



Empowered lives.
Resilient nations.

Private Sector Development Project

PROJECT:
Private Sector Development Project

PREPARED BY:
Amir Baker

PROGRAMME:
Poverty Reduction & Environment
Protection

REPORT PERIOD:
Q3 - 1 July to 30 September 2013

DATE SUBMITTED:
10/8/2013 10:14:31 AM

STATUS:
Final

DONORS:
UNDP TRAC

CONTEXTUAL ANALYSIS

FEDERAL LEVEL

On 16 September, the EU and Somalia co-hosted, the Somali New Deal Conference in Brussels. The international community endorsed the Somali Compact and pledged to support its implementation. The Compact which endeavours to commit to the Somali People reflects the ongoing process of transition and defines priority interventions to keep Somalia on the path to long-term peace, stability and state building. The New Deal is expected to revitalize and expand the Somali economy with a focus on livelihood enhancement, employment generation, and broad-based inclusive growth. The New Deal Conference welcomed the government's draft Economic Recovery Plan (ERP) as a basis for prioritizing flagship projects for social and economic development. Proposals have been made to discuss the Somali compact particularly "PSG 4: Economic Foundations" to see where PREP and its three projects can contribute to the Compact and decide on the way forward.

PUNTLAND

On 14th July 2013, Puntland State announced the suspension of the 2013 Local Council Elections following violent clashes in Gardo and Galkayo towns. This has delayed the state's first direct local elections that were to be held on July 15th 2013. On 24th July 2013, Puntland Parliament voted and approved unanimously to continue the clan-based system and to allow clan elders to select new members of parliament after the current legislature is dissolved in October 2013. This action did not have direct impact on the project, except, that on the days preceding the announcement and right after, monitoring visits to certain project areas affected and the supervision were not possible due to insecurity.

SOMALILAND

The World Bank's deadline for submission of the second round of grant applications to micro entrepreneurs was 17th August. The screening process was completed in September and results of winning entrepreneurs will be announced in October.

While this action by the World Bank does not have bearing on the project right now, as there are no on-going PSD activities now, it would definitely have an impact on future micro lending activities that UNDP PSD intends to launch in 2014 through an institutionalized Micro-Finance Program. Lending in a market saturated with grants will not be successful. Balance between grants provisions and micro-lending needs to be established to avoid failures of either of the two programs.

RESULTS

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	120 Beneficiaries (PLHIV) consisting of 98 Women and 22 Men (Youth) established their own micro-enterprises in Hargeisa, Borama, Berbera & Burao after receiving training in small business management and business plan development and a micro-grant of \$500 each.	
	Comment	The project activities have been completed	
PL	Indicator	3.2.2.1 Number of new markets explored	G
	Result	.An LOA was signed with Ministry of Planning to carry out labor market surveys in four districts of Puntland, namely EYL, Bender Baila, Hafun and Garaad. The objective of the surveys is to identify new markets for employable skills	
	Comment	The results of the survey which is expected during the fourth quarter of 2013, will help inform employable skills training activities in those four areas	
PL	Indicator	3.2.3.1 Number of women and youth engaged in micro, small and medium enterprises and have access to micro-finance	Y
	Result	A total of 320 Youth are trained in different employable skills such as Carpentry, Electricity, and Cooling Systems and a total of 200 Women were trained in tailoring, beauty saloon management, sweets production and micro-business management in Galdogob district, Garowe, Bosaso and Galkayo.	
	Comment	No Grants have been awarded. While trainings were completed, two of the projects are under investigation and the activities might be finalized, in the future, with different implementing partners.	
PL	Indicator	3.2.3.3 Number of women trained in business management and entrepreneurship	G
	Result	A total of 250 women have been trained in business management and employable skills of Tailoring, Office Management and Beautification in EYL, Garowe and Bosaso	
	Comment	Provision of Micro-grants for 150 Women to set up micro-enterprises will begin in Q4 of 2013. 100 Women with established enterprises were provided training in micro-business management only.	
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	A total of 200 women and 110 Youth received relevant training to establish their own micro-enterprises in Adado District and Abudwak District of Central Somalia. 100 Women and 50 Youth in Abudwak received grants of \$300 each.	
	Comment	Only one project was designed to award grants. These activities were implemented under two projects in both districts and the projects are now completed	
FL	Indicator	3.2.3.3 Number of women trained in business management and entrepreneurship	G
	Result	100 women received training in small business management in Adado District of Central Somalia. After successfully completing the training, the 100 women were provided with micro-grants of \$300 each to establish their own micro-enterprises.	
	Comment	The number of vulnerable communities in the district was higher than expected and the project had to adhere to the selection criteria which included being a female headed household & no prior grants.	



Empowered lives.
Resilient nations.

Private Sector Development Project

ACTIVITY HIGHLIGHTS

FEDERAL LEVEL

Due to lack of funds, PSD project is focused on consolidating and closing two on-going projects in the Central Regions of Somalia, which were implemented by two local NGOs in the Abudwak and Adaddo Districts. Both projects were intended to enhance the livelihood skills and capacities of 640 youth and women by providing them with training in eight different employable skills including Carpentry, Electricity, Welding, Plumbing, Auto Mechanics, Computers, Sweets production, Beauty Saloon Management and equipping them with startup kits consisting of basic tools such as pliers, hammers, work gloves or micro-grants ranging between \$275-\$300 to help them set up viable micro-enterprises.

PUNTLAND

The third quarter witnessed the launch of survey to assist in formulating livelihood projects in Bender Baiyla, Hafun, Eyl and Garaad. The new projects that will be formulated are all under the Alternative Livelihood to Piracy Project. The Project is implemented into phases. Phase I is funded by UKFCO and Phase II is supported by donor companies from the shipping industry.

On the downside, three ongoing projects implemented in Puntland under the Alternative Livelihood to Piracy Project have been put on hold pending investigation of possible fraud as reflected in the financial reports of the three implementing partners. It is expected that the results of the investigation by the Puntland Government and UNDP Office of Audit and Investigation will be released in November 2013.

SOMALILAND

The work of PSD focused on consolidating and closing the only ongoing project, which is the income generating activity for 120 People Living with HIV AIDS. Due to lack of funding, there were no major activities in Somaliland.

PARTNERSHIPS

Three new partners emerged in Puntland (the municipal administrations of Hafun, Garaad and Bender Beyla) as a result of the discussions prior to issuing the RFP for new projects in those three areas in addition to EYL. This new partnership is expected to help in building capacities of these local administrations, in conjunction with JPLG and Community Security Project, in local projects planning, monitoring and short term impact assessments.

Through amendment of the current PSD project LOA with the EYL municipality, the Community Security Project has managed to allocate \$50,000 to be used in the social rehabilitation of 100 youth in EYL. PSD project will build on this action to also enhance their livelihoods through skills enhancement and possible micro-enterprise development support after they complete the social rehabilitation training.



Empowered lives.
Resilient nations.

Private Sector Development Project

PEACE AND CONFLICT

The attack on the UNCC and increased insecurity in Mogadishu is still casting its shadows on activities in South Central due to the inability to conduct field visits and the temporary relocation of staff including the PSD Project Manager to other areas of Somalia.

PSD work in South Central while at its minimum has been managed remotely and through support of the PREP National Programme Officer based in Mogadishu.

The possible cases of corruption in Puntland related to UNDP projects has also negatively impacted the working relationship of the PSD Project with these partners, leading in some instances to credible cause for insecurity and deep concern for possible harm that may be inflicted on project staff both national and international.

GENDER

The PSD project initiatives in the three zones of Somalia is targeting both men and women beneficiaries. However, it should be noted that on average over 60% of beneficiaries are women. In some instances, such as in EYL, 100% of the target beneficiaries are women. This result clearly illustrates that women are among the most vulnerable groups in all regions, as reflected in baselines provided in proposals of NGO implementing partners, and that UNDP's efforts to foster a gender balance in activities at the field level is yielding some positive impacts. The only challenge is that at Government level, the percentage of women in key decision making positions is quite modest as witnessed by the different meetings held with government officials in all three regions.

UPCOMING QUARTER

Planned activities for the next quarter will include review of proposals from NGOs in response to RFPs for Hafun, Bender Beyala, EYL and Garaad in Puntland. PSD project Work Plan for 2014 will also be produced. Follow up on the investigations concerning the three cases of misappropriation of funds will also be made in Q4. While it is expected that four Micro-Capital Grants for four proposals in Puntland as a result of the RFP, will be formulated, an RFP for livelihood activities in Baidao will also be launched. A monitoring visit to EYL in Puntland is also expected towards the end of the Quarter.

Potential risks to implementation include reduced level of cooperation from the Government and other implementation partners in Puntland if the current issues relating to corruption are not resolved amicably staff security could be threatened. Another risk to implementation will be lack of resources to implement activities in the newly recovered areas of South Central Somalia, such as Baidoa.



Empowered lives.
Resilient nations.

Private Sector Development Project

REFLECTIONS / LESSONS

In light of the limited available resources for PREP programme in general and PSD project in particular, a lot of effort has been devoted to developing concept notes that would help in mobilizing resources to address the multiple livelihood needs and challenges in all areas of Somalia. The Resource Mobilization Strategy has been carefully crafted to build on the current outputs of projects and to develop proposals in new geographic areas as well as proposals that use different strategies to address the needs of the target communities. Moreover, PSD project has also worked with other UNDP Projects such as Local Economic Development and Community Security to develop joint concepts for complimentary activities that would be implemented jointly, thus enhancing the impact on the ground and ensuring better levels of sustainability.

During the course of implementation of activities this quarter, the project has discovered that three partners in Puntland have provided false financial documents, indicating that resources allocated to certain project activities were misused and false documents were presented to cover up the misuse. The issue was reported to the UNDP Senior Management which informed the Government and the UNDP Office of Audit and Investigations, which has decided to conduct its own investigation including a field mission to Puntland.

Tailored reports to donors such as UKCFO and the shipping industry donor companies have provided them with a comprehensive overview of the activities that have been implemented and the results of these activities. Moreover, these reports have provided information on the cases of misappropriation of funds in Puntland and what UNDP is doing to address this matter. While this matter is being investigated thoroughly, it is unfortunate that discoveries of possible misuse of resources have come from three different partners (Government, NGO and Civil Service entity). UNDP has instigated measures to minimize future possible misuse of resources; the measures include obtaining bank statements directly from the Bank (Dahabshii), conducting thorough reviews of all financial documents presented and as much as possible seeking field verification for activities in the field. Recommendations have been made to hire a full time national (M&E) expert to conduct these field verifications to areas that cannot be accessed directly by UNDP Staff.

CUMULATIVE PROJECT FINANCIAL SUMMARY	
APPROVED BUDGET	USD 233,696.00
TOTAL (DISBURSEMENTS + COMMITMENTS)	USD 171,060.00
BALANCE OF FUNDS	USD 62,636.00
% DELIVERY (AGAINST APPROVED BUDGET)	73 %

Private Sector Development Project



*Empowered lives.
Resilient nations.*

LIST OF ACRONYMS USED

- ERP – Economic Recovery Plan
- LOA – Letter of Agreement
- M&E – Monitoring and evaluation
- NGO – Non-Governmental Organization
- PLHIV – People Living with HIV
- PREP – Poverty Reduction and Environmental Protection
- PSD – Private Sector Development
- PSG – Peace-building and Stabilization Goal
- Q4 – Quarter 4
- RFP – Request for Proposal
- UKFCO – United Kingdom foreign and commonwealth Office
- UNCC – United Nations Common Compound
- UNDP – United Nations Development Programme