



INUANA COMMUNITY ACTION NETWORK (I CAN)

Empowering Rural Communities | Fostering Equity & Access

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Ubuntu Soko by ICAN: Community Business Loan Program

“Where Community and commerce thrive”

1. Background

Ubuntu Soko by ICAN is a community-driven economic initiative under the Inuana Community Action Network (ICAN), rooted in the ICAN Strategic Plan (2024–2027). Anchored in Pillar 3: *Economic Development*, Ubuntu Soko aims to provide reliable, accessible, and ethical financial services to local entrepreneurs operating small and micro-businesses. The purpose is to promote economic resilience, reduce poverty, support sustainable livelihoods, and enhance community self-reliance across Homa Bay County.

Through a tailored business loan program, Ubuntu Soko intends to bridge the financial gap for community entrepreneurs, especially women, youth, and persons with disabilities, by enabling them to expand, stabilize, and strengthen their businesses.

2. Loan Features and Structure

Loan Tiers and Terms

Loan Tier	Loan Amount (KES)	Loan Term	Daily Interest Rate (Flat)	Repayment Installments	First Installment Due	Service fee (KES)
Starter (Diamond)	3,000 – 5,000	30 Days	0.75%	2 equal bi-weekly payments	Day 14 after disbursement	200
Booster (Bronze)	5,001 – 15,000	45 Days	0.85%	3 equal bi-weekly payments	Day 14 after disbursement	350
Growth (Gold)	15,001 – 30,000	60 Days	0.90%	4 equal bi-weekly payments	Day 14 after disbursement	500

Key Features:

- An affordable service fee per Loan tier.
- Interest is flat, calculated upfront on the principal
- Funds disbursed via M-Pesa or approved mobile wallet platforms

3. Detailed Example of Interest Calculations

All interest is flat and calculated as:

Total Interest = Principal Amount × Daily Interest Rate × Loan Term (in days)

Example 1: Starter (Diamond)

- **Principal:** KES 5,000
- **Term:** 30 days
- **Interest:** 0.75% per day
- **Calculation:** $5,000 \times 0.0075 \times 30 = \text{KES } 1,125$
- **Total Payable:** KES 6,125
- **Installments:** KES 3,062.50 every 14 days (2 payments)

Example 2: Booster (Bronze)

- **Principal:** KES 10,000
- **Term:** 45 days
- **Interest:** 0.85% per day
- **Calculation:** $10,000 \times 0.0085 \times 45 = \text{KES } 3,825$
- **Total Payable:** KES 13,825
- **Installments:** KES 4,608.33 every 14 days (3 payments)

Example 3: Growth (Gold)

- **Principal:** KES 25,000
- **Term:** 60 days
- **Interest:** 0.90% per day
- **Calculation:** $25,000 \times 0.009 \times 60 = \text{KES } 13,500$
- **Total Payable:** KES 38,500
- **Installments:** KES 9,625 every 14 days (4 payments)

4. Eligibility Criteria

To be considered for the loan, applicants must:

- Be a resident of Homa Bay County
- Be aged 18 years or older
- Own and operate a business that has been active for at least 2 months
- Provide two adult guarantors (non-family preferred)
- Have an active mobile money account (e.g., M-Pesa)
- Have no history of loan default with ICAN or other institutions

5. Application Process

1. Complete and submit the official Loan Application Form
2. Undergo a business verification visit and submit supporting evidence (e.g., photos, customer lists, receipts)
3. Submit information and consent forms for two guarantors
4. Sign a Loan Agreement (including guarantors)
5. Loan is disbursed via mobile money
6. First repayment is due 14 days after disbursement

6. Repayment and Compliance

- Repayments are due every 14 days depending on the loan tier
- Borrowers may repay early with no penalties
- Missed payments attract a KES 100 daily late fee
- Reliable repayment qualifies borrowers for larger future loans
- Borrowers in default may:
 - Be barred from future ICAN financial services
 - Undergo local dispute resolution or community arbitration
 - Be subject to recovery procedures as per ICAN Risk Policy and Loan agreement form.

7. Borrower Obligations

Borrowers must:

- Use funds strictly for business purposes
- Cooperate with ICAN field officers and evaluators
- Inform ICAN immediately if facing repayment challenges
- Honour their agreement and obligations to both ICAN and guarantors

8. Guarantor Terms

Each loan applicant must present two guarantors who:

- Can verify the borrower's identity and business operation
- Accept legal and financial responsibility in the event of borrower default
- Sign the loan agreement alongside the borrower
- May be engaged in resolution efforts in case of disputes

9. Documentation Required

Applicants must submit:

- Copy of National ID (Borrower and Guarantors)

- Completed and signed Loan Application Form
- Business evidence (licence, receipts, photos, transaction records) – any available.
- Signed Loan Agreement (by borrower and guarantors)
- ICAN-issued Loan Repayment Schedule

10. Monitoring and Support Services

ICAN will provide:

- Financial literacy training modules
- Mentorship and advisory through Ubuntu Soko coordination unit
- Priority access to Ubuntu Soko events and market stalls
- Regular check-ins and support visits to monitor business progress

11. Confidentiality, Data Protection & Legal Assurances

ICAN upholds the highest standards of data protection and privacy. All information shared by borrowers and guarantors shall be treated with strict confidentiality, used solely for purposes related to loan administration, monitoring, and recovery and stored securely in accordance with the Kenya Data Protection Act, 2019

Borrowers and guarantors have the right to inquire about their data, seek redress in case of disputes, and challenge any misuse.

Where Community and commerce thrive.

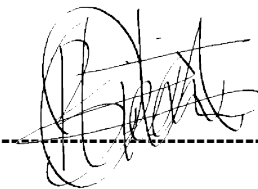
Signed:



Frank Roncelly
Chairperson, ICAN



Atieno Baroness
Ag. Secretary, ICAN



Ben Migwambo
M&E Officer / Programs
Officer, ICAN