

# Local Economic Development Project



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## PROJECT SUMMARY

The Local Economic Development (LED) project is one of the 4 main strategic interventions of the Poverty Reduction and Environment Programme (PREP). It is responsible for achieving Sub-Outcome 3.4 under Outcome 3 of the Country Programme Document (CPD) for UNDP Somalia.

Outcome 3: "Somali Men and Women benefit from increased sustainable livelihood opportunities and improved natural resource management"

Sub-outcome 3.4: "Local communities empowered to analyze, participate in and advance recovery and development, local enterprise, conflict and sustainable environment management."

The lack of infrastructure is a major challenge in Somalia and the rehabilitation of infrastructure facilities are vital to the local communities and enhance local economic recovery and development. Hence, the LED project focuses on productive community infrastructure development which provides short term employment to build the sustainable infrastructure, which will have a long-term impact on the economic opportunities for communities.

To empower local communities and increase sustainable livelihoods the project rehabilitated and constructed 23 basic community infrastructure projects in the three regions, generating 68,130 workdays for 2,180 unskilled and skilled worker. The rehabilitated and completed infrastructure are now functional and already benefitting local communities. The labor selected for the civil works were from poor households and on average worked 31.25 days, with an average daily wages of about USD 8 per worker per day which totaled on average USD 250 per worker. This provided poor households with short term employment opportunities.

In Puntland alone, 14 basic infrastructure facilities were rehabilitated or established. The Garowe fish market was completed and operationalized. The market enhances economic opportunities of fishermen in Eyl and promotes the consumption of fish as alternative and affordable source of protein for low income communities in Garowe.

Main access roads in Jariban and Eyl have been rehabilitated. The two roads improved access, trade and transportation. They contribute to the local economy of the districts and have positive impact on the livelihoods of the fishing communities in Eyl and Garaad.

Four water berkets (water tanks) were established in Qarxis for rural communities to use for their livestock. Small irrigation canals and water tanks were rehabilitated for farmers in Eyl, these enhanced local community's capacities to grow and keep their water expenditure for farms and livestock at a minimum.

In Somaliland, Burao Airport and Technical Institute were rehabilitated, which provided skills training to 200 youth at the training center. A deaf school was also constructed and is now operational. The project also implemented water harvesting activities in Owdweyne and Burao Districts in Togdheer region. Six villages are benefitting from nine rehabilitated berkets and another two villages benefited from two water rehabilitated catchments.

In South Central Somalia, two markets were rehabilitated in Adado, providing more economic opportunities for traders. In addition, a school in Mataban and a sports facility in South Galkayo were rehabilitated. And the rehabilitation and furnishing of a vocational training school in Abudawak is ongoing, and is expected to be completed in 2014.

In Somalia, nearly 70% of the population is under the age of 30. However, the unemployment rate for youth in Somalia is 67% —one of the highest in the world, according to the UNDP 2012 Human Development Report. However, by offering alternatives and support to disenfranchised youth, the LED project is working to change these dynamics.

The LED project focused on youth, particularly in the piracy prone areas of Puntland and Central Regions. Many vulnerable young people in these areas are lured into conflict or engage in piracy as a means of survival. The project rehabilitated and equipped the Garowe and Eyl Youth Center, and worked with UNDP's Community Security Project to provide social rehabilitation and integration to 100 youth in Eyl.

Youth centers, sports facilities and vocational skills training centers were rehabilitated and/or established by the project to engage youth and provide them with alternative opportunities to acquire skills, start small businesses, and socialize at the centers and facilities. This encouraged youth community participation and engagement and reduced frustration in the target areas.

LED contributes to PSD 4 of the Somali Compact and project interventions are developed in a participatory manner led by the government. In 2013, project work-planning sessions were conducted at the Ministry of Finance and Planning in Mogadishu, chaired by the Deputy Minister of Finance and Planning. This was the first time in decades, all the different stakeholders and government line-ministries attended together with donor representatives and validated the workplan. This and similar



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**PROJECT:**  
Local Economic Development Project

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**PROGRAMME:**  
Poverty Reduction & Environment  
Protection

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**DONORS:**  
UNDP BCPR  
Greece  
Italy  
UK FCO  
SHELL  
BP  
Maersk  
NYK  
MOL  
K Line  
Stena

## CONTEXTUAL ANALYSIS

### FEDERAL LEVEL

Remittance by diaspora and investment by returnees increased and business is booming in Mogadishu, especially in the infrastructure sector. There are increasingly new companies, shops, restaurants and hotels opening in the city, and an increasing numbers of people coming to Mogadishu. This increased the market value of real estate and other assets and led to the appreciation of the value of the Somali shilling against the USD.

Security remains a major challenge following the attack on the UN Common Compound in Mogadishu on June 19th.

On November 26th a UNDP Program staff was hijacked at a police roadblock on the outskirts of South Galkayo, while travelling to Adado to participate in a new market handover ceremony. He was released after several hours in the bush, some 15 KMs from Galkayo. His belongings and vehicle were confiscated. This, and similar, incidents have real implications on the project monitoring and the project is considering alternative options including consultant firm

### PUNTLAND

Upcoming elections on 8th January 2014 resulted in tense political and security situation. Violent clashes took place in Gardo and Bosaso, as a result, Local Council elections in Puntland were suspended and parliamentary elections approved unanimously to continue with the clan-based system and allow clan elders to select new members of parliament. The current legislature will be dissolved in October 2013. Project implementation slowed down after the 2nd quarter due to political and security uncertainties. However, the project team represented UNDP on the task force established after the cyclone hit some parts of Puntland and formulated some interventions for the most affected areas.

Puntland delegations led by President Farole participated the Brussels New Deal Conference and the Dubai International Counter-Piracy conferences. In these meetings, the Federal Government of Somalia (FGS) was alleged to be undermining the Federal Constitution and fair "sharing of power and resources".

### SOMALILAND

Somaliland President announced a partial cabinet reshuffle on 25th June 2013. The reshuffle covered 17 Ministries including all relevant line ministries for the project. The project team briefed and established better relations with the new ministers. However, Somaliland's ban on UN Humanitarian Air Service (UNHAS) flights, which was a major development challenge in 2013, was lifted.

Fuel prices and exchange rate fluctuations resulted in the increase of commodity prices and utilities, particularly electricity in Somaliland. An increase in youth migration has been observed during the year. This is due to overall economic stagnation compounded by high rates of unemployment.

The government emphasized the need for the rehabilitation of basic infrastructure including means of transportation, social and productive infrastructure and economic recovery and employment generation. These are in line with Somaliland National Development Plan (NDP) - 2012-2016.

## RESULTS

SL	Indicator	3.4.1.1 Community economic needs are identified	G
	Result	Meetings conducted with ministries and NGOs at the beginning of 2013 to identify community needs. Also field missions were conducted to several districts to identify community needs & priorities	
	Comment	Consultation process is on-going	
SL	Indicator	3.4.1.2 Community economic needs are addressed through community development plans	G
	Result	Burao was selected by UNDP for Area Based Development and needs of Burao were identified by JPLG and addresses in a district development plan	
	Comment	All Local Economic Development interventions in Burao in 2013 are based on the priorities listed in the District Development Framework (DDF).	
SL	Indicator	3.4.2.1 Number of basic services and economic infrastructure rehabilitated, functioning and effectively sustained, disaggregated by type	Y
	Result	Target for 2013 was to rehabilitate 8 infrastructure facilities. 5 were achieved (Burao Technical Institute, Construction of Deaf School in Burao, Burao airport surrounding wall, 9 berkades in Togdeher region and 2 dams in Jenyalaye & Gorrayaxun villages)	
	Comment	The target was partially achieved due other committing priorities in addition to the security and political uncertainties in some of the areas.	
SL	Indicator	3.4.3.1 Number of skilled and unskilled workers provided with short term employment	Y
	Result	16,183 workdays were generated for around 430 workers of which 38% were women	
	Comment	The project had the potential to deliver more and the targeted 30% women has been exceeded, showing higher women participation and engagement.	
SL	Indicator	3.4.3.2 Number of medium to long term jobs created	Y
	Result	Of 400 medium and long term jobs creation target, 127 has been achieved through skills training and rickshaws business start up. 37 of the beneficiaries are women including IDPs.	
	Comment	The scope of creating long term jobs can be increased with higher women and IDPs participation.	
PL	Indicator	3.4.1.1 Community economic needs are identified	G
	Result	Meetings conducted with ministries, NGOs and local authorities, early 2013, to identify community needs. Also five field missions conducted during the year to five districts to identify their needs & priorities	
	Comment	Three need assessment and verification Missions to Galmudug, Eyl, Bander Bayle, and Hafun conducted during the year to assess and the priorities and community needs. The cost of selected interventions were also verified.	
PL	Indicator	3.4.2.1 Number of basic services and economic infrastructure rehabilitated, functioning and effectively sustained, disaggregated by type	G
	Result	A project target of rehabilitating 14 basic productive and social infrastructures is fully achieved. 2 access roads, 2 water facilities, 2 markets, 2 youth facilities, 2 training centers, 2 public buildings (school & district office) and 2 productive facilities (fishery & agriculture).	
	Comment	Rehabilitation/construction works of 2 of the above mentioned facilities are still in progress and will be completed first quarter of 2014.	

## RESULTS

PL	Indicator	3.4.3.1 Number of skilled and unskilled workers provided with short term employment	G
	Result	The project exceeded the target of generating 35,000 workdays for around 1000 skilled and unskilled workers (30% women). Around 36,000 workdays for 1100 workers were generated.	
	Comment	Women participation in the civil works is generally lower than men in Somalia. As a result women participation fall short of the 30% set target.	
PL	Indicator	3.4.3.2 Number of medium to long term jobs created	G
	Result	The target of 2013 was to support the livelihoods of 800 people to sustain permanent income. The achievement exceeds the set target. At least 900 people are benefited. Ratio of women beneficiaries is more than 65%	
	Comment	Jobs were created through the provision of micro grants, market space, vocational skills training, start-up kits and rehabilitation of productive livelihoods (Farms, irrigation systems and fishery assets). Market space has been delayed due to construction works delays.	
FL	Indicator	3.4.1.1 Community economic needs are identified	G
	Result	Meetings conducted with line ministries and NGOs at the beginning of 2013 to identify community needs. Also field missions conducted during the year to several districts to identify their needs & priorities	
	Comment	Four need assessment and verification missions to Adado, Abudwaq, and Baidoa conducted during the year to assess and priorities the community needs and verify the cost of selected interventions.	
FL	Indicator	3.4.1.2 Community economic needs are addressed through community development plans	G
	Result	Community Development Plans for the project targeted districts initiated at federal level by the government/ (Ministry of Interior) in collaboration with JPLG.	
	Comment	All LED interventions in South central are in line with the community priority and plans as identified by the government.	
FL	Indicator	3.4.2.1 Number of basic services and economic infrastructure rehabilitated, functioning and effectively sustained, disaggregated by type	Y
	Result	In 2013 four facilities (2 markets in Adado, School in Mataban and Stadium in S. Galkayo) were rehabilitated for the local communities. Rehabilitation of Baidoa Hospital is in progress.	
	Comment	There has been some changes to the planned Gold Market and other facilities due to changes in community priorities and competing needs.	
FL	Indicator	3.4.3.1 Number of skilled and unskilled workers provided with short term employment	Y
	Result	Target of 2013 was to generate 30,000 workdays for around 1000 skilled and unskilled workers (30% women). 16,000 workdays have been generated for 650 workers (20% women)	
	Comment	Construction of Vocational Training Centre in Abudwak, rehabilitation of Baidowa Hospital and rehabilitation of Taleh School in Mogadishu has been delayed due to unforeseen local circumstances reasons. Actual implementation on ground is expected to start in January 2014.	
FL	Indicator	3.4.3.2 Number of medium to long term jobs created	Y
	Result	The target of the year was to provide permanent jobs and to sustain the livelihoods of at least 600 households through rehabilitation of basic productive infrastructure. The achievement was much lower than the planned because of deficit in resources	
	Comment	200 people (all of them are women) were provided with market slots in Adado after rehabilitation of existing market and construction of new market	

## RESULTS

SL	Indicator	Number of received proposals and number MCGs/ LOAs signed with partners	R
	Result	The project did not advertise for request for proposal (RFP)	
	Comment	The project has done some work relevant line ministries and authorities.	
SL	Indicator	Number of field visits by field staff in SL to the targeted project areas	G
	Result	More than 8 field missions conducted by the PREP Management, field staff and engineering unit to project areas to assess the community needs and to monitor the on-going projects in 2012 and completed in 2013	
	Comment	Project board meeting and consultation meetings were also held with counterparts.	
PL	Indicator	Number of communities/ Local authorities targeted during the year	G
	Result	Eight communities :(Garowe, Eyl, Qarxis, Bosaso, Galkayo, Jariban, Hafun and Bander Bayle) have been targeted this year	
	Comment	Majority of the targeted areas for 2013 are remote areas and off-tarmac road communities	
PL	Indicator	Number of received proposals and number of MCGs/ LOAs signed with partners	G
	Result	Five agreements and civil work contracts were signed in 2013 and 9 agreements and civil work contracts were signed in late 2012 but work has been completed in 2013	
	Comment	RFP has been advertised and a set of proposals received during the year.	
PL	Indicator	Number of field visits by field staff in PL to the targeted project areas	G
	Result	There are more than 15 field visits conducted by the PREP Management, field staff and engineering unit to the project areas to assess the community needs and to monitor the on-going projects that initiated in 2012 and completed in 2013	
	Comment	In addition, site engineers were assigned for the daily supervision of the civil works and allocated in the field for all the implementation period	
FL	Indicator	Number of received proposals and number MCGs/ LOAs signed with partners	G
	Result	Two RFPs were advertised for south Central and more than 20 proposals were received. 5 agreements have been signed and one of them have been implemented and completed while one is still ongoing and 3 will be started in January 2014	
	Comment		



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## ACTIVITY HIGHLIGHTS

### FEDERAL LEVEL

The project work-planning sessions were conducted at the MoFP in Mogadishu, chaired by the Deputy Minister of Finance and Planning. This was the first time all the different stakeholders & government line-ministries attended together with donor representatives to validate the work-plan. This is expected to enhance ownership and sustainability of the project outcome. Rehabilitation work of an existing market and construction of a new markets in Adado; and the rehabilitation and furnishing of a vocational training school in Abudawak are partially completed.

An evaluation of the earlier Employment Generation for Early Recovery (EGER) and Area Based for Early Recovery (ABER) Projects were done and revaluation report completed. The report provides recommendations for the project stakeholders.

### PUNTLAND

The project continues providing alternative livelihoods to youth. Garowe fish market completed and operationalized through PPP arrangement. The market enhances economic opportunities of fishermen in Eyl and provides alternative affordable source of protein for poor people. The project rehabilitated and equipped Eyl Youth Center which encouraged UNDP's Community Security Project to work and provide social rehabilitation and integration to 100 youth. Young people also use the center and access internet, play and gather at the center.

Main access roads in Jariban and Eyl have been rehabilitated. The two roads improved access, trade and transportation. They contribute to the local economy of the districts and has positive impact on livelihoods of the fishery people in Eyl and Garaad.

### SOMALILAND

In Somaliland, Burao Airport and Technical Institute were rehabilitated, which provided skills training to 200 youth at the training center. A deaf school was also constructed and is now operational. The project also implemented water harvesting activities in Owdweyne and Burao Districts in Togdheer region. Six villages are benefitting from nine rehabilitated berkets and another two villages benefited from two water rehabilitated catchments.

The project team together with other UNDP projects conducted a two-day monitoring mission to project sites on 18 & 19 September, assessed and verified activities and met with beneficiaries. Beneficiaries and elders expressed their gratitude to UNDP and the positive contribution of the project to their livelihoods.

## PARTNERSHIPS

Local Economic Development Project kept synergies with other projects and programmes within the country office. Project interventions were implemented jointly with Private Sector Development (PSD) and Environment. LED and PSD are jointly implementing the Alternative Livelihoods to Piracy Project. LED upgrades vocational training centers to be capable to provide quality training while PSD supports them to conduct marketable skills training and provides start-up tools and grants to enable graduates to start business and have permanent jobs.

Moreover, the Environment project helps install solar systems as alternative renewable source of energy to newly rehabilitated community infrastructure including hospital and Mother and Child Health Centres (MCHs).

The project also works closely with UNDP's Community Security Project (CSP), HIV/AIDs Unit and UN - Joint Program for Local Governance (JPLG). We continued the joint implementation of the two projects targeting people living with HIV/AIDs in Garowe and Bosaso. With Community Security, LED rehabilitated a Youth Center in Eyl which CS Project and the community are using to socially rehabilitate and integrate 100 youth in Eyl. LED supported JPLG team implement infrastructure rehabilitation project in Adado.

In addition, the project kept working closely with line ministries in the three zones and this clearly contributed to trust building between the government and UNDP and enhanced partnership and ownership of the projects.

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### PEACE AND CONFLICT

In December 2013, armed group invaded a market under construction site in Galkayo and drove out the contractor and workers. These was later reported to be demonstration of complain regarding the distribution of slots within the market. The governor, mayor and elders were informed and resolved the issue at the same day after they clarified to them about the selection criteria for the project beneficiaries. The armed group left the site and the work resumed.

The project developed a new concept notes for the newly recovered areas to contribute to peace building and trust building between local communities and Federal Government.

In Puntland and Central Regions, LED is focusing on youth and providing alternative livelihoods to piracy. Youth centers, schools, training center and sports facilities are rehabilitated to expand the opportunities for the youth in these target areas. These activities contribute to peace building at the local level and demonstrates the important role of youth.

### GENDER

Gender mainstreaming is at the center of Local Economic Development (LED) project interventions. During the 2013 Project Annual Work Plan (AWP) preparation and consultation process, UNDP Gender Unit was closely coordinated and their inputs integrated into the AWP.

In the prequalification and selection processes of partners, a high weight is given to gender participation, engagement and sensitivity of the partners. Hence, most of the planned activities ranked 2 on the Gender Marker.

In addition, the project holds on to a criteria of 30% quota for women in the short term employment creation opportunities. However, achievements on the ground sometimes exceeds 40%. In long and medium term employment opportunities, the achievement is much higher. For instance, 100% of markets rehabilitation and construction beneficiaries tend to be women in Galkayo and Adado. 60% of beneficiaries in Bossaso market rehabilitation project is expected to be women.

### UPCOMING QUARTER

The project has USD1.7 million for 2014, but has greater potential to deliver much needed support with more funding from donors in the three regions. Already, SHELL and shipping companies promised to extend the on-going ALTP project and to provide additional USD\$ 1.5 million for 2014.

In addition, a Joint Appeal was made to mobilize resources for a joint livelihoods programme made by UNDP/PREP and The Organization of Islamic Cooperation (OIC). The joint appeal was signed by the Secretary General of OIC and Deputy Prime Minister/Minister for foreign affairs and International Cooperation in October 2013.

Alternative livelihoods, basic infrastructure development, employment and income generation activities are planned to be implemented in 2014 with increased targeted areas including to newly recovered areas. Project activities initiated in 2013 in Baidao, Mogadishu and Abudwak will be completed in Q1 of 2014.



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## REFLECTIONS / LESSONS

Office of Audit and Investigation (OAI) mission came to UNDP Country Office in Nairobi and Garowe Sub-office to investigate suspected fraud cases reported. The investigators confirmed the suspicions of LED Project Manager and appreciated the measures taken to control corruption. Moreover, the investigators recommended the adoption of these measures to all UNDP projects. The team discussed their findings and recommendations with the Legal office at the headquarters. As a result the “Micro-capital Grant Agreement (MCG)” and “Letter of Agreement (LOA)” used by UNDP to contract civil society organizations and governmental bodies have been amended and put into immediate effect at UNDP Global level to include measures taken and proposed by the project in particular clauses 7 and 16 in the LOA and clauses 3.2 and 4.2 in the MCG which now read as following:

7. [The Government ministry/institution/IGO] shall open an account with the financial services provider identified by UNDP in the name of the grant or project or activity. No other contributions are to be received in that specific account. The account must have a minimum of two signatories. In the event of change of any of the signatories, [The Government ministry/institution/IGO] and the financial services provider undertake to notify UNDP immediately. UNDP reserves the right to request a bank statement from the [The Government ministry/institution/IGO] or, if necessary, from the financial services provider, for scrutiny and authentication.

16. Any balance of funds that is undispersed and uncommitted after the conclusion of the Activities shall be returned within 90 days to UNDP. The balance of funds should also be returned in case the project is closed or terminated early at the request of either of the parties.

3.2 The RECIPIENT INSTITUTION shall open an account with the financial services provider identified by UNDP in the name of the grant or project or activity. No other contributions are to be received in that specific account. The account must have a minimum of two signatories. In the event of change of any of the signatories, the RECIPIENT INSTITUTION and the financial services provider undertake to notify UNDP immediately. All payments shall be deposited into the newly opened RECIPIENT INSTITUTION’s bank account:

4.2. The RECIPIENT INSTITUTION shall furnish, compile and make available at all times to the Implementing Partner, UNDP any records or information, oral or written, which UNDP may reasonably request in respect of the funds received by the RECIPIENT INSTITUTION. UNDP reserves the right to request a bank statement from the RECIPIENT INSTITUTION or, if necessary, from the financial services provider, for scrutiny and authentication.

Also, based on the findings, the UN Resident Coordinator called for a meeting for Heads of all UN Agencies to discuss the case and to put common measure in place for all UN agencies to standardize and minimize fraud related incidents.

<b>CUMULATIVE PROJECT FINANCIAL SUMMARY</b>	
APPROVED BUDGET	3,157,106
TOTAL (DISBURSEMENTS + COMMITMENTS)	2,276,173
BALANCE OF FUNDS	880,933
% DELIVERY (AGAINST APPROVED BUDGET)	72%



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## LIST OF ACRONYMS USED

- ALTP – Alternative Livelihoods to Piracy
- AWP – Annual Work Plan
- BOQ – Bill of Quantities
- CSP – Community Security Project
- JPLG – Joint Programme for Local Governance
- LED – Local Economic Development
- MCG – Micro Capital Grant
- MoE – Ministry of Education
- OIA – Office of Investigation and Audit
- OIC – Organization of Islamic Cooperation
- PREP – Poverty Reduction and Environmental Protection
- PSD – Private Sector Development
- VTC – Vocational Training Center