

SPECIAL ISSUE

Kisii County Gazette Supplement No. 1

31st March, 2016

(Legislative Supplement No. 1)

LEGAL NOTICE NO. 1

THE KISII COUNTY TRADE CREDIT SCHEME ACT

(No. 5 of 2015)

ARRANGEMENT OF REGULATIONS

Regulation

PART I—PRELIMINARY

- 1— Citation.
- 2— Interpretation.
- 3— Object and purpose of the Regulations.
- 4— Beneficiaries of the Scheme.

PART II—CRITERIA FOR GRANTING LOANS

- 5— Criteria for Granting a Loan.
- 6— Procedure for Receipt, Processing, Approval and Granting of Loans.
- 7— Procedure for Withdrawal, Recovery and Cancellation of Loans.
- 8— Recovery of Loans.
- 9— Disbursement of Loans.

PART III—TERMS AND CONDITIONS OF SERVICE

- 10— Terms and Conditions for Board Members.
- 11— Remuneration of Board Members.
- 12— Number of Meetings.
- 13— Records.

PART IV—REPAYMENT

- 14— Repayment of Loans.

PART V—APPEALS

- 15— Procedure of Appeals.

THE KISII COUNTY TRADE CREDIT SCHEME ACT, 2015

IN EXERCISE of the powers conferred by section 27 of the Kisii County Trade Credit Scheme Act, 2015, the Executive Committee Member for trade makes the following Regulations—

THE KISII COUNTY TRADE CREDIT SCHEME REGULATIONS, 2016**PART I—PRELIMINARIES***Citation*

These Regulations may be cited as the Kisii County Trade Credit scheme Regulations, 2016.

Interpretation

2. In these Regulations, unless the context otherwise requires—

“Act” means the Kisii County Trade Credit Scheme Act, 2015;

“Applicant” has the meaning assigned to it under section 2 of the Act;

“Beneficiary” means the person who has benefitted from a loan from the Credit Scheme;

“Board” has the meaning assigned to it under section 2 of the Act;

“Chief Officer” has the meaning assigned to it under section 2 of the Act;

“Defaulter” one who has failed or neglected to do his or her duty or failed to pay any money advanced;

“Executive Committee Member” has the meaning assigned to it under Section 2 of the Act;

“Governor” has the meaning assigned to it under Section 2 of the Act;

“Guarantor” is a person who engages with the creditor for a third party to be answerable on behalf of the third party in the event of default.

Object and purpose of these Regulations

4. The Object and purpose of these Regulations is to—

- (a) provide means of administering of the powers vested in the Executive Committee Member and the Board under the Act and any other related legislation;
- (b) set out the criteria for granting loans;
- (c) provide for the procedure for receipt, processing and approval of applications for loans and granting of loans to applicants;
- (d) provide guidelines on determining the interest rate to be charged on loans advanced;
- (e) provide for the preparation and maintenance of records on loans granted from the scheme;
- (f) provide for the procedure for the withdrawal, recovery and cancellation of loans;

- (g) provide for the procedure for determining the process to deal with loan defaulters; and
- (h) provide generally for the better carrying into effect the provisions of the Act.

Beneficiaries of the Scheme

5. The beneficiaries of the county trade credit scheme shall include—

- (a) county Small and medium enterprises (SMEs);
- (b) producer business groups;
- (c) agribusiness ventures;
- (d) entrepreneurs and start-ups; and
- (e) any other person who qualifies under the Act.

PART II—CRITERIA FOR GRANTING LOANS

Criteria for granting a loan

6. The beneficiaries of the Scheme must meet the following criteria—

- (a) must be a member of the county trade credit Scheme;
- (b) should have an established or wants to start business and shall have indicated through his or her own effort that he or she has the necessary ability to operate the business with reasonable success;
- (c) must satisfy the Board that he or she keeps or is able to keep simple books of account;
- (d) Be required to give an undertaking that he or she shall devote full time to the business for the purpose for which a loan is made;
- (e) should have a business premises or a physical location for the business;
- (f) must be the proprietor of the business;
- (g) the business must be legally recognized or licensed by the relevant government organs; and
- (h) must be a resident of Kisii County aged eighteen years and above in case of individuals.

(2) The beneficiary shall avail to the Board documentary evidence to prove the requirements under sub-regulation (1) and that he or she deserves financial support.

(3) Where necessary the Board shall interview an applicant to ascertain any information given in the application form.

(4) A beneficiary while making an application to the scheme shall state whether he or she has received or is receiving any financial assistance from any other Government institution offering financial aid or subsidy.

Procedure for receipt, processing, approval and granting of loans

7. The Loan Application Forms shall be received, processed and loans granted upon satisfaction of the following—

- (a) the applicant must fill in the requisite application form with all details and submit the same to the Board as indicated in form KCTCSB 1 in the schedule to these regulations;
- (b) upon the Board receiving the application form, it will process it within fourteen days;
- (c) the application must be approved by the Board to entitle an applicant for the loan;
- (d) the Board has the authority to vary the loan applied for downwards;
- (e) the Board may reject any application with valid reasons and in accordance with the Act;
- (f) the applicant must fill in the declaration form and all the details as per form KCTCSB 2 in the schedule;
- (g) the applicant must enter into an agreement with the Board as per form KCTCSB 3 in the schedule;
- (h) the applicant must meet all the requirements of the financial institutions partnering with the Board, if any.

Procedure for withdrawal, recovery, cancellation of loans and partnership with Financial Institutions

8. (1) The Board may withdraw the loan granted on the following grounds—
- (a) if the beneficiary defaults any one of the installments;
 - (b) if it is discovered that the beneficiary committed a fraud in applying for the said loan or gave misleading information;
 - (c) if the beneficiary absconds and moves out of the Country without making arrangements with the board on repayment schedules;
 - (d) on withdrawal the said loan the Board shall notify the loanee within seven days of its intention.

Recovery of Loan, Cancellation and Partnership

9. (1) The Board may recover the Loan granted in any of the following manner—
- (a) in summary form; and
 - (b) auctioning the security granted and any guarantees to off-set the loan balance with interest and all charges incidental thereto;
- (2) The board has powers to cancel the loan approved to an applicant if it is satisfied that there are justifiable reasons to do so.
- (3) The Board may partner with any financial institution to lend money to the customers.
- (4) In the event of a partnership stated in paragraph (2) above, the Board may give the financial institution authority to deal with defaulters.
- (5) The financial institution given authority under paragraph (4) above may proclaim, attach and sell the defaulter's properties by either private treaty or public auction but shall observe all legal procedures in carrying out the said auction.

Disbursements of loans and Surplus

10. (1) The Board shall prepare and forward a list of recommended beneficiaries to get credit to the Executive Committee Member for approval and disbursement.

(2) The amount credited to any applicant will depend on the recommendation of the Board based on the repayment capacity assessment done by the Board.

(3) The Executive Committee Member may in exceptional circumstances vary the amount recommended by the Board on the basis of any new evidence or after an evaluation of the applicant's circumstances.

(4) Interest rates to be charged on the loan will be determined by the Board and any other lending institution but should not exceed 3% per month on reducing balance.

(5) Payment shall be made by mobile phone transfer or bank deposits which shall be submitted to the office for official receipts within two (2) days from the date of payment.

(6) Loans can only be disbursed directly to the beneficiary's bank account or by closed cheque.

(7) All receipts and repayments to the Board from its allocation from the Scheme and the balance thereof at the end of each financial year shall be retained to the credit Scheme to be utilized the next financial year for purposes for which the Scheme is established.

PART III—TERMS AND CONDITIONS OF SERVICE, MEETINGS AND RECORDS

Terms and Conditions

11. Terms and conditions of service for the Board members shall be in accordance with the Act and these Regulations.

Remuneration of Board Members

12. The Chairperson and Members of the Board shall be remunerated in accordance with the recommendations of the County Treasury in consultation with the Salaries and Remuneration Commission.

Number of Meetings

13. The Board shall meet at least four times in each year but the Chairperson of the Board shall convene a special meeting upon the request, in writing, by at least three members of the Board, provided that no more than three Special meetings shall be held in one year.

Records

14. The Board shall keep a record of all beneficiaries of the Scheme and the amounts disbursed and repaid, cause to be kept other books and records in relation to the Scheme of all activities and undertakings financed from the Scheme, for a minimum period of six (6) years and shall submit such records and reports quarterly to the executive committee member.

PART IV—REPAYMENT OF LOANS

15. (1) All loans granted must be—

(a) secured fully by the guarantors whose obligations shall reduce progressively as the loan balance decreases and shall cease when the loan guaranteed has been fully paid.

(b) made by installments or lump sum as the Board may agree.

(2) Deductions for loan repayment shall commence not later than two months following that in which the loan was granted to the beneficiary.

PART V—APPEALS

Procedure of appealing

16. (1) Where the Board rejects any application it shall notify the applicant within fourteen days of the rejection, in writing, giving reasons why the application was rejected.

(2) An applicant who is aggrieved by the decision of the Board and desires to appeal against the decision shall submit a written memorandum to the Executive Committee Member within seven days of receipt of the Board's decision, setting out the grounds of appeal and may include any new evidence not submitted to the Board.

(3) Upon receipt of the memorandum of appeal, the Executive Committee Member may—

(a) after considering the grounds set out for appeal and if satisfied that the applicant merits a credit, review the decision of the Board without hearing the applicant; or

(b) require the applicant to appear before her or him for hearing on a given date and if required to appear, the person appealing may appear before the Executive committee member personally or through a representative, but if the Executive Committee Member is of the opinion that the applicant be present, he or she must be present at the hearing.

(4) Every appeal lodged before the Executive Committee Member must be determined within a period of seven days and the decision must be communicated to the appellant within fourteen days from the date the decision is made.

Dated the 18th February, 2016

SAMWEL OSORO KEBATI,
Executive Committee Member, Trade.



KISII COUNTY GOVERNMENT
TRADE CREDIT SCHEME APPLICATION FORM
DECLARATION FORM

FORM KCTCSB— 2

OFFICE REF/NUMBER

DATE

PART A: APPLICANT'S PERSONAL DETAILS

1. Full Name:

(Last) _____ (First) _____ (Middle) _____

2. Sex male () female ()

3. Date of Birth _____ ID. No _____ Income p.a. _____

4. Membership Number _____

5. (A) Home Address

(B) County

(C) Sub county

(D) Ward

6. Name of Business _____

7. Location of business premise _____

I do hereby declare that I will devote full responsibility to the business for the purpose for which this loan is made and undertake to pay the principal sum with interest and any other costs incidental thereto in full.

Declared on this day of 20.....

NAME..... SIGNATURE.....

Before me: (Commissioner for oaths) _____



KISII COUNTY GOVERNMENT
TRADE CREDIT SCHEME APPLICATION FORM
AGREEMENT FORM

FORM KCTCSB— 3

OFFICE REF/NUMBER

DATE

PART A: APPLICANT'S PERSONAL DETAILS

1. Full Name:

(Last) _____ (First) _____ (Middle) _____

2. Sex male () female ()

3. Date of Birth _____ ID. No _____ Income p.a. _____

4. Membership Number _____

5. (A) Home Address

(B) County

(C) Sub county

(D) Ward

6. Name of Business _____

7. Location of business premise _____

I _____ agree to pay the loan amount with interest and any costs incidental to this loan to the board as per the terms and conditions attached to the granting of this loan.

Dated this ----- day of ----- 20

NAME..... SIGNATURE.....

Before me: (Commissioner for oaths) _____



