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A PRE-FEASIBILITY STUDY  
PREPARED FOR  
HARVEY & COMPANY, INC.

"WOMAN'S VENTURE BANK IN KENYA"

By

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## SUMMARY

At the request of Harvey & Company, the writer visited Nairobi, Kenya from November 1st through 7th, 1992 to undertake a prefeasibility assessment of the viability of establishing a Women's Venture Bank in Kenya. During this period, contact was made with numerous individuals so as to obtain information with regard to the present political climate, financial markets, state of the economy and general feelings towards the viability of a Women's Bank. All items are covered in the attached report but suffice it to say that the reaction was extremely positive save for perhaps the period shortly after the December 7th elections when there may be some forms of violent reactions.

The ideas of a Women's Bank is timely for Africa and particularly Kenya. Unfortunately, the idea of a Women's Bank making loans directly, accepting deposits and operating generally as a commercial bank, is not feasible at this time. It is suggested that consideration be given to the creation of an Advisory Bank (Merchant Bank) with institutional shareholders together with the public owning shares through an underwriting by members of the stock exchange. This bank would provide advisory services to women, assist in arranging small/medium loans and consider taking small equity positions in projects.

Assistance by USAID could be provided in the area of a full feasibility study which, if positive, concludes with an implementation proposal. This study should be performed by a consultant experienced in African financial markets working in conjunction with a Kenyan consulting firm. Additional assistance by USAID could be in the form of providing start up operating funds to the new bank, term loan funds lent on a matching basis and a loan guaranty facility provided by PRE bureau. The precedent for these activities is available from the Kenya Equity Management Fund located in Nairobi.

Finally, it has been a real pleasure to have been given this assignment and to contribute to what hopefully will become a reality: a Kenya Women's Bank.

Yours for a better World through International Development,

Sincerely,



Michael P. McWhorter  
November 15, 1992

## **INTRODUCTION**

The purpose of this prefeasibility assignment is to assess the viability of establishing a Women's Bank in Kenya. The prefeasibility is not to design and create the mandate to establish a Women's Bank but rather to assess the climate in Kenya for the establishment of a financial institution to serve the women of Kenya.

Having assessed the climate to be positive, the natural follow-up is to recommend a further feasibility study be undertaken. This study should be undertaken over a longer period of time, in Kenya for four to six weeks, with a goal of having a specific plan of action ready for implementation at the conclusion of the study.

The following report is brief but fairly specific as to the type of financial institution suggested for consideration to assist the women of Kenya.

## **BACKGROUND OF PRESENT DAY KENYA**

**Political** - The political climate of Kenya is one of the more important considerations when discussing the possibility of creating a new financial institution which is specifically designed for Kenya women. Without "Political" support such a venture would not get off the drawing board. Although a brief visit to Nairobi for six days is not necessarily sufficient time to get an accurate reading of the political climate, the writer is comfortable to comment based on previous residency and visits to Kenya over the previous six years.

Contrary to popular media beliefs, Kenya is moving forward. When one remembers Kenya was a colonial entity less than 30 years ago and that full democracy has been slow to evolve in Africa, (and the rest of the planet) then Kenya is progressing. A recent example of this progress is the announcement by President Moi for a free election to be held on December 7th (coincidentally a prominent day in American history), opposition parties are legal and free to campaign, secret ballot voting has replaced the queuing system and Parliament has been dissolved and will be replaced with a freely elected assembly of representatives after the election. Noticeably, the Asian community seems relaxed.

Another example of an improved political climate is the recent (November 2, 1992) purchase of the majority shares of Grindlays Bank, Kenya, by SBIC Ltd. (a South African bank) from ANZ Bank, London. A few years ago this transaction would not have taken place, especially when the remaining shares in Grindlays are owned by the Kenya Government. The Kenya staff fully support the transaction and looks forward to working with the new owners. The Kenya Government considers the bank a worthwhile investment and has no intention of selling its shares at this time. Trade, tourism and foreign investment are all welcomed in Kenya and "Politically" encouraged.

**Capital and Financial Markets** - Less than four years ago there was no physical stock exchange in Kenya. There had not been a new public share issue in over 15 years, government impediments restricted the capital market to almost non-existence. Today, the Nairobi Stock Exchange celebrates its first year in its own premises, complete with a basic trading floor. The recently (1990) formed Kenya Capital Market Authority is established, managed and working. New issues for share

listing and subscription by the public are processing. Advertising, education and promotion for the public is progressing. The Kenya USAID mission is entitled to be recognized as the major catalyst for these developments over the past five years.

Capital markets exist and are expanding in Kenya. New financial products are being designed and marketed. A new financial product, Foreign Exchange Certificates (known as FOREX-C) trade freely on the exchange in bearer form. Futures, options and other derivatives are being discussed for future trading. Demand is growing for an expansion of the exchange premises as well as demand for an increase in the number of brokers. The market is transparent and, to date, proving itself to be capable of self-regulation.

These positive developments in the area of capital market reform have been the result of the Kenya Government removing impediments and allowing the free market to develop on its own momentum.

As mentioned earlier, the environment for investment is very positive. Numerous new projects, development and acquisitions are taking place. Export zones are being promoted and manufacturing is taking place. One has the feeling that "business is good but could be better" attitude prevails in the business community. Some uncertainty exists but this always exists in Kenya.

Turning to the financial sector and banking sector in particular, Kenya bankers are doing satisfactorily. Competition is keen for deposits and good borrowers have no problems obtaining credit. Interest rates (which are fairly stable at 16-18% on deposits with loans at 20-24%).<sup>1</sup> Interestingly, with the liberalization of the capital market sector, many banks are moving into more lucrative fee earning activities outside the more traditional areas of commercial banking. This liberalization would not have occurred without direct or tacit approval of the Central Bank of Kenya.

The four major categories of financial institutions remains the same, i.e., Government owned banks, Multinational banks, Non-Bank financial institutions and locally owned banks. There is no shortage of banks in Kenya and operating in a free,

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<sup>1</sup> As it happens in a free market, the investor votes with his wallet. A one-year bank certificate of deposit receives 17% on his deposit. A one-year Government bond pays an additional 3% at 20%.

open and competitive market the situation will not be changing anytime soon.

Unfortunately, there is still no long-term debt market which is a critical component of project development finance. However, the development and expansion of the capital market will, with the support of the financial institutions, begin to form a new market in long term debt instruments.

Also, the success of the Kenya Equity Fund concept may well lead to the creations of further venture capital companies which provide vital long-term funds by way of equity investments.

## **WOMEN IN KENYA**

**Micro Loans** – It is a well known fact that women in developing countries are severely disadvantaged when it comes to business creation and management of such enterprises. Kenya women tend to be found in the micro area of business and more specifically in the agricultural sector. Successful entrepreneur African businesswomen are very few but they exist.

The major constraints to aspiring Kenya businesswomen and men is the lack of capital, unavailability of debt from financial institutions and lack of management skills. These problem areas have been identified by many working in the area of international development and numerous programs and projects have been implemented to assist both male and female gender. The vast majority of these programs are donor funded and concentrate on the micro level. Many have done extremely well, e.g.; Kenya Rural Enterprise Program, Kenya Management Assistance Program, Jua Kali loan program through Kenya Commercial Bank, etc. Others have had moderate success e.g.; Kenya Women's Finance Trust; internal management problems have greatly reduced the activity of this program. Another new program being developed is the UN Development Fund for Women (UNIFEM).

As Democratization sweeps Africa, and Kenya in particular, the role of women will become more pronounced, vocal and emancipated. She will demand and at the same time be expected to participate in the expansion and development of the private sector. Under the existing rules of the game she is still considered more a chattel than an entrepreneur. Having no assets which would be considered adequate collateral by traditional lenders, she is limited to micro lending programs, e.g.; Grameen bank type loans based on joint and several guarantees from other like women borrowers/depositors.

**Small/Medium Loans** – Time has proven that many of the micro loan programs have been successful in both job creation and pay back of principal and interest. Many micro loan programs are looking to expand their customer base to include larger loan amounts to women but based on the non-traditional lender format of little or no collateral security.

Other traditional lenders are beginning to tap into the emerging women's bank concept by providing specialized facilities for women. Some examples in Kenya include a pilot scheme by Kenya Commercial Bank (Government controlled Bank) "Women's Credit Scheme" whereby certain branches are allotted funds to lend to individual women and women's groups. Maximum loan amounts are KSH 30,000 individual and KSH 100,000 for a group of up to six women. No collateral is required. Another example is Barclays bank (Multi-national) loan guarantee Scheme in conjunction with Kenya Women's Finance Trust. Here the loan amount is between KSH 20,000 to KSH 100,000 maximum. Another recent development in the area of women's banking is Transnational Bank (local) Special Lady Account. Here the bank has established a special counter and has issued special deposit books. Obviously the bank is going after deposits from women but it is unclear what their lending policy will be. As mentioned earlier, Kenya Rural Enterprise Program is one of the most successful micro lender programs in Africa. Having had some years of experience, it is looking to do more direct lending to women who require small/medium loans.

It would appear that the market for loans to women in the small/medium sector is expanding. A small section of the traditional lenders is aware of this market and gradually designing programs to meet the demand. The objective of any bank lending program geared directly to women is to bring the successful borrowers into the mainstream of traditional banking and provide conventional credit facilities.

## **WOMEN'S VENTURE BANK**

**A Kenya Proposal** – Recently, Mrs. Evelyn Mungai, a successful Kenya businesswoman, presented a proposed women Venture Bank paper to USAID/Harvey & Co. which led to the writer spending six days in Nairobi, Kenya doing a prefeasibility study on the subject.

The proposed bank as presented in the paper, would, in effect, be a commercial bank competing in an already crowded environment with emphasis on raising deposits from both men and women but lending primarily to women. The head office would be in Nairobi with branches coming on-stream later in the rural area.

"Promotion of Women Financial Status by Creating Easy Access to Credit Facilities" is the goal of the bank. Among the objectives is to provide women with business management training and guidance. While the proposal is commendable it is not practical at the present time. The goal and objectives may well be met but by using another financial vehicle.

**Alternative Proposal** – Accepting the principle that a financial institution with emphasis on making credit available to women is a viable concept and all things being equal (which they never are), then a number of ideas can be explored.

A.) First, as the paper suggests, create a new commercial bank. With the present financial market already over-banked the cost and time involved in getting all the necessary approvals from the Government and the probability of never making a profit void this option.

B.) A second possibility for consideration is to buy majority control of an existing bank of a non-bank financial institution. While this may be a more expeditious route than A, and perhaps have more infrastructure in place, this idea does not solve the problems identified above in that competition would be extremely tough.

C.) Another possibility to consider is a joint venture with another financial institution in the creation of the women's bank. As with A and B above, this idea would require a large amount of capital, significant operating funds and the recruitment of superior management.

D.) A fourth idea is to consider taking over the operation of an existing project and expanding its operation which, over time, would lead to the development of a women's bank. The Kenya Women's Finance Trust could be considered. However, poor management has been a problem with this project and it may be beyond developing and expanding.

All of the above are extremely high risk with little or no profit opportunity plus it is just the wrong time to be going into competition with established commercial banks.

E.) As mentioned earlier, some commercial banks pilot projects are underway. Perhaps joining forces with a program such as KCB's "Women's Credit Scheme" is a possibility. Again, capital and management would be required. If any interest existed for this approach, it would be best handled by the local USAID mission as a direct in-country project.

F.) The final possibility takes us back to the original proposal but with a different approach. Instead of considering the creation of a Women's Commercial Bank, why not a new merchant bank with emphasis on assisting women in obtaining credit facilities and meet the objective of providing women with business management training and guidance?

## **WOMEN'S MERCHANT BANK**

**Goals and Objectives** – The two major objectives of any financial institution with emphasis on women, is to provide credit and management training. As a merchant bank is not necessarily a provider of loan funds, it must be able to assist the borrower in obtaining funds. This will normally necessitate the merchant bank in assisting the borrower with a management business plan to present to the lender. Thus, the merchant bank is meeting its two major objectives; working with the client to obtain funds and providing management training in the preparation of business plans.

The emphasis of the merchant bank will be towards working with and assisting women. However, it should be family oriented and not restrict itself to only serving the women of the community.

Another objective of the merchant bank is that it make itself available to all Kenyans throughout the country and be seen as a national citizen.

As any private sector entity, the merchant bank should be profit oriented. Therefore, costs should be covered by fees generated by providing services.

**Structure and Operation** – The establishment of the Women's (or Family) merchant bank would require the efforts of many individuals and institutions both inside and outside the Kenya Government. As mentioned earlier, the political climate is supportive of any initiative in which women and family is seen to be benefiting. A new merchant bank would certainly fall into this category.

Keeping in mind that the nature of the merchant bank is to maintain low overhead while providing services throughout the country will require some strong structural support. This could be provided by shareholders to the merchant bank.

A possible capital base for the merchant bank could include existing commercial banks which could provide infrastructure support by way of office and administrative provisions through their branch network. Other shareholders could include non-bank financial institutions, e.g.; insurance companies, investment companies as well as public participation by way of subscribing to shares through a prospectus issued by members of the stock exchange.

Major shareholders in the Merchant Bank would, hopefully, appoint experienced and dynamic directors to the Board of the bank. These Directors would guide and assist the management of the bank in achieving profitable results and meeting the objectives of the bank. Passive directors would be discouraged.

Consideration should also be given to the formation of an Advisory Board to be created in conjunction with the recommended Feasibility Study. This Board, together with possible shareholders, would greatly assist in the preparation of a full feasibility study. The results of this study would incorporate a large part of the Kenyan thoughts as to their desires concerning a woman's bank.

A small head office in Nairobi supported by field extension officers located regionally throughout the country would be the work force supported by an active board of directors. Management would have to be top quality.

The main purpose of the merchant bank would be to provide women with:

- Access to micro loans from internal sources
- Assistance in obtaining small/medium loans
- Management consultancy
- Venture capital

Major benefits to institutional shareholders would be the new and incremental business that would be generated to their respective institutions by the merchant bank.

Many gender oriented loan schemes require borrowers to make deposits to the lending institution. The merchant bank could consider some type of deposit taking scheme but initially borrowers could be individual shareholders in the merchant bank.

It is often mentioned that women are reluctant to approach a traditional lender for fear of being turned down due to improper presentation. Through the efforts of the merchant bank, these obstacles could be removed by consultancy and proper preparation by experienced merchant bank staff.

## **USAID PARTICIPATION**

**Possible Support** – Over the years, USAID has supported numerous lending programs by way of grants, loans or combinations. A very successful program in which both grant and loans were used in Kenya is the Equity Fund.

Using the Equity Fund model, USAID could consider grant funds to assist the establishment of the merchant bank and cover certain start-up and operating expenses for an initial period of say three years.

Another possibility, as with the Equity Fund, is for AID to provide term loans to borrowers on a matching basis to provide additional security to lenders.

Finally, the merchant bank could possibly be considered as a participant in the loan guaranty program under the PRE bureau.

**Feasibility Study** – The results of this brief prefeasibility study would indicate that there is a definite role for USAID to play in the development of a financial institution to assist women in Kenya to access sources of funds. The logical next step is to prepare a full feasibility study which, if supportive of the idea of a new financial institution, would conclude with a full implementation plan. This plan would then be the basis for USAID possible involvement by way of the Africa Venture Capital Market project, the Kenya mission directly or through a buy-in by the mission.

It is suggested that the feasibility study be performed by an independent consultant with African financial market expertise in conjunction with a Kenya based consultancy firm. As mentioned, a term of four to six weeks should be considered with additional time made available to the Kenya consultancy firm for follow-up to the study.

## **CONCLUSION**

Subject to the election in Kenya on December 7, 1992, and the aftermath of that election, the time is right for USAID to consider its role in supporting the establishment of a Kenya financial institution which is designed predominantly for assisting women in obtaining finance.

The catalytic source for this institution is presently Mrs. Evelyn Mungai and a few of her associates. It would appear their role is more creative in context rather than supportive in financial terms. Their continued involvement should be encouraged while the financial design should be part of the feasibility study.

A new financial institution designed to assist Kenya women is presently in the form of a request by a group of Kenya women. This is their idea and should be supported by all available means. USAID is not the creator of this idea but the supporter.

Sustainability of the bank should not be a problem provided shareholder support remains intact and strong management remains in place. The bank itself would be a model to be replicated throughout Africa.

<u>NEEDS</u>	<u>SOURCE</u>	<u>COMMENTS</u>
FULL FEASIBILITY STUDY	USAID	TO BE IN CONJUNCTION WITH LOCAL CONSULTANTS
CAPITAL FORMATION	KENYA INVESTORS	FINANCIAL INSTITUTIONS KENYA INDIVIDUALS THROUGH THE STOCK EXCHANGE
START UP AND OPERATING EXPENSES	USAID AND KENYA INVESTORS	FOR A THREE YEAR START UP ON A SLIDING SCALE
PROVIDE CONSULTANCY TO CLIENTS	KENYA WOMAN'S BANK	FEEES BASED ON A "SUCCESS" IN ARRANGING OR PROVIDING FUNDS TO THE BORROWER
ARRANGE TERM LOANS	KENYA WOMAN'S BANK	AS ABOVE
PROVIDE VENTURE CAPITAL	KENYA WOMAN'S BANK	THE BANK WOULD TAKE EQUITY IN SOME OF THE BORROWERS PROJECTS
PROVIDE MICRO LOANS	KENYA WOMAN'S BANK	ON GOING CASH FLOW COULD FUND THIS OPERATION

## APPENDIX

- \* STANDARD BANK INVESTMENT CORP., LTD. NOTICE OF ACQUISITION
- \* PROPOSED WOMEN VENTURE BANK LTD. BY MRS. EVELYN MUNGAI
- \* LIST OF INDIVIDUALS CONTACTED IN KENYA
- \* BANK CIRCULAR FROM KCB ON WOMEN'S CREDIT SCHEME
- \* BROCHURE ON KCB WOMEN'S CREDIT SCHEME
- \* KCB APPLICATION FORM - SOLE PROPRIETORSHIP (A)
- \* KCB APPLICATION FORM - GROUP PROJECTS (B)
- \* EXAMPLE OF STOCK EXCHANGE ADVERTISEMENT

# THE STANDARD CHARTERED GROUP

### Standard Chartered Bank Kenya Ltd.

- Corporate and Commercial Banking
- Retail Banking
- Treasury Activity
- Tel: 330200 Nairobi

### Standard Chartered Financial Services Ltd.

- Merchant Banking
- Flotations, Mergers, Acquisitions and Syndications
- Tel: 3363334 Nairobi

### Standard Chartered Investment Services Ltd.

- Investment Management
- Custodial Services
- Trust Services
- Tel: 230411 Nairobi

### Standard Chartered Estate Management Ltd.

- Agricultural Financing
- Estate Management
- Tel: 21638 Thika



## Foreign Exchange Market

## Money Market

### FOREIGN EXCHANGE RATES

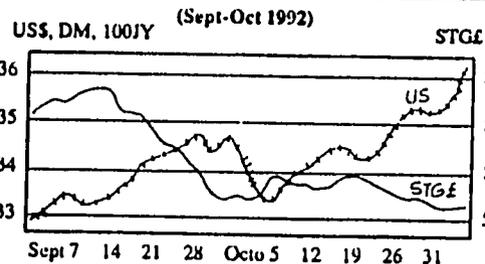
(mean rates week ending 30.10.92)

CURRENCY	OPENING (26.10.92)	CLOSING (30.10.92)
US Dollar	34.8489	35.2858
Stg. Pound	56.5528	55.5222
French Franc	6.7276	6.7688
Deutschemark	22.8293	22.9546
Swiss Franc	25.5640	25.7129
100 Japanese Yen	28.6704	28.6295

### FOREX C's

	Mean rate (KSh/US\$)	Turnover	Premium
Monday		1,722,00	13.10
Tuesday	34.8489	1,516,000	13.60
Wednesday	35.2830	2,848,000	13.70
Thursday	35.2665	2,953,000	13.90
Friday	35.2858	3,180,000	14.20

### CURRENCY TRENDS



### DEPOSIT RATES

(week ending 30.10.92)

	10 million	20 million
Call	16.50	17.00
one month	17.50	17.75
three month	17.75	18.00
six months	18.00	18.25
one year	18.25	18.50

### LENDING RATES

(week ending 30.10.92)

	Base	Majority Borrowers
Banks	16-17%	20-22%
NBFIs		22-24%
Mortgage institutions		19-20%

### CERTIFICATES OF DEPOSIT

(week ending 30.10.92)

PERIOD(DAYS)	INTEREST RATE(%)
30-90	15.50
91-180	16.00
181-360	16.50
360-plus	17.00

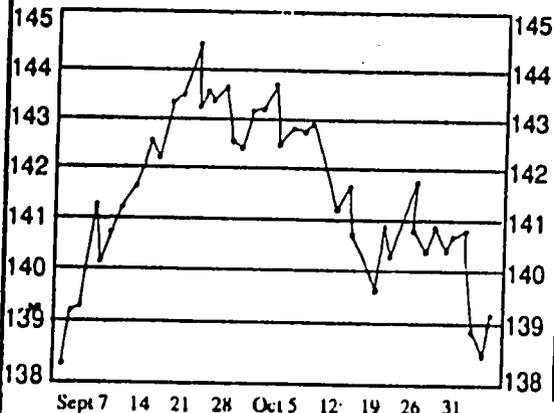
### BEARER BONDS

Maturity	Price Sh/100	Yield(%)
One year	96.95	20.65

# The Stanchart Index

## Nairobi Stock Exchange

Index September-October 1992



Companies in the Stanchart Index: BAT, Barclays Bank, Brooke Bond, Consolidated Holdings, CMC Holdings, Credit Finance Corporation, Diamond Trust, Bamburi Portland Cement, Express Kenya, George Williamson, ICDC Investment, Jubilee Insurance, Kakuzi, Kenya Breweries, Kenya Commercial Bank, Kenya Finance Corporation, Kenya National Mills, Kenya Power & Lighting, Motor Mart, Nation Printers, NIC, Sasini, Standard Chartered, Total Oil, Car & General

The Stanchart Index opened the week at 140.37 and closed lower at 139.07. The net loss in the week was 0.93 per cent. In the week the index hit a high of 140.41 on Tuesday and a low of 138.54 on Thursday, although there were other fluctuations noted.

**PROPOSED  
WOMEN VENTURE BANK LIMITED**

**July 10, 1992  
Submitted by  
Mrs Evelyn K. Mungai  
P.O Box 10988  
NAIROBI**

# INTRODUCTION

Various Governments and international organisations have recognised women as a key to economic advancement right from their family households with virtually limited resources. Tenements of development are closely tied with financial power and investment initiatives. It is appreciated that gradually the issue of promoting women accessibility to credit facilities have been accorded due prominence by the existing various organisations concerned with attainment of women financial independence and effective participation in development activities. For the last decade womens' socio-economic Kenyan women have emerged very strongly in business enterprises which has resulted in the creation of multiple sources of income generation and employment.

Women have shown what they can achieve and acquire if given resources and opportunities and conducive environment. In spite of the fact that most women cannot qualify for bank credit facilities due to the fact that few of them own tangible property e.g land with which to lobby for credit as loan guarantees, nonetheless there has been distinctive and remarkable encroachment of women entrepreneurs in textiles, bakeries, manufacturing, tailoring, construction, food processing, transport, publishing, retail and wholesale, and farming among others. In all these financial undertakings women represent over half of investors.

Although women do not benefit from the available credit avenues they have gained a reputation as hardworking with determination and have a better record at loan repayment and effective use of financial resources than men. In spite of the women continuous attempts to uplift their financial status, the contention is that most of the women shy away or are reluctant in venturing into large scale business undertakings. There is, therefore, absolute need to educate women to enable them have confidence in their ability and capability in order to widen their scope in higher business strides at large scale and finally into multinational business entrepreneurship.

The Kenyan women groups income generating activities is a dynamic movement to be reckoned with as they have immense and overwhelming commitment to their cause. Their activities are key examples and a strong grassroot base in the promotion of family welfare and standards of living. Their achievements have had a real impact in their multiplier effects which is sure to have trickle down effects from the household to the nation as a whole.

A critical assessment of the entire women entrepreneur activities clearly indicate that their potential capabilities and abilities could be fully exploited to stipulate and facilitate their input in the business

development. This could be made a reality with the provision of credit facilities training in business management, technical advice and encouragement to save some money.

Realization of the constraints facing Kenyan women in acquiring credit for business due to the rigid banks loan bureaucratic procedures, the Kenya Women Finance Trust, (KWFT) was started over 10 years ago purposely to alleviate financial problems of small scale business women. The KWFT according to the 1990 report has failed to achieve the intended objectives due to poor management procedures. Due to its reliance entirely on the donor funds KWFT has failed to meet its obligations. Further to this, the organisation has only managed to penetrate just a few women entrepreneurs over a period of 10 years. According to the same report, slightly over 300 business women benefited from the KWFT loans over a period of 10 years. The financial credit loan limit of between US \$ 150 and US \$ 1,500 offered by the KWFT is rather too low considering the expected capital required for a viable business and the high inflation and devaluation of Kenyan currency in the world business enterprises.

The situation clearly indicate that there is immediate need to reassess the plight of the financial status of the Kenyan entrepreneurial women. The main agenda will be to bring up women into the economic mainstream to enable them become beneficiaries e.g the Banking industry.

This proposal of a women's bank comes in very handy and timely. A sustainable source of finance for women to be provided by this bank will offer incentives for women to save and to invest through this bank. Although almost similar goals of KWFT will be adopted by the proposed bank i.e "Promotion of Women Welfare", the new bank is expected to be a full fledged financier with long term aims of finally becoming self sustaining financially. The bank will operate broadly in terms of its clientele although its main focus will be to benefit the medium scale business women both in the formal and informal business sector. This category was not catered for by KWFT. This will be the category of women already engaged in some type of business activities. The amount of credit to be awarded by the proposed bank will be determined by the demand, borrower and the intended project.

This target group will be encouraged to open bank accounts with the bank. To strengthen the bank's financial base, male investors will also be welcome to be members of the bank although the bank will be essentially meant for women. Women will be allowed to obtain credit on the basis of written guarantees or in form of loan guarantees, track record, character loans or in form of guarantee schemes to be formulated by the bank management.

The main concern and focus of the proposed bank is to display outstanding and distinctive management procedures distinguished by a high implementable policy guidelines to ensure a strong self accentuating finance base. Assurance of credit facilities will not only reform the business operation confidence in women but will go a long way in rehabilitating women economic situation by progressive investment. Through such a facility effective participation in national development and uplifting of their families standard of living will be a reality.

The bank when it becomes fully established will ensure a wide coverage particularly into the Arid and Semi Arid Lands (asals) by opening branches there and extension of business management training through the Advisory Unit. The concern for those women in these areas is due to the fact that most of them are disadvantaged due to limitations of income generating activities coupled with harsh climatic conditions.

## GOALS AND OBJECTIVES

The main goal of the Bank will be:- "Promotion of Women Financial Status by creating easy access to credit Facilities". This goal will be achieved through implementation of the following objectives and activities:-

- i. To establish a long term self reinforcement and sustainable finance base through individual savings.
- ii. Provision of investment incentives for them by extending lenient lending conditions for women by accepting written loan guarantees from credit worthy associates.
- iii. Mobilisation of women to save and to engage themselves in income generating activities by encouraging them to open saving accounts with the bank.
- iv. Improving women business enterprises by providing business management training to instil confidence in business operations.

- v. To encourage the target beneficiaries to be bank members through operating accounts at the bank.
- vi. To develop and retain high quality bank employees through strict appointments and establishment of comparative terms and conditions of service.
- vii. Promotion of socio-economic status of the Kenyan medium women entrepreneur.
- viii. To develop and retain international banking credibility by adhering to the banks development and operational policies.
- ix. To establish financial associations with other successful women banks in other countries to ensure effective recirculation of women wealth amongst women all over the world.
- x. To educate the potential target group on the importance of the bank, savings and the advantage of engaging in bank loan borrowing through organisation of workshops, seminars, demonstrations and conferences.
- xi. Carry out a feasibility study in each of the (8) eight Kenyan provinces in order to identify the potential and interested beneficiaries.

## ACTIVITIES

### 3.1 IMMEDIATE ACTIVITIES

- i. Identification of the bank's (4) four directors to be charged with the responsibility of formulation of the bank policies, recruitment of employees as well as monitoring of implementation of various programmes.
- ii. Carry out a feasibility study to establish the conditions of such an establishment.
- iii. Preparation of a short term and long term development plans for the bank.
- iv. To compile a document on loan lending procedures.
- v. To study the Kenyan Banking Act in order to be conversant with the regulations regarding bank operations.
- vi. Drafting of the bank's memorandum and articles as an indication of the authority issued and paid up capital for purposes of obtaining an operating licence.

- vii. Soliciting funds from donors and other well wishers to obtain investment capital and support of the various activities e.g training.
- viii. Embark on publicity activities through launching of seminars, workshops, press and media releases etc.
- ix. Renting premises, recruitment of staff, purchase of office equipments etc.
- x. Drafting of the bank's constitution.

### 3.1 PROGRESSIVE ACTIVITIES

- i. Drafting of job descriptions of various members of staff to avoid responsibility overlapping and to ensure accountability.
- ii. Establishment of a Women's Business Advisory, Information and Training Unit within the bank.
- iii. Extension of the banks facilities closer to the clients by opening branches in various provinces giving priorities to the marginal provinces within Arid and Semi Arid Lands (ASALS) in which women are the most disadvantaged financially.

- iv. Progressive of close liason with other development organisations involved in the promotion of women status.
- v. Continous investment of liquid capital in various income generating activities e.g industrial enterprises, manufacturing, purchase of share in other banks, construction of low income residential housing units to be purchased by the bank members on moderate mortgage arrangement. Such activities will not only promote the banks capital strength but will go a long way in the creation of employment avenues for women.
- vi. Ensure annual staff appraisal evaluation as well as that of the bank activities and achievements.
- viii. Organise annual get together gatherings to brief the members on the bank's activities and the future plans. Such meetings will serve as an exposure in which women entrepreneurs from all parts of Kenya will have a diverse forum to exchange ideas and to share various aspects of business experiences.

## EXPECTED OUTPUTS

4.
  - i. Development and promotion of alternative sources of income for Kenyan women through credit facilities.
  - ii. Improvement of the general soci-economic status for the Kenyan women and hence the family and nation.
  - iii. Evolution of a strong, and sustainable women entrepreneurial community in all Kenyan districts through the bank's credit borrowing, savings and training scheme.
  - iv. Diversification of the source of income and employment in various business enterprises.

## ADMINISTRATIVE STRUCTURE

5. It is proposed that the bank affairs be initially managed by employees as outlined in the organograph below.

### EXECUTIVE CHAIRMAN

#### DIRECTOR

· Mrs Evelyn K. Mungai  
· Mrs Likimani  
Mrs H. Kiplagat  
Mrs N. Desai

#### MANAGER

ASSISTANT MANAGER,  
FINANCE & ADMINISTRATION

ASSISTANT MANAGER  
PERSONEL & TRAINING

#### PUBLIC RELATIONS AND INFORMATION OFFICE

ADMINISTRATOR  
BANK ACCOUNTSD

LOANS  
ADMINISTRATOR

#### ACCOUNTANT

ACCOUNTS  
ASSISTANT  
BANK ACCOUNTS  
& INTERNAL OPERATIONS

INVESTMENTS  
OFFICER

ACCOUNTS  
ASSISTANT  
LOANS

4 TYPISTS 3 CLERKS  
2 DRIVERS & 8 SUBORDINATE  
STAFF

## BUDGET

### IMMEDIATE BUDGET REQUIREMENTS

	YEAR 1	YEAR 2
	US \$	US \$
1. Initial mandatory capital	1,547,988	-
2. Personal emoluments and other allowances	220,000	240,000
3. Operational expenses	30,000	31,000
4. Office equipment & furniture	100,000	50,000
5. Office Rent expenses	30,000	30,000
6. Office stationery	16,000	9,000
7. Training workshop and seminars at US \$ 1,500 per province for 8 provinces	12,000	12,000
8. Purchase of 2 small vehicles	43,000	-
9. Insurance of equipments, business, employees & vehicles	6,000	6,000
10. Advisory unit	9,000	9,000
11. Consultancy honoraria	9,000	5,000
12. Technical assistance 2 for 1 year	8,500	8,500
13. Feasibility study @ US \$ 3,000 per province for 8 provinces	24,000	10,000
14. Miscellaneous obligations	15,000	15,000
T O T A L :	<u>2,070,488</u>	<u>425,500</u>



# Kenya Commercial Bank Limited

## SPECIAL LOAN SCHEMES

### PERSONAL DETAILS FORM

*Issued free of charge*

NAME \_\_\_\_\_

• **PLEASE FILL IN TRIPLICATE**

DATE OF BIRTH \_\_\_\_\_ AGE \_\_\_\_\_ NATIONAL I/D NO. \_\_\_\_\_  
POSTAL ADDRESS \_\_\_\_\_ TELEPHONE NO. \_\_\_\_\_  
NATURE OF BUSINESS \_\_\_\_\_

**A. RESIDENTIAL PARTICULARS**

AREA / ESTATE \_\_\_\_\_ ROAD / STREET \_\_\_\_\_  
PLOT/BLOCK NO. \_\_\_\_\_ HOUSE / DOOR NO. \_\_\_\_\_  
MARITAL STATUS (Married/Single) \_\_\_\_\_  
SPOUSE'S NAME \_\_\_\_\_  
OCCUPATION OF SPOUSE \_\_\_\_\_ I/D NO. \_\_\_\_\_  
ADDRESS \_\_\_\_\_  
NO. OF CHILDREN \_\_\_\_\_ NO. OF OTHER DEPENDANTS \_\_\_\_\_  
  
YOUR HOME DISTRICT \_\_\_\_\_ LOCATION \_\_\_\_\_  
SUB-LOCATION \_\_\_\_\_ VILLAGE \_\_\_\_\_  
CHIEF \_\_\_\_\_ ASSISTANT CHIEF \_\_\_\_\_

**B. EDUCATIONAL PARTICULARS**

**1. PRIMARY EDUCATION**

Name of School	Date Completed	Qualifications
_____	_____	_____
_____	_____	_____
_____	_____	_____

**2. SECONDARY EDUCATION**

Name of School	Date Completed	Qualifications
_____	_____	_____
_____	_____	_____
_____	_____	_____

**3. OTHER COURSES / TRAINING ATTENDED**

Name of Institute	Date Completed	Qualifications
_____	_____	_____
_____	_____	_____
_____	_____	_____



# Kenya Commercial Bank Limited

## WOMEN CREDIT SCHEME

### APPLICATION FORM (A)

(For Sole Proprietorships)

*Issued free of charge*

BRANCH	APPLICATION NO.	DATE
--------	-----------------	------

(For Kenyan women who are sole proprietors of small-scale businesses with assets not exceeding KSh 200,000.)

• **PLEASE FILL IN TRIPLICATE**

NAME OF APPLICANT

**A. BUSINESS PARTICULARS**

1. TYPE OF BUSINESS \_\_\_\_\_
2. BUSINESS NAME AND ADDRESS \_\_\_\_\_
3. REGISTRATION DETAILS (IF ANY) \_\_\_\_\_  
Please attach documents of registration if the business is a registered company.
4. HOW LONG HAS THE BUSINESS BEEN IN OPERATION \_\_\_\_\_ (MONTHS/ YEARS)
5. WHAT IS THE LENGTH OF YOUR EXPERIENCE IN THIS LINE OF BUSINESS? \_\_\_\_\_
6. LOCATION OF THE BUSINESS:  
 ESTATE/ AREA \_\_\_\_\_ STREET \_\_\_\_\_ PLOT NO. \_\_\_\_\_  
 OWNER OF PREMISES \_\_\_\_\_ ADDRESS \_\_\_\_\_  
 LENGTH OF LEASE \_\_\_\_\_ MONTHLY RENT \_\_\_\_\_  
 UTILITIES/ SERVICES AVAILABLE \_\_\_\_\_

**B. BUSINESS PERFORMANCE**

1. HOW MUCH HAVE YOU INVESTED IN THE BUSINESS TODATE? (KSh)
 

i) Cash in hand	_____
ii) Stocks	_____
iii) Debtors	_____
iv) Fixed Assets	_____
<b>TOTAL (1)</b>	<b>_____</b>

2. HOW IS YOUR BUSINESS CURRENTLY FINANCED? (KSh)
 

i) Personal savings	_____
ii) Credit from suppliers	_____
iii) Loans from banks	_____
iv) Loans from friends/relatives	_____
v) Other (Specify)	_____
<b>TOTAL (2)</b>	<b>_____</b>

NB: TOTAL (1) = TOTAL (2)

4. YOUR CONTRIBUTION TO THE BUSINESS (KSH) \_\_\_\_\_
5. LOAN AMOUNT REQUESTED (KSH) \_\_\_\_\_
6. PROPOSED LOAN REPAYMENT PER MONTH (KSH) \_\_\_\_\_
7. GRACE PERIOD REQUIRED (MONTHS) \_\_\_\_\_  
( Maximum 6 months )

**D. GROUP GUARANTORS**

Indicate the names and addresses of all the group members who will guarantee your loan and the nature of their businesses:

1. NAME \_\_\_\_\_ NATURE OF BUSINESS \_\_\_\_\_  
ADDRESS \_\_\_\_\_ TELEPHONE \_\_\_\_\_ ID No. \_\_\_\_\_  
LOCATION OF BUSINESS \_\_\_\_\_
2. NAME \_\_\_\_\_ NATURE OF BUSINESS \_\_\_\_\_  
ADDRESS \_\_\_\_\_ TELEPHONE \_\_\_\_\_ ID No. \_\_\_\_\_  
LOCATION OF BUSINESS \_\_\_\_\_
3. NAME \_\_\_\_\_ NATURE OF BUSINESS \_\_\_\_\_  
ADDRESS \_\_\_\_\_ TELEPHONE \_\_\_\_\_ ID No. \_\_\_\_\_  
LOCATION OF BUSINESS \_\_\_\_\_
4. NAME \_\_\_\_\_ NATURE OF BUSINESS \_\_\_\_\_  
ADDRESS \_\_\_\_\_ TELEPHONE \_\_\_\_\_ ID No. \_\_\_\_\_  
LOCATION OF BUSINESS \_\_\_\_\_
5. NAME \_\_\_\_\_ NATURE OF BUSINESS \_\_\_\_\_  
ADDRESS \_\_\_\_\_ TELEPHONE \_\_\_\_\_ ID No. \_\_\_\_\_  
LOCATION OF BUSINESS \_\_\_\_\_

I certify that the information contained in this application is correct to the best of my knowledge and belief.

\_\_\_\_\_  
(Signature of Applicant)

\_\_\_\_\_  
(Date)

(NOTE: The Bank will obtain a duly executed guarantee form G. 2. from each guarantor.)



# Kenya Commercial Bank Limited

## WOMEN CREDIT SCHEME APPLICATION FORM (B)

(For Group Projects)

Issued free of charge

BRANCH	APPLICATION NO.	DATE
--------	-----------------	------

(For Kenyan women operating small scale group business ventures with assets not exceeding KSh 400,000)

• PLEASE FILL IN TRIPLICATE

NAME OF GROUP
---------------

### A. BUSINESS PARTICULARS

1. TYPE OF BUSINESS \_\_\_\_\_
2. BUSINESS NAME AND ADDRESS: \_\_\_\_\_
3. REGISTRATION DETAILS (IF ANY) \_\_\_\_\_

Please attach documents of registration if the business is a registered company, partnership.

### 4. GROUP MEMBERSHIP/PARTNERSHIP:

Indicate the full names of all group members/partners, their specific functions in the business and their experience.

Name	Function	Experience (Months/ Years)
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

5. HOW LONG HAS THE BUSINESS BEEN IN OPERATION \_\_\_\_\_ (MONTHS/YEARS)

### 6. BUSINESS PREMISES:

ESTATE/AREA \_\_\_\_\_ STREET \_\_\_\_\_ PLOT NO. \_\_\_\_\_

OWNER OF PREMISES \_\_\_\_\_ ADDRESS \_\_\_\_\_

LENGTH OF LEASE \_\_\_\_\_ MONTHLY RENT \_\_\_\_\_

UTILITIES/SERVICES AVAILABLE \_\_\_\_\_

### B. BUSINESS PERFORMANCE

1. HOW MUCH IS INVESTED IN THE BUSINESS TODATE? \_\_\_\_\_

(KSh)

i) Land

ii) Building

iii) Machinery, Equipment & Tools

iv) Furniture & Fittings

v) Stocks

vi) Debtors

TOTAL (I) \_\_\_\_\_

8. WHERE DO YOU SELL YOUR PRODUCTS?

9. WHO ARE YOUR MAIN CUSTOMERS?

10. WHO ARE YOUR MAIN COMPETITORS?

**C. LOAN REQUEST SUMMARY**

1. FOR PURCHASE OF CAPITAL ITEMS:  
(i.e. machinery, equipment, tools, furniture & fittings etc.)

Item	Cost (KSh)
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
TOTAL (1)	_____

2. FOR ADDITIONAL WORKING CAPITAL:  
(i.e. for purchase of raw materials and payment of salaries, rent, electricity etc.)

Item	Cost (KSh)
_____	_____
_____	_____
_____	_____
_____	_____
TOTAL (2)	_____

3. TOTAL COST (TOTAL (1) + TOTAL (2)) (KSH) \_\_\_\_\_
4. THE GROUP'S CONTRIBUTION TO THE BUSINESS (KSH) \_\_\_\_\_
5. LOAN AMOUNT REQUESTED (KSH) \_\_\_\_\_
6. PROPOSED LOAN REPAYMENT PER MONTH (KSH) \_\_\_\_\_
7. GRACE PERIOD REQUIRED \_\_\_\_\_ (MONTHS)  
( Maximum 6 months )

We certify that the information contained in this application is correct to the best of our knowledge and belief.

\_\_\_\_\_  
Authorized Signatory (1) (Date)

\_\_\_\_\_  
Authorized Signatory (2) (Date)

\_\_\_\_\_  
Authorized Signatory (3) (Date)

**Nyanza Province**    **North Eastern Province**  
Kisumu                      Garissa  
Kisii  
Siaya  
Migori

**Rift Valley Province**  
Nakuru  
Eldoret  
Kitale  
Kajiado



**Kenya  
Commercial  
Bank Limited**  
(Incorporated in Kenya)

For further information please contact:

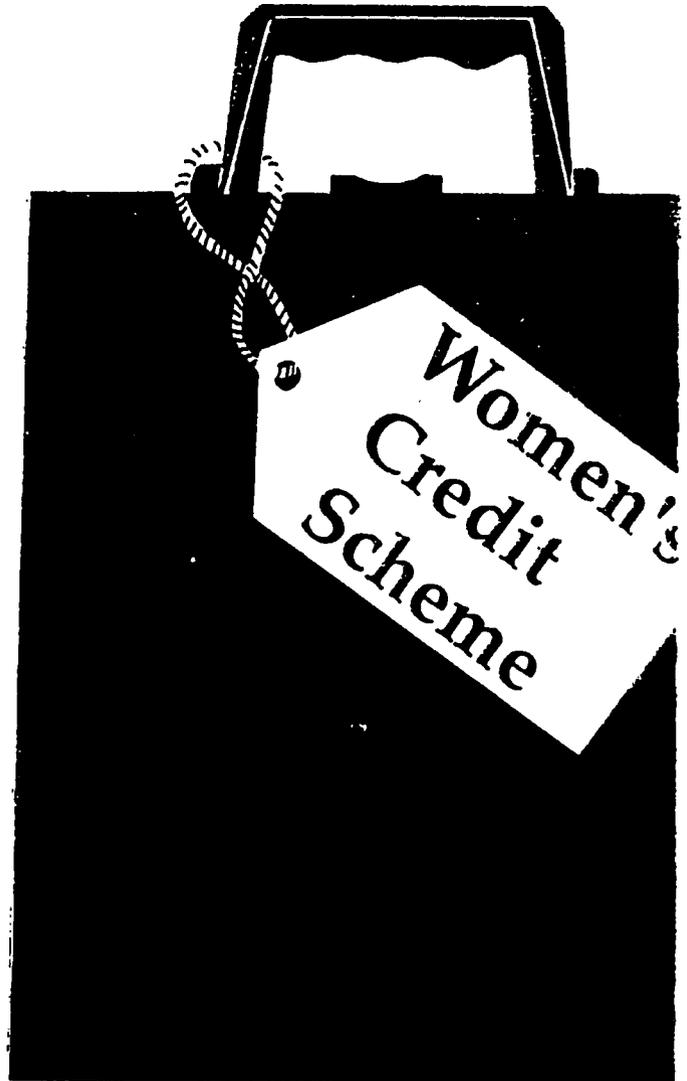
**The Special Loans Unit**  
KCB Head Office,  
P.O. Box 48400,  
Nairobi.  
Tel: 339441.



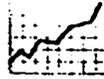
Kencom House Nairobi, Headquarters of the Kenya Commercial Bank Ltd.

*for all your financial needs,*

**The bank is KCB.**



TASWIRA LTD.



Nairobi, Kenya

Telephone  
Nairobi Office

445042

445012

Rev. 521-588

**EVELYN K. MUNGAI**  
MANAGING DIRECTOR/CEO

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Tel 28052/24594

DIXON

**D. J. Kebatta** FMS (UK)  
Consultant



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**Douglas L. Leavens**  
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521276 (H)

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Washington, D. C. 20523

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*Muthoni Likimani (Mrs.)*  
Managing Director

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D/L 218-170

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CHAMBER OF COMMERCE - OVER -



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**B.P. Rinuta Service Station**

**AMU MAULADAD**  
MANAGER

**BML**  
Business Machines Kenya Limited

**RICOH**



**SURINDER.**

**Manjit S. Brar**  
Director

**Airlink Ltd.**  
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Managing Director

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INTERNATIONAL EXECUTIVE SERVICE CORPS  
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DIRECTOR OF OPERATIONS

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TEL 331160

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P.O. BOX 4777

**ROBERT A. BIRD**  
Managing Director

**BARCLAYS BANK OF KENYA LIMITED**

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Telephone: 214291  
Fax: 335219



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P.O. Box 30711  
Nairobi, Kenya

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Managing Director and Chief Executive

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Tel: 210988, 224356 • Fax: 336836  
Telex: 23294 TRUST-HO

Grindlays Bank International (Kenya) Limited

**Grindlays Bank**

Member of ANZ Group

*Kenya*  
**K. R. Blackie**  
General Manager

P.O. Box 30550, Kenyatta Avenue, Nairobi, Kenya  
Telephone: 335888, Telex 22397, Fax 330227



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*Kenya Commercial Bank*  
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**J.K. KIHUMBA**  
CHIEF EXECUTIVE

**NAIROBI STOCK EXCHANGE LTD**

Kimathi Street, IPS Building (2nd Floor)  
P.O. Box 43633, Nairobi Tel: 230692 Fax: 224200 *over*

**NGENYE KARIUKI**

Nairobi Stock Exchange

CITY HALL ANNEXE  
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NAIROBI

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220052  
Fax: 217199

*H/48480 DL 227616*



**The Mbaru Securities Co., Ltd.**

P.O. Box 44995 Phone 228578 or 228649  
Fax 218633, Nairobi, Kenya

*Jim*  
**J.M. Mbaru**  
Chairman

*LARRY*  
**L.E. Sutcliffe**  
Director

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Nairobi Money Exchange Ltd

Managing Director  
Francis Drummond Co. Ltd  
Stock-Share Brokers  
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Nairobi, Kenya

Office  
Telephone: 334533  
Fax: 223284

*NSE 11/92*



**Ashok Mediratta**



MANAGING DIRECTOR  
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KENYA UNIFORMS LTD.

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KENYA

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338721  
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*ALBERT MURUA*



**Kenya Rural Enterprise Programme**

**C. Ake-Dondo**  
Research and Evaluation Manager

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Nairobi, Kenya

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Fax: 711645

[LOGO]

**STANDARD BANK INVESTMENT CORPORATION LIMITED**

(Registration Number 69/17128/08)

("SBIC")

**ACQUISITION OF AFRICAN OPERATIONS OF ANZ GRINDLAYS BANK PLC**

Standard Bank London Limited and Standard Merchant Bank Limited are authorised to announce that SBIC has agreed to acquire the African operations of ANZ Grindlays Bank PLC with effect from 2 November 1992.

The purchase consideration of £23.65 million (R165.71 million) has been settled by the issue of 2 473 296 SBIC ordinary shares. The right to allotment of these shares has been renounced by the seller in favour of a South African institution. There will be no impact on the Financial Rand market as the necessary currency transactions have been completed.

As a result of the transaction SBIC will acquire the following shareholdings in the existing ANZ Grindlays banks in the following countries:

Botswana	100%
Zaire	100%
Zambia	100%
Zimbabwe	100%
Kenya	60%
Uganda	51%
Nigeria	40%
Ghana	30%

The network of 25 branches and a staff of some 1 400 will be managed from Johannesburg as part of SBIC's existing Africa Banking Group which includes banks in Botswana, Namibia and Swaziland.

The acquisition is a strategic initiative in line with SBIC's stated intention to play a significant part in the development of the southern African region. While it is an important step in this context, the acquisition represents only a small portion of SBIC's capital and will have a minimal effect on earnings per share in the short term. It does however strengthen the Standard Bank Group's capacity for facilitating trade flows in Africa and, taken with its operations in London, Jersey and the Isle of Man, enhances its capabilities to serve clients internationally.

Johannesburg  
2 November 1992

Merchant Banks



Standard Bank London Limited



## News Release

For further information please contact:

Erik Larsen Manager: Media Relations, Group Communications Division, Standard Bank Investment Corporation

Telephone: 636-7520 (O) 54-9507 (H)

Fax: 636-4975

November 2 1992

### SBIC acquires ANZ Grindlays African operation

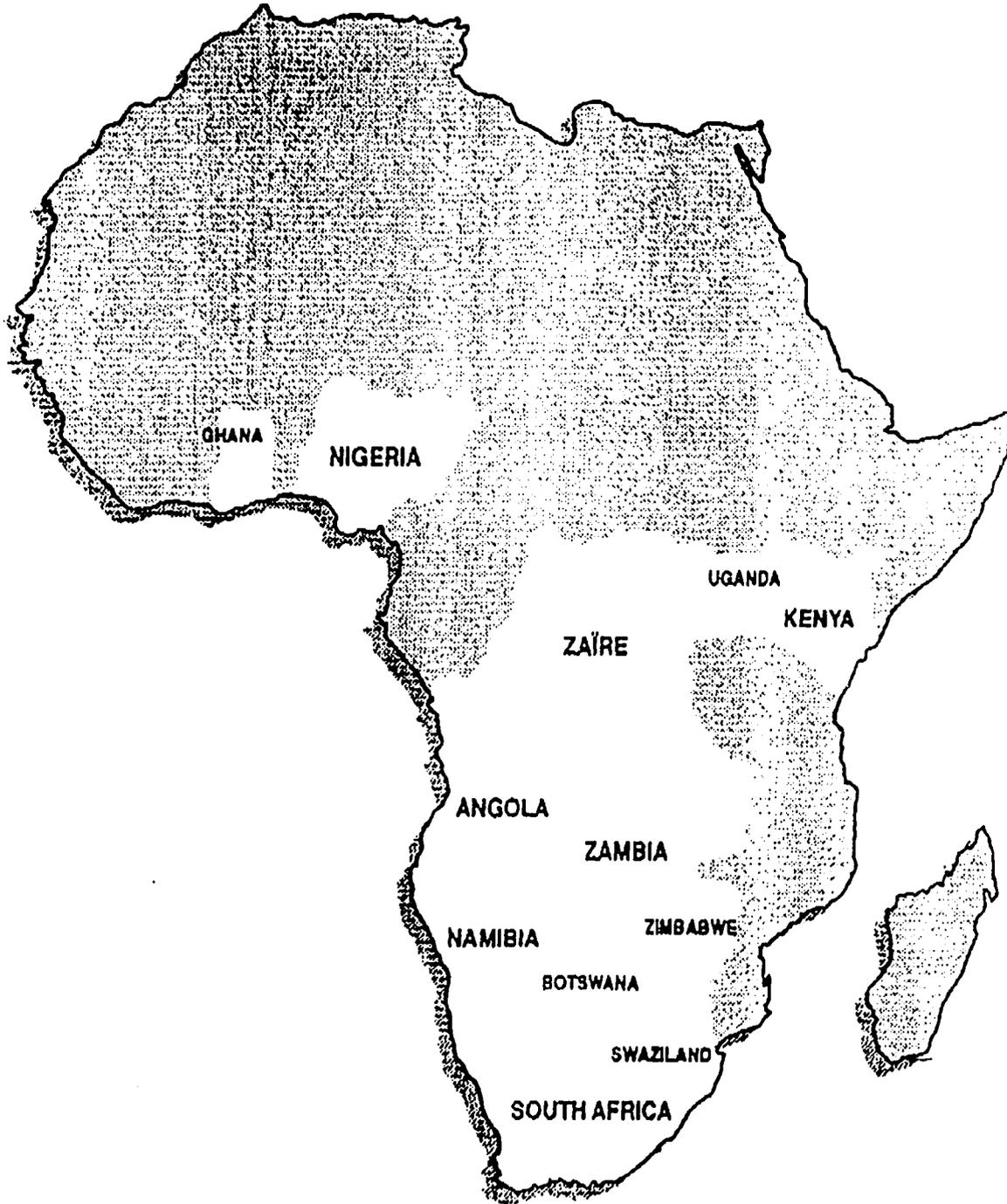
Standard Bank Investment Corporation (SBIC) has agreed to acquire the African operations of ANZ Grindlays Bank with effect from November 2 1992.

SBIC will assume equity control of ANZ Grindlays banks in Zimbabwe, Zambia, Kenya, Botswana, Uganda and Zaire. Significant minority interests in banks in Nigeria and Ghana are also part of the acquisition. The banks together have 25 branches and almost 1 400 staff, all of whom will be retained. The operations will be managed from Johannesburg as part of the Africa Banking Group within SBIC, which currently includes banks in Botswana, Namibia and Swaziland.

The acquisition of the ANZ Grindlays operations further strengthens SBIC's capacity for facilitating trade flows in Africa and, taken with its newly established operations in London, Jersey and the Isle of Man, enhances its capability to serve clients internationally.

As a strategic initiative, the acquisition is in line with the Group's stated intention to play a more significant part in regional development on the African continent. While it is an important step in this context, the acquisition does not represent a major commitment of capital, taken against the background of the Group's overall operations.

# SBIC – November 1992



Black

# SBIC - November 1992



10TH FEBRUARY, 1992

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THE KCB WOMEN'S CREDIT SCHEME

1. INTRODUCTION

The KCB Board of Directors at their meeting of 30th May, 1991 approved the proposal to set up the KCB Women's Credit Scheme to promote women business enterprises by providing loans to women groups engaged in profitable small-scale income generating activities.

The Bank has set aside Kshs.10 million under this scheme for direct lending to the beneficiaries.

2. OBJECTIVE OF THE SCHEME

The objective of the scheme is to provide financial and technical assistance to viable projects owned and managed by women entrepreneurs. The bank recognises that women are relatively disadvantaged in their ability to access credit for the development of their enterprises largely due to lack of security, such as land title deeds.

The Bank through this scheme will attempt to alleviate the constraints facing women entrepreneurs by introducing lending terms and conditions conducive to the promotion and development of their businesses and will encourage

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The long-term objective of the Bank is to bring women through this programme into the mainstream of banking so that they may in future take full-advantage of the conventional credit facilities available.

### 3 PARTICIPATING BRANCHES

Initially the Women's Credit Scheme will be restricted to selected KC3 branches only. Participating branches and their respective funds allocations are as follows:-

<u>PROVINCE</u>	<u>BRANCH</u>	<u>ALLOCATION</u> (Kshs)
Nairobi	Industrial Area	500,000
	Eastleigh	400,000
	KICC	300,000
Coast	Treasury Square	600,000
	Ukunda	300,000
	Wundanyi	300,000
	Malindi	200,000
Nyanza	Kisumu	600,000
	Kisii	400,000
	Siaya	200,000
	Migori	200,000
Rift Valley	Nakuru	500,000
	Eldoret	500,000
	Kitale	200,000
	Kajiado	200,000
Central	Nyeri	400,000
	Thika	400,000
	Muranga	300,000
	Kerugoya	300,000
TANA RIVER	Machakos	600,000
	Embu	400,000
	Meru	400,000
Western	Kakamega	800,000
	Bungoma	400,000
	Mumias	200,000
North Eastern	Garissa	400,000
		-----
		10,000,000
		=====

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## TARGET ACTIVITIES

4.1 The target businesses to be financed under the scheme are those viable income generating activities owned and run by women entrepreneurs in the urban and rural areas. Below are types of businesses that may qualify for financing. The list is however not exhaustive.

- Vegetable, fruit and grocery kiosks
- General retail and wholesale business
- Boutiques and hair salons
- Food/fruit processing
- Bee keeping
- Poultry keeping
- Food restaurants/kiosks
- Fish processing and fish marketing
- Clondo making, pottery and other traditional handicrafts
- Manufacturing/fabricating services
- Tailoring, knitting and embroidery

4.2 Priority would be accorded to businesses which have faster and higher returns on investment and which by virtue of their location and uniqueness do not face stiff competition from similar ventures within the same locality.

## 5. LENDING TERMS AND CONDITIONS

5.1 Eligible borrowers under this scheme will be Kenyan business women operating small-scale viable enterprises in the urban and rural areas. Rural-based projects will be given preference.

To qualify for assistance under the scheme, women will be required to be in small "credit groups" of 2 to 6 members who are close business acquaintances. The groups so formed should not be for any purpose other than for commercial activities and any influence, especially of a political nature should be discouraged.

5.2 Loans will be availed to two categories of applicants i.e individual borrowers and group projects. An individual borrowing under group guarantee of members may qualify for a loan at any time.

5.3 Use of funds

Loan funds to individuals and group projects may be used for acquisition of capital items, i.e machinery, equipment and tools as well as for working capital purposes. Funds provided under the scheme may not be used to refinance existing borrowings.

5.4 Loan sizes

Maximum amounts to be advanced under the scheme will be as follows;-

	(KSh)
Loans to individual members in a group	30,000
Loans to joint group ventures	100,000

5.5 Interest Rates

Interest will be charged at the ruling rate for KCB lending.

5.6 Working capital loans and or overdraft facilities to individual group members and to group projects will be repayable within a maximum period of 24 months.

5.7 Loans for purchase of capital items will have a maximum repayment period of 3 years inclusive of a maximum grace period of six months.

## 6. LOAN PROCESSING, APPROVALS AND DISBURSEMENTS

6.1 Applicants will approach participating branches for application forms. The forms duly completed in triplicate will be returned to the branch for processing. One copy of the application form and the respective personal details forms should be forwarded to Head Office, Special Loans Unit, for central data processing.

6.2 Applicants requesting loans as individual members of a group will complete the Women's Credit Scheme Application Form (A) (a sample is attached in Appendix 1). Applications for group projects will be completed on the Women's Credit Scheme Application Form (B) (see sample attached in Appendix 2). All applicants will complete the Personal Details form (see sample in Appendix 3).

6.3 Eligible borrowers will be interviewed and visits to their business sites carried out by the Branch.

6.4 Loans will be approved by the branch Lending Committee for amounts upto KSh 20,000. Applications for amounts above KSh 20,000 and upto KSh 100,000 will be forwarded to the

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6.5 Disbursement of loan funds will as far as possible be made direct to the suppliers of raw materials, machinery, equipment, tools etc to minimize the possibility of diversion of funds.

6.6 Branches must carry out thorough screening, selection and vetting of qualifying applicants.

## 7. SECURITY

7.1 Loans to individual women:

Security will be cross guarantees by all members of the particular "credit group".

7.2 Loans to group projects:

If members of a credit group are involved in a joint business venture and are borrowing under the name of the group, security for the borrowing will be personal guarantees of all the members of the group.

7.3 Where machinery, equipment and stocks are to be financed through loan funds, hypothecation over such assets should be taken.

7.4 In the "group" approach to lending, it is expected that pressure from the credit group members will in the majority of cases ensure commitment to loan repayment and thereby avoid extreme measures like sale of assets or litigation and possible losses to the Bank. It is therefore imperative that group members are made aware of the need for prompt repayment of loans and the serious

will render the other members jointly liable under the terms of the guarantees.

7.5 Insurance

It will be mandatory to have assets insured against Fire & Burglary where the loan funds exceed KShs 10,000. Arrangements are being made with a local insurance company for a special insurance scheme.

8. REFEREES

Recommendations from two referees for each member of a credit group should be obtained. The references should be from businessmen/women, customers, religious leaders or any other reputable persons acceptable to the Bank.

9. CREDIT CONTROL AND MONITORING

9.1 Monitoring the performance of women groups will be the responsibility of the branches and they will be held accountable. The Special Loans Unit will assist in coordinating the programme and advising the branches on crucial cases.

9.2 Each project should be visited by the Branch at least once every month for the first 6 months of loan repayment followed by quarterly visits thereafter.

9.3 At each visit, the branch official will complete the comprehensive monitoring form for analysis and evaluation by the branch. Any negative factors noted should be corrected immediately so that their effects upon the,

9.4 For loans exceeding Shs 30,000 the borrowers will be expected to complete monthly progress report forms showing business performance for the month i.e total sales and expenditure, the stocks and debtors position etc.

9.5 Branches will submit monthly returns on the scheme to Head Office, Special Loans Unit in the format shown in Appendix 4.

#### 10. TRAINING

Training is an integral part of this scheme and will start immediately loans have been approved. As in other schemes, induction courses will be necessary and it will be preferable that loans are released after the client has undergone a KCB orientation course. Branches may release the loans to qualified applicants where they are satisfied that the loanees are capable of running their businesses satisfactorily before attending the induction course.

#### 11. REMEDIAL MEASURES

11.1 It is possible that some of the businesses will experience management and financial problems resulting in poor repayment of loans. When an account starts to fall in arrears, it will be necessary to identify the problem areas and attempt to bring the business back to a sound financial footing. Efforts should be made to assist the borrower to overcome the problems the business may be facing and to work out a schedule for

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rehabilitation programme should be worked out to reactivate the business.

11:2 When an account falls three or more instalments in arrears, the other group members ( the guarantors) are to be notified of the position and they should be requested to discuss the matter with the borrower with a view to getting the arrears adjusted at early stage.

If after 3 months it becomes clear that the group pressure is not yielding the desired result for repayment of debt, remedial/recovery action may be pursued as outlined in Section II of Head Office Circular No. 91/890 dated 23.8.91 on the Graduate Loan Scheme.

12:0 IMPLEMENTATION

Participating Branches are requested to study the contents of this circular carefully while awaiting supply of the Women's Credit Scheme application forms.

  
 P.P. MUIRUNI  
ASSISTANT GENERAL MANAGER  
MARKETING & CREDIT  
FOR GENERAL MANAGER.

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