

(Kisumu County Legislative Supplement No. 4)

LEGAL NOTICE NO. 5

THE PUBLIC FINANCE MANAGEMENT ACT

(No.18 of 2012)

THE KISUMU COUNTY WOMEN, YOUTH AND PEOPLE LIVING WITH
DISABILITIES FUND ACT

(No. 7 of 2015)

IN EXERCISE of powers conferred by section 116 of the Public Finance Management Act, 2012, the County Executive Committee Member for Finance and Economic Planning makes the following Regulations:—

THE PUBLIC FINANCE MANAGEMENT (KISUMU COUNTY WOMEN, YOUTH
AND PEOPLE LIVING WITH DISABILITIES FUND) REGULATIONS, 2020

Citation and Commencement

1. These Regulations may be cited as the Public Finance Management (Kisumu County Women, Youth and People Living with Disabilities Fund) Regulations, 2020 and shall come into operation upon the publication in the *Gazette*.

Interpretation

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

“Act” refers to enacted Act for purposes of this Fund;

“Youth” means group members aged between 18 and 35 years;

“Women” means all females aged eighteen years and above;

“Persons with Disability” are persons whose physical or mental impairment have substantial and long-term adverse effect upon their ability to carry out normal day to day activities.

Establishment of the Fund

3. There is established a Fund to be known as the Kisumu County Women, Youth and People Living with Disabilities Fund.

Object and purpose of the Fund

4. The object and purpose for which the Fund is established shall be to provide funds to be used for granting loans to assist women, youth and people with disabilities in Kisumu to promote their enterprises at such a cost which is affordable within the county

Capital of the fund

5. The capital of the Fund shall consist of—

- (a) Funds paid out of vote of the County Government of Kisumu;
- (b) Funds from repayment and from interest;
- (c) Income from Fund investments;

- (d) Gifts, donations, endowments made to the fund;
- (e) Any money borrowed by the fund with approval from Assembly.

Establishment of the Committee

6. The County Executive Committee Member responsible shall establish Kisumu Women, Youth and People with Disabilities Fund Committees and spell out the functions as per section 4(1) of the Act

Composition of the Committee

7. Membership and composition of the Fund Committee at County Level shall be as spelt out in section 4 (1) of the Act.

Functions of the Committee

8. The functions of the committee shall be to—
- (a) formulate policies for regulating the fund;
 - (b) formulate and enforce borrowing and recovery regulations for the Fund;
 - (c) receive and consider loan applications;
 - (d) cause to be kept proper books of Accounts (specifying income, expenditure, assets, and liabilities of the fund);
 - (e) solicit funds for the Fund in consultation with the County Executive Committee Member;
 - (f) enter contracts with other organizations for the sake of the Fund;
 - (g) Invest surplus from the Fund;
 - (h) spend part of the fund in strict adherence to the act with authorization of the County Executive Committee Member;
 - (i) monitor inclusion criteria in the administration of the Fund;
 - (j) submit annual returns to County Executive Committee Member 30 days after each calendar year.

Establishment of Sub County Fund Committee:

9. (1) The Sub County Fund Committee shall established by the County Executive Committee Member responsible in consultation with the County Fund Committee.

- (2) The Committee shall be composed of—
- (a) the Chair;
 - (b) *ex-Officio* Members of this committee are the Sub County Administrator and Sub-County Gender and Social Development Officer;
 - (c) one person each representing the Youth, Women and Persons with Disability are Mandatory Members.

Functions of the Sub-county Committee

10. The Sub County Committee shall—
- (a) receive and review Loan Application forms from the Wards;

- (b) shall vet, recommend and forward the loan applications from the wards to the County Committee for consideration; and
- (c) provide oversight and supervisory support once loans are disbursed.

Terms and Conditions of Service for Committee members

11. Committee members to this Fund shall serve for a period of 3 years unless otherwise so determined by other conditions set by the act.

Committee Meeting

12. (1) The County committee shall meet not more than 2 times during one quarter.

(2) The Sub County committees shall meet not less than twice a month to consider applications.

Appointment and Duties of Compliance Officers

13. (1) The County Fund Committee shall appoint Compliance Officers of the Fund whose responsibility will be to monitor loan repayment and recovery.

(2) Compliance Officers will be appointed in consultation with the County Executive Committee Member and the Chief Officer of the department.

(3) County Compliance Officers report to the Director in charge of Gender and Social Services.

Financial Provisions of the Fund:

14. (1) The Financial Year for the fund is the period between 1st July and 30th June. The committee shall submit Income and Expenditure reports to County Executive Committee Member 30 days before the new Financial Year.

(2) All expenditure of the Committee shall require authorization of the County Executive Committee Member.

(3) The Fund account shall be audited periodically by or on behalf of Auditor General - Corporations.

(4) The report arising from the audit and from the committee will be presented to the county assembly by the County Executive Committee Member.

PART II—ADMINISTRATION OF FUND

Eligibility for application

15. (1) Any Woman, Youth or Person with Disability can only apply for the Loan as members of a legally registered group where—

- (a) the group is registered with the department of Social Services and the registration certificate is up to date;
- (b) all members of the group are between 18 and 35 years of age in the case of youth groups;
- (c) the group is ready to pay a commitment collateral of 15% of the funds disbursed;
- (d) each member of the group is ready to commit to repay the loan requested by individually signing the guarantee form.

(2) A group can only apply for a loan when it operates within a ward of Kisumu County.

(3) Eligible groups must be those whose structured group contributory system is operational.

(4) Eligible groups must bear evidence of monthly contribution

(5) The group must hold a bank account in the name of the group

(6) A group acting on behalf of its registered members shall fill an application form, attaching all names, contacts and copies of ID cards of all members, to be considered for the loan.

(7) The application form shall be accompanied by a guarantee form signed by all group members.

Receipt and Processing of Applications

16. (1) Application forms at the ward level shall be received by the ward administrator.

(2) The ward administrator shall forward the applications file to the Sub County Fund Committee.

(3) The Sub County Committee shall collate, vet, and recommend, then forward the loan applications from the wards to the County Fund Committee for consideration.

(4) The County Fund Committee shall receive, evaluate, and award loans to the qualified groups.

(5) The County Fund Committee shall uphold the principle of Equity and Inclusion in the award of loans as far as possible.

(6) All documents, information, returns and forms relating to applications for loans or granting of loans shall be treated as secret and confidential as specified in Section 22(1) of the Act.

Disbursement of the funds

17. (1) The Funds shall be disbursed to registered groups following approval by the County Fund Committee.

(2) The Committee may give priority to groups previously funded whose loans are appraised as performing.

(3) Maximum initial amount of money to be awarded a group shall be KSh. 50,000; thereafter, the same group can be re-evaluated for a higher award up to a maximum of KSh. 500,000 when they apply for the second time.

(4) A maximum of 3% administration fee shall be retained annually by the committee for purposes of facilitating county and sub county administrative functions.

(5) An amount not exceeding 8% shall be set aside for capacity building of fund beneficiaries and targeted groups annually.

Interest on the Loans

18. (1) Loans advanced to Persons with Disability groups shall attract an interest of 3% per annum.

(2) Loans advanced Women and Youth groups shall attract an interest of 5% per annum.

Loan Repayment

19. (1) All groups shall be granted a 2-month grace period before commencement of repayment of the loan.

(2) Loans disbursed shall be payable within 1 (one) year from the date of the disbursement.

(3) The County committee can recall or adjust repayment period of a loan as the committee so determines.

(4) In case of extension, the repayment period shall not exceed 2 (two) years as stipulated in section 14 (1) of the Fund Act.

(5) Loanees shall duly fill in a loan award letter once their loans are approved for disbursement.

(6) Loan recipients shall deposit their monthly repayments for loans into the Fund Repayment Account and submit a copy of the deposit to the sub county committee who shall issue and acknowledge receipt to the group.

(7) The County Fund Committee shall issue discharge certificate to groups that complete repayment of their loans.

Loan Withdrawal, Recovery or Cancellation:

20. (1) The County Fund Committee can cancel any loans awarded to groups where provisions of these regulations are contravened.

(2) Any group loaned has the right to withdraw or cancel loan awarded.

(3) The cancelling or withdrawing party shall communicate this decision in writing, giving a one-month notice.

(4) Where withdrawal or cancellation of the loan is triggered by a legal process, the committee shall be mandated to recover the loan awarded together with the accrued interest.

(5) The County Fund Committee is mandated to apply all legal means in recovering non-performing loans.

Loan Default

21. (1) In case of default in Loan Repayment, the County Fund Committee shall trigger recovery mechanism

(2) The recovery mechanism shall in the first instance involve sending notification to the defaulting group.

(3) Thereafter, the committee will engage guarantors and debt collectors in the matter of default.

(4) The committee may also deploy other mechanisms involving arbitration in special circumstances.

Appointment of the Fund Administrator

22. The County Executive Committee Member in consultation with the committee shall appoint an officer to administer the Fund.

Duties of the Fund Administrator

23. (1) The Administrator of the Fund shall—

- (a) open and manage a bank account for the Fund;
- (b) supervise and control the administration of the Fund;
- (c) cause to be kept books of account and other records in relation to the Fund;
- (d) prepare, sign, and transmit to the Auditor General in respect of each financial year and within three (3) months after the end thereof, a statement of accounts relating to the Fund, prepared and signed by him/her specifying the income of the fund and expenditure thereof; balance sheet and a cash flow statement.
- (e) delegate and instruct such staff as may be necessary to assist him in the administration of the Fund and may require such staff to carry out such inspection as may be necessary to verify any information submitted under these regulations.
- (f) furnish such additional information as may be necessary for the purpose of examination and audit by the Controller of Budget and the Auditor General.
- (g) carry out any other responsibilities to the Fund as may be directed by the management committee

(2) Every statement of account prepared under this regulation shall include details of the balances between the assets and liabilities of the Fund and shall indicate the financial status of the Fund including an opinion of the Administrator of the Fund on viability of the Fund as a going concern.

Retention of receipts

24. Receipts, earnings and accruals to the fund and balance of the fund at the close of each Financial Year, shall be retained by the fund for use for the purpose for which the fund is established.

Application of government regulations and procedures

25. Subject to the provisions of the Act, existing National and County Government Regulations and Procedures shall apply in the administration of the fund.

Remuneration of the Committee

26. The Committees shall be paid such allowances as determined by the County Public Service Board in Consultation with the Salaries and Remuneration Committee.

Winding up of the fund:

27. In the event of winding up of the fund, the cash balances shall be transferred to the County Exchequer Account. The other assets shall be transferred to the County.

Made on the 9th November, 2020.

GEORGE .O.OKONGO,

*County Executive Committee Member for
Finance and Economic Planning.*