

## **KIMS Microfinance Signs Strategic Partnership Agreement Gargaara Finance Limited**

*Somalia's leading Non Banking Financial Institution expands its portfolio with support from Government backed financing facility*

[KIMS Microfinance](#), a pioneering microfinance institution in Somalia committed to uplifting micro and small enterprises (MSEs), owned by vulnerable Somalis, through financial products and services, is delighted to announce a significant milestone in its journey.

[Gargaara Finance Limited](#), a specialist apex financing facility, incorporated by the Ministry of Finance in Somalia in 2019, and backed by over \$30 million in funding from the World Bank and the German Development Finance Institution, KfW, has entered into a strategic financing partnership with KIMS. This is the first time that Gargaara has extended its financing to a non banking financial institution (NBFI).

Under this agreement Gargaara will provide an expandable shariah compliant line of financing to KIMS for use by the institution to increase its provision of financing of MSEs across the Somali territories.

This line of financing reflects Gargaara's confidence in the management of KIMS, the portfolio quality of the institution as well as its ability to provide financing solutions for underserved MSE clients.

Despite the steady growth of the Somali financial sector there remain very few dedicated NBFIs to serve the significant capital constraints faced by an estimated 2 million micro and small enterprise (MSE) clients.

Since its launch in 2014 KIMS has provided over 38,000 MSE shariah compliant loans for a total value of USD \$37.6 million. It is conservatively estimated that this financing has sustained or created over 25,000 jobs.

KIMS provides a range of client centric small and micro enterprise loan productions including; Trade and Commerce, Fisheries and Agricultural Value Chains, Livestock financing, Solar Home System financing and Education financing. Besides individual loans KIMS also offers a group loan product for some of the most vulnerable clients who have income generating activities but are unable to secure guarantors due to their social status - in this case they are eligible to access loans via a mutual, group guarantee model.

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KIMS currently operates via 8 branches throughout the Somali territories and maintains strong portfolio quality with its Portfolio at Risk greater than 30 days remaining under 3%.

KIMS operates a pro poor business model which intentionally seeks to support economically active but vulnerable women and youth as priority clients. KIMS current portfolio consists of 40% women, 61% youth (aged 18-35) and a full quarter of the client base have experienced displacement (as refugees or internally displaced persons).

With the support of Gargaara and other key investors KIMS current five year business plan will see the institution finance 77,000 cumulative clients by 2027 solidifying its position as the leading provider of Sharia-compliant microfinance services in Somalia.

Speaking to this announcement, Mustafa Abdi Ali, KIMS Microfinance Chairman, said;

“This partnership between KIMS and Gargaara will encourage us to accelerate our goal of providing increased opportunities to the poor but economically active Somalis, especially women and youth. We look forward to a long and fruitful relationship between our two institutions.”

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