

# Private Sector Development Project



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**PROJECT:**  
Private Sector Development Project

**PREPARED BY:**  
Amir Baker

**PROGRAMME:**  
Poverty Reduction & Environment  
Protection

**REPORT PERIOD:**  
Q4 - 1 October to 31 December 2012

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**DONORS:**  
Norway

## CONTEXTUAL ANALYSIS

### FEDERAL LEVEL

UNDP Staff access to some areas in South Central has improved, leading to increased activities on the ground in this area. However, capacities of government and NGO partners remain modest leading to delays in project implementation. The arrival of the Country Director to Mogadishu has set new dynamics, where the government and other partners foresee the possibility for UNDP to play a more proactive development role. There is keen interest in having strategic interventions in Private Sector Development that could lead to enhanced employment opportunities.

### PUNTLAND

The major factors that have hindered project implementation is lack of capacities at the local level to design sound proposals, follow up on implementation and provide timely concrete outputs. The poor economy is leading many implementation partners to compete over project resources to implement activities. However, this is made with a heightened level of confidence that is not realistic. The debate over whether NGOs or Government agencies have the capacity to implement project activities was quite evident in the Quarterly Review and 2013 Work Planning Meeting for the PSD Project held in Garowe in early December.

### SOMALILAND

The local councils elections did not have a major bearing on the Private Sector activities in Somaliland, with the exceptions of delays up to two weeks in meetings with Government officials who were all occupied with the elections. The Private Sector remains a key development champion in Somaliland exercising control overall most of the economic activities. PSD held extensive discussions with key partners to review existing policies that are governing the work of the Private Sector. It was found that there is a need to update existing laws and establish new laws that will have a bearing on Private Sector investments in Somaliland.

## RESULTS

|    |           |   |   |
|----|-----------|---|---|
| SL | Indicator | 3.2.1.1 Number of policies, legal and institutional frameworks revised, updated and/or formulated for inclusive growth  | G |
|    | Result    | Mapping Report on policies are produced. The Public Private Partnership Study has been produced   |   |
|    | Comment   | The Mapping report needs to re-focus on Private Sector laws and policies only. The PPP Study made some recommendations on joint PPP activities through the PPP Unit at the Ministry of Planning |   |
| SL | Indicator | 3.2.2.1 Number of new markets explored  | G |
|    | Result    | The Chamber produces monthly reports on prices of livestock commodities   |   |
|    | Comment   | The Capacity of the Chamber to explore new markets is quite modest  |   |
| SL | Indicator | 3.2.4.2 Number of dialogue platforms discussing the socio-economic impacts of Khat  | G |
|    | Result    | Draft Advocacy materials produced   |   |
|    | Comment   | Activity implemented in conjunction with the Gender Unit  |   |
| 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    | Sixty PLHIV trained in business management and twenty received grants to start their own businesses   |   |
|    | Comment   | During the selection process a large number of PLHIV registered with the NGO in Hargeisa and all requested to be included in the beneficiary list   |   |
| PL | Indicator | 3.2.1.1 Number of policies, legal and institutional frameworks revised, updated and/or formulated for inclusive growth  | Y |
|    | Result    | Mapping of laws starting, Company & commercial laws developed but need to be translated into Somali   |   |
|    | Comment   | Activities will be implemented in 2013  |   |
| 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 were provided with Grants in Garowe   |   |
|    | Comment   | NGOs do not have capacity to provide micro-loans  |   |
| PL | Indicator | 3.2.3.3 Number of women trained in business management and entrepreneurship   | G |
|    | Result    | Business Development Center established in Bosaso by Chamber of Commerce  |   |
|    | Comment   | There is a need to expand BDC to Galkayo and Garowe   |   |

## RESULTS

|    |           |   |   |
|----|-----------|---|---|
| PL | Indicator | 3.2.3.2 Number of functioning cooperatives, MFIs, and business associations established or strengthened, disaggregated by gender      | G |
|    | Result    | Three Vocational Training Centers selected in Galkayo and Garowe to provide training to 320 youths                                    |   |
|    | Comment   | Training include Electrical, Carpentry, Office Management, Tailoring, Cooling System, Beauty Saloon Management , Plumbing and Welding |   |
| PL | Indicator | 3.2.2.2 Number of priority recommendations from value chain analysis that are implemented   | G |
|    | Result    | Four domestic market studies completed  |   |
|    | Comment   | 150 Fishery sector men and women were provided with grants in Bosaso  |   |
| FL | Indicator | 3.2.3.2 Number of functioning cooperatives, MFIs, and business associations established or strengthened, disaggregated by gender      | G |
|    | Result    | International consultant fielded, carried out assessment and drafting report  |   |
|    | Comment   | Data on Micro-finance is not available for South Central and not all areas are accessible   |   |
| FL | Indicator | 3.2.1.1 Number of policies, legal and institutional frameworks revised, updated and/or formulated for inclusive growth                | G |
|    | Result    | Brainstorming Workshop and field assessment carried out by international consultant in December                                       |   |
|    | Comment   | Report with recommendations being drafted   |   |
| FL | Indicator | 3.2.3.3 Number of women trained in business management and entrepreneurship   | G |
|    | Result    | 750 youths including 350 women were trained in six vocational skills  |   |
|    | Comment   | Training was conducted over a three months period   |   |
| SL | Indicator | Public Private Dialogue (PPD) and partnerships (PPP) for recovery and development promoted.   | G |
|    | Result    | UNDP hired PPP Consultant issued report to establish PPP modality for Garowe Fish Market  |   |
|    | Comment   | Agreement within Government needs to be reached as to which Ministry will be in charge of PPP   |   |
| SL | Indicator | Number of policies, legal and institutional frameworks revised, updated and/or formulated for inclusive growth                        | G |
|    | Result    | Draft Road Map produced   |   |
|    | Comment   | Access to reliable data is a challenge  |   |

## RESULTS

|    |           |   |   |
|----|-----------|---|---|
| SL | Indicator | Labor Market Survey Report Produced   | G |
|    | Result    | Data collected is being analyzed by ILO   |   |
|    | Comment   | Activity implemented by HDEU Unit of PREP   |   |
| PL | Indicator | Road Map to institutionalize Islamic Micro-finance in PL developed  | R |
|    | Result    | Process for recruitment of Consultant to start work on developing road map initiated by Government                          |   |
|    | Comment   | Activity delayed even though LOA was signed in October 2012 and funds advanced  |   |
| PL | Indicator | Public Private Dialogue (PPD) and Partnerships (PPP) for recovery and development promoted                                  | G |
|    | Result    | International Consultant developed framework for PPP for Garowe Fish Market   |   |
|    | Comment   | Government needs to agree in line Ministry to act as focal point for PPP  |   |
| PL | Indicator | Labor Market Survey Report produced   | G |
|    | Result    | Draft Report issued and circulated for comments   |   |
|    | Comment   | Activity conducted for Garowe, Galkayo and Bosasso  |   |
| PL | Indicator | Private Sector initiatives through PPP modality established   | G |
|    | Result    | PPP framework developed by international consultant   |   |
|    | Comment   | Two PPPs expected with a Bank and a Private Sector company; One for Micro-finance and the other for ther Garowe Fish Market |   |
| PL | Indicator | Action Plan for the development of the Fisheries Sector finalized   | Y |
|    | Result    | Draft Action Plan developed but not shared with UNDP  |   |
|    | Comment   | Await sharing of the Draft Action Plan  |   |
| PL | Indicator | Chamber of Commerce to maintain and enhance the Livestock Market Management Information System (MIS)                        | G |
|    | Result    | Chamber of Commerce produced eight reports  |   |
|    | Comment   | Some information will be uploaded into the COC Website  |   |

## RESULTS

|    |           |  |   |
|----|-----------|--|---|
| PL | Indicator | Communal productive infrastructure and market facilities of fishery sector under PPP established | G |
|    | Result    | Equipment installed and recommended draft PPP modality produced                                  |   |
|    | Comment   | Government needs to accept PPP modality and adopt it   |   |



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## ACTIVITY HIGHLIGHTS

### FEDERAL LEVEL

An international Micro-finance consultant carried out assessment of the Micro-finance sector and he also delivered a training on modes and principles of Islamic Micro-finance. Severn hundred and fifty youths completed training in six vocational training areas.

### PUNTLAND

The findings of the Labor Market Survey was produced in Garowe. The activities relating to the Business Development Center were initiated in Bosaso.

### SOMALILAND

Sixty people out of a target of 125 People living with HIV AIDS were provided with business skills training. Twenty of those already received grants to start new enterprises. Publicity materials for Advocacy campaigns against Khat have been initiated also this quarter.

## PARTNERSHIPS

Two key internal partnerships were established this quarter. The first was with the Gender Unit, where publicity materialist for a campaign against Khat are being produced jointly in Somaliland. The second partnership is with the HIV/AIDS Unit where 125 people living with HIV AIDS are being targeted in Somaliland to be provided with business management training as well as eventually grants to start their own micro-enterprises.

In Somaliland, while discussions have been held with potential partners such as FAO, IFAD, Oxfam and US-AID projects, no concrete actions were implemented due to lack of funding.

The role of Government in partnerships takes two forms, the first is their normal oversight role and the second is their role in implementing activities through LOAs, which in most cases are delayed.

NGOs are seen as key partners, however, their capacity specially in South Central needs to be re-visited prior to any meaningful engagement as implementing partners for PSD activities.



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## PEACE AND CONFLICT

During the fourth quarter, two types of conflicts relating to the PSD Project emerged. The first was in Puntland, where at a meeting to discuss the PSD work plan for 2013, there was a clear conflict over resources between the Government and NGOs, with each demanding that funds for implementing activities be given to them rather than the other with each partner presenting their own argument. The second was in South Central, where during a field visit to Mogadishu, an NGO that UNDP partnered with in the past, was partly managed by the third party monitoring NGO which was contracted by UNDP to physically monitor activities implemented by NGOs in South Central. It was recommended that UNDP discontinue engagement with both NGOs.

## GENDER

The PSD Project continued its pursuit to maintain a gender balance in all project activities. While in most cases the ratio is 40%-60%, efforts have been exerted to increase the ratio. For example in SC, out of 750 youth trained in six vocational training activities, 350 are women which presents a ratio of 53%-47% in favor of men. In the fourth quarter of 2012, All NGOs submitting proposals for funding in PSD activities were requested to carry out a Gender Analysis prior to approval of the proposals. As mentioned in Q3 Report, there is a need for UNDP to advocate for more women in project coordinators positions in Somalia. Specially in projects funded by UNDP. In December 2012, PSD arranged for a meeting between the Gender Unit and the Minister of Planning in Somaliland and the Special Adviser to the President on enhancing the role of women in key decision making positions in the public and private sectors. An assessment exercise is being carried out to establish the baseline.

## UPCOMING QUARTER

The next quarter will focus on developing key strategic activities, where the road map establishment exercise will be completed and the three drafts will be discussed at a regional workshop on Islamic Microfinance in Khartoum, Sudan. The quarter will also witness finalizing the terms of reference for a private sector diagnosis mission that will eventually lead to establishing a Private Sector Strategy for the three regions of Somalia. Work on the Puntland Alternative Livelihoods to Piracy will reach its climax with all activities fully ongoing.

Piloting to derive best practices, test new modalities and ideas will also be a key feature in the next quarter work plan, specially activities relating to micro-grants and micro-loans targeting certain vulnerable groups.



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## REFLECTIONS / LESSONS

The internal synergies and partnerships with the Gender Unit and HIV/AIDS team were excellent joint collaborations that managed to cultivate good working relationships as well as enhance the level of impact of those activities.

Lack of statistical data and information is a major constraint affecting the assessment of activities relating to Micro-Finance and labor markets. This is partially evident in South Central, where collapse of institutions has led to lack of meaningful statistical data that could help in analyzing the sector. The Consultant carrying out the assessment is relying on the limited primary sources of information with heavy reliance on secondary sources of information.

The Quarter witnessed delays in implementation of LOAs by Governments in both Somaliland and Puntland. This led to a no cost extension of these activities, with the main reason for the delays are the lack of capacity or shortage of qualified personnel. The modality needs to be revisited with the need to deploy a full time international capacity building expert in each of the three regions.

The election of a new President for Federal Somalia and the relocation of the UNDP Office to Mogadishu does provide an opportunity for meaningful engagement with the Government there with a focus on strategic activities that could lead to tangible impacts.

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|                                      |               |
|--------------------------------------|---------------|
| APPROVED BUDGET                      | USD 1,309,556 |
| TOTAL (DISBURSEMENTS + COMMITMENTS)  | USD 1,238,264 |
| BALANCE OF FUNDS                     | USD 71,292    |
| % DELIVERY (AGAINST APPROVED BUDGET) | 95%           |