Early Warning System

AFDB-P-SO-H00-004

Somalia - Support to the Somalia Development and Reconstruction Bank (SDRB) to Catalyse Economic Growth

Somalia - Support to the Somalia Development and Reconstruction Bank (SDRB) to Catalyse Economic Growth

Quick Facts

Countries	Somalia
Financial Institutions	African Development Bank (AFDB)
Status	Approved
Bank Risk Rating	C
Voting Date	2025-10-01
Borrower	Government of Somalia
Sectors	Climate and Environment, Finance
Investment Type(s)	Grant
Investment Amount (USD)	$ 1.34 million
Project Cost (USD)	$ 1.61 million

Project Description

According to bank provided information, the objective of the project is to strengthen the Somalia Development and Reconstruction Bank to foster inclusive and climate-resilient economic development in Somalia. More specifically, the project seeks to transform SDRB into a credible and operational development finance institution capable of expanding access to finance for the private sector, particularly MSMEs; strengthen its governance, operational and risk-management systems; develop digital and Sharia-compliant lending solutions; build the capacity of its staff and partner financial institutions; and integrate environmental and climate risks into lending and investment decisions. The project is expected to improve SDRB's capacity to provide working-capital and asset-financing products, expand wholesale lending through MFIs, strengthen financial inclusion and position SDRB to mobilize additional development finance for Somalia.

The Catalyzing Economic Growth through Support to the Somalia Development and Reconstruction Bank (SDRB) Project is an institutional support and financial-sector development operation in Somalia aimed at strengthening and modernizing the Somalia Development and Reconstruction Bank so that it can operate as an effective national development finance institution. The project focuses on institutional capacity building, digital lending, financial inclusion, climate-resilient finance and improved access to credit for Somalia's private sector. The project comprises four components: (i) institutional capacity building for SDRB; (ii) pilot digital lending through microfinance institutions; (iii) climate policy development and adaptation integration; and (iv) project management. The institutional capacity-building component will strengthen SDRB's governance, internal policies, credit and financial risk-management frameworks, operating procedures and human-resource capacity. It will support staff training and knowledge transfer, including the use of specialists from the Somali diaspora, and will develop Sharia-compliant financing instruments tailored to productive sectors such as agriculture and fisheries. It will also provide business-development services, financial literacy, mentoring and investment-readiness support for small enterprises. The digital-lending component will operationalize the Digital Agency Lending Platform (DALP) and pilot a wholesale lending model through selected microfinance institutions. The project will support the integration of participating MFIs with SDRB's digital systems, upgrade technical and reporting systems, train MFI staff and pilot digital financing for micro and small enterprises. The platform is expected to support electronic loan applications, disbursements and repayments and improve SDRB's ability to monitor the performance of participating financial institutions and borrowers. The climate component will integrate environmental and climate-risk considerations into SDRB's lending operations. With technical assistance from the Global Center on Adaptation (GCA) under the Africa Adaptation Acceleration Program, the project will develop a climate-risk management framework and strengthen SDRB's capacity to assess climate risks and finance climate-resilient investments, including activities in renewable energy and sustainable agriculture. The document estimates the total project cost at approximately UA 1.2 million, including contingencies. The African Development Fund, through the Transition Support Facility (TSF) Pillar III, will provide a grant of UA 1 million for capacity building and technical assistance. The Global Center on Adaptation will provide a parallel grant of USD 150,000, equivalent to approximately UA 104,000, for climate adaptation and resilience activities. The Federal Government of Somalia will provide an in-kind counterpart contribution of approximately UA 0.1 million, covering items such as office space, Project Steering Committee time and security personnel. The grant recipient is the Federal Republic of Somalia, and the executing agency is the Federal Ministry of Finance. The existing Project Implementation Unit within the Ministry of Finance will manage day-to-day implementation, while SDRB will provide technical leadership for activities directly related to its institutional development. The project implementation period is planned from August 2025 to July 2027.

Investment Description

- African Development Bank (AFDB)

Contact Information

Name: Grace KYOKUNDA

Email: g.kyokunda@afdb.org

ACCESS TO INFORMATION

You can submit an information request for project information at: https://www.afdb.org/en/disclosure-and-access-to-information/request-for-documents. Under the AfDBÕs Disclosure and Access to Information policy, if you feel the Bank has omitted to publish information or your request for information is unreasonably denied, you can file an appeal at https://www.afdb.org/en/disclosure-and-access-to-information/appeals-process.

ACCOUNTABILITY MECHANISM OF AfDB

The Independent Review Mechanism (IRM), which is administered by the Compliance Review and Mediation Unit (CRMU), is the independent complaint mechanism and fact-finding body for people who have been or are likely to be adversely affected by an African Development Bank (AfDB)-financed project. If you submit a complaint to the IRM, it may assist you by either seeking to address your problems by facilitating a dispute resolution dialogue between you and those implementing the project and/or investigating whether the AfDB complied with its policies to prevent environmental and social harms. You can submit a complaint electronically by emailing crmuinfo@afdb.org, b.kargougou@afdb.org, b.fall@afdb.org, and/or s.toure@afdb.org. You can learn more about the IRM and how to file a complaint at: https://www.afdb.org/en/independent-review-mechanism/