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SUPPORT TO
EMPLOYMENT PROMOTION
IN SOMALIA

FEASIBILITY STUDY REPORT

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List of Abbreviations

ACP	African, Caribbean and Pacific countries
ADO	Agriculture Development Organization
AVOCATE	Amoud Vocation Centre for Agriculture, Technology and Environment
AWSG	Awdal Women Solidarity Group
CARE	Co-operative for Assistance and Relief Everywhere
CCS	Committee of Concerned Somalis
CEFA	Committee for Training and Agriculture
CFP	Call for Proposals
CINA	Italian Cooperation North-South
COOPI	Cooperazione Internazionale
COSPE	Cooperation for the Development of Emerging Countries
DANIDA	Danish International Development Assistance
DfID	Department for International Development (UK)
DOHF	Doses of Hope Foundation
DOL	Department of Labour
DRC	Danish Refugee Council
DRP	Demobilisation and Reintegration Project
EBTVET	Enterprise based Technical Vocational Education and Training
EC	European Commission
ECHO	European Commission Humanitarian Office
ECLO	European Community Liaison Office
EC SOM OPS	EC Somalia Operations
EPS	Employment promotion service
ESC	Education Sub-Committee
EU	European Union
FIRR	Financial Internal Rate of Return
FLEC	Family Life Education Centres
GDP	Gross Domestic Product
GI	Gothenburg Initiative
GTZ	German Technical Cooperation
HAVAYOCO	Horn of Africa Voluntary Youth Organisation
IAPO	Improved Agricultural Production in Oases
IAS	International Aid Sweden
IBTVET	Institutional based Technical Vocational Education and Training
IDB	Islamic Development Bank
IDP	Internally displaced persons
ILO	International Labour Organisation
INGO	International Non Governmental Organisation
ISF	International Solidarity Foundation
IUCN	World Conservation Union
K-REP	Kenya Rural Enterprise Programme
LED	Local Economic Development
LLMS	Local labour market survey
LNGO	Local Non Governmental Organisation
LRRD	Link between relief, rehabilitation and development

MFI	Micro Finance Institution
MOHL	Ministry of Health and Labour
MOLYS	Ministry of Labour, Youth and Sport
MOEYS	Ministry of Education, Youth and Sport
MOET	Ministry of Education and Training
MOP	Ministry of Planning
MODDR	Ministry of Disarmament, Demobilisation, and Rehabilitation
MORRR	Ministry of Rehabilitation, Reintegration, Reconstruction
NFE	Non-formal education
NFED	Non-Formal Education Department
NGO	Non-Governmental Organisation
NOVIB	Netherlands Organisation for International Development Cooperation
PACE	Pan-African Programme for Control of Epizootics
PEER	Programme for Education for Emergencies, Communication & Culture of Peace
PERPS	Promotion of Economic Recovery, Employment creation and Support to Decentralisation in Somalia
PETT	Promotion of Employment through Training
PI	Progressive Intervention
PNEP	Puntland National Education Plan
PRER	Poverty Reduction and Economic Recovery
ROLSP	Rule of Law and Security Programme
RRIDP	Reintegration of Returning Refugees and IDP
SACB	Somalia Aid Coordination Body
SIDA	Swedish International Development Agency
SISAS	Strategy for the Implementation of Special Aid to Somalia
SME	Small and Medium Enterprise
SNEP	Somaliland National Education Plan
TDIM	Territorial diagnosis and institutional mapping
TNG	Transitional National Government
TOR	Terms of Reference
TVET	Technical Vocational Education and Training
UN	United Nations
UNDP	United Nations Development Program
UNESCO	United Nations Educational Social and Cultural Organisation
UNICEF	United Nations Children's Fund
UNHCR	United Nations High Commissioner for Refugees
VTC	Vocational Training Centre

0. EXECUTIVE SUMMARY

1. EC Somalia Operations commissioned a study between April and June 2004 for the identification of an intervention to support the promotion of employment through training and economic measures in all regions of Somalia. Based on meetings with stakeholders and beneficiaries, field work in Somalia, document review and participatory workshops, a project provisionally titled *Promotion of Employment through Training (PETT)* was identified that will focus on Northeast Somalia (Somaliland) and Northwest Somalia (Puntland).
2. Based on analyses of context, stakeholders, problems, objectives and strategies, alternative options for the proposed project were established and preferred options identified. The preferred options are EC support to the implementation of; (i) institution-based technical/vocational education and training (TVET), (ii) enterprise-based TVET, (iii) employment promotion and local economic development services.
3. Two important strategic options in Somalia for EC support were excluded as components of the proposed project. The provision of micro-credit and support to creating an enabling environment for financial services were not included due to issues of sustainability, strategic fit and EC development aid policy changes. Support to strengthening and diversifying rural livelihoods was not prioritised (though it is still an element of some of the proposed project components) due to strategic fit and limited added value to on-going and planned EC supported measures.
4. Based on the preferred options, a logframe to the results level with objectively verifiable indicators, means of verification and critical assumptions, has been developed for the proposed project through a participatory planning process. The overall objective of the project is: *Reduced vulnerability of disadvantaged young adults*. The project purpose is: *Employability of disadvantaged groups sustainably improved*.
5. The expected project results are: *1. Improved access of disadvantaged groups to TVET and to employment promotion services. 2. Competencies of target groups increased in accordance with employment opportunities. 3. Improved availability and use of information on local economic development opportunities. 4. Capacities of local implementing partners and authorities increased with respect to TVET and employment promotion.*
6. The target group for the proposed project are young people between 16 and 36 years, with specifically targeted beneficiary groups being; women, militia, returnees/IDP, women-headed households, unemployed school leavers and physically/mentally handicapped youth.
7. A cost-benefit analysis performed on project costs and benefits has produced a positive indicator of net project benefits over a six year period. The main effects of the project are linked to employment promotion which is the base of the project's efficiency and solvency. Economic/financial analysis indicates a Financial Internal Rate of Return of 2.32%. Sensitivity analysis conducted on the data proves all underlying assumptions to be robust and the project to be a viable one.

8. The main risks to the proposed project are; (i) deterioration of the security situation in target regions of Somalia, resulting in disruption of planned activities, and (ii) macro-economic shocks that impact on livelihoods, employment opportunities or job creation in Somalia. Such events have occurred in the recent past in Somalia and flexibility in rescheduling or redesigning project activities would be needed if these risks materialise.
9. The project period will be 24 months. Due to resource limitations of the local authorities in Somalia with responsibilities in the areas of the proposed intervention, EC support needs to be initiated with an understanding of the need for long-term support with a 5 – 10 year time horizon for the institutions and systems established. The proposed intervention should be seen as the first phase of EC support, with subsequent funding of Phase 2 contingent on the evaluation of Phase 1.
10. Due to difficulties with passports and obtaining visas, it was not possible for representatives of the relevant local authorities in Somaliland and Puntland to attend the participatory planning workshop in Nairobi. EC SOM OPS will need to ensure that they are informed of the results of this workshop and kept fully involved in subsequent procedures and developments regarding the proposed project.
11. The proposed PETT project will pay special attention to the critical issue of identifying and supporting opportunities for employment of women in Somalia, many of whom are illiterate. This will include the provision of appropriate lower level technical/vocational skills as well as facilitating women to take employment opportunities in male-dominated technical/vocational occupations.
12. The project will need to consider appropriate measure to ensure that the identified health & safety and environmental hazards associated with TVET activities are adequately addressed. Local economic development activities, job placements and any innovative TVET activities linked directly or indirectly to rural livelihoods will need to ensure that the activities supported or promoted do not result in environmental degradation or impact negatively on the sustainable management of natural resources.
13. The institutional and management capacities required for the successful implementation of the type of intervention that is proposed in the PETT project are lacking in Somalia at the present time. This is an indication of the appropriateness of the assistance proposed but is also an indication of the important of capacity building measures as an important component of the proposed EC project.
14. Based on EC procedures applicable to the funding of the proposed project, a Call for Proposal will need to be launched and international NGO and other eligible organisations invited to submit proposals either individually or as consortia. A number of EC member countries are considering the possibility of co-financing for the proposed project. There is also an interest from some UN agencies in implementing the proposed project.

1. INTRODUCTION

1.1. Background

The EC Somalia Operations (EC SOM OPS) commissioned a study of opportunities for an intervention to support the promotion of employment through training and economic measures in all zones of Somalia. This study was undertaken in Nairobi and Somalia between 26 April and 23 June 2004 by a mission comprising two independent consultants; an economist and a training specialist. The TOR for the mission is attached in Annex 1.

1.2. Approach and methodology

Following initial meetings with EC SOM OPS in Nairobi, it was agreed that the mission would adopt an approach combining conceptual analysis, fact-finding through practical field work in Somalia and participatory planning with stakeholders in Somalia and Nairobi. The methodologies adopted included:

- Document review.
- Meetings with relevant local authorities in Somaliland and Puntland.
- Meetings with individuals and organisations (including UN agencies, bilateral donors, NGO, private sector service providers) with experience of implementing projects/activities in Somalia related to the proposed EC measure, particularly concerning the provision of training and credit.
- A questionnaire-based study of enterprises and local labour markets in Somaliland and Puntland.
- Semi-structured interviews and focus-group discussions with enterprise owners, groups of trainees, trainers, women and members of the proposed target groups.
- Participatory workshops for preliminary planning with stakeholders (including potential implementing partners and representatives of some groups of beneficiaries) in Puntland, Somaliland and in Nairobi.
- Coordination and liaison with the Somalia Aid Coordination Body (SACB) Education Sub-Committee (ESC)

The mission was unable to visit South/Central Somalia due to the prevailing insecurity in Mogadishu¹ and it was ultimately decided, in consultation with EC SOM OPS, not to include that region in the study. The proposed EC intervention is therefore following a peace dividend approach which is consistent with EC SOM OPS policy.

Maps of the whole of Somalia, the Northeast region (Puntland) and the Northwest region (Somaliland) are given in Annex 2. A complete schedule of the organisations and persons met, as well as the sequence of mission activities is given in Annex 3. A list of the documents reviewed is given in Annex 4.

¹ During May 2004 between 50-80 people were reported to have been killed during an outbreak of clan-based fighting between militia in Mogadishu.

2. CONTEXTUAL ANALYSIS

2.1. *Historical and political context*

Somalia is just emerging from a civil war that engulfed the country for over a decade immediately prior to and after the overthrow of the previous government in 1991. The civil war was characterised by localised clan-based rivalries which resulted in the collapse of national institutions and administration systems and the destruction of much of the social and economic infrastructure of the country. Somalia is unique in having existed without an internationally recognised and functioning national government for a decade.

During this period two local administrations emerged in the North West Somalia (Somaliland, 1991) and in North East Somalia (Puntland, 1998). These administrations began to establish their own respective authorities to manage services and functions for their peoples and relative peace and stability has been established in these zones. In the former capital Mogadishu a national peace process ended in October 2000 with the formation of a Transitional National Government (TNG) which has strived to establish a more inclusive formula for the government of Somali. However there has been little progress towards national reconciliation and the authority of the TNG has not extended beyond central and southern Somalia. Somaliland, the former British protectorate, in particular continues to seek international recognition and its own independence. In Somaliland the regional conferences in 1993 and 1997 resulted in peace and agreement on a form of government and a constitution. Decentralisation was mandated but there has been little progress to-date. The authorities in Somaliland and Puntland have to varying degrees succeeded in establishing functioning administrations, promoted internal security and stability and created a positive environment for social and economic development.

2.2. *Social context*

The Cushitic Somali people are a culturally, linguistically and religiously homogenous group divided into clans and sub-clans. Somali society has traditionally been separatist and strongly clan-based. There are five main clans within Somalia and rivalries and feuds between clans were exploited during the 20 years of the Said Barre regime. This government was characterised by centralisation and an inequitable distribution of power and wealth. The ensuing civil war resulted in massive internal and external migrations resulting in the whole-scale disruption of many settled and nomadic communities and a breakdown of social structures, traditional livelihoods and coping strategies. The predominant religion of Somalia is Islam and during the period since the disintegration of the repressive and divisive Said Barre regime there has been a rise in Islamic fundamentalism and *sharia* law has been established in some areas.

Current estimates² put the population of Somalia at approximately 6.8 million (2.3 million urban, 4.5 million rural/nomadic). This figure includes almost a quarter of a million refugees that have repatriated mainly to Somaliland and 370,000³ internally displaced persons (IDP). There are an estimated 2.2 million young Somalis aged between 15 and 35. There are about 41,000 Somalis remaining as refugees in camps in Ethiopia (16,000) and Djibouti (25,000), with several thousand additional refugees, mainly from southern Somalia, in Kenya⁴. The current population

² *Socio-economic Statistics, Somalia, Report No. 1*. UNDP/WB Somalia Watching Brief (2003).

³ IDP figure provided by UNDP Somalia, Reintegration of Returning Refugees and IDP Programme.

⁴ Refugee figures provided by UNHCR Somalia, Hargeisa Office.

figures are in contrast with a pre-war population estimate of 8 million. Roughly two thirds of the total population live in the South/Central zone where Mogadishu is located. Post-conflict estimates suggested 42% of the population are nomadic pastoralists, 35% combine agricultural and pastoral activities and about 25% are urban residents. However due to recurrent droughts, disruption of the livestock export market and urban drift of returning refugees and IDP there is likely to have been an increase in the number of urban dwellers, particularly in the North. At the present time the vast majority of Somalis depend for their livelihoods on pastoralism/agro-pastoralism (59%) or sedentary agriculture (17%), while the remainder (24%) are urban dwellers⁵. The vast economic potential of Somalia's marine resources does not yet accrue to the benefit of the population.

Adult literacy rates are estimated to be amongst the lowest in the world. As a result of the lack of education opportunities during and after the civil war literacy rates now vary between 35% for urban areas and 11% for rural/nomadic areas. UNICEF estimates Gross Enrolment Ratio in primary schools to be 14% for girls and 19% for boys. UNESCO estimates that the vast majority of the 14-20 year age group is out of school and with very limited access to education and skills training. Somalia has the highest infant mortality rate in the Horn of Africa. In a recent study by UNICEF⁶ covering all three zones of Somalia and encompassed urban, rural and pastoral families, lack of employment and poverty were consistently ranked the most common problems and potentially the most common causes of other social problems. The increasingly widespread use of the narcotic drug *khat* amongst the male population was also identified as a significant contributing factor to domestic problems and poverty, especially in Somaliland.

2.3. Economic context

Somalia is defined as a Least Developed Country and is one of the ten poorest countries in the world. In 2003 UNDP estimated⁷ that over 43% of the population live in extreme poverty on less than one US dollars per day and over 73% of the population live in general poverty defined as less than two US dollars per day. Overall, only 56% of the labour force was estimated to be economically active, with 62% of the urban labour force and 41% of the rural/nomadic labour force reported to be unemployed. The most common source of household income is self employment (50%), with remittances from the Somali Diaspora the second most important source of income in Somalia. The breakdown of employment (paid employment and self employment) by major sectors of the Somali economy is illustrated in Table 1.

Table 1. Employment by major sectors in Somalia

Sector	Urban areas (%)	Rural/nomadic areas (%)	Total (%)
Agriculture & livestock	25	80	67
Industry	26	8	12
Services	49	12	21

Primary features of the Somali economy are the dual effects of lack of regulation in every sector and reliance on livestock exports and imported foodstuffs resulting in outflow from the economy. Deregulation of trade and commerce in Somalia has fostered vigorous re-construction and

⁵ *Human Development Report, Somalia*. UNDP (2002)

⁶ *Child Protection Study*. UNICEF Somalia (2003)

⁷ *Socio-economic Statistics, Somalia, Report No. 1*. UNDP/WB Somalia Watching Brief (2003).

expansion of the private sector with a wide variety of dynamic private sector initiatives. These include the most efficient and cheapest telecommunications in Africa, provision of electricity in urban centres, development of new trade routes and transport (including airlines) and emergence of women's and trade co-operatives.

Traditionally livestock production and exports have been the basis of the economy, providing broad financial benefit to pastoral households as well as livelihoods at ports. Meat, together with milk, assures 55% of the calorie intake of the entire population. Current projections estimate about 5.2 million cattle, 13.5 million sheep, 12.5 million goats and 6.2 million camels, with cattle concentrated in the South and camels in the North. Compared to other nomadic livestock systems the one of Somalia is very much market oriented. Livestock exports including raw hides and skins (export of slaughtered animals was introduced only recently) represent about 40% of GDP and 80% of foreign currency earnings. The Saudi government ban on livestock imports has had a severe impact on economies and food security in Somalia and Ethiopia. The other effect has been development of new trade and transport routes through Galkayo to NE and NW due to closure of Mogadishu port and insecurity in the South with Galkayo emerging as a significant trade centre⁸.

Reliance on livestock exports is matched by reliance on imported food and consumer goods which means that Somalia is import-dependent as a result of both preference for imported food and marginal grain production despite rich agriculture land in the inter-riverine area. Crop production is restricted by rainfall. Southern Somalia's alluvial plains are the country's most fertile soils and together with the inter-riverine area of Bay, account for 90% of the agricultural production. Only very limited crop production is possible in the Puntland and Somaliland. The principle staple crops are sorghum in the drier areas, maize in the more favourable and irrigated areas, sesame beans and rice. About 400,000 ha are cropped in the main season and 230,000 ha in the secondary one. The planted areas changes significantly from season to season depending on the rainfall pattern. On average, between 1994 and 2000 300,000 tonnes of cereals were harvested per year, a significant reduction compared to the pre-war production of 480,000 tonnes, mainly caused by a reduction of cropped area. The production of staple crops is subsistence-oriented and dominated by smallholders. A significant proportion of the rich agricultural land in the south is used for banana plantations with bananas one of the main exports of Somalia. Production and exports collapsed during the war. Despite some recovery in the mid-90, commercial farming was hard hit by the El Nino rains of 1997-98 which destroyed an estimated 80% of the country's banana plantations, causing about 100,000 families to lose their primary source of income.

The Somali coast holds rich marine resources. Pre-war assessments reported about 30,000 Somalis being occupied in fisheries producing more than 20,000 tonnes of fish per year with an export value of about US\$ 10 millions (approximately 2% of GDP). Current estimates suggest a potential annual harvest of marine products of 200,000 to 300,000 metric tonnes. However, there several key issues that are constraining the sustainable harvesting of marine resources. The most serious problem is access to 'offshore' resources (outside of the 12 nautical mile territorial range of the coast exploited by artisanal fisheries), as there is growing evidence of significant 'poaching' by foreign commercial fishing fleets. Developing a fair and equitable fisheries access

⁸ Sources of information:

Strategy for the Implementation of Special Aid to Somalia 2002 - 2007. EC SOM OPS.
Somalia: Political, Economic and Social Analysis. Oxfam 1998

system in Somalia's clan-based society will also be problematic. 'Open access' will not result in a sense of ownership and responsibility amongst those exploiting the marine resources and can undermine sustainable fisheries development. While it is tempting to provide donor support to fisheries exploitation, e.g. vessels, equipment, processing plants, etc, such schemes would need to be very carefully managed. All such costs must be debited to the fishery itself. Some marine resources, e.g. lobster and shark fin, are of such high value that they have already become major targets for Somali entrepreneurs and fisher communities, but without any knowledge of sustainable harvesting and the distinct possibility that in the future these stocks could collapse.⁹

Frankincense and other natural gums and resins are a significant export crop in northern Somalia. These are harvested from wild trees controlled by customary rights which have protected this resource from over exploitation. However the market for these products has fluctuated. Charcoal export and domestic use has been increasing despite efforts by local authorities to curb the practice, which is posing a serious threat of deforestation in a fragile environment. Environmental issues are discussed further in Section 2.5.

Khat trade and consumption play a significant role in the economy, providing employment (particularly for women and IDP as petty traders) but also acting as a drain on domestic income and reducing the economic productivity of a significant, and increasing, percentage of the male population who chew *khat*.

Remittances into Somalia are another significant income which have been used to support families with funds (estimated to total US\$ 300-400 million annually) from the Diaspora which has a cushioning effect for many of the poorest households as well as fuelling certain economic sub-sectors such as trade and construction.

The combination of a dominant pastoral economy, a strong informal parallel economy and powerful interest groups controlling significant enterprises with weak or absent administration means it is difficult to develop a revenue base. Taxation of imports/exports (as well as habitat in municipalities) could be a primary source of potential revenue but is constrained by lack of regulation and effective promotion of trade.

The current socio-economic situation is the result of the collapse of the central government in 1991 and all that subsequently happened. These events had a de-structuring impact on the economy, turning it into a vast informal sector for the most part. The demise of the formal sector left in its wake great numbers of small business people and merchants with no public services, no regulations and no control. In this challenging context, Somalis managed to keep a modicum of infrastructure, e.g. roads and ports, operational. On the one hand, the economy has become internationalized with trade, labour exports and financial services generating very strong monetary flows, especially in the form of remittances. Also the informal sector has held up well against the very unfavourable conditions brought on by the many conflicts between armed factions and the absence of the central government.

The events have highlighted the drive and entrepreneurship found in the very active private sector. Agriculture and livestock excluded, the informal sector is supplying the majority of jobs

⁹ *Development of Artisanal Marine Fishery Monitoring*. Somalia Natural Resources Management Programme, IUCN East Africa (September 1997).

and income for the people. Today, this sector appears to be one of the fundamental elements for the country's reconstruction. It nevertheless faces a number of challenges:

- Creating a significant number of jobs in order to integrate a large part of the work force;
- Renewing its physical plant facilities in order to provide better products and services;
- Creating a value-added factor in order to offer more attractive salary levels.

The sector can only overcome these challenges if it can gain the benefit of a favourable operating environment and suitable technical and financial services.

2.4. Gender

Traditionally in Somalia women were considered to have a passive role in both domestic and public spheres. This now appears to be changing with women becoming more engaged in economic and social activities since the civil war. With the increasing use of *khat* by men and the negative economic effects on household incomes, many families are becoming increasingly dependant upon income generated by women. International experience demonstrates that income generated by (and kept in the hands of) women is far more likely to be used productively for family needs. Women in Somalia are however particularly constrained, both economically and socially, by their literacy rates. The overall rate for women is 13% compared with 25% for men. In rural/nomadic areas the adult female literacy rate is as low as 7%. The incidence of female genital mutilation in Somalia is amongst the highest in the world and it is still widely practiced. *Khat* chewing is also resulting in increased incidents of domestic conflicts and violence affecting women. The civil war and widespread conflicts have resulted in an increasing number of women-headed households due to death or divorce of husbands. Women-headed households now constitute 14% in urban areas and 12% in rural/nomadic areas.¹⁰ International experience indicates that such households are typically amongst the poorest of the poor.

2.5. Environment

The linkage between environment conservation and natural resources management and the national economy is a key issue in Somalia¹¹. In the semi arid environment of Somalia, water for domestic consumption and for livestock is of critical importance. Water has always been scarce, especially in the northeast of the country. Statistics¹² suggest that less than 5% of the population has secure access to clean water. The traditional nomadic pastoral lifestyle represents a flexible set of survival strategies with a high level of adaptability to changing circumstances. These are being threatened by an escalating trend in changing resource use where communal rangelands are enclosed for private grazing and farming leading to sedentarisation and associated environmental degradation. Effects include over-grazing (hence decreased rangeland productivity), deforestation (for fence enclosures and production of charcoal), wildlife habitat degradation, natural resources depreciation and falling underground water levels.

Historically there has been increased land settlement since the 60's, primarily by destitute pastoralists and those from numerically smaller clans with less power to access resources.¹³ The

¹⁰ *Socio-economic Statistics, Somalia, Report No. 1*. UNDP/WB Somalia Watching Brief (2003).

¹¹ *Somaliland, Strategy for Economic Recovery and Poverty Reduction Plan 2004-2006*. Ministry of National Planning and Coordination.

¹² *Strategy for the Implementation of Special Aid to Somalia 2002 - 2007*. EC SOM OPS.

¹³ *Somalia, Political, Economic and Social Analysis*. Oxfam (1998)

former regime's policies discouraged pastoralism and the civil war aggravated these processes with increased clan localisation to territories for security, restricted mobility, absorption of men in militias and mass movements of IDP and returnees. The rapid increase in urbanization in Somalia, combined with displacement, results in a large number of marginalized urban poor. In addition deregulation of the economy has increased exploitation and impoverishment of the environment with externalisation of land use costs (livestock market development, charcoal export, etc). Agro-pastoralists and farmers have taken over former communal grazing land for agriculture. In Puntland, unplanned settlements and reservoirs taking rainfall in grazing areas have led to semi-desertification in some areas. In many areas nomadic pastoralism may no longer be seen as a sustainable system and new sources of conflict arise over competition for shrinking resources.

Some of the responses required to the increased sedentarisation and environmental degradation are better access to education (as insurance against pastoral economy failure and drought), improved land use and livestock management, reforestation, increased rural community awareness and participation, better planning for the exploitation of scarce water resources, diversification of income sources (to diminish further pressure on environment) and development of coherent strategy for a local (urban and rural) economic development. The proposed EC project is part of the EC for economic recovery and poverty reduction in Somalia. In this context, the project needs to contribute to a more effective allocation and utilization of scarce natural resources by contributing to building technical capacities and enhancing job creation opportunities to improve the economic and environmental situation in Somalia.

2.6. Features of EC cooperation and the sector

Due to the absence of a recognised national authority to coordinate aid agencies and donors in 1994 the Somalia Aid Coordination Body (SACB) was established. The SACB has coordinated aid activities and provided orientation through the development of sector strategies. Since the withdrawal of UNOSOM in 1995, the EC has consistently been the most important donor to Somalia. In recognition of its role as the leading donor, the EC support strategy for Somalia simultaneously addresses two fundamental dimensions of development – the well being of the population and governance.

EC SOM OPS cooperation strategy for Somalia reflects this perspective.¹⁴ The overall long-term objective of the Strategy for the Implementation of Special Aid to Somalia (SISAS) is to contribute to the alleviation of poverty and the promotion of a more peaceful, equitable and democratic society. From this strategic objective the EC cooperation intervention objectives have been derived. These objectives clarify that the EC's response strategy in Somalia will support sustainable improvements of the livelihoods of the Somali people by enhancing food security, economic growth and improved access to basic public and social services as well as the establishment of good governance. These development objectives for EC aid to Somalia are complementary to the EC's Cotonou and ACP-EC Partnership Agreements.

Taking into account the above points, as well as the EC paper 'Education and Training in the Context of Poverty Reduction' and the draft strategy paper¹⁵ developed by the SACB Education Sector Committee (ESC), EC SOM OPS has produced a strategy paper which identifies the

¹⁴ *Strategy for the Implementation of Special Aid to Somalia 2002 - 2007*. EC SOM OPS.

¹⁵ *Strategy for Education Development in Somalia (DRAFT)*. SACB-ESC (2004)

strategy and policy priorities for EC support to Somalia in the education and training sector.¹⁶ The long-term strategic objectives, to be achieved by 2015, include:

1. The quality and relevance of available secondary and tertiary education, *vis a vis* employment opportunities, are improved and networks (national and international) have been established.
2. Youth unemployment is reduced by at least 50% equally for both genders.

The paper goes on to highlight that in the shorter term (2004 – 2006) care must be taken to ensure that education and training systems must produce students at different levels and that their qualifications are in keeping with the labour market. It also emphasises the need to prioritise a wider spectrum of target groups to benefit from EC interventions in adult basic education coupled with vocational training for employment, in particular young adults and women who missed out on basic education due to the civil war (the so-called ‘lost generation’) and militia members. This represents the basic rationale for EC support for the proposed EC intervention which is the subject of this project proposal. This rationale is supported by mission findings which indicate that the proposed EC intervention is complementary to planning being done in this sector by some of the regional authorities in Somalia. In the absence of a national government there are no existing national policies related to the potential sectors for the proposed intervention in Somalia. The relevant strategy and policy within which the EC support should fit are provided by the SACB, as mentioned above, and the available planning and strategy documents of the regional authorities which are reviewed in Sections 3.4.

The SACB ESC strategy paper highlights the need for all education projects to cooperate with and strengthen the local administration administrations. The mission concurs with this view and close attention will need to be paid to this issue in the planning, implementation, monitoring and evaluation of the proposed intervention. The EC intervention is also fully consistent with SACB ESC strategic objective #9 and associated activities related to promoting technical/vocational education and training (TVET) and provide support to demobilisation.

EC SOM OPS has recently taken the opportunity of the Mid-Term Review 2004 to propose a more focused sector-oriented approach be adopted in order to achieve higher and better measurable impact that would be more in line with the Millennium Development goals while also taking into account new EC policy initiatives. The shift would entail the development of three focal sectors (governance & peace building, rural development & food security and social services) and one non-focal sector (economic promotion). This approach is expected to allow for more coherency in the definition of strategy and more discipline in the choice of interventions.

3. MISSION FINDINGS

3.1. Lessons learned from past interventions

The EC’s intervention strategy in Somalia has evolved over time and in the process a number of important lessons have been learned including:

- Strict neutrality with respect to the main administrative/political entities.

¹⁶ *Intervention Strategy and Policy Considerations for the Education and Training Sector*. EC SOM OPS (January 2004)

- An area-based approach focused on the local level and working with local administrations and beneficiaries.
- Capacity building with local institutions taking into account local absorption capacity.
- A multi-sectoral approach including working with international NGOs (INGO) as implementation partners.

There are a number of past and on-going EC-funded projects and interventions in Somalia involving a variety of different implementing partners that have also contributed to lesson learning and produced results that are relevant to the proposed EC intervention. Some of these have also been co-funded with EC member states. The proposed intervention will complement and, in a number of cases, add value to these projects as discussed in more detail below.

3.1.1. EC funding to education and training sector

In 2004 EC SOM OPS has a budget of €14.5m¹⁷ for education in Somalia. This represents approximately 60% of the total education budget for Somalia. The majority of EC funding in this sector has been for projects and activities related to primary education, with a much smaller amount for secondary education and none concerning tertiary education or TVET. The proposed TVET intervention will be the first of its type for EC SOM OPS in the education and training sector.

In 1993 EC SOM OPS funded a study by an independent consultant of employment creation, income generation and vocational training in Somalia¹⁸. This was undertaken through meetings with a large number of INGO actively engaged in Somalia as well as extensive fieldwork throughout Somalia involving meetings with a wide range of local Somali NGOs (LNGO), businesses and regional authorities. A significant number of the findings and recommendations in the 1993 study remain valid and relevant to the present day as the overall context of the sector to be addressed in Somalia has not changed significantly due to the continued conflict and lack of formation of a national government. The original study highlighted three possible strategies: (i) the establishment of multipurpose employment resource centres, (ii) strengthening informal sector training and (iii) providing access to credit. It also emphasised the important potential role of INGO and LNGO in implementing interventions in this sector.

3.1.2. EC funding to SME, governance & peace building sector

The EC has funded a number of interventions related to small/medium enterprises (SME), governance and peace building which are grouped under one sector of EC SOM OPS activities.

SME and micro-credit

In May 1996, EC SOM OPS launched a study to assess the credit demand among SME. The study highlighted the need for an institutional framework to promote the growth of SME as, operating without financial services, the growth capacity of SME was greatly constrained. In the light of this assessment and in the hope of developing its intervention strategy, the EC SOM OPS Micro-Finance Development Programme was initiated. The Kenyan micro-credit NGO K-REP was selected by the European Commission to identify and pilot the programme. It was decided to set up micro-finance institutions (MFI) in the two regions of Somaliland (Hargeisa) and Puntland (Bossaso & Galkayo) starting in 1998. This led to the creation of two MFI - Amaadha Danyarta

¹⁷ Plus €3m co-financing from the Italian government.

¹⁸ *Employment Creation, Income Generation and Vocational Training in Somalia*. Anna Obura (November 1993).

(Puntland) and Amaah Kalkaal (Somaliland) - that are still functional at this time. These institutions are linked to a support programme and have adequate facilities as well as staffing, a Board of Directors and a clear organisational structure. Women were the group targeted by the programme. The credit distribution model chosen was that of the Grameen Bank whereby surety groups are set up and the beneficiaries receive credit after establishing a savings fund.

The programme funding will end in 2005 however a number of important lessons have already been learned. There is a strong demand for micro-credit and the two institutions have developed a broad client base essentially in the field of small business, which is a sector that includes a significant number of women. The programme has been successful in reaching the target group and has introduced to Somalia the Grameen approach to credit based on making up surety groups and setting up financial services. Nevertheless, the programme was unsuccessful in achieving a number of anticipated results. In 2002, the two MFI had 3,403 registered customers, 3,043 loans out and approximately 2,000 customers with a savings account. The average loan repayment rate was 75% in 2002, but by 2004 varied between 60% and 80% depending on the location. International experience indicates that this loan default rate is too high to ensure the programme's sustainability. This problem is still ongoing because, in the case of Amaadha Danyarta, when the mission visited Galkayo the rate of repayment was 53% and coverage of operating costs 27%. It was apparent from an early stage of the programme that it did not give enough consideration to obstacles regarding compliance with the set charges for each loan, in particular to the socio-religious environment peculiar to Somalia. A significant number of the beneficiaries have refused to repay loans, arguing that the service charges are a disguised form of interest (*riba*), which is forbidden by the Muslim religion. In this instance there is virtually no recourse possible to law courts due to the legal vacuum in Somalia and the absence of decision-making at the government level. This situation makes it impossible for credit institutions at this time to recover their credit from defaulters, experience strong growth and ensure their sustainability. The lessons learned from this EC intervention are discussed in more detail in Section 3.6.

In another intervention, EC SOM OPS support to the Italian NGO COSPE has demonstrated that with technical assistance (TA) and capacity building support it is possible for women's business associations to be established in Somalia to promote the business interests of women-owned SME.

In 2003, in association with the UNDP, EC SOM OPS funded a feasibility study on financial services in Somalia in order to assess the capacities of money transfer companies (remittances) and to recommend approaches for them to provide a broad range of financial services. The goal was to put in place an effective banking sector to enable the Somalis (including the most vulnerable) and the private sector to have access to credit. The study provided an opportunity to conduct a broad consultation of the various financial operators concerned. The study made it possible to launch a new approach to financial services in Somalia. It opens new prospects for more diversified and better integrated provision of micro credit. Money transfer companies are seen as now as major stakeholders to rebuild the financial sector.

Governance & peace building

EC SOM OPS is currently funding the project 'Literacy, Life Skills & Livelihoods in Somalia' through the INGO Africa Educational Trust. This project (2003 – 2006) will strengthen the capacity of Somali civil society to provide access to affordable and appropriate forms of basic

education for disadvantaged young people including women, ex-combatants and other disadvantaged groups who have least access to formal education and training opportunities. It involves the integrated use of radio, face-to-face tuition and teaching/learning materials to enable the target groups to expand their productivity and reduce their vulnerability. The project is providing experience about the use of distance learning approaches and opportunities for literacy and basic education that the proposed EC intervention can take advantage of.

In June 2004 GTZ finished the implementation of the Demobilisation and Reintegration Project (DRP) with militia in Somaliland. From this project lessons have been learned about the difficulties of using the provision of credit for establishing small businesses as a means to demobilise militia personnel. The credit was intended to support employment opportunities. Beneficiaries were organized in security credit groups, however the rate of loan repayment was very low (15%) and the loans had to be converted into grants. This is discussed in more detail in Section 3.6. On a more positive note, the project has also shown that institution-based TVET (IBTVET) can be an effective mechanism for demobilising and reintegrating militia, especially if combined with literacy, numeracy, civic and psycho-social education. GTZ DRP trained 180 ex-militia as electricians (of whom 160 subsequently got employment as electricians) using renovated classrooms and workshops at the former Hargeisa Technical Institute. This demonstrated the importance of selecting TVET courses for which the local labour market has a demand thus providing good opportunities for post-training employment or self-employment. GTZ DRP also demonstrated that there is considerable potential for support to rural livelihoods (agricultural and pastoral) as a means for demobilising militia who are originally from such a background.¹⁹ The GTZ project successfully demobilised and reintegrated 800 militia members so the proposed EC intervention, which also has militia as a target group, will supplement the achievements of GTZ DRP by increasing the number of militia demobilised and reintegrated in Somaliland. The proposed project will be able to take advantage of the completed database of 11,000 registered Somaliland militia developed by the GTZ project. As well as being able to benefit from the results of the IBTVET support to the Hargeisa Technical Institute, the proposed EC intervention will also benefit from the lessons learned by the GTZ project concerning the use of enterprise-based TVET (EBTVET) for demobilising and reintegrating militia in Hargeisa. These are discussed in more detail in Section 3.4.4.

3.1.3. EC funding to rural development and environment sectors

Rural development, livestock and environment

A wide range of lessons have been learned from the EC interventions in these sectors about ways of improving rural livelihoods. EC SOM OPS currently has 14 on-going rural development projects with a budget of €14m and pipeline projects of a further €11m. In Somaliland and Puntland EC SOM OPS has supported a range of projects in the rural development sector with a strong developmental orientation. Examples include support to the implementation of a project for the diversification of rural livelihoods implemented by Progressive Intervention (PI) an Irish NGO. The EC has also funded the Italian NGO European Committee for Training and Agriculture (CEFA) to support the implementation of the Improved Agricultural Production in Oases (IAPO) project with a LNGO partner. CEFA, another INGO Italian Cooperation North-South (CINA) and German Agro Action (GAA) have also implemented projects with EC funding to promote agricultural livelihoods. Lessons have been learned from these projects about

¹⁹ *Evaluation Report: Demobilisation and Reintegration Project.* Agrisystems Ltd (December 2002)

the provision of extension services, rehabilitation of irrigation systems, provision of appropriate agriculture inputs, the sustainable exploitation of marketable natural resources and project management. A need for the provision of broad-based TVET to enhance human capacities has been suggested from rural development project experiences.

EC SOM OPS has provided over €12m since 1994 for support to the establishment of an effective private and public sector veterinary service delivery and livestock export system. It has also supported the Pan-African Programme for Control of Epizootics (PACE) in Somalia to establish an effective disease surveillance and control system. The EC support to PACE was successfully managed by a consortium of INGO. The Italian NGO Terra Nuova has most recently had a leading role in the implementation of EC-supported interventions in the livestock sector including the itinerant training programme for Somali veterinarian professionals and the establishment of the Technical Veterinary Training School at Sheikh in Somaliland. In order to begin to address the problems associated with the unsustainable exploitation of natural resources and environmental degradation, the EC also supported since 1998 the establishment and operation of the Amoud Vocation Centre for Agriculture, Technology and Environment (AVOCATE) in Boroma. This was managed by COOPI, an Italian NGO. This project unfortunately was not a success due to a range of problems including the management of the school, the unclear definition of the institutional relationship with the Ministry of Education and course entry and examination criteria.²⁰ Ultimately Phase II of AVOCATE was terminated in September 2001 and the school is no longer operating. This has left a strategic gap in relation to the human resources and capacity building needs in the agriculture/livestock sector. However this may now be filled as a result of a recent proposal²¹ to restructure the veterinary course offered at the Sheikh veterinary school and include some of the same type of agriculture and rangeland courses that AVOCATE was intended to have offered.

3.2. Other donor interventions

3.2.1. Employment promotion and TVET interventions

UNESCO Regional Programme of Education for Emergencies, Communication & Culture of Peace (PEER) implemented a programme of basic and vocational education for demobilisation of youth in Somalia in Mogadishu through two local NGOs in 2001 - 2002. The approach used was EBTVET and this proved largely successful in providing employment for the trainees. Lessons learned are discussed in detail in Section 3.4.4. UNESCO PEER has also supported the production of TVET syllabi for Somalia which is discussed in Section 3.4.5. The proposed EC intervention will benefit from the lessons learned by UNESCO PEER and the materials it has already produced. The proposed TVET activities of the EC intervention will be able to support the introduction of standardised TVET syllabi, assessment and certification thereby complimenting and adding value to the work already done by UNESCO in this field.

ILO has been actively promoting a Local Economic Development (LED) approach in Somaliland since 2002 in connection with the Promotion of Economic Recovery, Employment creation and Support to Decentralisation in Somalia (PERPS) programme. LED is a process that assists local

²⁰ *Mid-term Review AVOCATE*. Group 5 Consulting Engineers BV (August 1999).

Project Management Consultancy AVOCATE Phase II. ETC East Africa Ltd (August 2002).

²¹ Based on communication from an EC review mission to the Sheikh Veterinary Training School in May/June 2004 (report pending).

communities to develop their capacity to stimulate and accelerate economic and business/livelihood growth and to sustain this in the long run. With the foundations for identifying, planning and implementing actions, the different stakeholders can start developing economic opportunities through different supporting programmes. LED is an evolving methodology based on a participatory development process that encourages partnerships between the main private and public stakeholders in a defined geographical area. The focus is on a longer term and broader approach to employment creation that addresses the wider issues of local economic development. The use of territorial diagnosis and institutional mapping (TDIM) is central to the LED approach. This approach affords a number of interesting lessons for the proposed EC intervention and is discussed further in Section 3.5.

Since 2001 UNDP has also been funding two VTC in Somalia, the Berbera Port Training Centre in Somaliland and the Bossaso Port Training Centre in Puntland under the Poverty Reduction and Economic Recovery (PRER) programme. These two VTC were originally established by UNCTAD in 1996 with the original intention of helping these two ports to develop their human resources to operate the newly renovated ports more efficiently. With the end of UNCTAD funding, UNDP PRER took over support to both VTC but will phase out its low-level funding over the next three years. UNDP PRER has been trying to encourage both VTC to become self-funding and autonomous, however, despite both VTC having suitable premises and equipment for the courses they offer, there has been little progress in this direction to-date. The two port VTC provide a number of salutary lessons for the proposed EC intervention in terms of the difficulties of establishing sustainable institution-based TVET in Somalia.

As part of UNDP Rule of Law and Security Programme (ROLSP), support to demobilisation, disarmament and reintegration (DDR) activities has been included. This includes a currently ongoing EBTVET project in Mogadishu which is discussed later in Section 3.4.4. In the second half of 2004, UNDP ROLSP will also be supporting GTZ to undertake a four month programme to register 8,500 militia in Puntland. This will be an identical activity to the registration of militia in Somaliland which GTZ undertook with EC funding as part of PDP. The proposed EC intervention will be able to take advantage of the resultant GTZ/UNDP database of militia to identify potential members of this target group to be beneficiaries of the EC measures in Puntland and to coordinate with other DDR programmes in Puntland. UNDP is also implementing the Reintegration of Returning Refugees and IDP (RRIDP) programme which is also of relevance to the proposed EC intervention. This is discussed later in Section 3.5. UNDP will shortly commence a 43 month project (budget US\$ 1.2m) to establish a Public Administration Training Institute in Hargeisa for the purpose of training and capacity building activities with civil servants of the Somaliland authority. Ministries in Somaliland that will be partners in the proposed EC intervention will be beneficiaries of this UNDP project. This should add value to the proposed intervention as significant numbers of officials at all levels in the ministries occupy posts for which they are untrained and lack the necessary basic skills.

UNHCR has provided support to some LNGO to provide TVET for returning refugees and IDP. In particular in Hargeisa UNHCR is presently supporting a LNGO with funding for the construction of VTC premises, purchase of equipment and operating costs for running a range of TVET courses. This has not however been done in a wider framework of support to institution-based TVET in Somaliland and with little consideration of VTC sustainability or donor coordination. Cases of other LNGO-run VTC in Hargeisa and Bossaso established and initially run with funding from an INGO but now closed or barely operating provide clear lessons about

the difficulties LINGOs have in managing sustainable institution-based TVET and the need for improved donor coordination.

The Swedish International Development Agency (Sida) has provided funding to Gothenburg Initiative (GI), a Swedish NGO, for a number of activities including TVET in Puntland through the Galkayo VTC. The VTC premises are those of the former Galkayo Technical School built by the Islamic Development Bank (IDB) but never brought fully into operation. GI has been able to agree with IDB that it can make use of the premises to establish a VTC for the benefit of the people in Galkayo and that this will be handed over to the Galkayo Municipality in the future. It has also been able to establish a well managed VTC offering quality TVET and has been able to engage women in learning trade skills normally regarded in Somalia as only for men. The proposed EC intervention can take advantage of these experiences and results to provide a model for IBTVET in Somalia. These issues are discussed in more detail in Sections 3.4.3.

CARE International has been extensively involved in providing EBTVET through LINGOs in Somaliland and a number of these programmes are still being implemented. Overall these interventions appear to have been very successful in providing meaningful EBTVET opportunities for significant numbers of youth, many of whom have gained jobs in the host enterprises or started their own small businesses after completing the EBTVET programme. Numerous lessons can be learned about EBTVET from the projects of CARE. On the one hand, there are problems about ensuring training quality and EBTVET becoming a significant source of income for some host enterprises. However on the other hand it is apparent that EBTVET can be a very cost-effective approach to TVET in terms of employment promotion. The proposed intervention will be able to benefit significantly from the EBTVET lessons to be drawn from the experiences of CARE. These issues are discussed in more detail in Section 3.4.4.

3.2.2. SME & credit interventions

CARE International has developed a micro-credit programme by making modest amounts of funding available (between \$15,000 and \$100,000) to several LINGOs responsible for implementation of the programme in various geographic zones. These include:

- Agriculture Development Organization (ADO) present in Hargeisa and Burao.
- Doses of Hope Foundation (DOHF) present in Hargeisa.
- Committee of Concerned Somalis (CCS) present in Hargeisa and Burao.
- Awdal Women Solidarity Group (AWSG) present in Boroma.

In all cases, the target group is made up of women and men returnees. The approach used is the same as in the case of the EC programme described in Section 3.1.2 above. These LINGOs are also receiving funds from a number of other donors. UNHCR is funding DHF in Hargeisa and the CCS in Burao to assist returnee families, UNDP at Burao and Hargeisa for war widows and also in Hargeisa and Boroma for returnees. CCS is also funded by CARITAS for poor families and International Solidarity Foundation (ISF) for women returnees.

Danish Refugee Council (DRC) has set up a revolving fund for returnees with funding from Danish International Development Assistance (Danida). This fund is used essentially by women from communities where DRC has community development projects. In order to obtain a loan (\$300), they must form surety groups. The loans are made interest-free. Results to-date indicate that the rate of repayment is virtually 100%. However although interest-free loans may be

appropriate in a relief situation, the wide-spread implementation of this approach can become a constraint to establishing a viable micro-finance approach in a development context which needs to fit with normal credit market conditions.

The results of these LNGO micro-credit and loan interventions indicate that, in general, the beneficiaries increased their income and this has better equipped them to meet other family needs e.g. education, food, health, clothing, etc. The relatively high number of NGOs, particularly in Somaliland, has made it possible to reach vulnerable and disadvantaged groups to a significant degree. Furthermore, the common methodology selected provides a strong level of consistency to all of the credit practices and makes it possible to establish valuable common benchmarks to enhance credit availability. It facilitates linkages among the various projects that bring donors and NGOs together. However, viewed from a strictly economic perspective, the sustainability of credit suppliers is not on a solid foundation. They are greatly dependent upon funding donors and do not have enough reach to develop a broad client base that would enable them to become self-sustaining. All of these players must also cope with a lack of consensus and lack of legislation to enable them to operate normally. The low repayment rates are a direct consequence of this environment. Lessons learned from micro-credit provision experiences in Somalia are discussed in detail in Section 3.6.

3.3. *Employment promotion and job placement*

Internationally, employment promotion and job placement services are provided by both the public and the private sectors. In Somalia there are effectively no such services at the present time. People find work primarily by word-of-mouth through the extended family and sub-clan social network. NGO and UN agencies make some use of the local media for filling their vacancies. Some larger enterprises also make use of this channel for finding staff. Due to the high levels of unemployment competition for these jobs is extremely high.

3.3.1. Somaliland

The Department of Labour (DOL) of the Ministry of Health and Labour (MOHL) in Somaliland has produced a planning document.²² Key priority areas identified in this document include:

- Introducing a formal apprenticeship system;
- Increasing the use of cost-effective labour-intensive engineering for infrastructure development and public works projects;
- Establishing of a Craftsmen Training Centre and a VTC.

The plans for DOL involvement in TVET in addition to MOET plans may need some rationalisation. However DOL has an appropriate and relevant interest in apprenticeships and it has also produced a comprehensive Labour Code which includes policy and regulations concerning apprenticeships and employment conditions in general. DOL has five regional offices in Hargeisa, Berbera, Burao, Boroma and Erigavo with responsibility for employment issues. The establishment of an independent directorate of labour or possibly a separate Ministry of Labour is reported to be under consideration. DOL has identified the lack of technical assistance as a limiting factor in the implementation of its activities.

²² *Appeal for Labour Sector Key Priority Needs 2004 – 2005*. MOHL (March 2004)

3.3.2. Puntland

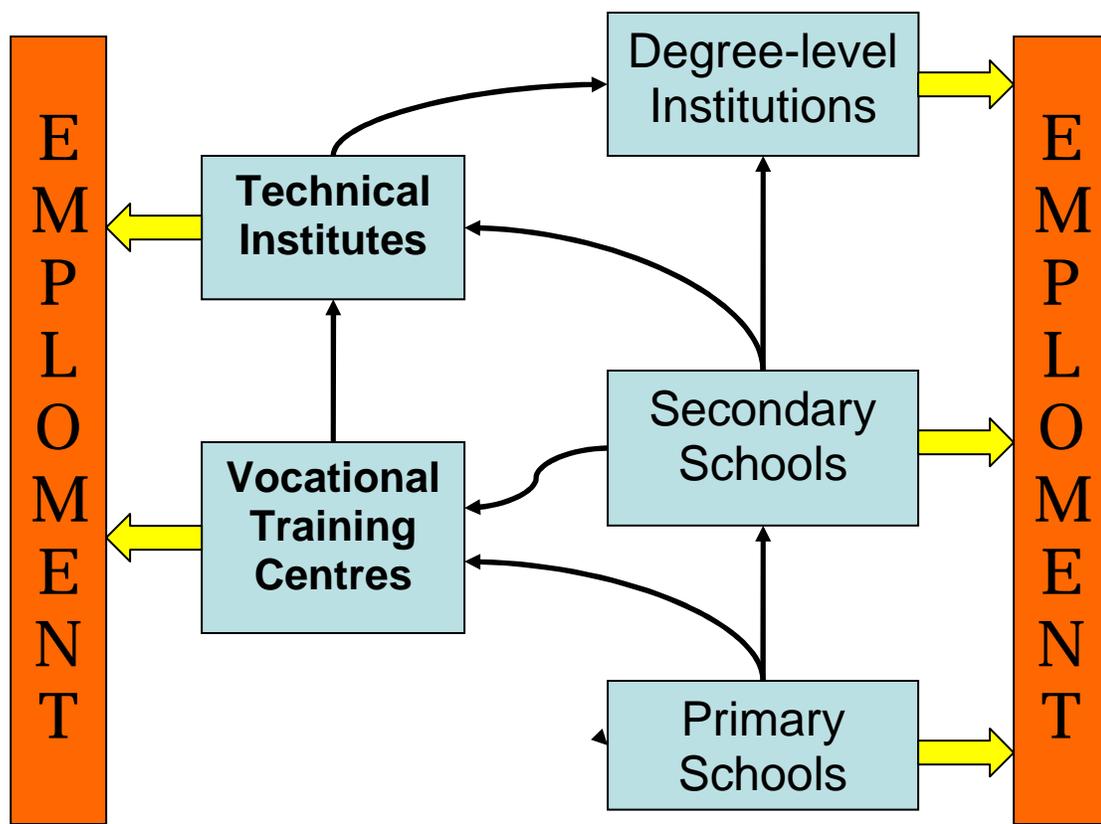
The mission was unable to obtain any information about the current activities or future plans of the Ministry of Labour in Puntland.

3.4. *Technical/vocational education and training*

In most countries, TVET is normally regarded as that part of the national education system which refers to the set of learning opportunities that are offered to young persons and adults for the provision of basic skills training for occupational proficiency needs. TVET is sometimes regarded to be part of the non-formal education (NFE) system and this is the prevailing view in the Somalia education system. Before the civil war five main institutions offering TVET existed. These were termed technical schools and were located in Mogadishu, Kismayu, Burao and two in Hargeisa. Only the Industrial Vocational Training Centre in Mogadishu (established by GTZ) still has its equipment intact, the others were looted and the buildings badly damaged during the war. Only the Hargeisa Technical School is presently (partially) operating, as a result of some joint renovation work of part of the site by GTZ and ISF to allow a limited range of courses to be offered.

Based on discussions with the respective education authorities in Somaliland and Puntland, it appears that TVET is planned to be an integral part of the overall education system in the future. Entry will be at the post-primary (Grade 8) level, as well as with provision for entry for secondary drop-outs and post-secondary level students (Grade 12). TVET is to be offered at these different levels through vocational training centres (VTC) and technical institutes. Women will also be able to receive skills training through Family Life Education Centres (FLEC) and various types of women's centres, many of which are already existing. Other forms of post-primary TVET that are planned are related to training to enhance livelihoods in the fields of agriculture, livestock and marine resources exploitation. Examples of institutions offering these types of training are the Veterinary Training School in Sheikh and AVOCATE in Boroma.

Where and how TVET is envisaged by the local education and training authorities in Somaliland and Puntland to fit into the overall education system is illustrated diagrammatically in Figure 1 below. The distinction between technical institutes and VTC is more with reference to the pre-war situation. In practice at the present time there is no such differentiation and whether a distinction between two levels of TVET institutions is really needed at the present stage of development of the education system in Somalia is debatable.

Figure 1. Position of TVET in the education system in Somalia.

Broadly speaking, the skills training which is currently taking place in Somalia can be divided into two categories; IBTVET and EBTVET. At the present time, the vast majority of TVET training in Somaliland and Puntland is provided by the private sector through IBTVET. The types of courses offered by these ‘for-profit’ training centres are however largely limited to computer studies (hardware and software), secretarial studies, bookkeeping/accounting, business management/administration and languages. Local authority run TVET institutions appear to be not existing in Puntland and are limited to 17 Family Life Education Centres (FLEC) supported by the Ministry of Education, Youth and Sport (MOEYS) in Somaliland.²³ FLEC are discussed in more detail in Section 3.4.3 below. LINGOs are important stakeholders in the TVET sector as they are involved in the provision of both IBTVET and EBTVET with funding from a range of donors.

3.4.1. Somaliland overview

MOEYS has produced an education policy document²⁴ with UNICEF assistance. This includes reference to TVET which falls under the responsibility of the NFE Department (NFED). As well as the objectives, targets and measures for TVET detailed in the SNEP for the period up to 2015, the NFED has produced a supplementary planning document concerning TVET. This gives priority to the establishment of six VTC in the main towns of Somaliland; Hargeisa, Boroma,

²³ Source of information: *Report on the Current Level of TVET in Somaliland*. MOEYS (October 2003). [Note: This study was funded by ILO.]

²⁴ *Somaliland National Education Policy (SNEP)*. UNICEF Somalia (March 2004)

Berbera, Burao, Erigivo and Las Anood. The high rate of youth unemployment, the limited number of tertiary education places and the growing number of secondary school graduates are the reason for the prioritisation. However at present none of these VTC exist, though sites have been identified. NFED also intends to establish, based on a study of the nature and extent of the need, technical schools operating at Grades 9-12 with an intake from primary schools Grade 8. In addition, mention is made to the intention to establish a rangeland management/agriculture training institution as well as a marine institute. In the same document the importance of improving the relevance, quality and sustainability of TVET is highlighted.

Given the evidence of the large number of successful private training institutions and the uncoordinated and inefficient use of existing TVET resources in Hargeisa, Berbera and Boroma, the coherence and viability of the MOEYS plans for TVET is questionable. However the plans can and should be taken as an indication of intent and willingness to engage in some of the important planning issues for TVET in Somaliland. In the view of the mission, the SNEP is somewhat over-ambitious in its scope and would benefit from some indication of policy issues prioritisation and the inclusion of some realistic timelines. Nevertheless it is a valuable document that should form the basis for planning TVET-related interventions with MOEYS and improving the coordination of donor funding to TVET.

In addition, the Ministry of Planning (MOP) is trying to coordinate the planning efforts of the Somaliland authority. It has produced an Economic Recovery Plan²⁵ that includes a National Education Policy. This policy identifies the need to reduce the inefficient use of limited resources and highlights a number of strategic interventions to reorient the education system. These include:

- reviewing the education system to make it relevant to the changing socio-economic environment so that children can easily fit in the changing labour market;
- regulating the operations of the private schools and vocational training;
- promoting vocational education to cater to the need of those who are outside the formal education system;

Within the proposed development budget allocation for priority areas of MOEYS for 2003 – 2005 there is a provision of US\$ 1.43m for rehabilitation of technical schools. There is however no indication that these funds have actually been made available to MOEYS.

3.4.2. Puntland overview

Probably due to the relatively recent formation of ministries under the Puntland authority, these institutions are less developed than in Somaliland. The MOP is reported to have produced a three year strategic plan however the authorities were unable to provide the mission with a copy of this document. As in Somaliland, a viable education policy paper²⁶ for Puntland has been prepared for UNICEF Somalia. No reference to this was made by the Ministry of Education and Training (MOET) in Puntland during the missions visit but a subsequent review of this document reveals a clear set of objectives and targets as well as proposed measures to improve TVET quality and gender equity. In the mission's view, the PEPP should form the starting point for planning TVET-related interventions with the MOET.

²⁵ *Strategy for Economic Recovery and Poverty Reduction Plan 2003 – 2005*. MOPC (2003)

²⁶ *Puntland Education Policy Paper (PEPP)*. UNICEF Somalia (March 2004)

Although MOET has a mandate for all issues related to education and training in Puntland, it has few technical or management staff and a current total annual budget reported to be approximately US\$ 60,000 to fulfil its responsibilities. A similarly constrained situation exists with respect to the Ministry of Labour, Youth and Sport (MOLYS). The Puntland authorities have confirmed that six technical schools were built by the IDB in Garowe, Qardo, Bossaso, Galkayo, Burtinle and Abudwak. Three of these VTC (in Bossaso, Galkayo and Garowe) were equipped and reportedly operated briefly with Kuwait government funding before closing. Although the Puntland authorities have expressed interest in developing these VTC for the provision of TVET to promote employment, there is no clear plan for making use of them (with the exception of the Galkayo VTC, the operation of which is discussed in more detail in the following section).

3.4.3. Institution-based TVET

The mission visited many of the existing VTC sites (both operating and non-operating) in Somaliland and Puntland. Details of sites visited are given in the mission activity schedule in Annex 3. A summary of the VTC in Somaliland and Puntland, incorporating additional information provided from the education authorities in Somaliland and Puntland, is given in Annex 5. The tables detail the types of TVET courses currently being offered at the different VTC. These courses vary in length from 4 months to 12 months in duration depending on the course type with an average duration of 8 months. Some courses can be taken to certificate or diploma level but overall, the majority of currently available TVET courses correspond to a basic level of skills training. This is equivalent to Level III of the UNESCO PEER curriculum for TVET in Somalia. Significantly however the duration of the same course can vary between different VTC. This is an indication of a lack of standardisation of the **TVET syllabi** in use by the VTC in Somalia and suggests that there is presently no uniform understanding/agreement on the required content and tuition time for TVET courses. In most countries this is normally considered to be a key function of education ministries in collaboration with other concerned bodies. The curriculum/syllabi for TVET in Somalia are discussed in more detail in Section 3.4.5

A corollary of this situation is the lack of standardisation of **TVET assessment, examination and certification** that is also apparent in Somalia. In many cases the certificates that are issued to graduates of TVET graduates by VTC bear the stamp and signature of the concerned education authority in Somaliland and Puntland. However this is not much more than an indication that the concerned education authority has been informed about the existence of a particular VTC and recognises that it has offered the course in question. The stamped certificate does not serve the primary purpose that it should – informing a prospective employer or higher education institution that a defined and agreed level of knowledge and skills has been attained by the graduate to whom the certificate has been awarded. This issue is closely linked to the need for standardised and agreed TVET curricula/syllabi.

At the present time there are no VTC operated by the concerned education authorities in Somaliland and Puntland. Almost all are either private, ‘for-profit’ training centres or else run directly by INGO or indirectly by their LINGO implementing partners. The exceptions are the Port Authority run VTC in Berbera and Bossaso.

There are a significant and increasing number of **private training centres** in all the larger towns in Somaliland and Puntland. For example, Bossaso is reported to have 8 private management/accounting schools and 5 centres offering computing courses, while Hargeisa has

almost double these numbers²⁷. The courses they offer can be considered as TVET courses in the broadest sense but are limited to ‘office-based’ professional skills and do not include the more traditional, technical/mechanical trade skills. Courses offered are largely confined to the five main subject areas mentioned earlier. Some training centres also offer Islamic studies as well as supplementary education subjects, e.g. Somali, maths, English and science, for those who have some gaps in their formal education. There is a huge demand for this type of training in Somalia at the present time, as illustrated by the case of AIDAM Training Institute in Hargeisa which was visited by the mission. AIDAM was established in 1993 by a member of the Somali Diaspora and now has over 1,200 fee-paying students enrolled on its courses in the five main subject areas taught by 36 part-time teachers. It operates from two sites and is about to expand to a third site which will afford an additional 10 classrooms. The labour market study, discussed in more detail in Section 3.5, indicates that private sector businesses providing education and training services are one of the most dynamic sectors of local economies and there is a growing need for part-time trainers to teach in private training centres. The availability and level of teaching skills of all types of trainers and instructors is a problematic area for TVET in Somalia. This issue is also discussed in more detail in Section 3.4.5.

FLEC and Women’s Centres are also common in Somaliland and Puntland, funded by several UN agencies and INGO, in many cases in Somaliland through the MOEYS. These centres all offer broadly the same range of **courses for women**, typically some combination of sewing, tailoring, knitting, cooking, tie dying, weaving and handicrafts. The better equipped and more ambitious centres may also offer typing & computing. Normally literacy and numeracy courses are also offered at these centres. Despite the large numbers of women who take these courses, there is no information about how many course graduates from FLEC and Women’s Centres are able to use the skills they learn to gain some form of employment or generate income for their families. Analysis of local economies and labour markets as well as discussion with women trainees all point towards the fact that there is little employment or income arising for women taking these types of courses. This is not to suggest that these courses do not have benefits or serve other important purposes. Rather, that there is a need for more effort in identifying appropriate alternative opportunities for promoting the employment of women in Somalia and designing suitable training and other capacity building measures to facilitate women in becoming engaged in these types of employment. Affirmative action and the allocation of reserved places for women are likely measures needed to ensure that targets for women beneficiaries in the proposed EC project.

The payment of **course fees** is another problematic issue in Somalia that needs to be carefully addressed in the design and implementation of the proposed EC project. None of the existing VTC appear to be covering their operating costs. In discussions with VTC managers the mission was repeatedly told that people were not able to pay the full costs for their training courses. A number of VTC are charging nominal course fees. In some cases, there were no course fees and the issue of course fee payment was not addressed, as the donors supporting the VTC were funding the entire operating costs of the VTC and had no requirement for any course fees to be paid by the beneficiaries. This approach, in the view of the mission, is based on a misconception that is contributing significantly to the lack of sustainability of VTC in Somaliland and Puntland. A number of examples already exist of VTC that are stopped operating after the end of donor funding (see Annex 5 for details). VTC in Somalia need to be encouraged and supported to

²⁷ Sources of information: Bossaso and Hargeisa Chambers of Commerce.

manage themselves in a more commercial manner if they are to have any hope of become sustainable. For the proposed EC intervention this implies that the TVET component needs to be implemented and managed with a strong emphasis on cost-recovery through course fee payments from the start. Some agencies have expressed an interest in sending beneficiaries from other programmes to any IBTVET established under the proposed EC intervention. This could be used to help promote a more commercial approach to VTC management based on a coherent course fee payment or training voucher system.

Figure 2. Case study: IBTVET and fee payment.



A well managed VTC in Somaliland visited by the mission offers a 12 month plumbing course with 45 trainees. A course fee of \$5/mth is charged. The course fee per student that would need to be charged to cover the actual cost of running the course (trainer salary, consumable materials, VTC overheads, etc) is estimated by the VTC Director to be \$25/mth. He attempted to raise the course fee to \$13/mth but resistance from the trainees prevented any change in the fee rate. Other course fees charged at this VTC are: typing (\$1.5/mth), computing (\$10/mth), accounting (\$3/mth), secretarial studies (\$5/mth). The VTC has a fee waiver scheme for 20% of its students that are known to come from poor families.

Some VTC have established **production units** in attempts to create revenue streams that will help to cover operating costs. Based on the mission's findings and other international experiences, a cautionary note is needed. These production units or workshops benefit from facilities and equipment provided by the VTC. As in the case of others enterprises, they are producing for private clients. VTC often state that they are independent and private. However in most cases it is noted that these workshops do not have appropriate accounting practices. The ownership of equipment is not clearly specified and no depreciation rate is integrated in the pricing of products. Very often the price margin is seen as a net profit and provisions for reinvestments are forgotten. The financial transfers between the VTC and production workshop are not integrated in a client/supplier relation. When the first difficulties come up (equipment to renew or to repair) the production workshop does not have financial resources available, as income has already been used for VTC functioning. Consequently the financial position of the production workshops deteriorates and the workshop is unable to establish a viable, financially independent position.

Analysis of the situation of the many successful private training centres in Somaliland and Puntland that are run as for-profit businesses provides an interesting contrast. The course fees they charge range from \$2/mth for English language to \$25/mth for specialised computer software courses²⁸. These training centres constitute a dynamic sector of local economies in Somalia and the willingness of people in Somalia to pay for training courses at these centres can be seen as an indication that they are not resistant to the idea of paying course fees *per se*. None of the private training centres presently offer technical/vocational type courses or have plans to

²⁸ Fees for degree courses at the East Africa University in Bossaso vary between \$300 – 400/year.

do so in the future. This is reported by training centre owners/managers to be due to the equipment and space (i.e. financial investment) requirements for such courses and that trade skills training is not within their area of expertise. While the quality of the training offered at many of the private training centres can be questioned on different levels, their undoubted success offers lessons to IBTVET donors and their implementing partners in terms of how to managers TVET interventions in a more commercial minded and financially sustainable manner.

The effectiveness and efficiency of the private training centres with regard to the courses they offer strongly suggests not only that donors and NGOs do not need to engage in this TVET sector through their interventions but that they should be actively discouraged from doing so. If there is a perceived need for donors to support this type of training, it would most appropriately be done either through some direct financial and technical assistance to the private sector or through the use of a voucher system whereby target beneficiaries could use vouchers to purchase the type of training they need/want at private training centres. Such an approach could also be used to encourage the private sector to expand into the provision of certain other types of TVET.

3.4.4. Enterprise-based TVET

EBTVET refers to the provision of TVET within an enterprise, business, factory or workshop through on-the-job training. In theory, it is basically a more structured form of the traditional apprenticeship approach, which has a long history in Somalia as it does in European countries. In Somalia traditional apprenticeship are still widely practiced. This approach to learning vocational skills has been recognised by DOL in Somaliland and is regulated in the Somaliland Labour Code but there has been no systematic study of apprenticeships in Somalia. Apprenticeships in Somalia are informal arrangements, typically involving members of the same extended family or sub-clan. Apprenticeships are not necessarily initiated in response to the need of an enterprise to expand its workforce. They may be a result of an enterprise owner's clannic obligations and the need of an unemployed family/sub-clan member to find a source of income. Typically, the owner of an enterprise agrees to take someone on within his/her business in order for that person to acquire the necessary knowledge and skills to become a paid worker. Apprentices will not be paid a salary but will be given small allowances to cover their living costs. Eventually, over a variable period of time, as the necessary knowledge and skills are gradually acquired through a simple learning process of explanation, example and practice, the apprentice becomes more capable at performing the necessary tasks required in the enterprise and starts to receive payments. Payments may be started after an agreed period of time or may be introduced incrementally. They may be made either on the basis of a fixed salary or according to the output of the apprentice/worker depending on the type of enterprise, the volume of business and the original agreement of the owner. Typically apprentices have to learn on-the-job for between 3 – 8 months before they start to receive payments for their work. The highly informal and variable nature of traditional apprenticeships in Somalia makes them very difficult to categorise and quantify, or for features such as apprenticeship periods and payment rates to be defined. Incomes from different forms of employment in Somalia are discussed in more details in Section 3.5.

The strengths and opportunities that the EBTVET approach offers include:

- The training provided is individual need driven.
- The training is very practical oriented and focused on the application of trade skills in a real working environment.
- For some types of EBTVET literacy may not be a prerequisite.

- Learning takes place in a business environment so the trainee/apprentice can also begin to acquire the necessary entrepreneurial skills and attitudes to enable him/her to start their own business in the future.
- The costs associated with organising EBTVET are relatively low.
- It can be highly responsive to the needs of the labour market.
- It is very effective in placing people in gainful employment with some degree of sustainability.

Weaknesses and threats for the EBTVET approach (some of which can also apply to IBTVET) include:

- The quality of the training/learning can be very variable.
- It lacks the esteem and appeal of TVET acquired from a recognised institution.
- It is not recognised by the education authorities.
- It is very difficult to monitor and assure quality.
- Not all enterprises are well suited to offering EBTVET in terms of their physical resources (space, equipment, tools, etc).
- It can be abused by the enterprise owners.
- It can become supply-side driven and not in accordance with the needs of the host enterprises, or the labour market or local economy.

The first documented example²⁹ of EBTVET in Somalia was the project of the INGO World Concern in Garowe in 1995/96. Since then a number of EBTVET projects have been implemented by UN agencies and INGO using LNGO as implementing partners. The mission was able to observe a range of examples of EBTVET in Hargeisa, Burao, and Boroma. (See the schedule of activities in Annex 3 for details.) A summary of completed and on-going EBTVET interventions in Somalia known to the mission is given in Table 2 below.

Table 2. Summary of EBTVET interventions in Somalia.

Implementing organisation & dates	Types of courses	Course duration	Literacy/ numeracy	No. of trainees	Comments
World Concern – USA (Garowe) funded by USAID. [1995/96]	Industrial electricity, agriculture, home economics, veterinary technician, carpentry/masonry.	6 mth	Yes	80 men, 20 women	Majority of graduates reported to have been employed.
ELMAN & SAACID (Mogadishu) funded by UNESCO [2001/02]	Carpentry, auto mechanics, auto electrics, electricity (domestic), electricity (industrial), general mechanics, metalwork, boat making, fishing, tailoring, tapestry.	4 mth	Yes (one NGO). No (one NGO).	450	63% graduates reported to have been employed 1 month after end of training.
SAACID (Mogadishu) funded by UNDP ROL [2003/04]	Similar trade/skills areas as above.	8 mth	Yes	150 militia + 150 youth (50% female)	Disarmament of militia is part of programme. On-going.
GTZ (Hargeisa) funded by EC [2000/02]	Electricity (domestic), metal work, carpentry, agriculture, pharmacy, driver, shop-keeper, cashier.	6 mth	Yes	56 militia	All graduates got 1 year employment

²⁹ *Towards Social Integration of the Militias and Armed Youth.* War Torn Societies Project (1999)

Implementing organisation & dates	Types of courses	Course duration	Literacy/ numeracy	No. of trainees	Comments
					contracts.
Haveyoco (Hargeisa) [2001/02]	Telephone lineman/switchboard operator, midwifery, weaving, food processing, auto electrics, carpentry, midwifery.	8 mth	Yes	18 male 14 female	No information on employment of graduates.
Haveyoco ³⁰ (Burao) funded by CARE. [2003/04]	Electricity, midwifery tailoring, cooking, plumbing, carpentry, telephone lineman.	4 – 8 mth	Yes	18 male 14 female	On-going.
Sooyal (Hargeisa) funded by Caritas, Swiss Group and CARE [2000/04]	Electronics repair, carpentry, tiling, beautician, hairdresser, cooking, panel beating/spraying, auto upholstery, medical lab technician, electricity (domestic), electricity (industrial), plumbing, sign writing, weaving, knitting, metal work	6 – 8 mth	Yes	349 (no gender breakdown)	Total 5 batches of ETVET. 1 on-going. 77% graduates reported to have been employed.
AWSG ³¹ (Borama) funded by UNDP RRIDP and CARE [2002/04]	Plumbing, carpentry, computers, metalwork, cooking, handicrafts, pharmacy assistant, tailoring	4 – 8 mth	Yes	UNDP; 33 CARE; 42 (no gender breakdown)	Second batch of EBTVET for CARE. 1 on-going

CARE has been the main sponsor of EBTVET in Somaliland as part of its Reintegration of Returnees Programme with funding from US government's Bureau of Population, Refugees and Migration, though this funding (approx. US\$ 400,000) ends in August 2004. Under this programme between 2002 and the present some 559 + 301 youth aged between 14 and 24 have been included in various EBTVET activities supported by CARE through LNGO implementing partners. The other region of Somalia where there has been considerable EBTVET is Mogadishu, where UNESCO PEER and UNDP ROLSP have been the main sponsors in connection with demobilisation interventions with militia. UNESCO's budget for its EBTVET programme for 450 militia aged between 15 and 35 was US\$ 442,550. UNDP ROLSP has a budget of US\$ 300,000 for its on-going EBTVET programme for 300 militia and youth in Mogadishu and is budgeting US\$ 200,000 for each of three more batches of EBTVET it wants to repeat in Mogadishu. Using the above figures suggests the cost/trainee for UNESCO & UNDP to be almost US\$ 1,000/trainee – approximately double that for CARE (about US\$ 460/trainee).

All the sponsoring agencies report the EBTVET approach to be very effective as a mechanism for employment promotion. This is consistent with the mission's conclusions from interviews with host trainers and trainees at EBTVET sites in Somaliland (Hargeisa, Burao and Boroma) in which questions about future employment were asked. The majority of EBTVET graduates who gain employment based on the skills acquired are taken on by the enterprise in which they receive their training. Others get employment in other similar enterprises or become self-employed. Depending on the trade and EBTVET graduates' skill level, some graduates are taken on by enterprises as the equivalent of apprentices who continue to learn their trade on-the-job while getting a small allowance from their employer before eventually being paid a fixed or production-based salary. Other EBTVET graduates get taken on immediately as fully paid workers. Reported monthly incomes of EBTVET graduates vary between trades and between locations. Based on discussions with EBTVET trainees, workers and enterprise owners in

³⁰ CARE also previously funded another LNGO (SADO) in Burao to provide EBTVET.

³¹ CARE also previously funded another LNGO (BAT) in Boroma to provide EBTVET.

Hargeisa, incomes of employed EBTVET graduates (i.e. not post-EBTVET ‘apprentices’) range from US\$ 50/month for beauticians to US\$ 120/month for auto-mechanics.

Figure 3. Case study: EBTVET and employment



At an electronic repair shop visited by the mission in Somaliland five male trainees were receiving EBTVET under the guidance of the owner who managed two electronic repair shops with four other employees. The trainees/apprentices had completed six months of their eight month EBTVET programme and were repairing telephones, mobile phones, TV, radios and cassette player under the supervision/guidance of the owner. Working conditions were slightly cramped but adequate hand tools were available. The owner reported that he intended to keep on some of the best trainees at the end of the EBTVET period and they would be paid a salary (unspecified) according to their level of skill. He reported that the other trainees should be able to find work at some of the other electronic repair shops in the town as there are several and there was an increasing demand for electronic repair services. He was interested in expanding into the repair of office equipment e.g. photocopier and fax machines, in the future. He reported that a ‘capable’ electronic repair technician working alone with in his own repair shop could earn between \$150 – 250/mth after deduction of overhead costs. He did not see any constraint on women doing this type of work if they were interested.

CARE reported a trainee drop out rate of only 6% from its EBTVET courses and that 74% of EBTVET graduates were subsequently gainfully employed either on a full-time or casual basis³². Through the identification of suitable types of courses, e.g. beautician, hairdressing, laboratory technician, electronic repair and photo processing as well as the more tradition skills areas for women employment, it has been possible to achieve almost 50% female trainees in CARE’s EBTVET activities. SOOYAL reports an employment rate of 77% for EBTVET graduates and 55% for IBTVET graduates with an EBTVET dropout rates of 15% compared with IBTVET dropout rate of 6%³³. An evaluation of the UNESCO PEER EBTVET programme reported that about 20% either dropped out or failed the skills examination³⁴. It also concluded that the 4 month EBTVET period was too short and that literacy/numeracy and civic education had a positive impact on the EBTVET learning process. The report highlighted the contribution to the project’s impact made by involving community representatives in the selection of militia members for EBTVET placement. Complimentary to these findings about community participation, the GTZ experience has also indicated that involving the host training enterprises in the selection of militia has a very positive impact on EBTVET. This is because it allows militia members to be placed in enterprises owned by Somalis to whom they have social ties. In

³² *Final Programmatic and Financial Report*. CARE Somalia (August 2003)

³³ Source: raw figures from SOOYAL Vocational Training Centre Brochure.

³⁴ *Evaluation Report; Basic & Vocational Education for the Demobilisation of Youth in Somalia*. UNESCO PEER (March 2002).

this way the familial and clannic obligations of enterprise owners can also be taken into consideration.

A tracer study was conducted for UNESCO PEER by the LNGO that implemented the EBTVET project in Mogadishu seven months after the completion of the project.³⁵ The study reported that 67% (303) of the EBTVET graduates were traced out of whom 76% (230) were in gainful employment (either as an employee or self-employed). Payment rates ranged from US\$ 1.5 to 2/day. Of the 230 in employment 59% (135) were engaged by their host training enterprise. In addition it was found that less than 3% had resumed their militia life and that 29% of EBTVET graduates had married. This can be taken as an indication of the positive reintegration impact of the project as militia members tend not to be regarded as a very socially acceptable group in Somali communities. It was also found that less than 3% of EBTVET graduates had resumed their militia life and 88% reported a positive behavioural change and outlook in themselves and that they received greater social respect.

The host training costs for EBTVET have become standardised at US\$ 2/trainee/day to cover the host trainer fee and consumable materials for trainees. No payments are made to EBTVET trainees under the CARE UNDP RRIDP programmes, though they have access to a tools and equipment revolving fund after graduation. GTZ, UNESCO PEER and UNDP ROLSP provide incentives to militia to participate in EBTVET, though in the GTZ programme this was progressively reduced to zero over the period of EBTVET. It is unclear if the payment of incentive or allowances to militia is really justifiable or necessary, as EBTVET programmes for militia were providing free tool kits to graduates and 'official' militia continued to receive their small monthly allowance on the local authority payroll. Follow-up of EBTVET graduates by GTZ approximately 15 months after EBTVET graduation revealed that 20% of graduates had returned to their militia units.³⁶

3.4.5. TVET framework and quality

It was difficult for the mission to gain a clear, objective impression of the quality of TVET observed in Somalia as visits to enterprises and training institutions were brief and tended to be highly disruptive to the normal training activities. Nevertheless a number of observations can be made.

Concerning EBTVET, it appears that the quality of this type of TVET is highly variable and clear evidence of well structured learning was difficult to find. The determining EBTVET quality factors are mainly related to:

- the host enterprise trainer;
- the course syllabus being followed;
- the enterprise physical resources and environment for training theory and practical work;
- monitoring of the EBTVET by the LNGO implementing partner.

³⁵ *Tracer Study Report; Basic & Vocational Education for the Demobilisation of Youth in Somalia*. UNESCO PEER (November 2002). [Note: SACCID & ELMAN, the two LNGO that implemented the EBTVET project undertook the tracer study.]

³⁶ Considering the difference between GTZ and UNESCO PEER tracer studies results concerning EBTVET militia graduates resuming their militia lifestyle, the mission is inclined to view the GTZ findings as more reliable.

In few of the EBTVET activities visited was it apparent that all of these learning quality factors were adequate. There were a number of cases where it was apparent that the financial incentives for enterprises to host EBTVET were resulting in EBTVET becoming part of the enterprises business strategy. Examples include, in Hargeisa, the placement of 9 EBTVET trainees in a small medical laboratory with space and equipment sufficient for not more than 3 trainees and the placement of eight separate batches of 4-5 EBTVET trainees over a five year period at the same beauty/hairdressing salon. In Burao some of the EBTVET placements were actually on existing IBTVET courses (plumbing at Burao VTC and tailoring at Burao FLEC). Nevertheless, despite there clearly being considerable opportunity for quality improvement, this does not detract from the main mission finding – that the EBTVET approach, based on the traditional apprenticeship scheme, provides a relatively efficient and low-cost mechanism of placing militia and young men and women in gainful, sustainable employment.

UNESCO PEER, with US\$ 179,000 funding from the Italian government, has supported the production of TVET syllabi/curricula for twelve subjects; garment making, masonry, carpentry and joinery, metal fabrication, electrical installation, entrepreneurship (as part of all preceding syllabi) agriculture, plumbing, hospitality services, computer studies, secretarial studies and accounting. These subjects cover most of the IBTVET courses and many of the EBTVET courses currently available in Somalia. Printed syllabi in 6 trade areas have been produced for basic and intermediate levels³⁷ in English and these have been recognised by MOET in Somaliland and the Ministry of Social Affairs in Puntland. The syllabi prescribe 1,080 hrs contact time for each level based on 6 hrs/day, 5 days/week for 9 months of tuition, plus 2 months enterprise attachment. The syllabi can however be readily adapted to different TVET needs and in content and structure these syllabi appear to be well suited to the TVET needs of Somalia. In the almost complete absence of TVET resources for trainers in Somalia at present, these materials represent a key teaching resource. The syllabi would also facilitate the standardisation of the teaching, assessment, examination, certification and instructor training for TVET courses in Somalia based on a skills competency approach. The printing and distribution of 7 Instructor's Guides and 5 Assessment Criteria Guides which UNESCO PEER has developed to accompany some of the above syllabi would also potentially make a significant contribution to TVET in Somalia. The UNESCO PEER distribution plan³⁸ for the printed syllabi is shown in Table 3 below.

Table 3. UNESCO PEER distribution plan for printed TVET syllabi.

Course syllabus	Somaliland	Puntland	South/Central Somalia	UNESCO
Carpentry/joinery (L II)	250	100	100	250
Electrical installation (LII)	100	50	100	250
Garment making (LII)	250	100	100	250
Metal fabrication (LII)	250	100	100	250
Masonry (LII)	100	50	100	250
Agriculture (Certificate)	50	20	80	250
Carpentry/joinery (L III)	250	100	100	250
Electrical installation (LIII)	100	50	100	250

³⁷ The trade skills syllabi are structured as follows: Grade III – basic, Grade II – intermediate, Grade I – advanced. Grade I syllabi and guides have yet to be produced. The agriculture syllabus is for certificate level.

³⁸ Source; *Final Report; Technical and Vocation Training for Somalia – Phase II*. UNESCO PEER (January 2003).

Garment making (LIII)	250	100	100	250
Metal fabrication (LIII)	250	100	100	250
Masonry (LIII)	100	50	100	250
Total	1,950	820	1,080	2,750

The use of these syllabi would be increased by wider distribution to TVET instructors of the available printed 6,600 copies. The mission found little evidence of them being used in Somaliland or Puntland at the present time. It is not clear to the mission why UNESCO PEER should need to retain such a large number of copies of the syllabi. Translation of these syllabi into Somali and distribution of copies of these translations to relevant TVET institutions and EBTVET organisations could also help improve TVET quality in Somalia.

Broadly the same quality criteria as discussed above concerning EBTVET apply to IBTVET, but with VTC management TVET instructor training important additional factors. Good VTC infrastructure, equipment, tools and curricula are not sufficient to assure quality TVET if the VTC is not well managed and the instructors not capacitated to teach effectively. The availability of qualified and experience VTC managers and vocational teachers in Somalia is a critical issue but one for which it is difficult to get clear and precise information. Despite verbal reports from local authorities that they are available, the mission met very few such Somali professionals. Logic dictates that after over a decade of civil war and conflict they are in short supply. The Somalia National University in Mogadishu had an education faculty that provided training for technical teachers but this has not operated since before the war. Many of the former VTC managers and instructors will no longer be available and there has been no opportunity during this period for a new generation of these types of professionals to become experienced and qualified. As discussed earlier in Section 3.4.3, there are relatively few operating VTC presently existing in Somalia. Overall, this indicates the need for special attention to capacity building and in-service training measures as well as the establishment of courses for vocational training teachers and managers as part of the broader teacher training and education management training approach of the education system in Somalia. Opportunities exist in connection with plans for teacher training institutions in Puntland (Garowe) and Somaliland (Hargeisa) but this issue needs to be addressed more fully in parallel with the wider needs of teacher training in Somalia.

3.5. Local economies and labour markets

At the present time in Somaliland and Puntland there is an almost overwhelming demand from the population for more and better jobs and sustainable livelihoods. To create these new opportunities the issue is how to tackle the main constraints: (i) widespread unemployment and poverty, (ii) limited capacity and infrastructure to provide appropriate conditions and means for receiving and reintegrating large numbers of militia and returnees as well as the increasing numbers of school leavers, (iii) limited availability of job and livelihood opportunities due to over reliance on traditional economic activities, and (iv) limited capacity to recognize economic development opportunities and to start and expand business and livelihood activities.

Although local economies are growing at a rapid rate, these economies are starting from a very low base and so are inadequate to reduce the widespread unemployment and poverty in town and wider communities. Resources are limited and there are no significant labour market opportunities and marginal prospects for local economic improvement in some areas. There are, however, opportunities in some areas that could be developed e.g. gemstone mining, fishing,

irrigated farming, honey collection/production, harvesting of gums and resins, etc. These opportunities represent an important issue for employment promotion services (EPS) and should be considered as part of a TVET programme for the proposed for the target groups.

Local labour market surveys (LLMS) and TDIM provide information about the local economy and labour needs as well as information about opportunities & threats to economic development and employment. As local economic development needs to consider employment promotion issues, TVET programmes need to link with the employment promotion environment. TVET programmes can reach employment promotion objectives through job placement and related services. It means that employment promotion and job placement services need to capture and use all kinds of information that are available about opportunities and prospects for the target groups. Reacting to employment opportunities/job placement services is a key point of intersection between target groups, entrepreneurs, LED programmes and different stakeholders from the concerned local authorities (ministries, municipalities, etc) and the private sector.

ILO and UNDP have made an interagency agreement to promote the LED approach in Somalia. ILO is introducing this approach through the PERPS programme. ILO PERPS is supporting local economy recovery using a post-conflict model successfully used in other countries. This model involves two main components: (i) employment intensive job creation activities that act as an entry point to the community providing immediate temporary employment and income, and (ii) LED activities that include a territorial approach to the development of LED Forums. LED activities include:

1. involvement and capacity building of local stakeholders;
2. establishment of regional LED Forums;
3. implementation and support of locally managed projects;
4. mobilisation for labour-based construction work for economic recovery and employment promotion.

ILO has financed the establishment of a LED Resource Centre in Hargeisa that will be formally opened in the near future. A similar centre is intended to be opened in Burao. As part of its LED approach, ILO has undertaken TDIM studies in Somaliland for Erigavo, Burao, Awdal district and repatriation areas of Hargeisa. Considerable information related to employment promotion opportunities has been generated from these TDIM, which the proposed EC intervention should be able to utilise. The proposed project will also be able to benefit from the experience of ILO with the LED approach.

The on-going UNDP RRIDP Programme which commenced implementing activities in 2003 in Somaliland is intended to bridge the gap between relief and development phases of the reintegration process. It is using a LED approach and collaborating with ILO in Hargeisa. RRIDP has been involved in the provision of EBTVET through LNGO in Somaliland (Hargeisa and Boroma) which has benefited over 200 returnees and IDP. This has provided lessons about the potential of this approach to provide trainees with sustainable employment linked to the LED approach. The proposed EC intervention can take advantage of the experience gained by RRIDP about the needs of IDP and returning refugees who are also intended beneficiaries of the proposed project.

3.5.1. Local enterprise and labour market study

A local enterprise and labour market study was conducted by the mission in Somaliland and Puntland in order to gain an understanding of the status of a range of small, medium and large enterprises, their staff needs, their need for training and the job profiles in demand. For the study a questionnaire was developed to collect information from an expanded sample of businesses and this was administered by a team of two Somali consultants in each location. The sample included in the study comprised 60 businesses in Somaliland (Hargeisa) and 60 in Puntland (Garowe). A more limited series of interviews was conducted in Berbera, Burao, Boroma, Bossaso and Galkayo. The businesses sampled were spread about equally in three main categories: trade, services and manufacturing. It is important to note that this was not a detailed or comprehensive survey due to time and other resource constraints of the mission. The results of the study should therefore be seen as providing indications of SME and labour market status and trends. Full details of the study together with the questionnaire used are given in Annex 6.

Concerning employment in the businesses in the study sample, results indicated that the average number of staff employed was 8.3 per business in Hargeisa and 5.5 in Garowe and the number of apprentices was one per business on average. The average wage that a trained worker can reasonably expect in Hargeisa is about \$150 and \$100 in Garowe. In general the entrepreneurs interviewed had no experience about EBTVET supported by a project but 95% of them were open to the idea of being used to train the target group.

The training needs are important. 66% of employees are considered to be “skilled workers” by those running the business but 99% of entrepreneurs feel that the level of training of their workers is inadequate for expansion, diversification and improvement of products quality. The skills which were the most often mentioned as being needed in the enterprises surveyed were:

1. construction (carpentry, electrical repairs and installation, plumbing, welding, painting, masonry),
2. auto mechanics, engine maintenance, car painting,
3. electronics and computer repairing,
4. hairdressing, cooking,
5. leather processing, shoemaking
6. sewing / tailoring.

Entrepreneurs feel that to grow successfully, they need improvement of the existing technical skills levels of workers as well as additional skills. For example, in Hargeisa 60% of enterprises emphasized the importance of management. In Garowe 25% of them emphasize the importance of marketing.

Some sectors and enterprises are experiencing strong development. 38% of entrepreneurs in Hargeisa and 27% in Garowe state that their businesses have achieved a high level of growth. 85% would like to invest (in new equipment, diversification of products/services, extension of premises or opening a new site/shop) in order to expand their businesses. 70% of strong-growth businesses may be of interest to the project’s target group because of the labour intensive and accessible nature of their activities. This includes businesses involved in:

- construction,
- brick production,
- metal fabrication,

- furniture production,
- electricity installation,
- auto mechanics.

As identified by entrepreneurs, the most dynamic business sectors/economic activities in the respective towns were the same as the strong-growth businesses identified, except for a few variations (fuel station, nursing, pharmacy/medical testing services).

Some technical/vocational skills are more in line with local employment opportunities than others. In order of priority, entrepreneurs identified the following skills as most useful for finding work:

1. electrical installation,
2. carpentry,
3. auto mechanics,
4. I.T. / computing,
5. cooking,
6. beautician/hairdressing,
7. tailoring,
8. welding and metal work
9. masonry,
10. plumbing,
11. baking,
12. shoemaking,
13. handicrafts,
14. electronics repair,
15. driving.

Most of the businesses included in the sample were labour intensive and there was a very strong demand for workers to upgrade their knowledge and skills. According to the entrepreneurs, the demand of their businesses for skills up to their current level of organization and production quality is largely met by the local labour market supply. This implies that if the proposed project focuses on providing only technical/vocational skills at the same level as currently needed by enterprises this could lead to a problem of labour market saturation. New skills are perceived as a major factor for expansion along with the availability of financial resources. In order to limit the possibility of labour market supply saturation and optimise the efficiency of TVET and EPS of the proposed project, it is recommended that LLMS and/or TDIM are undertaken in target locations (were needed and taking into account already available information/studies) at the commencement of the project in order to better inform decision making.

3.6. Provision of micro-credit

Overall, there is a strong demand for micro-credit in Somalia. Different organisations are engaged in the provision of micro-credit and have developed a broad client base, especially in the informal business sector with micro and small business - a sector dominated by women. These programmes have been successful in reaching the target group. In addition, the micro-credit programmes successfully introduced to Somalia a new approach to credit based on making up surety groups and setting up financial services procedures. Micro and small enterprises have been set up and developed with a consolidation of self employment and paid employment.

Clients had increased income as a result of their loans, which has improved household nutrition, increased school attendance for children and improved household's ability to pay for medical care.³⁹

On the other hand, the performance of any micro credit programme is affected by the working environment in which it operates as well as the design of the credit system. In addition to the economic situation, the policy and regulatory framework of financial markets and the legal system are central to this environment. As a result, the loan default rate in Somalia is too high to ensure the sustainability of the different micro-credit organisations. Enforcing repayment of intentional defaulters by taking legal actions may take years and most clients are aware of this. The lack of consensus between the political and religious authorities to protect the future of those institutions does not allow a short term clear decision. In this context it is not recommended to provide additional funding to provide micro-credit as part of the proposed EC intervention. A more detailed justification of this recommendation concerning micro-credit can be found in the micro-credit study of Somaliland and Puntland in Annex 7.

4. STAKEHOLDER ANALYSIS

4.1. Stakeholders

Stakeholders for the proposed measure have been identified through meetings, field visits and review of documents. The stakeholders together with a description of their characteristics are detailed in Table 4 below.

Table 4. Stakeholder analysis.

Stakeholder	Characteristics and implications
Somaliland MOEYS & MOHL Puntland MOET & MOLYS	Project partner (and target group). The local education and labour ministries have assumed responsibilities related to employment promotion and/or TVET in Somaliland and Puntland. These institutions have a mandate for their activities under their respective administrative authorities. Their expectations are high in terms of EC support and combined with dissatisfaction with previous donor consultations which have yielded no tangible results. Implementation capacities are limited, especially in Puntland where the ministries are smaller and less mature, and there is a substantial need for capacity building. Dissatisfaction about donor funding of INGO for activities in Somalia is apparent. Commitment has been expressed by these parties and a number of policy/planning documents exist which are conducive to the proposed EC intervention.
LNGO	Project partner and target group. A significant number of LNGO exist in Somaliland and Puntland but their capacities and orientation are highly variable. A number could be appropriate and effective implementing partners with the main INGO project partners. They would need to be LNGO with proven experience in one or more of the technical areas that are central to the proposed EC intervention. Some already have experience in IBTVET and EBTVET. Possible LNGO which meet these criteria (and are known to one or more of the above INGO as implementing partners) include: 1. (In Somaliland) GAVO, HAVEYOCO, Candlelight, Kaalmo, AWSG, Sooyal. 2. (In Puntland) Kaalo Women's Centre, Rahmo Relief Organisation, Galkayo Education Centre, DANDOR, Somali Women's Association.

³⁹ Care Somalia, Reintegration of Returnees Programme, Final programmatic and financial report, Sept 2002-Aug 2003

Stakeholder	Characteristics and implications
	Many of these LNGO depend on project-based funds and their focus tends to be driven by donor funding.
INGO	<p>Potential project partner. INGO could be responsible for implementing components of the project, either through the creation of an INGO consortium or specific sub-contracts. Those involved would need to be INGO with extensive experience of implementing activities in Somalia in one of more of the technical areas that are the focus of the proposed intervention. Some already have experience in IBTVET and EBTVET. Possible INGO which meet these criteria include: Gothenberg Initiative (Sweden), CARE International, ADRA, International Solidarity Foundation (Finland), Danish Refugee Council, Progressive Intervention (Ireland), Diakonia (Sweden), Save the Children (Denmark), CEFA. (Italy), NOVIB (Holland).</p> <p>A number have expressed interest in involvement in an EC employment promotion intervention which could complement their existing activities.</p>
GTZ	<p>Potential project partner. GTZ International Services has just finished implementing DRP in Somaliland which has involved the Hargeisa Technical Institute funded by UNDP and EC. It also has strong links with the Industrial VTC in Mogadishu and recognised expertise in TVET projects. GTZ could be involved in the implementing of the proposed EC intervention with other INGO.</p>
UN Agencies	<p>Potential project partner. UNHCR, UNDP, UNESCO, ILO and UNICEF are funding various types of education, TVET and employment promotion activities in Somalia. A number of these can complement or add value to the proposed EC intervention and coordination will be necessary. UNESCO, UNDP and ILO may be interested in co-financing with EC.</p>
Ministries of RRR/DDR, Commerce and Planning.	<p>Potential project partner. A number of sectoral ministries of the authorities of Somaliland and Puntland have responsibilities and authority related to the proposed EC intervention. Their capacities to fulfil their roles are limited but there is a need to consult and coordinate with them concerning relevant aspects of the proposed EC support.</p>
Private training providers in Somalia.	<p>Potential project partner. A large number of private training centres exist in Somalia that are offering courses mostly in business administration & management, accounting, English, Arabic and computer software & hardware. They are a dynamic and successful part of the training market in Somalia with a good grasp of the type of training Somali people are willing to pay for. They are strong competitors to any donor-funded training institutions offering similar courses.</p>
Money transfer companies	<p>There are a number of money transfer companies in Somalia, e.g. Amal, Dahab Shiil, which are interested in developing their financial services as banks. This including offering loans to small businesses.</p>
SACB	<p>As the recognised aid coordinating body for Somalia which is also developing sector strategies, SACB has an interest in and needs to be kept informed of the proposed EC intervention.</p>
Other INGO and LNGO	<p>A large number of INGO are active in Somalia implementing projects with LNGO. They could benefit from some results of the proposed EC intervention.</p>
EC member states, other major donors	<p>A number of EC member states are donors funding projects in Somalia, e.g. DfID, Sida, Danida and Italian Cooperation for Development. Between different donors there are some divergent views on development approaches and the future of Somalia. Danida, DfID and Sida may be interested in co-financing with EC.</p>
USAID	<p>The second largest donor to Somalia after EC. Policy and future aid to Somalia was not ascertained by the mission.</p>

The main project partners that would be involved in the implementation of the measure would be:

- Somaliland: Department of Non-formal Education of MOET and Department of Labour of MOHL.
- Puntland: MOET and MOLYS.

These authorities would be project partners due to the mandates which they have assumed that give them leading responsibilities in the field of TVET and employment promotion in their respective regional zones. The ministries with responsibilities related to militia (MODDR in Puntland and MORRR in Somaliland) would also need to be closely involved with project implementation with regard to this specific project target group.

Attempts were made to involve all the main stakeholders in the preparation of the measure through; (i) half-day workshop to present preliminary findings of the mission in both Somaliland and Puntland in May 2004, and (ii) a two-day participatory planning workshop with stakeholders in Nairobi conducted by an independent moderator in June 2004. The proceedings of the regional and Nairobi workshops are attached in Annexes 8 and 9 respectively. Unfortunately it was not possible for invitees from the local authorities in Somaliland and Puntland to attend the Nairobi workshop due to passport and visa problems concerning their travel to Kenya. Arrangements have been made for the ECLO in Somaliland and Puntland to share the results of the Nairobi workshop with the concerned local authorities from Somaliland and Puntland that were unable to attend the Nairobi workshop. Follow up of these actions is needed by EC SOM OPS.

Issues related to the implementation and management of the proposed EC intervention with regard to potential project partners are discussed in more detail in Section 9.

A number of EC member countries have expressed interest in the proposed EC intervention and are considering possible co-financing, in particular Danida and the UK DfID. Their interests in the proposed EC measure are based on the linkages of the proposed intervention and to their own aid strategies for Somalia and their interests in specific target groups, e.g. militia and women. Other considerations are their existing budget cycles. Follow-up by EC SOM OPS is needed.

4.2. Beneficiaries

The final beneficiaries of the proposed EC intervention will be young people in the age range 16-36 years. This broad target group will include specially targeted disadvantaged groups; women, militia, returnees and IDP, unemployed school leavers and handicapped people. The intended project beneficiaries and their characteristics are described in detail in Table 5 below.

Table 5. Intervention beneficiaries

Beneficiaries	Characteristics and implications
Youth	Due to the decade long conflict many young people in Somalia between the age of 15 and 35 have not had the opportunity to benefit from a normal education. As a result many are lacking basic literacy/numeracy skills as well as any vocational skills that would help them to obtain employment or become self employed. Employment promotion measures must take account of these constraints.
Women	Women have historically been marginalised in the labour market in Somalia for a combination of social, cultural and religious reasons. While it continues to be difficult

Beneficiaries	Characteristics and implications
	<p>for women to obtain jobs or start small businesses and the range of occupations that women can engage is still constrained, the war has given women greater responsibility, economic importance and social standing.⁴⁰ There is now more willingness on the part of men to allow women to work. Other social factors, e.g. the large number of women-headed households and the increasing incidence of <i>khat</i> chewing amongst men, are forcing more women to seek employment. Women-headed families are far more likely to be among Somalia's poorest and merit special attention. TVET and employment promotion opportunities should be specially focused on women and interventions should be designed with affirmative action measures to include women.</p>
Militia	<p>Due to the civil war and availability of weapons large numbers of young men (and some women) became involved in clan-based militia. The militia members came from a wide range of social groups including ex-soldiers, former herdsman, urban unemployed, ex-students deprived of education options, IDP and poor returnees. Many are uneducated, lack marketable skills, have developed <i>khat</i> chewing addictions and are regarded by the wider Somali community as anti-social. A significant number are traumatised and mentally disturbed⁴¹. Supplementary education is needed to help many militia take up alternative employment and lifestyles.</p> <p>In South/Central Somalia many militia still operate freely. In Puntland & Somaliland militia activities are now more controlled as many militia have been 'regularised' by regional authorities, e.g. as police, and 'freelance' militia groups are being curtailed. However the large numbers of militia on the authorities' payrolls is unsustainable. The militia present a significant threat to the restoration of peace and security in Somalia and DDR is a high priority to promote stability and socio-economic recovery. Employment promotion measures as part of DDR need to be extensive to cope with the thousands of militia members and their diverse backgrounds.</p>
IDP & returning refugees	<p>During the civil war many Somalis were forced into refugee camps in Ethiopia, Djibouti and Kenya. Somaliland has received the largest numbers of returning refugees, approx 225,000 to-date, mostly to Hargeisa and Boroma. Numbers of returnees have declined significantly since 2002. An estimated 35,000 refugees, mainly from Somaliland, still remain in camps in Ethiopia and Djibouti most of whom are expected to return over the next 2 years⁴²</p> <p>Puntland had fewer refugees but received large numbers of IDP from South/Central Somalia and Somaliland during the war due to its relative stability and the ancestral ties of IDP. Most IDP generally integrated well due to family/clan ties and many have remained in Puntland, particularly in Bossaso, Galkayo and Garowe. Recurrent drought and loss of livelihoods has displaced an unknown but increasing number of nomads and agro-pastoralists with limited education & job skills to seek alternative livelihoods in urban centres in Puntland & Somaliland.</p>
Unemployed school leavers	<p>With the gradual restoration of stability in Somaliland and Puntland and the reconstruction of schools, enrolment has steadily risen and the numbers of primary and secondary school graduates are increasing. This is resulting in increasing numbers of youth finishing school and seeking employment. At present relatively few of them can be easily absorbed in the labour market and limited further education opportunities are available for them. This is resulting in widespread unemployment which prevents school leavers from becoming economically productive and encourages involvement in negative behavioural practices, e.g. <i>khat</i> chewing.</p>
Handicapped young	<p>The civil war has resulted in large numbers of physically handicapped people. It has also resulted in a significant number of traumatised men, women and children suffering from</p>

⁴⁰ *Somalia: Political, Economic & Social Analysis*. Oxfam (1998)

⁴¹ *Towards Social Reintegration of the Militias and Armed Youth*. War Torn Societies Project (1999)

⁴² Returnees 2003 (9,543), 2004 (1,133 to-date). All figures provided by UNHCR Somalia in Hargeisa.

Beneficiaries	Characteristics and implications
people	a range of mental disorders. This group needs special attention and specialised interventions in any TVET and employment promotion measures.

Concerning the widely and loosely used term ‘militia’, it is important to make a number of observations. A distinction needs to be made between current militia and ex-combatant as the former include many youth while the latter tend to be more middle age adults. Considering the whole of Somalia, militia can be divided into several categories. These include:

1. Militia engaged by regional authorities that tend to be more disciplined and organised, e.g. Somaliland and Puntland.
2. Militia affiliated with warlords or faction leaders who are generally undisciplined but usually clan-based.
3. Militia affiliated with clans or sub-clans who are only mobilised in the event of conflict between clans or sub-clans.
4. Militia affiliated with business activities which may or may not be clan-based.
5. ‘Freelance’ militia that do not belong to any particular clan or group and engage in more criminal activities.

Indirect beneficiaries of the proposed EC measure will include:

- Small businesses and enterprises, which will have access to a larger pool of skilled and semi-skilled labour thereby facilitating business expansion;
- Urban and rural communities, where young adults will become gainfully employed, families will have more secure livelihoods, local economies will be stimulated and communities will become more cohesive.

5. PROBLEM ANALYSIS

The core problem which the proposed intervention is expected to address is the **high rate of unemployment of young adults** which contributes to vulnerable livelihoods and widespread poverty in Somalia. The main effects of this core problem are; (i) unsustainable use of natural resources and environmental degradation, (ii) lack of local economic development, and (iii) the continued existence of militia and insecurity in the country. These effects can reinforce the underlying causes of the core problem creating a vicious cycle deepening the unemployment problem.

On the basis of the mission’s findings and the participatory planning process with stakeholders, a problem tree has been developed which illustrates the principle cause-effect relationships on which the planning for the proposed EC measure was based. The problem tree is attached as Annex 10. There are multiple causes of the core problem and regional variations to the causes and effects. The problem tree identifies the main problems that the proposed EC intervention will address but no single project intervention can tackle the multiple underlying causes of the core problem.

5.1. Major problems

The fundamental underlying cause of the core problem of high unemployment is the **breakdown of the political system** in Somalia and the resultant conflict and insecurity throughout the

country. The main immediate causes of the high rate of unemployment in Somalia have been identified as:

1. Loss of traditional livelihoods.
2. Constraints on job creation.
3. Limited availability of people with employable skills and basic education.
4. An inefficient labour market.
5. Large numbers of disadvantaged people.
6. Loss of government jobs.

Amongst the various stakeholders there are different views on the priority of the underlying problems that need to be addressed. For example, many NGOs and donors regard Problem 1 as the priority because the majority of the population of Somalia are still engaged/employed in traditional livelihoods – pastoral, agricultural or a combination of these with other livelihoods. On the other hand, the strong interest of a number of Somali authorities is in addressing the problem of a lack of existing institutions providing young people with employable skills. There is also a strong interest from UNDP ROLS in the proposed EC intervention supporting IBTVET so it can send militia for training to any VTC assisted by the project. On the basis of discussions with stakeholders, EC SOM OPS strategic plan and the mission’s findings, it is recommended that the proposed EC measure focus on Problems 3 and 4, taking into particular consideration Problems 1 and 5. The basis for this recommendation is discussed in more detail in the following sections.

5.2. Options for EC intervention

There are a number of **alternative options** for the proposed EC intervention to address the underlying causes of the core problem. The main options identified for possible EC support are:

1. Support to establishing an ‘enabling’ environment for credit and other financial services provision.
2. Promotion of existing rural livelihoods (agricultural, pastoral, fishing, etc) and rural livelihood diversification.
3. Labour-based approach to public works and rural infrastructure improvements (linked to Option 2).
4. Support to strengthening the TVET framework e.g. planning, curriculum development, assessment/certification, teacher training, VTC management (linked to Options 5 & 6).
5. Support to the implementation of enterprise-based TVET.
6. Support to the implementation of institution-based TVET.
7. Support to the implementation of employment promotion and local economic development services (linked to Options 1, 2, 3, 4, 5 & 6).

This selection of the preferred options for the proposed EC intervention was based on the use of the following **selection criteria**:

- Strategic fit with EC Somalia Operations Strategy for the Implementation of Special Aid for Somalia.
- Benefit to women and other specified target groups.
- Employment promotion impact.
- Likelihood for sustainability.
- Opportunity for local administration involvement and capacity building.
- Position on LRRD (link between relief, rehabilitation and development) continuum.

The selection of the preferred options also took into consideration:

- conformity with EC objectives specified for the intervention;
- availability, interest and capability of potential project partners;
- viability of implementing the option.

Concerning the strategic fit criterion, this ruled out any options related to the provision of micro-credit as a mechanism to stimulate job creation as a result of the recent strategic decision of the EC to discontinue making funding available for credit lines as part of development aid projects. Options 1 and 2 were not considered as high priority for inclusion in the proposed EC measure on the basis of the limited value added that would accrue to already existing or planned EC SOM OPS interventions in these sectors. Other EC SOM OPS sectors are already addressing Options 1 and 2 with considerable greater resources than would be available under the proposed EC measure. Option 3 would have the potential advantage of quickly creating employment opportunities and adding value to other options. However the disadvantages of the option as a main component of the proposed EC measure include the temporary nature of the jobs created and the limited impact on many of the underlying causes of the high unemployment rate. Option 4 would address the problem of limited availability of technical skills in the labour market. However this would only have an impact in the longer term and other agencies, in particular UNESCO, are already addressing this problem.

On the basis of the mission's findings and the results of the participatory planning workshops with stakeholders in Nairobi the preferred options for EC intervention are Options 5, 6, and 7.

6. OBJECTIVES & STRATEGY ANALYSIS

Due to time constraints in the participatory planning workshop in Nairobi, it was not attempted to convert the agreed problem tree into an objectives tree. However problems identified by the mission were reviewed and prioritised and positive opportunities that could be built upon were identified. (Details of the outputs of the Nairobi workshop are given in Annex 9.) On the basis of this analysis, alternative options for the EC intervention were identified and the preferred options were selected. The mission used the outputs of the Nairobi workshop to formulate an objectives tree which also illustrates the strategy selection for the proposed EC intervention. This is given in Annex 11.

The **future situation** that the implementation of the proposed EC intervention aims to achieve is improving the employability of the target groups in a sustainable manner. This will be achieved by addressing as the following key problems that underlie the core problem:

1. Inefficient local labour markets.
2. Limited education and skills availability in the local labour markets.
3. Limited TVET (and basic education) opportunities.

4. Lack of employment promotion services.
5. Limited identification of opportunities for local economic development.

In the process of selecting the main objectives to be pursued through the proposed project and the selection of the key problems to be addressed by the project, the selection criteria discussed in Section 5.2 were applied. Employment was considered in the widest sense to include engagement in pastoralism and agriculture and there was a compelling argument for the proposed EC measure to focus on enhancing/diversifying rural livelihoods which are the mainstay of the majority of the population of Somaliland and Puntland. The main reasons why this was not include as a main objective and central component of the proposed project were based on the criterion of strategic fit of the project within the overall SISAS framework for EC SOM OPS and other current and planned interventions of EC SOM OPS. The perception of the mission as well as the majority (though not all) of the stakeholders in the participatory planning workshop in Nairobi was that an emphasis on measures to address strengthening/diversifying rural livelihoods and micro-credit provision to promote employment were not appropriate in the proposed project. This was because of the recent global EC policy change on micro-credit and the view that including such objectives or components in this measure would not significantly add value to on-going and planned projects of EC SOM OPS in the SME, rural development, livestock and environment sectors which are/will address these issues and problems more fully.

7. INTERVENTION

The formulation of the overall objective, project purpose and results for the proposed EC intervention took place in the Nairobi workshop. These were developed as part of the logical framework (logframe) for the proposed project. The project logframe was developed to the results level and is given in Annex 12.

As a result of the overall findings of the mission and discussions with stakeholders, it became apparent that the original title for the proposed EC project ‘Promotion of Employment through Training and Economic Measures’, needed to be reconsidered. The **project name** needs to clearly reflect the proposed project’s purpose, results and main activities. It is therefore recommended that the proposed EC project be called Employment Promotion in Somalia (PETT). It is also important to emphasise that, especially in Somalia, the word ‘employment’ is not to be understood in narrow terms of paid employment in the employer–employee sense. It also includes self-employment and the engagement of people in a wide range of income generation activities and livelihood strategies.

7.1. Overall objectives/goal

To contribute to reduced vulnerability of disadvantaged young adults.

7.2. Project purpose

Employability of disadvantaged groups sustainably improved.

7.3. Results

1. Improved access of disadvantaged groups to TVET & employment promotion services.
2. Competencies of target groups increased in accordance with employment opportunities.
3. Improved availability of information on local economic development opportunities.
4. Capacities of local implementing partners and authorities increased with respect to TVET and employment promotion.

The results to be achieved by the proposed PETT project illustrate that although this intervention falls under the training and education sector of EC SOM OPS support to social services in Somalia it is primarily an employment promotion project, not a TVET project.

7.4. Activities

Activities were not identified during the participatory planning workshop that produced the PETT project logframe. However based on the workshop discussions and the findings of the mission it is possible to identify some of the main activities that will need to be undertaken by the project in order to achieve the planned results.

It is recommended that the IBTVET and EPS activities of the proposed PETT project are implemented through support to three existing medium sized VTC sites in Puntland and one large VTC in Somaliland:

1. Galkayo; the VTC built and partially equipped by IDB and already being operated by the Swedish NGO Gothenberg Initiative (GI) to offer a range of appropriate TVET courses. GI has provided additional tools and equipment and will add additional workshops to increase the VTC trainee capacity. This VTC could offer additional courses e.g. masonry, electronics repair and other courses to be identified based on a study of the labour market and TDIM. Special attention should be given to identifying new training courses that offer can provide viable employability opportunities for women. EPS to be established with input from MOL. The Galkayo VTC should be established as a model for IBTVET and EPS for Puntland. Links can be established with the Galkayo Education Centre for Peace & Development which has an established site and extensive experience in offering literacy and numeracy courses as well as a typical range of skills training courses for women.
2. Garowe and Bossaso: the two VTC built and partially equipped by the IDB but not presently operating. These VTC should be supported to offer courses based on already available equipment and tools provided the issue of ownership is clearly resolved. Both VTC have boundary walls, eight theory/practical classrooms, two office rooms, generator room with generator, toilet blocks and electricity/water supplies. Supplementary equipment and tools will be needed. Some additional courses could also be offered according to needs and opportunities but there should be no physical extensions of these VTC during the project period while a viable management and training capacity is being established. EPS should be established at both VTC. They could be closely linked to the Galkayo VTC for capacity building purposes.

3. Hargeisa: the Integrated Adult Education Centre (formerly the Hargeisa Technical Institute) partially renovated by GTZ and ISF. This large site has intact boundary walls and an extensive range of buildings very suitable for TVET (theory and practical), over half of which are renovated. The VTC has equipment/tools for three plumbing, secretarial skills and electrical installation courses and the site could also be used to offer a range of other TVET courses based on the results of the labour market study and subject to the availability of trainers. Special attention should be given to identifying new training courses that offer can provide viable employability opportunities for women. The site is currently only in use by the ISF implementing partner, Islamic Relief Committee, for plumbing and secretarial courses. The site is near to the school for handicapped children run by the INGO International Aid Sweden (IAS) that has been funded by EC, Sida and Danida. This school has been running for a number of years and now has older children (male and female) who are being taught some basic vocational skills. Links could be established with this centre to cater for the physically and mentally handicapped target group of the PETT project. This could be on a course fee payment/trainee basis with some additional direct support to the centre. EPS should be established on site with input from DOL. The entire VTC site comprises;

- management/office block (5 renovated rooms, 1 used for typing/computing course),
- theory classroom block (5 renovated classrooms),
- electricity & plumbing block (4 renovated workshops with teachers' offices and stores),
- electricity block (2 renovated workshops with teachers' office and store),
- toilet blocks (2 renovated, 1 unrenovated),
- theory classroom/workshop block (2 rooms unrenovated, 1 renovated classroom),
- theory classroom/workshop block (1 renovated classroom, 2 rooms unrenovated)
- former dormitory/classroom block (2 rooms unrenovated, one partially renovated to house a generator),
- workshop block (partially derelict, potentially 2 workshops, classroom and store)
- stores (2 buildings, unrenovated)
- partial electricity/water supplies.

Two existing VTC in Berbera (Port Training School and GAVO VTC) could be utilised by the PETT project to provide IBTVET for target beneficiaries on a course fee payment/trainee basis. There is also a potential VTC site in Burao (the former Burao Technical Institute established by GTZ) that was completely looted during the war. Only the derelict buildings remain and investment cost would be substantial to rehabilitate this site. There are reports of a clan-based conflict in the areas, possibly over the site. If the site ownership issue can be resolved this IBTVET site could be considered under any second phase of the project.

It is recommended that EBTVET activities are implemented in connection with EPS and should be undertaken in at least six locations:

- Puntland: Bossaso, Garowe and Galkayo (Burtinle and Eyl might be additional possibilities).
- Somaliland: Hargeisa, Boroma, Burao (Sheikh and Berbera might be additional possibilities).

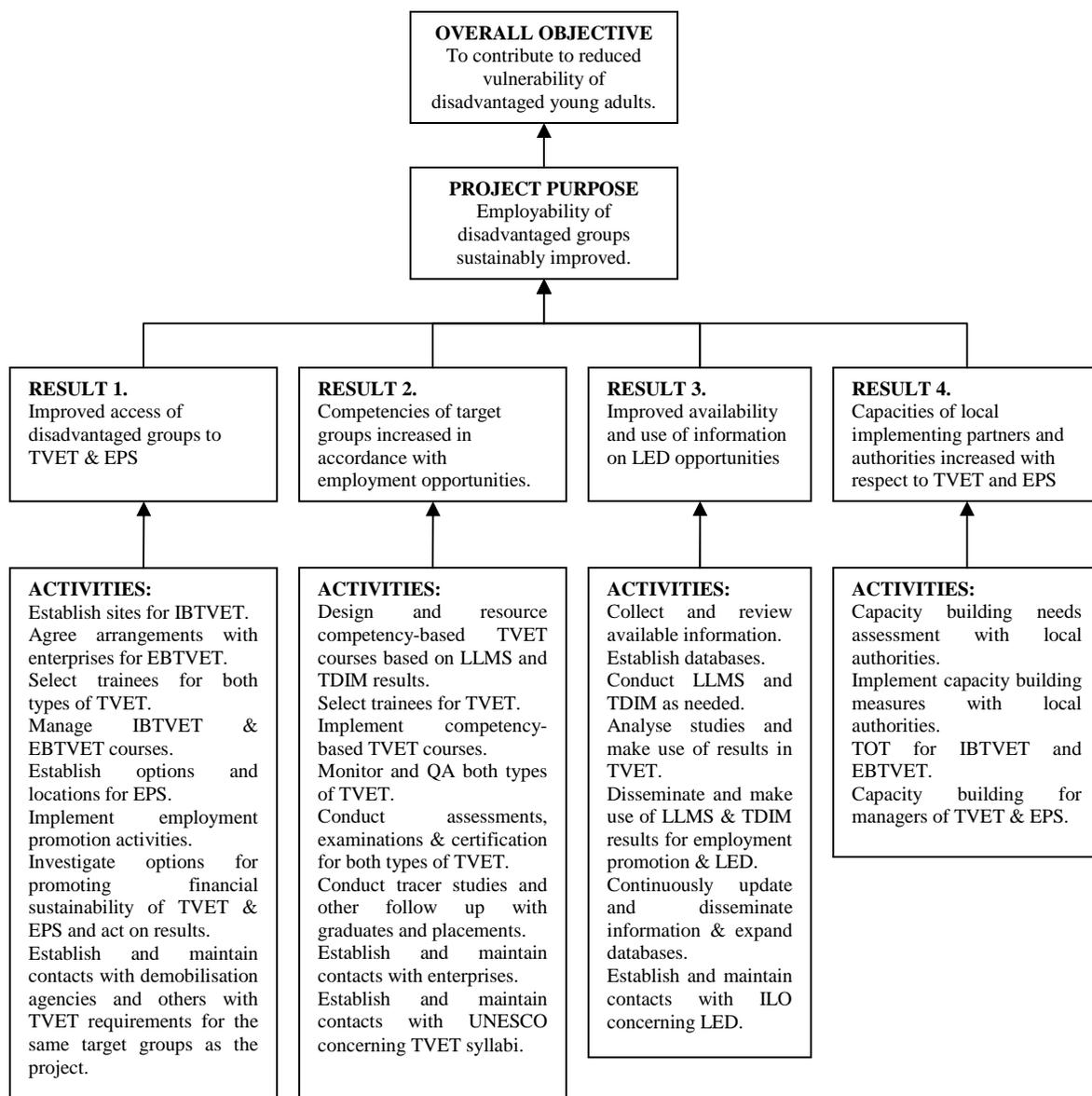
It will be necessary for the implementing partner(s) of the proposed project to ensure that too much attention and effort is focused on the more straight-forward TVET activities. This could be detriment of the implementation of the other more conceptually difficult activities for EPS and LED and the achievement of the associated results.

In many projects, capacity building activities are often regarded as simply the provision of training and frequently fail to achieve the desired results. It is recommended that the proposed PETT project avoids this narrow conception of capacity building and develops other more innovative capacity building activities with the local authorities, including directly involving them in the implementation of some aspects of the project.

It is recommended that special attention is paid by the implementing partner to the issue of policy on the provision of starter kits for TVET graduates. If this is part of the PETT project starter kit policy must take into account conformity or potential conflict with existing practices of other donor funded projects.

Indicative activities are included in the means-ends hierarchy diagram for the proposed PETT project in Figure 4 below.

Figure 4. Project means-ends hierarchy with indicative activities.



8. ASSUMPTIONS & RISKS

A number of assumptions at the higher levels of the project logframe were identified during the participatory planning workshop. These, and others identified by the mission, are included in the logframe in Annex 12.

It is recommended that special attention in the implementation of the proposed PETT project is given to the monitoring of the assumptions in the logframe. This will allow necessary adjustments and corrective measures to be identified and implemented promptly. Assumption monitoring and any associated corrective actions or implications should be regularly reported to EC SOM OPS.

8.1. Risks and flexibility

The main risks to the proposed project are; (i) deterioration of the security situation in target regions of Somalia, resulting in disruption of planned activities, (ii) macro-economic shocks that impact on livelihoods, employment opportunities or job creation in Somalia. Such events have occurred in the recent past in Somalia and flexibility in rescheduling or redesigning project activities would be needed if these risks materialise.

The situation in Somaliland and Puntland is presently relatively stable. Nevertheless this stability is fragile. It is possible that clan conflicts or the activities of Islamic fundamentalist groups could occur and especially if these result in incidents involving foreign nationals this would dramatically alter the present situation and consequently the starting or the course of the project. If this situation occurs before the starting of the programme the consequences are limited as the financing would not have been committed. Given the fact that flexibility is a general pre-condition for the development of programmes and projects in Somalia this situation should not generate major difficulties with stakeholders in the STEP project. However such disturbances could impact on the mobilisation of the implementing partners. They could be faced with internal difficulties which could bring them to reconsider their participation in the project. During the course of project implementation such incidents would be important because expenditures would have been engaged. Under such circumstances project programming should need to be re-examined. No-cost project extension might become an option for consideration.

The emergence of deficiencies or weaknesses in an implementing partner in the course of project implementation is a possible risk. However this element should be minimised through selection of strong implementing partners and due to the need for implementing partners to heed EC SOM OPS recommendations about any changes to strategy, procedures, activities, etc. This risk needs to be minimised as such events could also gradually cause difficulties with the local authorities. The relations between INGO and LNGO and local authorities in Somaliland and Puntland are a sensitive matter. A disruption of project activities due to actual or perceived implementing partner weaknesses would be an occasion for local authorities to criticize the project and possibly to re-open discussions on decisions already made.

The absence of EC SOM OPS field officers based at the ECLO and able to undertake regular technical monitoring and follow-up is a potential risk to the effective monitoring and quality assurance of the proposed project. At the present time the technical advisors in EC SOM OPS are based in Nairobi, have limited opportunities for field visits and have no technical support to call upon in the field. The ECLO in Hargeisa and Bossaso, despite their level of staffing, presently serve only an administrative liaison function for the EC SOM OPS office in Nairobi.

The most critical economic factors (very low level of employment and very high inflation rate) which are out of the control of the PETT project are discussed in more detail in the economic and financial analysis in Section 10.4.4.

9. IMPLEMENTATION

9.1. Organisation and implementation procedures

Based on existing EC procedures and guidelines, which can be found at the AIDCO website⁴³, EC SOM OPS will issue a Call for Proposals (CFP) for the management and implementation of the proposed PETT project under grant funding from the European Development Fund. TOR for the CFP are attached as Annex 13.

It is foreseen that a number of INGO already active in the implementation of projects in Somalia would be invited to submitted proposals in response to the CFP. Based on the mission's findings, INGO which have relevant technical and Somalia experience include:

- CARE International*
- Adventist Relief Agency*
- Gothenburg Initiative (Sweden)*
- Diakonia (Sweden)*
- GTZ International Services*#
- Danish Refugee Council
- International Solidarity Foundation (Finland)
- Save the Children (Denmark)
- Progressive Intervention (Ireland)
- International Aid Sweden
- CEFA (Italy)
- Novib (Holland)

* Attended the participatory planning workshop in Nairobi.

GTZ International Services is not, strictly speaking, an INGO but is considered as one here as it is able to operate in the same manner as an INGO.

In the mission's view, few if any of the above organisations have the resources and range of expertise to be able to implement the proposed PETT project alone. It is therefore foreseen that in response to the CFP the EC SOM OPS will receive proposals from consortia comprising two or more INGO. It is also expected that INGO consortia proposals should include LINGO and/or local authorities as implementing partners with whom there will be sub-contracts or Memoranda of Understanding for specific project activities. These conditions could be formulated as requirements in the CFP.

It is recommended that in the CFP a requirement is included for any INGO consortium proposal to designate one INGO as the leading organisation in the consortium and that the consortium proposal includes provision for a dedicated person with appropriate qualifications and experience to act as Consortium Manager. This person should have the leading responsibility for all project issues concerning coordination, contacts, reporting, etc, with EC SOM OPS.

ILO, UNDP and UNESCO have expressed interest in the implementation of the proposed project.

⁴³ http://europa.eu.int/comm/europeadi/tender/gestion/index_en.htm

It is recommended that two Project Steering Committees be established, one in Somaliland and one in Puntland, to supervise the management and implementation of the proposed EC project and to review its progress. The Steering Committee should include representatives of the concerned local authorities along with EC SOM OPS and the INGO consortium partners. The chairperson of the PSC could be selected from the relevant local authorities. The PSC secretary should be the Consortium Manager. It is recommended that the PSC meet a minimum of six times during the project period.

9.2. *Timetable and milestones*

The implementation period for the proposed PETT project is 24 months. The anticipated project start up date is December 2004 following the CFP in July. Any delay in the CFP procedure or a CFP resulting in the submission of no acceptable proposals (which, in the mission's view, is a possibility) would impact on the commencement date of the proposed project.

Due to resource limitations of the local authorities in Somalia with responsibilities in the areas of the proposed intervention, EC support needs to be initiated with an understanding of the need for long-term support with a 5 – 10 year time horizon for the institutions and systems established. The proposed intervention should be seen as the first phase of EC support, with subsequent funding of Phase 2 contingent on the evaluation of Phase 1. It will be important to ensure that there is no time gap between the end of Phase 1 and the start of Phase 2.

Important milestones in the implementation of the proposed project would include:

- Acceptance of the Inception Report by the end of the third month of the project.
- The inauguration of presently closed or only partially operating VTC in the first six months of the project.
- The completion of any necessary surveys/studies in the first six months of the project.
- The selection of participants for the first round of EBTVET in the each of the locations in the first six months of the project.
- Periodic graduation ceremonies.
- Periodic local media reporting of EPS and TVET achievements.
- The independent review in the final six months of the project.
- Tracer study of graduates for the Project Completion Report.

9.3. *Indicative costs and financial plan*

A detailed budget and financial plan will need to be prepared by the organisation or consortia submitting proposals to EC SOM OPS in response to the CFP.

The indicative budget originally proposed for the EC intervention was €2.5 million. This was taking into consideration the original intention for the EC support to include activities in South/Central Somalia and Mogadishu as well as Somaliland and Puntland. As the proposed project will not now include Mogadishu it is likely that this full amount will not be necessary and the budget for the proposed project in Somaliland and Puntland of less than €2 million.

Indicative costs and financial planning on the basis of the original budget of €2.5 million are given in the Table 6 below.

Table 6. Indicative costs and financial year plan

ITEMS	Year 1	Year 2	Total
Overall project budget			2,500,000
Overhead consortium / operation Nairobi office (14%)	175,000	175,000	
Refurbishment/equipment VTC	100,000		
Equipment for EPS	15,000		
TVET and EPS operating cost	375,000	625,000	
Salaries for staff / fees for studies	375,000	625,000	
Contingency	15,000	20,000	
Total	1,055,000	1,445,000	2,500,000

Refurbishment and equipment expenditures are all allocated in the first year budget but some expenditure, e.g. for equipment, could be planned for the second year.

Broadly, the distribution of the TVET & EPS operating costs and salaries/fees charges is equivalent (35% – 40%). The distribution of the expenditures is based on an estimate of 600 EBTVET and IBTVET trainees in the first year and 1000 in the second year.

10. SUSTAINABILITY & QUALITY FACTORS

10.1. Gender and socio-cultural issues

The proposed PETT project will pay special attention to the critical issue of identifying and supporting opportunities for employment of women in Somalia. This will require some further investigation and some innovative thinking by the project, especially for lower level skills courses. While management/administration, computing/typing, accounting/book-keeping and secretarial skills offer opportunities for more educated women, this does not benefit the majority of women with limited basic education. IBTVET for women needs to go beyond offering the typical vocational skills courses currently offered for women in Somalia like tailoring, textiles, cooking and handicrafts. These offer limited opportunities for employment or income generation. EBTVET offers a greater variety of opportunities for women. Examples include training as pharmacy assistants, medical laboratory assistants, photo processing, beautician/hairdressing skills and nursing/midwifery, leather processing.

It is recommended that time, effort and resources be directed towards promoting opportunities for women to enter into some types of trades/vocations that are not normally considered by women (or men). This is not entirely wishful thinking, examples already exist in Somalia. Women have been trained in metal fabrication, including the use of heavy equipment like metal lathes, at the Galkayo VTC where some are now working as assistant trainers. Women are also reported to be included in an EBTVET course in electronic repair. In discussions the mission held with different groups of women many expressed an interest in being trained and working in some male-dominated vocational skills. While many unmarried and married women did not consider that their families/husbands would allow them to take up work in some occupations normally associated with men, other did think it was possible depending on the exact requirements of the work. Significantly, the women who said they did not have any significant

constraints on the type of work they could do were widows. This offers a real opportunity for the project to exploit for this target beneficiary group.



Figure 5.
Male and female trainees
on a metal work course at
a VTC in Puntland being
supervised in metal
drilling practice by a
female assistant trainer.

It is recommended that IBTVET, EBTVET and job placements should ensure mixing of trainees from different target groups. In particular militia-only placements should be avoided to facilitate socialisation and reintegration processes. It is also recommended that mechanisms be established for community involvement in any selection processes for target group members, e.g. women-headed households, handicapped people and militia.

EBTVET activities should incorporate the lessons learned from the GTZ DRP experience concerning placing trainees with enterprises in which there is an extended family/sub-clan connection with the enterprise owner.

10.2. Appropriate technology and environment

A range of equipment and tools for TVET will need to be provided to the targeted institutions under the proposed PETT project. Attention should be given to ensuring that any technology provided is appropriate to the prevailing technological capacities of Somalia. For example, equipment for which spare parts would be difficult to obtain or for which local maintenance would present problems should not be provided as part of the project.

Many types of TVET require the use of hazardous equipment, tools and training consumable materials. Care will be needed to ensure that they are safely installed/stored so as not to pose health & safety or environmental hazards. TVET also results in the production of a range of waste materials that are non-recyclable and non-degradable, e.g. chemicals products (in liquid, gaseous and solid form), paints, engine oils, metal shavings, etc. Attention will also be needed in

the proposed project to the appropriate disposal of TVET waste products. From the mission's observations at private workshops, small enterprises and existing VTC in Somalia, these technology/environmental issues presently receive little or no consideration.

LED activities, job placements and any innovative TVET activities linked directly or indirectly to rural livelihoods will need to ensure that the activities supported or promoted do not result in environmental degradation or impact negatively on the sustainable management of natural resources. It may be necessary to undertake environmental impact assessments prior to commencing any such activities under the PETT project.

10.3. Institutional and management capacities

With a few exceptions, the institutional and management capacities required for the successful implementation of the type of intervention that is proposed in the PETT project appear to be in short supply within Somalia at the present time. This is an indication of the appropriateness of the assistance proposed but is also an indication of the importance of capacity building measures and results as part of the proposed EC project.

As part of capacity building activities, it is recommended that possibilities of directly involving the concerning local authorities in some aspects of the implementation of proposed PETT project be actively investigated.

10.4. Economic and financial viability

The following sections attempt to assess project profitability in terms of relating costs to the expected benefits using the method of the Financial Internal Rate of Return (FIRR). This is a discounted measure of project worth. It is the discount rate that just makes the incremental cash flow equal zero. The maximum interest that a project can pay for the resources used if the project is to recover its investment and operating expenses and still just break even. In this case the FIRR is used to illustrate the profitability of the project and not to select among different options. The calculation is based on estimates of incremental margins "with and without the project" for a set of income-generating activities (in this case self employment or employment) through TVET and EPS supported by the project. These incremental margins are applied on numbers of beneficiaries (depending on the training system during the implementation but we assume that 1600 could be trained during the two year project period) in order to get a net-benefit per year. The €2.5 million covers the costs for the whole programme. The costs belong to different types which will appear with the proposals of the implementing partners through a call for proposal (implementation project costs, salaries, equipment etc). The project duration is two years but considering a medium pace for changing attitudes and behaviour of the beneficiaries, the full benefit has been estimated over a period of six years. The calculation is based on the assumption that the TVET model has a set of variables (different levels of salaries of the graduates and rates of employment for IBTVET and EBTVET). This is based on observations and data collection by the mission.

10.4.1. Benefits (to beneficiaries)

The benefits to beneficiaries are calculated through basic, indicative revenue, based on the situations found in the two regions.

Training and market employment

Budget gross margin, without project and with project, have been established for activities on which the project will intervene. In the case of projects focused on income generation and employment, it is essential to avoid diversion.⁴⁴ The mission considers the employment assumption as the most important feature of the project.

For the budget a gross margin (per trainee) is calculated before (without) the project and with project, taking into consideration improvements on techniques, inputs (equipment, job placement) but also better employment due to better market information and organisation through services delivery. Only the incremental part (with / without) is taken into consideration. The labour market study shows significant variations in salary distribution. We have to consider that target group is coming from the proportion of the population poor or very poor and a great part of them living on less than US\$ 1/day. As a consequence, the monthly income is based on a US\$ 20/mth. The proportion of the population living in extreme poverty is estimated at 43.2 % for Somalia (23.5 % in urban areas and 53.4% in rural and nomadic area). The average annual per capita income of the population below extreme poverty line is estimated as US\$210. It is realistic to start with a low incremental margin that increases regularly. We assume that after three or four years the beneficiaries will reach a salary average as indicated in the labour market study (US\$100-150/mth).

Table 7. Incremental margin with and without project

ITEMS	Incremental margin without project (€)	Incremental margin with project (€)
Monthly income	20	80
Incremental margin month		60
Incremental margin year		720

The technical specifications for the training system will be described in the proposals to be submitted by potential implementing partners.

10.4.2. Cost-benefit analysis

Uncertainty over adoption rates is a common problem not limited to this project and standard assumptions are invariably required. It has been assumed that rate of employment will be 0% in the first year of the project and will be 75% after completion of TVET starting in the second year of the project.

Table 8. Progression of employment

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
Year 1 cohort	0%	75%	75%	75%	75%	75%
Year 2 cohort	0%	0%	75%	75%	75%	75%

⁴⁴ *Financial and Economic Analysis of Development Projects*. EC (1997)

The project does not finance major infrastructure investments. The costs and benefits of the project can be taken into account over a 6 year period (Year 1 - Year 6). A relatively short time period is used in this cost-benefit analysis because there are no substantial investment costs. In addition, the project's purpose is focused on employment promotion, not the provision of TVET. Cost-benefit analysis for typical education sector project is based on calculating the overall social benefits over a necessarily extended period of time (15 -20 years). The cost-benefit analysis for an employment promotion project needs to be done differently, by considering the direct economic effect of the income generation through the immediate employment resulting from the project. This means that the return on the project's investment becomes measurable more quickly.

In Year 1 the first cohort of 600 beneficiaries are trained. 75% of them (450) will have found a job in the beginning of year 2. In Year 2 a second cohort of 1000 beneficiaries is trained. 75% of them (750) will have found a job by the beginning of Year 3.

Table 9. Financial Internal Rate of Return

Items	Amount/Rate (€)	Year 2	Year 3	Year 4	Year 5	Year 6
Salary base	720	720	900	1200	1500	1800
Salary base	720		720	900	1500	1800
Trainees		450	450	450	450	450
Trainees			750	750	750	750
Benefit 1		324,000	405,000	540,000	675,000	810,000
Benefit 2			540,000	675,000	1,125,000	1,350,000
Project cost	2,500,000					
Net cash Flow	6,444,000	324,000	945,000	1,215,000	1,800,000	2,160,000
FIRR	2.32%					

The following key indicators summarise the results over a 6 year period:

- Total costs : €2,500,000
- Total benefits : €6,444,000
- FIRR : 2.32%

The FIRR clearly indicates significant overall benefits as a result of the project. This rate is indicative of a successful training development programme. The project is a viable investment.

10.4.3. Economic analysis

This project design yields non-tangible products, so the economic analysis approach is limited in scope and aims just to minimise costs. Costs are defined as economic resources lost by the national economy and benefits are defined as the new incomes distributed to domestic entities, i.e. contributions to the growth of the economy, to which may be added increases in domestic consumption. From this perspective, salaries, to give one example, which were considered to be costs in the financial analysis are considered as benefits (distribution of incomes) for the society as a whole. The data for a full economic analysis are not directly available. However it is necessary to take in account three major factors (exchange rate, economic growth rate and inflation rate) and to build an appreciation through analysis of the available data.

International capital market

The central banking system does not operate as a modern system since it conducts limited central banking functions and has no regulatory capacity. We have to take in account the fact that Islamic lending products are based on different forms of risks and profit sharing arrangements and on profit margin, which is equivalent to the service charge. The profit margin is in general annually prescribed by the central bank. In the case of funding for the whole society benefit the service charges would be not very high. An international loan on a 6 years period allows the reintegration of the project costs in the national economy with regards to the international environment. We assume that the benefit that the lender can hope will be equivalent to 5% service charges as it is not a private contract.

Economic growth

Household food security, livelihoods, health and educational opportunities are all affected by macro economic trends.⁴⁵ Somalia's economy is notoriously unconventional. Accurate economic measurements were problematic even before the collapse of state institutions. The present day informalisation and deregulation of the economy makes this even more difficult. Without a central banking system, estimates of money supply and monetary stocks are unavailable. Insecurity, intermittent access and large population movements mean that production and consumption are also difficult to estimate. Nevertheless, it is possible to identify certain economic trends. Probably the balance could be done between; (i) the declining terms of trade in the primary industries of livestock and agriculture, (ii) increasing levels of interstate, trans-border, and trans-shipment trade and a growing role as an '*entrepot*' economy, (iii) heavy reliance on Diaspora remittances, and (iv) growth in the service sector. Today there is a real stabilisation of the economy and the Somaliland and Puntland exchange rate is quite stable.

Inflation and exchange rate

Over the past decade the collapse of state authority and financial institutions in Somalia has led to a proliferation of currencies in circulation. Although the US dollar has become the currency of choice for major business of transaction and savings, the Somali and Somaliland shilling are widely used, with several international currencies on the open market including the Ethiopian birr, Djibouti franc, Kenyan shilling and Saudi riyal. Since late 2000 several major injections of new Somali shillings have thrown the market into turmoil. The introduction of several million dollars worth of shilling has caused a rapid devaluation of the shilling and hyperinflation. In August 2001 the Somali shilling had a drop of 116%. It also caused a depreciation of the Somaliland shilling. The severity of the currency crisis has led to street protests in Mogadishu, Bossaso and Burao. Prices of all commodities have doubled from the previous year. Many small businesses were forced to close, while the wealthy sections of society that have access to remittances and hard currency were little affected. Some efforts to stabilise the situation have been made. However, unless and until an effective authority takes control over currency supplies, the value of the Somali shilling will remain volatile. After the difficult 2001 period, the interest of the traders is to inject the money equivalent to their investment needs and no more to avoid losses. We also assume that the '*dollarisation*' of the economy will keep the economic trends from a too high inflation rates.

For economic analysis purposes we can consider the inflation impact through a 5% inflation rate and a 5% exchange rate variation. The risk analysis takes in account a higher depreciation of the shilling and its impact on the good prices.

⁴⁵ *Human Development Report*, Somalia. UNDP (2001).

Table 10. Economic analysis: Costs and Benefits

Items	Amount	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
Loan received	2,500,000						
Principal (reimbursement)		416,667	416,667	416,667	416,667	416,667	416,667
Financial charges (5%)		20,833	20,833	20,833	20,833	20,833	20,833
Total Loan cost	2,625,000	437,500	437,500	437,500	437,500	437,500	437,500
Inflation impact (5%)	50,000	8,333	8,333	8,333	8,333	8,333	8,333
Exchange rate loss (5%)	150,000						
Total costs	2,825,000						
Salaries/fees		166,667	166,667	166,667	166,667	166,667	166,667
Goods/equipment (Taxes 20%)		33,333	33,333	33,333	33,333	33,333	33,333
Indirect taxes (15%)			48,600	141,750	182,250	270,000	324,000
Local growth contribution (15%)			48,600	141,750	182,250	270,000	324,000
Total revenue	3,117,000	200,000	281,000	483,500	564,500	740,000	843,000
Balance	292,000						

Benefits

The impact on public funds is a critical aspect of the projects if the fees paid by the users in different forms do not cover the total cost of providing the services. Projects with non-tangible products have a tendency, after the period of foreign financing is over, adversely to affect government budget deficits. However the indirect effects of these activities usually include income for the government in the form of taxes and various fees. The operating profits of public entities can contribute to improving or aggravating public budgets. Based on a global estimation of the project costs (salaries, fees 40%, goods/equipments 40%) the activities will generate indirect resources for the government through salaries, indirect taxes on goods (20%), indirect taxes for the workers and 15% of the wage bill through employment as an indirect contribution to the economic growth. It's important to consider that this programme is with non-tangible products and is focused on increasing employment and incomes. Two aspects are taken in account in the calculation: (i) directly by means of salaries within the entities managing the project, and (ii) indirectly by effects on the situation of the target group through employment. In this case, the incremental amount of total income created (financial analysis) measures the real impact of the project.

Results.

The positive 'economic balance' indicates that the project makes effective use of the economic resources at its disposal and leads to an increase in national income. The programme is a viable investment within the national economy and the international economic environment.

- Cost : €2,825,000
- Revenue : €3,117,000
- Benefit : €292,000

It does not create an additional deficit in the government budget. The resources used are both sufficient and necessary and it proves the efficiency of the project. In the Somalia (and Islamic)

context we cannot assess the impact on the foreign exchanges reserves or public funds for the reasons already mentioned.

Table 11. Economic and financial analysis

ITEMS	Amount (€)	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
Loan received	2,500,000						
Principal (reimbursement)		416,667	416,667	416,667	416,667	416,667	416,667
Financial charges (5%)		20,833	20,833	20,833	20,833	20,833	20,833
Total Loan cost	2,625,000	437,500	437,500	437,500	437,500	437,500	437,500
Inflation impact (5%)	50,000	8,333	8,333	8,333	8,333	8,333	8,333
Exchange rate loss (5%)	150,000						
Total costs	2,825,000						
Salaries/fees		166,667	166,667	166,667	166,667	166,667	166,667
Goods/equipment (Taxes 20%)		33,333	33,333	33,333	33,333	33,333	33,333
Indirect taxes (15%)			48,600	141,750	182,250	270,000	324,000
Local growth contribution (15%)			48,600	141,750	182,250	270,000	324,000
Total revenue	3,117,000	200,000	281,000	483,500	564,500	740,000	843,000
Balance	292,000						
Salary base	720		720	900	1200	1500	1800
Salary base	720			720	900	1500	1800
Trainees			450	450	450	450	450
Trainees				750	750	750	750
Benefit 1			324,000	405,000	540,000	675,000	810,000
Benefit 2				540,000	675,000	1,125,000	1,350,000
Project cost	2,500,000						
Net cash Flow	6,444,000		324,000	945,000	1,215,000	1,800,000	2,160,000
IRR	2.32%						

10.4.4. Risk Analysis

Sensitivity analysis was applied to these data to confirm the robustness of some of the assumptions made. Considering that the budget assumptions were already conservative (specifically the first year incremental margin), the FIRR was recalculated using lower rates of adoption.

If the training employment rate remains at 75%, but the net cash flow is reduced by 3% then the FIRR still reaches 2.32%.

Major risks

Even if the situation in Somaliland and Puntland is now more peaceful, the risk of a destabilisation cannot be definitely excluded. There are variables (rate of employment and rate of inflation) to which the project is most sensitive and to which most attention should be paid. These are outside of the control of the project. Through job placement services, the trainees' rate

of employment, is a part of the project but strongly linked to the economic context. In a normal context a too low level of employment post training could be affected to the inefficiency of the job placement services.

Low level of employment:

The impact of a 25% reduction in the rate of employment would make negative the economic result and would not contribute enough to the national economy (Scenario 1). In this case there is a necessity to diminish the costs of the programme and to increase indirect taxes (25%) on salaries and fees distributed within the project (Scenario 2). It would be also necessary to find some mechanisms to increase the contribution to the local growth (20%). These decisions allow making a positive balance (Scenario 2). In this case the FIRR stay positive. These theoretical measures would be under the responsibility of the local authorities.

Table 12. Impact of taxes on results

Scenario 1		Scenario 2	
Items	Amount	Items	Amount
Loan received	2,500,000	Loan received	2,500,000
Total Loan cost	2,625,000	Total Loan cost	2,625,000
Inflation impact (5%)	50,000	Inflation impact (5%)	50,000
Exchange rate loss (5%)	150,000	Exchange rate loss (5%)	150,000
Total costs	2,785,000	Total costs	2,785,000
Salaries/ fees		Salaries/ fees	
Goods/equipment (taxes 20%)		Goods/equipment (taxes 20%)	
Indirect taxes (15%)		Indirect taxes (25%)	
Local growth contribution (15%)		Local growth contribution (20%)	
Total revenue	2,478,000	Total revenue	2,918,400
Balance	- 327,000		93,000

Depreciation of the shilling and high level of inflation

The rate of inflation in 2000/2001 was 116%. A 50% inflation rate would create a very critical situation for the proposed PETT project. A negative impact on the employment and the level of salaries, as it was in 2000/2001 when many small enterprises had to stop their activities, would negate a great part of the project's potential impact. The viability of the investment within the national economy would be lost. The government cannot recover the costs because of the inflation decreasing the benefits of different indirect taxes. In this case, the FIRR becomes negative and the solvency of the project (Scenario 1) becomes negative as illustrated in Table 13 below.

Table 13. Impact of inflation (50%) and unemployment (30%)

Items	Amount
Loan received	2,500,000
Total Loan cost	2,625,000
Inflation impact (5%)	10,000
Exchange rate loss (5%)	150,000
Total costs	2,825,000
Salaries/ fees	
Goods/ equipment (taxes 20%)	
Indirect taxes (25%)	
Local growth production (20%)	
Total revenue	2,044,000
Balance	-781,000
Net Cash flow	2,360,000
FIRR	Negative

10.4.5. Economic and financial conclusions

The data analysis presented provides for a strong argument in favour of the proposed project and the activities recommended. In particular the data lead to the following conclusions:

- A cost-benefit analysis performed on project costs and benefits has produced a positive indicator of net project benefits over a six year period;
- The main effects of the project are linked to employment promotion which is the base of the efficiency and solvency of the project.
- The analysis indicates a FIRR of 2.32%
- Sensitivity analysis conducted on the above data proves all underlying assumptions to be robust and the project to be a viable one.

11. MONITORING & EVALUATION

11.1. Monitoring indicators

The objectively verifiable indicators at the overall objective, project purpose and results levels were identified during the participatory planning workshop with stakeholders in Nairobi. In identifying the indicators due consideration was given to trying to define them in operationally measurable terms (quantity, quality and time). The indicators, together with their means of verification, are given in the logframe in Annex 12.

Objectively verifiable indicators, together with their means of verification, need to be identified for the proposed activities. This can be done once the necessary activities to achieve the planned results are defined in the implementation proposal for the PETT project. The activity indicators will need to describe the measurable consequences of the activity implementation.

11.2. Reviews, reporting and evaluation

The recommended review and reporting requirements for the proposed PETT project are as follows:

- Inception Report within 3 months of project commencement.
- Quarterly Progress Reports thereafter.
- Mid-term Review (internal) half-way through the project period.
- Independent Review 6 months prior to the end of the project to inform decision making concerning a possible Phase II of the project.
- Project Completion Report, including a detailed tracer study, will be submitted by the project one month prior to project completion.
- Depending on the results and recommendations of the Independent Review, a Project Evaluation may be taken within one year of project completion.

Reporting formats should be agreed in advance by the implementing partner with EC SOM OPS.

EC SOM OPS may commission a project audit at its sole discretion.