

www.youthfund.go.ke



LOAN PRODUCTS



ABOUT THE YOUTH ENTERPRISE DEVELOPMENT FUND

The Youth Enterprise Development Fund (YEDF) is State Corporation. It was established in year 2006 as one of the strategies of addressing the challenge of youth unemployment in Kenya. The Fund is one of the flagship projects of Vision 2030, under the social pillar. It provides financial support and business development services to youth owned enterprises.

Our Vision

A sustainable and growing fund, economically empowering Kenyan youth.

Our Mission

To increase economic opportunities for, and participation by Kenyan youth in nation building through enterprise development and strategic partnerships.

Core Values

- Integrity
- Professionalism
- Creativity and innovativeness
- Equity and fairness
- Responsiveness
- Accountability and transparency

Our Mandates

- Provide loans to youth owned enterprises
- Provide market support to youth owned enterprises
- Facilitate youth owned enterprises to develop linkages with large enterprises
- Provide trading premises and worksites to youth owned enterprises
- Provide entrepreneurship training, mentorship and coaching
- Facilitate youth to obtain jobs abroad

THE LOAN PRODUCTS

GROUP LOANS

For a group to qualify for a loan it must meet the following requirements:

- Group must have a valid registration certificate from the relevant government body
- Group membership must not be less than 5
- Group Membership must be at least 70% youth (18-34 years), and leadership, 100% youth.
- Group must have a bank account where loan money will be deposited
- The group must submit completed loan application forms.
- Group members shall sign a guarantee/undertaking to repay the loan
- Loan will be repaid into the bank account of Youth Enterprise Development Fund which will be provided.
- Group loans have no interest but a one-off management fee of 5%, deducted from the loan at disbursement.

1. RAUSHA

Rausha is a group loan for startup businesses or other income generating activities. Loan amount is Kshs. 100,000. *Rausha* loan has a three-month grace period. Repayment will be made in twelve (12) equal monthly instalments.

2. INUA

Inua is a business expansion loan for groups. It is advanced to groups with running businesses. Groups which have fully repaid *Rausha* or loans from other institutions can apply for *Inua*. Loan amount starts from Kshs. 200,000 and groups can progressively graduate up to Kshs. 1,000,000.

Loan	Amount	Repayment period
1 st Loan	Up to Kshs. 200,000.00	18 months
2 nd Loan	Up to Kshs. 400,000.00	24 months
3 rd Loan	Up to Kshs. 600 000.00	30 months
4 th Loan	Up to Kshs. 800 000.00	36 months
5 th Loan	Up to Kshs. 1,000,000.00	36 months

The first *Inua* loan has a one month grace period. No grace periods for subsequent loans. Loan amounts for up to Kshs. 500,000 will be secured using chattels while conventional securities will be required for loans above Kshs. 500,000.

3. SPECIAL

Special is available only to groups running business projects that generate money on periodical or pre-determinable irregular periods. It will be available for:

- Agriculture (horticulture and cereals)
- Livestock (fattening)
- Fish farming
- Poultry (broiler) projects
- Supplies (specific)

Loan amount is as follows:

Loan	Amount	Repayment period
1 st Loan	Up to Kshs. 100,000.00	12 months
2 nd Loan	Up to Kshs. 200,000.00	18 months
3 rd Loan	Up to Kshs. 400 000.00	24 months
4 th Loan	Up to Kshs. 500 000.00	36 months

4. SMART

Smart is available to individuals belonging to a group that has benefitted from YEDF and repaid its loan. It graduates group members to individual borrowers. The borrower could be a startup or for expansion.

Conditions:

- Be a member of a group and be recommended by 75% members of the group
- Minutes of the group indicating authority to borrow and guarantee the loan must be attached as part of the application documentation to the YEDF head office.

- A maximum of 80% of the group members shall borrow at the first instance. Subsequent funding to the next batch of members (20% of the members not previously financed) shall be after two instalments on the first loans have been paid.

5. SWIFT

a) *Swift* is for groups that are new consumers of YEDFB products

Loan amount and repayment period:

The maximum loan amount will be graduated, as a repayment incentive, as follows:

i. Start-ups (Grace period of 3 months)

1 st Loan to a member	Sh25,000 maximum for 9 months
2 nd Loan to a member	Sh50,000 maximum for 12 months
3 rd Loan to a member	Sh100,000 maximum for 18 months
4 th & Final borrowing by a member	Sh200,000 maximum for 24 months

ii. Existing businesses (No grace period)

First loan to a member without a bank statement	Sh50,000	12 months
	Sh35,000	9 months
2 nd loan to a member	Sh100,000	18 months
3 rd loan to a member	Sh150,000	24 months
4 th loan to a member	Sh200,000	24 months

Security

1. Group members shall sign a guarantee/undertaking to repay the loan should the individual member default
2. Every loan shall be insured by taking an appropriate life insurance cover of the borrower.
3. A sworn affidavit for the items provided as security for the loan. The borrower should provide his/her items as security, but in cases where s/he does not own any, a close relative e.g. parent should guarantee the loan with their items
4. Loans above Sh100,000 will require registered Chattel Mortgage to be attached to the application

For group loans the following documents should be provided at application:

1. Copy of certified valid group registration certificate and list of membership
2. Copies of IDs for ALL the members
3. A signed undertaking by the group to pay loans guaranteed to its members
4. Group minutes nominating/authorising an applicant to a particular round of the loan
5. Duly completed YEDF loan application form
6. Group bank account details

LOANS FOR INDIVIDUALS, COMPANIES AND PARTNERSHIPS

1. VUKA LOAN

VUKA is available to youth who wish to start or expand businesses. Applicants may use the loan for working capital or to purchase income generating assets.

Vuka Startup Loan

- Advanced to youth with alternative verifiable income and business plan.
- Youth can access up to Kshs. 500,000.
- The loan is fully secured by conventional security.

Vuka Expansion Loan

- From Kshs. 100,000 to Kshs. 5,000,000.
- Attracts an interest of 6% and a one-off management fee of 1% netted off from the loan at disbursement.
- Grace period of one month.
- Loan of Kshs. 100,000 will be secured using chattels, stock and business assets. Loan above Kshs. 100,000 will be secured by conventional security.

Vuka Asset Financing

- The Fund will finance 70% of the value of the assets/equipment being purchased.
- Additional security will be provided in addition to the asset financed.
- Loans of Kshs. 100,000 will be secured using chattels, stock, business assets and/or guarantees. Loans above Kshs. 100,000 will require conventional security.
- In the case of motor vehicles, the Fund will finance up to 90% of the value of motor vehicles (including PSVs, *tuktuks* & motorcycles) being purchased and must be new. Used motor vehicles shall not exceed 8 years of age. The financed motor vehicle will be fitted with a tracking device and comprehensively insured.

Amount	Repayment period
Up to Kshs. 100,000.00	2 years
Up to Kshs. 300,000.00	3 years
Up to Kshs. 500 000.00	4 years
Up to Kshs. 500 000.00	5 years
Above 1 Million	6 years

Requirements

- In case of partnerships, 70% of the partners should be between 18-34 years
- Borrower will bear all costs such as insurance, security perfection, valuation, registration of charge/chattel and legal fees.

2. TRADE FINANCE

This loan is available to youth who have been awarded tenders by government agencies (ministries, parastatals, county governments and constitutional commissions) under the AGPO programme, and from other reputable procuring entities not owned by the government (those listed at the NSE and credible NGOs). Youth can access the loan as follows:

Local Purchase Orders (LPO) Financing:

- The loan is available to individuals, registered groups, partnerships and companies owned and run by the youth.
- Youth can access up to Kshs. 5 million.
- The Fund will finance 70% of the LPO amount.
- The loan attracts an interest of 1.5% after 90 days.
- A commission of 6.5% of the amount borrowed will be charged. The loan will be secured using Letter of undertaking, Bank guarantees, and conventional security.

Requirements

- A valid LPO from a qualifying agency
- Undertaking by the procuring entity to pay the tender proceeds in favour of Youth Enterprise Development Fund Board
- Customer account details

3. AGRI – BIZZ LOAN

The loan is available to youth who wish to start or expand agricultural related businesses including purchase of equipment and working capital. The loan is available to individuals, registered groups, partnerships and companies owned and run by the youth. Youth can access up to Kshs. 2 million. The loan has no interest but a management fee of 5% of the loan amount will be deducted from the loan at disbursement.

The loan will be repaid within a period of 3 years. Loan amount up to Kshs. 300,000 will be secured using chattels and assets to be purchased. Loans above Kshs. 300,000 will be fully secured using conventional securities.

Requirements

- Applicants must source for inputs or equipment from accredited vendors and provide invoices/quotations for the same
- Must have a valid supply contract where applicable and copies of the same provided
- Must have relevant licenses, and provide copies
- Must have a proposal for starting an agricultural undertaking endorsed by a mentor in the same agribusiness who will also guarantee the applicant
- Must provide relevant business records including sales agreement
- Must provide certified 6 months bank statements
- Undertaking by contracting/procuring entity to pay the proceeds to Youth Enterprise Development Fund
- Must provide proof of ownership of land where farming will be undertaken or lease agreements for leased land, or consent of use of land from owner.
- Must have 2 guarantors, one of whom must be operating in the industry. In the absence of this, the applicant must provide a conventional security.
- Start-up applicants must be organized in groups, or must have alternative income, or must provide conventional securities.

4. TALANTA LOAN

The loan is available to youth in the Creative/Performing Arts. The applicant may be an individual, registered group, partnership or companies owned and run by youth. The applicant may use the loan for working capital or to purchase talent related equipment.

Youth can access up to Kshs. 2 Million. It has no interest but a management fee of 5% of the loan amount will be deducted at disbursement. Loan amount up to Kshs. 300,000 will be secured using chattels and assets to be purchased. Loans above Kshs. 300,000 will be fully secured using conventional securities. Youth must have 2 guarantors one of whom must be in the industry.

Repayment period

Loan repayment terms is as follows:

- Contract financing: Maximum of **6 months**
- Equipment and accessories purchase: Maximum of **2 years**
- Budgeted recording, production or performance: Maximum of **3 months**

Amount Financed

- **For film:** 70% of the value of the contract
- **For equipment and accessories:** 70% of the cost
- **Budgeted recording, production or performance:** 90% of the budget

Qualifications

- Must be registered with the relevant authorized body (e.g for music, Music Copyright Society of Kenya).
- Must have a valid contract where applicable
- For music, must have evidence of recorded audio or video or evidence of work in progress.
- Must have a budget accompanied by invoices or quotations where applicable.
- Undertaking by contracting entity to pay the proceeds to Youth Enterprise Development Fund
- Must have 2 guarantors who must provide bank statements, one of whom must be operating in the industry. In the absence of this, the applicant must provide a conventional security.



How to access Youth Fund Services

- Visit your respective sub county/constituency headquarters and ask for the youth office
- Pick a loan application form, fill and attach the required documents
- Return the form to the same offices
- The officer at the constituency level will guide you on all other necessary steps (vetting, training, how to repay)
- The loan money is deposited into the bank account of the applying group or company.
- Ensure the loan is used for the purpose it was applied for
- All loans must be repaid within the stipulated time.



ISO 9001:2008 Certified

YOUTH ENTERPRISE DEVELOPMENT FUND

P.O. Box: 48610, 00100, Nairobi, Kenya
4th Floor, Renaissance Corporate Park
Elgon Road, Upper Hill

Tel: (+254) 020 241 4423, 020 264 6327, +254 723 522 841

Email: info@youthfund.go.ke, complaints@youthfund.go.ke

www.youthfund.go.ke