

Quarterly Report

Local Economic Development Somalia Project

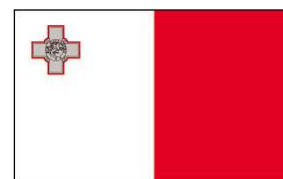
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|---------------------------------|--|
| Reporting Period | 01 April 2016 – June 31 2016 |
| Government Counterpart | Federal Ministry of Planning and International Cooperation (MOPIC) |
| PSG | 4: Economic Foundations |
| PSG priority | Priority 1: Enhance the productivity of high productivity sectors and related value chains, including through rehabilitation and expansion of critical infrastructure for transport, market access, trade and energy Priority 2: Expand opportunities for youth employment through job creation and skills development. |
| Focus Locations: | Jubaland State: Kismayo |
| AWP Budget | 228,786 |
| Available Funds for year | 255,248 |
| Expenditure to date | 64,429 |

CONTRIBUTING DONORS: ITALY, UNDP AND MALTA



*Empowered lives.
Resilient nations.*



ABBREVIATIONS AND ACRONYMS

| | |
|-------|--|
| ALTP | Alternative Livelihoods to Piracy project |
| ARC | American Refugee Committee |
| AWP | Annual Work Plan |
| AS | Al-Shabab |
| ICES | Integrated Community Empowerment/ Somalia project |
| LOA | Letter of Agreement |
| MCG | Micro-Capital Grant |
| M&E | Monitoring and Evaluation |
| MoPIC | Ministry of Planning and International Cooperation |
| NGO | Non-Governmental Organization |
| PREP | Poverty Reduction and Environment Protection Programme |
| PSGs | Peacebuilding and Statebuilding Goals |
| PPU | Partnership and Planning Unit |
| TOR | Terms of Reference |
| UNDP | United Nations Development Programme |
| UNHCR | United Nations High Commission for Refugees |
| USD | United States Dollar |

SECTION 1 – KEY DEVELOPMENTS DURING THE REPORTING PERIOD

During the reporting period, remaining activity of Local Economic Development for Somalia continued. The only remaining project activity was a market to be rehabilitated in Kismayo. Project staff and UNDP engineer together with local counterparts conducted field mission Kismayo to assess the situation. The local government cleared the old market place from garbage and UNDP engineer developed engineering design and bills of quantities for the market.

The market construction procurement process started and is progressing well. The project aims to complete and handover the market facility with the local authority in Kismayo and Market Management Committee next quarter.

Some of the key developments during this quarter that directly or indirectly affected the project were:

- UNDP Poverty Reduction and Environment Protection (PREP) Program conducted a review of markets rehabilitated and/or established with the support of the program and its projects including LEDS. The review documented lessons learned and provided recommendations for the future. Some of the recommendations and lessons learned have fed into the Kismayo market construction and management work.
- A drought exacerbated by El Niño has directly affected the region over a million people mainly in the northern parts of the country, leading to an increase in food insecurity and malnutrition. Nearly 4.7 million people, or 38 per cent of the population, are in need of humanitarian assistance in Somalia. Of these people, 1.7 million are in drought-affected Puntland and Somaliland. The recent Gu rains have decreased the drought somewhat in certain areas and created opportunities for recovery among affected people, but the crisis remains of serious concern given the cumulative impact of up to four failed rainy seasons in parts of the country.
- Somalia has marked a milestone in its development by taking steps to normalize relations with international financial institutions. A mission led by Rogerio Zandamela met with Somali authorities in Nairobi in the first week of April 5 to discuss a staff-monitored program that will focus on policies to improve governance and fiscal management and foster development in the financial sector. The staff-monitored programs are informal agreements between a government and the IMF to monitor the implementation of the country's economic program.

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

OUTPUT 1: ONE ESSENTIAL LOCAL INFRASTRUCTURE REHABILITATED IN KISMAYO

| Narrative update on Progress towards Output | | | |
|---|---|---|---|
| Output Indicators | Baseline | Annual Target | Progress to date |
| <ul style="list-style-type: none"> - Number of social and productive infrastructures identified, rehabilitated and become functional - Number of direct and indirect beneficiaries of the infrastructure. - Number of short term jobs created | Social and productive infrastructure in poor conditions or does not exist | <ul style="list-style-type: none"> - At least 30 youth and women (20 men and 10 women) benefited for short term jobs. - One local infrastructure facility rehabilitated | Alanlay market in Kismayo is identified for rehabilitation. |
| Planned Activities as per Annual Work Plan | | Progress Against Activities | |
| <p>Activity 1.1: One facility requiring rehabilitation identified for rehabilitation or construction in Kismayu.</p> <p>Activity 1.2: Approve rehabilitation plans, design and BOQs for priority projects</p> <p>Activity 1.3: Identify and contract local implementing partners through RFP process.</p> <p>Activity 1.4: Oversee the implementation of rehabilitation works.</p> <p>Activity 1.5: Oversee the implementation, attendance and documentation of number of workers hired to do the job.</p> | | <ul style="list-style-type: none"> - Alanlay market in Kismayo is identified for construction - Kismayo authorities approved the construction plan, engineering design and Bill of Quantities is approved - Procurement process for civil works has been started and in on-going | |
| Sources of Evidence for Results Progress and Achievements | | | |
| <ul style="list-style-type: none"> • Back to office report • Engineering design and BOQ • Pictures • Procurement notice and process | | | |

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

- The project has managed to target over 40% women direct beneficiaries on the social rehabilitation and economic rehabilitation components in the past. The project is designed to target the most vulnerable groups including women, youth, IDPs and returnee refugees. For this reason, the identified market facility is mainly used by women vendors that sell vegetable, meat and other commodities.

SECTION 4 – CHALLENGES / LESSONS LEARNT

- Security situation and restriction on movements is still a major issue in Somalia and has a serious impact on the delivery and cost of the programme.
- Unemployment among youth is very high and basic infrastructure is almost damaged which requires more resources than the limited available resources of the project. The project was initially planned to be large scale of around 20 million US dollars for three years. However, donor contributions realized were close to 1.5 million USD. This limited the project to prioritize more interventions and therefore greater impact.
- The local authority in Kismayo requested from UNDP to include local construction companies in the bidding process for them to compete. These companies have not been assessed by UNDP engineer and have not undergone proper vetting process. However, UNDP agreed to include them after internal discussion and this caused some delays.

SECTION 5 – RISK MANAGEMENT

| Type of Risk ¹ | Description of Risk | Mitigating Measures |
|-----------------------------|--|--|
| 1. Delivery | As a result of operational difficulties including limited local capacities combined with insecurity in the target areas and introduction of HACT, delivery is expected to be slow. | <ul style="list-style-type: none"> • The project will try to start the implantation process as early as possible. • The donors of the project are fully aware on this problem and if there is a need for no cost extension, the project will use this as a last option. |
| 2. Security | The security situation in Somalia in general is unconfident and UN is a target. | <ul style="list-style-type: none"> • The project relies on the national staff to monitor and inspect the progress in the accessible areas. In addition, the project introduced suitable tools for remote management including using of third party monitoring. |
| 3. conflict creation | The needs are very high and diversified while the available resources are very limited and for specific activities. This could lead for competition over the benefit from the limited opportunities the project will provide. Competition could develop to conflict if doesn't managed properly. | <ul style="list-style-type: none"> • The local communities, elders and local authorities will be fully involved in the selection process of the beneficiaries • Each subproject will have Project Management Committee (PMC) to assure smooth implementation. • The Project management will update the project board on any serious conflicts need their interference and urgent actions. |
| 4. Strategic | The available resources for the project are less than 7% of the planned project. This is will make it hard for the project to achieve clear impact. | <ul style="list-style-type: none"> • Develop a bigger joint programme through UN-MPTF mechanism • Donors are invited and encouraged to allocate more resources to the project. |

¹ Environmental; Financial; Operational; Organizational; Political; Regulatory; Security; Strategic; Other.

SECTION 6 – MONITORING AND OVERSIGHT ACTIVITIES

| Monitoring Activity | Date | Description & Comments | Key Findings / Recommendations |
|---------------------------------------|------------|---|---|
| Engineering visit | April 2016 | Project technical assessment by area engineer and project manager. | The market facility was identified for construction, the engineer developed engineering design and BOQ for the market facility. |
| UNDP market facilities review mission | April 2016 | Area Project Manager conducted a mission to inform the project design and implementation and review the market facilities established by UNDP | The mission provided a review of market facilities established in the past, lessons learned were documented and recommendation for best practice put forward. |

SECTION 7 – FINANCIAL REPORT

| Donor | Total funds committed | Available resources for the year | Contribution as % of AWP | Disbursed | Balance ² | % Delivery | Comments |
|--------------|-----------------------|----------------------------------|--------------------------|---------------|----------------------|------------|----------|
| Italy | 84,682 | 97,249 | 43% | 44,549 | 52,700 | 19% | |
| Malta | 38,524 | 45,429 | 20% | 1,201 | 44,228 | 1% | |
| UNDP (TRAC) | 105,580 | 112,570 | 49% | 18,679 | 93,891 | 8% | |
| TOTAL | 228,786 | 255,248 | 112% | 64,429 | 190,819 | 28% | |

² Available resource for the year minus funds disbursed till now.