

## PIMS LESSONS LEARNT STUDY

### 1. Executive Summary

Promoting Inclusive Markets in Somalia (PIMS) was designed to contribute to private sector development (PSD) and food security, by improving productivity, livelihoods and job creation in key sectors in Somalia, a Fragile and Conflicted Affected state (FCAS) and was expected to impact 45,000 smallholder and entrepreneurs in target sectors and increase their net additional income by £28,600,000 while also creating 10,500 additional Full time Equivalent (FTE) jobs, from 50% of firms reporting an income increase and leveraging £12,500,00 in private sector investment. Over the four-year programme, PIMS employed an innovative combination of market facilitation (MSD) and cash for work (CfW) interventions to achieve (see Box 1) and, in some cases, to exceed its programme objectives and commissioned this lesson learnt study to explore and better understand the drivers of its successes and failures.

Box 1: PIMS Results			
 <b>60% of firms reporting an income increase</b>	 <b>£26,236,062 Net Additional Income Change</b>	 <b>£13,162,684 in Private Sector Investment</b>	 <b>11,637 Full Time Equivalent (FTE) Jobs</b>

Using the lens of implementing a MSD plus CfW programme in a FCAS, the study examined PIMS programme design, staffing, management and implementation approach. It also investigated the ways the programme worked with the private sector, engaged on policy and carried out the CfW activities. Lessons learnt emerged from all aspects of the programme and are summarised in Box 2.

In addition to the lessons learnt, the research also uncovered a myriad of good practices (Box 3) as well as some areas of improvement (Box 4) for implementing a MSD plus CfW programme in an FCAS context, which have been incorporated into recommendations (Table 1) for DAI and DFID for their respective future programming in FCAS.

Box 2: PIMS Lessons learnt
<ul style="list-style-type: none"><li>✓ In FCAS, the MSD approach can lead to sustainable change and increased resilience</li><li>✓ Allow the investment and time necessary to succeed at systemic change</li><li>✓ Lead with the value proposition and don't forget the business case for women and youth</li><li>✓ Encourage curiosity with tools, processes and an enabling organizational culture.</li><li>✓ Transparent processes and regular stakeholder engagement build trust</li><li>✓ Don't shy away from policy but include an off-ramp or exit strategy</li><li>✓ In FCAS, CfW can be an asset</li><li>✓ Collaboration not competition</li></ul>

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## 1.1 Lessons learned

- ✓ **In FCAS, the MSD approach can lead to sustainable change and increased resilience** when risks to target populations and incentive structures (between private sector and vulnerable groups) are regularly evaluated (and especially after a major shock), sector selection feasibility assessments factor in the likelihood of shocks and intervention design includes resilience strengthening activities (through and/or in collaboration with the private sector).
- ✓ **Allow the investment and time necessary to succeed at systemic change.** MSD programmes are time intensive and should be designed, staffed and managed accordingly. This is even more true in FCAS like Somalia. Designing market systems interventions requires granular understanding of market actors, dynamics and binding constraints. This type of research takes time and mobilising the analytical skills and expertise can be difficult. Often, these hard and soft skills need to be developed and nurtured internally over a prolonged period. Lastly, facilitating systemic change takes years, particularly in heavily distorted markets.
- ✓ **Lead with the value proposition and don't forget the business case for women and youth.** Design project interventions with tangible value proposition for key players in the different segments of the market system. Identify and demonstrate not only the pro-poor value proposition but the case for increased engagement of women and youth; this may require additional staff capacity building and supplemental research.
- ✓ **Encourage curiosity with tools, processes and an enabling organisational culture.** PIMS is operating in a very dynamic environment where working conditions can change rapidly. Consequently, results may not be obtained in a linear manner. Having programme tools and processes which suit the high-risk environment, respond to reporting requirements and foster an organisational culture of curiosity is important to navigating and finding synergies in the complexity.
- ✓ **Transparent processes and regular stakeholder engagement build trust.** PIMS success can be attributed, in part, to its transparent, frequent and collaborative engagement approach which was informed by its initial assessment of relationship dynamics in the targeted sub-sectors. In low trust and low capacity environments, political economy and conflict analyses should inform the manner and frequency of engagement.
- ✓ **Don't shy away from policy but include an off-ramp.** Though PIMS was originally designed to sit largely outside the government systems some of its most notable successes have come from seizing policy opportunities and advocating change one on one with the Federal Government of Somalia (FGS). An entrepreneurial approach to policy can deepen the impact of market facilitation work but from the outset should incorporate an exit strategy.
- ✓ **In FCAS, CfW can be an asset.** Because PIMS examined CfW projects through a market lens, the CfW component not only enabled the programme to address key infrastructural barriers to livelihood and private sector growth (which were beyond the means/scope of individual private sector investment), it also enabled the programme to flexibly respond to the drought emergency; remaining relevant and responsive to beneficiary needs.
- ✓ **Collaboration not competition.** Cognisant of the density of donor activity and diversity of implementation styles in Somalia, PIMS smartly aligned with and leveraged the resources of other

'like-minded' PSD programmes to maximise impact while continuing to popularise the MSD approach with more traditional donors.

**Table 1: Recommendations for future programmes in FCAS**

Lesson learned	DAI	DFID
<p><b>In FCAS, the MSD approach can lead to sustainable change and increased resilience</b></p>	<ul style="list-style-type: none"> <li>• Update sub-sector selection criteria to include stronger resilience considerations including assessing the likelihood and impact of natural disasters on household and systems-level resilience.</li> <li>• Revise monitoring tools to regularly assessing incentive structures to ensure alignment.</li> <li>• Include supplementary resilience strengthening activities with the private and public sector (as appropriate) at household, community and systems level to improve absorptive, adaptive and transformative capacities.</li> </ul>	<ul style="list-style-type: none"> <li>• Continue to use MSD approach to improve resilience in FCAS.</li> <li>• Develop and share with other donors the evidence base of the impact and effectiveness of MSD approach to improve resilience in FCAS.</li> </ul>
<p><b>Allow the investment and time necessary to succeed at systemic change.</b></p>	<ul style="list-style-type: none"> <li>• Break-up the MSD training into discrete modules which can be delivered during the different phases of the programme (i.e. accompanying the implementation with targeted trainings) to help absorption of training amongst staff.</li> <li>• Add modules on designing and implementing MSD in a FCAS context and provide guidance on how staff can navigate heavily distorted markets.</li> <li>• To ensure credibility of the trainers with programme staff use a mix of home office and field staff to deliver training. Conduct training of trainers with key local staff if no existing capacity exists.</li> <li>• Pair training with tailored, long-term coaching to support individual staff learning styles and pace and include key performance indicators on staff ability to implement the MSD approach for accountability.</li> <li>• Invest in and establish formal and informal channels with SRO and other key DFID staff to frankly speak about programme performance and escalate issues when they are not receiving sufficient attention.</li> </ul>	<ul style="list-style-type: none"> <li>• Ensure programme design (e.g. duration, budget, geographic focus, degree of flexibility, etc.) in FCAS accommodate both the selected development approach and operational context.</li> </ul>

<p><b>Lead with the value proposition and don't forget the business case for women and youth.</b></p>	<ul style="list-style-type: none"> <li>• Develop staff capacity to identify business case for increased youth and women involvement in inclusive business model</li> <li>• Provide coaching to firms on how to successfully identify, invite and engage women and youth in their supply chain.</li> </ul>	<ul style="list-style-type: none"> <li>• Require programmes to have targets and report on output, outcome and impact level indicators for women and youth</li> <li>• Encourage &amp; facilitate cross-programme learning on engaging and improving outcomes for women and youth in MSD and PSD programmes</li> </ul>
<p><b>Encourage curiosity with tools, processes and an enabling organisational culture.</b></p>	<ul style="list-style-type: none"> <li>• Encourage programme leadership to role model learning and adaptive management behaviours.</li> <li>• Create space in formal and informal meetings between staff, programme partners and DFID for reflection and learning.</li> <li>• Ensure tools and reports prompt and incorporate learning behaviour among staff and leadership.</li> <li>• Establish learning agenda and engage SRO on findings to learning questions and other programme learnings identified along the way.</li> </ul>	<ul style="list-style-type: none"> <li>• Establish learning as a priority on the programme through formal and informal requirements.</li> <li>• Over the life of the programme, probe how well the programme is balancing learning and doing and provide direction as needed.</li> </ul>
<p><b>Transparent processes and regular stakeholder engagement build trust</b></p>	<ul style="list-style-type: none"> <li>• Continue to conduct and regularly update detailed PEAs to determine most effective stakeholder engagement strategies.</li> </ul>	<ul style="list-style-type: none"> <li>• NA</li> </ul>
<p><b>Don't shy away from policy but include an off-ramp.</b></p>	<ul style="list-style-type: none"> <li>• Continue to consult private sector in the identification of policy constraints and policy papers and through this process co-develop a policy advocacy strategy (including a plan for the programme exit). The policy advocacy strategy could include bringing onboard relevant civil society groups should detail the capacity building required to address identified skill gaps.</li> </ul>	<ul style="list-style-type: none"> <li>• Continue to include the flexibility in FCAS programmes to work with the government and advocate policy changes relevant to the programme's market facilitation activities.</li> </ul>
<p><b>In FCAS, CfW can be an asset.</b></p>	<ul style="list-style-type: none"> <li>• Develop alternative strategies to improve the sustainability of CfW activities in areas where there are not clear management structures.</li> </ul>	<ul style="list-style-type: none"> <li>• Encourage DFID and other donor programmes in FCAS to include stronger market &amp; sustainability considerations in identification and prioritisation of CfW activities.</li> </ul>
<p><b>Collaboration not competition.</b></p>	<ul style="list-style-type: none"> <li>• Continue to seek out and partner with compatible organisations to leverage resources &amp; amplify impact.</li> <li>• Continue to advocate the MSD approach among more traditional donors and aid organisations.</li> </ul>	<ul style="list-style-type: none"> <li>• Continue to encourage collaboration among compatible organisations.</li> <li>• Raise awareness of the importance and potential for private sector development using the MSD approach in FCAS to other donors.</li> </ul>

## 1.2 Good practices in implementing a MSD programme in FCAS

### **Box 3: Good practices from PIMS for implementing a MSD programme in FCAS**

- ✓ Include women and youth considerations from the outset; starting with your data collection and sub-sector selection
- ✓ Convene regular and frequent coordination meetings with different levels of stakeholders
- ✓ Lead with the value proposition and be upfront about financial responsibilities
- ✓ Turn the administration of partnership contracts into a trust building exercise
- ✓ In pre-competitive areas, have private sector partners train other programme partners
- ✓ Be creative and entrepreneurial with training approaches: look to neighbouring countries for relevant and accessible training examples
- ✓ Engage lead firms in M&E data collection and use the data to help the firms better understand their own business potential
- ✓ Be upfront about scaling expectations and seek opportunities to promote the spill over of good practices
- ✓ Watch closely and seize policy windows of opportunity as they emerge
- ✓ Leverage formal programme progress update meetings to strengthen positioning and relationships; and socialise policy ideas
- ✓ In areas of high turn-over, leverage 'incumbent' position to usher through policy agenda
- ✓ Align CfW activities with MSD objectives
- ✓ Plan for the capacity building of local government officials to reduce risks during the CfW tendering process
- ✓ Hire lead firms to manage CfW activities when incentives are aligned, and technical requirements are within their capacity
- ✓ Use mobile money, but first check assumptions around SIM card/phone usage particularly among vulnerable groups
- ✓ Use a robust PECA analysis to inform CfW community engagement strategy
- ✓ Keep trying (experimenting) but always keep checking the alignment of the underlying incentives
- ✓ Build the capacity of and work through respected local service providers

### 1.3 Areas of improvement

#### **Box 4: Areas of improvement identified from PIMS**

- ✓ Expertise in WEE and youth in MSD needed to be deployed throughout the programme; and management tools should have periodically evaluated the need for future investments in improving gender and youth outcomes
- ✓ Centres of decision-making were too far removed from the field, disempowering field staff and leading to slow implementation of activities
- ✓ PIMS was too slow in identifying the essential staff skills needed for implementing an MSD in FCAS
- ✓ PIMS/DAI needed to find a way to build a more productive relationship with its first DFID SRO in order to speak frankly about and find resolutions for programmatic concerns
- ✓ In light of the drought, PIMS should have pushed DFID for more flexibility in its activities, particularly as it relates to geographies and subs-sectors
- ✓ PIMS should have strengthened the ‘learning’ component of meeting
- ✓ PIMS leadership should have fostered a stronger culture of learning among staff, partners and even its donor
- ✓ Too much focus on results, incentivised some staff to overstate progress or sub-sector potential
- ✓ PIMS should have formally evaluated partner capacity throughout the programme life cycle and adjusted support as needed
- ✓ PIMS policy achievements may be at some risk as a result of its direct engagement approach
- ✓ The sustainability of some CfW activities may be at risk because of limited community ownership/management capacity
- ✓ PIMS overlooked an opportunity to investigate the impact of mobile money in CfW on financial inclusion (FI) and augment programming to optimise FI impacts for women and youth
- ✓ PIMS should have given more serious consideration to climate related risks
- ✓ PIMS did not give enough thought to what resilience means in Somalia and how to strengthen it at a household, community and systems level
- ✓ PIMS should have been faster in understanding and adapting to how the drought was impacting its interventions, including the impact of the influx of humanitarian organisations
- ✓ PIMS should have provided more guidance to partners on effective and sensitive ways to invite and engage women and youth.

## 2. Introduction

Promoting Inclusive Markets in Somalia (PIMS) aimed to contribute to Private Sector Development (PSD) and food security, by improving productivity, livelihoods and job creation in key sectors in Somalia, a FCAS. PIMS employed an innovative combination of market facilitation (MSD) and cash for work (CfW) interventions to achieve and exceed in some cases its programme objectives and has commissioned this lesson learnt learning study to explore and better understand the drivers of its successes and failures. The study was guided by key research questions and investigated three specific themes through the lens of implementing a MSD and CfW programme in a FCAS; working with the private sector, policy and advocacy and CfW activities.

Several key research questions guided this study, including:

- 1) What are the learnings from PIMS that should be applied to future DAI programmes, particularly those being implemented in FCAS?
- 2) What 'good practices' for implementing a MSD program in a FCAS have emerged from PIMS?

The research methodology combined interviews with 15 staff members and programme partners and a comprehensive review of programme documents. The major research limitation was the need to use a translator to conduct the majority of interviews with programme partners. As a result of this limitation, this report should be considered comprehensive but not exhaustive. The audience for this study is the PIMS programme, DAI Europe and DFID Somalia.

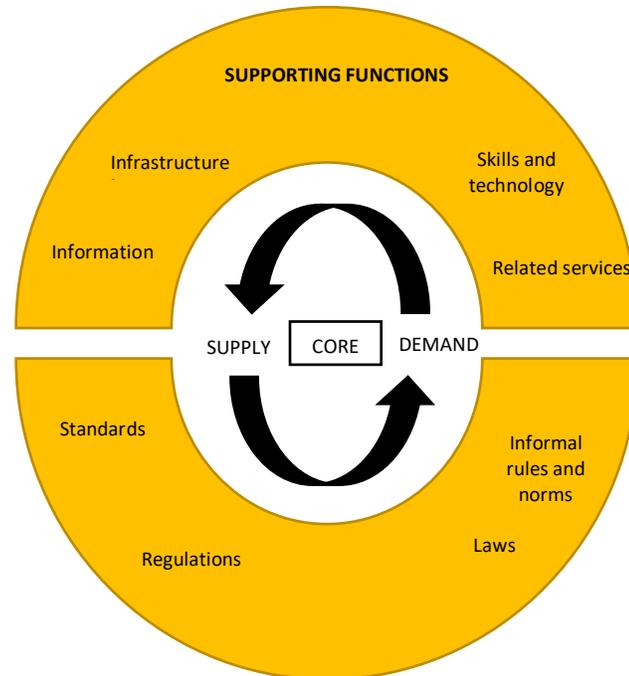
## 2.1 Market Systems Approach

*This section provides a high-level overview of the market systems development approach*

The market systems development or making markets work for the poor approach is founded on the idea that each market is a complex system involving many stakeholders, each with their own complexity, and that in order to sustainably change how the system works to benefit the poor, programmes need to tackle the underlying causes of market failures and ensure desired changes reflect genuine incentives and capabilities of permanent market players<sup>1</sup>.

Though MSD programmes can vary depending on several factors, they typically start with an inception phase (see Graphic 2) where economic sectors are assessed for their potential to contribute to the programme's objectives.

**Graphic 1: Market Systems Map**



*Source: Recreated from M4P Guide*

Once a short list of sectors has been identified, MSD programmes conduct rigorous market research in each selected sector to fully understand the key players in the core, supporting functions and enabling environment (rules) (see Graphic 1), power dynamics and market failures. MSD programmes often use this period to advocate for the approach among the private, public and donor sector and gauge the interest and capability of the private sector in testing inclusive business relationships with the poor which address, in a mutually beneficial way, the identified market failures. Note that this process can take longer in FCAS, where the private sector is often wary of development aid; markets are distorted by influxes of humanitarian aid; and in countries with less exposure to the MSD approach. A mix of strong analytical, entrepreneurial and relationship-building skills in the programme staff in addition to a credibility with the private sector and a deep understanding of the MSD approach are critical at this stage.

<sup>1</sup> <https://beamexchange.org/market-systems/key-features-market-systems-approach/>

MSD programmes typically start with small scale pilots with the private sector. The purpose of these pilots is to test the hypothesis on market incentives and see whether the inclusive business relationship between the lead firm and poor producers resulted in the intended benefits, for example higher volumes of better-quality products for the business and increased access to services and income for producers. Based on the outcomes of the initial pilots, in addition to monitoring feedback received throughout the pilot, MSD programmes typically take a moment to evaluate the partnership with the private sector firm to see how to sustain the positive momentum while reducing their level of engagement with the firm in addition to trying to facilitate the replication and or adaption of the inclusive business behaviour by other firms in the sector.

While analytical, entrepreneurial and relationship-building skills are still an asset at this stage, staff must also be capable of digging in deeper and understanding the bigger picture or ‘so-what’ of the pilot activities and identify and exploit potential emerging synergies and or minimise potential risks. The emphasis on adaptive learning at this stage requires that the programme encourages strong collaboration between the intervention, M&E and administrative teams so that information regarding the progress of the intervention is not siloed but rather being holistically considered and acted upon.

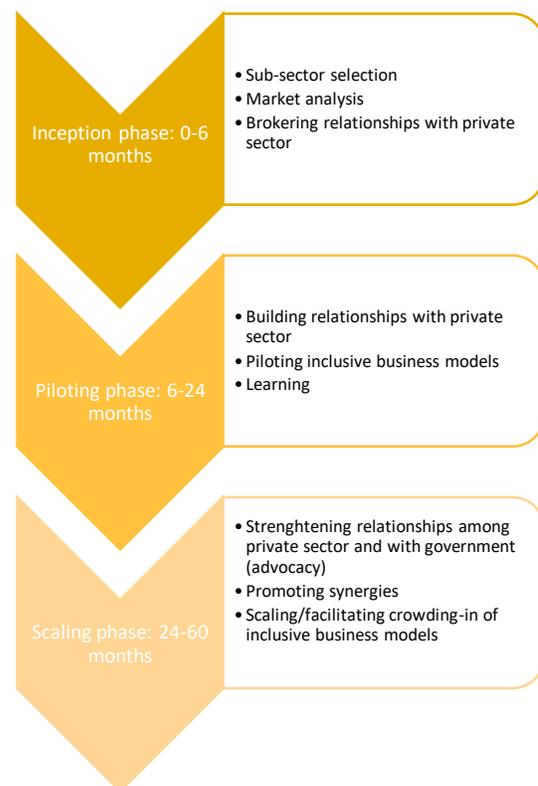
The third phase of a typical MSD programme centres upon facilitating the scaling or ‘crowding-in’ of the proven inclusive business practices. During this phase, MSD programmes will again evaluate their facilitation role and seek to further minimise their direct involvement while not compromising the momentum. Similar to the second phase, curiosity, relationship-building and analytical skills are needed.

## 2.2 PIMS Programme

*This section describes the programme design and management approach.*

Promoting Inclusive Markets in Somalia, a MSD programme implemented by DAI Europe, was designed to contribute to private sector development and food security, by improving productivity, livelihoods and job creation in key sectors in Somalia using a unique combination of market facilitation and CfW interventions. PIMS is one of the first MSD programmes to be implemented in Somalia and one of the few programmes focused on private sector development in Somalia. Originally conceived as a three-year (April 2015 – April 2018) £13 million programme, PIMS underwent two contract amendments since its inception; first, in January 2017 to include an additional £2m of funding from DANIDA, the development cooperation agency of the Government of Denmark and to reallocate £1m (of the original £2m) from the M&E budget to programme delivery and second, in April 2018 for a no-cost extension of the time period of the programme up to July 2019.

**Graphic 2: MSD phases and illustrative timeline**



Due to Somalia's extremely fragile status and classification as a FCAS, PIMS was designed incorporating many good practices for delivering PSD programmes in FCAS (see Box 5) including a flexible Cash for Work (CfW) component; a novel development in the MSD field. The primary objective of this component was to rehabilitate local level market infrastructure such as village roads in order to connect producers to markets and removing silts deposited over years to open access to irrigation by small producers. The secondary objective was to increase access to cash (i.e improve liquidity) in villages affected by extreme poverty.

#### **Box 5: Summary of good practices for designing and implementing PSD programmes in FCAS**

According the Centre for Development Results (CDR), '*global trends are concentrating extreme poverty in fragile and conflict-affected states [and] by 2030, more than 60% of extreme poverty will be in fragile states.*'<sup>1</sup> Two recent papers, '*Working in fragile states: lessons for policy and practice*' by CDR and '*Private sector development in fragile and conflict-affected states: lessons learned from the DFID Private Sector Development Programme in the Democratic Republic of the Congo*' by Oxford Policy Management have examined numerous donor funded programmes in FCAS and identified several good practices for designing and implementing programmes in FCAS:

- ✓ Design for and implement with flexibility (and some autonomy)
- ✓ Conduct rigorous political, economic, and context analysis (PECA)
- ✓ Plan for longer timeframes and more expensive programmes.
- ✓ Build capacity of local partners to respond to changes on the ground.
- ✓ Be prepared and invest in long-term approaches
- ✓ Embed sustainability in programme design

### **2.3 Theory of change**

PIMS' theory of change (ToC) (see Annex 1) is that by working with lead firms and service providers to promote improved production practices and technologies to smallholders and improving market access through rehabilitation of key infrastructure assets and establishing business linkages between actors within the target value chains and improving the business enabling environment will lead to outputs including improved production and post-harvest handling practices among smallholder producers, improved access to markets and improved opportunities for private sector investment and quality of commodities. As a result of these outputs, PIMS' ToC predicts increased productivity and a reduction in post-harvest losses, increased production volumes and a reduction in transit time to markets and improved business enabling environment to stimulate private sector investment. As a result of these improved outcomes, the expected impact is 45,000 smallholder and entrepreneurs in target sectors increase net additional income by £28,600,000, 10,500 additional Full Time Equivalent (FTE) jobs are created and an additional £12,500,00 in private sector investment is leveraged.



**Include women and youth considerations from the outset; starting with your data collection and sub-sector selection**

#### **Women and youth inclusion**

PIMS was expected to mainstream gender and youth considerations throughout its analysis and intervention design and achieve specific quotas in its CfW activities; 70% youth and 30% women participation. Starting with the inception activities and with support of its part time gender advisor, PIMS mainstreamed gender considerations into its data collection and sector selection process, analysis and intervention

design. For example, in the 13 community consultations conducted to identify CfW infrastructure assets,

54 of the 112 participants were women. PIMS also purposefully chose sectors with high female participation rates. The sesame sector is known to be labour intensive especially at harvesting time of which the bulk of the work is done by women. In the dairy and ocean fisheries sectors, women are mostly engaged in selling the produce/end products to sustain their families. In CfW activities, PIMS embedded women and youth participation quotas in each of its contracts.

Though PIMS approached the participation of women in a thoughtful way which resulted in relatively high programme participation rates 32%, it overlooked an opportunity to approach women and youth participation [64%] from a business angle and instead used quotas inserted into deal notes. While a quota approach can be effective in the short term, it does not necessary demonstrate the business case for firms to continue the practice after the contract. Further, while PIMS has monitored female access to services made available by lead firms, it has not consistently monitored the impact of that access on women's economic empowerment (WEE). In the best case, this means that the programme has under reported its impact and in the worst case, the programme may not be aware of the negative impact its activities are having on female participants.



**Expertise in WEE and youth in MSD needed to be deployed throughout the programme; and management tools should have periodically evaluated the need for future investments in improving gender and youth outcomes**

### **Programme team and timeline**

The PIMS programme is managed by the Team Leader, based in the head office in Nairobi, Kenya who is supported by a Programme Management Unit based in DAI's Europe's home office and a field team split between the Nairobi office, where the Programme Delivery Manager (formerly the Market Development Manager) is based and the three regional offices in Somaliland, Puntland and South-Central where the Area Coordinators and Intervention Officers are based. The Nairobi office also houses the M&E and Operations and Finance team in addition to other support roles. The CfW manager is based in Hargeisa, Somaliland.



**PIMS centres of decision-making were too far removed from the field, disempowering field staff and leading to slow implementation of activities**



**PIMS was too slow in identifying the essential staff skills needed for implementing an MSD in FCAS**

Recruiting and retaining the right staff for PIMS has been a challenge since the beginning in which four key staff were replaced within the first year. Despite their deep knowledge of Somalia and international development, having worked on the previous DAI Somalia PSD programme, they lacked the critical analytical and partnership brokering skills, required at the inception phase of a MSD programme. Noting this skill mismatch, the 2015 annual review recommended that *'DAI should ensure that core team expertise is embedded in its country office team [...] Strong leadership and capacity building of local staff is needed to ensure coherence across*

*a number of complex value chain components.'* Though DAI's in-house MSD expert conducted a MSD training at the programme start, a one-off training was not sufficient to bridge the MSD skills and experience gap of the team and ongoing support and training was needed.

As a result, the inception phase continued longer than anticipated (see Table 2) and involved a protracted back and forth with the DFID SRO on the level of detail in the deliverables. In general, according to several staff interviews, the relationship between PIMS leadership and the initial DFID SRO (who left in mid 2016), was very challenging because of fundamental differences of opinions regarding what were realistic programme outcomes. The effects of the staff inexperience with the MSD approach was compounded by the complicated relationship with the SRO and the remote location of the programme leadership (e.g. Nairobi and London) which, according to one staff member, *‘led to a frustrating series of starts and stops in discussions and negotiations with potential partners.’*



**PIMS/DAI needed to find a way to build a more productive relationship with its first DFID SRO in order to speak frankly about programmatic concerns**

In Autumn 2017, the original Team Leader was replaced by the former the MSD Director and over time, the programme filled most of the technical role vacancies. Also in 2017, PIMS repeated the MSD training for staff and brought on a MSD specialist to provide inputs and coaching and staff began to settle into their respective roles. Following the inception period, the first deal notes and pilots were started in 24 June 2016



**PIMS/DAI needed to find a way to build a more productive relationship with its first DFID SRO**

(VetCare and Ala Amin) in the animal health sector. The initial pilots started to gain traction and positive reception from the private sector, however, by 2016/2017 the effects of the drought were beginning to manifest. In recognition that the drought posed a direct threat to Somali livelihoods, PIMS ramped up its CfW activities in affected areas and reduced and or put on hold some of its market facilitation activities. Other donor programmes like UN, USAID and DFID also ramped up their emergency response activities. By end of 2017, the emergency response to the drought had ebbed and PIMS

pivoted back to its market development work.

A MSD programme starts with ‘proofs of concept’ for inclusive business practices and based on the results of those tests, encourages the private sector to adopt and scale the inclusive business model to new geographic areas and or products. A MSD programme only achieves its impact targets when firms see and buy-into the new model. The prolonged drought resulted in missed cropping seasons and consequently a backlog of outcome level results, especially those related to income, investment and jobs from the rain-dependent value-chains; sesame and dairy sectors.



**In light of the drought, PIMS should have pushed DFID for more flexibility in its activities, particularly as it relates to geographies and sub-sectors.**



**Convene regular and frequent coordination meetings with different levels of stakeholders**

PIMS monitored the effects of the drought and overall programme progress using multiple tools including the deal-notes themselves, which listed specific activities and corresponding deadlines, an outcome projection model which embedded the ‘crowding-in’ assumptions of a MSD programme and a monthly programme update report. The concise two-page monthly update, which was shared with programme stakeholders, reported on nearly all programme facets; sector progress, key milestones, M&E activities, risks and finance.

Alongside these tools, PIMS convened staff and partners for regular progress updates and coordination meetings throughout the life of the programme. Each week, there was a call with the intervention teams to discuss progress against deal-notes. On a monthly basis, PIMS senior management met with and updated DFID on programme activities, results, risks and the budget. Each quarter, the programme convened intervention stakeholders including local government officials and partners to discuss progress and address any issues. And, every six months PIMS convened the Programme Steering Committee which included ministerial level counterparts, partners, other donor programmes and DFID. During this meeting, progress updates including budget allocations across the three regions were presented. In addition, PIMS held a regular coordination meeting with the USAID funded GEEL program to facilitate information sharing and provide a forum to discuss areas of collaboration. Lastly, the programme also participated in the Economic Pillar Working Group (PWG 5), a UN initiative to promote sectoral and programmatic coordination and knowledge sharing.



**PIMS should have strengthened the 'learning' component of these meetings**



**PIMS leadership should have fostered a stronger culture of learning among staff, partners and even its donor**

While fit for purpose and resulting in better coordination among donor programmes, dissemination of information and in some cases, the sharing of good practices and even adoption of new behaviours among programme partners, the design of the reporting tools and nature of the programme meetings emphasised progress towards milestone achievements and risk management. As a result, they crowded out reflection, curiosity and discussions on broader intervention and market systems observations; an essential feature of the MSD

approach. Further, the prioritisation of 'doing' over 'learning' may have made it difficult for the programme and programme partners to identify and exploit synergies across activities and may have resulted in staff overstating progress (because this was what they were evaluated upon) and missed early market signals on the potential of some interventions such as dairy milk quality.



**Too much focus on results, incentivised some staff to overstate progress or sub-sector potential**

## 2.4 PIMS Lessons Learnt

### ✓ **Allow the investment (in staff and partners) and time necessary to succeed at systemic change**

MSD programmes require a specific set of skills and benefit when staff are able to share their relevant MSD experiences. Since PIMS was the first MSD programme in Somalia and at the time MSD was still a relatively new approach, the team did not have the luxury of recruiting from an experienced MSD bench. Instead, the programme opted to conduct in-house trainings. One-off, in-depth trainings on the MSD approach can be effective, but can also be an overload especially when staff are being inundated with all types of information at the programme start and are unable to effectively contextualise the training into what they must do on a day to day basis.

The rate at which MSD programmes achieve their outcomes is typically slower than direct implementation programmes and can be further delayed by a lack of investment in staff capacity to implement the approach. Though the issue of the programme timeframe was repeatedly listed in the annual review comments, a contract amendment to extend the programme by one year only occurred in 2017. PIMS would have benefitted from having a franker and more constructive dialog with DFID from the outset about the programme timeframe and objectives. This type of exchange could have also helped

foster a more trust-based relationship which would have further encouraged the sharing and reflection upon failures and perhaps more programme flexibility.

### **Recommendations for DAI**

- Break-up the MSD training into discrete modules which can be delivered during the different phases of the programme (i.e. accompanying the implementation with targeted trainings) to ensure absorption and implementation capacity of team members.
- Add modules on designing and implementing MSD in a FCAS context and provide guidance on how staff can navigate heavily distorted markets.
- To ensure credibility of the trainers with programme staff use a mix of home office and field staff to deliver training. Conduct training of trainers with key local staff if no existing capacity exists.
- Pair training with tailored, long-term coaching to support individual staff learning styles and paces and include key performance indicators on staff's ability to implement the MSD approach for accountability.
- Invest in and establish formal and informal channels with SRO and other key DFID staff to frankly speak about programme performance and escalate issues when they are not receiving sufficient attention.

### **Recommendation for DFID**

- Ensure future programme designs (duration, budget, geographic focus, degree of flexibility, etc.) in FCAS accommodate both the selected development approach and operational context.

### **✓ Encourage curiosity tools, processes and an enabling organisational culture**

Despite setbacks, including the devastating drought, PIMS was able to keep focused and deliver on its contract which is impressive considering the operating environment. However, the tactical focus on progress against milestones at times crowded out more strategic reflection and thinking sometimes resulting in slower intervention iterations. PIMS would have greatly benefited if each programme meeting and report included reflective questions such as 'what patterns are we seeing emerge', 'what are the unintended outcomes of x activity', 'what synergies or points of leverage do you see emerging' or 'in what ways are private sector behaviours deviating from your expectations'. These reflective prompts could have led to a more balanced approach of 'doing' and 'learning' and could have helped PIMS to pivot quicker in certain interventions and find synergistic complementarities across the portfolio.

### **Recommendations for DAI**

- Encourage programme leadership to role model learning and adaptive management behaviours
- Create space in formal and informal meetings between staff, programme partners and DFID for reflection and learning.
- Ensure tools and reports prompt and incorporate learning behaviour among staff and leadership
- Establish learning agenda and engage SRO on findings to learning questions and other programme learnings identified along the way

### **Recommendations for DFID**

- Establish learning as a priority on the programme through formal and informal requirements

- Over the life of the programme, probe how well the programme is balancing learning and doing and provide direction as needed

✓ **Collaboration not competition**

PIMS wisely sought out compatible collaborators, supportive of the MSD approach, like USAID’s GEEL programme to better leverage its own resources and amplify impact. And at the same time, during the various coordination meetings continued to raise awareness of and build support for the use of the MSD approach among more traditional donors and aid organisations. PIMS underlying idea was that if more programmes implemented the sustainable MSD approach, an economy of scale could be attained.

**Recommendations for DAI**

- Continue to seek out and partner with compatible organisations to leverage resources and amplify impact
- Continue to advocate the MSD approach among more traditional donors and aid organisations

**Recommendations for DFID**

- Continue to encourage collaboration among compatible organisations
- Raise awareness of the importance and potential for private sector development using the MSD approach in FCAS to other donors

### 3 PIMS Approach

*This section describes DAI’s approach to implementing PIMS and lessons learnt while working with the private sector, on policy work and CfW activities.*

#### 3.1 Working with the private sector

Table 3: PIMS Results – working with the private sector			
 <p><b>60% of producers reporting increased income</b></p>	 <p><b>36 lead firms assisted to improve their practices</b></p>	 <p><b>£13,162,684 in Private Sector Investment</b></p>	 <p><b>11,637 Full Time Equivalent (FTE) Jobs</b></p>

**Partner identification**

Working with the private sector is a foundational component of the MSD approach and at the core of PIMS implementation strategy. During the market research phase, PIMS identified and initiated discussions with lead firms in the three sectors. During the discussions, potential partners were assessed by the technical leads for their technical capacities (skill) and desire to include more poor producers in their supply chains (will). The potential partners also underwent a rigorous due diligence process which assessed their human resource and financial management systems. PIMS chose to prioritise partnering with large, established and influential firms while acknowledging the risks of potentially reinforcing existing power dynamics.

## Partner engagement

A key to PIMS successful partner engagement has been the focus on engaging partners on the value proposition of the partnership (e.g. between PIMS and the lead firm and the lead firm and the producers). For example, in the sesame sector, PIMS showed sesame exporters that international demand for sesame is growing and a way that the exporters can increase their supply and sales revenues is through engaging directly with smallholder sesame farmers and providing them with inputs and extension services to increase their production and ultimately supply to the exporter.



**Lead with the value proposition and be upfront about financial responsibilities**

*'[PIMS] respected us with our ideas and didn't force us to what was brought outside and gave us a chance to express our priorities.'* Jama Mohamed Ali, CEO, CAFCO

During these partner prospecting meetings, PIMS technical staff explained that the partner would be expected to contribute at least 50% of the total cost of the activity and would be required to pre-finance the activities (PIMS would reimburse based on the validation of the completion of activity milestones). Being upfront about the business benefits (value proposition) and financial responsibilities was a way for PIMS staff to assess which firms were serious and which were not. The specifics of the partnerships were documented in a 'deal note'.

*'Somalia has been in humanitarian phase for long time of around 30 years and there is nothing which was benefited from it. The other idea on the project is that PIMS were not funding the project with 100%, they used to fund up to 46% - 49% and the rest were paid by the companies. So it was a cost sharing project where no one wanted to lose and I will support these projects to be increased and continued.'* Abdiweli Abdullahi Mumin, Director, ASMA General

The deal note, was the primary management tool for the programme and included background information on the lead firm, partnership objectives and proposed activities, responsibilities of the partner and PIMS, expected results and milestones and financial contributions for both the partner and PIMS. Requirements regarding female and youth participation in partner activities were also outlined in the deal note.

Deal notes spanned a specified time period and varied according to the seasonality of the sub-sector. For example, the fishing notes typically lasted one year, while the sesame deal notes lasted for a cropping season (e.g. Deyr or Haggaa). Successful partners often signed two or three deal notes over the course of the programme. Though it is clear that PIMS acknowledged the achievements of the previous deal note by including a description of the previous implemented activities in the current note, PIMS did not have a formal process in place to evaluate and reflect upon their current and potential facilitation role with that given partner. As a result, the level of PIM input remained relatively constant throughout each partnership.



**PIMS should have formally evaluated partner capacity throughout the programme life cycle and adjusted support as needed.**

## Capacity building

Since the market systems approach was new to Somalia and private sector capacity was generally low, PIMS invested heavily in partner capacity building to address both technical and financial management weaknesses. And, to reflect this intensive support, PIMS requested and was granted a change to its logframe to include an indicator on the number of lead firms,



**Turn partnership administration into a trust building exercise**

businesses and business associations assisted to improve their business management practices.

Financial management trainings were tailored to the needs of the lead firms and covered core areas such as proper procurement processes and value for money (e.g. solicitation, tendering, selection, award, services/goods delivery), human resource management (e.g. competitive recruitment processes, contracting, tracking of labour/leave days), budget preparation and monitoring, cash management and bank reconciliation, fixed asset management, invoicing, payment processing and supporting documentation. The financial management trainings not only improved the business administration capacity of the lead firms, it also enabled PIMS to develop strong, transparent relationships with the firms.

*'You can see what is behind the wall – because of all the [required] documentation. [PIMS] provided information on the method and on how to address documentation issues. [PIMS] guided, consulted and advised.'* – Mukhtar Mohamed Hassan, Director, Horn Afric

Technical trainings covered subjects relevant to the respective sub-sectors of the lead firms. To ensure continuous access, even during periods of instability, and promote long term sustainability, a significant portion of trainings were delivered through local partners, SATG, a research and input company. PIMS also co-located their intervention officer at SATG to ensure close coordination and realise cost-savings. In sub-sectors with weaker local service providers, like fisheries, PIMS would first focus on strengthening their capacity and then help them to commercialise their service (see Box 4).

#### **Box 6: PIMS Sustainable Approach to Lead Firm Capacity Building**

1. Strengthen local service provider with local and regional experts to assist the development of facilitators who will then train lead firms
2. Train lead trainers and technical staff from lead firms and support demonstrations by local service provider's technical teams
3. Train independent lead trainers to support the development of technical training in sub-sector
4. Support the commercialisation of the training materials and expertise across all stakeholders



**Be creative and entrepreneurial with training approaches: look to neighbouring countries or programmes for relevant training examples**

PIMS employed a variety of training approaches from one on one technical assistance to sector-wide workshops to site visits. And, in many cases got creative. For example, since out-grower models are a new concept in Somalia, PIMS took advantage of its network in Kenya and together with USAID's GEEL programme, organised out-grower management training workshops in Kenya. 25 participants partnering with PIMS and GEEL attended, including the Ministry of Agriculture, University and Premier Bank. The workshop, which was cost-shared with GEEL, focused on the key aspects of managing large numbers of suppliers (or out-growers) in the agricultural sector. Four factory visits were included: juice processor, spice processor, coconut oil processor and a grain and pulses handler. Two banks

presented their experience in agriculture and the Ministry of Agriculture presented on various electronic Management and Market Information Systems.

*"After attending PIMS' out grower management system training in Kenya, our management skills improved, and we have created contact with more than 6,000 small-scale farmers. We assisted the farmers by providing tractor hours to prepare their land and farming techniques via demonstration plots with experienced agriculture extension workers which increased productivity and quality of*

*the yields and at same time doubled our inventory". -Mr. Hussein, CEO, Al-Ashraf Sesame processing & exporting company*



**In pre-competitive areas, have private sector partners train other programme partners in inclusive practices**

Another example of training innovation was the use of lead firms to train other lead firms. For example, PIMS asked VetCare, a partner in the veterinary drug intervention and experienced in the application of the Community Animal Health Worker business model to train Alla Amin, an animal drug retailer, on the inclusive business model. This type of approach can minimise the advantage a lead firm may receive by partnering with the programme. In this specific example, it not only provided a cost savings for the programme, it also contributed to crowding-in because Alla Amin has expanded into new geographical areas with the new approach.

Technical trainings on GAPs would often include information on the need for women and youth participation. However, instead of approaching women and youth inclusion from a genuine value proposition standpoint, PIMS and its local partners approached inclusion from the stand point of meeting deal note quotas. Further, PIMS did not directly build the capacity of lead firms to more effectively identify, invite and train women and youth farmers.

### **Partner monitoring and management**

Rather than relying on a team of monitoring and evaluation (M&E) specialist to collect monitoring data, PIMS built the capacity of and engaged its partners in data collection and reporting. This innovative approach not only reduced data collection costs, it also engaged the lead firms in understanding the value of their own data encouraging continued accurate data collection. Further, it was consistent with PIMS' overall value proposition to the lead firms. PIMS, for example, taught fishing company to track their fish catch and spoilage rates. As the fishing companies became more aware of the impact of spoilage on their bottom-line, they were more interested willing to introduce conservation techniques. With the information provided by the lead firms, PIMS monitored the monthly sales volumes of its partners. In addition, PIMS mapped out the locations of the lead firms and service providers using GPS, mobile based technology and Open Data Kit. This information made it easier to explore trends in the respective sectors



**Engage lead firms in M&E data collection and use the data to help the firms better understand their own business potential**

PIMS Intervention Officers met regularly with lead firms to assess progress against milestones and strengthen lead firm capacity. In addition, programme partners attended quarterly stakeholder meetings with local government and PIMS staff to discuss progress and address issues. Though not necessarily unique to the FCAS context, the regular programme meetings with partners had several positive impacts including building greater trust and cooperation amongst firms.

### **Partner scale and sustainability plans**

Though PIMS was shorter than many MSD programmes, the programme timeframe, PIMS tried to promote scale and sustainability from the outset of its partnerships with lead firms in three specific ways. First, lead firms were trained in the MSD approach. Second, a majority of PIMS technical assistance to lead firms was provided through local organisations which have the capacity and incentives to continue to respond to the needs of private sector. Third, PIMS regularly convened the private sector in



**Be upfront about scaling expectations and seek opportunities to promote the spill-over of good practices**

workshops and encouraged a collaborative rather than competitive environment which has resulted in sharing of good practices and even business linkages.

*'Now the lead firms view themselves as a family rather than competitors. A fish buyer approached one of the lead firms and that lead firm didn't think they had the right product for the buyer so they shared the business linkage with the other lead firms. We are thinking about a fishing consortium where all are shareholders.'* Ahmed Eid, Director, Dalsan

While there is evidence of replication and crowding-in in some areas, PIMS could have been more explicit in their expectations of the lead firms to replicate successful models and expand to new geographies with the private sector in the deal-notes. For example, deal-notes could have included activities to actively support replication in new geographic areas. Further, PIMS could have approached the inclusion of women and youth from the perspective of the value proposition to the business instead of a contractual requirement to be fulfilled.

### 3.2 Lessons learnt

#### ✓ **Lead with the value proposition and don't forget the business case for women and youth.**

Despite its status as a FCAS, Somalia has a vibrant private sector. PIMS was able to differentiate itself from other development programmes in Somalia by engaging private sector actors on the business case and profit potential of more inclusive business models. Importantly, PIMS didn't stop at just demonstrating the business case, but continued considering the low capacity of the private sector, to provide significant direct and in-direct support to the private sector so that they could develop their capacity to effectively and sustainably implement the model. While PIMS emphasised the pro-poor business arrangement to private sector, it did however, overlook an opportunity to identify and communicate the case for and build the capacity of firms to increase the participation of women and youth in their supply chains. Instead, the programme relied on quotas written into deal notes which were reasonably effective in the short term but may not have embedded the right incentives to continue in the future. In addition, while firms received a lot of technical and financial management training, they did not receive coaching on how to identify, invite and build the capacity of women and youth.

#### **Recommendations for DAI**

- Develop staff capacity to identify business case for increased youth and women involvement in inclusive business model
- Provide coaching to firms on how to successfully identify, invite and engage women and youth in their supply chain

#### **Recommendations for DFID**

- Require programmes to report on output, outcome and impact level indicators for women and youth
- Encourage and facilitate cross-programme learning on engaging and improving outcomes for women and youth in MSD and PSD programmes

#### ✓ **Transparent processes and regular stakeholder engagement are essential.**

In many programmes, partner or contract administration can be a major pain point and source of delays, mistrust and frustration. This is particularly true in low trust, low capacity and high (position) turnover environments like Somalia. Recognising this potential issue from the outset, PIMS invested heavily in

partner financial management capacity building and develop clear communications regarding accounting procedures. Programme partners reported that they appreciated the way in which PIMS staff listened and worked with them and that this led to increased trust and transparency.

### Recommendations for DAI

- Continue to conduct and regularly update detailed PEAs to determine most effective stakeholder engagement strategies

### Recommendations for DFID

- Recognition of this as essential and potentially time-consuming for the project team; willingness to step in and support relationship building with stakeholders in support of the project.

## 4 Policy and policy advocacy

Table 4: PIMS Results: Policy	
 <p><b>3 regulations specific to PIMS value chains reviewed</b></p>	 <p><b>4 policy documents under review by FGS</b></p>

### 4.1 Approach

 **Watch closely and seize policy windows of opportunity as they emerge**

PIMS was not initially designed to engage directly on policy or substantially with the FGS. However, as the programme evolved, developed relationships with the government and new market opportunities emerged for Somalia as a result of being readmitted into COMESA, policy development and advocacy became an increasingly important component of programme. Though the high turnover of FGS officials was sometimes a setback for the programme, it also created opportunities for the programme to push ahead and promote good practices to the new government officials. In other countries, with less turnover and more entrenched officials, a more deferential or diplomatic approach might be necessary.

PIMS approach to policy was to identify key policy related constraints in the three sub-sectors and socialise these findings with the relevant ministries with the goal of finding policy champions. A policy gap analysis was conducted in the beginning for each sub-sector. In addition to proactively identifying policy constraints in the targeted sectors, PIMS has also been responsive to FGS requests.

### Policy Advocacy

PIMS regular contact with FGS officials through the quarterly and bi-annual meetings, was important to their success with policy development and advocacy. These regular meeting not only elevated and reinforced PIMS programme position, it also facilitated entrée and dialog with the most senior government officials. These meetings allowed PIMS to socialise policy ideas, see what would gain traction and demonstrate their responsiveness to FGS officials by taking on board their policy suggestions.

 **Leverage formal programme progress update meetings to strengthen positioning and relationships; and socialise policy ideas**



**In areas of high turn-over, leverage 'incumbent' position to usher through policy agenda**

Rather than working through civil society or the private sector, PIMS advocated for policy changes directly with the relevant government stakeholders. And often used its 'incumbent' position to bring up to speed and along newly appointed FGS officials. PIMS opted for a more direct advocacy approach because of the fluidity of Somali politics and the limited experience of the private sector



**PIMS policy achievements may be at some risk as a result of its direct engagement approach**

in policy advocacy. Further, the complex regional political dynamics required that PIMS tailor its policy messages and engagement strategies. Though this entrepreneurial approach to policy advocacy yielded successes with regards to irrigation and good handling standards for the fisheries sub-sector (see Boxes 7 and 8 respectively), PIMS did encounter challenges with some of its other policy endeavours including seed policy and fertiliser policy.

### **Box 7: Irrigation policy to improve food security, nutrition and sustainable economic growth and development**

In 2018, after consultation with the Federal Ministry of Agriculture and Irrigation, PIMS began the process of drafting an irrigation policy that would provide guidance to all stakeholders in the provision of irrigation goods, works and services. PIMS, through its partner SATG, began by collecting relevant data. Interviews were conducted with public and private sector actors, as well as other stakeholders who are involved in irrigated agriculture production, such as farmers (small scale and commercial), elders, community leaders, local authorities, and companies. Consultation meetings were organised on the development of the policy and plenary meetings with different stakeholders, including the line-Ministries and farmers were held in Mogadishu and Kismayo in late March-early April 2018 and the irrigation policy draft was developed in Q2 2018 and shared with the state ministers in Puntland and FGS.

The Somali Federal Government Ministry of Agriculture & Irrigation (MoAI) requested support to undertake a validation exercise of a draft National Irrigation Policy that was developed by the ministry among the federal member states. PIMS then signed a letter of engagement with the Ministry of Agriculture and Irrigation to undertake the planned validation meetings to be held across the five regional states of HirShabelle, South West, Galmudug, Puntland and Jubaland. As of end 2018, the drafted irrigation policy has been shared with and validated by the relevant state ministers in Puntland, Jubaland, Galmudug, Hirshabelle and South West states and FGS and is awaiting approval and adoption by the Cabinet. Upon its adoption and approval, the policy is expected to provide guidance to all stakeholders in the provision of irrigation goods, works, and services, as well as improve interventions that will facilitate improved food security, nutrition and above all sustainable economic growth and development.

### **Box 8: Progress Towards Creating a Somali Bureau of Standards**

With the readmission of Somalia into COMESA in July 2018 and the growing global demand for fisheries' products, a range of new market opportunities have opened up for Somali businesses including for fishing exporting businesses however, the absence of standards for fish handling practices and certification bodies like HACCP, serve as 'soft' but none the less real barriers to accessing lucrative markets.

To address this challenge, PIMS has worked closely with the Somali Bureau of Standards (SoBs), relevant FGS ministries and the USAID program GEEL to raise awareness of the importance of standards and co-develop a 'Good Handling Policy' with the Ministry of Fisheries and Marine Resources (MoFMR) to guide industry practices. PIMS has also leveraged its connections in the Kenyan Government to transfer expertise and learnings to Somali stakeholders through exposure visits.

In September 2018, PIMS facilitated a series of technical discussions between the Chairman of the SoBs and the Director General of Fisheries Department on the legal and institutional frameworks and that may hinder fish trade between Kenya and Somalia. PIMS policy gap analysis study served as the basis for these discussions which culminated in a consultative meeting with over 20 high level stakeholders from the fisheries sector. During this meeting, the Deputy Minister of MoFMR pledged his support and requested compliance with fish quality and safety standards from all ministries and agencies involved in bilateral trade.

With the support of the FGS in place, PIMS then focused on facilitating exposure visits between the SoBS and Somali Chamber of Commerce and their relevant Kenyan counterparts. Five Somali delegates met with counterparts from the Kenya National Chamber of Commerce and Industry, Kenya Bureau of Standards (KEBS), SGS, and Kenya Accreditation Service (KNAS).

The Somali delegation also visited KEBS where they were briefed on the standard operating procedures at the institution. The key objective of the meeting was to support the Somali delegates to navigate the process of quality certification. The delegation was briefed on the history of KEBS, roles and responsibilities of KEBS and how it liaises with international certifying bodies and the development stages of Kenya Standards. The delegates were impressed with the exposure visit and asked several questions related to developing and implementing standards.

The delegation also met with KENAS which is the sole National Accreditation Body mandated to offer accreditation services in Kenya. From the high-level exposure visits, the delegation learnt best practices to assist them to establish a standardisation system in Somalia.

The exposure visited culminated in a meeting with SGS who explained that starting in 2013, through support of the GEEL project, the company carried out laboratory analysis of fish and fish products and conducted several trainings on HACCP principles. During the visit, delegates were briefed on the pre-export verification of conformity (PVOC) standards programme which include inspection, sampling, testing, and issuance of certificates of compliance and certificates of inspection. Also during the visit, PIMS identified that two areas; establishing a standardisation and certification system for export from Somalia to Kenya and beyond and securing import orders from Kenya for Somali exporters are not addressed in the SGS-GEEL activities and agreed to address these issues with SGS to facilitate a multi-agency training on PVOC programme to empower the key stakeholders from MoFMR and SoBS.

## 4.2 Lessons learnt

### ✓ Don't shy away from policy but build-in an off-ramp.

PIMS was not initially conceived to work closely with the FGS on policy. However, as government policy champions emerged alongside windows of opportunity in the policy arena, PIMS staff jumped in and provided technical assistance to the relevant government champions. This entrepreneurial and opportunistic approach has been enabled by the relationships brokered and nurtured by the Team Leader and resulted in two pieces of policy being advanced to a formal review within the FGS. While PIMS has been able to leverage its personal contacts and strong technical reputation in Somalia to advance policy relatively rapidly, it has not developed in parallel a sustainable advocacy strategy. Private sector was consulted in the identification of the policy constraint and drafting of the policy papers, but not brought in or strengthened to join and or eventually lead the actual advocacy efforts. As a result, existing policy initiatives risk stalling without the continued programme support.

### Recommendations for DAI

- Continue to consult private sector in the identification of policy constraints and policy papers and through this process co-develop a policy advocacy strategy (including a plan for the programme exit). The policy advocacy strategy could include bringing on board relevant civil society groups should detail the capacity building required to address identified skill gaps.

### Recommendations for DFID

- Continue to include the flexibility in FCAS programmes to work with the government and advocate policy changes relevant to the programme's market facilitation activities.

## 5. CfW Component

Table 5: PIMS Results: Cash for Work				
 <b>402,074 work days</b>		 <b>52 asset user groups with improved capacity</b>		
<b>8km roads rehabilitated</b>	<b>7 Irish Crossings</b>	<b>280 Km irrigation canals rehabilitated</b>	<b>4,856 additional hectares opened for production</b>	<b>4,500 hectares grazing land</b>

### 5.1 Approach



**Align CfW activities with MSD approach and objectives**

Instead of viewing the CfW activities as an add-on or impediment to implementing the MSD approach, PIMS approached the CfW component as a programme asset and identified with the local communities' opportunities to strategically address key infrastructure constraints affecting the growth of the communities' farming activities and private sector development. In end of 2018,



**Plan for the capacity building of local government officials to reduce risks during the CfW tendering process**

PIMS ramped up its CfW activities to respond to the threats posed to Somali livelihoods by the prolonged drought.

Proposed CfW activities were assessed using a sustainability, impact and response (SIR) framework (see Box 9) which enabled the program and the communities to prioritise CfW investments.

**Box 9: SIR framework**

- **Sustainability:** the CfW activity will deliver lasting infrastructure improvements that can be managed by the community;
- **Impact:** the CfW activity will generate significant economic benefit for that community; and
- **Response:** the CfW activity provides an appropriate emergency response for the population under stress.

In areas with pre-existing asset management associations and clear incentives to pay for the maintenance of the infrastructure improvement, like sesame, this approach worked well.



**The sustainability of some CfW activities may be at risk because of limited community ownership / management capacity**

However, in the dairy and fisheries sectors it was more difficult to evaluate and establish sustainability plans because the improvements were mainly roads and Irish Crossings which everyone, not just dairy producers or fisherfolk, could use; reducing the incentives for a small group of people to pay for the maintenance of an infrastructure improvement which would benefit everyone. Consequently, in the dairies and

fisheries sectors, more emphasis was given to the potential impact and response of the given infrastructure improvement. For example, the dairy team calculated which infrastructure improvements would contribute to the greatest reduction in milk spoilage (i.e. a main constraint in the dairy sector). A similar calculation was made for the fisheries sector. This market focus of the CfW work was a departure from traditional CfW programmes in Somalia which are primarily viewed as way of providing immediate assistance to emergency-affected populations.

*“...most of our milk used to get to waste because transporters could not come to Habale village due to bad roads. Occasionally, women could carry milk on their backs and walk 35 km to Hargeisa market. Since PIMS rehabilitated the road, transporters come both in the morning and evening to collect milk and we do not have any more milk getting spoilt...also women now have more time to do other domestic chores...” Habale Road Committee Chairman, Said.*

**CfW partner identification and selection**

All CfW sub-projects were competitively advertised using local newspapers, websites and formally registered with respective authorities. In Somaliland and Puntland, the highway authorities formally registered bid advertisement, gave reference numbers, participated in official bid opening ceremonies and formally signed the selection process evaluation. PIMS contracted experienced construction firms to carry out the work. PIMS received regular requests from the Somaliland Tender Board, Puntland and the federal government for support and capacity building, which was not a formal part of the programme.

In South Central where security and consequently access is an on-going challenge, PIMS employed a different approach and incorporated strategic CfW activities into the deal notes of selected lead firms under the sesame value chain. This was feasible because the CfW infrastructure improvements required little engineering knowledge or specialised tools and the sesame companies already had a good relationship with the communities through the out-grower work. PIMS provided additional training to the companies on how to carry out the CfW activities including requirements on women and youth participation, which were also stated in the deal note. Because the canal improvements would directly benefit the sesame companies, through increased supply of sesame from farms with new and or improved access to canals, the lead firms had a clear incentive to ensure that the CfW activities were carried out well. Using the lead firms also resulted in significant cost-savings for PIMS who no longer needed to contract out the CfW supervision to construction firms.



**Hire lead firms to manage CfW activities when incentives are aligned, and technical requirements are within their capacity**

### **CfW management and monitoring**

Similar to the management and monitoring of the market systems activities, PIMS closely monitored progress on CfW activities, was in frequent contact with contractors and was required to build the capacity of contractors to meet PIMS reporting requirements. PIMS found that the staff of contractors were not up to the standards required in procurement processes including the financial and narrative reporting which resulted in delayed payments to the firms.



**Use mobile money, but first check assumptions around SIM cards / phone usage particularly among vulnerable**

To minimise payment delays to CfW workers, increase transparency and accountability and reduce errors and the potential for fraud, PIMS used mobile money transfer systems to register and pay labourers. Though this innovative approach ended up being very effective, initially PIMS encountered difficulties when it realised that as many as 60% of the labourers did not have their own mobile phones and or SIM cards and instead provided the number of a family member or friend at the initial registration. This issue was resolved by

engaging the mobile money transfer companies to conduct ongoing registration and provision of SIM cards. This slowed the process the first few days but after the first week, was resolved. PIMS ensured that all payments are done through mobile money transfer to individual labourers and on a weekly basis, the mobile company (Zaad in Somaliland, Sahal in Puntland and EVC in South Central Somalia) sends the payment summaries. PIMS M&E unit then checked that the daily registrations correctly tally with the total amounts dispensed by Zaad, Sahal and EVC.



**PIMS overlooked an opportunity to investigate the impact of mobile money in CfW on financial inclusion (FI) and augment programming to optimise FI impacts for women and youth**

### **Capacity Building: Community Asset Management Committees and training**

From the outset, PIMS recognised the central importance of user associations in ensuring the sustainability of its CfW activities and over the life time of the programme strengthened the capacity of 52 different committees. PIMS' initial PECA assessment for the sesame sector identified that irrigation infrastructure use, repair/rehabilitation, and



**Use a robust PECA analysis to inform CfW community engagement strategy**

development are very sensitive and need to be done through systematic consultation and awareness raising and only after securing agreement from all stakeholders. The traditional leaders and irrigation committees are effective entry points for such work and would be expected to be supportive of PIMS activities.

PIMS asset management trainings were regular and covered a range of topics including roles and responsibilities of committee members, effective coordination and communication between farmer and canal committees, community cohesion and ownership, monitoring and repair work and the importance of equitable water distribution. In Somaliland, where CfW activities are frequently part of core humanitarian response, an important part of the training to the asset user groups was on community mobilisation and consensus building on engagement, sustainability and frequency of payment (daily vs. weekly).

As a result of these training, canal management committees self-reported the following achievements including increased water availability, equal distribution of water, improved farming and income and the planting of a greater variety of seeds.

*"Before our canals used to stop functioning because of minor damages which near communities could handle and everyone neglected with the belief that someone else might do, now we regularly monitor the rehabilitated irrigation canals and engage farmers in early repairing of any damage that can cause water loss". Xuseen Mowliid, Buulo Cabtooy village, Community Asset Management Committee*

## 5.2 Lessons learnt

- ✓ **In FCAS, CfW can be an asset to MSD programmes but sustainability plans need to be developed from the outset.**

The use of a market lens in the selection of CfW activities has amplified the impact of the MSD work across the three sectors. However, the sustainability of the infrastructure improvements depends on more than just market dynamics but also the capacity and vested interest of firms and user groups to collect fees and manage the maintenance. For example, in the sesame sector, the private companies together with the asset user committees have an incentive and capacity to collect user fees and manage the maintenance. However, in the dairy and fisheries sectors, the public nature of the infrastructure improvements makes it harder to levy usage fees and have a robust sustainability plan.

### Recommendations for DAI

- Develop alternative strategies to improve the sustainability of CfW activities in areas where there are not clear management structures.

### Recommendations for DFID

- Encourage DFID and other donor programmes (as appropriate) in FCAS to include stronger market and sustainability considerations in the identification and prioritisation of CfW activities.

## 6. Market systems development

*This section describes PIMS' approach to market systems work (e.g. sub-sector selection) and lessons learnt. It also includes detail descriptions of the programme's market systems development interventions in the dairy, fisheries and sesame sub-sectors.*

**Table 6: PIMS Results**

 <p><b>£26,236,062 Net Additional Income Change (NAIC)</b></p>	 <p><b>68,210 producers (32% women) who have received PIMS support to improve practices</b></p>	 <p><b>93% of producers are satisfied with practices promoted by PIMS</b></p>
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## 6.1 Sub-sector selection

PIMS' kicked off its inception phase with an initial drafting of a long list of 20 potential economic sectors with potential to reduce poverty, create jobs and increase incomes in Somalia. PIMS then convened a sector selection workshop attended by Somali government officials, donors (e.g. DFID, FAO, ILO, UNDP, USAID) and project partners (e.g. SATG, HIPS) to narrow the long list of sectors to the six specific sectors with the highest potential to contribute to job-rich and inclusive economic growth for the Somali people. At the end of the two-day workshop, banana, lemon, sesame, dairy, livestock and poultry sub-sectors were selected and PIMS commissioned in depth research (market systems assessments) on each of the sub-sectors.



**PIMS should have given more serious consideration to climate related risks**

The market systems assessments examined the historic performance and potential of each sector including analysis of the end market, value chain structure and power dynamics, potential for value-addition and upgrading, seasonality, supporting functions, business enabling environment, existing donor activity. It also assessed cross-cutting areas such as PECA, gender and social inclusion and potential for employment and cash for work activities. Based on the research findings, the study team identified market opportunities and the key

systemic constraints and developed recommendations for PIMS to facilitate interventions.

Through the PECA analysis, risks to the implementation of interventions were identified and weighted. However, climate related risks, despite their frequent occurrence in Somalia, were not seriously acknowledged in either the feasibility assessments or the intervention plans of the market systems assessments. The PIMS programme also overlooked an opportunity, outside of the Cfw activities, to strengthen resilience considerations in sub-sector selection and intervention design process.



**PIMS did not give sufficient thought to what resilience means and how to strengthen it at a household and systems level.**

## 6.2 Lessons learnt

### ✓ In FCAS, the MSD approach can lead to sustainable change and increased resilience

PIMS results have proven that an MSD approach can be effective in Somalia and contribute to sustainable change. Given the FCAS status of Somalia, PIMS initial sub-sector selection and market analyses emphasised political economy considerations and overlooked other important risks such as natural disasters like drought, which are a relatively frequent occurrence in Somalia. More consideration of the likelihood and impact of natural disasters could have helped PIMS anticipate challenges in the dairy and sesame sectors. It could have also helped the programme identify other resilience building activities like fodder

and water conservation which could have strengthened household resilience and mitigate against the impact of external shocks.

### Recommendations for DAI

- Update sub-sector selection criteria to include stronger resilience considerations including assessing the likelihood and impact of natural disasters on household and systems-level resilience
- Revise monitoring tools to regularly assessing incentive structures to ensure alignment
- Include supplementary resilience strengthening activities with the private and public sector (as appropriate) at household, community and systems level to improve absorptive, adaptive and transformative capacities

### Recommendations for DFID

- Continue to use MSD approach to improve resilience in FCAS
- Develop and share with other donors’ evidence base of the impact and effectiveness of MSD approach to improve resilience in FCAS

## 7. Dairy and livestock

Table 7: PIMS Results: Dairy and livestock			
 <p><b>49% of producers reporting increased income</b></p>	 <p><b>£1,646,408 Net Additional Income Change</b></p>	 <p><b>£ 1,805,840 in Private Sector Investment</b></p>	 <p><b>658 Full Time Equivalent (FTE) Jobs</b></p>

Dairy (cow and camel milk) is important component of a Somali’s diet and demand is growing steadily. Further, it directly involves tens of thousands of low to middle income Somalis (especially women), particularly in Somaliland and Puntland in its production. However, PIMS’ market research revealed that the safety and growth of the dairy sector is constrained by poor production and handling practices, lack of access to value adding inputs, degraded infrastructure and a weak enabling environment.

To address these issues, initially PIMS designed interventions to address market failures in the core market, supporting services and enabling environment (i.e. rules and regulations) of the dairy sub-sector. Core market interventions focused on (1) improving milk handling practices among producers, collectors and distributors and (2) increasing milk productivity through adoption of improved knowledge, attitudes and practices by producers. Supporting services interventions focused on (3) improving value chain infrastructure. And, enabling environment interventions focused on (4) raising government leaders’ awareness and capacity to implement reforms. The dairy work also included a CfW intervention related to (5) upgrading value chain infrastructure.

Throughout the programme, PIMS 9 signed deal notes with 8 private sector companies. Objectives varied by type of intervention (see Table 8).

<b>Table 8: Dairy and livestock sector deal note objectives</b>	
<b>Focus of intervention</b>	<b>Key objectives</b>
Animal health	<ul style="list-style-type: none"> <li>• Establish networks of knowledge retailers and community animal health workers who are able to promote and sell quality vet drugs to a larger number of small scale customers, improving health of animals and yields of milk;</li> <li>• Increase supply and sales of quality vet drugs through strengthened distribution networks that incentivise actors all the way to the community animal health system (Vets and CAHW);</li> <li>• Stimulate demand for quality vet drugs through demonstrations, promotions and awareness-raising via Agroveter Dealers (AVDs) and vet service providers;</li> <li>• Introduction of new milk handling (such as containers) and nutrition products (such as feed supplements and vitamins).</li> </ul>
Quality milk	<ul style="list-style-type: none"> <li>• Reduce milk spoilage by the introduction and sales of appropriate milk cans</li> <li>• Promote more sustainable adoption practices (such as awareness raising for consumers, producers, retailers, transporters and other concerned stakeholders) to improve milk hygiene quality and limit milk spoilage and losses.</li> <li>• Inaugurate a dedicated commercial transport link between milk producers and market actors through starting with number of milk collection points and then expanding to entire routes</li> </ul>
Fodder	<ul style="list-style-type: none"> <li>• Establish an out-grower system for the improved fodder production and improve lead firm's fodder production capacity with an improved irrigated system.</li> <li>• Establish a retail and distribution system for fodder sales to pastoralists in areas surrounding lead firm</li> <li>• Stimulate demand for quality fodder in current operational territories and new territories</li> <li>• Increase milk revenues for pastoralists utilising purchased fodder</li> </ul>

At the start of the intervention, there was a lot of enthusiasm amongst the lead firms, particularly in animal health.

*'For a long time, we have been selling veterinary drugs around Burao area where there are only a few milk producers. I know there is money in the villages where nearly all pastoralists live. Working through community animal health workers to deliver services to the pastoralists is a new approach all together to my business and I'm sure I'll be able to reach many pastoralists living on a 50km radius from Burao. I will be able to sell more veterinary drugs. I'm so passionate about the program and as we speak, I've ordered a whole container of livestock feed supplements. I'll use some portion of the supplements for demonstrations and I'm sure the long-term return to my business will be enormous....' Suleiman, CEO, Alla Amin Pharmaceuticals.*

In addition to and in support of the facilitation work with the private sector, PIMS' initial CfW activities focused on feeder road rehabilitation to reduce the amount of time it takes dairy producers to reach the market. However, beginning in 2016, the effects of a devastating drought in Somaliland were beginning to take their toll and by mid 2017, 91% of PIMS beneficiaries (32% of whom are women) in the animal health (veterinary drug) intervention reported losing their animals and over 94% recorded tremendous losses in productivity and income. The drastic animal losses and subsequent humanitarian aid response which

ensued also had a negative impact on the uptake of the quality milk intervention, which had already been struggling because of the lack of market orientation of the lead firm, MCC.



**Keep trying  
(experimenting) but  
always keep checking  
the alignment of the  
underlying incentives**

In response to the drought and underperformance of the dairy sector interventions in general, PIMS revised its dairy intervention in mid 2017 to focus more on the production and sale of fodder to livestock exporters, improvements to communal grazing lands and water catchment and storage (through increased CfW activities).

*‘The [CfW] work we are doing here came at the right time when the drought struck us...the money we earn has helped people in many ways...most of the people have collectively saved to start small businesses...my animals died due to drought. I am saving my [CfW] earnings in Zaad [mobile money wallet] to buy new animals.’ – Noor, dairy farmer*

*“I am grateful to PIMS for helping me invest in the borehole and the solar panels. I am currently pumping 60 cubic meters of water per hour, where I initially used to pump only 6 cubic meters per hour. I will supply the extra water to the neighbouring farms in exchange for land to plant more fodder”’ -Abdullahi Warsame, Usoo Godol Dairy Farm.*

*‘I had this farm for 18 years and used to plant vegetables and natural grass. Usoo Godol informed us there’s an improved fodder variety which has high nutrition value for the dairy animals. They trained us on growing 10 improved fodder varieties including alphas, sudani, rhodes and lucinia grass. I have tested these varieties and harvested on my farm, I sold four tonnes of the produce for \$450, when before I used to make \$300. Additionally, when I feed my camels on the improved fodder variety in the dry season I get double the milk quantity I used to get’. -Abdi Abshir, Out-grower.*



**PIMS should have  
been faster in understanding  
how the drought was  
impacting its interventions,  
including the influx of  
humanitarian organisations  
and adapting accordingly**

PIMS also began experimenting with new business models such as renting lactating camels to dairies. They also continued to work with MCC, the lead firm who was promoting the use and sale of sanitary milk jugs, to revise their business and marketing plans. The new strategy focused on product and price differentiation based on milk quality, however, because of the scarcity of milk (due to the massive, drought-related decrease in the camel population) and the humanitarian aid response (FAO & GIZ) which gave the jugs away for free, the new strategy struggled to gain traction. In order to initiate the programme’s exit from dairy, in mid-2018, PIMS tried to facilitate linkages to financial service provider, Dahabshil. to initiate the programme’s exit. However Dahabshil’s milk cans were not accepted to MCC, Dahabshil

did not give cash to MCC to buy alternatives and the deal could now work.

## 8. Fisheries

Table 9: PIMS Results: Fisheries			
 <p><b>67% of producers reporting increased income</b></p>	 <p><b>£7,545,277 Net Additional Income Change</b></p>	 <p><b>£2,586,031 in Private Sector Investment</b></p>	 <p><b>646 Full Time Equivalent (FTE) Jobs</b></p>

Traditionally Somalia has had a dominant livestock tradition with livelihoods dependent on this rather than on fisheries; however, tastes are changing, particularly in coastal areas, and the fishing industry is taking on increasing importance in terms of responding to rising domestic and regional and international demand. PIMS estimates that 300,000-400,000 Somali women and men depend directly or indirectly from the domestic fishing industry. Despite its potential, sustainable growth in the Somali fishing sector is threatened by illegal fishing and poor fishing and handling practices, poor infrastructure and a challenging political economy.

To address these issues, PIMS designed interventions to address market failures in the core market and supporting services and enabling environment. Core market interventions focused on (1) improving quality and hygienic handling of fish at various segments of the value chain and (2) increasing productivity (i.e. volume and quality of fish catch). Supporting services interventions focused on (3) improving infrastructure at landing, cooling, transportation and market points and (4) facilitating access to affordable and sustainable credit and financial services. Enabling environment interventions focused on (5) improving understanding of the global markets and certification services, (6) facilitating adoption of standards and certifications.

As part of the intervention design process, PIMS identified and engaged with influential fish exporters, fisherfolk associations and key government stakeholders and explored and tested partnership modalities which would incentivise private sector investment and provision of training in fishing and handling practices to fisherfolk throughout the value chain. Throughout the programme, PIMS signed 14 deal notes with 8 private sector companies and strengthened the practices of 2,638 fisherfolk. Objectives of the deal notes varied by type of intervention (see Table 10).

Table 10: Fisheries sector deal note objectives	
Focus of intervention	Key objectives
Post-harvest value addition	<ul style="list-style-type: none"> <li>To increase quantity and quality of fish through investment in fish post-harvest loss reduction technologies</li> <li>Build the capacity of market actors on fish value addition through frying and filleting</li> <li>Expand local market of value-added fish</li> </ul>
Good handling practices	<ul style="list-style-type: none"> <li>Mainstream best practice for fish handling, processing and packaging in the fish value chain to reduce post-harvest losses and increase export volumes</li> <li>Support investment in fish storage and transportation facilities</li> <li>Finalise construction of a HACCP facility to necessitate exports of high-quality fish to the international market</li> </ul>

At the start of PIMS work in the fisheries sector, the primary focus was building the capacity of lead firms to improve the knowledge, attitudes and practices of suppliers regarding the catch and handling of fish. As part of the cost sharing agreement with lead firms, PIMS consultants together with Somali Marine and Fishery science institute (SMAFSI), would deliver training of trainers (ToT) training to the core technical



**Build the capacity  
of and work through  
respected local service  
providers**

team within the lead firms. These staff would in turn provide technical training to their main suppliers. PIMS's partnership with SMAFSI emphasised institutionalising relevant training courses to increase the performance and productivity of fisherfolks. SMAFSI has implemented six fisheries training and demonstrations with support from two international fisheries experts. SMAFSI organised ToT training for fisheries experts from lead firms from Puntland and Mogadishu as well as for staff from the Puntland Ministry of Fisheries and Marine Resources and the Chamber of

commerce. The ToT focused on specific training content developed by SMAFSI with the help of international consultants and provided both technical and tactical approaches of training fisher folks. Trainers were empowered to be national resources in their specified clusters with support.

The training on good handling practices had an almost immediate impact on fishing operations with average spoilage rates declining from 25% to 4%. The change in fisherfolk behaviours also had knock-on effects in the market (see Box 10).

*"I am very glad that with the new technique of fishing and the new tools we are able to fish and bring back very fresh fish within the day, initially we used to lay the nets overnight and spend the night at the sea, over 50% of the fish we bring the next day is normally already almost spoilt fish".  
Mohamed Ismail Said, Fisherman, Yustan Seafood company.*

#### **Box 10: Signs of systemic change in the fisheries sector**

Fishing communities around Somali, have for a long time, abhorred the use of ice in fish handling. Consumers, sellers and fisherfolk alike believed that use of ice was synonymous with bad tasting fish. As a result of this customary belief, fisherfolk would lose a significant portion of their daily catch, up to x %, to spoilage from the sun. Further, the lack of hygienic handling and preservation techniques such as using ice for cold storage limited the time fisherfolk could remain at sea, typically 1-2 hours. The absence of ice or other food safety practices also negatively impacted the earning potential of fish sellers, which are typically women. Because of the significant risk of spoilage, sellers would be extremely cautious in the volume of fish they purchased and resold daily.

To address this challenge, PIMS worked with lead firms like SNFC to introduce good handling practices aimed at reducing spoilage rates and responsibly increasing the quality and quantity of the fish catch. Through a cost-sharing agreement, SNFC acquired an ice vending machine and began training fisherfolk in their supply chain about a range of good handling practices including the use of ice onboard fishing vessels to reduce spoilage.

Over the course of the partnership, SNFC trained 436 fisherfolk and fish spoilage rates have dramatically decreased from 25% to 4%. With the improved knowledge and skills, fisherfolks began advocating in their communities about the importance of ice in maintaining quality. In addition to these positive outcomes, SNFC has also noticed how market actors have responded to the new practices. According to Managing Director, Ali Ibrahim Said, 'consumers will now no longer buy fish that is not on ice.' He has also noticed that fisherfolk are staying out on their fishing vessels longer and able to increase the quantity of their catch.

In 2018, as lead companies strengthened their fish supply and management capacity, PIMS supported lead firms to strengthen relationships across the value chain. PIMS assisted them to undertake domestic market surveys allowing companies to identify and examine the types of markets such as Kenya, Ethiopia, and the UAE which they can engage with and benefit from. Partnerships with end market buyers are crucial for the continued growth of the Somali fishing sector since lead firms have limited storage capacity. Lead firm, Barfisco, for example developed partnerships with five retailers, supermarkets and restaurants as a result of PIMS support. PIMS also facilitated a partnership between lead firms Yustan and Hodan to operationalise an unused processing facility in Garowe. Hodan fishing company leases the centre from Yustan which uses it as an aggregation centre for fish coming from Bargal, Eyl and other coastal areas. PIMS also helped businesses strengthen relationships with equipment suppliers. All fishing lead firms are now linked with Suudi to supply fishing gear and other marine equipment to fisherfolk. Suudi is now supporting the introduction of technology to more than twenty outlets along fishing clusters in Puntland – with extensions also in Somaliland and Southern part of Somalia.

*‘PIMS provided us with the foundation to build on our business. The procurement of equipment and training has led to an increase in our capacity and it will take some time, but we will continue to train the fisherfolk. [I am] feeling confident that the company will be self-reliant.’*  
Ahmed Eid, Director, Dalsan

#### **Box 11: Somali Rising -turning disappointment into new market linkages**

As part of efforts to take advantage of Somalia’s readmission to COMESA and boost fish exports, PIMS together with Somali fish traders and the FGS planned a fish promotion event in Nairobi in September 2018. The trade relation event was aimed at enhancing business linkages between Somali fish traders and Kenyan based fish trading/processing companies through bilateral trade agreements between the two countries. Through this event, it was anticipated that Somalia based fish traders and companies would be able to formally start exporting fish to Kenya and thereby stimulate the creation of long-term jobs, increase smallholder incomes, and leverage private sector investment.

In preparation for this trade event, PIMS orchestrated several activities including mapping of key stakeholders, assessment of airfreight capacity and logistics, feasibility visits, FGoS stakeholder consultative meetings, and a Somali delegation visit to Kenya (see policy section).

On the eve of the investment promotion event, however, the Kenyan Government postponed the event indefinitely due to lack of readiness. PIMS quickly pivoted and pursued the option of participating in the Global Sustainable Blue Economy Conference in Nairobi instead. Though not exclusively focused on investment promotion, nor bi-lateral trade, the Blue Economy conference, attended by thousands of experts interested in sustainable fisheries, would be an opportunity to showcase Somali fisheries products. In close collaboration with USAID’s GEEL programme, PIMS facilitated the “Somali Rising” booth, located in the International Pavilion, and manned by the seven Somali lead firms in attendance.

The Somalia booth was one of the busiest and was visited by Somalia delegates (6 cabinet ministers), the Kenyan president, one Kenyan Cabinet Secretary, a Kenyan MP and former deputy speaker of Kenya National Assembly among hundreds of others who visited the booth. This event increased the profile and visibility of Somali Fisheries and opened up new linkages. For example, following the conference, lead firm, CAFCO established a relationship with Kenya based seafood processor, Diamond Food.

In a bid to support the fisheries sector growth and facilitate end market requirements, PIMS conducted a three days training for Fish Inspection and Quality Assurance (FIQA) officials and one representative of Somalia Bureau of Standards (SoBS) in Nairobi. The objective of the training was to create awareness on national, regional and international market access requirements for fish and fish products. One key outcome of the training was that the trained Somali FIQA team facilitated preparation and processing of the export and certification documents (export permit) that were used for shipment of assorted fish displayed by the PIMS lead firms at the Sustainable Blue Economy Conference (“Somali Rising” booth) that took place in Nairobi in late 2018 (see Box 11). Going forward, the FIQA team will be instrumental in providing the requisite export certification and quality standards for the fishery sector in Somalia.

## 9. Sesame

 <p><b>60% of producers reporting increased income</b></p>	 <p><b>£16,395,352 Net Additional Income Change</b></p>	 <p><b>£9,209,473 in Private Sector Investment</b></p>	 <p><b>10,333 Full Time Equivalent (FTE) Jobs</b></p>
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Sesame production has a long history in Somalia, and it is grown by an estimated 220,000 female and male farmers across several regions, including Middle and Lower Shabelle, Hiran, Middle and Lower Juba, Bay, Gedo and Bakool. Despite the civil unrest, recurrent droughts and the low processing capacity, sesame production and export has been thriving over the years; an indication that the sesame sector is resilient. However, the industry is affected by extremely low yields with an average of 250kgs per ha against a potential of 450 – 650 kgs per ha, limited processing capacity and knowledge and poor understanding of requirements and linkages to higher value markets.

To address these issues, PIMS designed interventions to address market failures in the core market and enabling environment. Core market interventions focused on (1) improving technical and crop production knowledge, attitude and practices (KAP) among farmers and out growers, (2) increasing sesame processing knowledge and capacity among processors and improving exporters understanding of higher value sesame markets and the required standards and certifications. The enabling environment intervention focused on (3) raising government and community leaders’ awareness and capacity to implement reforms to reduce informal transactional costs. The sesame work also included a CfW intervention related to (4) upgrading agricultural infrastructure assets.

Throughout the program, PIMS signed 21 deal notes with 6 private sector companies benefitting over 35,875 sesame farmers. Objectives of the deal notes varied by type of intervention (see Table 12).

<b>Focus of intervention</b>	<b>Key objectives</b>
Improved GAPs	<ul style="list-style-type: none"> <li>To strengthen and expand a network of smallholder suppliers for the direct supply of quality sesame.</li> <li>Identify strategies and opportunities for greater input use among farmers</li> </ul>
Market linkages	<ul style="list-style-type: none"> <li>Strengthen product knowledge and marketing capacities to grow lead firm’s business in supplying local markets and capitalise on opportunities to export into the international markets.</li> </ul>

	<ul style="list-style-type: none"> <li>• Improve the company’s market linkages, value addition activities and company quality management systems in the sesame sector.</li> </ul>
Infrastructure improvement (CfW)	<ul style="list-style-type: none"> <li>• Participation in planning for the rehabilitation of canals for the network of smallholders in future seasons</li> </ul>

In contrast to the interventions in the dairy and fisheries sector which have been adapted over the course of the program, PIMS interventions in the sesame sector have remained relatively constant. PIMS worked through programme partner, SATG to build the capacity of over PIMLS local lead firms to profitably embed GAP training and agricultural practices via the farmer field school approach and demonstration plots to more than 35,875 female and male sesame farmers in south-central Somalia.



**PIMS should have provided more guidance to partners on effective and sensitive ways to invite and engage women and youth**

Sesame lead firms sent independent extension workers to villages to sensitise and mobilise the sesame growing community and to ensure sufficient female participation, per the deal note requirements, some firms employed recent female graduates to do the community mobilisation and training. The extension activities focused on use of improved seeds, proper planting techniques and water management.

*‘The nature of the farmer field schools in Jowhar was problem-oriented, farmers selected the topics that matter to them and then as extension service providers we taught the farmers the best farming methods available that address the problem. For instance, farmers used to scatter unlimited Sesame seeds to the land and never planted two different crops together so we taught them row alignment method and crop diversification which increased productivity and income of the farmers.’ – Mohamed Ali, Extension Service Worker*

As a result of training and embedded services, like ploughing, from lead firms sesame farmers dramatically increased their yields and reduced their input costs.

*‘From PIMS demonstration plots I learned planting Sesame using crop row alignment method which gave me the best quantity of Sesame yields I have ever harvested, from one hectare of land I harvested 30 bags which is 2,700 Kgs compared to previous 5 bags/450 Kgs from the same land. I also mixed Sesame crops with other crops like beans and everything was ok contrary to our belief that crops should not be mixed.’ Idiris Muxud Caraaye, Farmer*

*‘I am 60 years old and a farmer for more than 40 years, I have never seen sesame being irrigated twice per season before this project PIMS. With this and planting technique my production has increased to almost double. I used to harvest just 200 kgs per ha now I get 450.’ Haji Yusuf Noor, 63, Sesame farmer, Jowhar.*

Even lead firms, significantly improved their agricultural practices as a result of the PIMS training. The CEO of Dawadaag acknowledged that prior to the training, the used to use 30-35kg of seeds for 1 hectare and are now using just 6kgs per hectare.

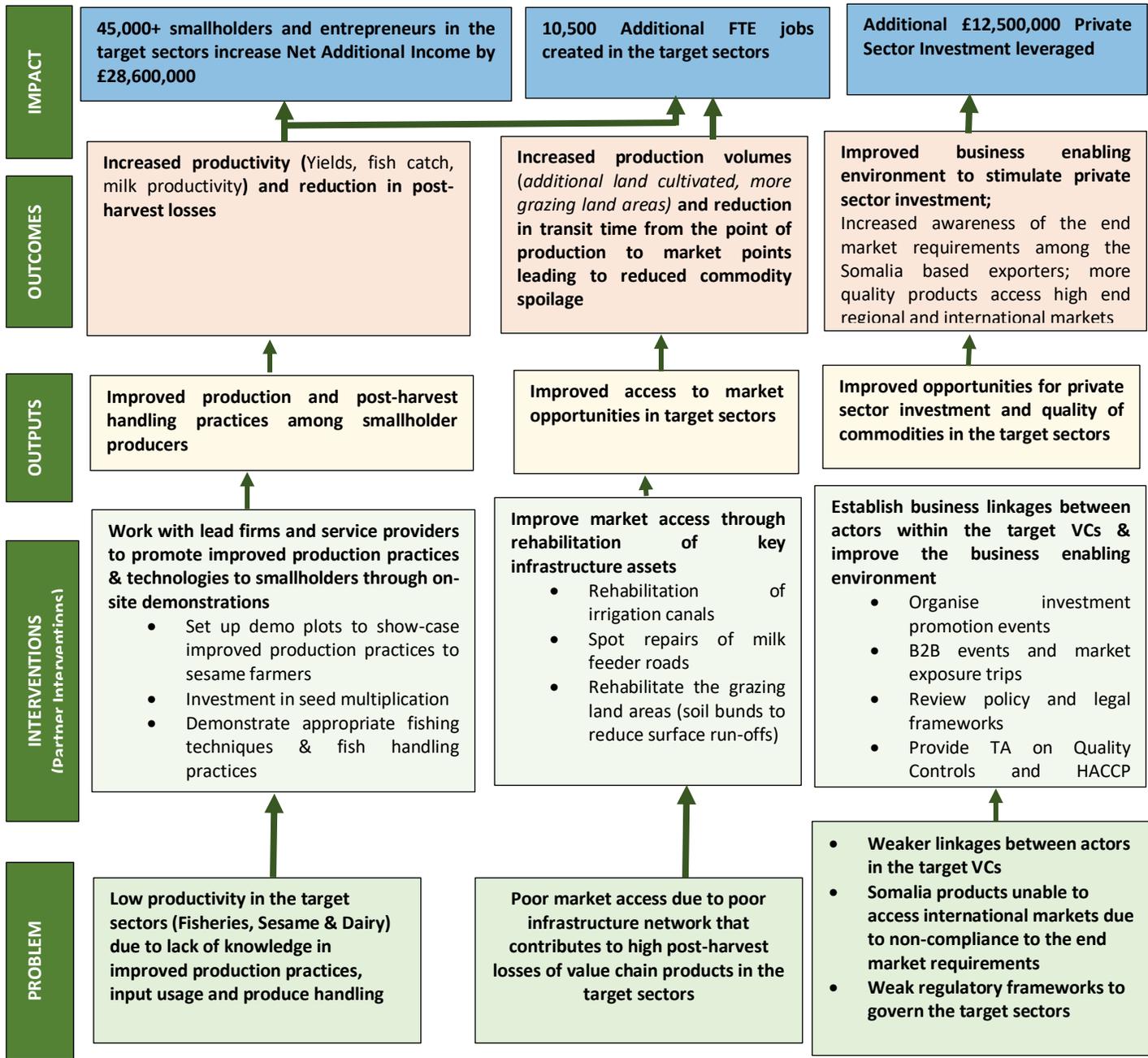
## 10. Conclusion

In one of the most challenging environments in the world, PIMS, using a MSD plus CfW approach was able to positively and sustainably impact the lives of over 65,000 women and men including youth in Somalia. PIMS' success can be attributed to a number of factors including the open and transparent way it engaged with the private sector, the relationships it built with influential FGS office holders and its innovative spin on CfW activities. PIMS also benefited from developing collaborative and synergistic relationships with other private sector development programmes in Somalia and raising awareness about the MSD approach.

Though undeniably impactful, the PIMS programme did at times miss opportunities to incorporate stronger considerations for resilience and vulnerable groups, particularly women and youth. It also lacked sufficient emphasis on learning and adapting and as a result, the programme was sometimes slower to revise interventions when they were not showing evidence of success, dampening its total potential impact. Nonetheless, PIMS has surfaced a number of important lessons learnt and innovative practices for implementing a MSD programme in FCAS which DAI should keep in mind for future programming.

## Annexes

# Annex 1: Theory of Change



## Annex 2: Activity verification procedure

### DAI CASH FOR WORK PROJECT CASH FLOW AND VERIFICATION PROCEDURE

