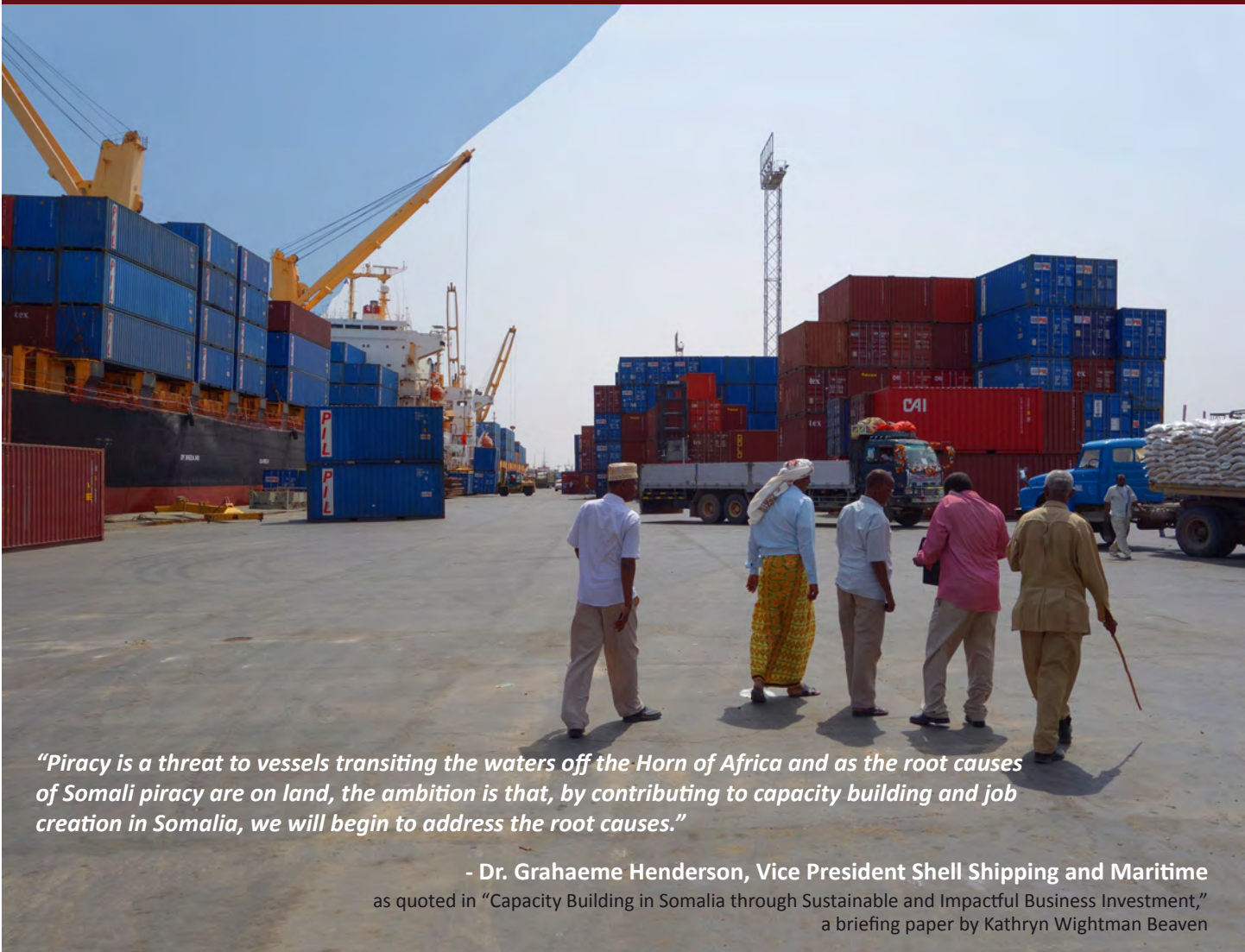




INDUSTRY CONTRIBUTIONS TO SOMALI COASTAL DEVELOPMENT

JANUARY 2014



“Piracy is a threat to vessels transiting the waters off the Horn of Africa and as the root causes of Somali piracy are on land, the ambition is that, by contributing to capacity building and job creation in Somalia, we will begin to address the root causes.”

- Dr. Grahaeme Henderson, Vice President Shell Shipping and Maritime
as quoted in “Capacity Building in Somalia through Sustainable and Impactful Business Investment,”
a briefing paper by Kathryn Wightman Beaven

Table of Contents

The Role of Industry in Somali Coastal Development ①

A Targeted Approach to Coastal Development ②

Projects:

— Joint Industry Contribution to Support Community Projects in Somalia ③

— Alternative Livelihood to Piracy (ALP) Project ④

Support by: Norwegian Shipowners' Association & Den Norske Krigsforsikring for Skib

Implemented by: Norwegian Church Aid

— Port Development Pilot Project: Berbera ⑤

Support by: Oceans Beyond Piracy

— Basic Education & Skills Training ⑦

Support by: The Danish Shipowners' Association

Implemented by: Save the Children & local partners Yovenco & GAVO

— Alternative Employment & Capacity Building ⑧

Implemented by: Somali Fair Fishing

— Centre for E-Learning ⑨

Support by: The German Shipowners' Association (VDR)

Implemented by: SOS Kinderdörfer Weltweit & local partner Djiboutian Minister for Families

For comments on this document, please contact:

ANNA BOWDEN

Associate Director, Oceans Beyond Piracy

Office: +1 303 533 1702

Mobile: +1 303 709 5498

abowden@oneearthfuture.org

The Role of Industry in Somali Coastal Development

OVERVIEW: The recent reduction in successful pirate attacks and increasing stability in the Somali regions, presents an opportunity to move towards development efforts ashore in the region. Several enterprising programs are already underway on the ground in Somalia in pursuit of a long-term solution to piracy and maritime crime. The Northern regions provide a relatively stable environment for pilot projects focused on coastal development.

Industry representatives see supporting Somali economic development programs as a unique and innovative opportunity to foster long-term stability and security in the region. Having witnessed firsthand the human and economic impact associated with piracy, industry stakeholders are now looking to contribute financial and in-kind support to create job opportunities as viable alternatives to piracy for young Somalis.

Industry's Comparative Advantage:

- Market orientated planning and execution
- Implementation of programs through public-private partnerships
- Training and expertise
- In-kind donations (equipment, transport)
- Oversight and evaluations
- Mentoring
- Contributions

Matching Industry's Criteria for Support

- Limited, defined, and quick impact
- Transparency and feedback
- Coordination and information-sharing
- Limited secretariat and administration fees
- Credibility and reputation
- Accountable money flows and reports



Industry Supported Initiatives in Somalia Provide an Opportunity to Foster Greater Synergies and Momentum:

- Norwegian Church Aid: supported by Norwegian Shipowners' Association and Den Norske Krigsforsikring for Skib
- Save the Children: supported by Danish Shipowners' Association & individual companies
- Somali Fair Fishing: supported by 20+ companies and foundations
- UNDP Alternative Livelihood Project: funded by 7 shipping companies under the Joint Industry Contribution to Support Community Projects in Somalia
- Oceans Beyond Piracy - Port Development Pilot Project: Berbera

"Piracy is a problem at sea, which must be addressed by the international community, and requires a long-term sustainable solution on land. We are willing to contribute to the solution, which is why Maersk supports this initiative."

Hanne B. Sorenson, CEO, Maersk Tankers on behalf of A.P. Moller – Maersk Group



"Ending piracy lies in part in helping the people of Somalia, and providing education and alternative livelihoods."

Dr. Grahaeme Henderson, Vice President Shell Shipping and Maritime



A Targeted Approach to Coastal Development



Joint Industry Contribution



Norwegian Church Aid



Oceans Beyond Piracy



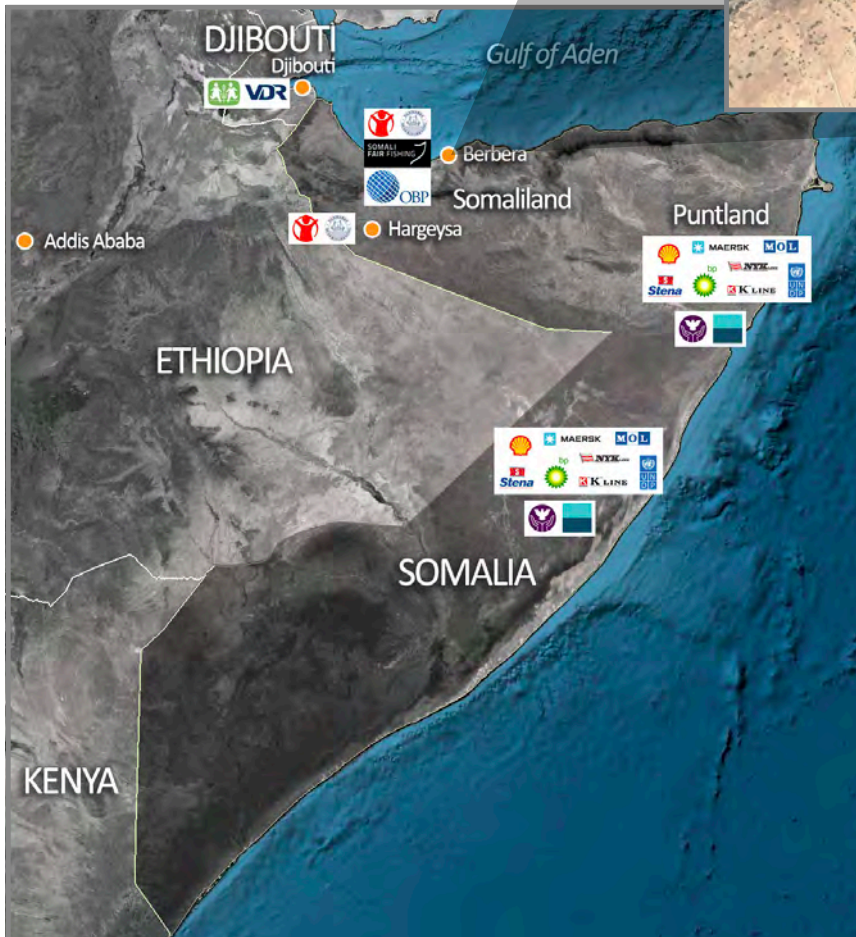
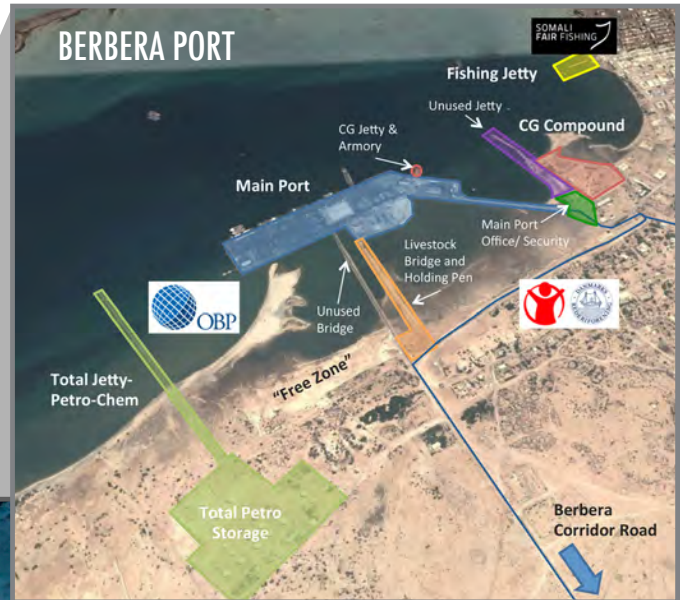
Save the Children



Somali Fair Fishing



SOS Kinderdörfer Weltweit



Joint Industry Contribution to Support Community Projects in Somalia



PROGRAM OVERVIEW: Created in 2012, the joint shipping initiative consisting of BP, Maersk, Shell, Stena, and the Japanese shipping companies NYK, MOL and “K”Line have pledged a total of US\$2.5 million to support capacity building projects in Somalia. The project “Alternative Livelihoods to Piracy in Puntland and Central Regions of Somalia” aims to strengthen community resilience against piracy through a range of activities aimed at stimulating local economic development, supporting entrepreneurs and creating jobs, particularly for vulnerable youth in the hot spots of piracy Puntland and Central Somalia. The project is being implemented by the United Nations Development Programme (UNDP) in Somalia.

Project Deliverables:

The geographic focus of the project is the four coastal districts of Eyl, Hafun, Gara’ad and Bander Bayle and the three adjacent hinterland districts of Adado, South-Galkayo and Abudwaq. On-going and planned activities of the project include:

- The provision of vocational skills training and ‘start-up packages’ (equipment or small grants) for the long-term unemployed. Labour market research is being used to assess the demand for vocational skills with the aim of securing sustainable employment for approximately 100 young people;
- Entrepreneurship training and the provision of start up grants to young people with a business aptitude. A target of 380 entrepreneurs will be assisted, and a business support centre established to provide technical advice and downstream mentoring;
- The rehabilitation of productive assets through ‘cash for work’ schemes that generate immediate income for vulnerable young people and contribute to local economic and community development. On-going and planned schemes include the rehabilitation of 10-15 km of tertiary roads that increase access to markets, and the construction and repair of a vocational training school, two markets and youth facilities.

In addition, in selected localities, UNDP is providing counselling and other forms of reintegration support for young people formerly engaged in piracy and related forms of criminal activity.

The shipping industry joined with UNDP due to its existing footprint in coastal and city centers in Somalia: “By providing job opportunities to young Somalis living in areas with high rates of piracy, we are giving them an alternative means of making a living. This not only enables individuals to avoid being drawn into piracy as a means of making money, but it also means safer, more resilient communities and safer seas.”

David Clapp, UNDP Somalia Country Director



“The safety of seafarers is the priority of all of us involved in this maritime industry led initiative. By working with UNDP to help provide alternative livelihoods we hope to support local communities and help reduce the threat to seafarers in the area.”

Dr. Grahaeme Henderson, Vice President Shell Shipping and Maritime



Alternative Livelihood to Piracy (ALP) Project

PROGRAM OVERVIEW: The Alternative Livelihood to Piracy (ALP) project raises awareness of the negative effects of piracy and provides rehabilitation and re-integration for ex-pirates with cooperation from the Government of Puntland, village authorities, clan elders, and religious leaders.

Outcomes:

- Aided capacity of religious leaders to message the negative effects of piracy
- Conducted anti-piracy campaigns and rallies, and distributed messaging materials
- Reached 1.25+ million people through the awareness campaign
- Engaged ex-pirate 'foot-soldiers' for rehabilitation and re-integration through vocational and business skills training, and providing business start-up grants
- Offered vocational training in welding, masonry, carpentry, basic electrical engineering, mechanics, driving
- Entered agreement with the Government Vocational Training Center to train 600 former pirates
- First group of trainees (50 people) graduated in Autumn 2010

Norwegian Shipowners' Association, along with Den Norske Krigsforsikring for Skib (The Norwegian Shipowner's Mutual War Risks Insurance Association) have been some of the major donors, committing \$1.1 million, to Norwegian Church Aid's counter-piracy project, "Alternative Livelihood to Piracy" (ALP).

Target Groups:

50,000 young people along the coast of Puntland

~ **1,000** youths who have ceased engaging in piracy activities

Providing **600** ex-pirates with vocational life-skills training.

"3 villages have declared zero tolerance to the piracy activities and their villages declared a no-go-zone for pirates."

2010 Program Evaluation

"In order to have any hope at all when it comes to limiting the pirate activity we are totally dependent on taking actions that truly improve the situations in one of the world's most depleted and poorest countries."

Anne Kristin Sydnes, Head of International Section, Norwegian Church Aid.



"A lasting solution to this serious problem (maritime piracy) can only be found on land in Somalia. The Norwegian Shipowners' Association, Den Norske Krigsforening for Skib and Norwegian Church Aid are collaborating on a project on land to create alternatives to piracy."

Sturla Henriksen, Director General of the Norwegian Shipowners' Association.





Port Development Pilot Project: Berbera

PROGRAM OVERVIEW: The key to defeating Somali piracy in the long term is through the creation of sustainable jobs, economic opportunities and the development of both maritime and on-shore resources, through engagement with local partners. Coordination to align objectives with UNODC and WFP is underway.

Port Background:

- Separately developed by the US and Russia
- Exports livestock to various MENA nations
- Biggest importer is World Food Programme (WFP)
- Functioning fuel jetty with one pipeline
- Estimated 800 port visits/year

Potential Synergies:

- Improvements to Berbera Port would complement expansion of the road to Ethiopia (Berbera Corridor), as well as WFP aid shipments.
- The strategic location of Berbera creates excellent synergies with previously mentioned initiatives like Somali Fair Fishing and Save the Children.

Oceans Beyond Piracy's Contribution:

OBP has been investigating the role of private-sector support for developing port facilities and infrastructure, to benefit investment and economic opportunities in coastal regions of Somalia.

In August 2013, OBP hired a port consultant to conduct an assessment focusing on immediate opportunities and areas where in-kind support and private sector expertise could be used to foster development of Berbera port.

OBP is donating assessment, evaluation, secretariat, and partner support to coordinate the project.

Project Governance Mechanism:

- **Steering Committee:** the project will be governed by an envisioned Steering Committee, made up of key representatives from the private sector (shipping and port industry), development organizations, as well as government and local partners. The Steering Committee advises on the priorities, needs, and sequencings of project implementation.
- **Transparent Online Platform:** an online platform will rank and organize the phases of the projects, ensuring that each step of the project is efficiently and effectively sequenced. The platform will also coordinate matching and in-kind donations.
- **Public Private Partnerships:** the project will facilitate partnerships with the Somali regional authorities, development organizations, and intergovernmental organizations, for the implementation of the project. The project will also ensure local Somali people are contracted for jobs.

Challenges:

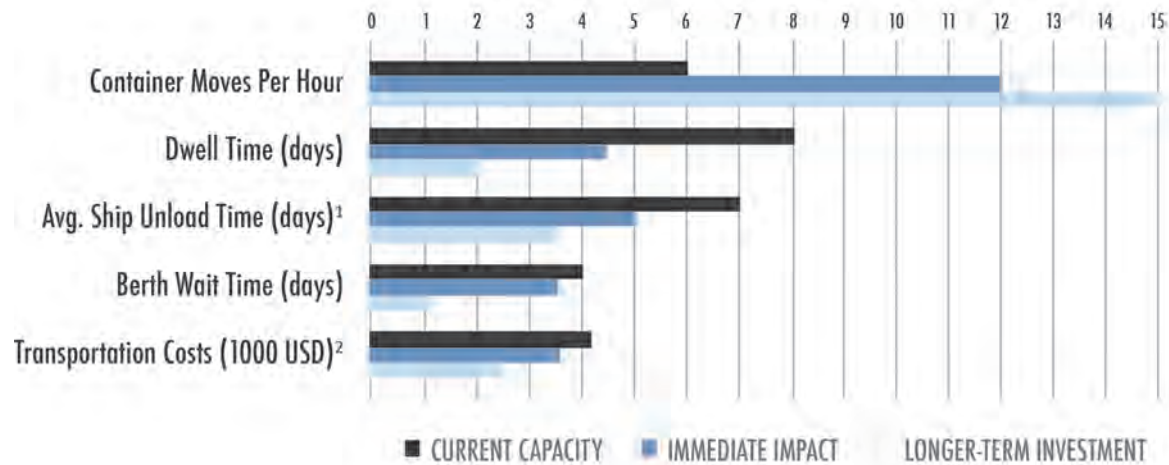
- Productivity and efficiency of port operations and maintenance
- Under-developed hinterland connections
- Inadequate infrastructure and materials handling equipment



OPTIONS FOR IMMEDIATE /QUICK WIN PROJECTS

Type	Units Requested	Price: New	Price: Second Hand	Type of Donation	
				Public/Private Partnership Opportunity	Possible In-Kind
Tug boat	1	\$6,000,000	\$3,500,000	✓	✓
Pilot boat	1	\$200,000	\$150,000	✓	✓
Buoys	7	\$500,000	\$500,000	-	✓
Reach Stacker for Loaded Containers	3	\$700,000	\$350,000	✓	✓
Empty Container Handler	1	\$350,000	\$200,000	✓	✓
Terminal Tractors	4	\$120,000	\$50,000	✓	✓
Bomb Cart Trailers for Containers	5	\$50,000	\$30,000	✓	✓
Trailers for Spreaders	2	\$25,000	\$10,000	✓	✓
Small Forklifts for Warehouse	4	\$35,000	\$20,000	✓	✓
Pallets for Warehouse	300	\$25	\$25	-	✓
Semi-Automatic Container Spreaders	2	\$10,000	\$10,000	✓	✓
Spare Parts	-	\$400,000	\$400,000	-	✓
Training, Travel	-	\$200,000	\$200,000	-	✓
Mentoring	-	-	-	-	✓
Transportation of Equipment	-	-	-	-	✓

BERBERA PORT POTENTIAL IMPROVEMENTS



¹Avg. Ship Unload Time is an average of the port's performance for all ships

²Transportation Costs are based on sending 1 TEU from Baltimore MD to Addis Abba through Berbera





Basic Education & Skills Training

PROGRAM OVERVIEW: Danish Shipowners' donated \$270,000 in 2010, followed by further contributions from: AP Møller-Mærsk, J. Lauritzen, Torm, Clipper, and Norden. This was later supplemented by a \$12 million grant from the European Union to Save the Children to expand the project beyond Berbera, with the goal of educating 42,000 children

Save The Children Programs:

- Alternative basic education and skills training in Puntland and Somaliland especially for vulnerable young people and women
- Skills Training for 16-25 year olds
- 7.5 months of institutional training + 1 month internship or 6 months of enterprise based skills training
- Contractor verification of skills
- Skills based on local market surveys
- \$30 a month stipend to participants

Local Implementing Partners: Yovenco & GAVO



~4,900: number of Somalis employed through the Save the Children/Danish Shipowners Association partnership over the last 3 years.

~7,000: number of young people educated by the program with funding from the Danish Shipowner's Association and other companies over the last three years. 70% of these now have jobs.

"Efforts on land are needed to improve young people's living conditions and thus remove the incentive to turn to piracy."

Danish Shipowners Association



The project was selected by Danish Shipowners' for its focus on employment opportunities for young Somalis. "We want to support those who provide a good and sustainable development project, offering people an economy, and good employment opportunities."

Deputy Director General Jan Fritz Hansen, Danish Shipowners Association

In recent years, stakeholders have suggested that shipowners "take part in development aid but there are limits as to how much the carriers may afford and our knowhow on development aid. However, we would like to take part [in] different approaches to the problem and that is why we... have financially supported education packages through Save the Children Denmark... We believe that the [problem] will have to be solved on shore."

Deputy Director General Jan Fritz Hansen

Alternative Employment & Capacity Building

PROGRAM OVERVIEW: Somali Fair Fishing (SFF) is working to develop a viable, sustainable, and lucrative fishing industry in Somali coastal regions. The program works to create alternative employment and build capacity in the area, with an initial pilot project in Berbera.

Outcomes/Goals:

- Catch over one ton of fish per day
- Collaborates with 14 different fishing companies in Berbera
- 15 employees in Berbera
- Provided critical infrastructure to enhance capability of local fisheries
- Increase supply of fish to satisfy high and growing demand
- Owns and runs a fish restaurant supported by the local fisheries
- Aims to create 700 new jobs in the value chain, and train 80 young men and women in the fisheries sector
- Received over \$350,000 in donations and training
- ~20 corporate and shipping parties donating equipment
- Has established an SFF Fishing Station and refrigerated fish storage areas
- Established market connections for fishers and improved the capabilities of many other local fishers



Industry Partner	Contribution
E. Espersen Fisk	Equipment for processing and treatment of fish
Falck	Lifeboats, first aid equipment
Clipper Group	Office equipment, expertise, management
Danish Crown	Production equipment and trucks
Maersk	Freezer containers and transportation
Container Providers International	Containers for shipping
United Arab Shipping	Transportation
PIL Shipping	Transportation
Danish Auctions	Auction scales
Daconet	Nets and fishing equipment

~40,000: Number of metric tons of fish that could be caught sustainably in Somaliland waters by local fisherpeople each year. Currently only around **550** metric tons are caught by Somaliland fisherpeople per year.

Somalia's waters are a diverse and productive biosphere home to tuna, albacore, lobster, swordfish, and many other game and commercial species.

"Piracy off the coast of Somalia is a long-term problem that needs to be solved on land. SFF is a long-term initiative, but also a very concrete effort that will show immediate and very noticeable results."

Per Gullestrup, Chairman of the Board Somali Fair Fishing

Centre for E-Learning

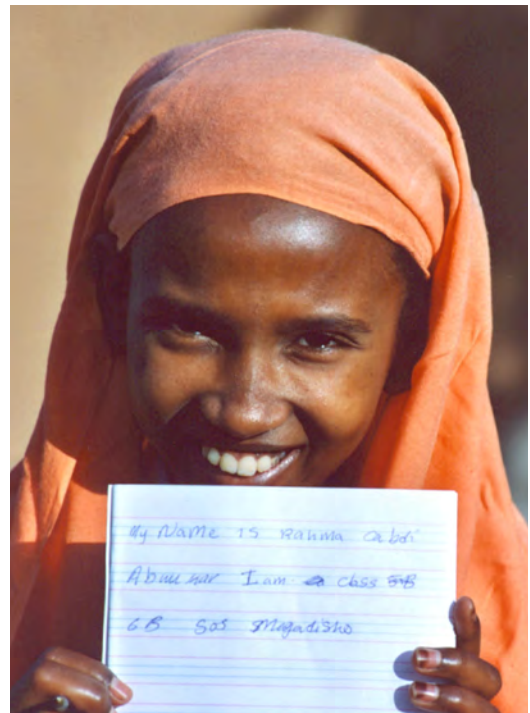
PROGRAM OVERVIEW: The Centre for E-Learning, located in a Somali refugee camp in Djibouti, is a project co-financed by the German Shipowners' Association (VDR), coordinated by SOS-Kinderdörfer Weltweit, and supported on the ground by the Djiboutian Minister for Families. The project aims to help young people receive an education that leads to sustainable employment opportunities.

About the Centre:

- Provides training and career counselling for children, teenagers and young adults in foreign language and basic computer skills
- Headquartered in Djibouti City, Djibouti and serving Somali refugees
- In 2013, VDR donated 660,000 Euro to finance the project
- The Centre is expected to open in mid-2014

Goals:

- Facilitate exchange of ideas between communities
- Promote academic learning alongside athletic programs
- Increase economic opportunities for young people through education



“We want to make it clear with this project that the lasting solution to the piracy problem, or at least the suppression of it, depends on good social and economic development at the regional level. Because of this, the international community must try to broaden the opportunities and perspectives of young people.”

Ralf Nagel, Chief Executive Officer, VDR



“Through computer-aided learning and reading, the employment and integration prospects of young people greatly improve. Access to information via the internet, online media, digital books and the creation of a contact platform make this learning centre a small gateway to the rest of the world.”

Dr. Wilfried Vyslozil, Board Member, SOS Children's Villages

