

NATURE AND THE BUSINESS MODEL FOR UZIMA CREDIT SERVICES

Uzima Credit Services (UCS) was started as a programme to address the gaps left by the current Microfinance Institution. Majority of MFI in Kenya nowadays are more profit oriented and living the noble duty of lifting SMEs. According to a survey by Kenya Bureau of standards in 2016, over 400 SMEs die annually before getting to celebrate their second anniversary. One of the reason cited was lack of credit to finance the business. This clearly shows that despite Kenya having a vibrant Microfinance sector, these institution are targeting clients who can access loans from the banking sector and hence locking out the more deserving small and medium enterprises who do not have tangible securities to secure for loans.

According to the report by Kenya Bureau of Statistics Kenyan population, 75% are youth (Age below 35 years) of which 68.9 % live in rural areas. 39% of this population are not in gainful employment. Because of these dynamics promoters of Uzima Credit Services (UCS) saw that in order to support the government in its efforts to reduce unemployment, there is need to target this important segment of population.

Uzima Credit Services main objective is to empower women and youth who are the bigger proportion of Kenyans population but are also the majority in poverty levels. In the wealth allocation there is a disproportional distribution compared to men. Majority of this group lives in rural areas where traditional culture which always favors men. Uzima Credit Services intends to help in bridging this gap in the following way.

The model that Uzima Credit Services will use is the group based model and also individual lending. A group-based credit approach utilizes the peer-pressure where group members will be given loans individually. The group ensure that the borrowers follow through and use caution in conducting their financial affairs with strict discipline, ensuring repayment of loans advanced to individual group members and allowing the borrowers to develop good credit standing. This way of management ensures is risk reduction. In addition, the model ensures a self-audit of group members and hence reducing the group responsibility and also cost in following up the defaulted loans.

Lastly the company will train group members on simple book keeping methods which will enable members to track their incomes and expenses well. In addition the company will partner with training institution to train group members on various agricultural value chain additions methods productivity and hence increasing in profits which will intern improve their livelihoods.

Elijah Kitinga Aligula (Director) ID NO:..... Sign..... Date.....

Koky Tabitha Kasyoka (Director) ID NO:..... Sign..... Date.....