



UNITED NATIONS
INDUSTRIAL DEVELOPMENT ORGANIZATION

Somalia Business incubators project

Project Title	Business incubators to support entrepreneurship and MSME creation in Somalia			
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Thematic code:	HC11 Agribusiness & Rural Development			
Division:	DTA/AGR/AIS			
Planned Start - finish date	July 2021 – June 2025			
Project Duration	4 years			
Government coordinating agency:	Federal Government of Somalia Ministry of Commerce and Industry (FGS - MoCI)			
Donor	European Union ¹			
	Project Budget	Project Inputs	Support costs	Total contribution
	Euro	4,672,900	327,100 (7%)	5,000,000

¹ as part of (ref: SO/FED/042-761) a regional FED programme “RIP Action on Business Incubators to Support to Entrepreneurship and MSME creation”.

BRIEF DESCRIPTION

The main purpose of the project is to create and improve economic opportunities and jobs for young women and men through the delivery of locally available technology based and innovation-led business incubation services. In particular, the project shall contribute to (general objective) *“Create jobs and enable economic growth in the Somali Economy through the promotion of inclusive and suitable entrepreneurship development initiatives”* and (specific objective) *“Create and improve economic opportunities for young men and women through locally based and innovation-led business incubation services”*.

The project will support three business incubators, in Somalia, to establish effective business incubation programme, raise the quality and standards of delivery of incubation programme as well as link these incubators for wider outreach to three distance service centers, in an active effort to ensure that all project benefits are far-reaching across the entire Somali peninsula. The project will ultimately ensure that not only business incubation and other entrepreneurship development services are provided by the project supported incubators but also, these incubators, shall become effective business innovation hubs by leveraging existing technologies available at Somali research centers or accessible through collaborations the project will facilitate with innovation and research centers abroad. Primarily the project will focus on providing conducive business environment for 180 beneficiaries who are either potential entrepreneurs with project ideas or existing start-up who needs facility for incubating their business. These services including technology tie-ups, infrastructural support, business mentoring and facilitating credit/investment linkages will ensure that significant number of them will be put in the conditions to prototype products, business models, and test innovations led business in Somalia. A key role of the project will be to facilitate linkages between these incubators and those innovation and technologies providers and drive these technology adaptations to the Somali market needs. In terms of access to finance, a critical feature of this project will also be the facilitation of linkages with various financing schemes available in Somalia, supported by other international partners, like WB, EU and UNIDO.

To achieve the above, UNIDO will support Somali business incubation institutions to access, utilize and customize open-source technology solutions, introduce innovations in local production cycles, engaged with foreign partners, investors, project contributors, technology providers, etc., as well as facilitate the establishment of fab-labs to prototype product solutions while learning creative skills useful at helping innovate and modernize traditional business outfits, preserving Somali culture heritage or, even promoting solutions for “greening” the economy.

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LIST OF ACRONYMS

Acronyms	Definition
AICS	Agenzia Italiana per la Cooperazione allo Sviluppo
AMISOM	African Union Mission in Somalia
BIC AFRICA	African Business Incubator Communities
COMFAR	Computer Model for Feasibility Analysis and Reporting
DTA/AGR/AIS	Digitalization/Agri-Business/Agro-industries and Skills Development ²
EDU	Enterprise Development Unit
EU	European Union
FAO	Food and Agriculture Organization
FCDO	Foreign, Commonwealth and Development Office
FGS	Federal Government of Somalia
FMS	Federal Member State
GDP	Gross Domestic Product
GIS	Geographic Information System
KPI	Key Performance Indicators
IFC	International Financing corporation
ILED	Inclusive Local Economic Development Programme
ISID	Inclusive and Sustainable Industrial Development
IRRF	Integrated Result and Performance Framework
ITPO	Investment technology Promotion Unit
MoCI	Ministry of Commerce and Industry
MSME	Micro, Small and Medium Enterprise
MoU	Memorandum of Understanding
NDP-9	National Development Plan
OiC	Officer in Charge
PTA	Programme Technical Advisor
PMU	Programme Management Unit
PSG	Priority Sub-group
RCO	Resident Coordinator Office
RFP	Request for Proposal
SCCI	Somali Chamber of Commerce and Industry
SDG	Sustainable Development Goals
SME	Small and Medium Enterprise
SMT	Security Management Team
SRM	Security Risk Management
SOP	Standard Operating Procedures
ToC	Training of Counsellors
ToE	Training of Entrepreneurs
ToR	Terms of Reference
ToT	Training of Trainers
TVET	Technical and Vocational Education and training
UNCT	United Nations Country Team
UNDP	United Nations Development Programme
UNDSS	United Nations Department of Security and Safety
UNFPA	United Nations Population Fund
UNIDO	United Nations Industrial Development Organization
UNSOM	United Nations Assistance Mission to Somalia
UNSO	United Nations Support Office for AMISOM (in Somalia)
UNSF	United Nations Strategy Framework
USAID	United States AID
WB	World Bank

² UNIDO Technical Cooperation Division responsible to implement this project

A. CONTEXT

A1. Project purpose

The project will create and improve economic opportunities for young men and women entrepreneurs through relevant locally available technology and innovation-led business incubation services. In particular the project shall contribute to **“Create jobs and enable economic growth in the Somali Economy through the promotion of inclusive and suitable entrepreneurship development initiatives”** and (specific objective) **“Create and improve economic opportunities for young men and women through locally based and innovation-led business incubation services”**. In particular this project aims at expanding the reach, and reinforcing the delivery, of selected Somali existing incubators by establishing effective business incubation programme, raise the quality and standards of delivery of incubation as well as link these incubators to an overall country wide ecosystem of distance service centers, in an active effort to ensure that all project benefits are far-reaching across the entire Somali peninsula.

The project is designed to build incubators’ capacities and developing their service models that will ensure delivery of specialized technical and managerial entrepreneurship development services. The project will ultimately ensure that not only business incubation programme is provided by the project supported incubators but also that these incubators can become effective entrepreneurship innovation hubs by leveraging existing technologies available at Somali research centers or accessible through collaborations that the project will facilitate with innovation and research centers abroad. The project will, in fact, promote the establishment of an entrepreneurial eco-system on the basis of an integrated network of Somali and international business incubators and accelerators institutions, universities, research centers and technical institutes all contributing at building a positive enabling environment for young Somali entrepreneurs.

From the outset the project will be embedded in and supported by BIC AFRICA, a regional network of incubators, funded by the European Union under the same programme. The project supported Somali incubators will also facilitate their beneficiaries’ access to innovative and tailored source of funding. A critical feature of this project will also be the facilitation of linkages with various financing schemes available in Somalia, supported by other international partners, EU and UNIDO.

To achieve the above, UNIDO will support Somali business incubation institutions to access, utilize and customize open-source technology solutions, introduce innovations in the production cycles, engaged with foreign partners, investors, project contributors, technology providers, etc., as well as facilitate the establishment of a platform to prototype product solutions while learning creative skills useful at helping innovate and modernize traditional business outfits, preserving Somali culture heritage or “greening” the economy.

A2. Baseline scenario

The Somali economy is mainly based on traditional, primary productive sectors highly exposed to several challenges: the impact of climate change, water scarcity, environmental

degradation, prolonged civil strife, poor market access and weakness of the public sector to provide an enabling environment, weak education and skills, and limited services and inputs necessary to improve productivity and trade.

Livestock and crop sectors remain central to the country's economic development and poverty reduction. Progressive displacement and internal migration increase the pressure on alternative livelihoods, particularly in the very rapidly growing urban areas. Some emerging sectors have a high potential in terms of job creation and private investment, notably energy, construction, transport, banking, telecommunication, hospitality and tourism.

Currently, Somali businesses have to import skilled labour from neighbouring countries for the most dynamic industries. Rates of under-employment and unemployment are high. Youth unemployment is a major concern, leaving them particularly vulnerable to recruitment by non-state armed groups. Finally, the absence of business development and incubation/acceleration services and financing schemes targeting SMEs, self-employed and microenterprises impedes the creation of new jobs and businesses, maintain most of them in the informal economy.

There is wide recognition that there is a need to transform the Somali economy by improving the resilience of traditional livestock and crop sectors while at the same time developing the attractiveness of other sectors and improving access to neighbouring markets. Such approach would broaden and sustain the economic growth base and provide greater investment and employment opportunities, including for Somali diaspora. Many Somali live or lived in Europe and there is an opportunity for the EU to enhance further their contribution to the development of Somalia. As per an estimate, till 2012, more than a million Somalians migrated to various parts of the world, notably around half a million to North America and Europe. Many of them now, have established themselves in the host countries economically. Somali diaspora to a large extent is keeping the country's economy afloat thanks to remittances inflows and their engagement to play an active role in the country economic activity which, in fact, represents a winning combination to stimulate economic activities and job creation initiatives.

New tactics are needed to build such diversified and resilient economy that is able to generate decent jobs and widespread benefits. Achieving a sustained growth across sectors is at the centre of the recently adopted National Development Plan (NDP-9).

Business incubation can contribute to this goal. A few initiatives have started in the recent years in different regions of the country to provide basic services and foster conducive environment to potential youth entrepreneurs that are slowly promoting a new culture based on innovative and creative thinking and diversification of job opportunities.

This goes to explain how in Somalia, business incubators are still emerging, often established ad-hoc as a result of some donor intervention (for example) aimed at promoting youth and innovation entrepreneurship initiatives, at times framed under humanitarian interventions, not sufficiently specialized to kick-off transformational change in this segment of the economy, and with a valid, but limited objective to foster alternative livelihoods recovery and jobs for Somali youth.

Somalia incubators (profiles of a selection of existing Somali business incubators are described in box. 1) are in need to strengthen their management structure and develop a good quality package of services. Business incubators operate without necessarily focusing on a specific economic sector but often on the IT side of business and at times could be opportunistic to change their alignments/objectives to cater to donors' mandate thereby losing its primary objectives. For this reasons, development partners, government and donors, as well as the private sector, see those incubators as name structure, where developmental economic perspectives are spurred between cooperation, the government, society, business leaders, and entrepreneurial community that helps to promote the development/economic growth in the public and private avenues. This results in designing models of incubation which are driven from donors needs rather than from organize market needs, hence leading to compromises over their potential to effectively play their mandated role as business development service providers (which, also, has become weak due to multiple constraints on the supply and demand sides). With this consideration, the incorporation of developmental perspectives in the design of the incubation model has in fact, overshadowed incubators' sustainability aspect.

In addition, due to underdeveloped banking sector, access to financial services is the biggest challenge for entrepreneurs, especially among young people, women and vulnerable groups. Many micro and small businesses also encounter a financing gap ("valley of death") preventing them to scale up, to create jobs or even to remain viable. Some incubators have intended to address this by launching start-up funds with local banks and crowdfunding to mobilize diaspora resources.

Universities, research centers and technical institutes have a key role to play to improve the ecosystem. Business studies are popular among Somali students which constitutes an opportunity. Several centers and institutes have also been operating in traditional value chains. However, collaboration between the academic/research world, business incubators and private sector is very limited and needs to be developed.

A3. Project location

Project location: incubators - The business incubators to be selected as incubation service providers will be identified through a detailed assessment of entities capacities that will include the existing governance structure of the entity, available resources including HR and infrastructure to deliver business incubation services, past similar experience and its impact, its geographical outreach etc. A detailed assessment criterion will be finalized during the inception phase.³ Based on the preliminary assessment commissioned by the EU in 2019, the primary candidates would be the following incubators: iRise Innovation Hub, in Mogadishu (iRise), Hargeisa Innovation Hub (HarHub) and Somalia Innovation Hub -SiHub, in Garowe (in May 2021 also known as Hanaqaad Hub). If any other incubators (see below list in box n.1) are found more suitable during the assessment, they will be considered and eventually selected. For the purpose of this project, three physical business incubators will need to be

³ In summary the following criteria (at minimum) will be taken into consideration during the assessment to guide the selection process of the incubators: Market orientation of the incubator, financial sustainability, Past business and development impact, Management team in place, Strategic partnerships in place, Capacity to absorb additional donor funding, and Geographic coverage.

identified to become project partners/stakeholders identified to deliver business incubation services⁴.

Project location: incubator's distance service centre - In addition, the project proposes to promote distance service centers that will increase the project outreach and attempt to provide incubation services across the entire country. The primary candidates for these virtual offices will include the Enterprise Development Units (EDUs) established under UNIDO's existing projects, in Baidoa, Beletweyne, Kisimayo, (Galmudug and Puntland where EDUs are planned to be functional by end of Q4 of 2021). These EDUs have extensive database of established and potential entrepreneurs and work comprehensively with the local private and public sector institutions. They have the in-house capacity to provide enterprise management trainings, business counselling, investment promotion etc., which to a large extent can provide the required synergies to the business incubators. The EDUs are a unit of the Chamber of Commerce and Industry in their respective location. Institutionally they are recognized as having a critical role in promoting entrepreneurship and productive sectors development in their community and they operate in close coordination with government while also mindful of the needs coming from the private sector they serve. Nevertheless, as part of the assessment, additional candidates having similar mandates will be considered.

The exact location and type of infrastructure, whether physical or virtual (for the incubators' distance service centers), will be determined once the detailed assessment of the incubators is finalized. The incubators' distance service centers will be attached to the existing incubators based on geographical distribution and complementarity of services. Furthermore, the programme is also expected to facilitate the establishment of technology partnerships with selected Universities, Institutions, research centers from across Somalia, which will be also facilitated by the project following to an assessment (third assessment) of such institutions (*more details about the assessment are provided in section B of this document*).

⁴ At the time when this document was prepared, UNIDO programming team discovered that in 2020, Hanaqaad Hub was created by one of the founders of SiHub and (Ahmed Abdulkadir) deciding to start over with the project by inheriting the network, reputation, and branding of SiHub. In May 2021 UNIDO assessed that the only incubator of the 2 functioning in Garowe was Hanaqaad Hub (who also claimed to be formerly known as SiHub). No much activities have been reported implemented by SiHub since Hanaqaad was established in 2019. Furthermore, in Puntland a new actor also started to emerge, led by a different group of young and dynamic people establishing a new incubator called Horn Innovation Lab. The landscape of Puntland incubators will be assessed carefully during the project inception phase.

Box. 1: Review of key Somali Business Incubators (status as of May 30th, 2021)

iRise Innovation Hub – iRise

Location: Mogadishu

Year of establishment: 2017

Governance: iRise is owned by a group of experts individually as a privately owned entity

Leadership: Awil Osman Abdi, CEO

Sector Focus: High-tech, consultancy, IT, research, dairy/livestock value chain

Incubator Type: Technology, Research, Economic Development incubation

Program Services: Collaborative co-working space, Research & Consulting, Coaching & Mentoring, Training & Capacity, Community dialogue platform, Events program.

Saanqaad Business Incubator

(Established by BRA with the aim of empowering young women and men, supported by a project implemented by UN-Habitat & UNDP which shift target to IDPs & other vulnerable communities)

Location: Mogadishu

Year of Establishment: 2020

Governance: Established by BRA, managed by Hano Academy (August 2020)

Leadership: Fatima Aweis Mohamed, Head SBI

Sector focus: Technology, consultancy, research

Incubator Type: Economic Development, Innovative learning,

Program Service: Collaborative co-working space, Capacity/business Development & Mentoring, Innovative learning, Community program (youth, IDPs), Consultancy, Events.

Hanaqaad Hub (formerly Somali Innovation Hub or SiHub)*

Location: Garowe

Year of establishment: 2019

Governance: Hanaqaad operates as a private entity

Leadership: Ahmed Abdulkadir Omar “Garmaqate”, Chairman

Sector focus: All sectors, through social entrepreneurship

Incubator Type: Technology, Economic Development, Innovative learning & Mixed incubator

Program Services: Co-working space; Consultation & Support, Training & Certification

** in 2020 the leadership of SiHub split and Ahmed Abdulkadir created Hanaqaad Hub. At the time when this document was prepared, Hanaqaad was the only incubator of the two to be active while SiHub appeared to be closed no longer existing.*

Horn Innovation Lab (HIL)

Location: Garowe & Bosaso

Year of Establishment: 2018, but not really visible before 2021

Governance: HIL operates as a private entity

Sector focus: SMEs development, consultancy, training and technology innovation promotion

Incubator Type: 2 option online called Koriue and in person called Kaaliye

Program Services: Incubation programme; Consultation & Support, BDS for SMEs, Training & Certification

Innovation Venture

Location: Hargeisa

Year of Establishment: 2012

Governance: —

Leadership: Dr. Abdigani Diriye

Sector focus: Consultancy & research

Incubator Type: Economic Development, entrepreneurs/star-up/talent accelerator

Program Service: Acceleration of entrepreneurs & start-ups, Access to capital, events

Hargeisa Innovation Hub – HarHub

Location: Hargeisa

Year of Establishment: 2018

Governance: a Low-Profit Limited Liability Company (LLC). HarHub’s ownership is in the hands of board members and operates as a private

Leadership: Ms Khadra Ali, HarHub General Manager (*To be confirmed*)

Sector focus: Technology, consultancy, IT, research.

Incubator Type: Economic Development, Mixed Social Incubator

Program Service: Collaborative co-working space, Capacity Development & Mentoring, Internship program, Community program, Events program.

A4. Main Target Groups

Direct Beneficiaries:

Projects supported incubators and respective distance service centers - this project aims at expanding the reach, and reinforcing the delivery, of existing incubators in Somalia by establishing effective business incubation programme, raise the quality and standards of delivery of incubation as well as link these incubators to an overall country wide ecosystem of distance service centers, in an active effort to ensure that all project benefits are far-reaching across the entire Somali peninsula. The project is designed to build incubators' capacities and developing their service models that will ensure delivery of specialized technical and managerial entrepreneurship development services.

Somali technology research centers, universities, or private sectors entities, with whom the incubators will partner for research and commercialization of project ideas in the selected sectors. The project will ultimately ensure that not only business incubation programme is provided by the project supported incubators but also that these incubators can become effective entrepreneurship innovation hubs by leveraging existing technologies available at Somali research centers or accessible through collaborations that the project will facilitate with innovation and research centers abroad.

Other institutions for MSMEs development - The project will, in fact, promote the establishment of an entrepreneurial eco-system on the basis of an integrated network of Somali and international business incubators and accelerators institutions, universities, research centers and technical institutes all contributing at building a positive enabling environment for young Somali entrepreneurs.

Entrepreneurs - The project is designed to promote entrepreneurship amongst youth, bring in technology innovations, productive activities through regular trainings, mentorship, technology sourcing as a hand-holding approach. Since, this support is through incubation process, the primary direct beneficiaries will be potential entrepreneurs with business ideas and existing start-ups which need incubation support. The categorization and eligibility criteria for selecting the incubates are provided in detail in the section on the UNIDO approach. In particular, some examples, are:

- **Start-Ups:** Early-stage entrepreneurs operating an innovative business idea and/or in selected high potential value chains (the ones to identified by the incubators to promote), in creative industry or in green energy/climate change which, if incubated and successfully commercialized, will lead to a high economic growth and jobs creation opportunity. The selected start-ups will be the ones who needs immediate incubation support both in terms of space, location and facility as well as regular mentoring on technology and enterprise management.
- **Potential Entrepreneurs:** Individuals with project ideas for the selected high potential value chains (the ones to identified by the incubators to promote), innovative projects in the creative industry, ideas promoting ideas related to green energy/addressing climate change etc. will be incubated along-with existing start-ups.

Indirect Beneficiaries:

Indirectly, the project will improve the entrepreneurship eco-system through direct support to institutions that have the mandate to promote MSMEs development in Somalia ultimately by creating an environment that will be conducive for promoting entrepreneurship amongst youth and women. In addition, by facilitating networking with technology institutions, commercialization of relevant technologies will bring in effective productive processes through innovations/technology up-grading as well as open the vistas for MSMEs to emerging technologies.

In particular:

- **Somali Chamber of Commerce and Industry and Regional Chambers towards private sector engagement.** In this, the engagement with the EDUs as satellite incubators will be critical for this. The Somali private sector at large will also be indirectly impacted by this project, for the externalities and market dynamics that operations of the incubators and their incubates could carry into the market.
- **Somali Financial Institutions** will be indirectly exposed to the needs of innovative start-ups, or youth MSME projects financing. The project supported Somali incubators will also facilitate their beneficiaries' access to innovative and tailored source of funding. A critical feature of this project will also be the facilitation of linkages with various financing schemes available in Somalia, supported by other international partners, EU and UNIDO.
- **FGS - MoCI and the respective MoCI at member state level** will also be exposed to the potential that SMEs and MSMEs, and in general entrepreneurship, could play, with practical and engaging programmes driving economic growth across the entire country.

A5. Counterparts & Stakeholders & Implementing Partners

Project Counterpart

- Ministry of Commerce and Industry of the Federal Government of Somalia

Programme Stakeholders

- Three physical incubators selected after capacity assessment will become the major stakeholders of the project⁵.
- List of the distant service centers to be attached to the selected incubators (name of entities and their locations is going to be confirmed during project inception through assessment). Possible clients could be the existing EDUs Network in Kisimayo, Baidoa, Beletweyne and the coming ones in Galmodug and Puntland. List other possible implementing partners could be sectoral associations, women business owners' associations, etc.
- The various federal members state level ministries of Commerce and Industry in Jubaland, South West States, Hirshabelle, Galmudug, Puntland and Somaliland.

⁵ Potential focus of the assessment will include iRise Innovation Hub, in Mogadishu (iRise), Hargeisa Innovation Hub (HarHub), Hanaqaad Hub and SiHub, in Garowe, Innovative ventures in Somaliland, Saanqaad in Mogadishu Horn Innovation Lab in Garowe, and any other initiatives that might have emerged from May 2021 until the project inception is been initiated.

- Somali Chamber of Commerce and Industry, at the federal Level, as well as at their respective governorate/state levels, where applicable, across Somalia. When possible, support will be facilitated by the local EDU located in the chamber of commerce and Industry.
- Somali academic institutions with the ability to provide relevant technology support to the incubates like Somali National University, SIMAD and City University of Mogadishu, Hargeisa University and Sheikh Veterinary School in Somaliland and East Africa University in Garowe. In the inception phase, a detailed capacity mapping will be conducted to identify the potential institutions to tie up with. These institutions to be termed as technology resource centers will be primarily selected based on the skilled human resources available, technology available in the selected sectors of the incubators, success stories on industry interface, and established capacities to collaborate with the programme.
- Additional institutions might be identified during project inception

A6. Project indicators

To monitor the performance of the project, the following UNIDO integrated result and performance framework (IRPF) indicators have been selected. This list of indicators is meant to be interpreted as a measurement of a chain of results, each of which will be significant to offer a snapshot of the project performance. It would be inaccurate and possibly even misleading to take each indicator in isolation and detached from the narratives describing how specifically the project interventions produce value addition.

Level	KPI (Indicators)	Target Total	Target Female
Impact level	SOC.1a: Number of new jobs created ⁶	720	40%
	SOC.1b: Number of jobs retained ⁷	432	40%
Outcome Level	BUS.3a: Cumulative number of established start-ups	150	33%
	BUS.3a: Cumulative number of enterprise operational at the end of project	105	33%
	TEC.3: Number of new technologies adopted by incubated enterprise	15	-
	POL.1: Cumulative number of new or revised policies adopted by policymakers ⁸	1	
	POL.2: Cumulative number of new standards adopted ⁹	1	
	POL.3: Number of guidelines adopted by relevant actors ¹⁰	4	
	INV.3: Value (%) of new investments leveraged (based on the annual expenditure - per incubator)	50%.	-
	INV.3: Value (€) of new investments leveraged (for the firms)	€10 m.	-
	GOV.1: Number of institutions established and/or strengthened ¹¹	6	-
	GOV.2: Number of actors (government, private sector associations, technology provider, university & financial institutions) participating in enhanced collaboration settings (clusters, networks, etc.) ¹²	27	-
REA 1: Number of actors reached ¹³	720	50%	

⁶ Jobs that are created with the commercialization and establishment of an enterprise by incubates

⁷ Jobs created through establishment are still continuing after 6 months' indicating viability of the business created

⁸ Start-up development and Innovation promotion policy

⁹ Incubation programme standards as set by the UE programme coordination unit

¹⁰ Guidelines for the formulation of MoU; SOPs for the incubators and their incubation programme and incubators services; Sustainability plan for Incubators; and technology transfer guidelines for incubators (on issues concerning intellectual property rights).

¹¹ The programme expects to strengthen 3 existing incubators and reinforced 3 distance service centres linked to the physical incubators.

¹² 6 Technology Institutions, 3 Universities, 6 Ministries state level, 1 federal level ministry, 6 Private sector Associations, 3 Financial Institutions

¹³ N. of potential incubates involved in the selection process, and number of entities, people and firms reached in the assessment's exercises or attending programme events.

Level	KPI (Indicators)	Target Total	Target Female
	KASA.1: Number of actors (entrepreneurs and potential entrepreneurs) gaining knowledge on entrepreneurship development. ¹⁴	360	33%
	KASA.2: Number of actors (entrepreneurs and potential entrepreneurs) gaining new knowledge through business incubation on technology up-grading and production solutions ¹⁵	180	33%
Output Level	TCO.1: Number of capacity building activities provided ¹⁶	8	-
	TCO.2: Value of assets provided to incubators & incubates (Euro) ¹⁷	€690,000	-
	TCO 3 Number of toolkits and guidelines produced ¹⁸	4	
	TCO.4: Number of business plans developed	360	50%
	PAO 1: Number of start-up development and Innovation promotion policy drafted	1	
	CPO.1: Number of events organized ¹⁹	2	

A7. Synergies

Linkages to the United Nations Sustainable Development Goals (SDGs)

The project aims to assisting Somalia efforts towards achieving the Sustainable Development Goals (SDGs) agenda to End poverty in all its forms everywhere (Goal 1), Agro-business and agro-industries for food safety and security (Goal 2), Vocational training and entrepreneurial skills with focus on youth and women (Goal 4); Achieve gender equality and empower all women and girls (Goal 5), Promote sustained, inclusive and sustainable economic growth, full and productive and decent work for all (Goal 8), **Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation (Goal 9)**; and Post crisis recovery and inclusive livelihood rehabilitation (Goal 16).

Linkages with the United Nations Cooperation Framework (UNCF) 2021-2025

This project is also in line with the United Nations Cooperation Framework 2021-2025 (UNCF). Within the UNCF UNIDO has aligned its technical assistance to Strategic Priority 3 focus on Economic Development. In particular, this entire project contributes to outcomes 3.1 3-Economic governance institutions are strengthened and an enabling environment established for inclusive, sustainable, and broad-based economic growth driven by the emerging small and medium-sized enterprise sector and outcome 3.3 - An integrated national programme for human capital development is established, increasing access to market-based skills for all – including the most marginalized and vulnerable groups – and safeguarding their rights.

Linkages/Policy Coherence with Main Counterpart – Federal Government of Somalia (FGS) and Federal Member States (FMS)

The project will support the FGS Economic Development Roadmap, and the 2020-24 National Development Plan 9. The programme will also support Federal Member States strategic planning and development framework.

¹⁴ N. of entrepreneurs and potential entrepreneurs going through the inception phase of the incubation programme and actors accessing ancillary services of the incubators or of the distance service centres.

¹⁵ N. of incubates finishing min. 9 months incubation period.

¹⁶ Training on incubators governance and incubators financial sustainability (2), ToT, & ToC/mentors for enterprise management (inc. investment promotion) (3) Value Chain development and Emerging technologies (2), Project Feasibility (COMFAR) (1)

¹⁷ 540,000 Euro are booked as funds to procure equivalent of Matching equipment contribution value up to 9,000 Euro to the 60 most promising business project identified across the network -- 150,000 Euro are booked as equipment contribution to upgrade incubators and their distance service facilities equipment and fab-labs

¹⁸ Same as footnote n. 9 (indicator. POL3) - Guidelines for the formulation of MoU; SOPs for the incubators and their incubation programme and incubators services; Sustainability plan for Incubators; and technology transfer guidelines for incubators (on issues concerning intellectual property rights).

¹⁹ 2 innovation and start up forums organized in Somalia

Synergies with EU on-going and up-coming initiatives, specifically:

Inclusive Local Economic Development (ILED) Programme:

- *Inclusive Local Economic Development (ILED) Programme - Finance for Inclusive Growth (AECF)* – this project, also targeting youth and women, is expected to provide on-lending to some of the "incubated" businesses, especially the lower segment (average loan 1,000€).
- *Inclusive Local Economic Development (ILED) Programme - EU Contribution to the Nordic Fund* was signed with IFU in December 2020: this project aims at financing SME investments in Somalia (Target deal size: USD 250,000, max 1.2 million).
- *Inclusive Local Economic Development (ILED) Programme- Accelerated Socio-Economic Empowerment of Youth in Somalia – “Dalbilhey”, (UNFPA)* – the programme has been designed in order to fill the gaps (sectoral or territorial) related with youth skills and labour market development and includes incubation activities for social enterprises.
- *Inclusive Local Economic Development (ILED) Programme - Resilient Fisheries and Livestock value chain for inclusive and sustainable growth in Somalia – (RAAISE Growth in Somalia, FAO)* - Also as an expansion of the Outreach Programme.
- *Inclucity - Coastal urban Development Programme in Mogadishu and Berbera* – Through this programme, business opportunities in urban services will be promoted, which will include some activities on business incubation and is implemented by WB in Mogadishu and UN-Habitat in Berbera.
- *Re-INTEG programme* (implemented by UNDP) **and other EU resilience programmes** being implemented by SomRep and BRICS. This includes activities to support Mogadishu based **Saanqaad Business Incubator** focusing on social enterprises under Hano Academy management.
- **Also from the EU, by funded through EDF, a TVET project implemented by GI** – partnerships between BIs and TVET Centers will encourage and facilitate TVET graduates to develop business ideas to be incubated and supported within the BIs

Synergies with other projects implemented by UNIDO – With regards to synergies with ongoing UNIDO TC portfolio projects, this new initiative will further contribute at reinforcing the network of established Enterprise Development Units (EDUs) established within "Agro-Technology for Economic Growth in South and Central Somalia" (SAP170097) and the "Productive sectors Development Programme for Somalia- PSDP" (SAP 190362). The PSDP in 2022 will fully offer support to the entire network composed by 6 EDUs.

In addition to that, with regards to the "Productive Sectors Development Programme - PSDP" (SAP 190362) the project will build particular synergies to the work undertaken by the PSDP and planned under 2 and 3. An integrated network of Somali and international business incubation institutions, universities, research centers and technical institutes is established and helps contributing at building a positive enabling environment young Somali entrepreneur.

Synergies with other private sector development projects implemented in Somalia – The project will be implemented in full coordination with other business development initiatives like Shuraako (manager of the Nordic Fund for the Horn of Africa, and SIDA Guarantee Fund),

IFC Private Sector Trust Fund, GEEL (USAID), WB (SCALED-UP) and possible tie-ups with FMO (Dutch development bank).

Synergies with EU regional FED programme “RIP Action on Business Incubators to Support Entrepreneurship and MSME creation” – This EU contribution to UNIDO in Somalia is part of a regional programme, BIC AFRICA, (funded through the European Development Fund) set to establish a regional network of incubators. In particular, selected incubators will be established/consolidated in Angola, Ethiopia, Madagascar, and Somalia. In addition, BIC AFRICA (managed by EBN) will be established to provide them with dedicated capacity building and networking support, while providing softer networking services to the wider incubation ecosystem in the region. In that respect an objective of the regional network will be to deploy a monitoring and evaluation framework that will ensure a continuous and effective improvement of incubation professionals, and to create an accreditation scheme to certify business incubators. The selected implementers in each country projects will therefore have to regularly report to BIC AFRICA and, to also involve the entity in charge of the network on issues related to quality standards in order to ensure coherence across the country projects.

BIC AFRICA is conceived to support the selected business incubators and to:

- facilitate capacity building
- help them to benefit from exchanges and cooperation with other initiatives
- make a better connection between European and African innovation hubs to develop intercontinental collaboration
- explore business opportunities with European companies
- ensure that quality standards are respected in all supported incubators.

B. UNIDO APPROACH

B1. Rationale

As a country with limited productive sector enterprises, Somalia, even with available natural resources has witnessed only growth of trading businesses. A lack of technical knowhow and obsolete technologies have rendered local productive sectors as uncompetitive. This has led to a business ecosystem that is more favorable to trading/retail enterprises and discouraging entrepreneurs to venture out to establish enterprises in the productive sectors. Moreover, the business environment is geared towards supporting existing business conglomerates, who has to a large extent monopolized the situation. This has discouraged young entrepreneurs, first generation entrepreneurs and women entrepreneurs shifting from job seeking role to job creator's role. In order to make the productive sector eco-system more inclusive, a comprehensive model would be required that will include in bringing in best practices in enterprise management, technical know-how, access to finance, networking with relevant partners etc.

The Somalia business environment shows major lacunae affecting the promotion of entrepreneurship amongst first generation entrepreneurs, youths and women, which to a large extent is experienced by UNIDO through implementing various projects such as YES, PSDP and Agrotechnology development project.

Constraints faced by this group of disadvantaged entrepreneurial group ranges from:

- Lack of knowledge and awareness on statutory rules & regulations, enterprise management skills, business planning skills etc. required for establishing as well as operating a business which prevents them to venture out for an entrepreneurial career even though the potentiality of these individuals are very high with project ideas that can be commercialized if well mentored.
- Since this group of entrepreneurs do not have the initial backup support such as incubation space, secretarial services, testing labs etc. where to start-up their business, they either get discouraged from starting an enterprise or, if they start, they are often a time fail in their initial stages of operations.
- The availability of finance/credit for start-ups in Somalia is almost non-existent. The commercial banking system is pre-dominantly geared towards existing businesses with a preference for trade financing, terms such as high collateral, prominent guarantors, usurious rate of interest which excludes the start-up entrepreneurs.
- A major drawback that the start-up entrepreneur faces, particularly the tech start-ups, is the lack of guidance in stream-lining production processes, equipment selection and sourcing, technological innovations that prevents optimization of Technology interventions for commercial purposes. There is a lack of coordination between technology resource centers and productive enterprises in Somalia, which results in absence of innovation, productive efficiency and commercial viability of tech project start-ups. A need for common platform where exchange of ideas and linkages between resource centers and productive sector enterprises has become imperative for the growth of the productive sectors and to encourage innovative technology start-ups.

- A Start-up entrepreneur whether in Somalia or (for most parts also) in the rest of the world has limited knowledge of the market or on how to access these markets. Inability to break through markets for their products or services drastically affects the cash flow as well as profitability which leads to closure of the business. In addition, these entrepreneurs need support to package their product or service in order to attract buyers as well as needs assistance in strategizing market entry. Absence of service providers in these areas in Somalia who can guide and mentor limits, the growth of start-up enterprises

Since Somalia is gradually coming out of the years of turmoil and unrest, the infrastructure and resource centers are limited, yet gradually evolving. The existing value chains (agriculture, fishery, and livestock) as well as emerging cross-cutting sectors (like productive enterprises and services addressing climate change and promoting cultural heritage and creative industries) will be the source of business ideas for the generation of entrepreneurs the project wish to support. This will help in zeroing down local resource centers as well as tie-up with international ones who will be technical and technology know-how providers to the Somali business incubates. To maximize resources and build sustainable business incubations models, the project will organize the incubators service mode based on three areas of interventions (1 per year of available programme implementation) and, for example, launched around the support of business solutions to impact of climate change, or facilitating business creation to revamping cultural and creative industries, or modernizing traditional value chains.

In all, a business incubation model can devise approaches that will focus on the identified areas of interventions leading to technology/innovation driven solutions for enterprise creation. Incubatees will be handholding in coming up with business solutions while observing these challenges as opportunities. The prospective entrepreneurs will then be mentored and linked to a supporting system that will help in commercializing the project ideas into sustainable businesses, ultimately able to have a demand in the domestic or regional market, add economic value to their community, or sector, creating ancillary economic opportunities and ultimately jobs, supported to be sustainable and sensitized to be inclusive and decent.

B2. Project Theory of Change and UNIDO Integrated Results and Performance Framework

IF Capacity gaps of project-supported incubators are identified and addressed (output 1.1).

And, IF A plan is drafted and piloted to ensure affordable and customized sources of finance to project beneficiaries (supported incubators, distance services centers, and incubates) (output 2.1).

Then Somali incubators offer stronger business incubation and acceleration programme (outcome 1),

And Somali incubators, Somali entrepreneurs (and potential entrepreneurs) have access to innovative and tailored source of funding (outcome 2).

In parallel, IF A dialogue platform is facilitated between incubators and Somali and foreign universities, research centers and technical institutes (i.e., on curriculum, awareness raising,

applied sciences, laboratory and product testing facility and experimentation on production process and innovation) (output 3.1).

And IF A national policy promoting the development of Somalia start-up and Innovation ecosystem is drafted (output 3.2).

Then Somali and international business incubation and acceleration institutions, universities, research centers and technical institutes operate as an integrated network (outcome 3).

Detailed elaboration of the ToC as per UNIDO Integrated Results and Performance Framework is the following.

	Chain of Results	Starting Situation	Inception Phase	Core Project Implementation Phase	Building incubators' sustainability
Broad Community: Somali Economy	ISID/SDGs impact	Limited capacities of the Somali economy to generate jobs and/or economic opportunities, particularly for the most vulnerable groups (like women and youth) through its MSMEs sector Business Incubators have limited capacities to drive rapid inclusive and sustainable entrepreneurship and foster innovation	N/A	Locally based and innovation-led business incubation hubs across Somalia are able to offer entrepreneurship development opportunities for young men and women.	Somali Economy has made progress in fostering inclusive economic growth and job opportunities, particularly among women and youth, through entrepreneurship development initiatives
Direct Client: FGS-MoCI, Business Incubators and Start-ups (particularly those which are youth and/or women-led)	Practice Behavior Change	Prolonged instability in Somalia has inhibited its economic growth potential. The lack of economic infrastructure, policy, legislation and governance that stimulates enterprise development and supports economic growth has resulted in limited investments, effectively constraining the urban population to rely predominantly on an informal economy based on trade, transport, utilities, communication and construction work, and income linked to service provisions to the international humanitarian aid sector	FGS chair the PSC in an effort to lead the change offered by the project in developing a more effective, inclusive and sustainable business incubation ecosystem for Somalia young men and women looking to start a company or already engaged in productive business activities	FGS-MoCI has managed to seize the opportunity to driving growth from SMEs development and entrepreneurship and is leading the policy reform towards field of business registration and engagement with business incubation and innovation hubs in Somalia	Policy for a simplified process of business registration for Incubates is adopted and operationalized.
	Knowledge, attitude, skill and aspiration change	FGSs knowledge on productive entrepreneurship and business incubation sector enabling environment is limited. Somalia Business Incubators are limited in reach and limited in access to financial mechanism to support entrepreneurship development initiative in an inclusive and sustainable manner.	FGS, assessed Somali business incubators, financial institutions and project partners establish cooperation agreement/MoU/contract aimed at supporting the needs of potential or existing entrepreneurs	Business incubators are able to launch more innovative startups with a higher rate of commercial success and development impact in particular in the areas of agro-technology, emerging technologies, and green energy.	Somali incubators ecosystem is able to reinforce their strategic partnerships (domestically and internationally, technology and financial), particularly with financial institutions like FMO (and others supported during the project implementation)
	Reaction	Business Incubators are not able (or inadequately structured) to deliver services to support and stimulate investment in productive entrepreneurship initiatives Start-ups have limited access to suitable skills development programme, new production technologies, finance and business incubation and acceleration services necessary to keep pursuing productive sector/value added/job creators entrepreneurship initiatives, instead they focus on quick-for-financial-return trading business ideas and generic entrepreneurship/self-employment training programmes.	Identified Somali business incubators, financial institutions and project partners have nominated focal points to engage in the formulation of ecosystem development action plans.	Business incubators' management is strengthened and technically assisted to improve governance and financial sustainability. Experts are mobilized and provided with adequate sensitization or trainings and technical support if necessary Incubators technical teams of advisers, tutors and network of trainers are trained on providing enterprise management skills and business feasibility through COMFAR software.	Somali incubators ecosystem is able offer adequate and structured business incubation and acceleration services to Somali start-ups and perspective entrepreneurs, particularly thought engagement with financial institutions and technology partners.
	Engagement/participation	Potential entrepreneurs and start-ups have limited access to suitable business incubation and acceleration services, new production technologies, finance and markets.	Stock taking and identification of main players, potential partners (domestically and internationally) able to partner with the project.	Supported incubators are able to work with the project and satellite offices have been established to provide incubation and acceleration service to start-ups and perspective entrepreneurs.	Somali incubators and satellites are offering facilitation services and capacity building for incubates to establish their businesses with sustainable and viable operations.
UNIDO	Outputs	N/A	Output 1.1 Capacity gaps of project-supported incubators are identified and addressed Output 2.1 A plan is drafted and piloted to ensure affordable and customized sources of finance to project beneficiaries (supported incubators, distance services centers, and incubates) Output 3.1 A dialogue platform is facilitated between incubators and Somali and foreign universities, research centers and technical institutes (i.e., on curriculum, awareness raising, applied sciences, laboratory and product testing facility and experimentation on production process and innovation) Output 3.2 A national policy promoting the development of Somalia start-up and Innovation ecosystem is drafted		
	Inputs	N/A	Allocation : 5,000,000 Euro inc. 7% remunerations Details on Budget, Team and Procurement see section D PTC/AIT Technical Expertise <ul style="list-style-type: none"> UNIDO DTA/AGR/AIS Somalia - Post-Crisis methodology for technical assistance, supporting SMEs development, entrepreneurship, skills to ultimately achieve economic and job creation opportunities Agro-business Enterprise development unit training manuals based on SAP170097 SAP170097 4 Somali value chain analysis and Financial Sector assessment UNIDO contribution into the Somalia Industrial Development and SME development Policies within SAP 190962 Special Eco. Zone pre-feasibility study 		

B3. Comparative Advantage

Against the above backdrop and recognizing the critical need to accelerate economic growth, and the important role of the private sector in this process, UNIDO's support has been sought to address the issue of unemployment and the creation of sustainable jobs through the promotion of domestic and foreign investments in the productive sectors of the economy, particularly in the agro-industrial sectors and emerging technologies in Somalia.

UNIDO is a specialized implementing agency of the United Nations with a mandate to reduce poverty and improve the living conditions of people through the design, development, and implementation of locally appropriate technical assistance initiatives that provide tailor-made solutions for sustainable industrial development. Inclusive and Sustainable Industrial Development (ISID) is a key driver for the successful integration of the economic, social and environmental dimensions, required to fully realize sustainable development for the benefit of future generations. UNIDO therefore advances ISID by building and improving the necessary industrial capacities in its Member States. As a provider of technical cooperation and policy advisory services, UNIDO supports the creation of a conducive policy environment for inclusive and sustainable industrial development and builds capacities in public and private institutions to support the growth of industry and related services, with a particular focus on SME and entrepreneurship development. As mentioned in the December 2013 Lima Declaration "Towards Inclusive and Sustainable Industrial Development (ISID)", industrialization is a driver of development, as it increases productivity, contributes to job creation and generates income. Industrialization offers opportunities for social inclusion by means of empowerment of women and by creating decent employment for youth. Therefore, in its efforts to contribute to inclusive and sustainable industrial development, UNIDO focuses on "enhancing productive capacities in a way that supports the structural transformation of the economy; encourages economic growth and the creation of decent jobs (...) particularly in the small and medium-sized enterprise sector".

Somalia today is moving from early-recovery support phase into a phase of state-building, stabilization and reconstruction. UNIDO technical assistance proposed in this programme fits within this framework and wishes to set the basis for further socio-economic development and growth.

UNIDO has a significant amount of experience in post-crisis project implementation, and related livelihood project with special emphasis on women, youth and other vulnerable groups in areas such as Iraq, Sudan, South Sudan, Lebanon, Jordan, DRC, Ivory Coast, Somalia, Djibouti, Afghanistan, and Indonesia. The projects range from livelihood recovery, micro-enterprise support, trade capacity building, revitalization of productive industrial infrastructure, support to the agro-industry sector, private sector development, public-private development partnerships and extensive vocational training. In these projects, the organization has consistently shown that it can provide effective means and realistic prospects for the rehabilitation of destroyed industrial infrastructure, employment creation, improvement of household income levels, and poverty reduction.

This project will particularly build upon the experience and numerous lessons learned from earlier UNIDO crisis and post-crisis projects, especially those that have been implemented particularly in Somalia, Lebanon and Iraq.

Until 2018, in Somalia, UNIDO, while primarily working throughout Northern Somalia (Somaliland) and Southern Somalia, in Kismayo (Jubaland), focused on:

- Delivering good quality technical and livelihoods skills trainings to various at-risk and target beneficiary groups.
- Rehabilitating the capacity of vocational training centres through rehabilitation works and improving the competency of trainers.
- Strengthening the ability and engagement of national counterparts to lead and manage local economic development initiatives.
- Revitalizing micro and small-scale enterprises through civil upgrades, management training, technology transfers, and linking technical skills upgrading to emerging markets and opportunities.
- Rebuilding public assets and infrastructure in conflict affected communities.
- Enhancing agricultural production and agro-processing capacities through improved process management, equipment upgrades, and on-farm trainings.
- Improving the environmental sustainability, quality of products, and grading practices in the livestock value chain; and
- Restoring a functional base for peace and community stabilization through increasing the engagement of youth, women, and focal leaders in community development initiatives.

Against the broader considerations outlined above, it is also worth to mentioning that since 2019 UNIDO in Somalia has started to undertake a series of private sector and skills development support programmes as follows:

- UNIDO has developed an Enterprise Development Units network, currently consisting of 4 EDUs in Kismayo, Baidoa, Mogadishu and Beledweyne²⁰, offering critical 360-degree enterprise development support to existing MSMEs and prospective entrepreneurs. EDUs provide entrepreneurial trainings and business advisory services through in-house experts to potential entrepreneurs and existing SMEs interested in establishing new projects or expansion of the existing business.
- UNIDO microcredit and SMEs lending facilities (UNIDO facilities operated with IBS Bank)
- UNIDO on the job-construction training interventions
- UNIDO policy support to the Ministry of Commerce and Industry of the Federal Government of Somalia.

Advisory service for agro industrialization - The project will be implemented under the supervision of UNIDO's agro Industries and Skills development division, within the Agri-business and Digitalization department. DTA/AGR/AIS has in-house expertise and networks to provide advisory services for agro industrialization. In addition, UNIDO Somalia through its agro-technology development project has acquired a comprehensive analysis of the three main productive sectors - Fisheries, Livestock and Fruits & Vegetables which will provide a grass-root level understanding on bringing value chain interventions. As established already for the ongoing project in Somalia, UNIDO network of Investment Technology Promotion

²⁰ At the time when this project document was formulated, UNIDO has been offered the funding opportunity to expand the network of EDUs in Galmodug and Puntland, forming a network of 6 EDUs in total.

Offices (ITPO) is leveraged to link project technology, business and partnership needs with relevant technology partners to also expand the opportunity in sourcing technology, expertise, know-how, private investments, private sector or other potential partners. It can effectively facilitate technology transfer that is appropriate and relevant to the Somali context.

UNIDO Somalia Programme office - UNIDO has its physical presence in Somalia with a Programme Office in Mogadishu. The office is staffed with one international staff (Industrial Development Expert and UNIDO Somalia O.i.C.) and a team of qualified national experts and coordinators. Presence of personnel at the field level provides clear insight into the operational difficulties and helps in designing the project activities. In addition to the presence in Mogadishu, UNIDO through its existing projects of agro-technology and PSDP has field presence in Kisimayo, Baidoa and Beletweyne. National staff in these locations have developed institutional coordination set-ups that will also facilitate the implementation of this project.

EDU network established in four different locations mentioned above are suitable nodes for project outreach. These EDUs are hosted by Somali Chamber of Commerce & Industry and its regional chapters providing infrastructure for trainings and office space. This relationship has facilitated smooth interactions with the private sector in other UNIDO intervention areas and can be easily tapped in this project.

UNIDO office has been able to network extensively with various Ministries, UN agencies, Financial Institutions, Private sector associations, etc., that will help to leverage their goodwill to bring in synergy in the project activities.

B4. Business Incubation Approach

Business Incubators structure – The business incubation model will have a physical infrastructure to be designated as the “**Business Incubator**”, which might be a registered stand-alone entity or physical infrastructure and space dedicated by a host institution to work as a business incubator. These business incubators will be having “**satellites**” to be called “**distance service centres**” and will be located in different physical locations from the physical incubators. These distance service centres will enable the project to increase the outreach. **The project will have 3 physical incubators and associated three distance service centres (depending on the outcome of the selection assessment).**

The beneficiaries of the incubators will be entrepreneurs (early-stage start-ups or potential) with project ideas that will be incubated, and (ideally) commercialised in a time span of around 9 to 12 months within the incubator. During this period, the incubatees will avail infrastructural support including a co-working space and use of common tools and equipment. In addition, the incubatees will be provided with capacity building support which will include training and mentoring by specialists attached to the incubators. The project ideas maturing in the time frame will be supported in facilitating linkages with financial institutions, investors and financial service providers, technology partners and, when feasible, markets.

The business incubators will be strengthened to have expertise in specific fields so that the resources deployed will not thin out to cater diverse economic sectors. The sub-sectors that could be possibly selected will be the agro-value chain, cross-cutting sectors like productive and services addressing climate change and promoting cultural heritage, including creative industries. These three sub-sectors that are in initial shortlist comes from learnings of UNIDO through its work in Somalia as well as an effort to look at possible solutions and innovations

that provides lateral thought process. Somalia, being an agro-producing nation, have the possibility of promoting business opportunities in various value addition options that will create enterprises and jobs, while the project would like to encourage innovative solutions to impacts that are resulted due to climate change as business opportunity. The third sub-sector comes from an obligation towards reviving traditional art & craft of Somalia. Final selections will be done during the inception phase. The project ideas to be incubated will be from the selected sub-sectors so that resource allocation to support these promoters will be optimized.

The selection parameters will be defined during the inception phase but based on conditions that 50% of the selected incubatees shall be women and 75% youth below the age of 30 years. Additionally, the selection parameters will also incorporate related environmental and social sustainability criteria. The incubators to be strengthened will work with 60 incubatees each during the four-year project period. Each cohort of 20 incubatees will join at a time and once graduated within around 12 months, will be replaced by the new batch. The incubatees will go through a chain of services that will convert their project idea into a commercially viable project. Each of the incubatees will have around 9 to 12 months of incubation period.

Governance of the Business Incubators – Before selecting the incubators to be promoted, a critical assessment of a few potential institutions and incubators will be done. Primarily, the assessment will determine the willingness of the entities to be part of the project and proceed according to the stated objectives of the project and preferred operational modalities. The host institutions or the incubators will be assessed on their capabilities to undertake such programmes with detailed assessment of entities capacities that will include the existing governance structure of the entity, available resources including HR and infra-structure to deliver business incubation services, past similar experience and its impact, its geographical outreach etc.

The selected partners may have to incur a reorganization in their governance structure including revamping of their boards and their legal set-up as a formal Somali registered entity.

Based on the sub-sectors/value chain identified where the incubator will focus on incubating business project ideas, the project will discuss with relevant technology resource partners to provide machinery/equipment to the incubator which can be used by the incubatees. Environmental and social risks and related mitigation measures will be fully taken into account both in relation to (i) sub-sectors/value chain identification, as well as to (ii) sourcing and installation of the required machinery/equipment.

During the inception phase, Standard Operating Procedures (SOPs)²¹ will be created for the Incubators which can also be source for replication in addition to standardizing the incubator operations. As a result, the selected incubators will be provided with capacity building to become reference institutions in Somalia, using international best practices and with the objective to make them sustainable financially.

The incubation programme – The beneficiaries of the incubators will be potential entrepreneurs or existing start-ups who have a potential/feasible project idea. The preferred incubatees will be youth and women entrepreneurs and further preference given to project ideas which are innovative, environmentally and socially sustainable, and technologically relevant in relation to high potential value chains for Somalia.

²¹ Aligned with the related actions proposed as part of the ESMP.

During the project inception phase, deliberations with the project stakeholders will help select the thematic areas where the business ideas will be shortlisted for incubation. Around 5 to 6 themes would be selected to cluster business project contributing to the development of high potential value chains relevant to Somalia, innovating Somali creative and traditional/heritage industries²² and focusing on green economy and climate action.

The incubation programme will be structure around the following 4 consecutive phases:

- Boot-camp (2 days)
- Pre-incubation (3 months)
- Incubation (9 months)
- Post-incubation (3 months).

Communication, outreach & the project engagement “funnel” – Incubators, with the support of UNIDO team, will be running both independent and project coordinated outreach campaigns to promote their services and the incubator programme supported by the project. The outreach will be through social media, print media, chambers of commerce and industry, entrepreneur clubs, colleges and technology institutions, civil society organizations, etc. The interested beneficiaries will then be interviewed by the incubators (see below) through a team of enterprise and technical experts and shortlisted based on parameters such as commitment, feasibility of the business idea, in line with the sub-sectors promoted in the incubator.

As a result of this outreach each business incubation cohorts will be supported to work with 80 incubators programme applications per entity (physical incubator and their respective distance service centre) per incubation cohorts will be screened and invited to the incubation boot camp. In this event, 40 project ideas will be shortlisted per entity and will undergo through the pre-incubation phase. This phase is expected to last for a period of 3 months, during which 20 projects will be further shortlisted to continue in the incubation programme. In total, 720 project applications will be screened for the start-up launch event and boot-camp and from which 360 project ideas will go through the inception phase and finally 180 incubates will be taken up for incubation in the three physical incubators. Successful start-up, completing the incubation programme will be further supported in a go-to-market post-incubation phase for the 3 final months of the programme.

The boot-camps – A series of communication and outreach campaigns for setting-up the incubation model will be launched would be a continuous process for the proposed 3 cohorts of incubation cycle. All the selected physical incubators and their associated distance service centres will conduct annual communication and outreach campaigns to engage with potential incubates. Interested participants either potential entrepreneurs or existing start-ups will provide their business ideas/project ideas to a selection committee created in each of the physical incubators/distance service centres. The screened project ideas will be invited to a 2-days “incubation boot-camp” in each of the incubators/service centres, where the participants will have detailed discussions with business experts, who will provide guidance on how to develop their project ideas into a feasible viable business project. The selection committee will be comprised of business experts, excluding government officials and people elected in office, nominated by the incubators/service centres management team and boards,

²² Due attention will be given to ensure that the incubation programme does not engage with any project ideas that may adversely impact upon tangible and intangible cultural heritage.

which will finalise the project ideas received from potential entrepreneurs or existing start-ups.

Pre-Incubation phase and regular services to be provided by the Incubators – 40 selected projects will continue into a 90-days technical assistance programme during which the incubatees will undergo a 3 month's pre-incubation phase. During this phase, incubatees will be provided trainings on enterprise management (60 hrs) through the trainers trained and placed in each of the incubators. In addition, business counsellors trained by UNIDO will provide business counselling to develop the business plans.

A selection committee, formed of 4 experts (with demonstrable and relevant experience and selected by UNIDO), will evaluate the business plans submitted by the incubators. It will be composed of 1 representative from technical universities, one 1 private sector association, 1 independent business consultant, 1 staff of UNIDO. The expert committee will then select 20 each as for the first cohort for the three physical incubators to undergo the next phase of incubation. The same exercise will be conducted for the next two cohorts too. A total of 180 incubates in batches of 20 each in each of the physical incubators will go through the next phase of incubation.

Incubation & go-to-market phases: During the incubation phase (4th to 9th months of the incubation programme), a selection of 20 incubates per incubator (in the main incubators or in their respective satellite locations) will participate in the actual 6 months' incubation cycle followed by a 3-months post-incubation (go to market) phases. These 2 phases will help the incubates consolidate their project ideas, will start testing the product prototype, develop reiterations of the prototype (when applicable), pilot a production process and continuous mentoring both on business aspects and technology will be provided to the incubatees through the incubators' mentors each assigned to a group of 3-5 companies each. In this incubation phase the incubatees will be supported in transforming the project idea into a viable commercial venture. The support will include continuing technology & business mentoring, environmental and social sustainability guidance, legal & administrative support, networking with technology partners, investors, buyers, etc.

During these 9 months, the incubatees can use start having access to secretarial support, use the utilities, use common tools/equipment, and co-working space as office.

After completion of 12 months the incubatees have to vacate the business incubator but still can avail some of the services at a minimal cost.

Competitive process - During the project incubation period, a total of 60 projects will be selected in the commercialization phase to be supported through cost sharing basis up to 9000 Euro. This amount will be earmarked as seed capital only for procurement of technical equipment and machineries and will be undertaken through UNIDO procurement process in accordance with the relevant UNIDO policies and procedures. The selection of 60 projects out of 180 incubates will be through a competitive process. In order to provide opportunities for all the incubatees, 20 projects per cohorts of 60 projects will be picked up and the sponsor of these project ideas (or incubatees) will do the necessary business pitch to a selection committee.

Incubators' services and support – Incubatees, at different stages of the incubation process will have access to the following incubators' services and support. **These services are set to reinforce the core business activity of the incubators, as a revenue model to boost**

incubators sustainability. In addition to the current offering that will be assessed during the project inception, upgrading the quality will be considered.

The following services will be offered:

Training: The incubatees will initially undergo entrepreneurship development inputs that will hone or sharpen their entrepreneurial skill sets. This will include a 2-week long enterprise management training which will provide the incubatees the enterprise management skills and exposure to tools for managing businesses.

Training support to the incubatees will continue throughout the incubation cycle on various subject matters. The training subject may be related to the technicalities of their project idea or on regulatory issues and use of management tools. These trainings will be outsourced to local/international experts by the incubators. A complete package of trainings for the incubators will be adapted by UNIDO, during project inception. Training reiterations, addition and improvements will continue during the entire project duration.

Technology sourcing or technical know-how development: The project idea of the incubatees will be assessed by the incubators (with support from UNIDO experts) and will be referred to technology partners with expertise in the relevant value chains selected earlier by the project. The technology partners will provide regular inputs to the incubatees on the use of technology (equipment & machinery), streamline the production process towards commercialization from pilot stage, address technical hitches developed in the processes, look at the possible innovation in the production process, and consider related potential environmental and social impacts. Depending on the project idea, technology mentors from the partner technology resource centers will be attached to the incubatees. The time allocated for the mentors will be part of the procurement contract to be signed with the technology resource centers by the incubators.

Legal & Administrative support: The incubatees will be supported in the necessary legal and administrative requirement and approvals such as business registration, license requirements, and other formalities depending on the business idea. A dedicated team of accountants will assist in preparing account statements as per statutory requirements. Attempt to ensure free, or waived, or discounted registration and licensing fee for early-stage start-ups and new companies will be part of the policy engagement of the project with Somali government authorities at both federal and state levels.

Mentorship: The business incubatees will be attached to one business counsellor termed as “mentors” and will guide the incubatees in the whole process of business incubation. The mentors will initially assist the incubatees to prepare their business plans, support in legal and administrative matters, coordinate with the technology partners, facilitate networking and provide business counselling to commercialize the project ideas.

Networking support: A central team will coordinate with the mentors and technology partners in identifying the needs and requirements of the business incubatees in terms of credit, market, investment etc. Accordingly, each of the incubatees as per their requirements will be exposed to technology fairs, investment forums, financial institutions, international business association, networks, etc.

Incubation Coworking and Fab-labs facilities: The selected incubates will have access to the incubator infrastructure for their office space. In addition, based on selected sub-sectors, common production and testing equipment will be made available to the incubatees for their use in product and quality testing, experimentation in production process and related innovation. In addition, common secretarial support including accounting will be provided at a minimal cost. Based on the potential value chain identified or creative industry selected,

Fabrication labs (Fablab) will be established within the incubators, whereby the equipment/machinery relevant will be installed and made available to incubatees for common usage. The exact details will be finalised in the inception phase when all the mandatory assessment reports are made available.

Partnership with Tech. Resource Centers – In addition to bringing in best management practices, the incubator will also lay major focus on providing the incubates with technology support and technical know-how facilitation. To provide this service, the incubator will initially scout for local technology resource centres/institutions in the field of agro-processing, green energy/climate change or in the field of traditional creative industries. Selected institutions will be tied-up with the incubator to provide technology mentors for the incubates. Technology mentoring would include providing inputs on technology sourcing, equipment & machinery procurement, piloting of the production process, bringing in any innovative changes, guidance for commercializing the project idea, advisory on environmental and social sustainability, etc.

UNIDO through the project identify and select technology resource centres/institutions that will provide technology mentors or seek for mentors in the region and assist the incubates in technology transfer. These technology resource centres/institutions in the other hand will also be exposed to international trends and technology developments through partnering/networking with international resource institutions. UNIDO using its own networks will identify these resource institutions and will have partnerships agreements that will provide access to technology transfer for the local Somalian resource institutions.

Beyond the duration of the project, the technology / innovative practices sourced by the incubators from the resource centers will be adopted by the incubators as an ongoing support service offered to incubatees coming for incubation after the project period and not only limited to the ones that are incubated during the project period. For sustainability and continuity purpose, the project will support the incubators to define ad-hoc partnership agreement with such technology/service providers. To reinforce the commercial purpose of the initiate, the incubates who commercialize the technology/or the innovation practices into an SME will require to pay a royalty fee to the incubator who will share the fee with the resource center. In addition, the incubator through the agreement can have the license to promote the technology/innovative practice within and outside the country and charge royalty fee to other enterprises using it. In this whole arrangement, the expertise/ know-how deliverable conduit will stay with the resource centers for the specific technology/innovative practices but earmarked for use only through the business incubator. The spill-over effect is the discussion within the government of an IP protection legislation, currently been discusses, but still in the process to be drafted.

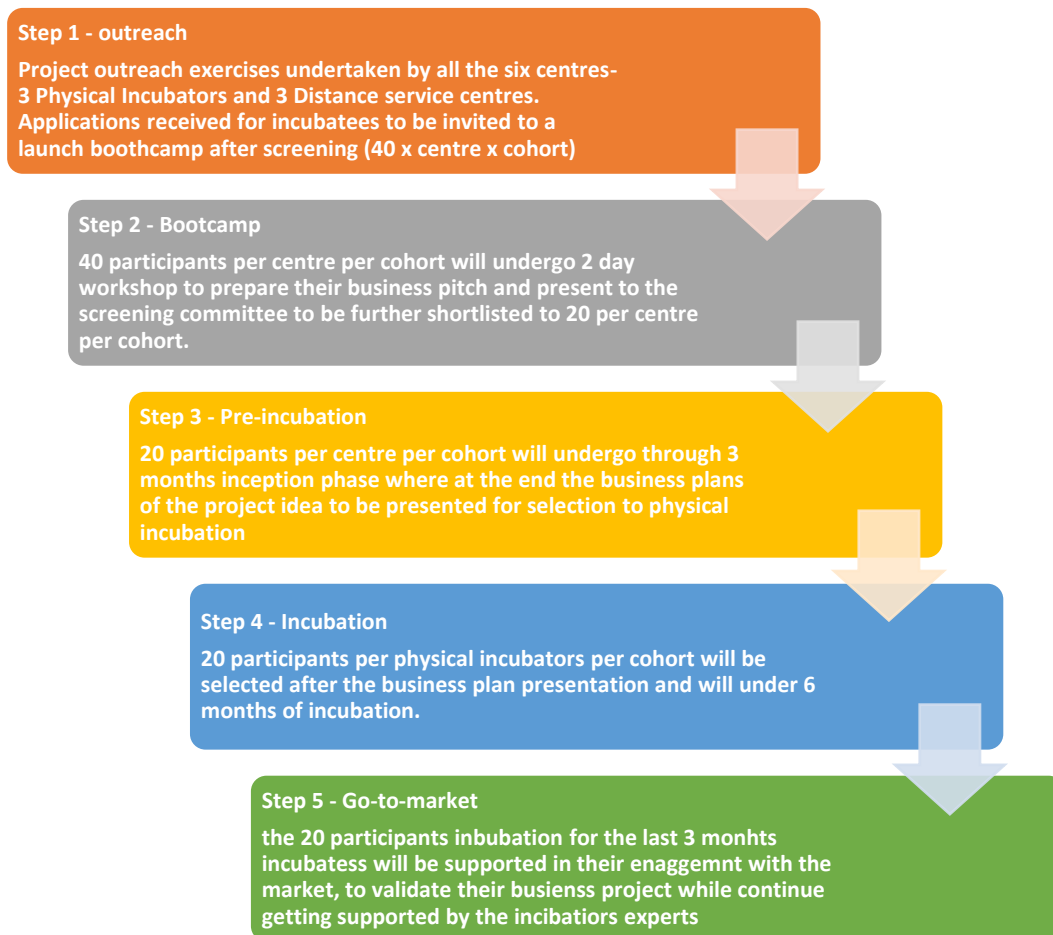
Personnel/Expertise in the incubators: UNIDO will assist the incubators for recruitment/hiring of experts:

- a. Part-time trainers on entrepreneurship and enterprise management with required skill-sets and knowledge will be on-boarded. The team will undergo UNIDO's 1-week long ToT which will provide knowledge inputs as well as the methodology of UNIDO. These trainers in turn will provide 2-week long Training of Entrepreneurs (ToE) to the incubates in the inception phase. In addition, the incubator will have roster of trainers/experts on various subject

matters related to business and will invite them to conduct additional training programs for the incubates.

- b. A roster of local business development experts will be prepared who in turn will be trained on skill sets of Business counselling through 1-week long Training of Counsellors (ToC) conducted by UNIDO. These business counsellors will then be attached to the incubates and their time will be compensated through the procurement contract signed.
- c. In order to provide support to the incubates in legal and accounting related statutory requirements, the incubator will hire a legal & accounting firm as a vendor and will avail its service based on the output required.
- d. Technology mentors will be provided to the incubates. These mentors will be having separate partnership arrangements to be made with the technology resource partners. The role of the project is to facilitate the establishment of these partnership agreements.

Illustrative process defining the selection and screening process of incubates into the incubation programme – The above narrative describing the incubation programme is summarized in the following diagram.



Incubates Selection criteria – Incubates selection parameter varies at each step of the incubation programme.

Selection of project ideas to be invited to the Incubation launch workshop/boot strap event:

Screening Parameter	Preference Criteria	Marks	Weightage	Total
Gender	Female			
Age	Youth below 30 years			
Educational Qualification	Post Graduate Tech/ Mgmt. Graduate Tech/ Mgmt.			
Project idea	Linked to the sub-sector promoted. Development stage of the project idea. Environmental and social sustainability.			
Promoter's competency on the project	Relevant skillsets including work experience.			
Product/Service idea	Market potential of the product/service idea			

Selection of project ideas/incubates to the inception phase of the program

Screening Parameter	Preference Criteria	Marks	Weightage	Total
Gender	Female			
Age	Youth below 30 years			
Educational Qualification	Post Graduate Tech/ Mgmt. Graduate Tech/ Mgmt.			
Project idea	Linked to the sub-sector promoted. Development stage of the project idea. Potential for solving any Somalian problem. Environmental and social sustainability.			
Promoter's competency on the project	Relevant skill-sets including work experience. A team of professionals identified by the promoter.			
Product/Service idea	Market potential of the product/service idea. Technical skill-set available in Somalia for producing the product or delivering the service.			

Selection of project ideas/ incubates to the physical incubation phase of the program

Screening Parameter	Preference Criteria	Marks	Weightage	Total
Gender	Female			
Age	Youth below 30 years			
Educational Qualification	Post Graduate Tech/ Mgmt. Graduate Tech/ Mgmt.			
Project idea	Linked to the sub-sector promoted. Development stage of the project idea.			

Screening Parameter	Preference Criteria	Marks	Weightage	Total
	Potential for solving any Somalian problem. Innovative solutions offered. Environmental and social sustainability. Potential for regular revenue stream leading to sustainability.			
Promoter's competency on the project	Relevant skill-sets including work experience. A team of professionals identified by the promoter. Demonstration of leadership potential. Sound Strategy and plan for product /service development & delivery.			
Product/Service idea	Market potential of the product/service idea. Technical skill-set available in Somalia for producing the product or delivering the service. Financial viability of the product/ service.			
Sales pitch through presentation	Quality of the Sales pitch			

B5. Project Inception Phase

During project 3 months' inception phase UNIDO will focus on developing the strategic approach for project implementation and identification and on-boarding of the project stakeholders.

Primarily in the inception phase, project related assessments will be conducted to understand the baseline situation for designing the implementation strategy.

The inception phase will include:

- Assessment and selection of existing business incubators based on parameters such as incubation strategy, organizational strength, financial sustainability, infrastructure availability, other donors' funded projects, geographic coverage. The feasibility study commissioned by the EU in 2019 will be used as input. The selection will involve the BIC AFRICA programme team (EBN).
- Assessment of possible partners to host satellite/distance incubation centers/offices, and selection, including in Kisimayo, Baidoa, Beletweyne, Bosaso, Dhusamareb (or Hobyo), and Berbera on the organizational capabilities and infrastructure availability.
- A gender analysis to identify the barriers faced by women entrepreneurs and to recommend measures that can be included in the project activities to facilitate these bottlenecks to be removed. The intention, with this analysis is also to assess the baseline indicators concerning women accessing business incubation services.

- Establishing a network with relevant credit/investment facilities available in Somalia for facilitating future linkages with the incubates and their projects.
- Assessment of selected universities, research centers and technical institutes in Somalia on their research capabilities, human resource availability, technical infrastructure availability, technologies developed etc.
- Identification and assessment of relevant business development services and experts available in Somalia and in the region.
- In accordance with UNIDO Environmental and Social Safeguards Policies and Procedures (ESSPP), development and finalization of the related Environmental and Social Management Plan (ESMP).
- A detailed action plan for the project will be developed

B6. Ensuring incubators sustainability

Sustainability is at the forefront of all project activities; long-term vision is built into the project design and implementation methodologies. Engaging long-term approaches and aims from the outset of the programme will ensure not only that programme activities are sustained beyond the timeframe of the programme, but also that local counterparts are able to own, adapt and expand activities to either become more in-depth and focused, or to cover a wider geographical area. The ability of the project to not only be sustained, but to be improved and expanded will be ensured through various strategies inherent in the project design as well as deliberate regularly with BIC AFRICA in developing sustainable strategy for the promoted incubators.

Local level leadership and community participation and ownership: throughout the programme cycle, the programme shall have a strong focus on local level ownership. The programme will engage local counterparts in the planning and implementation of all programme activities through the use of participatory forums that give the opportunity for counterparts to voice their opinions, needs and concerns. This continual engagement will be an active means of ensuring that the programme is in line with local needs and requirements and that activities and approaches remain relevant throughout the project period. Enabling regional counterparts to be a central part of the process that shapes programme activities and outcomes will work to ensure the sustainability of programme activities.

The incubators promoted through the project to provide services to the incubates will need to develop diversified sources of revenue that will lead to its sustainability after the project closure. The approach to be used in this regard can be categorized into three phases:

Short term plan - The incubators will provide services that will be charged from the incubates as well as any other customers (at cost plus):

- utilities like water and electricity to the incubates for using the co-working space.
- A portion of the co-working space in addition to the area dedicated to the incubates can be rented out and the revenue included within the incubators earning.
- Recommendations will also be made to incorporate (or reinforce established business) like graphic design, communication and marketing, website making, cafeteria, etc which should be established within the Incubator's premises.
- Entrepreneurship Events facilitation and organization,

- Delivery of technical training such as a PC and internet literacy (if necessary), language trainings (certified), standardize and certified foreign university admission testing, etc.
- Delivery of STEM education trainings for children and youth age groups.

Medium term plan - Since the incubated projects will be from identified value chains which are relevant for Somalia, it is expected that these projects will have clients that will need their services/products within Somalia. These clients whether located in Industrial zones or else, will be approached by the Incubator as a business entity to sell. In the business transactions, the incubated companies will provide service fee to the incubator, which can become a major source revenue of the Incubator.

The incubator will be provided with equipment/machinery (on cost sharing basis) related to the identified trades/value chains to provide as common facility for use of the incubates. The same facility could be made available to other similar enterprises and charged fees for the usage.

The incubator will hire a space in either within the airport premises or in a commercial location where products developed by the incubates particularly from the creative industries will be produced. The incubator will charge a margin on the products sold as a revenue source for it.

Long-term plan - The incubator will look into the possibility of charging a royalty fee from the incubates for assisting in facilitating investor funding. The incubated projects that receive funding through investment from investors as equity will sign a contract with the incubator so that the incubates will pay a royalty from the profits generated for a particular and defined period. The legal framework for the consideration of this arrangement will be reviewed by the project in cooperation with MoCI and incubators and identify a viable solution.

B7. Scalability of Somali start-up ecosystem through policy reforms (output 3.2)

Somalia as a country is in the phase of economic consolidation where policy reforms and promulgation for SMEs are being worked upon. The present eco-system is not completely friendly towards start-up enterprises and innovation. There are no government incentives nor special credit products for a start-up, and it has to compete with rest of the MSMEs who have an added strength coming from its prior experience and access to the facilitative networks.

In order to encourage the start-up eco-system, new policies or reform in existing industrial policies to incorporate the needs of start-ups will be very vital. As a part of the project, output 3.2, A national policy promoting the development of Somalia start-up and Innovation ecosystem is formulated. The policy will be prepared after assessing the needs of start-ups in Somalia and the bottlenecks they face in establishing their business. The draft new policy will recommend steps that the Federal Government of Somalia to incorporate in their regulatory or policy measures or present an altogether a special law to promote Somali start-up eco-system.

B8. Gender Mainstreaming Strategy

The circumstances for women in Somalia, similar to other African countries, pose many obstacles that prevent them from realizing their economic and social potential and prospects for development. Since the collapse of the central government in 1991, the gender inequality gap has been worsening. The gender inequality index for Somalia 0.776 (with a maximum of 1 denoting complete inequality), placing Somalia at the fourth highest position globally.²³

The women in Somalia bear an unequal brunt of the hardships occasioned by poverty, conflict and clan-based culture which promotes strict male hierarchy and authority. This is further exacerbated by religious and cultural limitations on the role and status of women in Somali society. As a result, deeply rooted gender inequality prevails; Somali women are either excluded from formal decision making and asset ownership or operate through a patriarchal filter. In terms of women's economic empowerment, women in Somalia generally have a weak position in the labor market and represent a large proportion of people in vulnerable employment. A long history of famine and war has made it difficult for the school system to flourish. Civil conflict, an underdeveloped government and natural disasters have all served to stunt the development of education in Somalia, further exacerbated by vast gender disparity. Furthermore, the drought that occurred in Somalia led to more women being separated from their families, which put them at greater risk of sexual and gender-based violence, particularly because they were perceived as lacking "male protection".²⁴

Women's participation in the political and economic sphere, particularly in decision making roles, is extremely limited, perpetuating narrow gender-based roles and inequalities. With an overwhelming pastoralist economy, livestock represents the family's wealth and has traditionally been the property of men. However; women often manage the sale and exchange of livestock products such as milk and ghee and spend their earnings on household needs. Women's participation in wage employment in the nonagricultural sector is the highest in Puntland at 40%, followed by Somaliland at 36%, and 33% in South Central.²⁵ Although women are facing increased economic opportunities, many women still work in menial positions, involving "sacrifice, risk and humiliation" and often only making enough money to sustain themselves and their families.²⁶ In addition, women experience higher unemployment than men (74% for women and 61% for men).²⁷ The unemployment rate is 45.5% overall (57.7% in urban areas and 42.8% in non-urban areas). The main sectors are agriculture including fishing, forestry mining (65%), and industry including construction and utilities (11%) and services (24%).²⁸ Few women in Somalia are active in the areas of the economy where high profits are seen through exports and imports; in livestock export and in the fishing industries, women are hardly represented.

²³United Nations Development Programme (2012). Somalia Human Development Report 2012: Empowering Youth for Peace and Development, p. xviii.

²⁴ Amnesty International Report. Somalia 2017/2018. Available at <https://www.amnesty.org/en/countries/africa/somalia/report-somalia/>. Accessed 10th/ September/ 2019.

²⁵See <http://www.so.undp.org/index.php/Millennium-Development-Goals.html>

²⁶Gardner, Judith (2006). A Gender Profile for Somalia (draft), p. 19. NORAD & the EC Somalia Unit publication.

²⁷United Nations Development Programme (2012). Somalia Human Development Report 2012: Empowering youth for peace and development, p. 61.

²⁸United Nations Human Settlement Programme (2006). Somaliland, Puntland State of Somalia: The Land Legal Framework: Situation Analysis

Economically, women have made some gains, expanding into employment and livelihood sectors traditionally held by men, particularly as more women assume responsibility for household income generation.²⁹ They are increasingly engaging in entrepreneurial activities at all levels, thereby contributing to job creation and economic growth. However, they continue to face major obstacles, primarily anchored in a patriarchal culture. Amongst other things, they face gender-based discrimination as decision-makers, face a lack of communal support, limited access to resources, limited access to information, and inadequate access to education and training facilities. These factors subject them to a dependence on their male counterparts, which stifles their prospects for economic independence, and in return hinders women from realizing their potential as drivers of inclusive and sustainable economic development in Somalia.³⁰

In regard to women, the project takes into account the FGS and international community's approach – based on the New Deal principles, which recognizes that sustainable development cannot be realized without the full and equal participation of females at all levels of development, education and governance. The project recognizes the need for adopting a gender-focused approach in all of its approaches and activities. The project, therefore, not only ensures that men and women are equally engaged in the project planning process, but also that activities are designed to enable to full participation particularly of women throughout the project's core components. Historically, Somalia is a patriarchal society where men's contributions, values and attitudes have been the most important. The project will promote gender-positive and responsive policies and actions to boost women economic empowerment at all levels. In this framework, during the project inception, a gender analysis to identify the barriers faced by women entrepreneurs and to recommend measures that can be included in the project activities to facilitate these bottlenecks to be removed. The intention, with this analysis is also to assess the baseline indicators concerning women accessing business incubation services.

B9. Environmental and Social Assessment

The objective of this project is to create jobs and enable economic growth in the Somali Economy through the promotion of inclusive and suitable entrepreneurship development initiatives. As per UNIDO Environmental and Social Safeguards Policies and Procedures (ESSPP), the Environmental and Social screening template has been completed and this project has been categorized as "Category B". The Environmental and Social Screening Template has been completed and the Operational Safeguards triggered include OS 2, OS 8, OS 9 and OS 10.

Given the project categorization, the project will develop an Environmental and Social Management Plan (ESMP) during its inception phase as a means to ensure that any potentially adverse environmental and social impacts can be avoided or mitigated through appropriate actions. As indicated in Section B above, the incubator selection criteria, will include amongst others, environmental and social sustainability considerations. Moreover, during the identification and selection of individual technology solutions to be supported through the

29 United Nations Women Africa. Somalia Context 2019. Available at <https://africa.unwomen.org/en/where-we-are/eastern-and-southern-africa/somalia>. Accessed 11th/ September/ 2019.

30 Ali (2013) Challenges and Constraints Faced by Somali Women Entrepreneurs in Benadir Region, Interdisciplinary Journal of Contemporary Research in Business

project, the project may undertake technology- and site-specific environmental and social screenings and assessments. These will be undertaken taking into account all relevant sustainability and risk considerations, as well as the nature, scale, and scope of the individual technology solutions and proposed installation sites.

The ESMP will remain a living document and it will be reviewed and updated, as needed, as part of project implementation, management, monitoring and evaluation processes.

The overall project intervention will promote sustainable application of green energy solutions within a sub-sector that urgently needs investment in its infrastructure. Introduction of sustainable off-grid and renewable energy solutions towards reducing carbon footprint, an unsustainable overhead resulting from the high cost of energy across all productive activities in Somalia (sometime reaching avg. value as high as 60-75% of the overall industrial bill of MSMEs).

C. THE PROJECT

C1. Project Logical Framework

Project Narrative	Indicator	Baseline	Target	Sources of Verification	Assumptions/Risks
<p>General Objective: Create jobs and enable economic growth in the Somali Economy through the promotion of inclusive and suitable entrepreneurship development initiatives</p> <p>Specific Objective: Create and improve economic opportunities for young men and women through locally based and innovation-led business incubation services</p>	SOC.1a: Number of new jobs created ³¹	n.a.	720 50% female 50% youth	UNIDO project reporting WB Somalia Economic Monitor	
	SOC 1b: Number of jobs retained ³²		432 50% female 50% youth		
<p>Outcome 1: Somali incubators offer business incubation and acceleration programme</p>	BUS.3a: Cumulative Number of established start-ups	n.a.	150 33% female 75% youth	<ul style="list-style-type: none"> EU Regional programme progress report UNIDO project progress report Incubators progress reports FGS MOCI periodic reporting 	<ul style="list-style-type: none"> FGS maintains a strong commitment in supporting start-up development and innovation Economic growth trade keeps growing Somalia programme component is able to establish incubators programme at quality level similar to the work done in other countries of the regional programme Capacity and speed of FCG-MoCI is revising and adopting this position. Selected programme incubators and distance center are committed in
	BUS 3b: Cumulative number of enterprise operational at the end of project	n.a.	105 33% female 75% youth		
	POL.2: Cumulative number of new standards adopted ³³	0	1		
	POL.3: Number of guidelines adopted by relevant actors ³⁴	0	4		
	GOV.1: Number of institutions established and/or strengthened ³⁵	3	3 inc. 3 centers		
	REA 1: Number of actors reached (entrepreneurs)	n.a.	720 50% female 75% youth		

31 Jobs that are created with the commercialization and establishment of an enterprise by incubates

32 Jobs created through establishment are still continuing after 6 months' indicating viability of the business created

33 Incubation programme standards as set by the UE programme coordination unit

34 Guidelines for the formulation of MoU; SOPs for the incubators and their incubation programme and incubators services; Sustainability plan for Incubators; and technology transfer guidelines for incubators (on issues concerning intellectual property rights).

35 The programme expects to strengthen 3 existing incubators and reinforced 3 distance service centres linked to the physical incubators.

Project Narrative	Indicator	Baseline	Target	Sources of Verification	Assumptions/Risks
	KASA.1: Number of actors (entrepreneurs and potential entrepreneurs) gaining knowledge on entrepreneurship development ³⁶	n.a.	360 33% female 75% youth		<ul style="list-style-type: none"> working with the project intervention Covid-19 restrictions are lifted and in person training (in small groups) is allowed Incubators' commitment to drive technology, business & access to finance reform
	KASA.2: Number of actors (entrepreneurs and potential entrepreneurs) gaining new knowledge through business incubation on technology upgrading and production solutions	n.a.	180 33% female 75% youth		
Output 1.1 Capacity gaps of project-supported incubators are identified and addressed	TCO.1: Number of capacity building activities provided ³⁷	0	8	UNIDO project progress report	<ul style="list-style-type: none"> Incubators' commitment Private sector interest in the project Ease of access to suppliers MoU with counterparts to be signed during project phase 1
	TCO.2: Value of assets provided to incubators (Euro) ³⁸	0	150,000 Euro		
Outcome 2: Somali incubators, Somali entrepreneurs (and potential entrepreneurs) have access to innovative and tailored source of funding	INV.3a: Value (%) of new investments leveraged (based on the annual expenditure - per incubator)	n.a.	50%	<ul style="list-style-type: none"> UNIDO project progress report Incubators progress reports 	<ul style="list-style-type: none"> Incubators' commitment Private sector interest in the project
	INV.3b: Value (\$) of new investments leveraged (for the firms)	n.a.	\$ 10m.		
Output 2.1 A plan is drafted and piloted to ensure affordable and customized sources of finance to project beneficiaries (supported incubators, distance services centers, and incubates)	TCO.2: Value of assets provided to incubates (Euro) ³⁹	n.a.	540,000 Euro	<ul style="list-style-type: none"> UNIDO project progress report Incubators progress reports 	<ul style="list-style-type: none"> Private sector interest in the project
	TCO.4: Number of business plans developed	n.a.	360 50% female 75% youth		
Outcome 3: Somali and international business incubation and acceleration institutions, universities, research centers and technical institutes operate as an integrated network	POL.1: Cumulative number of new or revised policies adopted by policymakers ⁴⁰	4	+1 policy paper	<ul style="list-style-type: none"> UNIDO project progress report Incubators progress reports FGS MOCI periodic reporting 	<ul style="list-style-type: none"> FGS-MOCI commitment in supporting start-up and innovation promotion Incubators' commitment to drive innovation and technology center of excellence Project capacity to build relationship between incubators and an
	TEC.3: Number of new technologies adopted by incubated enterprise	n.a.	15 new tech adopted		
	GOV.2: Number of actors (government, private sector associations, technology provider, university and financial institutions) participating	n.a.	27 n. of actors involved		

36 N. of entrepreneurs and potential entrepreneurs going through the inception phase of the incubation programme and actors accessing ancillary services of the incubators or of the distance service centres.

37 Training on incubators governance and incubators financial sustainability (2), ToT, & ToC/mentors for enterprise management (inc. investment promotion) (3) Value Chain development and Emerging technologies (2), Project Feasibility (COMFAR) (1)

38 150,000 Euro are booked as equipment contribution to upgrade incubators and their distance service facilities equipment and fab-labs

39 540,000 Euro are booked as funds to procure equivalent of Matching equipment contribution value up to 9,000 Euro to the 60 most promising business project identified across the network

40 Start-up development and Innovation promotion policy

Project Narrative	Indicator	Baseline	Target	Sources of Verification	Assumptions/Risks
	in enhanced collaboration settings (clusters, networks, etc.) ⁴¹				inattentive and national ecosystem of partners
Output 3.1. A dialogue platform is facilitated between incubators and Somali and foreign universities, research centers and technical institutes (i.e., on curriculum, awareness raising, applied sciences, laboratory and product testing facility and experimentation on production process and innovation)	CPO.1: Number of events organized ⁴²	0	2 tech forums	UNIDO project progress report FGS MOCI periodic reporting	Covid-19 restrictions are lifted and in person gathering (in small groups) is allowed Security situation in Somalia allows for foreign expert to travel to Mogadishu
Output 3.2 A national policy promoting the development of Somalia start-up and Innovation ecosystem is drafted	PAO.1: Start-up development and Innovation promotion policy drafted	0	1 policy document drafted		

41 6 Technology Institutions, 3 Universities, 6 Ministries state level, 1 federal level ministry, 6 Private sector Associations, 3 Financial Institutions

42 2 innovation and start up forums organized in Somalia. Other 9 events will be organized to launch each new cohort selection.

C2. Monitoring and Evaluation framework⁴³

Results				KPI' s / Indicators	Base line			Target			
Outcomes	Outputs	Activities	Estimated Completion Date		Base Line Total	Base Line Female	Base Line Youth	Target Total	Target Female	Target Youth	
General Objective: Create jobs and enable economic growth in the Somali Economy through the promotion of inclusive and suitable entrepreneurship development initiatives				SOC.1: Number of new jobs created, and jobs retained				720	50%	50%	
Specific Objective: Create and improve economic opportunities for young men and women through locally based and innovation-led business incubation services				SOC 2: Number of jobs retained				432	50%	50%	
Outcome 1: Somali incubators offer business incubation and acceleration programme				BUS.3a: Cumulative Number of established start-ups				150	33%	75%	
				BUS 3b: Cumulative number of enterprise operational after 1 year and after 3 year from technical assistance.				105	33%	75%	
				TEC.3: Number of new technologies adopted by incubated enterprise				15	-	-	
				POL.1: Cumulative number of new or revised policies adopted by policymakers ⁴⁴				1		-	
				POL.2: Cumulative number of new standards adopted ⁴⁵				1		-	
				POL.3: Number of guidelines adopted by relevant actors ⁴⁶				4		-	
				Outcome 2: Somali incubators, Somali entrepreneurs (and potential entrepreneurs) have access to innovative and tailored source of funding	INV.3: Value (%) of new investments leveraged (based on the annual expenditure - per incubator)				50%.	-	
					INV.3: Value (€) of new investments leveraged (for the firms)				€10 m.	-	
				Outcome 3: Somali and international business incubation and acceleration institutions, universities, research centers and technical institutes operate as an integrated network	GOV.1: Number of institutions established and/or strengthened ⁴⁷				6	-	
					GOV.2: Number of actors (government, private sector associations, technology provider, university & financial institutions) participating in enhanced collaboration settings (clusters, networks, etc.) ⁴⁸				27	-	-
					REA 1: Number of actors reached ⁴⁹				720	50%	75%
					KASA.1: Number of actors (entrepreneurs and potential entrepreneurs) gaining knowledge on entrepreneurship development. ⁵⁰				360	33%	75%
					KASA.2: Number of actors (entrepreneurs and potential entrepreneurs) gaining new knowledge through business incubation on technology up-grading and production solutions ⁵¹				180	33%	75%

⁴³ This table will be the bases line framework for the project monitoring and evaluation, which will be further detailed during the project inception.

⁴⁴ Start-up development and Innovation promotion policy

⁴⁵ Incubation programme standards as set by the UE programme coordination unit

⁴⁶ Guidelines for the formulation of MoU; SOPs for the incubators and their incubation programme and incubators services; Sustainability plan for Incubators; and technology transfer guidelines for incubators (on issues concerning intellectual property rights).

⁴⁷ The programme expects to strengthen 3 existing incubators and reinforced 3 distance service centres linked to the physical incubators.

⁴⁸ 6 Technology Institutions, 3 Universities, 6 Ministries state level, 1 federal level ministry, 6 Private sector Associations, 3 Financial Institutions

⁴⁹ N. of potential incubates involved in the selection process, and number of entities, people and firms reached in the assessment's exercises or attending programme events.

⁵⁰ N. of entrepreneurs and potential entrepreneurs going through the inception phase of the incubation programme and actors accessing ancillary services of the incubators or of the distance service centres.

⁵¹ N. of incubates finishing min. 9 months incubation period.

<p>Output 1.1 Capacity gaps of project-supported incubators are identified and addressed</p> <p>Output 2.1 A plan is drafted and piloted to ensure affordable and customized sources of finance to project beneficiaries (supported incubators, distance services centers, and incubates)</p> <p>Output 3.1 A dialogue platform is facilitated between incubators and Somali and foreign universities, research centers and technical institutes (i.e., on curriculum, awareness raising, applied sciences, laboratory and product testing facility and experimentation on production process and innovation)</p> <p>Output 3.2 A national policy promoting the development of Somalia start-up and Innovation ecosystem is drafted</p>	TCO.1: Number of capacity building activities provided ⁵²	8	-	-
	TCO.2: Value of assets provided to incubators & incubates (Euro) ⁵³	€ 690,000	-	-
	TCO 3 Number of toolkits and guidelines produced ⁵⁴	4		
	TCO.4: Number of business plans developed	360	50%	75%
	PAO 1: Number of start-up development and Innovation promotion policy drafted	1		
	CPO.1: Number of events organized ⁵⁵	2		-

Outcome 1: Somali incubators offer business incubation and acceleration programme										
Output 1.1. Capacity gaps of project-supported incubators are identified and addressed										
		Activity 1.1.1 In collaboration with the Regional Network, jointly conduct detailed assessment of existing business incubators on parameters such as organizational strength, financial sustainability, infrastructure availability etc.	Y1-Q1	Assessment report on the identified parameters including performance and opportunities and staff/trainer skills gap analysis conducted. ⁵⁶	N/A	N/A	N/A	YES	-	-
		Activity 1.1.2 Conduct assessment of organizational capabilities and infrastructure availability of possible partners to host incubators' distance service centers	Y1-Q1	# of location (in different locations) identified to partner with in the project to host incubators' distance service centers	NO	N/A	N/A	3	-	-
		Activity 1.1.3 Based on the above assessment, a strategic roadmap on implementing the project will be developed for each of the incubators and incubators' distance service centers	Y1-Q2	Strategic road map prepared inclosing Incubators' ops and suitability manual (inc. a comm and visibility chapter)	N/A	N/A	N/A	YES	-	-
		Activity 1.1.4 Upgrading incubators and their distance service center including office/infrastructure facilities	Y1-Q2	\$ value of investment for upgrades to by each incubator and distance service centers	N/A	N/A	N/A	150,000 Euro	-	-
		Activity 1.1.5 All the incubators and the incubators' distance service center are fully operational, providing services and having joined the Regional Network and are fully engaged with the Network's activities.	Y1-Q2	# of Incubator and distance service centers made operational to project requirements (3 incubators and 3 distance service centers)	N/A	N/A	N/A	6		

⁵² Training on incubators governance and incubators financial sustainability (2), ToT, & ToC/mentors for enterprise management (inc. investment promotion) (3) Value Chain development and Emerging technologies (2), Project Feasibility (COMFAR) (1)

⁵³ 540,000 Euro are booked as funds to procure equivalent of Matching equipment contribution value up to 9,000 Euro to the 60 most promising business project identified across the network -- 150,000 Euro are booked as equipment contribution to upgrade incubators and their distance service facilities equipment and fab-labs

⁵⁴ Same as footnote n. 45 (IRPF indicator POL3) - Guidelines for the formulation of MoU; SOPs for the incubators and their incubation programme and incubators services; Sustainability plan for Incubators; and technology transfer guidelines for incubators (on issues concerning intellectual property rights).

⁵⁵ 2 innovation and start up forums organized in Somalia

⁵⁶ Specific gender analysis will be part of this assessment (as outlined at page 29)

	Activity 1.1.6 Business incubators' management strengthen, and team trained and technically assisted to improve governance and financial sustainability.	Y1-Q4	# of staff trained on governance and financial sustainability.	N/A	N/A	N/A	36	33%	50%
	Activity 1.1.7 Technical team of advisers, tutors and network of trainers trained (in collaboration with BIC Africa) on providing enterprise management skills and business feasibility through COMFAR software.	Y2-Q2	# of staff trained on enterprise management skills and business feasibility	N/A	N/A	N/A	72	33%	50%
	Activity 1.1.8 Organization of training in agro-technology, emerging technology, innovation, green energy, financial accounting and investment promotion counseling.	Y3-Q4	# of staff trained on agro-technology, emerging technology, innovation, green energy, financial accounting and investment promotion counseling.	N/A	N/A	N/A	18	33%	50%
	Activity 1.1.9 Facilitate execution of new incubation programme and incubators and their distance service centers	Y4-Q4	# of incubation cohort completed (3 per incubators during project duration)	NO	N/A	N/A	9	-	-
	Activity 1.1.10 Organize Start-up launch events	Y3-Q4	# of events organized in all the 3 locations	N/A	N/A	N/A	9	-	-
	Activity 1.1.11 Organize start-up graduation ceremonies	Y4-Q4	# of events organized in all the 3 locations	N/A	N/A	N/A	9		

Outcome 2: Somali incubators, Somali entrepreneurs (and potential entrepreneurs) have access to innovative and tailored source of funding									
Output 2.1. A plan is drafted and piloted to ensure affordable and customized sources of finance to project beneficiaries (supported incubators, distance services centers, and incubates)									
	Activity 2.1.1: Mapping of the existing credit facilities promoted by various donors/financial institutions in Somalia that can be availed by incubates	Y1-Q1	Mapping report on the credit facilities	NA	NA	NA	1		
	Activity 2.1.2: Build a coordination mechanism to deal with these credit facilities and channel financing to the incubates	Y1-Q1	Working group established for coordination mechanism	NA	NA	NA	1		
	Activity 2.1.3 Identification of potential projects of business Incubates to be financed through the credit facilities.	Y4-Q1	# of potential or existing entrepreneurs to be supported	N/A	N/A	N/A	50	50%	50%
	Activity 2.1.4 Matching equipment contribution value up to 9,000 Euro to the 60 most promising business project identified across the network	Y4-Q2	# of potential or existing entrepreneurs to be supported (min.)	N/A	N/A	N/A	60	50%	50%
	Activity 2.1.5 Facilitated access to other credit facilities such as the EU Finance for Inclusive Growth project (ILED) implemented by AECF and/or with new EU member states partners like FMO.	Y4-Q4	# of potential or existing entrepreneurs to be supported (min.)	N/A	N/A	N/A	60	50%	50%
	Activity 2.1.6 Assistance in the preparation of sustainable business plans to each of the incubators and distance service centers	Y4-Q1	# of business plans prepared	N/A	N/A	N/A	180	50%	50%

	Activity 2.1.7 Capacity building to financial institution on international best practices in managing credit portfolio, tailoring to early-stage enterprises and/or established SMEs.	Y2-Q4	# of Somali Financial Institutions involved	N/A	N/A	N/A	5	-	-
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Outcome 3: Somali and international business incubation and acceleration institutions, universities, research centers and technical institutes operate as an integrated network.
Output 3.1 A dialogue platform is facilitated between incubators and Somali and foreign universities, research centers and technical institutes (i.e., on curriculum, awareness raising, applied sciences, laboratory and product testing facility and experimentation on production process and innovation)

	Activity 3.1.1 Assessment of Somali Universities, research centers and technical Institutes in Somalia on their research capabilities, human resource availability, technical infrastructure availability, technologies developed etc.	Y1-Q3	# of Assessment reports prepared	NO	N/A	N/A	1	N/A	
	Activity 3.1.2 Define action plan and methodology of delivery of project technology intervention for each of the selected technology partners.	Y1-Q3	# of Action plans prepared for each technology partners	NO	N/A	N/A	6	N/A	
	Activity 3.1.3 Define guidelines of cooperation and formalize a cooperation agreement with the technology partners.	Y1-Q3	# of Cooperation agreements formalized with Somali entities	NO	N/A	N/A	6	N/A	
	Activity 3.1.4 Scouting for International Universities/ Institutions on technology availability, research cooperation avenues, innovative solutions in the areas of technology deficiencies identified in the technology report	Y4-Q4	# of foreign Universities/ Institutions identified	N/A	N/A	N/A	6	N/A	
	Activity 3.1.5 Facilitate partnerships between International Universities/ Institutions with incubators	Y4-Q4	# of Cooperation agreements formalized with foreign entities	N/A	N/A	N/A	4	N/A	
	Activity 3.1.6 Exposure visits for incubators to international start-up hubs, events and conferences (this activity will be supported by BIC AFRICA)	Y3-Q4	# of study tours organized for incubators managers (3 participants per incubators)	N/A	N/A	N/A	2	N/A	
	Activity 3.1.7 Organize start-up and innovation forum on technology exchange and networking	Y4-Q4	# No. of events organized	N/A	N/A	N/A	2	-	-

Output 3.2. A national policy promoting the development of Somalia start-up and Innovation ecosystem is drafted

	Activity 3.2.1 Technical support to FGS and FMS MoCIs towards the formulation of an all of Somalia start-up development and Innovation promotion policy	Y3-Q4	# of policy document drafted	N/A	N/A	N/A	1	-	
	Activity 3.2.2 Strengthen young and female entrepreneurs, universities, research centres and technical institutes' participation in the policy dialogue with governments and local authorities on the business and innovation ecosystem.	Y3-Q4	# of consultations organized (1 per incubators and distance service center + a national one) aimed at the development of a national policy document	N/A	N/A	N/A	7	-	

Additional & cross cutting activities to boost project communication & visibility outreach (please see - Annex VI for detailed communication and visibility plan)										
		COMM activity 1: Organization of awareness campaign across the country supported by BIC Africa	Y4-Q4	# No. of bootcamps organized at the incubators and distance service centers	NO	N/A	N/A	20	-	-
		COMM activity 2: Design and operationalize project webpage coordinated with BIC Africa	Y4-Q4	Web portal operational	NO	N/A	N/A	1	-	-
		COMM activity 3: Digital awareness campaign through social media coordinated with BIC Africa	Y4-Q4	# of social media post per week	NO	N/A	N/A	2	-	-
		COMM activity 4: Publications and Newsletters	Y4-Q4	# of articles/content published quarterly	NO	N/A	N/A	2	-	-

Monitoring, Coordination, evaluation										
		M&E activity 1: Setup PMU (Project Management Unit)	Y4-Q4	PMU Established	NO	N/A	N/A	1	-	-
		M&E activity 2: SC (Steering Committee) meetings	Y4-Q4	# of meetings (min 1 per year + project kick-off after assessment)	NO	N/A	N/A	5	-	-
		M&E activity 3: Monitoring Missions conducted ⁵⁷	Y4-Q4	# of missions' reports	NO	N/A	N/A	4	-	-
		M&E activity 4: Mid-term evaluation conducted ⁵⁸	Y3-Q1	# Mid-term evaluation report	NO	N/A	N/A	1	-	-
		M&E activity 5: Terminal evaluation conducted ⁵⁹	Y4-Q4	# Terminal evaluations report	NO	N/A	N/A	1		

⁵⁷ Including against mitigation actions included in the ESMP

⁵⁸ Including against mitigation actions included in the ESMP

⁵⁹ Including against mitigation actions included in the ESMP

C3. Project Risks & Mitigation measures

UNIDO has accumulated vast experience implementing development initiatives in post-conflict countries and has developed proven project management strategies that enable implementation under low-security environments. In addition, the project management unit based in Mogadishu will have the capacity to conduct day-to-day operations and will have the autonomy to adjust its plan of action in order to ensure consistent progress in implementation and the highest possible impact for beneficiaries. Effective risk management will entail follow-up on appropriate mitigation measures identified:

At output level, the potential risks envisaged that could prevent the project from achieving the desired objective, the probability of the risk occurring and the mitigation measure to ensure these do not compromise the project activities are detailed in the table below.

Risk level		Potential impact to project			Mitigation measures
		Low	Medium	High	
Probability	Medium-low	<p>Output 3.2: A national policy promoting the development of Somalia start-up and Innovation ecosystem is drafted</p> <p>The authorities do not consider the proposed initiatives as priority and show reluctance to support the entrepreneurs or bring reform in the existing policies.</p>			<ul style="list-style-type: none"> • MOCI co-chairing Steering Committee • Continuous engagement with the relevant authorities and sensitize them on the changes required. • Proper identification of problem areas through policy dialogue workshops.
		<p>Output 3.1 A dialogue platform is facilitated between incubators and Somali and foreign universities, research centers and technical institutes (i.e., on curriculum, awareness raising, applied sciences, laboratory and product testing facility and experimentation on production process and innovation)</p> <p>There is a risk that existing research institutions do not match with the requirements for commercialization or innovation in the business processes proposed by the incubates.</p>			<ul style="list-style-type: none"> • A very meticulous and thorough assessment done of the Universities/research centres on their existing capacities. • Existing research capabilities/ available technologies mapped to see commercial viability of technology sourcing.

		<p>Output 1.1: Capacity gaps of project-supported incubators are identified and addressed</p> <p>There is a moderate low risk that the business incubators fail to leverage the support system created alongside in delivering the incubation services</p>		<ul style="list-style-type: none"> • UNIDO will build on the knowledge gained from its ongoing projects to identify relevant partners and actors. • The project is designed to ensure continual engagement with all partners from the project inception and throughout the implementation. • Through steering committee and programme advisory unit, there is an overall programme managerial approach to ensure that counterpart participation to the implementation of the programme is ensured
	<p>Project Coordination/Monitoring. There is a low risk that:</p> <ul style="list-style-type: none"> • Staff are not recruited at the start of the project • Experts are not recruited and travel arrangement not completed in time for assignments • Suitable experts not willing to travel to Somalia 			<ul style="list-style-type: none"> • Staff will be identified through UNIDO roster and through adverts. Interviews and selection will be conducted based on UNIDO HR rules and regulations. • Note verbal to facilitate visa applications of international experts • The Ministry of Commerce and Industry will be solicited to facilitate arrangements with the Ministry of Foreign Affairs for visas of international expert
<p style="text-align: center;">Medium</p>		<p>Output 2.1: A plan is drafted and piloted to ensure affordable and customized sources of finance to project beneficiaries (supported incubators, distance services centers, and incubates)</p> <p>There is a medium/high risk that the financial institutions are not willing to finance the start-ups (due to limited experience or with commercially un-tested products/services).</p>		<ul style="list-style-type: none"> • Quality of the business plans of the incubatees will be ensured so that project feasibility can be comprehended easily by the financial institutions. • Business plans having high viability or with innovation will only be taken to the financial institutions for financing. • Frequent interactions and awareness on the project will made with the financial institutions that will be approached for supporting the incubatees. • Outreach to non-banking financial institutions interested in early-stage financing.

Furthermore, specific for the post-crisis context in which the project operates the following project risks and mitigation measures table below has been added to enable the project team to conduct risk assessment and adopt the most appropriate mitigation measures to conduct day-to-day operations while in autonomy make the necessary adjustments to its plan of action.

Risk type	Risk	Estimated impact level and scale	Estimated likelihood	Mitigation measures
External	Deterioration of security situation and increased tensions	High: delays to project implementation and successful delivery of outputs/outcomes	Low-medium	<ul style="list-style-type: none"> - Security situation is constantly monitored. Engagement with government partners and UNDSS to ensure security of staff. - Staggered implementation phases with initial focus on areas relatively secure as recommended by UNDSS. - Staff is regularly informed of security risk and from regular notification received by UNDSS also through mandatory mobile eTA. Verification of eTA functionality on staff phone is being conducted periodically. - UNIDO personnel upon arrival to Somalia and based in Mogadishu is mandatory subject to security briefing (SAFE training is also required for staff planning to stay on mission area for more than 2 weeks).
External	Cultural resistance towards gender equality and a gender-based approach	Low: delays to certain activities within the project	Medium	<ul style="list-style-type: none"> - Adopt a participatory approach towards implementation and ensure continuous engagement with beneficiaries - Back up arguments with empirical evidence on gender disparities and the importance of equitable access to opportunities
Internal	Challenges in acquiring baseline data	Low-medium: affects planning for targets and reporting on progress/impact of the project	Medium-high	<ul style="list-style-type: none"> - Availability of data is an issue in Somalia, the project through its dedicated assessment exercises aims to target these challenges to generate required data affecting implementation of key activities
External	Resistance from Somali productive sector to channel investments towards more productive business ventures, by mainly focusing on quick-for-financial-return trading business ideas	Medium: quick-for-financial-return trading business can reduce the overall project effectiveness but still, if spearheaded by the project, generate some level of economic activity	Medium	<ul style="list-style-type: none"> - Focus intervention on segment of value chains to be supported by the programme that could prove concept of the factual business opportunity and value in pursuing a productive activity instead of a trading business. - Work with public sector entities stakeholder of the programme to find ways to further ease the start-up of industrial enterprises. - Work on the success stories and promote their experience as entrepreneurs and job creators.
External	Deterioration of COVID19 situation in Somalia and globally	Medium: the future of covid-19 and its implication on the way we regularly implement project is still uncertain	Medium	<ul style="list-style-type: none"> - Staff is regularly informed of Covid19 related risk from regular notification received by UNDSS and by UNIDO O.i.C. in Somalia. UNIDO staff upon arrival to Somalia will be required to adhere to country specific containment measures/quarantine as instructed by UN D.O. - Implementation of training, events and other public gathering requiring physical presence of people will be organized following strict prevention measures to prevent new involuntary covid-19 infections.

C4. Coordination with country level security system

To ensure success of programmatic intervention while safeguarding programme team safety all times, in compliance with the applicable UN Somalia complex Security requirement and coordination set-up, UNIDO Somalia Programme team has deployed context specific project management strategies that enable implementation under low-security environments. Recalling on the project's "operations risk mitigation framework" (see section C3), international and national staff deployed (regardless of their status: permanently based on and on mission) in Somalia will follow the UN Security Regulations.

UNIDO Project Manager (PM) and Officer in Charge (OiC) & coordination with RC/UNSOM and UNDSS

Based on the above, it will be PM/OiC based in Mogadishu to ensure all UNDSS protocols, guideline & recommendations are followed strictly i.e., project implementations, missions visit to project locations, coordination with the local authority etc. UNIDO Somalia PM/OiC as a member of the UN Somalia Security Management Team (SMT) has direct access to security updates, information, security threat notification important to guide project team risk assessments, adjustment the necessary mitigation measures, and eventually even conduct corrective programmatic decision in order to guarantee personnel and contractors safety and security during the entire duration of the project. In absence, of the PM/OiC from the country, the Resident Coordinator Office (RCO) shall be informed in the necessity to offer support to the UNIDO project team in Somalia.

In addition to that, because of the project operations are taking place in location outside Mogadishu, UNSOM and UNDSS teams are to be informed of UNIDO project operations, scope, location, and staffing. This can facilitate the necessary monitoring by UNSOM and UNDSS of possible STIs targeting against project operations specifically and our staff. The same arrangement is in place for our contractors and project activities currently implementing activities.

Movement Protocols

Movement of international staff and consultants and movement protocol for national staff and consultant or contractors are subject to different UNSOM rules and regulations. Movement of international staff and consultants within Somalia is only permitted according to the provision of area specific UNDSS Security Risk Management (SRM) protocols. International staff visiting project sites will only be allowed under special protection measure with escort supported provide by AMISOM and/or UNSOM. National staff can access project site without particular security requirements. As per prison procedures, all UNIDO national staff and contractors working on site will be under protection of the prison's custodial corps.

National Project Team recruitment

Furthermore, to be able to deliver on the planned activities UNIDO is deploying project staff across Somalia, often subject to dangerous working and living conditions, very unique to the country. In such challenging environment, to be able to effectively and safely recruit, provide security support and the necessary protection and operational support to all national projects' personnel deployed in the field, UNIDO in Somalia has entered into a procurement contract with an enterprise able to provide all services related to personnel recruitment, HR, security and operational services in Somalia.

C5. Institutional Arrangements and Coordination Mechanism

A national **Project Steering Committee (PSC)** will be established and assigned with the overall responsibility to provide strategic guidance and oversight to the programme. The PSC will review progress against target and making sure that the project is well set towards achieving the desired objectives. It shall meet on a 12-monthly basis or more often if required by its members.

It shall be co-chaired by H.E. the Minister of Commerce & Industry of the FGS, or a delegated representative of the Minister, a representative of the EU Delegation to Somalia and a representative from UNIDO. The other members of the PSC will include one representative of each Federal Member State (e.g., Ministry of Commerce & Industry), 1 representative from each incubator, 1 representative from each distance service center and EBN. Other national governmental counterparts, representatives from the private sector or civil society will be invited to participate in Steering Committee meetings on an ad-hoc basis. Each meeting will be minuted. Minutes will be signed by the representatives of FGS-MoCI, EU and UNIDO only.

The National PSC will be supported by **2 Project Advisory Committees (PACs)**:

A National PAC to meet ahead of each National PSC and every 6 months (mid-point between PSCs). The National PACs would support the PMU in the implementation of the project ensuring information sharing among PMU and government institutions at all times. The National PAC will be chaired by FGS-MoCI Director General and UNIDO N-CTA. It will be attended by all head of incubators and distance service center, FMS-MoCIs Director General, a focal point from EBN and other institutions if deemed necessary. The EU will be invited to attend the meeting. Minutes of meeting will be taken and administer by UNIDO PMU team.

For Somaliland, a **Project Advisory Committee (PAC)** will meet at least once a year to review the work plan and coordinate regional activities. The PAC will consist of a representative from the Somaliland government (e.g., Ministry of Trade, Commerce and Tourism), a representative from the EU Delegation and UNIDO. Other institutions and experts can be invited for specific meetings as needed.

ToRs for the PSC and PACs will be reviewed and finalized during the inception phase. **All meetings are to take place online with the expectation of the 1st, 3rd and 5th PSC meeting that will take place in Mogadishu, or hosted, by one of the incubators' venues, if deem feasible.**

Coordination meetings at Member State level can be set up if needed.

The National PSC and the PACs will be supported by a **Project Management Unit (PMU)** led by a **Programme IDE and a National Chief Technical Advisor** from UNIDO. No compensation shall be provided to any member of the PSC and PACs for the nature of their participation, with the exception of travel and per-diem compensation.

The national PSC and the PACs shall not interfere in the technical decisions of the PMU, particularly in regards with the selection of the implementation partners and modality and selection of beneficiaries by the implementation partners.

C6. General timeline of the project

	Year I				Year II				Year III				Year IV			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Output 1.1: Capacity gaps of project-supported incubators are identified and addressed																
Activity 1.1.1 In collaboration with the Regional Network, jointly conduct detailed assessment of existing business incubators on parameters such as organizational strength, financial sustainability, infrastructure availability etc.																
Activity 1.1.2 Conduct assessment of organizational capabilities and infrastructure availability of possible partners to host incubators' distance service centers																
Activity 1.1.3 Based on the above assessment, a strategic roadmap on implementing the project will be developed for each of the incubators and incubators' distance service centers																
Activity 1.1.4 Upgrading incubators and their distance service center including office/infrastructure facilities																
Activity 1.1.5 All the incubators and the incubators' distance service center are fully operational, providing services and having joined the BIC AFRICA and are fully engaged with the Network's activities.																
Activity 1.1.6 Business incubators' management strengthen, and team trained and technically assisted to improve governance and financial sustainability.																
Activity 1.1.7 Technical team of advisers, tutors and network of trainers trained (in collaboration with BIC AFRICA) on providing enterprise management skills and business feasibility through COMFAR software.																
Activity 1.1.8 Organization of training in agro-technology, emerging technology, innovation, green energy, financial accounting and investment promotion counseling.																
Activity 1.1.9 Facilitate execution of new incubation programme and incubators and their distance service centers																
Activity 1.1.10 Organize Start-up launch events																
Activity 1.1.11 Organize start-up graduation ceremonies																

	Year I				Year II				Year III				Year IV			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Output 2.1. A plan is drafted and piloted to ensure affordable and customized sources of finance to project beneficiaries (supported incubators, distance services centers, and incubates)																
Activity 2.1.1: Mapping of the existing credit facilities promoted by various donors/financial institutions in Somalia that can be availed by incubates																
Activity 2.1.2: Build a coordination mechanism to deal with these credit facilities and channel financing to the incubates																
Activity 2.1.3 Identification of potential projects of business Incubates to be financed through the credit facilities.																
Activity 2.1.4 Matching equipment contribution value up to 9,000 Euro to the 60 most promising business project identified across the network																
Activity 2.1.5 Facilitated access to other credit facilities such as the EU Finance for Inclusive Growth project (ILED) implemented by AECF and/or with new EU member states partners like FMO.																
Activity 2.1.6 Assistance in the preparation of sustainable business plans to each of the incubators and distance service centers																
Activity 2.1.7 Capacity building to financial institution on international best practices in managing credit portfolio, tailoring to early-stage enterprises and/or established SMEs.																
Output 3.1 A dialogue platform is facilitated between incubators and Somali and foreign universities, research centers and technical institutes (i.e., on curriculum, awareness raising, applied sciences, laboratory and product testing facility and experimentation on production process and innovation)																
Activity 3.1.1 Assessment of Somali Universities, research centers and technical Institutes in Somalia on their research capabilities, human resource availability, technical infrastructure availability, technologies developed etc.																
Activity 3.1.2 Define action plan and methodology of delivery of project technology intervention for each of the selected technology partners.																
Activity 3.1.3 Define guidelines of cooperation and formalize a cooperation agreement with the technology partners.																
Activity 3.1.4 Scouting for International Universities/ Institutions on technology availability, research cooperation avenues, innovative solutions in the areas of technology deficiencies identified in the technology report																

	Year I				Year II				Year III				Year IV			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Activity 3.1.5 Facilitate partnerships between International Universities/ Institutions with incubators																
Activity 3.1.6 Exposure visits for incubators to international start-up hubs, events and conferences																
Activity 3.1.7 Organize start-up and innovation forum on technology exchange and networking																
Output 3.2. A national policy promoting the development of Somalia start-up and Innovation ecosystem is drafted.																
Activity 3.2.1 Technical support to FGS and FMS MoCIs towards the formulation of a all of Somalia start-up development and Innovation promotion policy																
Activity 3.2.2 Strengthen young and female entrepreneurs, universities, research centres and technical institutes' participation in the policy dialogue with governments and local authorities on the business and innovation ecosystem.																

Visibility & Communication																
COMM activity 1: Organization of awareness campaign across the country supported by BIC AFRICA																
COMM activity 2: Design and operationalize project webpage coordinated with BIC AFRICA																
COMM activity 3: Digital awareness campaign through social media coordinated with BIC AFRICA																
COMM activity 4: Publications and Newsletters																
Monitoring, Coordination, evaluation (M&E)																
M&E activity 1: Setup PMU (Project Management Unit)																
M&E activity 2: SC (Steering Committee) meetings																
M&E activity 3: Monitoring Missions conducted																
M&E activity 4: Mid evaluation conducted																
M&E activity 5: Terminal evaluation conducted																

D. THE PROJECT BUDGET

D1. The Budget overall

The budget is presented in a separate document “Budget of the Action” and represents Annex III of the Contribution Agreement. Subject to the provision of Annex II – General Conditions for Contribution Agreements, it is likely to require update and revision following the initial project inception phase (to be discussed and agreed with the EU Delegation):

- The selection of the project’s partners and value chain – which will allow a more detailed allocation of costs.
- The entry into the COVID-19 recovery phase when it will be clearer as to the practicalities of international travel and movement of personnel within Somalia.
- Under budget line 2100 also falls a procurement contract with a staffing agency for the recruitment of national staff. Hence only a fraction of the costs under budget line 2100 are staff costs. Explanatory note under Annex VI clarify on the split of allocation.

D2. Counterpart inputs

The FGS-MoCI, and other Ministerial Departments will be invited to provide the following inputs:

- Ministerial counterparts will assign technical and administrative staff to contact and participate in the technical training component of the project.
- The ministries will provide in-kind support for project-engaged technical staff so as to enable them to participate in other non-training related project activities.
- Ministerial technical representatives can also support the project with logistics, customs clearing, stakeholder communication, and conflict-resolution.
- Provision of other necessary personnel as deemed appropriate

D3. Project Management

UNIDO – at field level, in Mogadishu, will be responsible for the overall implementation, monitoring and reporting of this project according to EU procedures and established UNIDO rules and regulations. DTA/AGR/AIS, the department of Agri-Business (AGR) through its Agro-Industries and Skills Development (AIS) division of UNIDO, will fulfil this responsibility by appointing a Project Manager (Industrial Development Expert, IDE – L4 level) in Mogadishu, Somalia. He/she will be in-charge of overseeing the overall implementation of the project, as well as mobilize the required services of the related technical, administrative and financial departments at UNIDO Headquarters and the UNIDO Somalia Programme Office as well as coordinating the overall implementation, building effective synergies and networks with other development partners in Somalia, among the UN, WBG and donors’ community.

The IDE will work in coordination with the Chief of DTA/AGR/AIS, based at Headquarters. The IDE will be supported by a Project Management Unit (PMU) composed by:

- 1 international Senior Technical Advisor (WAE – home bases)

- 1 international Junior Project Coordinator, based in Nairobi, with short term missions in Mogadishu as applicable (ISA regular or L2)
- 1 National Chief Technical Advisor base in Mogadishu
- 3 local coordinators in each of the incubators' locations.

The programme team will also be supported by a team of International and national technical experts, to be recruited based on the technical requirements of the activities. See table below for detail description the staff directly dedicated to the implementation of this project.

Staff (% of working time, duration)	Tasks and responsibilities	Location
Senior Project Manager (P5) 20%, 4 years	Chief of DTA/AGR/AIS and Senior Project Manager. His/her inputs will be charged as direct cost under technical services (BL - Budget Line 1101) of the project at 20% of his/her working time.	HQs, Vienna, Austria
Industrial Development Expert (L4) 50%, 4 years	The IDE will be responsible for the overall strategic steering and managerial supervision of the project, including contact management with the European Commission and the project partners. The IDE also provides alignment of technical inputs with international best practices and UNIDO quality standards, and clearance of project reports. On a part-time basis the IDE will also be responsible to act as UNIDO O.i.C. to Somalia and represent UNIDO vis-à-vis the UNCT, SMT, UNSOM, the government, partners and donors, as applicable and deem necessary. His/her input will be charged as direct cost to the project at 50% of his/her working time.	Mogadishu, Somalia
National Chief Technical Advisor (LTA) 100%, 4 years	The National Chief Technical Advisor (N-CTA) will be responsible for the implementation of all project activities; supervision and management of the national team of the PMU, day-to-day implementation of this Action; ensure the technical coordination of the components. The N-CTA will be the main point of contact between the PMU, the programme stakeholders and the programme counterparts.	Mogadishu, Somalia
International Junior Project Coordinator (regular ISA or L2 level) 75%, 4 years	Support the IDE in the coordination and efficient implementation of the project; being responsible for technical follow up on workplans, draft reports, support the preparation of technical reports. The incumbent will be responsible for the overall management of the project monitoring, evaluation and reporting system, collecting and revising project monitored data and indicator, and providing regular information to the IDE necessary to drive project managerial decision. In this strategic role, the coordinator will also be responsible to convert project information into effective reporting information and communication and visibility material for UNIDO, counterpart and donor use. The Junior Coordinator will also be responsible to spearhead project communication and visibility outreach efforts, supporting project stakeholders also in effectively develop a communication and visibility strategy and ensure overall alignment of project communication and visibility between various actors of the project.	Nairobi, Kenya
Project Administrative Assistant (G4) 50%, 4 years	Assist in all matters related to project management, international procurement of goods and services, maintain up to date filing system and project data base, including perform project related tasks in the enterprise resource planning (ERP) system.. The person will liaise with all centralized support services for organization of activities, facilitating interactions with internal and external services (BL - Budget Line 1701)	HQs, Vienna, Austria
Procurement Specialist & Head	Staff contracted for assisting in all matters related to office management, operations, security at field office level, organization of national events, procurement of goods and services, etc.	Nairobi, Kenya

of Operations (regular ISA) 100%, 4 years			
3 National Technical Coordinators (LTA) 100%, 4 years	Support the N-CTA in the effective technical coordination of the project, Facilitate the coordination of operations from the various technical sides, assist with the drafting of technical specifications and terms of reference; facilitate the monitoring of the performance of technical outputs, assist the N-CTA on partnership and synergy matters.		Multiple locations across Somalia
Short-term Experts (LTA, TX, ISA WAE or Regular as applicable)	International Senior Technical Specialist	International Senior Technical Specialist on Post crisis Entrepreneurship development (ISA WAE)	Missions to Somalia
	Ad-hoc national and international experts, trainers, facilitators	Recruited to conduct training, implemented specific activities or facilitate data collection as outlined in the actions document (ISA or LTA)	Missions to Somalia
	Monitoring and Evaluation	UNIDO will rely on external experts for short term missions when required (see below) (TX, ISA or LTA, or subcontract). In particular a M&Es Expert will be involved in the project during its inception phase, to establish the monitoring system and to train the project team and stakeholders on how to use the project specific M&E system.	HQs, Vienna, Austria, with Missions to Somalia
	Ad-hoc additional Communication, graphic designer, editor	UNIDO will rely on a pool of communication expert to support project communication efforts coordinated by the Int. Junior programme coordinator. (BL 1100)	HQs, Vienna, Austria
	Ad-hoc additional Administrative support services	Directly attributable administrative support services that are required for the implementation of the project such as Finance, Human Resources, Procurement and Logistics (BL 1701 and BL1700 as applicable)	HQs, Vienna, Austria

Experts and consultants will be identified based on the areas of work to be undertaken. In all the recruitments, due attention will be given to have a gender balance according to UNIDO's Individual Service Contract Policy.

National Project Team Recruitment

To be able to deliver on the Action's activities UNIDO is deploying project staff across Somalia, often subject to dangerous working and living conditions, very unique to the country. In such challenging environment, to be able to effectively and safely recruit, provide security support and the necessary protection and operational support to all national projects' personnel deployed in the field, UNIDO in Somalia has entered into a procurement contract with "CTG - Committed to good" operating a global active UNOPS LTA since August 2019, like a number of other UN sister agencies like WFP, FAO, UNDP, etc. The selection of this contractual modality for the recruitment of UNIDO Programme team allows to offer to the national project team more comprehensive package of support and benefits, while also reducing the risk exposure of the organization, the programme management team and the donor, to country specific risks, allowing the team to better focus on technical contribution and value addition inputs. In synthesis, CTG is able to provide all services related to personnel recruitment, HR, security and operational services in Somalia and is currently the modality for the current UNIDO projects in operation in Somalia (UNIDO ID 170097 and 190362). As soon as the activities of this project will commence, immediate steps to recruit a project national team under this contractual modality (or similar) will be undertaken.

D4. Procurement

UNIDO will handle arrangements for procuring goods and services for the project (equipment, supplies, contracts for works and services, as envisaged for the project's activities) will be undertaken in compliance with UNIDO positively assessed procurement pillar and in line with UNIDO procurement rules and regulations and may be executed and managed by project team in close collaboration with UNIDO centralized Procurement department.

Indicative plan of project centralized procurement activities

Activity # and period	Procurement Modality	Type of vendor
Activity 1.1.4 during Y1 - Q1 & Q2	Open competition: International procurement	Procurement contract with specialized supplier of technology and equipment for fab-lab, testing and technical training lab, etc. to procure equipment for the undegrading of incubators and distance service office/infrastructure facilities.
Activity 1.1.7 starting on Y1 - Q2 for entire project duration	Subject to Waiver to competition	Procurement contracts with 3 projects supported incubators for the recruitment of staff and experts to manage the incubator, run the activities, and delivered the services, as planned, during project duration.
Activity 2.1.4 Y2 – Q1, Y3 – Q1 & Y4 – Q1	Open competition: International procurement	Procurement contract with specialized supplier of technology and equipment to support 60 incubates projects (20 per year starting Y2).
Activity 3.1.6 Y3 and Y4	Open competition: International procurement	2 Procurement contracts with agency for the organization of project international study tour.
Activity 3.1.7 Y3 and Y4	Open Competition: local procurement	2 Procurement contracts with agency for the organization of 2 project supported start-up forums.
Staffing National project Team – entire project duration	UN/UNGM LTA	HR & Staffing Procurement contract for project national staff based in Somalia executed with an international HR and staffing company engaged into a valid UN/UNGM LTA with another UN agency and able to support UNIDO operations in Somalia.
Operations – entire project duration	Open Competition: local procurements	UNIDO Somalia Programme Office cost co-sharing, Project Int. Staff Accommodation cost co-sharing & national project team vehicle in Mogadishu.

Other decentralized subcontracting engagements to support ad-hoc project operations needs may be executed and managed by project team within the DTA/AGR/AIS ROTC framework.

Procurement of office equipment for project staff and beneficiaries has also been budgeted under BL45. In the case of project ICT equipment existing equipment Long Term Agreement (LTAs) options will be taken into consideration. UNIDO project manager will hold the right to transfer project assets to beneficiaries or counterparts, at any period during implementation, as deemed necessary.

D5. Visibility and Communication

Annex VI is dedicated specifically focused at describing the communication and visibility plan of the project.

D6. Independent evaluation

The Project will be subject to mid-term and terminal independent evaluation assisted by the UNIDO Evaluation Group. For more details, see paragraph E3.

E. MONITORING, REPORTING EVALUATION

Baseline results indicators and targets measuring outputs and outcomes will be validated during inception phase and integrated into a revised logical framework and action plan. At this end, UNIDO will establish a results-based management mechanism (RBM) to ensure timely identification of possible implementation challenges and provide support in addressing them. The results of the RBM will be presented and discussed during the first Steering Committee Meeting.

Monitoring of the programme activities will include data collection and analysis arrangements, baseline information, work plans and budget expenditures. Data collection will be sex disaggregated.

Additional layer of reporting coordination will be coordinated with the team implementing the regional programme and in cooperation with teams in the other locations.

E1. Reporting

Report frequency

UNIDO will develop a format for the annual narrative reports during the inception phase.

Annual reports will be submitted in line with the reporting requirements as per the “General Conditions” applying to Contribution Agreements. Reports will be on project activities detailing progress achieved towards meeting the stated outputs, the problems and constraints, and recommendations for correcting them, plus a detailed work plan for the next 12 months. The indicative work plan submitted at the start of the action for year 1 will be reviewed and shared before the end of the inception phase.

A final report will be submitted at the latest, 6 months after the end of the implementation period.

Progress Reports (mid-term to annual report) will be shared with the EU Delegation team in Mogadishu, by UNIDO field team and will provide a brief overview of the project main achievements and challenges, encountered during the project implementation, in the 6 months following the PSC meeting or the submission of the latest annual report.

E2. Monitoring and Evaluation

The performance monitoring will be executed based on a detailed work plan and the log-frame. A detailed monitoring and evaluation plan will also be developed during the inception phase in full collaboration with BIC Africa. Baseline indicators established at inception will be monitored on an annual basis. The ESMP to be developed during the inception phase, will also be duly monitored and adjusted, as needed. A Project Steering Committee will be constituted to monitor and evaluate the project. It will be made of representatives from EU, the line Federal Ministry of Commerce and Industry, Chairman/ Dy. Chairman of Chamber of Commerce and Industry (as observer), and UNIDO as the implementing partner.

E3. Project Independent mid-term and terminal evaluation

The Project will be subject to independent review processes assisted by the UNIDO Evaluation Group.

This will include:

- The mid-term review: On completion of the 2nd year of the project, an independent appraisal will be conducted through local consulting firm under the guidance of the UNIDO Quality Monitoring Division. The mid-term review will also review the effectiveness of the implementation of mitigation actions identified in the project ESPM and propose potential adjustments, as needed. The conclusions and recommendations of the mid-term review should lead to follow-up actions to be taken and any corrective action necessary including, if recommended, the re-orientation of Project components.
- The final evaluation: The final evaluation of the project will be conducted by the UNIDO Evaluation group, which will be an in-depth evaluation on the achievement and the approach of implementation, included the mitigation actions proposed within the ESMP. The report will assist EU in designing future similar projects
- The indicative budget allocated for the mid-term review and terminal evaluations is EUR 60,000.

F. PRIOR OBLIGATIONS AND PREREQUISITES

Signing of the Financing Agreement between the EU Delegation to Somalia and UNIDO. The EU Delegation to Somalia will represent the European Commission.

G. HARMONIZATION WITH DEVELOPMENT PARTNERS

In view of not duplicating development efforts, the project will aim to coordinate with international and national organizations that are working to support similar objectives related to MSME development, agriculture and agro-industrial produces and skills upgrading. Due to the size of the project synergies with existing programs will further enable the project to further scale-up its assistance to MSMEs. However, such partnerships will need to fit within the project duration of the actions specified in this project document.

H. LEGAL CONTEXT

The Government of the Federal Republic of Somalia agrees to apply to the present project, mutatis mutandis, the provisions of the Standard Basic Assistance Agreement between the United Nations Development Programme and the Government, signed on 16 May 1977 and entered into force on 11 October 1978.