Finance for Inclusive Growth in Somalia

Finance for Inclusive Growth in Somalia (FIG – Somalia) is a pilot programme component under the European Union’s Inclusive Local and Economic Development (ILED) programme, whose objective is to contribute to stability in Somalia by extending state authority and services, promoting local reconciliation and peacebuilding, creating inclusive economic opportunities and protecting the most vulnerable.

**Objectives of FIG Somalia**

a) Facilitate access to finance for women and youth in business and producers’ both at the financial institution level and enterprise level using the revolving loan fund and the partial guarantee facility with selected partner financial institutions.

b) To enhance access to relevant business development services mainly through training and business mentorship.

c) Build the capacity of the partner financial institutions to increasingly provide appropriate financial services for a wider scope of customers include those living in rural and decentralized areas in Somalia.

d) To design and offer appropriate and sustainable products and services to clients through Somali Financial Institutions and ensure targeted clients are growing and becoming more bankable.

**Total Funding**

€ 4,500,000

**Project Duration**

3.5 years

**Expected impact**

€ 2 million Matching funds leveraged

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**Target end beneficiaries**

**Women enterprises**

The programme targets to have at least 40% of its end clients as women.

**Youth enterprises**

The programme targets to have at least 30% of its end clients as youth.

**Producers**

Supporting producer groups (in agriculture, livestock and fishing sectors) access finance.

Funded by the European Union
Financing Instruments

a) Revolving Loan Fund - € 2 Million:
   § Dedicated on-lending capital; average of €1,000 to finance micro-enterprises owned by youth, women and producers
   § Repayable financing at Zero interest; expected to revolve twice during the life of the programme
   § Expected to be matched by the financial institutions at the ratio of 1:1.

b) Partial Guarantee Facility - € 664,600:
   § Mitigates the risk of non-repayment for loans advanced, capped at 30% of the end beneficiary loans
   § Complements the revolving loan fund component.
   § Facilitates greater access to formal borrowing for targeted beneficiaries.

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<thead>
<tr>
<th>Expected impact</th>
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<tbody>
<tr>
<td><strong>8,000</strong></td>
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<tr>
<td>Households</td>
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<tr>
<td><strong>6</strong></td>
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<td>Training modules developed</td>
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<td><strong>6</strong></td>
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<tr>
<td>Loan products developed</td>
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<tr>
<td><strong>50-60</strong></td>
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<tr>
<td>Staff trained</td>
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<tr>
<td><strong>€ 2 million</strong></td>
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<td>Matching funds leveraged</td>
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