

SPECIAL ISSUE

Kakamega County Gazette Supplement No. 9

14th October, 2016

(Legislative Supplement No. 4)

LEGAL NOTICE NO. 4

**THE KAKAMEGA COUNTY SMALL SCALE TRADE DEVELOPMENT FUND
REGULATIONS, 2016**

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THE KAKAMEGA COUNTY SMALL SCALE TRADE DEVELOPMENT FUND
REGULATIONS, 2016

IN EXERCISE of the powers conferred by section 116 of the Public Finance Management Act, No. 18 of 2012, the Kakamega County Executive Committee Member for Finance makes the following Regulations—

PART I—PRELIMINARY

Short title

1. These regulations may be cited as the Kakamega County Small Scale Trade Development Fund Regulations, 2016 and shall come into effect upon publication in the gazette.

Interpretation

2. In these regulations unless the context otherwise requires—

“County Exchequer Account” means the county revenue fund pursuant to Article 207 of the Constitution of Kenya, 2010;

“Executive Committee Member” means the County Executive Committee Member responsible for finance;

“Entrepreneur” means any micro and small scale trader in the County who initiates and assumes the financial risks of enterprise and undertakes its management

“County” means Kakamega County;

“Fund” means the Kakamega County small scale trade Development Fund established under regulation 5;

“County Assembly” means County Assembly of Kakamega County;

“Loan” means a sum of money lent from the Fund to an entrepreneur for business purpose;

“Small scale trader” means entrepreneur who are involved in small and micro enterprises for production and trade in goods and services in the County. Arrange these definitions in alphabetical order.

Object and purpose

3. The object and purpose of these regulations is to—

- (a) provide for credit to small-scale traders in the County;
- (b) provide for the establishment, administration, management and winding up of the Fund;
- (c) to expand access to finance through grants and credit to promote businesses and enterprises at the County level, thereby enhancing economic growth towards the realization of the goals of the County; and
- (d) to model an alternative framework in funding community driven development. This object provision should generally be brief and to the point.

Principles of the Fund

4. The Principles of the Fund are—
- (a) to ensure the inclusion of all residents of the County including women, youth, persons with disabilities and the marginalized to actively participate towards the economic wellbeing of the County;
 - (b) guaranteeing accessibility and accountability for funds at the lowest level of engagement and for the largest category of recipients using a simple, structured and least cost approach.

PART II—ESTABLISHMENT OF THE FUND**Establishment of the fund**

5. There is established a Fund to be known as Kakamega County small Scale Trade Development Fund to provide loans and credit to deserving small and micro entrepreneurs from the County.

Sources of monies for the Fund

6. The sources of the monies for the Fund shall include—
- (a) monies appropriated from the County Exchequer account;
 - (b) monies from the repayments of any loans from the Fund granted to an entrepreneur;
 - (c) any gifts, donations, grants and endowments made to the fund;
 - (d) interest and profits accruing from investments; and
 - (e) all other sums of money that may in any manner become payable to or vested in the in the Fund.

PART III—ADMINISTRATION OF THE FUND**Establishment of county small scale trade development loans board**

7. (1) There is established a County Small Scale Trade Development Loans Board, which shall be the administrator of the Fund.

- (2) The Board shall consist of—
- (a) chairperson who shall have qualifications in Trade, finance, management, social sciences or any other related field appointed by the Executive Committee Member;
 - (b) chief officer responsible for Trade or representative who will be the secretary;
 - (c) chief officer for Finance;
 - (d) one person representing the local Kenya National Chamber of Commerce and Industry;
 - (e) three other persons each representing the southern, central and northern the three regions of the County respectively appointed by the Executive Committee Member.

(3) In making appointments under these regulations, the Executive Committee Member shall take into consideration regional and gender balance.

(4) Persons appointed under this regulation other than the chief officer responsible for Trade and chief officer for Finance shall be by name and shall hold office for a non-renewable term of three years.

Functions of Board

8. The Board shall —
- (a) receive, register, vet and appraise applications for loans for consideration and granting;
 - (b) maintain minutes of the Board meetings and maintain proper records of the Board affairs and books of accounts;
 - (c) in consultation with the Executive Committee Member for Trade agree or negotiate with the fund manager on applicable management cost;
 - (d) receive and Account for the funds;
 - (e) regularly submit all returns and reports of the Board operations pertaining to the Fund to the executive committee;
 - (f) carry out regular monitoring of all loan recipients to ensure the terms of the loan agreement are adhered to;
 - (g) device clear mechanisms to ensure all loans disbursed are recovered within the set timelines;
 - (h) be the custodians of all Board assets and documentation;
 - (i) formulate policies for regulating the disbursement and management of loans and credit facilities;
 - (j) receive any gifts, donations, grants or endowments made to the Fund;
 - (k) partner with other specialized agencies for purposes of performing its functions under these regulations;
 - (l) prepare annual estimates and reports to the Executive Committee Member responsible for Trade;
 - (m) not later than three months after the end of each financial year, cause to be prepared financial statement of the Fund and submit the same to the Auditor General;
 - (n) present the financial statement to the County Assembly through the Executive Committee Member responsible for Trade;
 - (o) ensure that the earnings of, or accruals to the Fund are retained in the fund unless the Executive Committee Member directs otherwise;

- (p) ensure that money held in the Fund, including any earnings or accruals is spent only for the purposes for which the Fund is established;
- (q) administer the Kakamega County Small Scale Trade Development Loan Fund; and
- (r) perform such other functions and exercise such other powers, as the Board may deem necessary for the proper discharge of its mandate.

Establishment of the ward trade loans committee

9. (1) There is established a Ward Trade Loans Committee in every ward of the County.

- (2) The Committee shall consist of—
 - (a) chairperson who shall have qualifications in finance, management, social sciences or any other related field from the respective ward appointed by the Executive Committee Member responsible for Trade;
 - (b) ward administrator who shall be the secretary;
 - (c) one person representing traders within the ward appointed by the ward administrator;
 - (d) three members representing special interest groups appointed by the Executive Committee Member Responsible for Trade from among the youth, persons with disabilities or marginalized persons within the ward; and
 - (e) one person nominated by the ward office established under section 12 of County Assembly Service Act.

(3) In making appointments under this regulation, the Executive Committee Member responsible for Trade and the ward administrator shall take into consideration gender and regional balance within the ward.

(4) Persons appointed under this regulation other than the ward Administrator shall be appointed by name and shall hold office for a term of three years and shall be eligible for reappointment for one further term.

Functions of the ward trade loans committee

- 10. The functions of the Ward Trade Loans Committee shall be—
 - (a) to receive and verify loan applications from eligible applicants;
 - (b) to recommend successful loan applications to the Board for award;
 - (c) to prepare reports pertaining to the Fund and submit to the Board as and when required;
 - (d) to avail loan application forms to applicants;
 - (e) monitor, evaluate and help in the recovery of loans;
 - (f) carry out sensitization about the Fund; and
 - (g) publish the list of successful applicants on a notice board displayed at the office of the ward administrator;

- (h) perform such other functions and exercise such other powers, as the Committee may be directed by the Board for the proper discharge of its mandate.

Management of the Fund

11. (1) The Board shall appoint a financial institution through a competitive process to manage the fund.

- (2) The Fund Manager shall—
 - (a) receive approved loan schedule together with support documents for disbursement;
 - (b) disburse and recover the loans;
 - (c) provide monthly portfolio reports;
 - (d) recover directly from the beneficiaries management cost and the cost of insurance for the loans disbursed;
 - (e) send repayments schedules to the Board within seven days after draw down;
 - (f) provide platform for loan repayment through alternative channels; and
 - (g) perform any other function under these regulations as may be directed by the Fund Administrator.

Eligibility criteria for small scale trade loan

12. (1) An applicant shall qualify for the Small scale trade loan if the applicant is—

- (a) a resident of Kakamega County;
- (b) a Kenyan Citizen;
- (c) 18 years of age and above;
- (d) an entrepreneur trading under a business that is registered and that has been in existence for at least six(6) months;
- (e) based and operating within Kakamega County; and
- (f) holder of a bank account with the Fund Manager.

Application for small scale trade loan

13. (1) Every entrepreneur wishing to be considered for the grant of a trade loan shall make an application to the Committee in a form prescribed in the First Schedule for onward transmission to the Board.

(2) The Board shall consider the following before granting any entrepreneur a trade loan—

- (a) the Purpose for which the loan is required;
- (b) ability of the Business to generate enough funds to repay the loan;
- (c) credibility of the entrepreneur;
- (d) ability to meet the objectives of the Fund; and
- (e) availability of adequate guarantors for the loan.

(3) The Board shall within fourteen days accept or reject any application for a trade loan with reasons.

Grant of small scale trade loans

14. (1) The Board shall where it accepts a loan application, award a minimum loan of Kenya Shillings Five Thousand and a maximum of Kenya Shillings Two Hundred and Fifty Thousand as specified in the Second Schedule.

(2) In considering the total amount an applicant is eligible to receive, the Board shall consider the following—

- (a) the length of time an applicant has been trading;
- (b) the proposed plan for the loan; and
- (c) the viability of the business.

(3) A successful applicant shall be allowed a one month grace period before the commencement of repayment of the loan.

(4) All loans shall be repayable in accordance with the second schedule.

Registry and Documents

15. (1) To ensure a prudent loan portfolio, the Board shall maintain an efficient and effective loan monitoring and tracking system that shall include the following—

- (a) loans register;
- (b) disbursement schedule;
- (c) loan field report forms;
- (d) copies of the Identity card of the loanee;
- (e) permanent physical address of the loanee;
- (f) copies of guarantee forms for amounts not exceeding Kenya Shillings Fifty Thousand;
- (g) original title deeds or motor vehicle logbooks for amounts exceeding Kenya Shillings Fifty Thousand;
- (h) vetting and appraisal forms;
- (i) insurance policies;
- (j) copies of business licenses and permits; and
- (k) passport photographs of the applicants.

PART V—MISCELLANEOUS

Saving and Transitional provision

16. Any memorandum of understanding, agreement or any other arrangement that may have been entered into between the County government and any financial institution in respect of County Small Scale Trade Development Fund shall continue in force subject to these regulations.

Appeals and Reviews

17. Any applicant aggrieved by the decision of the Board may appeal to the Executive Committee Member responsible for Trade within 14 days from the date of communication of the decision.

Allowances of the committee members

18. Members of the Board and Committees formed under these Regulations shall be paid such allowances as may be determined by the Executive Committee Member responsible for Trade in consultation with the County Executive Committee.

Rules of procedure

19. (1) The Board and Committees formed under these Regulations shall regulate and make their own rules of procedure.

(2). The Board and Committees formed under these Regulations shall hold their respective meetings once every three months of a financial year but may have further meetings subject to the approval of the Executive Committee Member responsible for Trade.

(3) To transact any business at least five members must be present.

Removal from office

20. A member of the Board or a committee established under these Regulations shall be removed from office:

- (a) for gross misconduct;
- (b) violation of the Constitution or any other law;
- (c) mental or physical infirmity;
- (d) on being declared bankrupt by a court of law;
- (e) upon death;
- (f) upon missing three consecutive meetings without valid reasons.

Oversight

21. In the principle of separation of powers, the County Assembly shall have overall oversight over the Fund.

PART—V WINDING UP OF THE FUND

Winding up of the Fund

22. The Executive Committee Member may wind up the Fund with the approval of the County Assembly and upon winding up—

- (a) the administrator of the Fund shall pay any amount remaining in the Fund into the County Exchequer Account;
- (b) the Executive Committee Member Shall with approval of County Assembly pay any deficit in the Fund from the County Exchequer Account;
- (c) all assets of the Fund will be absorbed into the County.

FIRST SCHEDULE

Schedule 1: Trade Loan Application Form

(Regulation 13 (1))

KAKAMEGA COUNTY LOANS SCHEME

LOAN APPLICATION FORM

Personal Details

NAME		ID NO.	
SUB COUNTY		WARD	
VILLAGE		MARITAL STATUS	
A/C NO:		PIN NO:	
MOBILE NO:		Email:	
P.O Box No.& Town		County Employee yes/no	
Describe residence:			
SPOUSE NAME		ID NO:	
MOBILE NO:		PIN NO:	

1. Business Details

Location of Business (Market/Road/ Building/Street)	Years in Operation	
Nature/Type of Business and Name	Business Ownership (Sole/Partnership/Company)	
Monthly business Income (KSh.)	Monthly business Expenses (KSh.)	Monthly profit/loss

2. Loan Application Details

Amount requested (KSh.)		Affordable Installment (KSh.)	
Describe Purpose/Use			

3. Guarantor's Pledge and Acceptance

I do hereby declare and guarantee that incase of default by the applicant I will undertake to repay the loan advanced to him/her until the whole unpaid sum is cleared in full.

Name.....Id no.....Signature.....Date.....

Name.....Id no.....Signature.....Date.....

Name.....Id no.....Signature.....Date.....

4. Security Details (*This section to be filled for loans above KSh. 50,000/=*)

ITEMS	DESCRIPTION	SERIAL NO.	VALUE

Attach spousal consent in case of land Title documents Declaration of the applicant:

I.....being the applicant for the loan from Kakamega County do hereby declare that the information filled in this form is true to my own knowledge and that I shall abide by any regulations governing the repayment of the said loan and that in the event of any default the loans committee shall proceed to repossess the above listed item for sale to recover the unpaid amount.

Applicant name.....

ID No.....

Signature.....

Date.....

Committee Decision

APPROVED
Amount (KSh.).....
Repayment Period.....months

NOT APPROVED
Reasons:

CERTIFICATE: This is to certify that this application was received by the ward committee and that it was duly considered by this committee meeting held on the.....day of.....20..... and a decision made as indicated above.

SIGNED:

Chairperson

Name.....

Signature.....

Date.....

Secretary

Name.....

Sign and Stamp.....

Date.....

SECOND SCHEDULE

Schedule 2: Loan Repayment Schedule

(Regulation 14(1))

LOAN RANGE (KSh.)	Duration (Months)
5,000.00-25,000	6
25,001.00-50,000	9
50,001.00-100,000	12
100,001.00-250,000	24

KULATI WANGIA,

Executive Committee Member for Treasury and Economic Planning.