

Private Sector Development Project



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PROJECT:
Private Sector Development Project

PREPARED BY:
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PROGRAMME:
Poverty Reduction & Environment
Protection

REPORT PERIOD:
Q3 - 1 July to 30 September 2012

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Final

DONORS:
Italy
UK AID
Norway

CONTEXTUAL ANALYSIS

FEDERAL LEVEL

The anticipation and uncertainty relating to the outcome of the presidential elections has caused a state of stagnation in South Central leading to lack of interest by the government line ministries to collaborate in implementation of project activities. Security and access remained an obstacle in carrying out assessments especially as they relate to labor market surveys and micro finance activities. Lack of Government capacities to implement certain activities has led to the need to request the services of consultants to the region which is not an easy task in light of limited interest and availability.

PUNTLAND

The recent reshuffle of the Puntland cabinet and election of Somalia's parliament affected the main Private Sector Development (PSD) project partners; the Puntland Chamber of Commerce and the Ministry of Commerce. Chairman of the chamber joined the new parliament and is replaced by Mr Saeed while the Minister of Commerce Mr Hassan was replaced with Mr Ali Ahmed. The government reshuffle is anticipated to enhance the capacities of ministries.

In Puntland the dollar depreciated (30%) to the Somali Shilling and government employees were not paid salaries for 3 months and government revenue declined due to decreased trade during the summer. The volume of money remains the same and there is no source of new money. This cumulatively reduced private sector activities. However, Bossaso municipality built two tarmac roads that increased business activities on the side of roads and encouraged the introduction and use of 3 wheel rickshaws.

SOMALILAND

While the government ministries in Somaliland have shown interest in collaborating with project activities, the modest capacity of staff has curtailed the implementation of many activities relating to the private sector. The absence of a competent manager in the Chamber of Commerce has also led to cancellation of the development of a business directory. Lack of reliable data on the labor market has led to some delays in designing employment generation activities for 2013.

RESULTS

SL	Indicator	3.2.1.1 Number of policies, legal and institutional frameworks revised, updated and/or formulated for inclusive growth	G
	Result	A mapping of the laws pertaining to the Private Sector have been finalized	
	Comment	Mapping exercise is expected to be completed by end of October 2012. Framework to establish Micro-Finance Road Map established. Data Enumerators trained & questionnaires prepared for Labor Survey.	
SL	Indicator	3.2.2.1 Number of new markets explored	G
	Result	Prices and volumes of different grades of Export Quality Livestock produced by Chamber monthly	
	Comment	Lack of Leadership by Chamber is curtailing efforts to explore new markets for Livestock overseas	
SL	Indicator	3.2.3.1 Number of women and youth engaged in micro, small and medium enterprises and have access to micro-finance	G
	Result	125 Youths graduated from VTC with 5 different skills	
	Comment	380 micro-enterprises benefitted from Project through loans provided through PSD Project	
SL	Indicator	3.2.4.2 Number of dialogue platforms discussing the socio-economic impacts of Khat	Y
	Result	LOA signed in September 2012 jointly with Gender Unit	
	Comment	Activities started end of September 2012. Results in Q4	
PL	Indicator	3.2.1.1 Number of policies, legal and institutional frameworks revised, updated and/or formulated for inclusive growth	R
	Result	Activity postponed to 2013 because of changes in the Minister and inability to develop an LOA	
	Comment	Activity postponed to 2013 because of changes in the Minister and inability to develop an LOA. LOA with Ministry of Planning established to develop Micro-Finance Road Map for PL.	
PL	Indicator	3.2.3.1 Number of women and youth engaged in micro, small and medium enterprises and have access to micro-finance	G
	Result	125 beneficiaries provided with grants in Garowe	
	Comment	Not all beneficiaries were able to receive loans because of limited funds	
PL	Indicator	3.2.3.3 Number of women trained in business management and entrepreneurship	Y
	Result	LOA to establish Business Development Center approved in early October 2012	
	Comment	At least 500 men and women will have access to information that could help them set up micro, small and medium enterprises and have access to micro-finance	

RESULTS

PL	Indicator	3.2.2.1 Number of new markets explored	G
	Result	Local Market in PL identified for female selling livestock based on market price information	
	Comment	Data on Livestock Information released through media. End of UNDP funds will curtail Chamber's ability to continue releasing market information	
PL	Indicator	3.2.2.2 Number of priority recommendations from value chain analysis that are implemented	R
	Result	Four Domestic fish market studies conducted.	
	Comment	Grants provided to 150 fishery sector men and women in Bosaso	
PL	Indicator	3.2.3.2 Number of functioning cooperatives, MFIs, and business associations established or strengthened, disaggregated by gender	G
	Result	PPP expert hired to develop the Garowe Fish Market PPP arrangement.	
	Comment	A contractor is selected for rehabilitating the Fish Market in Garowe	
FL	Indicator	3.2.3.2 Number of functioning cooperatives, MFIs, and business associations established or strengthened, disaggregated by gender	R
	Result	National Consultant identified to conduct MF sector assessment	
	Comment	Activity delayed due to difficulty in finding of qualified consultant to work in Benadir Region of SC	
FL	Indicator	3.2.1.1 Number of policies, legal and institutional frameworks revised, updated and/or formulated for inclusive growth	R
	Result	Consultant identified to carry out Road Map development	
	Comment	Concept Note for Regional Micro-Finance developed with Agenda and Venue selected. Activity delayed due to difficulty in identifying national consultant to develop MF Road Map in SC	
FL	Indicator	3.2.3.3 Number of women trained in business management and entrepreneurship	G
	Result	350 women and 400 men trained in 6 vocational skills and business management	
	Comment	Additional youth have requested training activities through the VTC. 2nd batch to be trained post 1st batch graduation	
FL	Indicator	3.2.3.1 Number of women and youth engaged in micro, small and medium enterprises and have access to micro-finance	G
	Result	New Proposal developed to provide micro-enterprise training and loans to 250 Youth	
	Comment	Proposal expected to be approved before end of October	

RESULTS

SL	Indicator	PPP Unit established and functioning	G
	Result	Guidelines for the PPP Unit drafted.	
	Comment	Meetings with the development agencies involved in the PPP was conducted. Office equipment and furniture procured and put in place.	
SL	Indicator	Number of data reports produced by COC on Livestock Market Information	G
	Result	Reports are produced on a monthly basis	
	Comment	Information available	
SL	Indicator	Reliable Labor market survey report produced	Y
	Result	Questionnaires Produced and Data Enumerators Trained	
	Comment	Draft Report expected before end of the Year	
PL	Indicator	Number of new PPPs established between Govt and Private Sector	Y
	Result	PPP Consultant recruited and fielded to develop PPP arrangement	
	Comment	Two PPPs expected, one for the Fish Market and one for a Bank for Micro-Finance	
PL	Indicator	Reliable Labor market survey report produced	G
	Result	Questionnaire for data collection produced	
	Comment	LOA being processed for Ministry of Labor to carry out Labor Survey	
PL	Indicator	At least one PPP approved and MF Road Map developed	Y
	Result	LOA for Road Map development approved	
	Comment	Consultant for PPP fielded and working on the PPP arrangement	
PL	Indicator	Fisheries sector development action plan finalized	Y
	Result	Draft Action Plan being developed	
	Comment	Action Plan to be finalized by end of Q4	

RESULTS

PL	Indicator	Number of data reports produced by COC on Livestock Market Information
	Result	Six Reports issued to date
	Comment	Lack of funding may reduce number of reports and undermine their quality

G



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ACTIVITY HIGHLIGHTS

FEDERAL LEVEL

Issues of access, security and limited funding allowed only one project to start where 750 Youth are being trained in six vocational training skills.

PUNTLAND

Microfinance loans were provided to 150 in Burtinle and 142 in Garowe. More than 50% of beneficiaries were women with micro, small and medium enterprises. About 60% of beneficiaries benefited from the loans and repaid fully. Also 275 persons were given grants

A Business Development Centre will also provide skills training youth graduates and women SMEs with business advisory and support services.

SOMALILAND

The project managed to provide support to 125 vocational skills trainees who graduated from a six months training program in five vocational skills. In addition, the last batch of 380 youths were provided with funding to establish micro-enterprises. LOAs were signed for advocacy to reduce the use of Khat, develop a road map for Micro-finance and establish a PPP Unit and map out Private Sector laws

PARTNERSHIPS

Key project partners include Ministry of Labor, Youth & Sports, Ministry of Fisheries & Marine Resources, Ministry of Planning and International Cooperation, Puntland Chamber of Commerce and Industry, Somali Family Service (SFS), Puntland Centre for Human Rights and Democracy (PUNCHAD) and DANDOR.

PSD developed synergies with the Local Economic Development (LED) Project, where a project is developed together to complement one another. In this arrangement, LED will upgrade two vocational training centers in Bosaso and Gallkayo by rehabilitating and expanding with income generating sources while PSD will support the centers to train 240 unskilled and unemployed youth and provide them with start-up kits and business advisory and support services through a Business Development Centre (BDC). The BDC is under development in partnership with the Chamber and would be ready to support these youth before and after they graduate.

PSD initiated a process to institutionalize Microfinance and is supporting the Ministry of Planning to develop a Road-Map to Institutionalize Microfinance. This brings together all partners and opens a dialogue with different community groups to form stronger partnership among stakeholders and PSD.

PSD team met with 3 banks discussed on how enhance access to financial services; loans and grants. SALAAM Bank is providing free loans for Bosaso fire victims and started microfinance activities and developing a partnership will complement such initiatives.

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PEACE AND CONFLICT

Most of the conflicts that have arisen relates to the fact that the funding provided for training, loans and grants can not meet the needs of all beneficiaries. As a result some of the beneficiaries not selected for training or funding express great discontent and in some cases demand that they be included. The NGO and implementing partners explained that the selection criteria was carefully tailored according to the project objectives. They also explained that it is possible that additional funding may be secured in the future to address additional beneficiaries.

GENDER

Women engagement and empowerment is a significant component of the project strategy. The PSD project target women beneficiaries are at least 50% for all sub-project interventions. The project provided grants and microfinance loans to a total of 816 of which 622 (77%) are women.

The project maintains gender balanced approach in all sub-projects including skills training provided to unskilled and unemployed youth.

In Puntland and Somaliland women are the majority in medium and small scale businesses and are mostly the sole bread winners for their families. This contributes to the successful participation of women in private sector related activities and projects such as microfinance loans, grants and skills training development. Gender mainstreaming in Government implemented projects remain a challenge as the main coordinators of these projects are men. More work is required by UNDP to advocate on the need of hiring women to senior positions in Government.

UPCOMING QUARTER

PSD visualizes adopting a coherent approach to reduce unemployment among youth and promote micro enterprised by linking unskilled unemployed youth and women to Vocational Training Centres, Business Development Centre (BDC) and a Financial Institution.

Women and men are linked to a bank and will benefit from increased access to loans and financial services, their capacity and business skills will be enhanced through the BDC and business advisory and support services shall be provided. The BDC will also support unemployed youth through counselling, job placement and search. It will link youth with private companies and expose them to job markets.

The project also plan to contribute to develop a more enabling business environment and to work with the Ministries concerned in developing policies, strategies and regulations that encourage local investment and trade. Income generating activities for people living with HIV AIDS will be implemented as well as anti Khat use campaigns.



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REFLECTIONS / LESSONS

Microfinance Revolving Loans worked well and in one of the projects 128 beneficiaries were provided with loans of \$300 each. 90 of these beneficiaries were women and all the beneficiaries repaid fully (100%) of the loans in 8 months.

These loans are provided through local NGOs. However, the project team learnt that local NGOs cannot sustain and continue microfinance revolving funds for the benefits of the majoring since they don't have the capacity and they are not specialised to be Microfinance Institutions. Therefore, the project is supporting the government and the community to develop a Road Map to Institutionalize Microfinance and also to provide support to a local bank, through a competitive process, to extend micro-loans on a long term basis.

Generally, LOAs implemented through ministries have some advantages of addressing core development issues including support to policy formulation and review of legislations. One negative impact that it creates dependency and leaves most of the decision making processes at the mercy of the Government. This includes appointment of incompetent coordinators to manage the activities under the LOA and does not allow for women to take a lead role in managing some of those activities.

Insecurity and anxiety over the elections in South Central has lead to a reduction in commitment by the Government to discuss seriously some of the proposed interventions in the area, with some criticism reflected by the Government on using local NGOs for project implementation.

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CUMULATIVE PROJECT FINANCIAL SUMMARY

APPROVED BUDGET	1,359,557
TOTAL (DISBURSEMENTS + COMMITMENTS)	996,380
BALANCE OF FUNDS	363,177
% DELIVERY (AGAINST APPROVED BUDGET)	73%