

...WE VALUE OUR ESTEEMED MEMBERS AS FRIENDS

...WE WILL STOP AT NOTHING TO MAKE YOU SATISFIED

...SAVE REGULARLY, TAKE LOANS WISELY AND REPAY YOUR LOANS PROMPTLY FOR YOUR ECONOMIC EMPOWERMENT

...IT IS A UNFAIR AND UNACCEPTABLE NOT TO PAY BACK A LOAN ISSUED TO YOU

...THIS IS AN ECONOMIC EMPOWERMENT VEHICLE FOR THE PERSONS LIVING WITH DISABILITIES & ASSOCIATES

## **I.0 Membership**

Membership to ME-KI SACCO is voluntary;

- a. It is open to groups of persons living with disabilities, their guardians (parents or relatives) , and caregivers
- b. Me-Ki SACCO allows physical membership process and online membership process. For physical membership process, our field officers visit or receive potential members and guide them on the process. For online membership process, a potential member goes online and fills in the details.
- c. Members can join as a group or individual. A group membership is conducted physically. An Individual membership is done online.
- d. A registered group (by government's social service ministry) can have their members fully recognized by the SACCO and can participate through meeting necessary terms and conditions.

The necessary terms and conditions for membership are:

### **GROUP**

1/ A registered<sup>1</sup> group applies for registration into **DDAK** by:

- 1.1 Filling in the form of application for registration
- 1.2 Providing a copy of registration certificate
- 1.3 Providing a full list of members of the group with their national ID numbers and mobile telephone contacts
- 1.4 Paying non-refundable application fee of KES.1000.00 renewable every year.

2/ Members of a qualifying group in 1 above apply for registration into Me-Ki SACCO by:

- 1.5 Filling in the application for registration form
- 1.6 Providing a copy of national ID
- 1.7 Paying non-refundable registration fee of KES.500.00

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<sup>1</sup>One that has been registered be a government's social services ministry

- 3/ After paying registration fee, an account is opened for each member under their group and they pay monthly shares and savings.
- 4/ A member is deemed active if they have kept faith in paying for their monthly savings/deposits and/shares without skipping.

## **INDIVIDUAL**

- 5/ A new member goes online and fills in the application form.
- 6/ The registration fee is KES500.00
- 7/ After paying registration fee, an account is opened and they pay monthly shares and savings.

## **2.0 Requirements for Members**

Once a member, one is required to:

- a. Make monthly shares contribution of KES.100.00 monthly
- b. Make monthly deposits/savings of minimum KES.100.00 per month. There is no maximum amount
- c. Participate in Annual General Meetings and if not possible have a guardian/parent or the next of kin or the officials of the group they belong to represent them.
- d. Visit the office of the SACCO and get information regarding their shares, savings, loan status and any other issue.

## **3.0 Rights/Benefits of Members of Me-Ki SACCO**

A member of Me-Ki SACCO Society Ltd is entitled to the following benefits:

- a. Voting or being voted into the committees of the SACCO
- b. Inspecting the SACCO's procedures and books of accounts
- c. Getting dividends [share of SACCO's surplus] depending on the SACCO's financial performance
- d. Access loan(s) from the SACCO upon meeting eligibility criteria
- e. Buy shares in the SACCO and invest in any enterprise decided by the society
- f. Make deposits and qualify for a loan (to a maximum of three times their deposit value)
- g. Receive updates on their shares, deposits and loan status with the SACCO
- h. Receive receipts for all moneys paid to the SACCO
- i. Attend/participate in SACCO meetings
- j. Receive relevant training or advisory services from the SACCO for personal growth and development
- k. Nomination of a next of kin to whom their share contributions and capital interest shall be vested in event of untimely demise – ensuring that their interests are safe
- l. Clearance of outstanding loan by the SACCO's appointed insurance firm, in event of death; and payment of a premium calculated on the basis of an equitable formula based on the member's total deposits/savings
- m. Admission of the member's nominee (next of kin) to the SACCO so long as they meet set membership eligibility criteria; and, transfer into their account, the deceased member's deposits, interest and dividends if due
- n. Refund of member's deposits/savings (within 60 days of departure less penalties) if they leave the SACCO of their own volition
- o. Refund of nominal shares depending on members shares – in the unlikely liquidation of the SACCO

- p. Get a statement of accounts and loan portfolio at the AGM [be informed about the health and status of their SACCO]
- q. Any other admissible benefit in the savings and credit societies world and best practices

#### 4.0 Key Obligations of the member

A member of the SACCO is obliged to:

- a. Abide by the society by-laws, procedures and loan policies.
- b. Make payments for shares and savings/deposits without fail
- c. Deposit their savings on regular basis and repay their loans on time
- d. Guarantee each other for loans given by the SACCO
- e. Participate in recruitment of new members to the SACCO
- f. Support any business activity (for income generation) of the SACCO
- g. Participate in any socio-economic activity organized by the SACCO

#### 5.0 Saving Scheme

The Me-Ki SACCO saving scheme is outlined as follows:

- a. There is two types of savings accepted by the SACCO as of now:
  - 1] Savings/deposits
  - 2] Shares
- 1/ **Savings** – This is a mandatory monthly contribution by a member. Savings or deposits are the basis for loan benefits. The set minimum savings per month is KES.100 and **there is NO maximum**. The savings/deposits are refundable less 15% penalty upon giving a sixty (60) days written notice to withdraw from the SACCO and filling in the withdrawal form accordingly.
- 2/ **Shares** – This is a mandatory monthly contribution by a member (who is a person living with disability) as share capital against which they qualify for dividends (calculated at a percentage set by management committee) at the close of business year depending on business surplus. Minimum shares per month are 5 shares at 20/- each equivalent to KES.100 monthly. This amount is **not** refundable if a member decides to leave the SACCO or dies but it can be sold to another member of the SACCO or inherited by the next of kin as registered with the SACCO. The most preferred option **shall be** transfer of shares to the next of kin.
- b. The current SACCO policy is that, for members who are persons with disabilities, every monthly purchase of 5 shares at 20/- shall be topped up with 1 share at 20/- by the SACCO. This implies that, every month, the SACCO shall give 20/- worth of shares against every 100/- from a member. This policy is subject to review by the board of directors of DDAK any time without notice.
- c. Dividends shall be issued when a business surplus has been declared at the end of a financial year and shall be issued according to a set percentage by the board of directors sitting two months after and further according to the total share capital of a member as at the date of the end of the financial year in question.

#### 6.0 Loan policy

Loans are given to members in line with the existing loaning policy applied and used by all savings and credit societies in the country. The SACCO however stresses the following basic rules and conditions:

- a. For a new member to qualify for loan, they must have been active for at least 6 months with savings balance of not less than KES.1000.00.

- b. Loans may be advanced to a maximum of 3 times a member's total amount of savings/deposits. Scrutiny of savings/deposit record will be conducted before approval of the loan.
- c. Only one loan will be given to a member at one given time while additional loans may be advanced upon certain outlined conditions to be advised by the management committee.
- d. Only active<sup>2</sup> members of the SACCO shall qualify to be issued with loan(s).
- e. If a member skips monthly savings/deposits, they shall not qualify for loans unless they pay the skipped total contributions at once.
- f. A member must commit to repay their loan promptly and without fail. This condition is non-negotiable.

## 6.1 Loan Products

The current loan products are two until the management committee makes a review.

- a. **The individual loan** – This is a loan taken by an individual member of the SACCO. To qualify for this loan, the individual must meet the following requirements:
  - 1/ Been a member for at least 6months since joining
  - 2/ Fill an application form
  - 3/ Be an active member
  - 4/ Have minimum savings/deposit total of KES.1000.00
  - 5/ Have no outstanding loan balance
  - 6/ Be guaranteed by at least two members of the SACCO from. These members are called guarantors.
  - 7/ Sign a loan repayment commitment form (**COMPULSORY**)
  - 8/ Deposit KES500.00 processing fee
- b. **Group Loan** – This is a loan taken by all members of a group registered in the SACCO. To qualify for this loan, the group must meet the following requirements:
  - 1/ Fill an application form
  - 2/ All group members must have been members for at least 6months since joining
  - 3/ All group members must be active members
  - 4/ The group must have a minimum savings/deposits total of KES.10000.00<sup>3</sup>
  - 5/ The group and their individual members have no outstanding loan balance
  - 6/ Sign a loan repayment commitment form (**COMPULSORY**) – Every member of the group applying the loan **must sign**.
  - 7/ Deposit KES600.00 processing fee

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<sup>2</sup> Active – an active member is the one who has kept faith in monthly shares and savings/deposits without skipping a month.

<sup>3</sup> KES10000.00 Minimum savings/deposits of a group assume the group has at least 10 members. Cases where the group has less than 10 members, the total savings/deposits considered shall be 1000 times the number of members.

The amount of a group loan shall be given based on various factors including trust, previous borrowing and repayment behavior and size of the group. Generally, a group loan may be limited to two times total amount of the total group savings/deposits but may vary according to factors stated above.

## 6.2 Loan Guarantors

**Members in a Group:** The loan guarantors to an applicant of a loan can only belong to the group the applicant belongs. They cannot be members from another group. Therefore;

- a. The total savings/deposits held by the guarantors in the SACCO together with the total savings/deposits by the applicant must be equal or more than the amount of loan applied for.
- b. An approved loan amount shall be equal to or less than the total savings of the applicant plus total savings of guarantor 1 plus total savings of guarantor 2.
- c. A guarantor cannot be servicing a loan then guarantee an applicant unless there is a balance of his/her savings/deposits that is not held by either a) his/her loan or b) by another loanee he/she had guaranteed previously in which case this balance is the one that can be accepted to guarantee a new applicant.
- d. The principle of loaning by guarantor is that, the loan applied for and issued shall be recoverable from the total savings/deposits held by the applicant plus his/her guarantors' in event of defaulting.
- e. In principle, when a guarantor signs for another member to take a loan, then his/her savings/deposits are locked in that loan of the person guaranteed until that loan reduces to a figure that frees the savings/deposits with an amount that can be used to guarantee another loan.
- f. If a loan applicant defaults, the savings/deposits of the guarantor(s) used to secure that loan are used to recover the loan.
- g. If the loan applicant dies while servicing a loan, the proportion of savings/deposits of the guarantors held by the outstanding loan shall be freed to the guarantors who may access them for their use.

**Members not in a group:** A member who is not in a registered group of DDAK will be advised how to access a guarantor.

## 6.3 Procedure for Applying Loan

When applying for a loan, the process shall be as follows:

### Group Members:

- a. The SACCO Field Officer avails the application form to group officials (online or physically)
- b. The applicant (individual or group) obtains the application form and fills accordingly
- c. Present the application form to the group officials or field staff to bring to office; or send electronically through provided address / link
- d. Once the application form reaches the office, the group official or field staff is not responsible for loan processing (acceptance or rejection) but the SACCO credit committee, management and finance office.
- e. The loan shall be processed in minimum of 1 day and decision of acceptance or rejection communicated right away.
- f. Loans accepted may be collected in cash or electronically or check depending on the preference of the applicant.

- g. Every successful loan application will be issued with: loan amount and a loan repayment schedule with details of amounts to pay per month until loan plus interest are recovered, the bank account details or other repayment number

#### 6.4 Procedure for Loan processing

Loan processing after loan application forms have been received takes the following steps:

- a. Accounts clerk verifies the savings/deposits amount available to the applicant
- b. Accounts clerk fills in the loan status information
- c. Loans committee verifies and approves /rejects loan
- d. Loan rejection reasons communicated to the applicant
- e. If loan is approved, loan amount is prepared and made ready for collection by applicant
- f. Applicant signs the mandatory loan repayment commitment form
- g. Applicant deposits loan processing fee (500/- for individual, 600/- for group) or this amount is deducted from the loan amount.
- h. Applicant receives repayment schedule from accounts clerk.

Note: **NOT ALL LOANS APPLIED FOR ARE APPROVED.** If rejected, the loan applicant will receive adequate explanation as to the reasons for rejection.

#### 6.5 Procedure for Paying back loan

When an applicant succeeds in getting a loan, they will be required to repay their loans in the following manner:

- a. A loan shall be repaid on a monthly basis or as agreed without fail.
- b. Every repayment **MUST** be done into the bank account or through **MPESA Pay-bill** of the SACCO
- c. In the event of delayed repayment over a month the loanee shall be penalized 10% of the remaining amount due.
- d. If the repayment period as approved in the loan processing is exceeded, the SACCO may use any authorized means to recover the repayments including but not limited to repossessing the loan from guarantors' savings.

#### 6.6 Interest on Loans

The ME-KI SACCO loans are quite affordable. The SACCO interest rates shall be set by the management committee. Currently both individual and group loans attract 5% interest on reducing balance.

**For example:** If Caxton takes a loan of KES.10000.00 to repay for 10months at the interest of 5% on reducing balance, then the table below shows his repayments per month.

Table 1: Interest on loan calculations

Month	Principal	Principal Repayment (a)	Interest (b)	Total Per Month (c)
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1	10000	1000	500	1500
2	9000	1000	450	1450
3	8000	1000	400	1400
4	7000	1000	350	1350
5	6000	1000	300	1300
6	5000	1000	250	1250
7	4000	1000	200	1200
8	3000	1000	150	1150
9	2000	1000	100	1100
10	1000	1000	50	1050
TOTALS	-	<b>10,000</b>	<b>2,750</b>	<b>12,750</b>

Note: (a) + (b) = (c) = The amount Caxton pays back every month!!! So in total, after Caxton takes a loan of KES10000.00 from Me-Ki SACCO to pay back in 10months, then at the end of the 10<sup>th</sup> month, Caxton will have paid Me-Ki SACCO a total of 13,250 (loan plus interest) + 500 (loan processing fee) = 13,250.00!

If it is a group, the difference would only be the processing fee amount which is 600/- for group. Thus, if Upendo Self-help group borrowed a loan of KES10,000.00 to repay for 10months, then the total the Upendo Self-help group would pay to Me-Ki SACCO would be 12,750 + 600 = 13,350.00!

**Note:** The period of time to repay a loan shall be decided by the credit committee. The period of time to repay a loan dictates the amount of monthly repayment installments and depending on the total loan applied.

## 7.0 Banking

All:

- 1] Share capital contributions,
- 2] Savings/deposits contributions,
- 3] Loan repayments

**MUST** be deposited directly to the Me-Ki SACCO Society Ltd Account (provided separately) or through M-Pesa Pay bill number.

**ME-KI SACCO SOCIETY LTD SHALL NOT TAKE RESPONSIBILITY FOR SHARES, SAVINGS/DEPOSITS AND LOAN REPAYMENTS PAID THROUGH OTHER MEANS.**

Me-Ki SACCO Society Ltd officials or persons acting on their behalf do not collect or handle cash from individuals, group; or to individuals or group. Do not give cash to anyone who comes to your group to train or talk to you about Me-Ki SACCO. You can give cash or send your money through the officials of your group who **CANNOT** also bring any cash to the office but to the bank.

## 8.0 Loan Security

**Individual loan:** This loan shall be secured by the total savings of the individual and those of the guarantors. At least two guarantors will be required. All loan applications shall be vetted by the group's officials (chairman, secretary and treasurer) and submitted for SACCO's official action. For members not affiliated to a group, their case will be advised.

**Group loan:** This loan shall be secured by total savings of group members and the SACCO's financial standing.

## 9.0 Loan Insurance

In case of death, Me-Ki SACCO is in the process of engaging an insurance company to insure loans at the member's expense and to take over a member's liabilities to the SACCO. The policy will ensure that in case of death of a member who is currently servicing a loan, the insurance company clears outstanding loan balance paid on the behalf of the affected member. In addition to this, certain amount will be given to a member's family. This amount is subjected to timely review. Any prospective borrower shall pay for a premium of 2% of the loan applied once the insurance cover is effective.

## 10.0 Annual General Meeting

This is the top policy and strategy making body of Me-Ki SACCO Society Ltd. It meets once every year:

- a. By all members or at least 2/3rds attendance or
- b. By all delegates (Officials of groups) or
- c. By special delegates (zonal representatives comprising selected group representatives).

## 11.0 Management Committee

Management committee will comprise of 5 members elected at the AGM. The committee will, in turn, elect office bearers who include;

- Chairperson
- Vice chair person
- Secretary
- Vice secretary
- Treasurer

The management committee is responsible for the day to day relationships between the SACCO and the members.

## 12.0 Eligibility to Committee

For a person, with disability or not to qualify to be a member of the Committee:

- a. One must be at least 21 years of age
- b. Should not receive a salary from the SACCO save in accordance with the societies act
- c. Must be of sound mind and not corrupt
- d. Must be an active member of the SACCO whose savings and loan repayment have not been in arrears for a period exceeding two months

- e. Must have a minimum O' Level standard of education
- f. Has never been convicted of any offence involving dishonesty or is sentenced to imprisonment for a term exceeding 3 months
- g. Their character should be marked with integrity and activeness with the SACCO
- h. Must be a serving leader in a registered group

### **13.0 SACCO Employees**

There shall be SACCO employees whose number is dictated by need. They shall serve under terms and conditions set by the Board of Directors of DDAK and subject to labor laws of Kenya. 30% of the SACCO employees shall be as far as possible persons living with disability while 70% persons without disability. The SACCO manager shall be the CEO of the SACCO who shall be responsible for the SACCO's daily operations as directed by the Board of Directors and the Central Zone Management Committee.

### **14.0 Group Officials**

The Groups that have their members in SACCO have their officials to serve as:

- a. The official link between the SACCO and the individual members. They are the elected officials of the groups that form the working units of the SACCO in the field.
- b. The credit committee members at group level and shall inquire and scrutinize the character and financial conditions of loan applicants and their guarantors – to ascertain their ability to repay fully and promptly.
- c. Responsible to determine, also, whether the loan is for a worthy purpose and whether it will be of benefit to the borrower.
- d. Expected to advise the borrower on sound use of loan money; where such a member request for such advice or if in their opinion, such advice and guidance is called for.

**NOTES**

- a. The information contained in this guideline is subject to revision anytime. The SACCO is undergoing transformations that affect status and structures
- b. This manual is the property of **Me-Ki SACCO Society Ltd** and does not represent any other SACCO
- c. Every member of the SACCO may be issued with a passbook to record and track their contributions (shares, savings, loans and loans repayments)
- d. The authorized SACCO account details are as follows

<b>1</b>	<b>Account Name: Me-Ki SACCO Ltd</b>
<b>2</b>	<b>Bank: Cooperative Bank of Kenya</b>
<b>3</b>	<b>Branch: Kitui</b>
<b>4</b>	<b>Account No: 01120304579500</b>

- e. The Mpesa paybill no. is: **400222**; Acc. No. **308276** # (your ID.No or Name)