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THE WEST POKOT COUNTY CO-OPERATIVE DEVELOPMENT FUND ACT

(No. 3 of 2018)

THE WEST POKOT COUNTY CO-OPERATIVE DEVELOPMENT FUND
REGULATIONS, 2019

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THE WEST POKOT COUNTY CO-OPERATIVE DEVELOPMENT FUND ACT

(No. 3 of 2018)

IN EXERCISE of the powers conferred by Section 30 of the West Pokot Cooperative Development Fund Act of 2018. The County Executive Committee member for Trade, Industry, Co-operatives and Energy makes the following Regulations—

THE WEST POKOT COUNTY CO-OPERATIVE DEVELOPMENT FUND
REGULATIONS, 2019

Short title and Commencement

1. These regulations may be cited as the West Pokot County Cooperative Development Fund Regulations, 2019 and shall come into operation upon gazettment.

Interpretation

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

“board” means The West Pokot Cooperative Development Fund Board established under section 8(1) of the Act.

“delinquent loan” — means any loan which the principal and/ or interest remain unpaid after the due date.

“loanee” means a Co-operative institution, group of persons or Person whose loan request has been approved and granted under the Act.

“member of the Executive Committee” means the Member of the Executive Committee for the time being in charge of Co-operatives.

“prescribed Form” means a loan application form described as Appendix 1 of these Regulations.

“applicant” means a co-operative institution/group or persons operating in West Pokot County and who has submitted a loan application form for consideration by the Board.

“secretariat” means a person responsible to appraise loan application forms this includes, the board secretariat, trade development officers as provided in Section 17 (1) of the West Pokot County Co-operative Development Act, 2018 and the accountants who shall keep the books of Accounts.

“Persons and group of persons” for purpose of the Act and these regulations persons and group of persons shall mean members of co-operative societies, organized registered groups, co-operative societies and groups/union of co-operative societies .

Objects of the Regulations

3. The objects of the Regulations are to provide guidelines for the application and administration of the Co-operative Development Fund and in particular—

- (a) receiving, processing and approval of application of loans;
- (b) granting of loans to groups and co-operatives in the county;
- (c) preparation and maintenance of loanees records;
- (d) withdrawal, recovery, and cancellation of the loans granted;
- (e) setting up terms and conditions of service for the staff;

- (f) setting up of procedures for dealing with loan defaulters; and
- (g) such other matters as may be deemed necessary for effecting these Regulations.

Guiding principle and uses of the fund

- 4. The following shall guide the administration of the fund—
 - (a) values of good governance;
 - (b) public participation; and
 - (c) equity

Lending Mechanism

- 5. (1) The board shall establish and operate an efficient lending mechanism that ensures the safety of public funds.
 - (2) The lending mechanism shall focus on—
 - (a) Scrutinizing loan applications;
 - (b) Appraising credit worthiness of applicants;
 - (c) Recommending on the status of applications;
 - (d) Approving of loans ; and
 - (e) Recovering loans from defaulters.

Loan applications by co-operative institutions and Groups

- 6. (1) Loan applications by co-operative institutions and groups shall be appraised by the unit and secretary of the fund.
 - (2) Subject to (1) above, the secretary shall present the application(s) to the board for consideration and approval.
 - (3) The board may co-operate with other agencies to provide the necessary technical guidance to ensure proper appraisal of applicants status.

Status Reports

- 7. The Secretariat shall request and receive status reports—
 - (a) current bankers or any registered financial institutions of the applicant;
 - (b) previous bankers or any registered financial institutions of the applicant;
 - (c) current audited accounts in the event the applicant is co-operative society;
 - (d) certificate of registration or incorporation of the group or co-operative society;
 - (e) evidence of the latest certificate of approved borrowing power;
 - (f) valid dully signed minutes authorizing the application of the loan by the group or co-operative society; and
 - (g) consent of signed members from the groups.

Priority

8. The board shall ensure that the principle of first-come-first-served applies at all times.

Application for loans

9. Applicants shall be required to apply for loans in the form set out in Schedule I.

Preference for short term loans

10. Applications with smaller amounts or shorter repayment period may be given preference.

Interviews

11. Applicants may be required to appear before the board for interviews.

Loan Repayment

12. The loan repayment form set out in schedule II shall set out—

- (a) Amount granted;
- (b) Interest rate;
- (c) Terms of repayment;
- (d) Security on loan; and
- (e) Grace period provided.

Loans to Co-operative Institutions

13. (1) An institution intending to borrow from the fund must borrow within the limits approved by its members in an Annual General Meeting.

(2) A co-operative institution intending to borrow from the fund shall be required to submit—

- (a) latest Financial Statement of its audited accounts;
- (b) cash Flow Statements;
- (c) latest bank or any other financial institution Statement;
- (d) business Plan;
- (e) passport size photographs and copies of National identity card of signatories of the Cooperative Institution or Group;
- (f) maximum borrowing powers approved by the commissioner of cooperatives;
- (g) copy of the Cooperative Institutions Lending Policy for lending institutions;
- (h) copy of duly certified Certificate of incorporation/registration; and
- (i) full disclosure of any other financial commitments.

(3) Subject to (2) above, the board, if it deems fit, may require an applicant to fulfill any other conditions as prescribed by the board.

(4) the board may waive any of the conditions specified in (2) above to enable any institution access the funds.

(5) Subject to (4) above, the board may impose extra post-lending conditions

Loans to self-help groups

14. A self-help group intending to borrow from the fund shall submit—
- (a) valid group certificate of registration;
 - (b) latest Bank or any other financial institution(s) Statement;
 - (c) latest group minutes stating intention of borrowing from the Fund;
 - (d) passport size photographs and copies National Identity Number of the signatories of the Group;
 - (e) full disclosure of any other financial commitment;
 - (f) duly signed consent authorizing the loan application by all the members of the group; and
 - (g) duly signed minutes of the group approving the loan.

Personal Loan

15. A person intending to borrow from the fund shall submit—
- (a) A copy of the National Identity Card;
 - (b) Two passport sized photographs;
 - (c) Copies of national Identity Card;
 - (d) Copies of National Identity Card of witnesses;
 - (e) Copy of business permit or licence; and
 - (f) Copy of security provided.

Conditions for Loan

16. (1) A Co-operative institution or group borrowing a working capital may be granted a minimum of one hundred thousand shillings.
- 2) A working capital loan shall cover the following activities—
- (a) Land preparation;
 - (b) Procurement of Farm Inputs;
 - (c) Hire of Labor;
 - (d) Hire of Transport;
 - (e) Maintenance and repair of farm machinery;
 - (f) Loans for on-lending to members; and
 - (g) Any other activity by cooperative justifiably requiring working capital.

Development Loan

17. (1) A Co-operative institution or group borrowing a development loan may be granted a minimum of one million shillings
- (2) A development loan shall cover the following activities—
- (a) Land Purchase and assets;

- (b) Acquisition and installation of farm machines and implements;
 - (c) Any other activity by co-operative justifiable requiring development capital
- (3) Development loan shall have a maximum repayment period of 60 months.

Interest rates Charged

18. Interest rates shall be charged at 3% per annum.

Security

- 19.(1) All loan facilities shall carry acceptable securities.
- (2) Subject to (1) above, the board may—
- (a) charge a title deed;
 - (b) exercise lien over the property or proceeds;
 - (c) get shares; or
 - (d) insurance policy with adequate surrender value.

Guarantors

- 20.(1) The board shall not accept a guarantor who is a beneficiary of the fund.
- (2) A borrower may apply to the board for a change of a guarantor.

Mode of Payment

21. (1) All loan repayments shall be by institutional cheques, irrevocable standing order or electronic and mobile transfer.
- (2) Payments made by cash shall be banked into the fund account and a pay in slip presented to the secretary.

Duration of Payment

22. All loans—
- (1) In the case of a working capital, have a maximum period of 36 months; and
 - (2) In the case of a development loan. Have a maximum repayment period of 60 months.

Grace period

23. The fund board may grant a grace period not exceeding 90 days before an institution commences repayment of its loans

Rescheduling of Loans

24. (1) A cooperative institution or group wishing to extend the period granted for repayment may apply to the secretary for consideration.
- (2) The board shall expeditiously consider such a request.

Books of Accounts

25. (1) The board shall keep the following proper books of accounts—
- (a) Minute book;

- (c) Personal ledger;
 - (d) Asset register;
 - (e) Loan accounts; and
 - (f) Stock control register.
- (2) The books of accounts shall—
- (a) Be prepared in accordance with the International Financial Reporting Standards.
 - (b) Reflect the true and fair status of the Fund's affairs;
 - (c) Explain the Fund's transactions including all sums of money received and paid by the fund and reasons thereof;
 - (d) All purchases of goods and services by the Fund.
 - (e) All assets and liabilities of the Fund

Receipt, processing and approval of loans

26. (1) The co-operative fund unit shall—
- (a) receive and check applications for completeness;
 - (b) enter the following details into the loan register—
 - (i) serial number;
 - (ii) name of loanee
 - (iii) amount applied for
 - (iv) purpose of loan
 - (v) security offered
 - (vi) repayment period
- (2) The unit shall appraise the loans and forward to the board with recommendations.
- (3) The board shall conduct a thorough vetting of all loan applicants—
- (a) ability of the applicants to repay the loan; and
 - (b) suitability of the candidate.

Approval of loans

27. (1) The chairman of the board may approve, reject or postpone making a decision on an application.

Forwarding of approved loans

28. Any loan approved shall be forwarded to the unit who shall—
- (a) Open an account for each loanee; and
 - (b) Transfer the funds to the loanee and maintain a cheque register.

Preparation and maintenance of loan records

29. The unit shall maintain a file for each loanee.
30. The unit shall procure to record and maintain loan transactions

Recoveries, default and delinquent loans.

31. The secretary of the fund shall present an up to date list of delinquent loans showing—

- (a) Name of borrower;
- (b) Account number;
- (c) Date of loan;
- (d) Outstanding loan balance;
- (e) Period the loan has been in default; and
- (f) Security of loan.

Recovery of loans by legal means

- 32. (1) The unit shall then consider all legal means to recover the loan.
- (2) A loan overdue for one month shall be classified as a delinquent.
- (3) The secretary shall write to the loanee informing the loanee to repay the loan.
- (4) Any loan overdue for 90 days shall be classified as default and the unit shall initiate the process of recovery of outstanding loan.

Exemptions from loan repayment

33. A loanee may apply for waiver on the principal amount, interest accrued or both.

Waiver of loans

34. A loanee may apply for a one time waiver to meet specific needs of an exigent event or unforeseeable acts of God.

Blanket Waiver of loans

35. (1) A co-operative institution may, where there is a disaster leading to massive loss of property and business, apply for a blanket waiver.

(2) Subject to (1) above, the board shall institute investigations to determine the extent of such a loss.

(3) The board shall communicate to the affected institutions within 14 days.

SCHEDULE I—REGULATION 7

LOAN APPLICATION FORM

- 1. Name of Applicant (As in the Identity Card/Certificate of Incorporation/certificate of registration)
- 2. Type of Loan applied
- 3. Purpose for which loan is applied for

4. Proposed amount of loan applied

.....

5. Proposed repayment period

.....

6. Security/collateral provided

.....

APPLICANTS NAME

APPLICANTS SIGNATURE

DATE OF APPLICATION

FOR OFFICIAL USE ONLY

APPROVED

NOT APPROVED

SECRETARY OF FUND SIGNATURE AND DATE

SCHEDULE II-S. 12

Loan Repayment Form

Name of Applicant	
National ID No.	
Huduma No	
Certificate of Incorporation	
Amount of Loan applied	
Amount of Loan Granted	
Terms of Repayment	
Interest Rate	
Security	
Grace period given	

Signed by..... Date.....

SECRETARY

Made on the 12th September, 2019.

KITALEUYAN FRANCIS,
County Executive Committee member
for Trade, Industry, Co-operatives and Energy.