



COUNTY GOVERNMENT OF MIGORI
Department of Trade, Tourism,
Industrialization and Cooperatives

Migori County Trade Development Credit
Scheme Regulations 2022



MIGORI COUNTY TRADE DEVELOPMENT CREDIT SCHEME REGULATIONS 2022

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MIGORI COUNTY TRADE DEVELOPMENT CREDIT SCHEME REGULATIONS 2022
 IN EXERCISE of the powers conferred by Section 116 of the Public Finance Management Act,
 No. 18 of 2012, the Migori County Executive Committee Member for Finance and Economic
 Planning makes the following Regulations:-

	PART I-PRELIMINARY
Short Title	1. These Regulations may be cited as Migori County Trade Development Credit Scheme Regulations, 2022 and will come into operation within one month upon assent by the Governor.
Interpretations	<p>2. In these Regulations unless the context otherwise requires;</p> <p>‘Act’ means Migori County Trade Development Credit Scheme Act 2016</p> <p>‘county’ means Migori county ,</p> <p>‘County Assembly’ means Migori County Assembly.</p> <p>‘applicant’ means an individual, group or registered business enterprise being a citizen of Kenya and operating in Migori county who has made a request for funding</p> <p>‘Group’ means a self-help group with a common interest or whose aim is to organize itself to work together or act together to achieve a particular business/economic objective and is registered by the relevant government institution.</p> <p>‘Business Enterprise’ has the same meaning assigned to it under section 2 of the Micro and Small Enterprises Act 2012.</p> <p>‘Successful applicant’ means any applicant, who being a citizen of Kenya and a resident of Migori county has met the requirements for the grant of a loan.</p> <p>‘Unsuccessful applicant’ means any applicant, who being a citizen of Kenya and operating in Migori county has not met the minimum requirements for the grant of a loan.</p> <p>‘Board’ means the Migori County Trade Development Credit Scheme Board established under the Act</p> <p>‘Borrower’ means any person granted a loan under these Regulations.</p> <p>‘Executive Committee Member’ means the county executive committee member responsible for trade, industrialization and enterprise development in the county.</p> <p>‘Chief Officer’ means the chief officer for the time being responsible for trade, industrialization and enterprise development in the county.</p> <p>‘Secretary’ means the secretary to the Board appointed under the Act.</p>

	<p>“Chairperson” means a person appointed to the Board chair under the Act.</p> <p>“Loan” means a sum of money granted to an individual, group of individuals or organized business group for the purpose of carrying out a business/ businesses.</p> <p>“Fund” or “Scheme” means the Migori County Trade Development Credit Scheme Fund and have got the same meaning/</p> <p>“Financial Year” means financial year of the county</p>
	OBJECTS AND PURPOSE OF THESE REGULATIONS
Objects and Purpose of these Regulations	<p>3. The objectives and purpose of these Regulations is to:-</p> <p>(a). Provide funds for granting low-interest loans to start-ups, micro, small and medium enterprises.</p> <p>(b). Promote micro and small –scale medium enterprises through provision of cheap credit</p> <p>(c). Promote value addition.</p> <p>(d). create employment, stimulate income generation and earnings for the residents of the county and reduce poverty.</p> <p>(e). Support, revive and initiate micro and small-scale enterprises in sectors that can have immediate impact on households incomes through the provision of low-interest loans.</p> <p>(f). Attract and facilitate investments in micro, small and medium enterprises that benefit the youth, women, persons with disabilities and marginalized groups.</p> <p>(g). To provide for the establishment, administration, management and winding up of the Fund.</p> <p>(h). Enable the target traders and entrepreneurs to gain experience in loan management and graduate to funding from established mainstream financial institutions</p>
	PRINCIPLES OF THE SCHEME
Principles of the Scheme	<p>4. The principles of the Fund are:-</p> <p>(a). To ensure inclusion of all residents of the County including women, youth, persons with disabilities and the marginalized to actively participate in the economic growth and development of the county.</p> <p>(b). Guaranteeing accessibility and accountability for funds at the lowest level of engagement and for the largest category of recipients using a simple, structured least-cost approach.</p>
	PART II: ESTABLISHMENT OF THE SCHEME
Establishment of the Scheme	<p>5. There is established a Fund to be known as the Migori County Trade Development Credit Scheme Fund to provide loans and credit to deserving medium, small and micro enterprises within the county.</p> <p>6. The sources of funds for the Fund shall include:-</p>

	<p>(a). Monies appropriated by the County Assembly to the Fund for purposes of meeting the objects of the Fund</p> <p>(b). Sums from the repayments of the principal and interest rates of any loans granted under the scheme.</p> <p>(c). Incomes from any investments made under the Act</p> <p>(d). Any grants, gifts, donations or other contributions given to the scheme.</p> <p>(e). Monies that may vest in or accrue to the Scheme in the course of the exercise or performance of the functions of the Board under the Act.</p> <p>(f). Monies from other lawful sources accruing to the Scheme; and</p> <p>(g), all monies devolved from the national government to assist medium, small and micro-enterprises.</p>
Expenditure of the Fund	7(1). There shall be paid out of the Fund payments in respect of any expenses incurred in pursuance of the object and purpose for which the Fund is established.
	(2). The expenditure incurred on the Fund shall be limited to the annual budget estimates prepared by the Secretariat of the Fund and recommended by the Board to the County Executive Committee for approval through the county executive committee member at the beginning of the financial year to which they relate.
	PART III: ADMINISTRATION OF THE FUND
Establishment of County Trade Development Credit Scheme Board	<p>8(1). There is established a County Trade Development Credit Scheme Board, which shall be the administrator of the Fund.</p> <p>(2). The Board shall consist of :-</p> <p>(a). A chairperson who shall have qualifications in Trade, Finance, Business Management or any other related field appointed by County Executive Committee Member for the time being responsible trade, industrialization and enterprise development matters in the county.</p> <p>(b). The Chief Officer responsible for trade, industrialization and enterprise development in the county or his/her representative appointed in writing who will be the Secretary to the Board.</p> <p>(c). Four regional business community representatives appointed by the County Executive Member under these regulations.</p> <p>(d). The County Trade Development Officer in the department.</p> <p>(e). County Enterprise Development Officer or an officer for the time being responsible for the functions of the office</p> <p>(f) The chairperson of the local chapter of Kenya National Chamber of Commerce and Industry or his/ her representative.</p> <p>(3). In making appointments to 2(c), the County Executive Committee Member will consider the following clusters of two sub-counties as constituting regions: Kuria East and Kuria West, Rongo and Awendo, Nyatike and Uriri , Suna East and Suna West,</p>
Term of office of Board of Members	(9). Persons appointed under these regulations other than the Chief Officer and the County Trade Development Officer shall hold office for a renewable term of three years but such a term shall not exceed six years.

<p>Functions of the Board</p>	<p>10(1). The Board shall:-</p> <ul style="list-style-type: none"> (a). Check and deny loan defaulters who were granted loans under the old South Nyanza Joint Loans Board. (b). formulate sound guidelines regulating the management of the scheme. (c). receive, register, vet and appraise applications for loans for consideration and granting. (d). maintain minutes of the Board meetings and maintain proper records of the Board affairs and books of accounts. (e). receive and account for the funds. (f). regularly submit all returns and reports of the Board operations to the County Executive Committee through the County Executive Committee Member (g). carry out regular monitoring of all loan recipients to ensure the terms of the loan agreement are adhered to; (h). device clear mechanisms to ensure all loans disbursed are recovered within the set timelines. (i). be custodians of all Board assets and documentation; (j). partner with other interested agencies and partners for the purpose of performing the functions and achieving its objects under these regulations; (k). formulate or approve standards, guidelines and procedures for funding proposals under the Act; (l). establish credit committees for vetting, recommending and approving loan applications at the Ward level’; (m). ensure that the money held in the Fund, including any earnings or accruals is spent only for the purposes for which the Fund is established; (n). authorize lending and allocations from the Fund; <p>To perform and exercise all other functions and powers conferred on the Board by the Act</p>
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<p>Role of County Executive Committee Member</p>	<p>11. The County Executive Committee Member for the time being responsible for trade, industrialization and enterprise development shall be responsible for:- (a) providing overall policy direction in the implementation of the scheme; (b). appointment of the Board members under regulation 2(c); (c). providing regular briefs to the County Executive Committee on the status of implementation of the Scheme; (d). approval of the estimates of expenditure and revenue before submission to the County Executive Committee; (e). receipts of quarterly financial and non-financial reports of the Scheme; (f). receipt of annual financial and non-financial reports of the Scheme; and (g). receipt of any recommendations from the Board for policy guidance in furtherance of the objects and purpose of the Scheme.</p>
<p>Clustering of the regions</p>	<p>12. There shall be, for the purpose of this scheme, four regions consisting of the following clusters :- (a). Suna East and Suna West; (b). Kuria East and Kuria West; (c). Uriri and Nyatike; and (d). Awendo and Rongo</p>
<p>Criteria for selection of regional community representatives</p>	<p>13. A person appointed to this post shall meet the requirements for a member of the Board as set in the regulations and must be a resident of any of the sub-counties of the region.</p>

	PART IV: MANAGEMENT OF THE SCHEME/ FUND
Establishment of County Trade Development Credit Scheme Secretariat	<p>12(1). There shall be a secretariat within the Department responsible for the day-to-day operations of the Fund that shall:-</p> <p>(a). ensure that the criteria for funding established by the Board is fully followed;</p> <p>(b). all monies disbursed from the credit scheme are properly recorded.</p> <p>(c). with the approval of the Board , initiate programmes and strategies for advancing the objectives of the scheme in general and for conducting civic education to promote awareness and understanding of the operations of the scheme among the stakeholders;</p> <p>(d). ensure the proper management of the Credit Scheme;</p> <p>(e). advise the Board, from time to time, to adopt policies intended to enable the Board to effectively implement the objectives of the Scheme;</p> <p>(f). facilitate the preparation of budgets, strategies, operational proposals, annual plans and policies for discussion and adoption by the Board and to implement decisions and resolutions adopted by the Board ;;</p> <p>(g). be answerable, in the performance of the functions to the Board;</p> <p>(h).keep proper books of accounts and cause, under the general guidance of the Board, the annual accounts of the Credit Scheme to be prepared in accordance with the provisions of the Act and other relevant laws;</p> <p>(i). make follow-up on loans disbursed;</p> <p>(j). perform such other functions as may be assigned from time to time by the Board.</p>
Composition of the Secretariat	<p>13. The County Trade Development Credit Scheme Secretariat shall consist of:-</p> <p>(a). The Director in charge of Trade who shall be the chair of the Secretariat or any other person he/she may appoint in his/her absence.</p> <p>(b). County Trade Development Officer or an officer for the time being discharging the functions of the office who shall be the secretary</p> <p>(c). County Enterprise Development Officer or an officer for the time being responsible for the functions of the office; and</p> <p>(d). A finance officer within the department</p>
Establishment of the Ward Trade Development Credit Committees	<p>14. There shall be an established Ward Trade Development Credit Scheme Committee in every ward of the county.</p>
Functions of Ward Trade Development	<p>15. The functions of the Ward Trade Development Credit Scheme Committee shall be:-</p>

Credit Scheme Committees	<p>(a). to receive and verify loan applications from eligible applicants within the ward;</p> <p>(b). prepare reports pertaining to the scheme and submit to the Board through the Secretariat as and when required;</p> <p>(c). maintain necessary and adequate books of records relating to the services and activities of the Scheme within the respective ward;</p> <p>(d). avail loan application forms to applicants from the Secretariat;</p> <p>(e). monitor, evaluate and help in the recovery of loans from beneficiaries within the ward;</p> <p>(f). carry out sensitizations about the Scheme; and publish the list of successful applicants on a notice board displayed at the office of the Ward Administrator.</p>
Equitable distribution of funds	16. There shall be equitable access to the Scheme in all parts of the county
Eligibility criteria for the Scheme loan	<p>17. An applicant shall qualify for loan under the Scheme if the applicant is :-</p> <p>(i). a resident of Migori County:-</p> <p>(a). a Kenyan citizen</p> <p>(b). must have been in business for at least six months prior to making application;</p> <p>(c). 18 years of age and above with a national identity card;</p> <p>(d). must satisfy the Board that the applicant keeps simple business records/books of accounts;</p> <p>(e). should operate from a business premise or location;</p> <p>(f). based and operating within Migori County;</p> <p>(g) holder of a bank account with any reputable commercial bank;</p> <p>(h). meets all other conditions as set out in the Act and as may be set out by the Board.</p>
Application for Trade Development Credit Scheme Loan	<p>18(1). Every applicant for the grant of a loan under the scheme shall make application to the Committee in the prescribed form MCTCS set out in the First Schedule of the Regulations.</p> <p>(2). The Board shall consider the following before a grant of a loan:-</p> <p>(a). the purpose for which the loan is required;</p> <p>(b). ability of the business to generate enough funds to repay the loan/ business performance;</p> <p>(c). credibility of the applicant;</p> <p>(d). ability to meet the objectives of the fund;</p> <p>(e). value of the security provided against the loan to cover the loan; and</p> <p>(f). availability of adequate guarantors for the loan/ security/ collateral provided</p>

Grant of County Trade Development Credit Scheme Loan	<p>19(1). The Board shall, after accepting and considering a successful loan application, award a minimum loan of Kenya shillings ten thousand and a maximum of Kenya shillings five hundred thousand.</p> <p>(2). The funds/loans shall be given on a first come first served basis subject to the eligibility of the applicant.</p> <p>(3). In considering the total amount an applicant is eligible to receive, the Board shall consider the following: _</p> <p>(a). the length of time an applicant has been in business;</p> <p>(b). the proposed plan for the loan;</p> <p>(c). the value of security offered against the loan; and</p> <p>(d). the viability of the business.</p> <p>(4). A successful applicant will be allowed a one month grace period upon the disbursement of funds to the applicant before the commencement of repayment of the loan,</p> <p>(5). The loan repayment period shall be a maximum of two years from the end date of the period in accordance with the Act and depending on the value of the loan as contained in the Third Schedule of the Regulations.</p> <p>(6). Interest rate on all loans shall be 8% on simple interest terms per annum on a reducing balance.</p>
Records by the borrower	<p>20. A person granted loan under these regulations shall be required to keep proper records in relation to the business and the funds and such records shall be open for scrutiny by the Secretariat or any of its officers or that of the Board administering the Scheme/Fund</p>
Recovery of a loan in case of a default	<p>21(1). Where there is sufficient evidence that a beneficiary of the scheme is likely to breach or fail to comply with any condition or term of repayment of the loan, the Board may forthwith:-</p> <p>(a). recover all the loan or any amount remaining unpaid including interest as a civil debt;</p> <p>(b). enforce or realize any security offered in relation to the loan;</p> <p>(c). engage the guarantor as under section 15 (6)(7) of the Act; (d). engage the services of a debt recovery agent as long as such actions remain within the limits of the funds budgeted administrative expenses for the given particular year;</p> <p>(e). give a notice of not less than 30 days of their intention to recover all amount of loan and interest outstanding</p>
Registry and Documents	<p>22. To ensure a prudent effective loan /fund management, the Board shall maintain an efficient and effective loan monitoring and tracking system that shall include the following:-</p> <p>(a). Loans register;</p> <p>(b). Disbursement schedule;</p> <p>(c). Loan field report forms;</p> <p>(d). copies of the identity card of the loanee;</p>

	<p>(e). Permanent physical address of the loanee;</p> <p>(f). Copies of guarantee forms for amounts not exceeding Kenya shillings fifty thousand (Kshs 50,000).</p> <p>(g). Original title deeds, Life insurance policies or log books for amounts exceeding Kenya Shillings fifty thousand</p> <p>(h). Vetting and appraisal forms;</p> <p>(i). copies of business licenses and permits; and</p> <p>(j). Passport photos of the applicants.</p>
	PART V: MISCELLANEOUS
Appeals and reviews	23. Any applicant aggrieved by the decision of the Board may appeal to the County Executive Committee Member responsible for matters relating to trade within 14 days from the date of communication of the decision.
Allowances of Boards and Committees	24. Members of the Board and committees formed under the Act and these regulations shall be paid such allowances as may be determined by the County Executive Committee Member in charge of trade in consultation with County Executive Committee in charge of Finance and Economic Planning subject to Salaries and Remuneration Commission guidelines on such allowances.
Rules of Procedure	25(1) The Board shall regulate and make their own rules of procedure. (2). The Board shall hold 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). At least five members will constitute a quorum for the transaction of any business by the Board.
Removal of a Board member	26. A member of the Board or Committee shall be removed from office due to the reasons set out below:- (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
Oversight	27. In the principle of separation of powers, the County Assembly shall have overall oversight over the Scheme/Fund.
	PART VI: WINDING UP OF THE SCHEME/FUND
Winding up of the Scheme/ Fund	27. The County Executive Committee Member may wind up the Scheme/ Fund with the approval of the Assembly if there are sufficient grounds for doing so and upon winding up:- (a). The Board shall pay any amount remaining in the Fund into the County Revenue Account; (b).The County Executive Committee Member shall, with approval of the County Assembly, pay any deficit in the Fund from the County Treasury;

	(c). All assets of the Fund will be absorbed by the county in a manner proposed by the County Executive Committee Member responsible for trade with the approval of the County Executive Committee.
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**FIRST SCHEDULE
FORM MCTCS 1
MIGORI COUNTY TRADE DEVELOPMENT CREDIT SCHEME
LOAN APPLICATION FORM**

A. PERSONAL DETAILS

- 1. Full name of the applicant.....
- 2. Applicant details:-
 - i. National Identity Number.....
 - ii. SubCounty.....Ward.....
 - iii. Location.....Sub-County.....
- 3. i. Postal Address.....Postal Code.....Town.....
Physical Address.....
- ii. Email Address.....Phone Contact.....
- 4. Next of Kin.....Phone Contact.....
- 5. Education Level.....Other Business/Technical Training.....
.....Give details.....
- 6. For how long have you been in business?.....
- 7. Are you in paid employment?.....
- 8. Give other sources of income.....
.....
- 9. Are you physically challengedIf yes, give details.....
.....

B. BUSINESS DETAILS

- 1. Name of the business, if any.....
- 2. Physical Business Address:-.....
 - I. Plot/Stall Number.....Market/Centre.....
 - ii. Road/Street.....Sub-County.....Ward.....
- 3. Business Legal Status (Registered/ Not Registered).....
- 4. Form of Business (Sole Proprietorship, Partnership, Company, Group/Chama/)
Give details.....
- Names, contacts and occupation of partners/officials).....

Name	Contact	Id number	Occupation
i).....
ii).....
iii).....

- 5. Nature of business carried out/proposed to be carried out
- 6. How long have you been in business?.....

7. How long has this business been in operation?.....
8. How many employees involved in this business?.....
9. What is the monthly average

i.Sales?.....ii.Business expenses?.....iii.Net profit?.....iv.Current stock?.....

10. Name and contact of owner of premises.....
Rent paid.....
11. Type of business record kept.....
Who does the recording.....
12. Does the business have a bank account.....

C. LOAN DETAILS

1. Amount of loan required.....
2. Purpose of loan applied for (Give details)
3. What type of security will you offer for the loan?
4. Details of at least two referees —
i.Name.....Postal Address.....Postcode.....
Town.....Email Address..... Telephone/Mobile.....
Signature.....

- ii.Name.....Postal Address.....Postcode.....
Town.....Email Address..... Telephone/Mobile.....
Signature.....

5. I Hereby understand that:-

- i. if granted loan I will put it into the intended use and will abide by the regulations governing it, and
- ii. that all the facts in this application are true and will be verified in the place of business and application will be rejected if any information is found to be untrue.

Signature of Applicant.....
Date.....

OFFICIAL USE ONLY

RECOMMENDATIONS

Area ward administrator.....

Area Chief

Trade development officer.....

Amount recommended KSh.....

Name.....Signature..... Date.....

Board Recommendation:-

Amount approved.....

Signatures 1. Chairman.....

2. Secretary.....

Terms and conditions.....

.....

.....

Remarks (Loan granted or not)

**SECOND SCHEDULE
FORM MCTCS 2
MIGORI COUNTY TRADE DEVELOPMENT CREDIT SCHEME**

LOAN APPRAISAL FORM

A. PERSONAL DETAILS

Name of applicant.....IDNumber.....
Postal Address..... Postal code..... Town.....
Email address.....Telephone/Mobile Number.....

B. BUSINESS DETAILS

Type of business.....
How long has the business existed.....?
Ownership:-Sole/partnership/company/group.....
Is the business registered?..... if yes give name.....
Business license/Permit.....

Business Premises:

Type of building.....Condition..... ..layout and
cleanliness.....
Ownership (own or rented).....Name, address and
telephone/mobile number of owner if rented.....
Monthly rent KSh.....

Business Records:

Cash Book.....Debtors.....
Creditors.....
Stock book..... Others.....
Who keeps/records the books?.....
Are books kept up-to-date?

Are personal drawings recorded if any.....

Bank name.....

C. BUSINESS PERFORMANCE

What are your average sales per month?

What is the cost of your purchases per month?

What are your average monthly business expenses?

What is the average value of the saleable stock?

What is the business average monthly net profit?

D. OTHER DETAILS

Security-

Type of security.....

Approximate value

Adequacy of the security.....

Business environment—

Surrounding business competitors

General Safety (security)

E. LOAN APPRAISAL SCORE SHEET

	Parameters	Maximum score (%)	Actual score	Remarks
1	Purpose of loan	30		
2	Business performance	20		
3	Ability to pay	20		
4	Security/collateral	20		
5	Amount applied in relation to business needs	10		

Recommendations

Trade Development Officer/Secretary's Comments/Recommendations

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.....

.....

Name.....Signature.....

Date.....

THIRD SCHEDULE

LOAN REPAYMENT SCHEDULE

LOAN RANGE (KSHS)	DURATION IN MONTHS
10,000-30,000	6
31,000-50,000	9
50,001-100,000	12
100,001-250,000	15
250,001-500,000	24

MEMORANDUM OF OBJECTS AND REASONS

Section 116 of PFM Act, 2002 empowers the executive committee member for Finance and Economic Planning to establish other funds with the approval of the County Executive Committee and the County Assembly. It is pursuant to this provision that I seek to request for the establishment of Migori County Trade Development Credit Scheme Fund through these Regulations.

These Regulations provide a framework for the promotion of micro and small enterprises in the county including start-ups. They establish County Trade Development Credit Scheme Board, Ward Committees and the Secretariat to oversee the administration and management of the Fund and ensure fair and equitable access to credit by micro and small-scale traders.

It is therefore my appeal that the County Executive Committee Member responsible for Finance be mandated to take these Regulations to the Assembly to ensure that our county government empowers the small traders as contained in the Manifesto of His Excellency the Governor to the people of Migori.

DR BETTY SAMBURU
CECM-TRADE, TOURISM, INDUSTRIALIZATION & CO-OPERATIVES DEVELOPMENT