



# MPTF Newsletter

Focus on economic development pillar in Somalia

OCTOBER 2021

## INTRODUCTION

On behalf of the United Nations Industrial Development Organization (UNIDO), I am delighted to introduce this newsletter for the UN Multi-Partner Trust Fund for Somalia (MPTF) highlighting the UN's support through the MPTF to Somalia economic development priorities as set by the ninth National Development Plan.

The MPTF is an example of how synergies can be built where individual strengths of UN entities can be capitalised for greater good of the community. Enhancing multilateralism through partnerships and networks at national, regional and global levels is key to UNIDO and, particularly central to the approach of UNIDO in Somalia.

Climate change, COVID-19 pandemic, digitalization inequalities are megatrends that are impacting us all. More than ever, we need the Sustainable Development Goals (SDGs) and the Paris Agreement to work as a compass that guides all of us, UN entities, member states, DFIs, donors and all development partners. A step toward achieving this objective, arrangements like the MPTF is of paramount importance to facilitate national ownership and UN Delivery as One to promote synergies and partnerships for the SDGs.

Since 2019, UNIDO in Somalia has invested in smart and lean technical cooperation intervention that has been able to invest directly into building the local capacities in improving their performance and development of market systems, value chains, and nurturing a more conducive ecosystem for

SME to invest, consequently creating new job and economic opportunities. Thanks to contributions from Italy, Sweden and EU to the MPTF for Somalia made sure UNIDO's interventions could contribute at further reinforcing systems and institutions that can be critical in turbocharging Somalia economic development.

It is a testimony to the efforts of the people of Somalia and its development partners that Somalia is gradually moving from being a recipient of relief and humanitarian aid, to the resumption of economic growth and development. It is our hope that despite the challenges, Somalia becomes an example of successful graduation from relief to rehabilitation and economic growth, through a process of inclusive and sustainable regenerative industrialization.

The UN Cooperation Framework for Somalia in its strategic priority on Economic Development sets the direction of the work of the UN family in Somalia in this aspect. The Productive Sectors Development Joint Programme implemented by UNIDO together with FAO and ILO, and the new programme "Re-Gen Somalia: An Economy of Change" presently under development, constitute a clear message of UNIDO commitment to supporting Somalia's development aspirations.

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# PROGRAMME FOR SUSTAINABLE CHARCOAL PRODUCTION AND ALTERNATIVE LIVELIHOODS

(PROSCAL) - UNDP, FAO, UNEP

Unsustainable production of charcoal remains a significant threat to environmental sustainability, as well as security in Somalia. PROSCAL promotes energy security and more resilient livelihoods through a gradual reduction of unsustainable charcoal production, trade, and use while promoting environmental sustainability and security in Somalia. The programme engages with the Federal Government of Somalia (FGS) and the federal member states (FMS), authorities in neighboring countries, local communities, UN entities, private sector, and other key stakeholders to address both the demand and supply side of the charcoal value chain.

The programme has made important progress, including the drafting of a National Charcoal Policy and National Forestry Policy in partnership with national authorities. It has highlighted the impact of unsustainable charcoal trade at regional and international levels through evidence-based monitoring. The programme promotes alternative energy solutions and livelihoods to charcoal value chain beneficiaries. There is broad consensus on the importance of advancing policy reforms and the urgency to promote sustainable use of natural resources is underpinned by climate-induced disasters. Persisting insecurity in Somalia, and especially charcoal producing areas, as well as the fragile operating context often disrupt access. The National Charcoal Policy and the National Forest Policy are yet to be legally adopted and will require further political engagement.

PROSCAL has mobilized key stakeholders and technically empowered & mandated government institutions across Somalia for effective monitoring and enforcement of the charcoal trade ban, the development of an enabling policy environment for energy security, and natural resources management. Domestic awareness-raising, regional coordination, and high-level engagement has highlighted the importance of banning charcoal export

and to disincentivize business groups engaged in charcoal trade. The programme has undertaken evidence-based monitoring through satellite and GIS mapping on the dynamics of charcoal production, stockpile, and export to inform action at national and international levels, including in partnership with UNODC.

The programme has tackled critical points of the charcoal value chain by supporting innovative energy solutions for charcoal use by providing access to environment-friendly sustainable sources of energy, comprising of fuel-efficient stoves, alternatives to charcoal, and solar solutions. PROSCAL supported an initiative that provided livestock, agricultural inputs, and equipment to low-income families in Somalia to boost their economic growth and help mitigate Somalia's recurring shocks, while becoming less dependent on the use of charcoal as the main source of livelihoods. As part of the efforts to rehabilitate degraded rangelands by establishing tree nurseries and by enhancing the availability of seedlings, distribution, and community engagement.

PROSCAL falls under the economic development portfolio of the MPTF, providing a flexible arrangement for joint workplans and single reporting. Funding from Italy, Sweden, and the EU through MPTF were instrumental in implementing capacity development of national institutions, awareness-raising, innovative solutions for enhanced access to energy and alternative livelihoods. New avenues have opened to mobilize Global Environment Facility (GEF) resources for setting up mini grids in the future.

The MPTF secretariat has supported the programme in fundraising for both the current phase of the programme and the next generation programme, currently under development. Potential exists to improve synergies with other MPTF programmes and to explore coordination with initiatives supported by the World Bank and the Africa Development Bank.





# PRODUCTIVE SECTORS DEVELOPMENT PROGRAMME

(PSDP) - UNIDO, FAO, ILO

PSDP is a flagship economic development effort undertaken by UNIDO, FAO, and ILO in close partnership with the federal Ministry of Commerce and Industry, Ministry of Agriculture and Irrigation, Ministry of Fisheries and Marine Resources and Ministry of Labour and Social Affairs. Building on the generous contribution of Italy to the MPTE, PSDP seeks to mobilize 25 to 30 million USD over the next four years to support Somalia's economic recovery and development. Productive sectors are essential components of inclusive and sustainable development in Somalia. PSDP addresses practical constraints to unlock the potential of the Somali economy to create jobs and expand economic opportunities, particularly for youth and women. The interventions of UNIDO, FAO and ILO strengthen the governance of public and private institutions to provide direct support to productive sector stakeholders including SMEs and co-operatives. PSDP is in full alignment with the UN Somalia Cooperation Framework 2021-2025 to offer a programmatic and technical response to the economic development priorities identified by the Federal Government of Somalia within its ninth National Development Plan (NDP9).

The work of UNIDO and FAO was to undertake on a pre-feasibility study for special economic zones and the national fishery masterplan for Somalia find common ground by identifying critical quality infrastructure and standards requirements. ILO's occupational health and safety (OSH) policy can only be a success if integrated with the work of UNIDO and FAO. Finally, by investing in production facilities UNIDO can reinforce FAO's intervention with farmers and fisheries by offering positive externalities along the value chain, addressing constraints to growth.

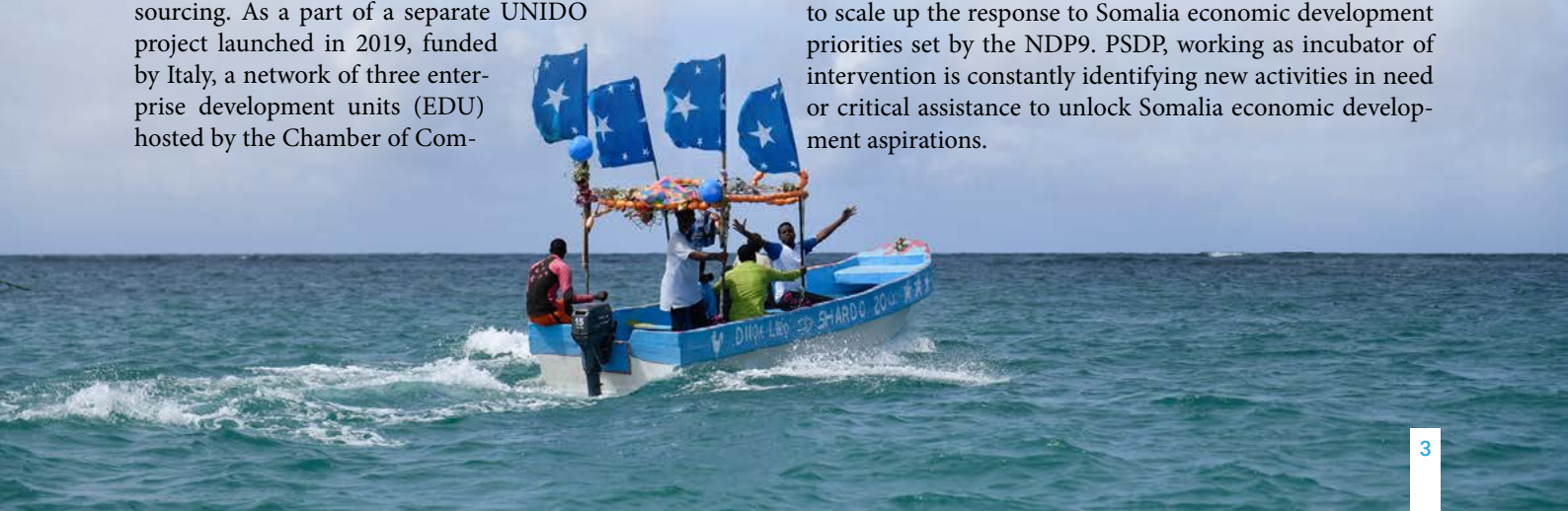
Through PSDP, UNIDO expanded ongoing initiatives supporting entrepreneurship development and technology sourcing. As a part of a separate UNIDO project launched in 2019, funded by Italy, a network of three enterprise development units (EDU) hosted by the Chamber of Com-

merce and Industry in Kismayo, Mogadishu and Baidoa were established. These EDUs supported more than 300 SMEs through training, counselling and technology sourcing and the disbursement of 121 loans through a project embedded credit facility. With PSDP support, the network now covers new locations in Hirshabelle, Puntland and Galmudug.

A major market for fishery products is the European Union. PSDP assists Somali authorities to develop national systems and official sanitary and health controls to meet EU import requirements. To export fishery products to the EU, Somalia must demonstrate the existence of a national competent authority, an appropriate legal framework, development of inspection and control structures, training and appointment of qualified staff, and establishment of testing laboratories. The roadmap produced by the study has confirmed the need for cross-sectoral collaboration within Somalia to address food safety and quality standards in general and, stressed the pre-requisite for some key decisions to be made by Somalia as the next step.

Within PSDP, ILO has two objectives: 1) work with government partners employer and employees' associations for development of an occupational health and safety policy for Somalia; and 2) at the operational level working with FAO and UNIDO's components to implement OSH management systems in SMEs in the agriculture and fisheries sector and adopt methodologies like Sustaining Competitive and Responsible Enterprise (SCORE) to improve productivity and working conditions. The OSH management system includes a reporting, recording and notification system to facilitate monitoring and assessment of corrective measures.

As we celebrate one year since the start of the first PSDP intervention, PSDP seeks development partners' contribution to scale up the response to Somalia economic development priorities set by the NDP9. PSDP, working as incubator of intervention is constantly identifying new activities in need or critical assistance to unlock Somalia economic development aspirations.



► PIPELINE

## RE-GEN SOMALIA: AN ECONOMY OF CHANGE

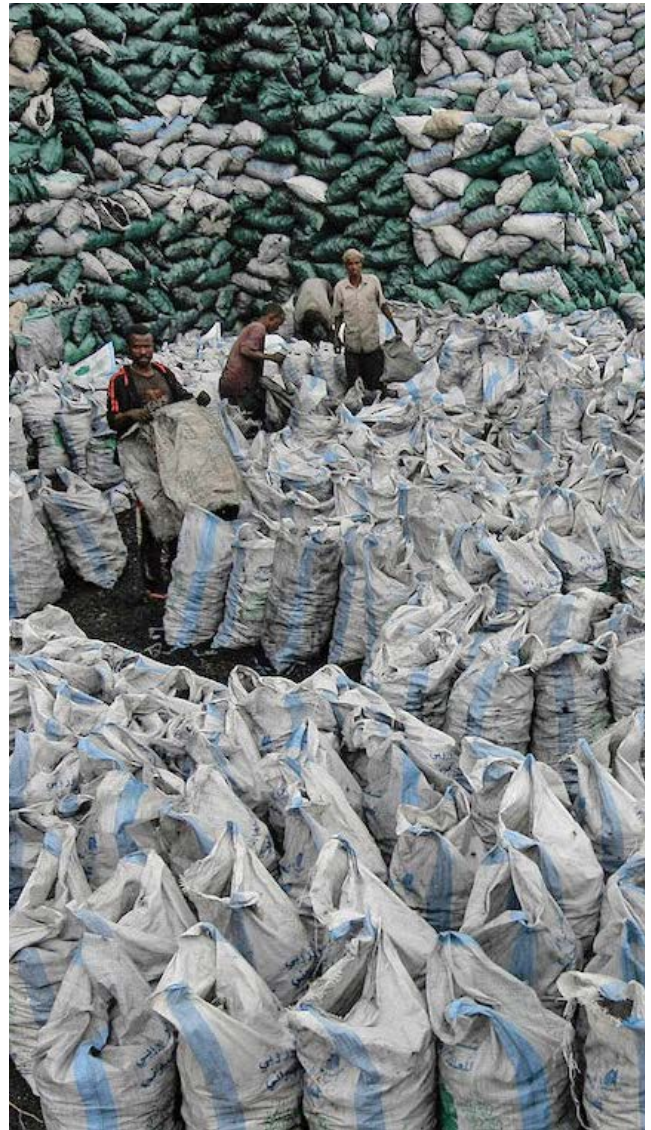
Somalia is gradually emerging from conflict, with an economic growth rate averaging higher than most other countries in Sub-Saharan Africa. This is a story of economic growth that if supported can offer Somalia an opportunity to find a model that promotes growth while also preserving natural resources, safeguarding sensitive ecosystems, and mitigating against the effects of climate change.

Due to decades of underinvestment, Somali enterprises often rely on obsolete technology, machinery, and practices that degrade land and damages the environment while failing to realise their full economic potential. To be resilient, inclusive, but also competitive, Somalia can pioneer an approach that contribute beyond the mitigation of negative externalities and instead promotes resource efficiencies and cleaner production initiatives, ultimately influencing a transformative change to drive economic growth while also protecting the people, land, and sea. This can be done by introducing initiatives, practice, and institutions able to cyclically regenerate and adapt to changing patterns, shocks, and crisis.

In view of this, a new joint programme is being designed by UNIDO, UNEP, UNDP and FAO in coordination with national authorities. The programme (Re-Gen Somalia: An Economy of Change) will apply principles of a re-generative economy as Somalia rebuilds its economy after long conflict and faces the impact of climate change. This joint-programme cooperation is designed to strengthen the complementarity and impact of UN partners to the action and financing capacity of other key multilateral institutions presently active in Somalia, including the World Bank, African Development Bank, and Islamic Development Bank.



► PIPELINE



## NEXT GENERATION CHARCOAL PROGRAMME

At the request of the Federal Government of Somalia, UNDP, FAO, and UNEP have initiated discussions on developing the next generation of the Programme for Sustainable Charcoal Reduction and Alternative Livelihoods (PROSCAL). The next phase will incorporate lessons learnt and scale-up successful initiatives of the current phase for nationwide impact.

It will be focused on implementation of the national charcoal and forestry policies, awareness-raising, energy transition, eco-system restoration, and financing and access to markets. Importantly, the next phase will put more emphasis on the political and security dimensions of unsustainable charcoal production by establishing linkages with climate security, displacement, and conflict prevention.

Consultations with stakeholders are ongoing and those interested are encouraged to engage with the UN to bring the development of the new programme forward.



## PSDP AND UNDP CREDIT FACILITY REALIZED ENHANCEMENT OF OPERATIONS THROUGH CLEAN AND COST-EFFECTIVE ENERGY SOURCE

The Productive Sectors Development Programme (PSDP) expanded the existing network of Enterprise Development Units (EDUs), to Beledweyne in association with the Ministry of Commerce of FSG and hosted by Hiran Chamber of Commerce and Industry. To enhance the value proposition of EDU services in Beledweyne, UNIDO is partnering with UNDP to use its credit facility, operated by the International Bank of Somalia (IBS) to provide credit to eligible entrepreneurs. Among the entrepreneurs that made use of the EDU is Mr. Hassan Mohamed owner of Kaah Agro Company. Mr. Mohamed took part of an EDU-facilitated training of entrepreneurs. In addition, the Mr. Mohamed received one-on-one business counselling service to develop a business plan for his expansion of his operations.

The one-on-one business counseling provided through by the EDU raised awareness with Mr. Mohamed on the high cost of operations at the entrepreneurs' farms. The high cost was mainly due to operating a diesel-powered irrigation pump. A credit facility loan was provided for the installation of a solar-powered irrigation system. This reduced both operating costs and carbon footprint.

Kaah Agro Company reduced its operational cost by 55 percent in addition to improving enterprise management principles learned through training and business counselling.



“The EDU and the credit facility made me realize my dream of expanding my operations”, said the entrepreneur. Kaah Agro Company has increased the productivity of the farm and introduced new produce on the 25 hectares land.

“I am extremely grateful to EDU and UNIDO for giving me the opportunity to cultivate my idea, expand my business and invest in solar energy having been allowed to access affordable financing by UNDP’s Credit Facility, operated by IBS, I am able to support my family, earn enough to reinvest in the farm and create jobs for others” added, Mr. Mohamed.



## MS. DEEQA ABDI OSMAN ENCOURAGES COMMUNITY TO PLANT TREES FOR A SUSTAINABLE FUTURE - PROSCAL OUTCOME

Forty-year-old Deeqa Abdi Osman lives with her three children in the village of Yontoy, near Kismayo in Somalia. A member of the Yontoy community tree nursery committee, she's happy that the tree nursery initiative is being supported by organizations such as FAO with funding from the European Union. "The project has increased our capacity and skills related to natural resource management, group management, and financial management, which in the long run will be beneficial to us as individuals and to the community in Yontoy", she said.

Deeqa's hope is for every local farmer to realize the importance of tree planting since only a few people currently buy tree seedlings from the tree nursery in Yontoy to plant in their homestead. She said that reducing the price of the tree seedlings, it will encourage everyone to buy from them. Most of Yontoy village is bare of trees, yet all the households depend on trees for fuelwood. "So, I encourage people in my village to plant trees so that they can use them in the years to come," Ms. Osman urged.

