



REQUEST FOR EXPRESSION OF INTEREST

Assignment Title: Revolving Wholesale Fund with MFIs and partnering with the Digital Lending Agency Platform (DALP)

Sector: MSME Sector Development

Project ID No: SDRB-P-P1-002

1. Background

The Somali Development and Reconstruction Bank (SDRB) is Somalia's sole national development bank, reformed in 2024 with a clear mandate to drive the country's economic recovery and development. SDRB serves as a key pillar in Somalia's economic growth, providing catalytic financing to stimulate sector-specific growth across industries, particularly in support of Somalia's Micro, Small, and Medium Enterprises (MSMEs).

In recognition of the critical role Microfinance Institutions (MFIs) play in enhancing financial inclusion and reaching underserved communities, SDRB aims to work closely with MFIs and provide wholesale financing, develop and co-implement a Digital Lending Agency Platform (DALP). This platform will be designed to reduce operational costs, enhance lending capacity, and expand MFIs' outreach through a network of authorized agents. The platform will incorporate advanced features like a digital credit decision engine, alternative data usage for credit scoring, and tailored digital business development support (BDS) tools for both MSMEs and MFIs themselves. Additionally, SDRB will collaborate with MFIs to develop Sharia-compliant financial products, such as asset-based lending and others, to meet the unique needs of Somali businesses.

The Somali Development and Reconstruction Bank is seeking to collaborate with suitable Microfinance Institutions (MFIs) that are dedicated to providing customized, high-quality, and innovative financial solutions for small and micro enterprises. The primary responsibility of these MFIs will be to operate and manage a complete revolving financing fund on behalf of the SDRB. Furthermore, the MFIs will also work together to implement DALP and its BDS tools.

2.Scope of the assignment: The selected MFIs will involve disbursing, overseeing and administering a revolving financing fund on behalf of the SDRB, with disbursements facilitated through the Digital Lending Agency Platform (DALP). This revolving fund will serve as a financial resource to support Micro, Small, and Medium Enterprises (MSMEs) operating in various productive sectors across urban centers and rural regions throughout Somalia. Furthermore, SDRB will offer Business Development Services to the MFIs and MSMEs to enhance their capacity, improve financial literacy and promote growth.

3. Expected Results:

- Increased financial inclusion through collaboration with SDRB and MFIs,
- Expanded access to capital for MSMEs across diverse sectors, driving economic growth.
- Enhanced operational efficiency for MFIs and extended outreach via agents.
- Development of innovative financial products that are Sharia-compliant.
- Capacity building and growth support for MFIs and MSMEs through Business Development Services.

4. Eligibility criteria: Interested MFI will go through rigorous selection procedures in two phases:

Phase 1: MFIs will be shortlisted based on the following Criteria:

- a) Company profile that includes the history of the company, at least 1 year in business, number of branches and their locations, core products and services, target markets, market position, achievements, and other relevant information.
 - b) Valid registration certificate from the Central Bank of Somalia.
 - c) Valid registration certificate from the Ministry of Commerce.
 - d) At least 1 experience of previous relevant services with references.
 - e) Technical and managerial organization details of the MFI firm (organizational structure, management team details, and expertise).
5. Phase 2, for the shortlisted MFIs, the SDRB will perform due diligence that includes assessing the company's financial health, compliance history, internal controls and systems, products and services, loan management practices, and corporate governance. To ensure thorough due diligence, the SDRB may also carry out site visits and conduct interviews.
 6. The Somali Development and Reconstruction Bank now invites eligible MFIs to submit their Expressions of Interests (EOIs) that address the eligibility criteria outlined in Section 4 of this document.
 7. Interested MFIs may obtain further information at the address below during office hours from 8:00 am to 4:00 pm prior to the deadline date.
 8. **Submission Deadline:** Expressions of Interest must be sent via email with the subject line “Revolving Wholesale Fund with MFIs and partnering with the Digital Lending Agency Platform (DALP)” to procurement@sdrb.gov.so. Please also copy jibril.mohamed@sdrb.gov.so and a.muse@sdrb.gov.so. The deadline for submissions is November 25th, 2024, at 12:30 p.m. local time.

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