



COUNTY GOVERNMENT OF KITUI

MINISTRY OF TRADE COOPERATIVES AND INVESTMENTS

KITUI COUNTY EMPOWERMENT FUND

NOTICE! NOTICE! NOTICE!

CALL FOR EXPRESSION OF INTEREST TO THE KITUI COUNTY EMPOWERMENT FUND GROUP LOANS

County Government of Kitui established the Kitui County Empowerment Fund (KCEF) as provided in Section 116 of the Public Finance Management Act, 2012. The fund is gazetted in Kenya Gazette notice Supplementary No. 1 of 1st March 2021.

The objectives of KCEF are:

- a) *Expand access of finances in promotion of affirmative action group (women, youth or people with disability groups) or any other group duly registered and qualifying for financing; or*
- b) *Provide loans directly to affirmation action group groups or any other group duly registered and qualifying for financing for entrepreneurship development; or*
- c) *Attract and facilitate investment-oriented infrastructure such as business, markets or business incubators that will be beneficial to youth, women, persons with disability groups and any other group duly registered and qualifying for financing; or*
- d) *Facilitate marketing of products and services of youth, women, persons with disability groups and any other group duly registered and qualifying for financing; or*
- e) *Support capacity building of the beneficiaries of the Fund through training, incubation, mentorship, start-up support and promotion of innovation and development of products; or*
- f) *Promote, develop and facilitate access to government procurement opportunities by women, youth and persons with disability groups and any other group duly registered and qualifying for financing.*

Eligibility Criteria for Loan Applicants

1. Regulation No. 18, which reads:

(1) A affirmative action group or any other qualified group shall be eligible to be granted for a loan for business purposes from the Fund if—

- (a) it is registered with the department of social services, Cooperatives or the Registrar of Societies; and*
- (b) the applicant is based within the County; and*
- (c) has been in existence for at least three prior to the application.*
- (d) Demonstrate ability to contribute at least 5% of the loan applied for either in cash or in kind; and*
- (e) the applicant has an operational bank account.*

(2) No applicant shall be granted a loan exceeding one million Kenya Shillings from the Fund at any given time.

(3) *The allocation of loans under these regulations shall be based on equitable distribution among the eight sub- counties in the county.*

(4) *Affirmative action groups shall be given a preference while processing loans by the Fund.*

2. Regulation No. 19 which reads:

1) *A group that meets the criteria set out in regulation 18 and wishes to borrow a loan from the Fund shall make an application in the prescribed form to the Fund Administrator.*

2) *An application for a loan under paragraph (1) shall be accompanied by—*

(i) certificate of registration; and

(ii) minutes of the group's meeting where the resolution to borrow from the Fund was made; and

(iii) copies of identification documents of all the group members.

(3) *an application for a loan under these Regulations shall be accompanied by a written resolution made by majority of the members of the group and signed by the authorised officials of the group:-*

(4) *the resolution under paragraph 3 shall;-*

(a) state the amount of loan the group has resolved to borrow; and

(b) the repayment amount and period as agreed by the members of the group; and

(c) the collateral to be offered by the group as security for the loan, if the loan is more than two hundred thousand Kenya shillings; or

(d) Confirmation that the members will issue the Fund with personal guarantees if the loan applied for is below two hundred thousand Kenya shillings.

(5) *The Fund Administrator shall use the following criteria when evaluating a loan application—*

(a) first in first out principle of loan processing;

(b) give preference to affirmative action groups;

(c) compliance with the provisions of paragraph (2);

(e) ability to repay the loan within the stipulated loan tenor;

(f) an undertaking by the beneficiary that the loan shall only be used for the purpose of the business applied for until the loan is repaid in full by the beneficiary;

(g) no borrower shall be eligible for more than one loan at a time from the Fund;

(h) an undertaking by the applicant to notify the Secretariat of the Fund of any change in physical address; and

(i) any other conditions as may be prescribed by the Board.

3. Additional terms and conditions for the loan prescribed by the KCEF Board in line with Regulation No. 19 (5) (i).

1. For clarity regulation No. 18 (1) (c) shall mean that, "a group shall be eligible to be granted for a loan for business purposes from the Fund if has been in existence for at least **three months** prior to the application."

2. The group MUST have a membership of at least ten (10) members and above.

3. There will be a one-off deduction for loan insurance of 2% and processing costs of 1% of the approved loan and shall be payable upfront prior the release of the approved loan.

4. The loan shall be paid in installments with a grace period of **not more than 3 months** and a repayment period, inclusive of the grace period, **not exceeding 12 months**.

5. The loans offered by KCEF are subject to an interest rate of **five percent (5%) per annum on a monthly reducing balance.**
6. Cooperatives that wish to access the loan **MUST** first meet the law and regulations governing cooperatives regarding loan application by cooperatives.
7. Affirmative Action Groups Loans Conditions
 - Women Group must meet the following conditions;**
 - a. More than 50% of the group members **MUST** be women
 - b. The Bank signatories **MUST** be women
 - c. The group leadership **MUST** be composed of women
 - Youth Group must meet the following conditions:**
 - a. More than 50% of the group members **MUST** be under the age of 35 years
 - b. The Bank Signatories **MUST** be persons under the age of 35 years
 - c. The group leadership **MUST** be composed of persons under the age of 35 years
 - Persons with Disability (PWDs) Group must meet the following conditions:**
 - a. More than 50% of the group members **MUST** be PWDs (attach NCPWD Disability card for all members)
 - b. The Bank Signatories **MUST** be PWDs (attach NCPWD Disability cards)
 - c. The group leadership **MUST** be composed of PWDs (attach NCPWD Disability cards)
 - d. A letter from the NCPWD confirming that the group is for this category and a list of group members with disability with their NCPWD registration numbers may be used in lieu of the NCPWD Disability Cards

LOAN APPLICATION FORMS

Serialized Loan Application Forms are to be used in KCEF Loan Application by eligible groups. The Serialized Loan Application Forms are **not for sale** and can be collected from the following offices:

- a) Office of the Village Administrators
- b) Office of the Fund Administrator - Kitui County Empowerment Fund

NB: Use of photocopied forms or non-serialized forms by KCEF will not be eligible.

SUBMISSIONS OF DULY FILLED APPLICATION FORMS

All eligible groups should get serialized loan application forms, fill in the Forms attaching all mandatory documents and submit the filled application form with all attachments to the office of the village administrators as from **10th June 2021.**

Please observe COVID-19 safety guidelines.

THE FUND ADMINISTRATOR
 KITUI COUNTY EMPOWERMENT FUND
 MINISTRY OF TRADE, COOPERATIVE AND INVESTMENTS
 COUNTY GOVERNMENT OF KITUI.