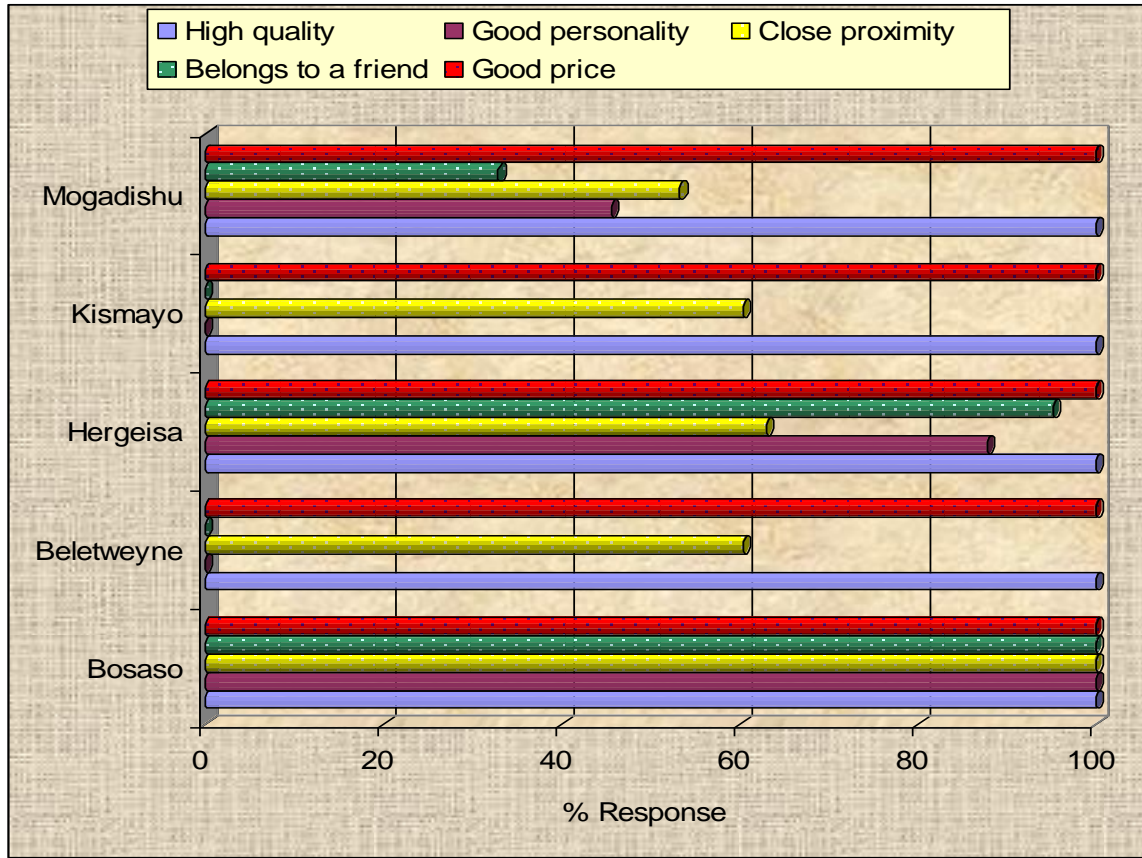
Commodities	City	Bossaso	Beletweyn	Hargeisa	Kismayo	Mogadishu
Rice		Yes	Yes	Yes	Yes	Yes
Pulses		-			-	-
Sugar		Yes	Yes	Yes	Yes	Yes
Cooking oil		Yes	Yes	Yes	Yes	Yes
Soaps and detergent		Yes	Yes	Yes	Yes	Yes
Medicine		Yes	Yes	Yes	Yes	Yes
Cosmetics		Yes	Yes	Yes	Yes	Yes
Wheat flour 100%		Yes	Yes	Yes	Yes	Yes
Pasta		Yes	-	Yes	Yes	Yes
Eggs		Yes	-	Yes	Yes	Yes
Sorghum		-	Yes	-	Yes	Yes
Beverages		Yes	Yes	Yes	Yes	Yes
Sanitary material		Yes	Yes	Yes	Yes	Yes
Maize		-	Yes	-	Yes	Yes
Charcoal		Yes	Yes	Yes	Yes	Yes
Cooking gas		-	-	-	-	-
Spreads (blue band jam)		-	-	-	-	-
Honey		-	-	-	-	-

From the analyses of demand and pattern of purchase, the survey derives that the most vibrant sector in all the three cities is retail business involving common household consumer goods. Most people prefer to buy items from small shops nearby where they stay, which is a pointer of the existing potential of retail shops in all the cities. Less people purchase items from large integrated stores also known as supermarkets. However, it is hard to conclude whether this is because of non-preference, or such stores are not many in most of the cities. But this could also be driven by some notion among Somali population that supermarkets are more expensive than ordinary retail stores.

### 3.2.2 Consumer Preferences

All (100%) of consumers interviewed have responded that they prefer some vendors over others. For differentiated products, quality and lower price are the main considerations when deciding on vendors to purchase from as confirmed by 100% of respondents from all the five cities. However, for standard commodities, proximity appears to be the most important factor that influences the choices of consumers. Other factors that influence consumers' vendor preference are relationship with the owners of stores or service provider and personality of those selling or providing services. However, opinion on the extent to which these factors influence consumer choices varied across the five cities as shown in figure 5.

**Figure 5: Factors that influence consumer preference by cities**



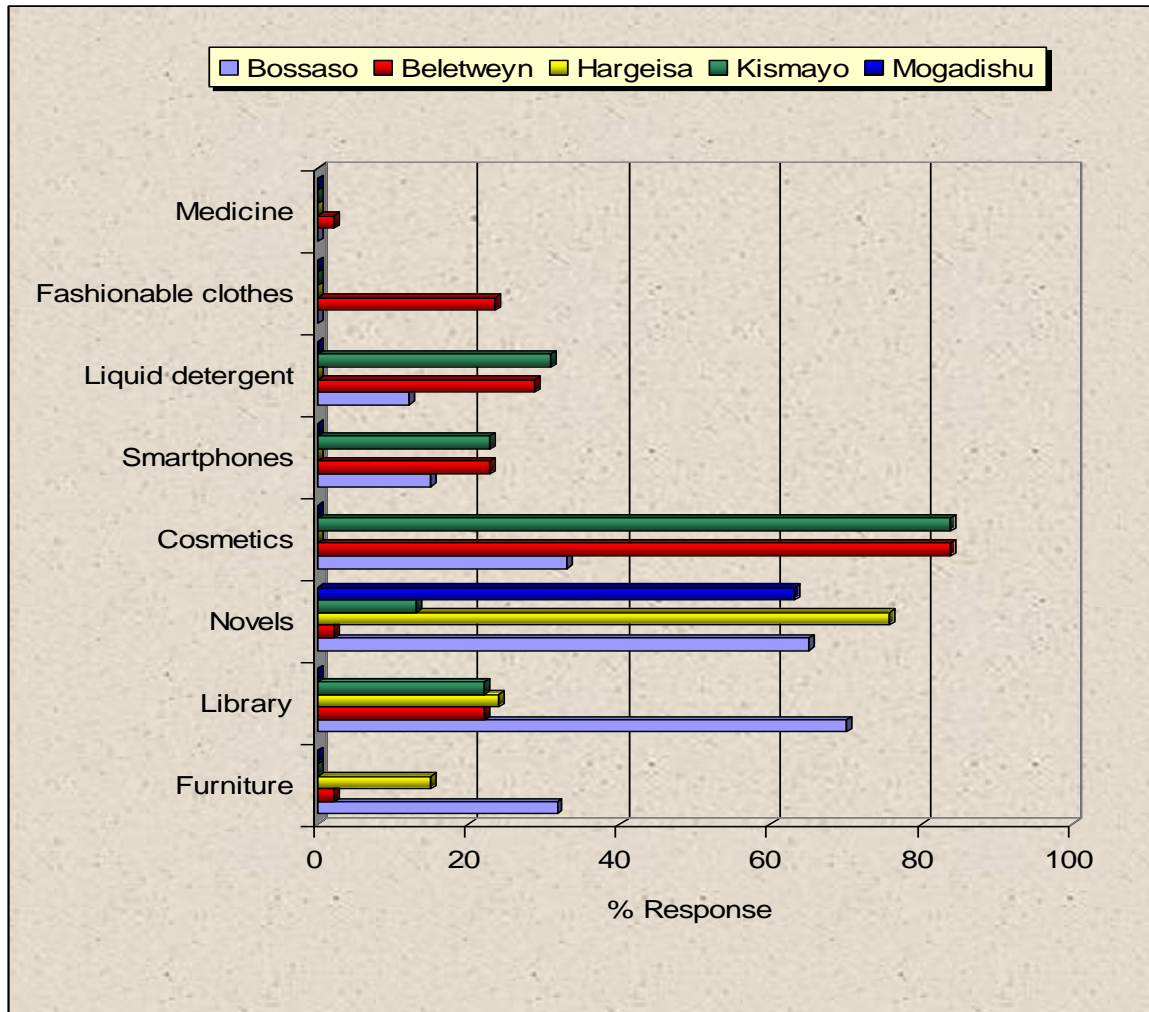
Consumers confirmed that there are some factors that make people not shop in some stores. For standardized goods poor customer relations is a factor that makes people not buy from some stores. For goods that are not the same, poor quality is an important consideration that makes some stores unpopular as confirmed by all (100%) across the cities. Stores that sell high-priced products that do not commensurate with quality are also made people to not purchase from and choose to shop in other stores with reasonable prices and quality. This opinion was also expressed by 100% of those interviewed across the five cities.

### 3.2.3 Unmet Consumer needs

Apart from Mogadishu, consumers from other cities indicated that there are some goods and services that they are willing to buy but cannot easily access them locally. Notable goods included fashionable clothes and liquid detergents. Other items that were cited to be unavailable or too expensive in some cities are fruits and vegetables. Library services were identified to be lacking, particularly in Bossaso and Beletweyn. Figure 6 show details of the proportion of consumers who indicated that some goods and services are lacking in their cities.

**Figure 6: Items that are not easily accessible in some cities.**





Most consumer goods are available in the big cities and access to them appears to be largely influenced by purchasing power rather than availability. Expectedly accessibility is also influenced by distance from points of origin. For instance, fruits and vegetables would be more inaccessible in Bossaso and Hargeisa compared to Beletweyn and other cities where there is more agricultural production. On the other hand, imported consumer commodities such as smart phones, cosmetics and clothes appears to be less accessible in Beletweyn compared to the other cities because the city is further away from the seaports where import commodities get into the country. On service sector, library services alongside some reading materials appear to be lacking in all the cities that were surveyed. However, final inference on this aspect can only be drawn after determination of reading habits of the population.

### 3.3.0 Potentials of Local Markets

#### 3.3.1 Characteristics of Local Businesses

Most businesses surveyed are run by males with women only running a few of them in areas such as tailoring and sale of fruits and vegetables. But on a more positive note, the businesses surveyed are



mainly run by young people. Beletweyn has the youngest people engaged in business with an average age of 30 years followed by Kismayo with 31, then Hargeisa with 32 and Bossaso with an average of 33 years. Mogadishu has relatively older generation running businesses with average age of 36 years according to businesses sampled. The population run business across a range of sectors that include health both diagnosis and retail of pharmaceutical products, electronics, garments, communication appliances [such as phones], fuel stations, supermarkets, retail shops, foreign money exchange and general consumer goods. Other sectors that those interviewed own businesses are catering and accommodation, livestock sale and wellness and fitness services. Most businesses visited have been in operation for an average of 6 years, but some are as old as 23 years while the more recent ones have been in operation for just one year.

Those interviewed reported some challenges that they face with the kind of businesses they run. Electronic products were singled out in almost all the towns to have relatively few customers due to low demand. Another challenge that faces the sector is the need for training for those who are involved in retail, service, and repair of such appliances. Demand for expensive clothes was reported to be low in Beletweyn, which means that garment businesses in the city should consider more affordable products for new businesses. Those in pharmaceutical business in Kismayo reported that getting some types of drugs is a challenge and they must refer their customers to other cities to get some medicine.

Across all the cities, the location of the stores was cited as a major factor with those in less strategic locations citing this as a major challenge that leads to low sales of almost all consumer products. Phone retail business has seen exponential growth in all the cities in recent times. As a result, most phone retailers are now facing stiff competition and many of them are of the opinion that this will slow down their businesses in the long run. Security was cited as a challenge slowing down businesses by respondents in Beletweyn and Kismayo. Beletweyn has additional problem of transportation with many businesspeople reporting that banditry attacks are a big impediment when transporting goods from other major cities like Mogadishu and Kismayo where imports enter the country.

Most businesses are small and medium-sized with the number of employees ranging from minimum of 2 and maximum of 62 and with average of 9. Apart from Beletweyn where there are more female employees in some sectors such as health, most businesses in the other cities mainly employ male workers. The main reasons cited for having low numbers of female employees are, their engagement with family obligations that take good part of their time hence less time for work outside the homes; low education level that makes them less employable for jobs that required certain level of education, and lack of skills training. But other reasons cited had more to do with attitudes as there is stereotype about that female employees are less punctual, but this may not necessarily be the case as female employees in many establishments show commitment to work just as much as their male counterparts. But for more concern, female is culturally seen not suitable to do some type of work hence unemployable in some sectors, a belief that was cited by many of those interviewed as a reason for low numbers of female employees. This stereotype needs to be addressed as females are known to almost all types of work that men do in other cultures. On the other hand, the main challenge that most businessmen experience with their male employees is dissatisfaction with the low salaries. As a result of this there is high turnover of male employees.

### **3.3.2 Requirements for Effective Business Start-Ups**

The type of business determines the skills required for successful establishment. According to several businesspeople interviewed across the five cities, businesses such as sale and service of computers, sale of medical equipment, pharmacy, laboratory services, internet services and foreign exchange bureaus require some prior training or good capital to be able to employ people with experts in such areas. Other businesses such as and sale and service of electronics require technical knowledge on functions of equipment hence need for some qualifications on electronics. But other commodity retail businesses may not require much prior training and are easily learnt through apprenticeship. However, whether the intended business is technical or general, everybody who must venture into business requires some training in entrepreneurial skills if the businesses must be more successful. As far as the business communities interviewed are concerns, the young people who want to venture into business must also have some basic financial literacy to succeed in the complex world of business in today's world.

More important, because many young unemployed people come from poor background, they require financial support in form of start-up if they must succeed in the competitive business landscape of most Somali cities. Having good mentors can also give them good head starts that will define their levels of success in their business endeavors. At personal level, they need to be patient not to expect profits and success overnight, flexible, honest, trustworthy, disciplined, and hardworking if they must succeed in the competitive business world according to the businesspeople interviewed during the market analysis. They must also have good communication skills and social enough to interact easily with their potential customers. There are also some businesses, especially in the food and health sectors, that personal cleanliness is an important factor that can determine success or failure.

### **3.3.3 Potential for Mentoring with Local Businesses**

The businesspeople interviewed confirmed that there is room for mentorship programs in the businesses that they run. However, they noted that the mentorship may be limited to general entrepreneurial skills and those planning to venture into more technical business may require some prior training in different areas of specialization before coming for mentoring programs.

The best approach of mentorship would be to attach the aspiring entrepreneurs to existing businesses as apprentices in sectors that they would want to establish businesses over a period. In this way they get to learn the skills while on the job, which is more effective than taking them through theoretical lessons only. Most businesspeople interviewed in all the cities are optimistic that the markets are expanding for all sectors and the young people when well trained and given startup capital can competitively get into retail and service businesses within the cities surveyed and succeed. More opportunities are also available through contract business with large numbers of NGOs who operate in most regions of Somalia.

## **4.0 CONCLUSIONS AND RECOMMENDATIONS**

### **4.1 Conclusions**

From integration of data from various sources presented in the preceding sections we can conclude that Somalia has huge potential for retail and service markets. The retail market is mainly buoyed by livestock trade and remittances. Despite the on-going conflicts in some parts of the country, Somalia in 2014 exported a record five million livestock to markets in the Gulf of Arabia worth an estimated \$360 million according to the United Nations Food and Agriculture

Organization (FAO).<sup>1</sup> On the other hand, remittances worth approximately \$1 billion reach Somalia annually from Somalia Diaspora working in the Gulf States, Europe and the United States according to the World Bank estimates.<sup>2</sup> The economies of the towns surveyed is largely market oriented as almost all of them purchase their food items and non-food items from the market except in Beletweyn where segment of the population are involved in agricultural food production. Apart from livestock food products, almost all consumer goods are imported from other countries. This therefore means any new business idea must focus on how to join the supply chain linking consumers to international production points either as importers, transporters, wholesalers, or retailers.

The local business landscapes in all the cities surveyed is dominated by males with females relegated to some traditional sectors such as retail of food stuff, tailoring and running of beauty shops. Their participation in bigger enterprises is restricted to employment which is further limited by lack of education and skills compared to males and cultural prejudice that female cannot do certain kind of work. Most people who participate in business are relatively young and it is apparent that there is no generation restriction when it comes to business opportunities. The main determining factor that restricts more youth from participating in business is capital. For those with access to start up finances, lack of entrepreneurial skills and technical knowledge on finance management appears to be the main reason of low success.

Whereas employment in the business sector may be influenced by kinship, this may not be the most important factor when it comes to consumer choices of vendors. For commodities that serve the same purpose but are not the same, quality and pricing are the major considerations when consumers are making purchases. Demands for various goods and services appear to have a direct relationship with the state of economic activities and the populations of the towns. Therefore, Mogadishu, with a population of over two million and fast-growing construction and transport sectors have higher demand for all retail areas compared to smaller city such as Beletweyn. In all the cities, the strategic location of business premise is an important factor that largely determines how the business succeeds, particularly for stores and stalls that sell general commodities. However, for specialized commodities and services, success is largely determined by the existence of demand for such commodities or services.

Specialized business sectors such as health, telecommunications, finance, and energy do not have enough trained and skilled workforce in most of the cities. These are some of the areas where youth with such skills can take advantage. Information technology and communication sectors seem to be growing steadily in all the cities. Despite the competition reported in sale of mobile telephone handset by the business communities, the future of digital communication is promising, and this is one area where the youth may have competitive advantage being more technophobes than the older generations.

## **4.2 Recommendations**

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<sup>1</sup>Somali Diaspora's remittances cast a lifeline. Africa Renewal. May 2013. Retrieved 12 August 2015.

<sup>2</sup>Somalia registers record export of livestock in 2014 due to trade boost with Gulf States. Africa Renewal – Special Issue on Financing for Development. Retrieved on 12 August 2015

In view of these results, the next issue of concern is what the findings mean for youth both men and women in terms of opportunities that may exist to increase their economic participation and to use them as avenues for creating more jobs. To this end we make the following recommendations:

- The youth should be provided with basic business management and entrepreneurial training. For those with interest or already with trade skills, such training should be tailored in a way that links technical and commercial training together so that trainees can convert their technical skills into commercial ventures.
- For the best results, youth should also be involved in mentorship programs after the training to gain experience through Enterprise-Based Learning (EBL). The same mentors can go further to help with incubation of newly established businesses and act as advisors of the emerging entrepreneurs during critical start-up phase to ensure their sustainability.
- Unlike small enterprises such as retail shops, most technical and medium size businesses in Somalia require networking. For young entrepreneurs, this is usually provided through family or clan links without which it becomes quite difficult to start and succeed in any of such business. This makes it impossible for youth who have no such linkages to venture into profitable businesses. To this end, the Youth Enterprise Initiative should attempt to help the youth entrepreneurs to establish such linkages through facilitating linkages with businesspeople in different towns, regions, or countries.
- Inculcate saving culture among young entrepreneurs regardless of the number of profits they make from their business ventures.
- Offer training in trade skills areas so that the youth can positively participate in sectors that require technical skills such as electrical installations, electronics installation and repairs, welding, plumbing, carpentry, and motor vehicle repairs. As indicated earlier, such programs should be accompanied by entrepreneurship training so that the youth do not just look at options of employment, but instead know how they can convert these skills to profitable enterprises.
- The population should be sensitized to change their attitudes towards what they think women can or cannot do. In other cultures, both male and females participate in almost all sectors of the economy in equal measure. Such campaigns should also involve building confidence of the female youth to ensure they believe in themselves first for others to believe in them.
- In agricultural areas such as Beletweyn, youth should be targeted for training in agribusiness and value addition along the production and supply chain. This will help them identify existing opportunities that are available in the agriculture sector that has traditionally not attracted young and educated people.
- Some youth in the coastal towns of Bossaso, Kismayo and Mogadishu can be given training on marine resource utilization that can allow them to positively engage in profitable ventures both locally and internationally through exploitation of the rich marine resource along the expansive Somalia coastline.

- Based on the analysis, there are some businesses that are generally few but with demand in all the cities and should therefore be targeted by new entrepreneurs. These include the sale and installation of solar lamps, supply of cooking gas, supermarkets and supply of chicken and honey.
- Youth should target businesses that are technical in nature, and which would require skills to ensure that they have a competitive edge over the rest of the population who may have advantage of finance. Such technical areas include sale and installation of solar system, electrical fittings, plumbing work, sale and repairs of electronics, sales and service of computers and accessories, welding workshops, auto workshops, aluminum fabrication workshops, and furniture workshops.
- One of the biggest hindrances to youth entrepreneurship is startup capital. To this end, local financial institutions and development partners should come up with business financing programmes for the youth. Such financing can be given in the form of grant or/and revolving fund with youth forming associations where group members can guarantee each other for business loans taken.
- To address the issue of unemployment among the youth in the country, relevant government departments that deal with business registrations and licensing should be advised to remove restrictive policies and regulations that may act as bottleneck to entrepreneurship. One way to enhance this is to have a one stop office where youth can get information on how to start a business, legislative requirements and licensing all done at one place.
- Deliberate efforts should be made to remove some stereotypes that confine females to only some traditional business. Young women should be encouraged to venture to other viable businesses that their male counterparts do if they have prerequisite qualifications to venture into those businesses.
- Future market assessment should have good design that can allow for collection of discrete quantitative data to analysis and summary easier.
- Future surveys should be done in the four seasons to know how the supply and demands of goods and services vary across the seasons.

## **Annex I: Market Observation Tool**

### **MARKET OBSERVATION TOOL**

**Purpose:** Market observation is the first step in understanding what goods and services are supplied and demanded in the community. This tool guides a careful observation of local economic activity through visits to town centers, central business districts, local markets and key transport/trading hubs, and interactions with local sellers and producers. It helps practitioners understand which goods and services have the highest and lowest demand, which businesses in town are most successful, and which sectors have the most competition. Additionally, this tool allows practitioners to look at which goods are being imported to the area/town/district, and which local goods are being exported to other towns, districts, and regions. By repeating the various observations at different points throughout the day (i.e., morning, midday, and evening) quality information is collected. The market observation can be done simultaneously with the Consumer Tool.

With knowledge gained from this tool, youth entrepreneurship programs will:

11. Consider which sectors youth might find business opportunities.
12. Be able to think more critically about which sectors or industries have demand which is not being met by existing sellers/producers and which are sectors have enough or too many sellers.
13. Have a foundation from which to work through the rest of the Market Assessment Toolkit.

**Research Question: What does local supply and demand for goods and services show about opportunities for self-employment for Shaqodoon youth entrepreneurship fund beneficiaries?**

#### **Instructions:**

- Visit the local market, central business district and/or the centre of town where most businesses are located.
- With the help of this tool, observe the activities going on in the market and talk to sellers and producers. Take note of the purchase and sale of goods and services, and the types of shops which are most and least successful by answering all the questions below.
- Visit the major trading and/or transport hub of the town such as the local bus and Taxi Park or main intersection. Use this tool to record your observations about which goods are being traded.
- Return to these sites at various points in the day, to observe differences in consumer activity between morning, afternoon, and evening. The tool can be completed over a number of days.

## **I. Local Supply**

### **1. What five items have the most vendors?**

1	
2	
3	
4	
5	

### **2. Which five items have the fewest vendors?**

1	
2	
3	
4	
5	

### **3. In which five sectors do the most people start businesses?**

1	
2	
3	
4	
5	

### **4. In which five sectors do the fewest people have businesses?**

1	
2	

3	
4	
5	

**5. What stores/stalls have the most customers?**

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**6. What goods or services are they selling or providing?**

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**7. What are some characteristics of these stores that contribute to them having many customers?**

**PLEASE CHECK AND BRIEFLY DESCRIBE**

- Location \_\_\_\_\_
- Local supply \_\_\_\_\_
- Quality of good/service \_\_\_\_\_
- Store Appearance \_\_\_\_\_
- Staff \_\_\_\_\_
- Time of day \_\_\_\_\_
- Prices \_\_\_\_\_
- Other \_\_\_\_\_

**Reflection Box: Local Supply I**

Judging from the number of most customers what goods/services are most in demand lo



8. What stores/stalls have the least number of customers?

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9. What goods or services are they selling or providing?

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10. What are some characteristics of these stores that contribute to them having few or no customers?

**PLEASE CHECK ALL AND BRIEFLY DESCRIBE**

- Location \_\_\_\_\_
- Local supply \_\_\_\_\_
- Quality of good/service \_\_\_\_\_
- Store Appearance \_\_\_\_\_
- Staff \_\_\_\_\_
- Time of day \_\_\_\_\_
  
- Prices \_\_\_\_\_
- Other \_\_\_\_\_
- Other \_\_\_\_\_

**Reflection Box: Local Supply 2**

What similarities can you draw about the stores with few customers or little demand?

**TAKE ANOTHER WALK THROUGH THE MARKET AT THE END OF THE DAY, PAYING PARTICULAR ATTENTION TO THE AREAS YOU VISITED DURING THE MORNING TOUR.**

11. Which stalls have the most items remaining?

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12. What are the goods or services you observe being offered mainly by youth (18-34)?

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**13. What are the goods or services you observe being offered mainly by women?**

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**14. What are the goods or services you observe being offered by men?**

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**15. What are the goods or services you observe being offered by both men and women?**

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**Reflection Box: Local Supply 3**

Are there any other sectors where you think youth could be successful? Which ones?  
Are there any other sectors where you think women could be successful? Which ones?  
Are there any other sectors where you think men could be successful? Which ones?

**II. Regional Market**

**GO TO THE BUS OR TAXI PARK OR MAIN INTERSECTION OF TOWN TO OBSERVE GOODS LEAVING AND COMING OUT OF THE TOWN**

16. What types of goods being brought into or taken out of town:

In the morning

Brought in: \_\_\_\_\_

Taken out: \_\_\_\_\_

At midday

Brought in: \_\_\_\_\_

Taken out: \_\_\_\_\_

In the evening

Brought in: \_\_\_\_\_

Taken out: \_\_\_\_\_

17. Where are these items coming from?

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18. Are any of the items being brought into town also produced locally?

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19. Which ones?

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20. How are these items different from those produced locally?

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21. What items appear to be in greatest demand in town that are **not** produced locally?

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**Reflection Box: Regional Market 1**  
What items are being imported that could be produced locally?  
Why are these items not being produced locally?  
Is it because of a lack of materials, a lack of skilled producers, or another reason?

22. What items are being taken out of town to be sold or traded?

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23. Where are they going?

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24. What locally produced items appear to be in greatest demand outside of town?

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**Reflection Box: Regional Market 2**  
What items are being exported in the greatest quantity?  
Where is there highest demand?  
Are there opportunities to expand the export market in these sectors?

**MARKET OBSERVATION SUMMARY CHART**

**Instructions:**

- In the left-hand column, list all sectors in which the young entrepreneurs can establish their business.
- Also, list any other business idea/sectors mentioned when gathering information using this tool that the youth can consider entering.
- Based on information gathered in this tool, circle the appropriate answer to each question with respect to the sector/business idea listed in the left-hand column.



- Each column corresponds to the section of the tool with the same title and reflection box.

<b>Sector/Business Idea</b> <i>To be inserted by practitioner</i>	<b>A. Local Supply 1:</b> What is the local level of supply?	<b>B. Local Supply 2:</b> What is the local level of demand?	<b>C. Local Supply 3:</b> Opportunity for expansion beyond traditional youth/gender roles?	<b>D. Regional Market 1:</b> Local demand exceeds local supply?	<b>E. Regional Market 2:</b> Export Opportunities exist?
	High Med Low	High Med Low	Yes Maybe No	Yes Maybe No	Yes Maybe No
	High Med Low	High Med Low	Yes Maybe No	Yes Maybe No	Yes Maybe No
	High Med Low	High Med Low	Yes Maybe No	Yes Maybe No	Yes Maybe No
	High Med Low	High Med Low	Yes Maybe No	Yes Maybe No	Yes Maybe No
	High Med Low	High Med Low	Yes Maybe No	Yes Maybe No	Yes Maybe No
	High Med Low	High Med Low	Yes Maybe No	Yes Maybe No	Yes Maybe No
	High Med Low	High Med Low	Yes Maybe No	Yes Maybe No	Yes Maybe No
	High Med Low	High Med Low	Yes Maybe No	Yes Maybe No	Yes Maybe No
	High Med Low	High Med Low	Yes Maybe No	Yes Maybe No	Yes Maybe No

## Annex II: Consumer Tool

### CONSUMER TOOL

**Purpose:** To better understand local routines, record community needs, and identify the goods and services that community members rely on in their work life and home life. Understanding the products and services used locally on a daily, weekly, and monthly basis provides a picture of what sectors are most important in the local economy. Understanding what people need but cannot buy locally may give an idea of what is missing from the local economy.

**Research questions:** What does local demand for goods and services show youth entrepreneur's opportunities for business start-up and self-employment? What 'complementary skills' do aspiring youth entrepreneurs need to meet consumer preferences?

#### Instructions:

- Stop a person who is shopping in the market, at the bus or taxi park or another area in town.
- Introduce yourself and ask if you can take 5 minutes to ask a few questions to help you understand more about the local market.
- Explain that you will not write down their names, that they should feel comfortable speaking freely, and that they do not have to answer questions they feel uncomfortable about.
- While you introduce yourself take note of their gender, estimated age, dress and anything else that you think is important.
- Ask all the questions in the next section; adapt them as necessary to make sure they are easily understood and specific to the context.
- Note down the shopper's answers, writing down all relevant details.
- Repeat this process with as many people as possible. Try to speak with all different types of people, including men and women, older people and younger people, and others you choose.

**Location of Interview** \_\_\_\_\_  
**Date of Interview** \_\_\_\_\_

**Opening script:** Hello, my name is [Name] and I am working with Shaqodoon. I am trying to learn more about consumer demands and preferences in [Location]. The information I collect will be used to help to youth choice sectors and business ideas that match market demands. Would you mind taking a few minutes to answer a few questions? I won't be writing down your name so please feel free to speak freely.

**Background: Consumer Traits**

Gender: F/M (circle one) Estimated Age \_\_\_\_\_ (years)

**Market Demand 1: Consumer Needs**

1. Think about your daily routine. What goods and services do you use every day...

For the home,

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For your work,

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For your children?

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2. Where do you get these items?

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**Now we would like to ask about your weekly or monthly routine. For example, some people need bike repair services every month, or may buy cooking oil once a week.**

3. What goods services do you use on a weekly or monthly basis?

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4. What goods and services do you purchase for special occasions?  
(Probe: Weddings, funerals, Eid festivals, National/Independence Day)

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**Reflection box: Market Demand 1**

In what sectors is their high demand for goods and services daily?

And on a weekly basis?

**Market Demand 2: Requirements for Effective Business Start-Ups**

5. Do you prefer one vendor or service provider to others?

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If yes, why do you prefer this vendor or service provider?  
(Probe: Quality? Personality? Proximity? Friend or family? Price?)

6. In general, what makes people choose certain vendors or service providers over others?

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(Probe: Quality? Personality? Proximity? Friend or family? Price?)

7. Are there any stores where you choose not to shop? If yes, why do you avoid these stores?

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(Probe: Quality? Personality? Proximity? Friend or family? Price?)

**Reflection box: Market Demand 2**

Are there traits that separate profitable vendors or service providers from less profitable ones?

If so, can consortium partners teach these non-technical skills?

**Market Demand 3: Unmet Consumer Needs**

8. Think about a relative or friend in another town or city. Are there other items that are accessible to them that you need or want but cannot get here?

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9. What are they?

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10. Why can't you get them?

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11. Where do you go to get these services?

**Reflection box: Market Demand 3**

What are the goods and services that are in high demand and not fully served by the market currently?

## CONSUMER SUMMARY CHART

### Instructions:

- In the left-hand column, list all sectors in which the youth entrepreneurs can establish businesses.
- Also, list any other sectors mentioned when gathering information using this tool that youth would consider entering.
- Do *not* fill out the chart after each interview, instead reflect on the answers of all interviews completed using this tool and think about overall trends.
- Circle the appropriate answer to each question with respect to the sectors listed in the left-hand column after all interviews are completed.
- Each column corresponds to the area of the tool with the same title and reflection box.

Sector/Business Idea <i>To be inserted by interviewer</i>	A. Market Demand 1: Is there a strong customer demand for goods or services in this sector daily?	B. Market Demand 1: Is there strong customer demand for goods or services in this sector on a weekly basis?	C. Market Demand 1: Is there strong customer demand for goods or services in this sector during special occasions?	D. Market Demand 3: In what sectors is there a high demand for goods and services that is not being fully served by the local market?
	High Medium Low	High Medium Low	High Medium Low	High Medium Low
	High Medium Low	High Medium Low	High Medium Low	High Medium Low
	High Medium Low	High Medium Low	High Medium Low	High Medium Low
	High Medium Low	High Medium Low	High Medium Low	High Medium Low
	High Medium Low	High Medium Low	High Medium Low	High Medium Low
	High Medium Low	High Medium Low	High Medium Low	High Medium Low

## Annex III: Local Business Tool

### LOCAL BUSINESS TOOL

**Purpose:** The objective of this section is to determine key characteristics of the operating environment for local businesses. Interviews with local businesses in different sectors give an understanding of market demands, the business skill required, and the competition or saturation of various sectors. This helps youth entrepreneurs to better understand challenges they may find when trying to compete in these sectors. Secondly, these interviews with local businesses help youth entrepreneurs identify potential for mentoring and partnerships.

The Contracted Company Chart found at the end of this tool guides practitioners to find specific information from *businesses that have won government, donor/NGO, or national/multinational contracts*. This set of questions enables youth to learn about skills required in current and upcoming contracts and possible self-employment opportunities for youth.

**Research Question: How can youth prepare themselves with the skills necessary to be competitive in a particular sector? How can links between youth entrepreneurs and companies be created to assist aspiring youth in establishing successful businesses?**

**Instructions:**

- Interview businesses from each sector in which the youth can establish their start-up business.
- Also interview businesses in sectors in which the youth currently *cannot* establish in
- Whenever possible, it is highly suggested that the interviewer seeks to interview both female and male business owners and managers.
- After collecting information with the Government tool, the interviewer may have a list of businesses that have been awarded various contracts in the region/state.
- Using the Local Business Tool *in combination with* the Contracted Company Chart (attached at the end of this tool), visit or contact the businesses to learn about skills demanded by the new contracts and possible self-employment opportunities for youth.
- As the interviewer learns about new contracts, she/he can continue to use the Local Business Tool and Contracted Company Chart throughout the market assessment.

## I. General

Name of Business	
Name of Contact Person	
Address	
Phone	
Email	

Gender: F/M (circle one) Estimated Age: \_\_\_\_\_ (years)

Business Sector: \_\_\_\_\_

## II. Big Picture

1. In what year did the business begin?

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2. In this town, about how many (insert sector) businesses are there?

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3. What are the different types of challenges facing this business?

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4. How many employees does this business have in each different type of position?

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5. Are there female employees?

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6. Why? Or why not?

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7. What are the constraints for female employees?

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8. Are there male employees?

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9. Why? Or why not?

---

10. What are the constraints for male employees?

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### Reflection box: Big Picture

Are there many different opportunities for businesses in this sector?

How can youth-run businesses overcome constraints faced in certain sectors?

## III: Skills Demand 1: Qualifications

11. How do young people get the necessary skills to operate in this sector?

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12. What kind of traits do youth require to be successful?

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13. Do youth require the following skills/know-how to succeed in the sector? (Circle Y if Yes, N if No):

A particular level of craft/vocational skills,	Y	N
A government certificate,	Y	N
Personal or family connections,	Y	N
Training in marketing,	Y	N
Training in bookkeeping,	Y	N
Training in entrepreneurial skills,	Y	N
A certain level of English,	Y	N
Some English,	Y	N
Advanced English?	Y	N

14. Briefly describe the core skills that youth entrepreneurs in this sector are expected to have.

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15. Are there specific types of equipment or methods that aspiring youth entrepreneurs are expected to have been trained in/knowledgeable of?

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16. Are there specific pieces of equipment and financial capital that youth are expected to possess?

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17. Please describe the requirements and estimated monthly costs to operate in this sector:  
Fill out answers about costs for each section in the chart below.

	Description of item	Cost in shillings/ month
Fixed costs (i.e., machinery, tools)		
Inputs/materials		
Electricity		
Water		
Fuel		
Rent		
Transport		
Personnel (Title/Salary)		

Taxes		
Repair/Maintenance		
Other		
Other		
Other		

#### **IV. Sector Growth**

18. Can you list some of the challenges in running this business?

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[Probe: Competition/market saturation, employee training/human resources, access to limited market for inputs, purchasing power of community members]

19. What are the plans for the future of this business?

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[Probe: expanding, hiring employees, downsizing / letting go of employees, diversifying / adding different products or services, entering new sector, beginning new type of service]

20. As the local economy develops will the products or services of this business be needed more or less?

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#### **Reflection box: Sector Growth**

Is this business in a sector that is growing and are youth able to start new business in the immediate future? What about in the long term?

#### **V. Linkages: Mentoring with Local Businesses**

21. Does this business provide mentoring opportunities for youth?

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22. Would the business be willing to partner with youth entrepreneurs to offer new services/goods?

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**IF YES, CONSIDER SETTING UP ANOTHER APPOINTMENT TO ASK MORE DETAILED QUESTIONS ABOUT ESTABLISHING A FORMAL BUSINESS-INDUSTRIAL MENTORING PARTNERSHIP.**

#### **Reflection box: Linkages – Mentoring**

Is mentoring available for help youth to obtain insight in this sector?

If the business is willing to offer mentoring opportunities, what are the next steps in starting a partnership with this business?

If the business is not willing to offer mentorship, are there other businesses in the same sector that could offer opportunities for aspiring youth?

**VI. Good/Services Demand 2: Opportunities offered by a Contracted Company**

Use the following questions and chart for a business that has been awarded a contract from a government department, Donor/INGO, or National/Multi-national Company.

23. Which organization awarded the contract?

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24. What is the start date for the contract?

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25. What is the duration of the contract?

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26. From where are most of the businesses for this contract selected?

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27. From where will materials for this contract be supplied?

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28. In which district/town/region/state will the services/product for this contract be done?

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**Add-on script for businesses that have won government, donor/NGO, or national/international contracts:**

During my research I learned that your business has been awarded a contract from [Government Agency / Organization / Company]. I would like to ask some specific questions about the contract to learn about skills required for the work to be done under this contract and possible self-employment opportunities for youth.

**29. CONTRACT COMPANY CHART**

A. What types of goods/services does the contract require?	B. What level of English is required to be proficient on this contract?	C. What level of financial literacy and numeracy is required on this contract?	D. How many workers are needed?	Question for Interviewer (refer to column A): Do youth need extra training in this type of sector?	Question for Interviewer (refer to column B): Do youth require an appropriate level of English?	Question for Interviewer (refer to column D): Do youth require an appropriate level of financial literacy and numeracy?
	<input type="checkbox"/> Advanced English <input type="checkbox"/> Some English <input type="checkbox"/> No English			<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
	<input type="checkbox"/> Advanced English <input type="checkbox"/> Some English <input type="checkbox"/> No English			<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
	<input type="checkbox"/> Advanced English <input type="checkbox"/> Some English <input type="checkbox"/> No English			<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
	<input type="checkbox"/> Advanced English <input type="checkbox"/> Some English <input type="checkbox"/> No English			<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
	<input type="checkbox"/> Advanced English <input type="checkbox"/> Some English <input type="checkbox"/> No English			<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
	<input type="checkbox"/> Advanced English <input type="checkbox"/> Some English <input type="checkbox"/> No English			<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No



## LOCAL BUSINESS SUMMARY CHART

### Instructions

- In the left-hand column, list all sectors in which the youth can establish businesses.
- Also, list any other sectors mentioned when gathering information using this tool that your program would consider offering.
- Do *not* fill out the chart after each interview, instead reflect on the answers of all interviews completed using this tool and think about overall trends.
- Circle the appropriate answer to each question with respect to the sector listed in the left-hand column after all interviews are completed.
- Each column corresponds to the section of the tool with the same title and reflection box.

<b>Section/Business Idea</b> <i>To be inserted by inte</i>	<b>A. General:</b> How many businesses in each type of sector were interviewed?  <i>Write the number below.</i>	<b>B. Big Picture:</b> Does this sector appear able to offer youth self-employment opportunities?	<b>C. Skills Demand:</b> Would extra financial literacy skills prepare youth for self-employment in this sector?	<b>D. Sector Growth:</b> Is this a sector that is growing and likely to need new entrepreneurs in the future?	<b>E. Linkages - Mentorship:</b> Which businesses you talked with could provide mentorship opportunities?  <i>List below.</i>	<b>F. Goods/Services Demand2:</b> Will youth be able to find self-employment opportunities being offered under a government / donor / NGO / or company contract?
		Yes No	Yes No	Yes No		Yes No
		Yes No	Yes No	Yes No		Yes No
		Yes No	Yes No	Yes No		Yes No
		Yes No	Yes No	Yes No		Yes No
		Yes No	Yes No	Yes No		Yes No
		Yes No	Yes No	Yes No		Yes No
		Yes No	Yes No	Yes No		Yes No
		Yes No	Yes No	Yes No		Yes No