KIMS
Mogadishu, Somalia
Established in 2014, Kaah International Microfinance Services (KIMS) offers high-quality diversified microfinance to low-income, entrepreneurial Somalis.

SUMMARY
KIMS is the Somali market leader in the provision of Sharia compliant microfinance services, offering savings, financing of small and microenterprises, and prioritising access to finance for marginalised population groups.

CHALLENGE
Somalia is slowly emerging from a devastating 30 years of civil war that has destroyed economic and political institutions. An estimated 2.5 million Somalis are internally displaced, with millions more residing in neighbouring countries. A lack of basic health and education services, poor infrastructure, weak rule of law, and prolonged drought make Somalia one of the world's most fragile states.

Financial inclusion is critical to fostering entrepreneurship and economic equality as well as contributing to stability and peacebuilding. Yet Somalis face challenges accessing finance, and vulnerable groups such as youth, refugees, and women face exclusion and prejudice. Such contexts require new innovative finance products and services that support these groups.

SOLUTION
KIMS combines commercially viable, professional services with deep social impact. KIMS recognises that supplementary non-financial support services combined with strong community outreach are essential elements that encourage repayment among its target groups of females, displaced, rural, and young Somalis.

IMPACT
To date, KIMS has provided over USD 14 million in financing to more than 13,700 clients, with an active portfolio of 4,156 clients worth USD 3.8 million, through a growing range of products including micro and small business plans, fisheries and agriculture value chain financing, and an energy access product. KIMS actively leverages Somalia’s mobile money infrastructure for repayment, and plans to expand its digital offering to include a mobile application for client financing.

The organisation has provided financial literacy training to 5,000 borrowers, and business skills training to over 1,000 youth clients, while its refugee returnees are offered additional skills training relevant to the local labour market.

COMPETITIVE ADVANTAGE
In creating Somalia’s first Shariah compliant microfinance organisation, KIMS has leveraged its parent company Kaah Express, a remittance firm servicing the Somalia diaspora worldwide, to expand efficiently and inexpensively along Kaah’s network of branches across Somali territories while using established community ties to develop brand recognition as well as mitigate business and political risks.

For KIMS, this relationship has fostered an international outlook, embodied by the multitude of strategic partnerships the firm has developed with international NGOs, development finance institutions (DFIs), bilateral and multilateral donors, and technical assistance partners to support expansion and adopt international best practices.

SCALABILITY
KIMS is entering a growth phase, allowing the firm to embark an ambitious four-year expansion plan. By 2022, KIMS aims to have provided access to finance to 50,000 Somalis, and manage an active portfolio of USD 13 million creating 25,000 jobs while expanding its rural outreach, product range, geographic coverage, and branch infrastructure.

KIMS will achieve these goals through outreach and diversification. KIMS prioritisation of outreach towards rural customers will allow the firm to reach previously untapped communities at the bottom of the pyramid. In parallel, KIMS is actively pursuing market entry into neighbouring Djibouti,
Ethiopia, and Kenya, with the goal of becoming the leading regional Islamic microfinance provider in East Africa.

EXPANSION PLAN 2019-2022

- Establish up to 12 new branches across the country.
- Expand and develop new thematic financing products, diversifying offering to include group financing, solar home system financing, insurance products, and dividend bearing micro savings schemes.
- Expand services to higher social impact client segments of women, youth, refugees, internally displaced persons (IDPs), fisherfolk, and pastoralists.
- Transform into a full-service Islamic Microfinance Bank.
- Implement digitisation strategy through automated finance management and a core banking platform.
- Expand into neighbouring markets in Ethiopia and Kenya.

INVESTMENTS

Looking to raise USD 5 million in 2019 through a mix of debt, equity, and grants, KIMS aims to fund institutional growth through expansion of branch infrastructure, rural outreach, human resources, IT systems, and training.

Furthermore, KIMS aims at financing loan portfolio growth through general lending activities and allocation of funding to specific higher impact client segments. KIMS will also plan projects that test higher risk, greater social impact client segments, and products, such as solar home systems, IDP and refugee returnee financing, youth start-up lending, and other entrepreneurship projects for vulnerable groups.

ANNUAL REVENUE

- 2018: USD 4.2 million
- 2017: USD 3.3 million
- 2016: USD 2.8 million

PARTNERSHIPS

KIMS has established partnership with various global development agencies, management service providers, and legal support actors. These include amongst others IFC, The World Bank, CGAP, USAID, UK DFID, IsDB, FMO, the EC, EY Enterprise Growth Services, Thomson Reuters, AECF, The Somali Stability Fund, and ALCBF.

AWARDS

- Selected as a Case Study in Ernst and Young’s Scaling Impact Entrepreneurship Yearbook (2018).
- Finalist in Laudato Si’s Challenge as a representation of a model of global good practice in refugee inclusive microfinance (2018).
- Ethical Finance Innovation Challenge and Awards (EFICA) winner (2017).

FOUNDER

Mustafa Abdi Ali (Founder and Board Chairman) - An Ethiopian national, Mustafa is KIMS owner and Board Chairman. He co-founded Kaah Express Financial Services in 2001, retaining a majority shareholding since its inception. Mustafa has created a string of successful businesses including Green Belt General Trading Company, Dubai, which is an import and export company specialising in foodstuffs and agricultural production. With his strong vision and wide network amongst the Somali community in the Horn of Africa region and internationally, he is leading the strategic growth of KIMS.

Justin Sykes (Board Member and Cofounder) – Justin leads the strategic partnership development and resource mobilisation efforts of KIMS. Justin is a social investment specialist with 20 years’ experience in supporting the deployment of private capital to create more and better jobs for vulnerable populations, often in fragile contexts. Justin runs Innovest Advisory, a boutique consultancy firm that seeks to unleash the power of public and private capital to address some of the world’s most challenging issues. Prior to this, his wide-ranging career history has included working for international charities, the United Nations, and a large private foundation focused on youth job creation.

CONTACT

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