



## Note for the file

### *Programme Amendment n.2 for project extension*

## Productive Sectors Development Joint-Programme for Somalia

|   |  |
|---|--|
| <b>MPTF Gateway ID</b>                                      | 00123472   |
| <b>Geographical coverage</b>                                | All regions of Somalia   |
| <b>Approved Project duration</b>                            | August 18 <sup>th</sup> 2020 to September 30 <sup>th</sup> 2023  |
| <b>Proposed new project duration</b>                        | <b>August 18<sup>th</sup> 2020 to December 31<sup>st</sup> 2023</b>  |
| <b>Total approved budget</b>                                | US\$ 3,922,387   |
| <b>Programme funding level</b>                              | US\$ 3,708,898   |
| <b>Participating UN entities</b>                            | UNIDO, FAO & ILO   |
| <b>Project beneficiaries</b>                                | Public & Private institutions involved in Productive Sectors Development, Cooperatives, MSMEs.   |
| <b>NDP pillar</b>   | NDP 9.3 Economic Development   |
| <b>UNCF Strategic Priority</b>                              | UNSF Strategic Priority 3  |
| <b>SDG</b>  | SDG 1, SDG 2, SDG 4, SDG 5, SDG 8, SDG 9, SDG 10 and SDG 16  |
| <b>Gender Marker</b>  | 2  |
| <b>Related UN projects within/outside the SJF portfolio</b> | <ul style="list-style-type: none"><li>• Agrotechnology Development for Economic Growth in South and Central Somalia (UNIDO)</li><li>• Business incubators to support entrepreneurship and MSME creation in Somalia (UNIDO)</li><li>• Inclusive Local Economic Development of the fishery and livestock sectors in Somalia (FAO)</li><li>• Labour migration project for Somalia (ILO)</li></ul> |
| <b>Focal person</b>   | Ygor Scarcia, UNIDO Somalia, <a href="mailto:y.scarcia@unido.org">y.scarcia@unido.org</a> + 252 613905336  |



## **Programme Background and Phase 1**

Prolonged instability in Somalia has inhibited the economic growth potential of the country. The 25-year conflict has seen the destruction of key economic infrastructure. Government buildings, public facilities, roads, transportation, and communication networks have been destroyed or severely damaged. In this context, the lack of economic infrastructure that stimulates enterprise development and supports economic growth has resulted in limited investments in the productive sectors, effectively constraining the urban population to rely predominantly on an informal economy based on trade, transport, utilities, communication, and construction, for income generation, service provision and international humanitarian aid.

Hence, to unlock the potential of international partners' support to the development of Somali productive sectors, the PSDP was designed as a programmatic framework from its Phase 1 to enable PUNOs to work on very specific and well-defined needs and tasks that, if addressed, could unlock the ability of the Somali productive sectors to generate economic growth and competitiveness across the country. This programmatic framework set-up was the outcome of a public private consultative workshop organized to validate the findings of UNIDO's Agro-tech project. It is also designed to respond to MoCI's request to develop a more comprehensive Productive Sector Development programme, to address sector priorities which do not yet benefit from international support, or which are not earmarked for support by other development partners.

The PSDP has been conceived as a programmatic framework aimed at promoting interventions at the macro, meso and micro levels of the Somali economy to promote infrastructure investment and capital investment, stimulate sustainable production, reduce post-harvest losses, develop market access for inclusive economic growth and promote job opportunities for all. This programme is aligned to the UN Cooperation Framework (UNCF) for Somalia 2021-2025 and represents an opportunity to address Somalia economic development priorities at the highest level and through a coherent and more effective coordinated response from the UN system already demonstrated capable to deliver in its phase 1 of the programme intervention (2020-2021).

Through this programme UNIDO (lead), FAO and ILO propose to leverage their respective core areas of expertise and experience in Somalia to support an enabling environment for the further development of Somali productive sectors by: (1) Improving Somali productive sector policy regulators' capacities to create a business environment that will lead to sustainable and inclusive economic growth and decent job opportunities for all; (2) Improving and establishing infrastructure for productive sector growth and enhancing the capacities of public and private institutions to stimulate sustainable production;; (3) enhancing skills and production capacities of farmers, fisherfolk, cooperatives and MSME to create sustainable job opportunities for all. The overall objective set forward by this programme is to stimulate a more inclusive economic growth and job creation in all productive sectors of the Somali economy, and particularly for youth and women in vulnerable areas of the country, ultimately contributing to reinforcing Somalia overall resilience against internal, external, and environmental shocks.

This joint programme has been designed in line with the provisions outlined in NDP-9, the Office of the Prime Minister's Economic Roadmap for Somalia, and the United Nations Sustainable Development and Cooperation Framework (UNSDCF) 2021-2025, with a view to assisting the Federal Government of Somalia to develop its national productive sectors to promote inclusive and sustainable growth and local development.

Furthermore, the PSDP has been designed to work in synergy with ongoing and planned programmes in the sectors and has been based on the lessons learned from completed initiatives implemented by UN Agencies, Funds and Programmes (AFPs), World Bank group and other international partners. These include: UNIDO's Agro-Tech Programme, the EU-funded ILED initiative and FAO-led RAAISE project, IFC PPD and Doing Business initiatives, World Bank Score, the European Union-funded FAO-led ProAct Project, the Sida-funded FAO-led Brims project, USAID Geel, FCDO (ex DFID) PIMS, etc.

The Productive Sector Development Programme (PSDP) sits within the Somalia UNSDCF 2021-2025 strategic priority area 3 on economic development, in full alignment with NDP-9 Pillar 3. It is led by UNIDO and implemented jointly with FAO and ILO. The PSDP supports five (5) line ministries MoCI (lead), MoFMR, MoLSA, MoAI & MoLFR. The activities in this joint programme represent the UN programmatic response to the priority needs identified by these five line ministries, with a view to contributing to the achievement of the Government's Vision for Growth, Stabilisation and Employment.

Accordingly, the PSDP has been designed with three levels of interventions: macro (national policy), meso (capacity building) and micro (direct support) levels. Together, these building blocks aim to tackle a range of challenges to maximize the impact of the programme on focus areas to promote inclusive and long-term economic growth.

The identified intermediate outcomes on each of those levels is outlined below:

- MACRO Outcome 1** – Growth enabling strategic policies, plans and legislations are put in place;
- MESO Outcome 2** – Somali public and private institutions can offer access to enhanced productive sectors development services and infrastructure; and,
- MICRO Outcome 3** – Somali productive cooperatives and SME have access to skill development initiatives, production facilities, technologies, and financing solutions.

Phase 1, from September 2020 to February 2022, has been funded by Italy with about 2 million USD earmarked contribution to the UN Somalia Multi Partners Trust Fund (UN-MPTF), with the following key activities:

- Facilitate the formulation of a national strategy for the development of Special Economic Zones (SEZs) and undertake a national pre-feasibility study for Special Economic Zones.
- Expand the Somali Chamber of Commerce and Industry (SCCI), the Ministry of Commerce and Industry (MoCI) and UNIDO network of Enterprise Development Units.
- Assess Somalia's Quality Infrastructure and Standards (QIS) ecosystem with a view to formulating a holistic roadmap for QIS development linked to trade requirements and interventions critical to facilitate WTO accession for Somalia.
- Conduct capacity assessment and first-phase organizational development towards the revamp of the Somali Chamber of Commerce and Industry.
- Establish one common production facility in the sesame sector.
- Formulate a national fishery masterplan.
- Formulate a national occupational health and safety policy.
- Provide technical assistance towards the reestablishment of the National Labour Court.
- Deliver capacity building to women group in prioritized agriculture and fishery value chains.

## Programme Revision and Phase 2

The programme was designed to end in December 2021 and extended first to February 2022 and later to September 2023 after the signature of the agreement for the additional Italian funding.

In July 2021, the programme has been able to garner an additional funding contribution of about 2 million USD from the Italian government, which has activated an additional 18-month component of the PSDP, to be implemented by UNIDO (also this contribution has been funded through the UN-MPTF Trust Fund). This additional funding has allowed UNIDO to continue the advisory support offered to the Ministry of Commerce and Industry and expand business development service to Small and Medium Sized-Enterprises (SME), and FAO and ILO to continue the implementation of the planned activities.

Significant progress has been made during the phase 2.

Through a Letter of Understanding with the Ministry of Agriculture and Irrigation (MOAI) Federal Government of Somalia FGS, MoAI Southwest and a Letter of Agreement with the NGO Humanitarian Action for Relief and Development Organization (HARDO), 200 women farmers in Marka district in Southwest state were organized into six cooperatives by FAO: four cooperatives with 139 members in Buufow Bacaad village and two cooperatives with 61 members in Janaale village. The members of the cooperatives were registered, and through consultative meetings, elected their officials. 40 women cooperative leaders received training in group leadership, governance, management, agribusiness management concepts, and good agricultural practices. 10 cooperative representatives received additional training on good agricultural practices, with a focus on the production of vegetables. These 10 cooperative leaders took part in a five-day farmer tour and workshop, where they learned how to start a home garden and implement sustainable farming techniques for vegetable production. The cascade of peer-to-peer training in cooperative governance and management, modern agribusiness concepts, and good agricultural practices is expected to have improved the productive capacity and skills of the cooperative members.

Under the Fisheries component, FAO made significant progress towards a first complete draft of the Fisheries Master Plan, with all 13 chapters successfully reviewed and combined in to one document, following the inputs from an international Consultant. FAO completed the training of 20 women from Fisheries Co-operatives in Marka and Jazira, and distributed 3 out of 12 units of solar fridges and fish processing kits to support women in new or growing fish processing and trading businesses. Lastly, FAO prepared training objectives and materials for the training of Ministry of Fisheries and Blue Economy staff in key aspects of fisheries management and monitoring control and surveillance.

For ILO, the following achievements can be highlighted:

- National OSH Policies: The Final draft of OSH policy completed in collaboration with Ministry of Labor and Social Affairs (MOLSA), Federation of Somalia Trade Union (FESTU), and Somalia Chamber of Commerce and Industry (SCCI).
- The OSH national program- Prepared in line with the National Policy on Safety and Health at workplace. The OSH monitoring group agreed on 6 key sectors for the program. The sectors are agriculture, construction, fishing, livestock, mining, and education.
- Assessment of the capacity of the OSH department of MOLSA in terms of personnel, knowledge, training, and facilities to enhance their effectiveness, efficiency and foster a safe and healthy occupational environment completed.
- Legislations for the re-establishment of Labour courts: the review of the existing legislations for the re-establishment of the labour courts was completed in collaboration and consultation with MoLSA, FESTU, SCCI, Ministry of justice and other key stakeholders.



For UNIDO, the following achievements can be highlighted:

- Opportunity mapping on special economic zones development in Somalia and Pre-feasibility assessment of potential SEZs in Somalia, including fish and food processing industry in Mogadishu, agro-commodity processing in Baidoa and fish processing industry in Bossaso was finalized and shared with MoCI for a wider consultation process with partners and government. The report provides an assessment of market demand, type of infrastructure, commercial viability, implementation modality and potential sites for each of the three SEZ opportunities.
- UNIDO has expanded the EDU network by including two more EDUs, one in Galmudug and one in Puntland. A consultation workshop was conducted in the 2<sup>nd</sup> week of October 2022 with representative from the Chamber of Commerce and Industry from the above mentioned regions. This was followed by organizing a Trainers of Training program in Mogadishu from 17<sup>th</sup> to 19<sup>th</sup> December 2022 for both the regional chambers, altogether 8 participants participated , four from each.
- A new round of Training of Entrepreneurs (ToE) has been completed as per the project extension requirement in all the four existing EDUs. Altogether 95 entrepreneurs have been trained , out of which 52 are women.
- As part of continuous support through EDU network, MSMEs including women led ones were support through business counselling and exposure to international fairs and exhibitions in year 2022. The details are as follows:
  - Somalia Business Matchmaking Forum (27<sup>th</sup> January)
  - 7<sup>th</sup> EU-Africa Business Forum 2022 (15<sup>th</sup> February)
  - MACFRUT 2022 (4<sup>th</sup> – 6<sup>th</sup> May)
  - IPACK-IMA 2022 (3<sup>rd</sup> – 6<sup>th</sup> May)
  - Virtual Round Table on irrigation, (21<sup>st</sup> July) .
  - Launching of Training CNH-Gaalooge, (14<sup>th</sup> September).
  - SAIE exhibition, (19-22 October). 3 Somali companies.
  - EIMA exhibition, (9-13 November). 2 Somali companies.
  - Institutional visit of MoCI in Italy, (28-29 November).
  - Off-Grid exhibition and study tour in Germany, (1-7 December).

Altogether 47 MSMEs attended the events, which generated number of B2B meetings.

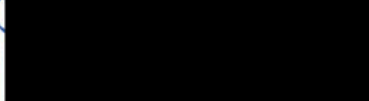



### **Project extension**

The delay in receiving the additional funding from Govt. of Italy and the uncertainty due to political vacuum did impact the deliverables of UNIDO. Additional funding support earmarked by Italy in MPTF for UNIDO, which had been approved in 2021 and signed on July 14<sup>th</sup> 2021, were released only on May 25<sup>th</sup> 2022. This has been repaired considerably and the remaining activities are now fully in the implementation phase. The expansion of the project under UNIDO to two new States has been launched, discussions with MoCI on onboarding the SEZ report has been started with UNIDO Advisor to MoCI, all the required procurement processes for credit facility under the project has been finalized.

**However to allow for the completion of ongoing activities, and in particular the closing of the credit facility, a three-month extension of the project duration is requested until December 31, 2023.**

**Endorsed by:**



|   | Institution                                | Name  | Pos  |  |
|---|--|---|--|--|
| 1 | FGS Ministry of Commerce & Industry (MoCI) | <i>Abdirahman Shariif Hussein</i>               | <i>Minister of Commerce &amp; Industry - FGS</i>   |                   |
| 2 | UNIDO                                      | Ygor Scarcia                                    | UNIDO Somalia Programme Industrial Development Expert & Representative (O.i.C.)  | <br>14/03/2023    |
| 3 | FAO  | Roland Kassab on behalf of Etienne Peterschmitt | FAO Somalia Representative   | <br>20 March 2023 |
| 4 | ILO  | Alexio Musindo                                  | Director, ILO Country Office for Ethiopia, Djibouti, Somalia, Sudan and South Sudan and Special Representative to the AU and ECA | <br>20/03/2023  |

## Annex 1 – Revised result framework and programme workplan (Q4 2020 to Q4 2023)

| OBJECTIVE and OUTCOMES  | INDICATORS   | PROGRESS (2021)                                     | TARGET RESULTS |               |      |      |      |
|---|--|---|----------------|---------------|------|------|------|
|   |  |   | TARGET         | FEMALE Target | 2021 | 2022 | 2023 |
| Overall OBJECTIVE: Somalia Productive sectors are able to create and sustain jobs and economic opportunities also against internal and external shocks.   | # of jobs created, and jobs retained (UNCF 3.1.c & SCO1)             | 375 (sept 2021)                                     | min. 2,000     | 33%           | 2021 | 2022 | 2023 |
| Specific OBJECTIVE: To support inclusive and sustainable post-crisis productive sectors development across Somalia  | # of SME with increased inclusion in value chains ( SOC2)            | 450 (sept.2021)                                     | min. 1,000     | 33%           | 2021 | 2022 | 2023 |
| OUTCOME 1: Growth enabling strategic policies, plans and legislations put in place  | # of new or revised reforms/ policy adopted by policymakers ( POL 1) | 1   | 3              | n.a.          | 2021 | 2022 | 2023 |
| OUTCOME 2: Small public and private institutions have access to enhanced productive sectors development services and infrastructure   | # of intermediary institutions strengthen ( GOV 1)                   | 5   | 5              | n.a.          | 2021 | 2022 | 2023 |
| OUTCOME 3 - Somali productive cooperatives and MSMEs access skilled development initiatives, production facilities and technologies   | Value (\$) of new investments leveraged ( INV 3)                     | Est. 5m. (Sept. 2021)                               | \$150m.        | 33%           | 2021 | 2022 | 2023 |
|   | Number of investment-ready proposals elaborated ( INV 1)             | 150 (set 2021)                                      | min. 1000      | 33%           | 2021 | 2022 | 2023 |
|   | # of SMEs financed ( INV 2)  | 92 (sept 2021)                                      | min. 600       | 33%           | 2021 | 2022 | 2023 |
|   | # of new technologies adopted ( TEC 3)                               | 8 (sept 2021)                                       | min 100        | n.a.          | 2021 | 2022 | 2023 |
| OUTPUTS   | AGENCY   | INDICATORS  | TARGET RESULTS | FEMALE Target | 2021 | 2022 | 2023 |
| OUTPUT 1.1: Capacities of public and private productive sectors institutions are established to deliver on a sustainable and inclusive post-crisis economic agenda                                |  | Number of reforms/ policy drafted/prepared ( PAU 1) | Target         | n.a.          | 2021 | 2022 | 2023 |
| 1.1.1 Review existing legislations required to stimulate economic activities and investment; e.g. Industrial zones (IZs), special economic/export zones (SEZs) and provide a revamped draft laws. | UNIDO  | # of legislations reviewed/submitted                | 1              | n.a.          | 2021 | 2022 | 2023 |
| 1.1.2 Development of OSH Policy & technical assistance to operationalized new OHS Policy  | ILO  | # of policy document developed                      | 1              | n.a.          | 2021 | 2022 | 2023 |



| OUTPUT 1.2: Comprehensive plans for the development of Somalia productive sectors infrastructure and stimulate investment have been conducted                                |  | Number of analytical publications produced ( PAO 2) |          |            |           |           |           |           |           |           |           |           |           |           |           |           |           |
|--|--|---|----------|------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
|  |  | 3   | 6        | n.a.       | Q4        | Q1        | Q2        | Q3        | Q4        | Q1        | Q2        | Q3        | Q4        | Q1        | Q2        | Q3        | Q4        |
| 1.2.1  | Develop a National pre-feasibility study for industrial zones and special economic/export zones (SEZs)   | 1   | 1        | n.a.       |           |           |           |           |           |           |           |           |           |           |           |           |           |
|  | UNIDO # of reports developed   |   |          |            |           |           |           |           |           |           |           |           |           |           |           |           |           |
| 1.2.2  | Develop of a National Fishery masterplan   | 0   | 1        | n.a.       |           |           |           |           |           |           |           |           |           |           |           |           |           |
|  | FAO # of reports developed   |   |          |            |           |           |           |           |           |           |           |           |           |           |           |           |           |
| 1.2.3  | Conduct Durable solutions and rural mobility study for Somalia   | 1   | 1        | n.a.       |           |           |           |           |           |           |           |           |           |           |           |           |           |
|  | FAO # of reports developed   |   |          |            |           |           |           |           |           |           |           |           |           |           |           |           |           |
| 1.2.4  | Assessment for the formulation of a Somalia Programme on Quality & Standards for Trade Facilitation & Development (QS4T)   | 1   | 3        | n.a.       |           |           |           |           |           |           |           |           |           |           |           |           |           |
|  | UNIDO # of reports developed   |   |          |            |           |           |           |           |           |           |           |           |           |           |           |           |           |
| <b>OUTPUT 2.1: Proposal drafting of employment reach Economic Growth initiatives with MoCI, MoISA, MoA and other relevant ministries institutions submitted for approval</b> |  | <b>8</b>  | <b>8</b> | <b>33%</b> | <b>Q4</b> | <b>Q1</b> | <b>Q2</b> | <b>Q3</b> | <b>Q4</b> | <b>Q1</b> | <b>Q2</b> | <b>Q3</b> | <b>Q4</b> | <b>Q1</b> | <b>Q2</b> | <b>Q3</b> | <b>Q4</b> |
| 2.1.1  | Reinforce MoCI's advisory team and its technical capacities to effectively deliver on their inclusive and sustainable industrial development mandate, particularly focusing on delivering awareness trainings, conduct consultations and provide advisory support to MoCI and other FGS partners on youth and women participation in Somali productive sectors | 4   | 4        | 1          |           |           |           |           |           |           |           |           |           |           |           |           |           |
|  | # of Ministry's Advisor recruited  |   |          |            |           |           |           |           |           |           |           |           |           |           |           |           |           |
|  | # of economic growth initiatives taken/ revamped   | 3   | 3        | n.a.       |           |           |           |           |           |           |           |           |           |           |           |           |           |
|  | # of technical training programs developed for the economic growth initiatives   | 3   | 3        | n.a.       |           |           |           |           |           |           |           |           |           |           |           |           |           |
|  | UNIDO  |   |          |            |           |           |           |           |           |           |           |           |           |           |           |           |           |
|  | # of ministerial staff trained   | 10  | 10       | 33%        |           |           |           |           |           |           |           |           |           |           |           |           |           |
| 2.1.2  | Reinforce MoAI's advisory team and its technical capacities to effectively deliver on their development mandate.   | 1   | 1        | 1          |           |           |           |           |           |           |           |           |           |           |           |           |           |
|  | # of Ministry's Advisor recruited  |   |          |            |           |           |           |           |           |           |           |           |           |           |           |           |           |
|  | # of economic growth initiatives taken/ revamped   | 3   | 3        | n.a.       |           |           |           |           |           |           |           |           |           |           |           |           |           |
|  | # of technical training programs developed for the economic growth initiatives   | 3   | 3        | n.a.       |           |           |           |           |           |           |           |           |           |           |           |           |           |
|  | FAO  |   |          |            |           |           |           |           |           |           |           |           |           |           |           |           |           |
|  | # of ministerial staff trained   | 10  | 10       | 33%        |           |           |           |           |           |           |           |           |           |           |           |           |           |
| 2.1.3  | Reinforce MoFWR's advisory team and its technical capacities to effectively deliver on their development mandate.  | 1   | 1        | 1          |           |           |           |           |           |           |           |           |           |           |           |           |           |
|  | # of Ministry's Advisor recruited  |   |          |            |           |           |           |           |           |           |           |           |           |           |           |           |           |
|  | # of economic growth initiatives taken/ revamped   | 3   | 3        | n.a.       |           |           |           |           |           |           |           |           |           |           |           |           |           |
|  | # of technical training programs developed for the economic growth initiatives   | 3   | 3        | n.a.       |           |           |           |           |           |           |           |           |           |           |           |           |           |
|  | FAO  |   |          |            |           |           |           |           |           |           |           |           |           |           |           |           |           |
|  | # of ministerial staff trained   | 10  | 10       | 33%        |           |           |           |           |           |           |           |           |           |           |           |           |           |
| 2.1.4  | Reinforce MoISA's advisory team and its technical capacities to effectively deliver on their development mandate.  | 1   | 1        | 1          |           |           |           |           |           |           |           |           |           |           |           |           |           |
|  | # of Ministry's Advisor recruited  |   |          |            |           |           |           |           |           |           |           |           |           |           |           |           |           |
|  | # of economic growth initiatives taken/ revamped   | 3   | 3        | n.a.       |           |           |           |           |           |           |           |           |           |           |           |           |           |





