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# PARTNERSHIP FOR ECONOMIC GROWTH

USAID/EAST AFRICA/LPC SOMALIA PROGRAM

FIRST QUARTERLY REPORT, APRIL – JUNE 2011

**JULY 30, 2011**

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# PROGRAM SUMMARY

The purpose of this program entitled, “Partnership for Economic Growth,” is to help local authorities and private sector groups improve the enabling environment for investment and generate more productive employment, operating mostly in northern Somalia and possibly in south and central regions. This is the first development initiative in about two decades targeting economic growth for the USAID/EA/LPC Somalia program in about two decades, and is partially funded with Department of Defense 1207 funds transfer.

Using a flexible approach that relied on a comprehensive assessment of the private sector in Somaliland, the activity has two focus areas: overall private sector development, including women’s business development, and strengthening specific productive value chains, including livestock and fisheries. As outlined further below, sub-activities were prioritized and selected through a participatory assessment process during the first quarter of the program. The prioritized sub-activities include:

- Livestock value chain, with a particular emphasis on Eastern Somaliland, including the regions of Togdheer, Sool, and Sanaag. It is expected that will encompass the markets and municipalities of Burao, Erigavo, and Las Anod.
- Agriculture value chain, focused on horticulture in Western Somaliland, especially the growing regions around Gabiley and Borama. It is expected that this will include capacity development with and through Amoud University’s agriculture and business schools.
- Business enabling environment (BEE) improvement, with a particular emphasis on investment promotion. This will include capacity development with and through the Ministry of Commerce, Trade, and Industry and the Chamber of Commerce.

Additionally, the Partnership for Economic Growth program will work with the Department of Energy at the Ministry of Mines, Energy, and Water Resources to develop a regulatory framework for energy, in conjunction with the enactment of the new Energy Law. Based on the progress of this formative work in the energy sector, a more comprehensive sub-activity or additional tasks in the energy sector may be prioritized and approved for implementation by USAID.

## INTRODUCTION

Pursuant to the requirements of the Partnership for Economic Growth program, Contract No. AID-EEM-I-00-07-0009/AID-623-TO-11-00001, the DAI Nathan Group (DNG), a joint venture between DAI and Nathan Associates formed in response to the General Business, Trade, and Investment II (GBTI II) IQC, is pleased to submit the first Quarterly Report covering the April 15, 2011 – June 30, 2011. DAI is the lead joint venture partner for DNG for this contract and has sole implementation responsibility and oversight of the program.

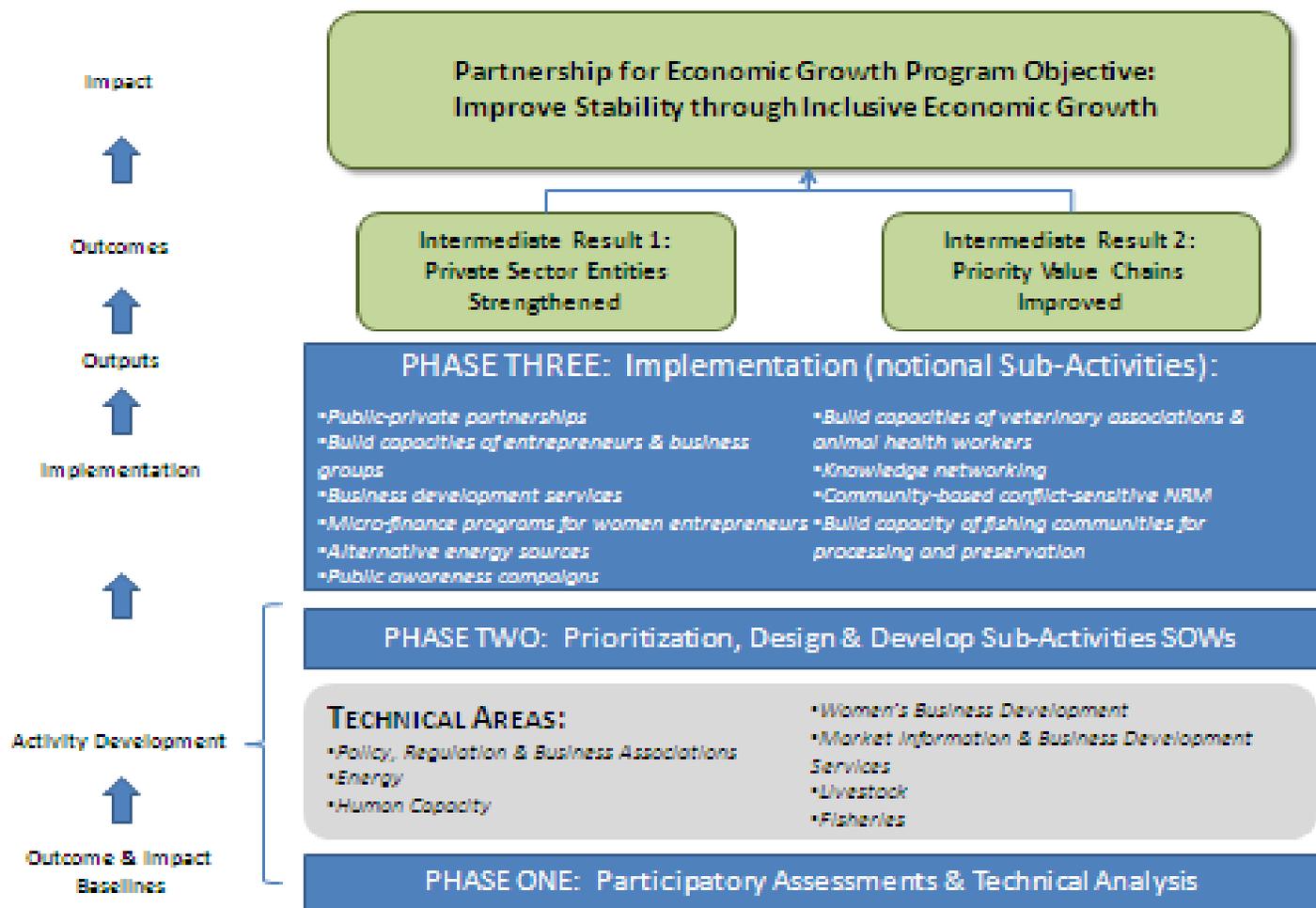
## BACKGROUND

The Partnership for Economic Growth program, referred to throughout this document as the Partnership, began with a strategic assessment of the private sector in the first quarter. The assessment was conducted by a consortium led by DAI. Consortium partners included the Citizen’s Network for Foreign Affairs (CNFA), focused on livestock, and AIS Development, focused on sustainable fisheries.

The Partnership for Economic Growth program is led by Program Manager, Mr. Suleiman Mohamed, supported by Communications Specialist, Elaine Eliah, and operations manager, Deqa Ismail. Additional long-term program staff will be hired and fielded during the second quarter of implementation. Based on the sub-activities that have been prioritized, as well as the key personnel positions designated in the contract, it is anticipated that additional technical staff will include an expatriate private sector specialist/deputy program manager, an expatriate livestock advisor, an expatriate or TSN finance and administration manager, as well as cooperating country nationals (CCNs) in the areas of livestock, agriculture, and business enabling environment. These technical staff will be complemented by management and administration staff including an accountant, a grants officer, a monitoring and evaluation officer, a procurement officer, a communication officer, and an administrative assistant.

## **RESULT FRAMEWORK**

A draft results framework for the Partnership for Economic Growth program was submitted to USAID for review and approval on June 30, 2011. In the next quarter of the program, the home office M&E specialist and the Partnership team will work with USAID and its third party M&E contractor for Somalia, IBTCI. As part of that process – which will develop and finalize a Results Framework and M&E plan focused on stabilization for USAID’s entire portfolio in Somalia – the Partnership’s draft Results Framework, included below, will be revised as necessary to smoothly integrate with the mission level Results Framework.



## **SUMMARY OF PROGRAM HIGHLIGHTS THIS QUARTER**

Highlights for the first quarter, April 15, 2011 to June 30, 2011, include:

1. Mobilized two key personnel – the program manager and the communications specialist – by the first week of May, 2011.
2. Mobilized a start up team to Nairobi and Hargeisa, registered as DAI Somaliland, identified a long term office space, and began working out of a fully operational temporary office.
3. Began upgrading the long term office space with necessary security upgrades. Hired Physical Risk Solutions (PRS), a local firm, to provide static guard services at the office.
4. Conducted a strategic assessment of private sector development in Somaliland. The assessment involved mobilizing seven technical area specialists and five value chain specialists (in livestock, fisheries, agriculture, and energy). The assessment covered all regions in Somaliland, including Sool and Sanaag, where information was gathered through a local consultant. The assessment team based itself in Hargeisa, but also made multiple trips to Borama, Berbera, and Burao, and one trip to Zayla.
5. Hosted a public launching of the Partnership for Economic Growth in Hargeisa, Somaliland on June 7, 2011 at Maansoor Hotel with participation of around 80 businessmen, government officials, INGOs, and UN agencies.
6. Completed and submitted the first annual work plan, as well as the strategic communications and community outreach plan. Both were submitted on time to USAID on May 15, 2011, 30 days after the effective date of the contract. The Partnership program is still awaiting official USAID approval and/or comments on the work plan and is responding to comments and requests for revisions to the communications and community outreach plan.

# PROGRESS THIS QUARTER

## FIRST QUARTER, APRIL 15, 2011 – JUNE 30, 2011

In the section below, we present progress for this quarter, April 15, 2011 through June 30, 2011, against each of the relevant tasks for the quarter. Tasks follow the same organizational format that was used in the first annual work plan. Tasks were broken into six areas: program mobilization, the four technical phases of the program, and monitoring and evaluation. The four program technical phases are:

- Phase One: Participatory Assessment and Technical Analysis
- Phase Two: Prioritize, Design, and Develop Sub-Activity SOWs
- Phase Three: Implementation
- Phase Four: Localization

As the first quarter of the Partnership for Economic Growth program, activity focused on mobilization – program start up – and phase one, participatory assessment and technical analysis. Each program area and technical phase relevant to the first quarter is presented in detail below.

### MOBILIZATION

The Partnership for Economic Growth program mobilized staff and arranged for operations in Hargeisa during the first quarter of the project's implementation. Spearheaded by two DAI home office project management staff, Business Manager Scott Toland and Project Associate Jennie Taylor, program mobilization included activities in the home office in Bethesda, with USAID/East Africa/LPC in Nairobi, and in Hargeisa, Somaliland. Mobilization completed or is close to completing the following major tasks:

***Mob Task 1: Sign and fully execute project contract.*** The Partnership for Economic Growth program contract between USAID and DAI was signed and fully executed with an effective date of April 15, 2011.

***Mob Task 2: Hold Inception Meetings with USAID in Nairobi.*** The Partnership for Economic Growth program held two meetings with USAID/East Africa/LPC Somalia. The first inception meeting centered on project operations that began as the DAI operations team arrived in Nairobi. Participants from DAI included startup manager Scott Toland and Project Associate Jennie Taylor. Participants from USAID were the Regional Contracts Office, the Contracting Technical Officer Representative, Environmental Officer, Finance Representatives, Communications Representatives and Legal Representatives. A second meeting took place with the arrival of the Partnership for Economic Growth's technical team, particularly Program Manager, Suleiman Mohamed, and Assessment Team Leader, Lief Doerring. This meeting discussed the strategy for the assessment and the overall program.

***Mob Task 3: Registered with the government of Somaliland.*** Upon arrival in Hargeisa, DAI collaborated with the USAID-funded, DAI-implemented Transition Initiative for Stabilization (TIS) program to register as a local NGO, DAI Somaliland. This registration as DAI Somaliland covers both DAI-implemented programs: TIS and the Partnership for Economic Growth, as well as any other future DAI projects within Somaliland. DAI Somaliland was registered officially with the Ministry of Planning and the Partnership Program. The Ministry of Commerce was designated as the official Line Ministry for the Partnership. The Partnership for Economic Growth also established a close working relationship with the Chamber of Commerce.

***Mob Task 4: Establish banking services in Hargeisa, transfer funds.*** The startup team completed a series of successful meetings with a local money transfer company, Dahabshiil, which offers a good range

of banking services. Based on the information gathered, the Partnership for Economic Growth has opened accounts with the ability to receive wire transfers, write checks and manage payroll to local project employees. The DAI home office has successfully wired the project funds and the project is able to financially operate in Somaliland.

***Mob Task 5: Establish, secure, and set up office in Hargeisa.*** Once the start up team mobilized in Hargeisa, they immediately began viewing suitable properties for office space to house 15 staff members and a conference room. The start up team looked at more than 10 properties to determine the best location within the budget and identified an office to meet the project needs. A security assessment was completed and necessary upgrades such as putting bars on first floor windows, adding a guard shack, installing a reinforced gate and outfitting the property with razor wire were completed. While the security upgrades and office furniture and internet services were being procured to make the office operational, the project utilized a temporary office space in the Ambassador Hotel complex for the assessment and startup staff to work as a team. Security enhancement for the office was completed on the first week of July. The team moved to the new office on the 9<sup>th</sup> of July. A local security firm, Physical Risk Solutions (PRS), was subcontracted to provide static guard services for the program office in Hargeisa.

***Mob Task 6: Procure IT equipment and vehicles.***

*Vehicles:* Competitive bids for vehicles were tendered prior to arriving in Hargeisa to identify vehicle options. The team submitted a source and origin waiver approval request to USAID in order to procure non-USA vehicles. As of the end of the quarter, June 30, the program is still awaiting official approval of the waiver, so vehicle purchase and shipment has not yet begun. Until the program vehicles are delivered, the team will rent cars and drivers for the start up and assessment team to travel to meetings and appointments.

*IT Equipment.* Once the office space was leased, with the assistance of the DAI home office IT team, the start-up team in Hargeisa finalized the specifications of the IT equipment that would be needed, specific to the office that had been identified. Because the total IT purchase would be over \$100,000, an approval request was submitted to the Information Resources Management (IRM) department at USAID for review and approval. Once it was approved, the DAI home office began procuring the hardware and software. It is currently being configured by the DAI Bethesda IT staff and once all materials have been configured and consolidated the equipment will be shipped to Hargeisa. Because the government of Somaliland requires pre-approval for any NGO to import goods valued at more than \$30,000, a procurement pre-approval request, along with a rough project procurement plan, is being submitted to the Ministry of Planning and National Development, as required.

***Mob Task 7: Recruit Somali LTTA staff.*** In May 2011, the start-up team immediately began the recruiting process by advertising open long term CCN positions in the local newspapers and job forums. The team collected CVs, conducted competency tests, and narrowed down to a short list of qualified candidates. With Ministry of Labor officials observing the interview process as required by Somaliland law, shortlisted candidates were interviewed to select the best qualified and most appropriate long-term CCN staff. The program has identified staff for three of the long term operations positions – operations manager, administrative assistant, and procurement and logistics officer – and expects to fill the other open positions in the next quarter.

***Mob Task 8: Establish communications and IT capability.*** The local startup team facilitated the installation of wireless internet in the leased office space in order for the office to be operational as we

wait for the fully configured server to be delivered and installed. A trial period internet of Telesom was installed in the office with the instructions of DAI home office IT Specialist.

**Mob Task 9: Field program manager and other key personnel.** Key personnel were confirmed upon project award and mobilization has began. Two key personnel – Program Manager, Suleiman Mohamed, and Communications Specialist, Elaine Eliah, were successfully mobilized to begin their assignments. The other two key personnel – principal private sector specialist and livestock value chain specialist – will be fielded in the second quarter.

**Mob Task 10: Field assessment team.** During the first quarter of the program, the startup team mobilized 15 members of the assessment team. This took place beginning the first week of May and continued through June as assessment team members had different schedules. This included logistical arrangement for people traveling to and from Nairobi and Hargeisa, and the arrangement of meetings with the private sector, government, and local NGOs to facilitate the private sector development assessment.

**Mob Task 11: Deliver first annual work plan.** The work plan was completed and submitted to USAID on May 15, 2011, which is 30 days after the effective date of the contract. The Partnership program is still awaiting official USAID approval and/or comments on the work plan.

**Mob Task 12: Deliver strategic communications and community outreach plan.** The strategic communications and community outreach plan was completed and submitted to USAID on May 15, 2011, which is 30 days after the effective date of the contract. In a teleconference on June 30, 2011, USAID provided detailed comments on the strategic communications and community outreach plan to program staff to better tailor it to program needs, local environment and specific USAID requests. With the assistance of the program manager and the rest of the team, the program communication specialist will revise the strategic communications and community outreach plan and re-submit it to USAID in July 2011.

**Mob Task 13: Host public Launch Event for the Partnership for Economic Growth.** The program hosted a public launching of the Partnership for Economic Growth in Hargeisa, Somaliland on June 7, 2011 at Maansoor Hotel with the participation of around 80 businessmen, government officials, INGOs, and UN agencies. During the launch, the objectives and expected outcomes of the Partnership for Economic Growth program were presented as working in partnership with the Somali people to improve the enabling environment for investment and generate employment through economic growth, and promote stability. The program's proposed work in a number of technical areas and value chains was presented. The launch was attended by the Director General of the Ministry of Commerce and the Secretary General of the Somaliland Chamber of Commerce. Both guests gave an opening remark in which they expressed the importance of the support to economic growth and their appreciation for the assistance from USAID in this regard. The Partnership for Economic Growth team also took the launch opportunity for outreach, by explaining that the program was funded by the American people through USAID. Big banners bearing the USAID logo were displayed strategically in the launch room. The logos were placed alongside those of the Chamber of Commerce and Ministry of Commerce to indicate the partnership relationship. The occasion got media coverage from VOA radio, and two local newspapers – *Waaheen* and *Jamhuuriya* and the stories were later picked up by some websites.

**Mob Task 14: Submit draft Grants Management manual for approval.** The draft Grants Management manual for the Partnership for Economic Growth program will be submitted to USAID/East Africa/LPC Somalia program in July 2011. The due date was delayed because grants will not begin being awarded until September 2011.

## PHASE ONE: PARTICIPATORY ASSESSMENT AND TECHNICAL ANALYSIS

Beginning in Somaliland, the Partnership for Economic Growth program conducted a comprehensive assessment of the private sector during the first quarter. The assessment specifically analyzed the fisheries and livestock value chains, as well as six other agriculture value chains. Building on the stakeholder consultation held in Djibouti by USAID East Africa's Limited Presence Countries program for Somalia in December 2010, the assessment of the private sector has been a critical first contact between the Partnership for Economic Growth program and key stakeholders. Our technical staff, led by Program Manager Mr. Mohamed, began building relationships with enterprises, local NGOs, associations, community organizations, government ministries and departments, and other stakeholders to understand what is happening on the ground, how stakeholders are making money, and which goods are being traded in the marketplace.

Throughout the analysis, the program engaged partners in a consultative process by gathering input and vetting our findings with key private sector and value chain actors. Under the direction of Program Manager Mr. Mohamed, one of DAI's senior private sector development experts, Lief Doerring lead the assessment.

The first quarter of the program, April 15 – June 30, 2011, included the following major tasks for Phase One:

***PI, Task 1: Conduct value chain assessment and mapping for livestock and fisheries.*** Building on comprehensive analysis already conducted on the livestock value chain in Somaliland by FAO and other donors, livestock specialist, Alfred Muthee, from subcontractor CNFA, was fielded in May and June 2011 to update and validate a value chain assessment for livestock, including a value chain map. For fisheries, GBTI II consortium partner, AISD, was engaged through a fixed price subcontract to update and validate fisheries value chain assessment and mapping work conducted by DfID and others. To conduct the fisheries assessment work in June 2011, AISD fielded two fisheries consultants, Anwar Kaelin and Habon Addou. The full written value chain assessments for fisheries and livestock will be submitted to USAID in July/August 2011. Both assessments will later be included in the Somaliland Private Sector Development Assessment Report, to be submitted in September.

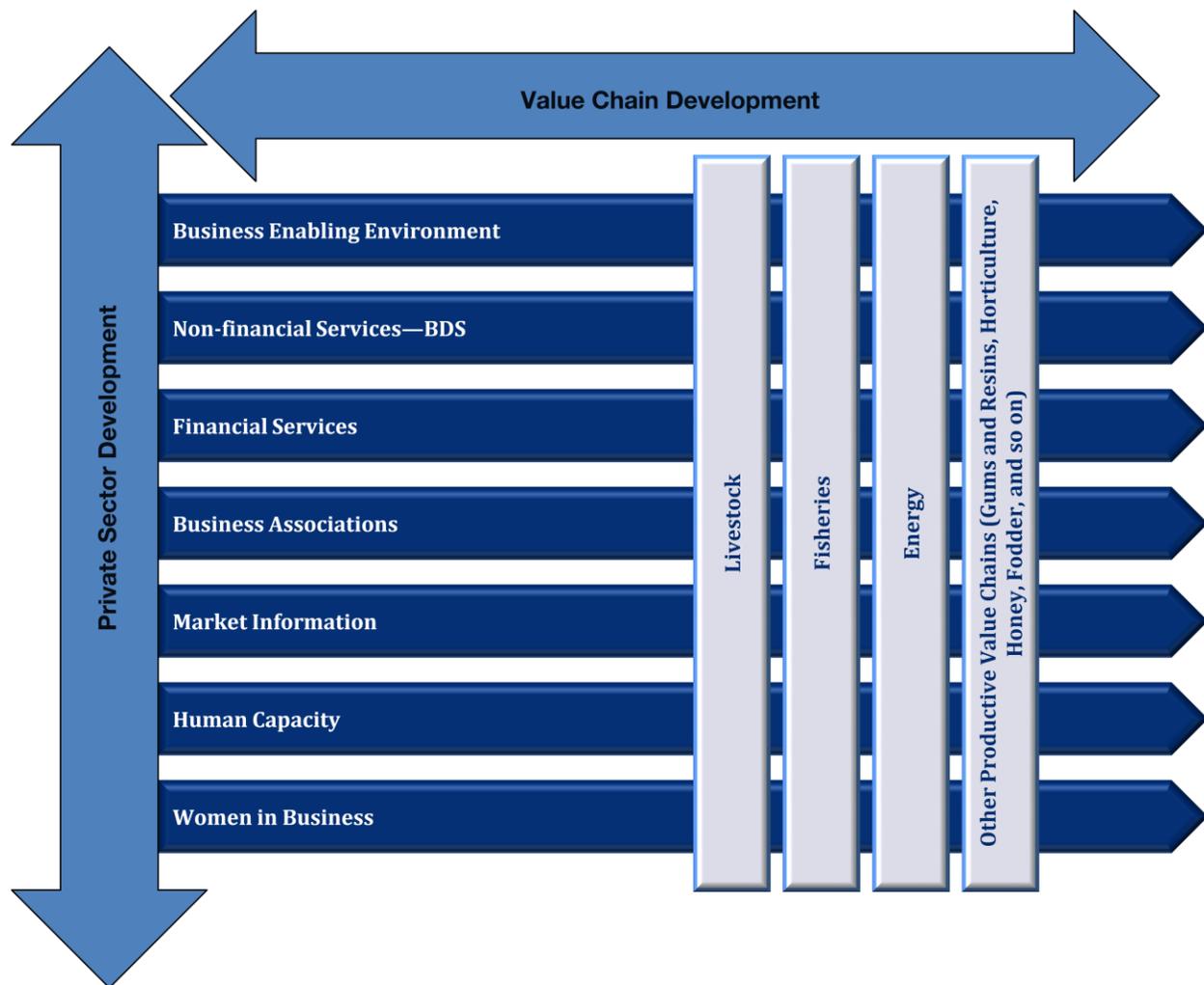
***PI, Task 2: Assess potential of other productive value chains.*** Senior value chain specialist, Rich Magnani, from DAI's home office conducted an assessment of several agriculture value chains from May 16 to June 25, 2011. Six value chains were assessed:

- Horticulture
- Beekeeping and honey production
- Gums and resins
- Dairy
- Fodder
- Mineral water

The six chains were selected based on a combination of historical activity (gums and resins), relationship to the livestock chain (dairy and fodder), pre-field visit desk research (honey and horticulture), and field assessment discovery (mineral water). Other chains that were considered but were not examined in detail due to probable low impact include salt, construction materials, and furniture.

Mr. Magnani interviewed government, NGO, and private sector stakeholders in Hargeisa, Berbera, Burao and Borama. He conducted site visits to Berbera and Burao, and two separate visits to Borama. The results of his assessment indicates that three value chains – horticulture, beekeeping and honey, and gums and resins offer significant positive income and employment benefits with few qualifying limitations. Horticulture by far represents greater total value – total consumption value of a minimum of \$95 million compared to honey which is currently a \$1 million market and gums and resins at just over \$2 million.

**P1, Task 3: Assess private sector development technical areas.** As detailed in the framework and outline for the program’s integrated private sector development assessment (see figure below), in addition to the targeted value chain assessments and screening of other productive value chains in P1, tasks 1 and 2 above, the strategic assessment of the private sector in Somaliland encompassed eight private sector development technical areas. These included the business enabling/policy environment, non-financial and financial services, business associations, market information, human capacity, energy, and women in business.



Seven technical area specialists served on the assessment team, along with five value chain specialists. Under the management of the assessment team leader, Lief Doerring, they were organized by specialty and background across the eight technical areas:

#### Technical Areas:

- *Business enabling environment* Lara Goldmark, Dan Charette
- *Non-financial Services / BDS* Zaki Raheem
- *Market Information*
- *Financial Services* Catherine Johnston
- *Business Associations* James Shyne
- *Human Capacity*
- *Women in Business* Halima A. Shuria, Saadia A. O. Mohamed

#### Value Chains:

- *Livestock* Dr. Alfred Muthee, CNFA
- *Fisheries* Anwar Kaelin, AISD
- *Agriculture* Habon Addou, AISD
- *Energy* Rich Magnani
- *Energy* Arte Moalin

Individual technical analyses and value chain reports will be synthesized into chapters to be included in the Somaliland Private Sector Development Assessment Report. Individual chapters will be submitted to USAID in July, 2011, with the fully compiled assessment report and all integrated chapters submitted in September 2011.

***PI, Task 4: Agree on shortlist of sub-activity possibilities with USAID.*** On June 21, 2011, two days prior to the first stakeholder's conference, the program manager, the strategic assessment team leader, and selected members of the assessment team, presented a brief overview of assessment findings, as well as a shortlist of potential sub-activities to the USAID COTR, Marybeth McKeever; Alternate COTR, Ismail Shaiye; and Deputy Assistant Administrator for Africa, Rajakumari Jandhyala, visiting from USAID/Washington. Recommendations for potential sub-activities for livestock, fisheries, agriculture, energy, and business enabling environment were presented. Based on this meeting and after further discussion with the COTR, it was agreed to present all of the possible recommended sub-activities at the upcoming stakeholder's conference on June 23, 2011. However, it was agreed that all of the potential sub-activities would be presented as possibilities only, to gauge stakeholder priorities and buy-in to each of the possibilities. After the stakeholder's conference (detailed in phase two below), the Partnership will submit more specific sub-activity recommendations at the beginning of the second quarter, based on the team's technical assessments and stakeholder input.

***PI, Task 7: Conduct business environment survey.*** In May, DAI Business Enabling Environment Specialists Lara Goldmark and Dan Charette worked with a group of 5 students from Hargeisa University to design and administer an Enterprise Survey, focused on the business enabling environment. The survey was developed first in test form and circulated to government partners including the Ministry of Commerce. Initial feedback suggested that questions should be broader and look beyond the business registration process and other administrative procedures, to include questions on investment, services, worker skills, etc. Students from the University of Hargeisa helped adapt the wording of the questions so that they would be clearly understood, translated them into Somali, tested the questionnaires, and administered them over the course of one week. Businesses interviewed were visible storefronts, selected

randomly within each of five districts in Hargeisa, without specific sectoral guidelines, but with some attention paid to diversity in the types of businesses interviewed.

Overall, 68 businesses were surveyed and a number of notable findings were recorded. For example, 88 percent of businesses surveyed are registered, a remarkably high percentage for a low-income region such as Somaliland. This finding reinforced information that the Business Enabling Environment Team received during the early stages of their assessment, in terms of the relative ease with which businesses perceive and experience the concept of enterprise formalization. Two other findings merit notation. First, nearly 70 percent of businesses surveyed indicated that the high cost of electricity is a burdensome cost, a finding that was also reinforced by information received from multiple sources on the unusual cost structure of independent power provision in Hargeisa. Recommendations on addressing this cost structure are contained in the Assessment Report. Finally, more than 70 percent of surveyed businesses said that their business was experiencing growth, again a remarkable indication of private sector vibrancy. These and other findings from the Enterprise Survey have assisted the project team in determining which areas to focus on with sub-activities (i.e. establishing an energy regulatory framework) and which areas are not a worthwhile use of project resources (i.e. assisting the Ministry of Commerce in streamlining the process for business registration).

## **PHASE TWO: PRIORITIZATION, DESIGN, AND DEVELOPMENT OF SUB-ACTIVITY SOWS**

The stakeholder's conference in Hargeisa, held on June 23, 2011, served as a milestone, moving the program from phase one, assessment, into phase two. By design, Phase Two (P2) will principally occur in the second quarter. However, during the first quarter of the Partnership for Economic Growth program, it began with following major tasks:

### ***P2, Task 1: Engage Chamber of Commerce, Ministry of Commerce and/or other key counterparts.***

Through a series of meetings beginning in May, the Partnership for Economic Growth program engaged the Ministry of Commerce, Trade, and Industry as its line Ministry counterpart. The line Ministry relationship is critical for the project, as the line Ministry assists with necessary operational approvals and endorsements with the government of Somaliland. On the private sector side, the Partnership is also in the process of partnering with the Somaliland Chamber of Commerce. Based on the sub-activity priorities and tasks, Memorandums of Understanding with both the Ministry and the Chamber will be agreed upon and jointly signed in the next quarter. In the forthcoming MOUs, it will be made clear that the program will interact and work with other Ministries, for example the Ministry of Livestock and the Ministry of Agriculture.

***P2, Task 2: Convene first stakeholder's conference.*** The first stakeholder's conference was held in Hargeisa at the Maansoor Hotel on June 23, 2011. Each assessment team member proposed his/her own list of invitees to the conference based on how individual work areas were relevant to prospective program sub-activities. Each stakeholder received an invitation by email but government guests also received a hand-delivered invitation. Any guest who failed to RSVP received a telephone call during the days preceding the conference.

Both Partnership team members and stakeholders found the workshop engaging. Stakeholders not only enjoyed commenting and contributing their own ideas, they sincerely appreciated the fact that their views and input mattered. Several people indicated that they felt not only free to speak out but also welcome to do so.

One team member observed that her group addressed their prioritization process as 'Somalilanders,' placing the welfare of the whole above their own self interests as individual businessmen in agriculture, livestock, energy, and/or fisheries sectors. They were able to evaluate how each potential intervention might affect the greater good.

Each group recognized the importance of livestock to the economic growth of Somaliland, though they differed in how the Partnership program could obtain the greatest impact in the sector. Four of the five teams ranked livestock as the highest priority for economic growth. The one group that indicated that agriculture was their highest priority, put livestock in second place. Three groups ranked agriculture second.

GROUP	PRIORITY 1	PRIORITY 2	PRIORITY 3	PRIORITY 4
1	Livestock	Agriculture	Fisheries	Energy indicated as beneficial to all VCs
2	Livestock	Agriculture	Fisheries	Energy indicated as beneficial to all VCs
3	Livestock	Fisheries	Energy	Agriculture
4	Livestock	Agriculture	Fisheries	Energy
5	Agriculture	Livestock	Fisheries	Energy

During discussion, it was evident that the personal and business interests of each participant came into play, and these personal biases also affected the rationale for the priorities for each group in different ways. Even with gentle prodding about why fisheries merited attention as a generator of income and employment, the justification of priorities centered on livestock because, “it’s the biggest.” One small group also asserted that livestock is more important than energy because improved livestock revenue would allow Somaliland to buy all the energy it needs.

Many ideas were very innovative. One group, thinking that the Partnership team had not directly addressed support to pastoralists, suggested a way to commercialize rural areas by having clans allocate large pieces of land for use as fattening grounds. Each clan household would contribute a certain number of livestock to be fattened and each contribution would earn shares in the venture. After sales, farmers would receive their payment less operating costs. Further development of the livestock centre might include provision of veterinary services, milk processing, and capacity building through extension services. Another group focused on establishing a herdsmen cooperative to receive training on improving weight gains and increasing returns.

Energy was an issue that many identified as seriously affecting all value chain interventions. Overall, energy is expensive to everyone, whether people in cities are buying from local independent providers or generating their own for rural applications. Key questions stakeholders had about alternative energy were investment cost and lack of local expertise to assemble and maintenance devices. All however, welcome a way to reduce high costs of electricity and fuel.

Below are listed the key ideas that groups supported in each of the value chains as transcribed from their flipchart presentations. Any wording or ideas they wrote down that paraphrased or reiterated what our presentation included have been omitted here.

#### **Livestock**

- Emphasize value added products (e.g. canning, meat production)
- Improve food storage (cold chain?)
- Application of modern livestock production methods
- Training in business management services for livestock owners

- Improve slaughterhouse hygiene and capacity, especially for export quality meat
- Improve availability of nutritious feed (fodder, grain, etc.)
- Communal management zones for pastoralist grazing
- Increase overseas markets for animal products
- Other products besides hides and skins
- Ranch-style farming for livestock

### **Agriculture**

- Extension service should include training in production methods, pesticide use, marketing and management
- Provide extension service for all areas (not only Borama through Amoud University)
- Promote nurseries in all areas
- Sponsor farmer field days
- Improve availability of clean, efficient irrigation systems
- Give priority to establishing an agricultural research center
- Promote Coordination among institutions involved in agriculture
- Provide/promote better quality seed
- Increase cereal production
- Improve post harvest processing

### **Fisheries**

- Raise consumer awareness of nutritional benefits to improve consumption
- Improve fishing techniques through training institutions
- Improve cold chain storage and transport
- Establish value added processing for fish industries

### **Energy**

- Promote alternative energy (solar, wind) to reduce cost and benefit environment
- Lack of competent technicians to maintain windmills
- Import energy from neighbors
- Establish alternatives to charcoal use for cooking

### **Business Enabling**

- Advocate for Somaliland products/opportunities in international business fairs
- Improve access to microcredit for all sectors
- Strengthen Chamber of Commerce

***P2, Task 6: Confirm USAID endorsement of prioritized sub-activities.*** On June 24, 2011, the Partnership team submitted a set of recommendations for sub-activities to the USAID COTR. These recommendations were based on the technical assessment itself, USAID review and input on June 21 (see above), and the June 23 stakeholder’s conference (also above). In response to the Partnership recommendations, USAID provided the following guidance:

- *Livestock* - Prepare a sub-activity focused on activities that could see an impact in two years: value additions, processing, marketing, trade facilitation, veterinary drugs, plus possibly milk, fodder, canned meat, etc.
- *Agriculture* - Prepare a sub-activity scope of work based on the stakeholder’s conference presentation.

*Fisheries* - Hold off on preparing a SOW. The team agreed that too much information was missing to be able to make a decision.

- *Energy* - Hold off on preparing a sub-activity scope of work. More consultation/analysis is needed on immediate activities that could be done to reduce the cost of energy. In the mean time, move forward on providing technical assistance to the Department of Energy for the development of a regulatory framework for energy.
- *Business Enabling Environment* - Prepare a sub-activity scope of work focused on investment promotion. This can include support to the Ministry of Commerce's Investment Climate Unit and sponsoring of the business fair in July. Other relevant ideas can be included if they fit clearly in the scope of work.

## PHASE THREE: IMPLEMENTATION

No tasks for phase three, implementation occurred in the first quarter of the Partnership program. It is expected that implementation will begin in the second quarter of the program, in late August to early September. In July 2011, sub-activity scopes of work will be developed and finalized with partner input, Sub-activity scopes of work will then be submitted to USAID for approval in mid-August.

## PHASE FOUR: LOCALIZATION

As an outgrowth of our participatory assessment and design approach, localization will be fully integrated into the sub-activity scopes of work developed in the second quarter. During the first quarter, one localization task was started, but is still in progress:

### ***P4, Task 1: Integrate localization strategy into communication and community outreach plan.***

Localization was factored into the strategic communication and community outreach plan, which was submitted to USAID on May 15. However, the strategic communication and community outreach plan has not yet been finalized and approved by USAID. The Partnership team received detailed comments on the strategic communication and community outreach plan on June 30, and will re-submit a revised plan to USAID for approval in the next quarter.

## MONITORING AND EVALUATION

Monitoring and evaluation (M&E) of the Partnership for Economic Growth program included the following major tasks during the first program quarter, April 15 – June 30, 2011:

***M&E, Task 1: Establish working relationship with USAID's third party M&E partner, IBTCI.*** Heather McHugh met with the USAID third party monitoring and evaluation (M&E) contractor, IBTCI, on May 28<sup>th</sup> in Nairobi, to begin discussions on the M&E approaches of the DAI program. She also met with the USAID COTR, Marybeth McKeever, on May 29<sup>th</sup>, and reviewed some DAI best practices for program monitoring in unstable environments, including discussions of a successful DAI stabilization survey that was conducted in Afghanistan to measure the impact of program activities on citizen perceptions of instability. Unfortunately, Ms. McHugh was unable to meet with IBTCI before her departure to Hargeisa, as the relevant IBTCI staff members were not available.

After her assignment in Hargeisa, Ms. McHugh attended meetings with IBTCI and USAID on her return trip through Nairobi. With the Program Manager, Suleiman Mohamed, she participated in a meeting with the COTR and ACOTR to discuss M&E issues, including the baseline survey and the need for a technical advisor (survey methodologist) to help draft the survey questionnaire. Additionally, she participated with

Suleiman in a strategy workshop at USAID, where IBTCI explained their approach to monitoring and measuring stabilization.

While in Hargeisa, Ms. McHugh began drafting the Partnership for Economic Growth program's Monitoring and Evaluation Plan (M&E Plan), including writing requirements for the M&E section of the project's MIS, drafting a field monitoring site visit tool, and writing the parameters for field site visits. However, a request by the Partnership team for a postponed deliverable due date for the M&E Plan (with the PMP) to August 31, 2011 was submitted, and subsequently approved by USAID. A delay is necessary because:

- The first stakeholder conference was delayed until June 23, 2011, and subsequent stakeholder's conferences in Borama and Burao won't occur until July 26 and 28, 2011, respectively. The outcome of the stakeholder meetings included decisions on activity priorities and development of sub-activity scopes of work will inform and generate the output indicators. Until the sub-activity scopes of work are finalized and approved, the output indicators could not be drafted;
- Outcome indicators will, to a large degree, depend on the baseline survey, and a complete PMP will require that the baseline survey questions be drafted before they can be incorporated; and
- USAID's third party M&E contractor, IBTCI, just began implementation, and as June 30, 2011, the end of the Partnership's first quarter covered in this report, they had not completed the USAID/East Africa/LPC Somalia PMP, nor had they completed their requirements for the USAID Somalia database clearinghouse. This information, and the operational and technical details governing the database clearinghouse, will be key to the Partnership program's PMP.

***M&E, Task 2: Conduct baseline survey through locally competed subcontract.*** In addition to her work in M&E, task 1, above, during her field assignment DAI M&E Specialist, Heather McHugh, drafted an RFP scope of work for a baseline survey to be competed locally, developed a scope of work for a survey methodologist technical advisor to draft the baseline survey questionnaire, identified a qualified candidate for the survey methodology assignment, and assessed the capability and requirements for local organizations to conduct the baseline survey.

Based on information she gathered in Hargeisa, it is unclear whether there is an actual Somali firm that has the capacity to conduct the baseline/business survey. There are several individuals who have reported capabilities, but the requirements of the Partnership program and its operations throughout Somaliland, will require a firm to manage and conduct the survey to the required specifications and data integrity. Instead, we are expecting that a regional or international firm may have the required capabilities (and experience in Somaliland). In order to promote the localization of the survey implementation, we are including a localization requirement into the survey RFP. The winning firm is required to explain their plans to build local capacity of Somalilanders, attempt local registration, the percentage of local hires to conduct and manage the survey, etc.

It is anticipated that the survey technical advisor will be fielded in July/August, in order to draft the questionnaire. Due to Ramadan and Eid, the survey itself will not be implemented until September. Our goal is to have the baseline data ready for the Partnership's quarterly report due at the end of October, and also for USAID's FY 2011 Annual Report.

***Additional M&E Tasks completed:***

During her field assignment, and subsequently since her return to the home office, Ms. McHugh also completed:

- The Partnership for Economic Growth draft Results Framework, a contract deliverable, which was submitted to USAID on May 30<sup>th</sup>, 2011.
- A draft scope of work, including qualifications and job requirements, for the CCN M&E Officer who will be hired in the next quarter.

**M&E, Task 5: Submit quarterly reports, including quarterly accruals.** The Partnership for Economic Growth program's first quarterly report (this report) will be submitted on July 30, 2011. It will be submitted electronically and with two hard copies to USAID, and will also be distributed to relevant Somali government officials and key counterparts, once approved for distribution.

**M&E, Task 6: Submit quarterly expenditures accruals report.** The quarterly expenditure accruals report for the first program quarter was submitted June 15, 2011. It reported actual expenditures for the first month of the quarter, April, along with projected expenditure accruals for May and June, 2011.

# FORTHCOMING QUARTER

**SECOND PROGRAM QUARTER, JULY 1, 2011 – SEPTEMBER 30, 2011**

## MOBILIZATION

**Mob Task 14: Submit draft Grants Management manual for approval.** The draft Grants Management manual for the Partnership for Economic Growth program will be submitted to USAID/East Africa/LPC Somalia program on July 22, 2011.

## PHASE ONE: PARTICIPATORY ASSESSMENT AND TECHNICAL ANALYSIS

**P1, Task 5: Deliver assessment chapter one: business enabling environment.** Senior business enabling environment specialist, Lara Goldmark, and business enabling environment specialist, Dan Charette, will develop and deliver chapter one of the private sector development assessment. Chapter one will include a written business environment assessment and, if possible, will include business environment survey findings that feed into the Partnership for Economic Growth program's M&E baseline assessment. Chapter One will be completed approximately one week after the first stakeholder's conference.

**P1, Task 6: Deliver selected written components for assessment chapter two: enterprise development.** Chapter two of the private sector development assessment will cover several aspects of enterprise development. This will include components on non-financial services (BDS), financial services, human capacity, market information, and women in business. The chapter will be produced by multiple technical specialists, including enterprise development specialist, Zaki Raheem; financial services specialist, Catherine Johnston; gender specialist, Halima Shuria, and others. Long-term team member and private sector specialist, Jim Shyne, will also contribute to chapter two. Selected chapter two component sections will be finalized and delivered to USAID approximately one week after the first stakeholder's conference.

## PHASE TWO: PRIORITIZATION, DESIGN, AND DEVELOPMENT OF SUB-ACTIVITY SOWS

**P2, Task 3: Deliver any outstanding written components for assessment chapter two.** Any component sections for chapter two, enterprise development that have not been completed and turned in as part of P2, Task 6 above, will be completed and delivered at least two weeks prior to the second stakeholder's conference. USAID will be kept apprised of the delivery schedule for all assessment chapters and related written components.

***P2, Task 4: Deliver value chain assessments and maps for livestock, fisheries, and energy.*** The value chain assessments and maps for livestock, fisheries, and energy will be delivered individually two weeks after the completion of the first stakeholder's conference. The three assessments will be consolidated and integrated into the private sector development assessment report as chapter three.

***P2, Task 5: Deliver assessment chapter four, other potential productive value chains.*** The assessment of other potential productive value chains will be delivered two weeks after the completion of the first stakeholder's conference. It will be integrated into the private sector development assessment report as chapter four.

***P2, Task 7: Develop SOWs and budgets for prioritized sub-activities.*** Focusing on the sub-activities prioritized by stakeholders at the first conference, under the direction of the program manager, the long-term team and relevant short-term assessment team members will work with partners to develop scopes of work and budgets for prioritized sub-activities. It is expected that 2-3 sub-activities will be prioritized for implementation, though each sub-activity may incorporate more than one grantee or partner. This will be clearly spelled out in each sub-activity scope of work.

***P2, Task 8: Convene second stakeholder's conference.*** Three to four weeks later after the first stakeholder's conference, a second stakeholder's conference will focus on the three to five sub-activities given the highest priority by the group, at least one of which is expected to be in the livestock sector. We will use the time between the first and second conference to fully develop sub-activity scopes of work, including cost-benefit analysis budgets, and GDA commitments from other parties. The assessment team and the Program Manager will also present the sub-activity scopes of work to USAID in Nairobi for review before the second Stakeholders Conference. Based on the sub-activities presented, the assessment team and the Program Manager will break the participants into small groups. The assessment team members will facilitate small group analysis and discussion of each sub-activity scope of work. Each small group of stakeholders will develop an action plan with long-term program staff. Small groups will present their action plans for the sub-activities to the larger group.

***P2, Task 9: Develop sub-activity SOWs/action plans into MOU and/or GDA agreements with partners.*** Once sub-activity scopes of work have been finalized and endorsed by stakeholders at the second conference, the program manager and the long-term program team will work with the partners that have been identified in each scope of work to develop action plans for each sub-activity. These action plans are expected to cover a one-year implementation period, and may include memorandums of understanding, grant agreements and/or GDA-type agreements with local partners. In all cases, sub-activities will be clear partnerships, with resource commitments clearly spelled out for the program and for each involved partner.

***P2, Task 10: Compile all chapters and deliver final private sector development assessment report.*** By the end of August 2011, the strategic assessment team leader, Lief Doerring, will consolidate all of the private sector development assessment chapters and written subcomponents, as well as the stakeholder conference reports and sub-activity scopes of work, into a final private sector development report. This will include an executive summary and an overview of the assessment and sub-activity selection methodology.

## **PHASE THREE: IMPLEMENTATION**

Building on the participatory assessment and strategic selection of sub-activities in Phases One and Two, and with final USAID approval, implementation of the selected sub-activities will begin in

August/September 2011. The program manager and the long-term team will facilitate progress on each sub-activity as agreed to with stakeholders and approved by USAID in the sub-activity scopes of work and other relevant action plans and/or partnership agreements that are developed jointly. DAI will report progress, impact, and success stories to USAID, Somali stakeholders, and others.

***P3, Task 1: Launch selected sub-activities.*** Within two weeks after the second stakeholder’s conference, each of the selected sub-activities will be launched. Depending on the partner or partners for each of the sub-activities, this may include a public launch event jointly branded with USAID and the relevant partners.

***P3, Task 2: Implement selected sub-activities.*** Implementation of each of the selected sub-activities will begin as soon as possible after the second stakeholder’s conference. It is anticipated that each sub-activity will be implemented over a 6-12 months period. The anticipated duration, budget, scope, and scale of each sub-activity will be clearly detailed in the sub-activity scope of work and action plan.

***P3, Task 3: Solicit and review relevant grant applications.*** Based on the selected sub-activity scopes of work finalized during the second stakeholder’s conference, a grants program will be established. Depending on the technical needs of the scopes of work and the potential partners involved, grants will be solicited and reviewed on a competitive basis. All grants will require some level of cost sharing with partners.

***P3, Task 4: Award and manage grants and/or subcontracts (including GDA/PPP financing).*** Following USAID approval requirements and thresholds, grants and subcontracts will be awarded to local partners to implement key activities in each of the selected sub-activities.

## **PHASE FOUR: LOCALIZATION**

***P4, Task 2: Design explicit localization into selected sub-activities.*** Each sub-activity scope of work finalized during the second stakeholder’s conference on July 27, 2011 will include an explicit strategy for localization of activities over time. Beginning with the “light touch” principle of donor financing for implementation of tasks, this will include a gradual reduction and withdrawal of program resources and assistance while local investment and control increases.

## **MONITORING AND EVALUATION**

***M&E, Task 2: Conduct baseline survey through locally competed subcontract.*** As part of developing the PMP while in Hargeisa, the M&E specialist, Ms. McHugh, will assist long-term project staff to engage a local organization through a subcontract to conduct a baseline survey. If possible, the baseline survey will be combined with the business survey to be conducted as part of phase one, above.

***M&E, Task 3: Set specific baselines and targets for the selected sub-activities.*** General baseline information will be used to establish specific baselines for the sub-activities that are prioritized by stakeholders. These sub-activity baselines, along with targets set in collaboration with implementation partners, will be fully integrated into each of the sub-activity scopes of work. These baselines and targets will be discussed and finalized with stakeholders during the second stakeholder’s conference, on July 27, 2011.

***M&E, Task 4: Develop and submit monitoring and evaluation plan, including targets and indicators.*** During the first and second quarter of the program, M&E Specialist, Heather McHugh, will develop the monitoring and evaluation plan. Through two trips to Hargeisa to work with the local project team – the

first visit to liaise with IBTCI, establish a program results framework and conduct a baseline survey; the second visit to develop the monitoring and evaluation plan in conjunction with the finalization of the sub-activity scopes of work. As required by the contract, the monitoring and evaluation plan will be submitted to USAID within 90 days of the effective date of the contract.

***M&E, Task 5: Submit quarterly reports, including quarterly accruals.*** Quarterly progress reports (March, June, September, and December), to coincide with the USAID reporting cycle, will be submitted within 30 days after the end of each calendar quarter. They will be submitted electronically and with two hard copies to USAID. They will also be distributed to relevant Somali government officials and key counterparts.

***M&E, Task 6: Submit quarterly expenditures accruals report.*** A quarterly expenditure accruals report was submitted electronically on June 15, 2011, which is 15 days prior to the end of each calendar quarter. It reported actual expenditures for the first month of each quarter, along with projected expenditure accruals for the second and third month of the quarter. The quarterly financial report – showing actual invoiced expenditures for April – June, 2011, is on the following page.