



YOUTH ENTERPRISE DEVELOPMENT FUND

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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

Economically empowered Kenyan youth running sustainable enterprises.

Our Mission

To increase economic opportunities for, and participation of, Kenyan youth in job creation through innovative affordable financing, enterprise development, and strategic partnerships.

Core Values

- Customer Focus
- Creativity and innovation
- Equity and fairness
- Professionalism
- Integrity and accountability

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 the 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.
- The group must undergo entrepreneurship training at the cost of Shs.1000
- The group must be issued with a passbook at a fee of Shs.200

1. STAWI LOAN

Stawi is a group loan for start-ups, running group projects/business expansion, special business projects that generate money periodically or during pre-determinable irregular periods & acquisition of group business assets.

Loan Amount and Repayment

- a) The maximum amount available is Kshs.1,000,000,
- b) The maximum amount available for Special Business Projects is Kshs.500,000
- c) For the first time borrowers:

- i. The maximum loan amount for group-owned start-ups is Kshs.100,000
 - ii. The maximum amount for groups with running projects is Kshs.200,000.
- d) Subsequent loans are graduated as follows:

Phase of Loan	Amount	Maximum repayment period
Newly formed groups	Kshs.100,000	12 months
Groups with existing projects	Kshs.200,000	18 Months
2nd Loan	Kshs.500,000	24 months
3rd Loan	Kshs.1,000,000	36 months

Grace Period

- a) Three (3) months for start-ups
- b) One (1) month for running projects.
- c) For Special Business Projects, payment of the Loan commences after the applicable grace period, depending on the line of business.

Security/Collateral

- a) Group members shall co-guarantee and sign a guarantee/undertake to repay the Loan.
- b) Chattels or simple deposits of conventional security can be considered as the group graduate to higher amounts.
- c) Any of the following shall secure loans above Kshs.500,000:
 - i. Conventional securities
 - ii. Amount in lien for group saving

Required Documentation

- Copy of Valid group registration certificate
- Certified Membership List
- Certified Copies of IDs/Passports for ALL the members

- Copy of group constitution
- Signed collective Undertaking by the group members to repay the Loan
- Group minutes authorizing the application for a loan
- Duly completed YEDF loan application form endorsed by the area chief/sub-chief
- Group/Business/Residence Site visit report
- Copy of current business License or justification of business existence
- Certified bank statement for start-up and three-month certified bank statement for existing/ running businesses
- An extract of recent business records for existing businesses
- Bank details form signed by all account signatories
- Colored passport-size photos for group officials
- Evidence of payment of training fees for the group

2. SMART

The *Smart* Loan is available to individuals belonging to a group that has benefited from the YEDF. The Borrower could be a start-up, expansion, or acquisition of assets. The group members shall guarantee individuals borrowing under this product.

a) Start-ups - A grace period of three (3) months

Phase of Loan	Amount	Maximum repayment period
1st Loan	Maximum of Kshs. 25,000	Nine months
2nd Loan	Maximum of Kshs. 50,000	Nine months
3rd Loan	Maximum of Kshs. 100,000	12 months
4th Loan	Maximum Kshs. 200 000	24 months

b) Existing businesses - A grace period of one (1) month

Phase of Loan	Amount	Maximum repayment period
Without Bank statement	Kshs.35,000	Nine months
With Bank statement	Kshs.50,000	Nine Months
2nd Loan	Kshs.100,000	12 months
3rd Loan	Kshs.150,000	18 months
4th Loan	Kshs.200,000	24 months

Grace period

- i. Three (3) months for start-up loans
- ii. One (1) month for existing businesses

Security/Collateral

- i. Group members shall co-guarantee/undertake to repay the Loan should the individual member default.
- ii. The Borrower should provide his/her items as security, but in cases where s/he does not own any, a close relative e.g., a parent, should guarantee the Loan with their items.
- iii. A sworn affidavit for the items provided as security.
- iv. Loans above Kshs.100, 000 will require registered Chattel Mortgage to be attached to the application.

Required Documentation

- Copy of certified valid group registration certificate
- Certified list of Membership Certified by District Social Development Officer
- Copies of IDs/passports for ALL the members
- A signed undertaking by the group to pay loans guaranteed to its members
- Group minutes nominating/authorizing an applicant to a particular round of the Loan
- A sound business proposal for new applicants
- Duly completed YEDF loan application form endorsed by area chief/sub-chief

- Copy of current business license or proof of its existence
- Certified three (3) months' bank statements for the applicants who want to borrow from Kshs.50,000 for the first borrowing. Those without three (3) months' bank statement MUST provide evidence of an existing business. Subsequent borrowing MUST include three months of bank/Sacco statements
- Bank account details form
- Copy of current business records
- Business/site/residence visit report
- Evidence of payment of training fees for all members

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 business assets.

Vuka start-up Loan

- Advanced to youth with an alternative verifiable income and business plan
- Youth can access up to Kshs. 500,000

Vuka expansion Loan

- Youth must have a business that has been in operation for at least six months and one year for limited companies
- Youth can access from Kshs. 100,000 up to Kshs. 5,000,000
- Attracts and interest of 6% and a one-off management fee of 1% netted off from the Loan at disbursement
- Grace period is one month

Vuka asset financing

- The Fund will finance 75% of the value of the asset being purchased

- 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.
- Motor vehicles to be purchased must not exceed eight years from the year of manufacture
- The financed motor vehicle will be fitted with a tracking device and comprehensively insured
- The asset should relate directly to the business being undertaken
- Additional security will be provided in addition to the asset financed.

Asset Type	Repayment Period
New Vehicles	5 years
Second-hand Vehicles	4 years
Motorcycles	1 year
Tuk tuks	1.5 years
PSVs	3 years
Other Assets	6 years

The repayment period will be determined by the amount advanced to the client as listed below:

Amount	Repayment period
Up to Kshs. 100,000	2 Years
Up to Kshs. 300,000	3 Years
Up to Kshs. 500,000	4 Years
Up to Kshs. 1,000,000	5 Years
Up to Kshs. 5,000,000	6 Years

Security/Collateral

- a. Loan facilities that will be secured through chattels must have two guarantors.
- b. Facilities of Kshs.100,000 will be secured by flexible security such as chattels, stock, livestock, business assets and/or guarantees.
- c. Chattels, stock, livestock, and business assets can be used to secure repeat or Top-up Loans of up to Kshs.300,000

after successful repayment and without defaulting any monthly installment of the first Loan of Kshs.100,000

- d. Conventional securities Must be provided for:
 - i. All first-time Loan facilities above Kshs.100,000.
 - ii. Top up/repeat loans above Kshs.300,000.
- e. Amount in lien. The lien shall be maintained on the account until the Loan is settled.

Requirements

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

Required Documentation

- a. Dully filled application form
- b. Guarantee form where applicable
- c. Business proposal for start-ups
- d. Copies of ID and PIN for all borrowers/directors
- e. Two most recent colored passport photos
- f. Copy of security document
- g. Resolution to borrow in the case of a limited company, capturing amount, purpose, payment period, and security offered (must be sealed)
- h. Bank account details form
- i. Copy of business registration certificate/certificate of incorporation
- j. Copy of Articles and Memorandum of Association
- k. Pin certificate for the company in the case of a limited company
- l. Tax Compliance Certificate
- m. CR12 for company
- n. Relevant business licenses
- o. Sketch map of the residence and business premises of the Borrower

- p. ID and PIN of guarantors
- q. Map to the residence of guarantors
- r. Copies of relevant business records
- s. Certified bank statement (six months) of the applicant
- t. Certified loan statement, if any
- u. Audited accounts for the last two (2) years in the case of a limited company that has operated for more than two (2) years.
- v. Three (3) latest original pay slips certified by the employer
- w. Letter of Appointment/Employment Letter
- x. Evidence of lien held with the bank
- y. Any other relevant document which is in line with the business to be funded

2. SALARIED LOANS

This is a check-off loan to youth working in institutions that have signed a contractual agreement with the YEDF. These institutions include Government ministries, parastatals, agencies, county governments, and constitutional commissions. Companies listed at the NSE, NGOs (in consultation with NGO Council), and international development organizations and reputable private institutions. **Youth can access from Kshs. 50,000 up to Kshs. 1,000,000 to start or expand businesses.** The loan amount shall be based on the ability to pay and adherence to the one-third rule. The employer shall remit monthly repayments for the loan installment to the YEDF bank account.

Security

- The Loan shall be secured with a guarantee from the employer and
- Two personal guarantors from the same organization.
- The employer will undertake to remit the monthly installment from the guarantors in case of default by the Borrower.

3. SAVINGS-BASED LOANS

The loan is available to individual youth who have a savings account with established and registered financial institutions and have saved regularly for at least three months. Youth can access up to three times their savings up to Kshs. 1,000,000. Subsequent borrowing will be based on the Borrower's savings of the Borrower to be placed under lien.

Requirements

- a) Regular/consistent savings in the account for at least three months (savings account).
- b) The Youth is encouraged to continue saving during the loan tenor to qualify for a higher loan amount in subsequent borrowing.
- c) The lien shall be maintained on the account until the Loan is settled.
- d) An undertaking from the financial institution to release the savings to YEDF in case of loan default.
- e) An undertaking from the financial institution to withhold the savings until the Loan is settled and by consent from YEDF.

Security/Collateral

- i. A Lien shall be placed on the funds in the saving account
- ii. Savings shall be used as an alternative to tangible securities at three times the amount saved.

4. 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.5,000,000. The loan attracts and interest of 6% per annum and a 1% administration fee netted off at disbursement.

The loan will be repaid within a period of 6 years. Loan amount for start ups shall be up to Kshs. 100,000 for applicants without alternative income and Kshs. 200,000 for applicants with verifiable alternative income. Loans 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.

5. 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.

Qualifications

- a. Must be registered with the relevant authorities.
- b. Must have a valid contract where applicable.
- c. For music, must have evidence of recorded audio or video or evidence of work in progress.
- d. Must have a budget accompanied by invoices or quotations, where applicable.
- e. Undertaking by the contracting entity to pay the proceeds to Youth Enterprise Development Fund

Grace Period

30 days – one (1) month from the disbursement date

Amount Financed

- **For film:** 70% of the value of the contract
- **For equipment and accessories:** 75% of the cost
- **Budgeted recording, production or performance:** 90% of the budget

Qualifications

- Must be registered with the relevant authorized body.
- 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.

6. LPO/LSO FINANCING

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 Bid bonds

and/or Local Purchase Orders (LPO)/ Local Service Orders (LSO) financing Loan facilities of Kshs.100,000 will be secured by chattels, stock, business assets, or a simple deposit of conventional security and must have two guarantors. Loans above Kshs.100,000 shall be secured by conventional securities.

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

7. VIJANA BAHARIA LOAN

The loan facilitates eligible youth who have accessed employment in cruise ships as seafarers to meet the costs of Pre-Embarkation and Embarkation including certification and training. Youth can access up to KShs.200,000 to be paid within a period of nine months. The loan has a grace period of one month. The loan has no interest but a management fee of 5% of the loan amount will be deducted at disbursement.

Features and qualifications

- a) Must have been recommended by the Kenya Maritime Authority for funding.
- b) Must be a member of the Seafarers Union of Kenya.

- c) Must have a Letter of Intent for employment or offer letter to work as a seafarer.

Security

- a) Must have three (3) Guarantors (Parent/guardian, Official of the KMA, and Seafarers Union).
- b) Recommendation Letter by KMA.

Requirements

- i. Police clearance certificate
- ii. CRB certificate
- iii. Membership certificate from Seafarer Union of Kenya /Record book from Seafarers Union of Kenya (SUK).
- iv. Letter of Intent for employment or offer letter/confirmation letter from KMA. (In case the employer gives a letter of offer at the end of the process.)
- v. Recommendation letter from KMA.
- vi. Two most recent passport photos
- vii. Certified bank statement
- viii. Bank details form
- ix. Copies of ID/Passport
- x. PIN for borrowers and guarantors
- xi. Duly completed application form.

HOW TO ACCESS YOUTH FUND SERVICES

- Visit your respective County headquarters and ask for a youth officer.
- Pick a loan application form, fill and attach the required documents
- Return the form to the same offices
- The officer 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.

www.youthfund.org



OUR LOAN PRODUCTS

