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Growth, Enterprise, Employment & Livelihoods (GEEL) Project

23 February 2016



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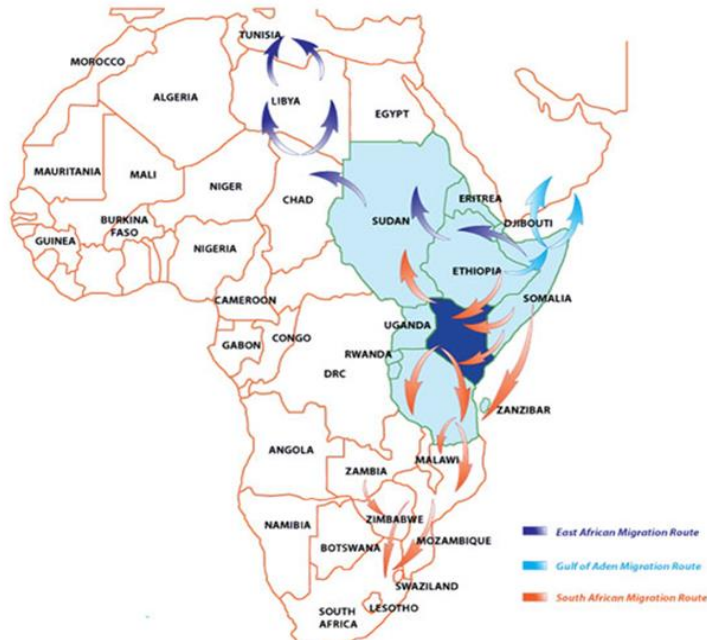
Key Narratives – Somalia

- Political insecurity; chronic poverty, conflict, and food insecurity (2011 famine)
- Major transformations
 - Economic integration and infrastructure connections
 - Underutilized economic opportunities
 - Large agriculture, fisheries and energy opportunities



Region of Dichotomy, Crises And Transformations

Major Crisis



Major Transformation





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Catalyzing Opportunities - Agriculture



- 2015 – Somalia livestock (live animal) exports to the Middle East reached 5 million

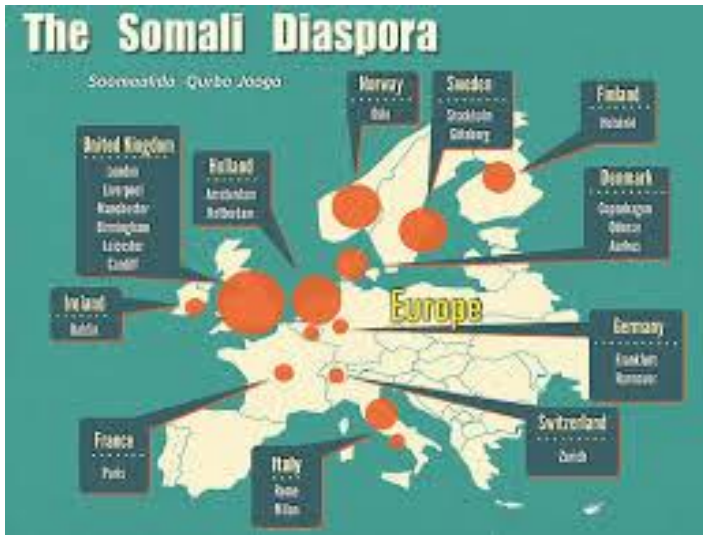


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Catalyzing Opportunities – Fisheries



- 3300 km of Coastline
- Diverse variety of fish species
- End Market Opportunities – proximity to the Middle East and other markets
- Constraints – cold chain, transportation, SPS, collection methodologies

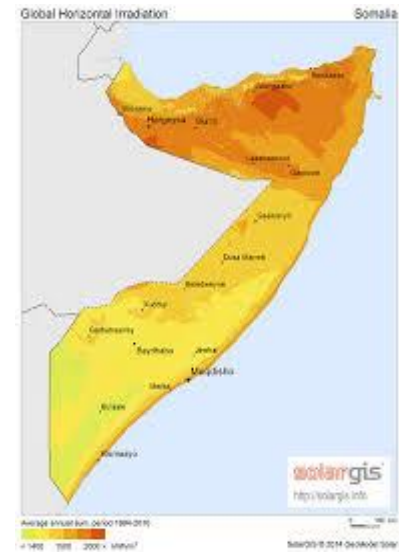
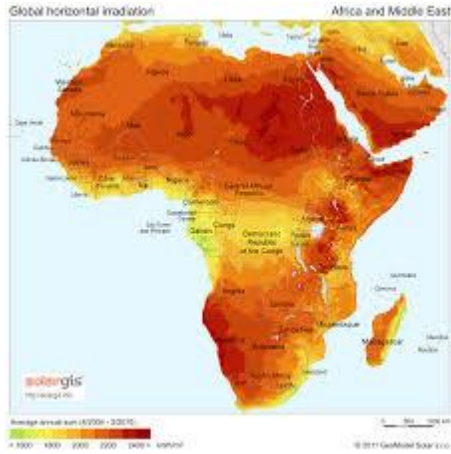


- Large diaspora network
- Entrepreneurship & innovation
- Youth Population (<30) approximately 70%
- Women – foundation of economic growth



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Renewable Energy





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GEEL Project Structure

Project IDIQ (US\$ 74 million)

TO1
Management,
Coordination &
Learning

TO2
Agriculture
Value Chains

Additional TOs
TBC



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GEEL IDIQ Goal

- To promote inclusive economic growth in Somalia
- Prioritize opportunities to promote economic growth that will significantly increase employment, including jobs in industries likely to attract women and youth, who have been marginalized from pursuing economic opportunities



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GEEL Expected Impact

- Introduction of 40 new or more efficient technologies
- Increased production/volumes by at least 50% of commodities targeted
- Facilitation of at least 20 new private agribusiness investments, resulting in at least \$500,000 of private funds per investment
- Creation of a minimum of 5,000 new jobs that provide at least a year's worth of income, 30% of which are for women
- 30 critical small-scale civil works that improve economic infrastructure



Goal: Promote inclusive economic growth

IR1: Business enabling environment strengthened through access to finance and support to policy and regulation

Expected Outcomes:

- 1.1 A functioning leasing industry
- 1.2 Increased buyer and supplier credit
- 1.3 Micro-finance operations expanded
- 1.4 Private and public partners engaged in advancing policy & regulation

IR2: Enterprise development promoted through business development services

Expected Outcomes:

- 2.1 Better quality market information available
- 2.2 Use of market information increased
- 2.3 Strengthened ability of associations to serve needs of key industries

IR3: Improved production, employment, and incomes in select value chains (agriculture, fisheries & renewable energy)

Expected Outcomes:

- 3.1 New or more efficient technologies introduced
- 3.2 Private investments increased in select value chains and supporting industries
- 3.3 Improvements to supporting infrastructure made
- 3.4 Improved capacity to meet safety requirements for domestic and overseas markets

IR4: Greater participation by women and youth in the economy as entrepreneurs, employers and employees. Expected Outcomes: 4.1 Financial products, skills development and business services targeted to women and youth increased. 4.2 Associations and/or networks of women and youth in business provide platforms for advocacy in policy dialogue



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Task Order 2: Agriculture Value Chains

- Address:
 - IR3 – improved production, employment & incomes in the agricultural value chains
 - IR4 – greater participation by women and youth in the economy as entrepreneurs, employers and employees
- Catalyze both “systemic” economic changes - that affect all sectors of the economy - and “sectoral” ones that affect key industries.
- Initially focus on horticulture in emerging and newly formed states in Southern Somalia and subsequently on fisheries and livestock (non-pastoral)
- Increase investment, employment and incomes



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General Implementation Principles

- Collaborative, Learning and Adaptive Approach – learning by doing
- Implementation flexibility – security, governance, markets, prices
- Political sensitivity – multiple layers of government, undermining elite capture, complicated political economy
- Government engagement
- Coordination with other donors, implementing partners, NGOs and foundations
- Build on entrepreneurial culture
- Equitable support – clans, gender, regions
- Well considered communications



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Task Order 2 – Agriculture Focus

- Market & demand-led activities, responsive to stakeholders and adapted to what is needed on the ground (other projects have been supply driven)
- Start with the large players (they will lead change in the value chain and provide trickle-down benefits to smaller players)
- Solve (or attempt to solve) all challenges in the value chain simultaneously (other projects have only tackled challenges in parts of the value chain)
- Leverage resources of other projects, donors and foundations. If we can't do it, find someone that can!
- Build on lessons learned under PEG project activities and utilize local partners
- Maximize investment impact and opportunity for smallholders, fisherfolk and microenterprise



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Systemic Challenges

- Enabling Environment – policy and institutional
- Infrastructure – irrigation systems, roads, piers, cold storage facilities, transportation, fishing boats, processing facilities
- **High energy costs – limiting productivity and profitability**
- Limited skills along whole value chain
- Limited applied research
- High labor costs
- Access to finance – particularly in rural areas
- Availability of quality inputs
- Ownership, management & sustainability



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Systemic Challenges

- Availability of processing equipment and mechanization
- Lack of applied quality standards and grading
- Domestic and export market information
- Market knowledge
- Lack of cluster-based dialogue – largely only enterprises on the same point along the value chain
- Export charges (\$26/ton vs. \$16 for import)
- Projects have failed due to lack of exit strategies, community ownership, institutionalization and sustainability



- Year 1 – Newly formed and emerging Federal States
 - Open office in Mogadishu
 - Open offices in Puntland and Somaliland in year 2
- Deep Focus VCs in order of priority
 - Sesame
 - Bananas
 - Dairy (cow and camel)
 - Fisheries
- Light focus value chains
 - Dried lemons (year 1)
- Cross-cutting
 - Renewable energy for agriculture and fisheries



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Partnerships and Investment

- Partnerships with private businesses and enterprises such as value chain leaders, financial institutions
- International/local research and technology e.g. IAT/CGIAR, SATG, CEFA, L3; Universities etc.
- Diaspora Investment forums
- Use of grants for co-investments, testing new technologies and business expansions
- Chamber of Commerce
- Other donor funded projects



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Tools

- Theory of Change and Logical Framework to demonstrate the logic of the causal relationship between the results and the long-term goal of inclusive economic growth in Somalia.
- Strategy to systemically collaborate with stakeholders and beneficiaries and continuously learn, intentionally apply knowledge, and adapt approaches to perform better.
- Annual CLA review with project stakeholders, including government officials at various levels, federal, state, regional, and local government officials, private sector, women, and youth.
- Grants under contract - \$250,000 limit, private enterprises, largely in-kind
- Field presence and staffing: Expatriate and Nationals