

# Annual Report 2015: Trade and Private Sector Development

<b>Reporting Period</b>	01 January to 31 December 2015
<b>Government Counterpart</b>	Ministry of Planning and International Cooperation, Ministry of Commerce and Industry
<b>PSG</b>	4: Economic Foundations
<b>PSG priority</b>	<b>Priority 1.</b> Enhance the productivity of high priority sectors and related value chains, including through the rehabilitation and expansion of critical infrastructure for transport, market access, trade, and energy. <b>Priority 2:</b> Expand opportunities for youth employment through job creation and skills development.
<b>Focus Locations:</b>	National
<b>AWP Budget</b>	1,181,163
<b>Available Funds for year</b>	294,725
<b>Expenditure to date</b>	218,964

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## ABBREVIATIONS AND ACRONYMS

AfDB	African Development Bank
ALMP	Active labour market policies
AMISOM	AU Mission in Somalia
ASI	Adam Smith Institute
BDS	Business development services
BRA	Benadir Regional Administration
DfID	Department for international development
DTIS	Diagnostic Trade Integration Study
EIF	Enhanced Integrated Framework
ERP	Economic Recovery Plan
EU	European Union
FAO	Food and Agriculture Organization
FGS	Federal Government of Somalia
ILO	International Labour Organization
LDCs	Least Developed Countries
LFS	Labour Force Survey
M&E	Monitoring & Evaluation
MDG	Millennium Development Goal
MDTF	Multi-donors Trust Fund
NGO	Non-Governmental Organization
NSC	National Steering Committee
ODA	Official Development Assistance
OPM	Office of the Prime Minister
PMU	Project Management Unit
PREP	Poverty Reduction and Environment Protection Programme
PSGs	Peace-building and State-building Goals
RIU	Regional Implementation Unit
SDRF	Somalia Development and Reconstruction Facility
SNA	Somali National Army
SSU	Stabilization Support Unit
TC	Technical Committee
TRTA	Trade-related Technical Assistance
TVET	Technical vocational education and training
UN	United Nations
UNDP	United Nations Development Program
UNEG	United Nations Evaluation Group
USAID	United States Agency for International Development
USD	United States Dollar
WB	World Bank

## SECTION 1 – KEY DEVELOPMENTS DURING THE REPORTING PERIOD

- The Prime Minister appointed new Council of Ministers for the Federal Government in February 2015, which affected several relevant ministries, including Commerce and Industry, Planning and International Cooperation, and Labour and Social Affairs. UNDP Senior Management held introductory meetings with a number of incoming Ministers. The new appointment in Commerce and Industry also brought changes to the focal point of the Enhanced Integrated Framework (EIF). In November 2015, there was another Cabinet reshuffle, with yet a new Minister of Commerce and Industry, H.E. Abdirashid Mohamed Ahmed.
- Regular consultations have taken place at PSG 4 working group and sub working group levels (youth employment, productive sectors, and infrastructure). In addition to these formal meetings, a series of bilateral meetings were held with participating ministries and interested donors. Regional consultations also took place with representatives from Benadir Region, Jubaland, Puntland, South West and other emerging interim administrations.
  - 23 March 2015: The SDRF Steering Committee endorsed in principle the FGS-UN Joint Programme on Youth Employment, but with provision that budget be amended to available funding amounts.
  - 20 April 2015: Inaugural meeting of Joint Programme Steering Committee chaired by the Ministry of Labour, with participation of Ministries, Sweden (on behalf of the donors), and UN agencies, in which the recommendations from the technical discussions were discussed and agreed.
  - 4 to 6 May 2015: A Somalia delegation consisting of the Minister of Commerce and Industry, the EIF Focal Point and the EIF Coordinator went to Geneva to meet with representatives from the international trade community in Geneva (EIF Secretariat, ITC, UNCTAD, UNDP, WTO)
  - 17 June 2015: Signing ceremony for the Joint Programme on Youth Employment, together with five more new joint programmes being supported through the SDRF/MPTF.
  - November 2015: Cabinet reshuffle and nomination of H.E. Abdirashid Mohamed Ahmed as the new Minister of Commerce and Industry.
  - December 2015: Request for WTO accession during the WTO Ministerial Conference in Nairobi, Kenya. The request was signed by the President of Somalia and hand-delivered by the Minister of Commerce and Industry.

## SECTION 2 – PROGRESS AGAINST OUTPUTS & PLANNED ACTIVITIES IN ANNUAL WORK PLAN

### OUTPUT 1 – Support the Somalia government capacities for enhanced trade and value chain development

Narrative update on Progress towards Output			
The output contributes towards enhanced productivity of high priority sectors and related value chains, and will contribute to a more competitive export sector and expanded job opportunities for young Somalis.			
Output Indicators	Baseline	Annual Target	Progress to date
1. Extent to which government decision-making around major private sector investments are informed by cross-sector assessment to maximize social, environmental and economic benefits over the medium (2-5 years) to long term (over 5 years) {1 = Not at all, 2 = to a very partial extent, 3=to some extent; 4= to a significant extent; 5=to full extent}	1 (Not at all)	2 (To a very partial extent)	3 (To some extent)
Planned Activities as per Annual Work Plan		Progress Against Activities	
<p><b>Activity Result 1.1: Trade-related technical assistance provided to the Federal government for the Enhanced Integrated Framework (EIF) and a Diagnostic study for trade development prepared.</b></p> <ul style="list-style-type: none"> <li>Action 1.1.1: Undertake a DTIS (Diagnostic Trade Integration Study) to build in-country support for the trade and development agenda.</li> </ul>		<p><b>Activity Result 1.1:</b></p> <ul style="list-style-type: none"> <li>A Somalia delegation consisting of the Minister of Commerce and Industry, the EIF Focal Point and the EIF Coordinator went to Geneva from 4 to 6 May 2015. UNDP staff accompanied the mission. This was the first time that representatives from the government met with representatives from the international trade community in Geneva (EIF Secretariat, ITC, UNCTAD, UNDP, WTO). The objective was to better understand what EIF and Aid-for-Trade is about, and what the various entities are doing and how they can help Somalia improve its trade environment.</li> <li>Key counterparts included: <ul style="list-style-type: none"> <li>EIF Executive Secretariat (Mr. Ratnakar Adhikari, Executive Director; Mrs. Christiane Kraus, Chief Coordinator);</li> <li>International Trade Centre (Mr. Abdeslam Azuz, Senior Trade Promotion Officer, Office for Arab States);</li> <li>UNCTAD (Mr. Taffere Tesfachew, Director, Division for Africa, Least Developing Countries and Special Programmes; Mr. Stefano Inama, Chief, Technical Cooperation and Enhanced Integrated Framework Section);</li> </ul> </li> </ul>	

- UNDP (Mrs. Luisa Bernal, Policy Specialist, Trade and Human Development Unit); and
  - WTO (Mr. Chiedu Osakwe, Director, Accession Division; Mr. Pablo Jenkins, Economic Affairs Officer, Standards and Trade Development Facility (STDF), Agriculture and Commodities Division).
  - The Minister of Commerce and Industry expressed his appreciation of the outcome of these meetings, which included technical discussion about the EIF process, but also possible steps for Somalia to undertake to become a WTO member —typically, it takes between five and ten years from the request and the accession into the WTO.
  - After the return of the Somalia delegation (Minister of Commerce and Industry, EIF Focal Point and EIF Coordinator) from Geneva (4 to 6 May 2015), a so-called “pre-DTIS” agreement was signed between the government and the EIF Trust Fund Manager (UNOPS).
  - However, there has been no contact with the EIF Focal Point after May (until the nomination of the new Minister in November). More problematic, MoCI did not participate regularly in PSG4 meetings, which will make it difficult to coordinate ongoing and planned work on individual sectors (e.g. for JPYE, National Development Plan).
  - Fortunately, the situation has substantially improved with the nomination of the new Minister of Commerce and Industry in November 2015. UNDP has had fruitful meetings with both the new Minister of Commerce and the Minister of Planning and International Cooperation, who underlined their commitment to work together and get EIF activities back on the agenda.
  - The Ministry of Commerce and Industry also underlined that of the six “EIF core agencies” (IMF, ITC, UNCTAD, UNDP, WB, WTO), he would choose UNDP as the lead agency to support Somalia in the EIF process. [This was finally signed on 1<sup>st</sup> February 2016]
  - Given the problems with MoCI from May to November, it was not possible to undertake the Diagnostic Trade Integration Study (DTIS) in 2015.
- Activity Result 1.2:**
- Technical support for PSG4 working group and sub-working groups was provided at several meetings, in particular through the FGS-UN Joint Programme on Youth Employment.
  - The UN technical team (ILO, FAO, UN-Habitat and UNDP) prepared a project

**Activity Result 1.2: Technical support to government and development partners on trade, value chain and youth employment**

- Action 1.2.1: Provide continuous technical support to Ministry of Commerce and Industry and Ministry of Planning and International Cooperation for trade development.
- Action 1.2.2: Technical support for PSG4 working group and sub-working groups.

document that was endorsed by the Steering Committee on Youth Employment in April 2015. On 17 June 2015, the Joint Programme on Youth Employment was signed together with five more new joint programmes being supported through the SDRF/MPTF.

- Technical support for PSG4 working group and sub-working groups was provided at several meetings, in particular through the FGS-UN Joint Programme on Youth Employment, and through an international consultant who was hired by UNDP specifically to assist the PSG4 process.
- UNDP participated in DfID/DAI workshops on value chain analysis and sector selection (15-16 June, 23-26 June, 8 July 2015).
- UNDP undertook inventory of existing studies for the priority sectors (marine fisheries, sesame, poultry) and other relevant secondary information, identified main dimensions and questions and designed a template for the sector profiles, and started drafting a Sector Profile for Fisheries.
- UNDP also conceptualized cooperation around “PSG4 Somalia Sector Profiles”, with the possibility to create a Value Chain Unit in the government of Somalia.
- UNDP contracted the Somalia Agricultural Technical Group (SATG) to undertake three value chain analyses on marine fisheries, sesame, and dairy products in eight districts, covering all of Somalia:
  - Baidoa, South West: Dairy
  - Abudwak, Galmudug: Dairy
  - Mogadishu, Banadir: Fisheries
  - Kismayo, Jubaland: Fisheries
  - Bossaso, Puntland: Fisheries
  - Berbera, Somaliland: Fisheries
  - Beletwyne, Hiraan: Sesame
  - Jowhar Middle Shabelle: Sesame
- UNDP and SATG have been working closely with relevant Ministries (Agriculture; Livestock, Forest and Range; and Fisheries and Marine Resources).
- UNDP continued the inventory of existing studies for the selected priority sectors (sesame, dairy, marine fisheries) and other relevant secondary information, and put the information in a shared folder on dropbox.
- UNDP confirmed with districts which of the three value chains they are interested in (see table above).
- Developed three sector-specific questionnaires (fishery, sesame and dairy), designed a template for the sector profiles, and developed material for the training workshop.

- Undertook a three-day workshop in Mogadishu (December 7-9) with 23 enumerators and staff from relevant Ministries. Participants revised and validated the sector-specific questionnaires and data entry spreadsheets (e.g. for input suppliers, producers, traders, processors, exporters, and key informants). Subjects covered in the training included value chain concepts, survey methodology, and review and adaptation of the questionnaires to the situational context of South Central, Puntland and Somaliland. The training approach used was participatory role-play that facilitates a discovery learning process using non-formal education methods.
- Enumerators then established contacts with local authorities to facilitate the process, and undertook interviews (one-to-one interviews and Focus Group Discussions) and data collection in all target regions and districts. The data entry lasted until the end of December 2015.

#### Sources of Evidence for Results Progress and Achievements

- Steering Committee on Youth Employment and SDRF Steering Committee approved project document for *“FGS-UN Joint Programme on Youth Employment”*
- Steering Committee on Youth Employment and SDRF Steering Committee approved the project document for *“FGS-UN Joint Programme on Youth Employment”*, which was signed on 17 June 2015.
- Minutes of PSG4 meetings.
- Back-to-office report for the Geneva mission to the EIF Secretariat (4-6 May).

## Output 2 – Sustainable and socially responsible extractive industries sector promoted in Somalia.

Narrative update on Progress towards Output			
The output contributes towards the overall objective of the project on promoting sustainable and socially responsible extractive industries sectors in Somalia.			
Output Indicators	Baseline	Annual Target	Progress to date
1. Legal, policy and institutional frameworks in place for sustainable and responsible extractive industry.	1. No such frameworks or policies exist	1. Nationally applicable EIA, SIA and environmental audit guidelines exist for the extractive sector.	1. No progress.
Planned Activities as per Annual Work Plan		Progress Against Activities	
<p><b>Activity Result 2.1: Policy frameworks established for the extractive industries in Somalia</b></p> <ul style="list-style-type: none"> <li>Action 2.1.1: Scoping study on the extractive industries of Somalia and role of national and international institutions for the sustainable development of extractive industries.</li> </ul> <p><b>Activity Result 2.2: Nationally applicable environmental and social impact guidelines developed and staff trained to implement the same.</b></p> <ul style="list-style-type: none"> <li>Action 2.2.1: Establish nationally applicable environmental impact assessment (EIA) and environmental audit guidelines.</li> <li>Action 2.2.2: Establish nationally applicable social impacts assessments (SIA) and mitigation measures.</li> <li>Action 2.2.3 Training of relevant national staff on the application of policies, regulatory frameworks, negotiations and environment and social safeguards.</li> </ul>		<p><b>Activity Result 2.1:</b></p> <ul style="list-style-type: none"> <li>The scoping study was not done in 2015.</li> <li>Initially, discussions had been underway with UNDP’s Regional Practice Leader for Energy &amp; Environment on how to support the scoping study, and it was planned to undertake the scoping study as the first activity in 2015.</li> <li>However, the scoping study could not be funded due to financial restraints of the Global Initiative on Extractive Industries for Sustainable Development. The budget situation in HQ for 2015 remained uncertain, due to the restructuring and UNDPs current financial situation.</li> <li>Discussions continued for several months whether there are alternative ways to support the scoping study, perhaps with UNDP’s own funds. This was however abandoned by UNDP senior management, who wanted activities to focus on the Joint Programme on Youth Employment.</li> </ul> <p><b>Activity Result 2.2:</b></p> <ul style="list-style-type: none"> <li>This is not done either, as these activities depend on the successful outcome of Activity Result 2.1.</li> </ul>	
Sources of Evidence for Results Progress and Achievements			
<ul style="list-style-type: none"> <li>Exchange of project proposals and emails.</li> </ul>			



## Output 3 – Production of project documents associated to Output 1 and Output 2

Narrative update on Progress towards Output			
Output Indicators	Baseline	Annual Target	Progress to date
1. Project Board meeting to review project progress	1. No dedicated team for project management	1. Project board meeting held	Project Board meeting did not take place in 2015. Project document for Joint Programme on Youth Employment elaborated and endorsed
Planned Activities as per Annual Work Plan		Progress Against Activities	
<p><b>Activity Result 3.1: Project documents established for Output 1 and Output 2</b></p> <ul style="list-style-type: none"> <li>3.1.1 Project documents established for Output 1 to support the Somalia government capacities for enhanced trade and value chain development</li> <li>3.1.2 Project documents established for Output 2 to promote sustainable and socially responsible extractive industries sector in Somalia</li> </ul>		<p><b>Activity Result 3.1</b></p> <ul style="list-style-type: none"> <li>Concerning <b>Output 1 (Support the Somalia government capacities for enhanced trade and value chain development)</b>, there are two activities: <ul style="list-style-type: none"> <li>For the <b>Enhanced Integrated Framework (EIF)</b>, there has been no project document drafted, as there was a significant delay in 2015, with MoCI not deciding which of the six EIF core agencies would be the “lead agency” for EIF-related activities, such as the DTIS (Diagnostic Trade Integration Study).</li> <li>In contrast, four UN agencies (FAO, ILO, UN-Habitat and UNDP) have prepared a project document for the <b>FGS-UN Joint Programme on Youth Employment</b>, which was signed by the government on 17<sup>th</sup> June 2015.</li> </ul> </li> <li>Concerning <b>Output 2 – Sustainable and socially responsible extractive industries sector promoted in Somalia</b>, there is no project document, as the project was abandoned.</li> </ul>	
Sources of Evidence for Results Progress and Achievements			
<ul style="list-style-type: none"> <li>Project inception report</li> <li>Approved annual work plan for 2015</li> <li>Steering Committee on Youth Employment and SDRF Steering Committee approved project document for “<i>FGS-UN Joint Programme on Youth Employment</i>”</li> </ul>			

## SECTION 3 – CROSS-CUTTING ISSUES (GENDER, HIV/AIDS, PEACE AND CONFLICT, HUMAN RIGHTS)

The Joint FGS-UN Programme on Youth Employment aims to capitalise on recent security, governance and reconciliation achievements by expanding employment opportunities for **young men and women** in Somalia. It explicitly recognizes the potential of Somalia's youth as agents of change for economic growth and social development and will focus on them to build Somalia's future. As highlighted in the Economic Recovery Plan for Somalia, youth unemployment is one of the greatest obstacles to the country's economic recovery. The plan states the aim of the government is to provide youth with employment opportunities so as to avoid the latter joining militia groups. The employment generating interventions from this programme also aim to augment the credibility of the FGS and build trust and confidence in local governance and security sector institutions while providing immediate peace dividends to vulnerable sub-sections of the population. As encouraged in the New Deal Compact, this joint youth employment programme is a frontline intervention of the FGS to achieve rapid results under Peace and State-building Goal (PSG) 4 (Economic Foundations), which identifies youth employment through job creation and skills development as one of the most important priority projects over the next two years.

**Women** face additional religious, cultural, and social constraints which need to be carefully considered when developing youth employment programmes; for this reason, to ensure adequate representation, at least 30% of all programme beneficiaries will be young Somali women. Concerning value chain development, the programme will analyse gender relations, power, roles and outcomes, and not just describing differences but assessing their root causes and ensure the full participation of women in value chains.

## SECTION 4 – CHALLENGES / LESSONS LEARNT

1. Due to financial restraints of UNDP's Global Initiative on Extractive Industries for Sustainable Development which was beyond UNDP Somalia's reach/influence, the scoping study could not be funded. As a result, this affected project delivery as some of the outputs planned were not achieved. The budget situation in HQ for 2015 remained uncertain, due to the restructuring and UNDP's current financial situation. There were discussions whether UNDP could finance the scoping study with internal funds, but this idea was finally abandoned.
2. There are high expectations from the Youth Employment project to set the foundations for long-term job opportunities for young men and women in Somalia. This was voiced at various PSG4 meetings, both in Mogadishu and in Garowe, Puntland.
3. Opening up the consultations beyond the Federal level to include various States, interim and yet-to-be-established administrations showed that the political appetite has become even greater, despite the limited funds.
4. At the same time however, the various meetings at PSG4 working group and sub-working group levels continued to suffer from a lack of consistent and high-level participation, including the Ministry of Commerce and Industry.

## SECTION 5 – RISK MANAGEMENT

This section can be used to update or use the risk logs developed during the project development stage and provide any mitigation measures being undertaken by the project.

Type of Risk	Description of Risk	Mitigating Measures
Operational, Political	A low level of cooperation between executing institutions due to political divisions and the existence of distinct zones of Federal Somalia, new/emerging states, Puntland and Somaliland makes the coordination of policy development challenging.	
Financial	If MoCI does not choose UNDP as the lead agency for the DTIS, UNDP would not get the USD 400,000 and deliver the DTIS in 2015.  Likewise, UNDP's Global Initiative on Extractive Industries for Sustainable Development does not have funding to pay for the planned scoping study.	Regular meetings and explanations with MCI. However, it was only with the nomination of the new Minister of Commerce and Industry in November 2015 that EIF got back on track.  UNDP has been discussing alternative sources of funds, but the project was finally abandoned.
Operational	Security risks could affect project implementation.  For the Youth Employment project, eight districts in the following States/administrations will be reached by the programme: Benadir Region, Jubaland, Puntland, South West, Galmudug, Hiran, and Middle Shabelle.	The participating UN agencies need to make sure that the districts are selected based on the criteria of having a stable security situation.
Political	No communication with MoCI about the next steps of the EIF.	UNDP discussed the issue with MoPIC and the Deputy Prime Minister. The nomination. The nomination of the new Minister of Commerce and Industry in November 2015 resolved the problem.

**SECTION 6 – MONITORING AND OVERSIGHT ACTIVITIES**

Monitoring Activity	Date	Description & Comments	Key Findings / Recommendations
Project board meeting TPSD			There was no Project Board in 2015.

## SECTION 7 – FINANCIAL REPORT

Donor	Total funds committed	Available resources for the year	Contribution as % of AWP	Expenditure	Balance <sup>1</sup>	% Delivery	Comments
SIDA	83,828	68,003	6%	62,669	5,334	5%	
UNDP (TRAC)	257,336	226,722	19%	156,295	70,427	13%	
Unfunded	839,999	-	-	-	-	-	
<b>TOTAL</b>	<b>1,181,163</b>	<b>294,725</b>	<b>25%</b>	<b>218,964</b>	<b>75,761</b>	<b>18%</b>	

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<sup>1</sup> Available resource for the year minus funds disbursed till now.