



FACILITATOR GUIDE

Village Savings and Loans Association (VSLA)

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FACILITATOR GUIDE

Village Savings and Loans Association (VSLA)



INTERNATIONAL RESCUE COMMITTEE

ACKNOWLEDGEMENTS

The IRC Village Savings and Loans Association (VSLA) Facilitator Guide was developed by Bersabeh Beyene as part of the IRC's Economic and Social Empowerment (EA\$E) Initiative. Bersabeh's extraordinary commitment and energy have been central to this effort and we are deeply grateful for all of her hard work. We know that the result will benefit many women and girls in humanitarian settings throughout the world, as well as the individuals who support their empowerment.

We would also like to acknowledge and thank Hugh Allen and the VSL Associates, a consortium of practitioners dedicated to promoting the Village Savings and Loans (VSL) approach, for their valuable contributions and resources they have made available. The [VSL Associates VSLA Programme Guide: Field Operations Manual Version 3.1](#) by Hugh Allen was instrumental in developing the contents of the IRC version of the guide.

The EA\$E program model was developed in response to women's disclosures that while they could earn and save money, they often did not have the autonomy to decide how to use it. Women shared with us their frustration at not being able to control their own economic resources and moreover, they wanted to be able to freely and fully benefit from IRC's Economic Programming. The VSLA Facilitator Guide draws on IRC's four years of EA\$E programming experience in eight countries in Africa. I extend my sincere appreciation and gratitude to the IRC field staff and volunteers who implement the EA\$E program with tremendous passion and commitment. I would also like to thank Gabrielle Cole who has spent many years working on IRC's EA\$E programs in the field, for her involvement, review and input in the VSLA Facilitators' Guide.

A very special word of appreciation goes to the Novo Foundation for funding the **West Africa Regional Women and Girls Rebuilding Nations** program and for making the development of such resources possible. Their generous support has allowed the Women's Protection and Empowerment Unit to develop specific strategies to empower women economically and ensure that they are able to use their new resources free from violence.



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NOTES TO THE USER

The VSLA Facilitator Guide is developed for staff supporting the implementation of Savings and Loans Association (VSLA) activities. Users of this guide will create independent groups, maintain a training program and provide support to achieve success. VSLAs are used as an integral part of IRC's Economic and Social Empowerment (EA\$E) program model.

EA\$E is a three-pronged intervention developed for programs with a commitment to, and in-depth understanding of, gender-based violence and, in particular, the dynamics of intimate partner violence. The three main activities include:

1. Village Savings and Loans Associations (VSLAs) for adult women
2. Discussion Group Series (DGs) for VSLA members (women) and their spouses
3. Business Skills Training for VSLA members

Village Savings and Loans Associations (VSLAs) provide affordable credit for borrowers and a return on their savings that typically exceed those that any formal institution could provide.¹ Within the EA\$E program, it is recommended that VSLAs be all women groups. One of the most revolutionary aspects of VSLA is that it is driven entirely by the members. Every penny the group saves or earns, the members have generated themselves—the IRC provides only training and basic materials. Properly implemented, VSLAs create a safe space for women to save their money, access loans, receive support during personal emergencies and build their social support network.

The EA\$E Discussion Group Series (DGs) is designed to invite couples to reflect on the characteristics of a successful household and build skills that will help them transform that vision into reality. While the primary focus of the discussion series is on household financial well-being and budgeting as well as communication and negotiation skills, themes related to gender roles and violence are woven throughout the sessions. Participants engage in dialogue about their own attitudes and beliefs regarding financial decision making, the value of women's significant contributions to the household, and alternatives to violence as a means of asserting power and control.

¹ Hugh Allen and Mark Staehle, *Village Savings and Loans Associations (VSLAs) in Africa, Program Guide Field Operation Manual*, September 28th 2006.

Business Skills Training: Competency-based Economies, Formation of Enterprise

(CEFE) is an action-oriented and participatory business skills training developed in the early 1980s. Now CEFE is considered the state-of-the-art training method for adults and business development. The curriculum is developed for both literate and non literate participants, makes use of effective adult-learning techniques and offers a high degree of flexibility. More importantly, CEFE focuses on the individual as an entrepreneur and on equipping women with business skills and knowledge to enable them to start or expand businesses.²

² CEFE International Website <http://www.cefe.net/?q=home/about-cefe-0>



Part One

OVERVIEW OF VSLA

This section is an overview of the VSLA methodology. It covers:

- » The History of VSLA
- » Basic VSLA Principles
- » Notes to Community Workers
- » VSLA Implementation Phases and Timeline

HISTORY OF VSLA

The success of microfinance has been widely recognized in the last couple of decades as testament that the poor are “bankable”. At the same time, the microfinance industry has grown more sophisticated and sometimes inaccessible to some of the poorest communities in rural Africa. Lack of infrastructure, combined with poor roads, low population density and high labor costs make microfinance services in Africa extremely expensive compared to Asia and Latin America. Moreover, the average loan demand for a village-based income-generating activity is under \$20, about 40 percent less than the average entry-level microfinance loans, which also require rigid terms and conditions.¹ Finally, most microfinance institutions (MFIs) do not offer saving services which are often the services in highest demand in rural Africa.

The Village Savings and Loans Association (VSLA) methodology helps fill in the above-mentioned gap. VSLA is a low-cost financial service founded on the principle of fund pooling, designed to serve the very poor whose income is irregular and high risk to MFIs. As such, VSLAs play an important role in meeting the needs of women and men whose principal purpose for accessing finance is to help them manage household cash flow, respond to life-cycle events or invest in small income-generating activities. Moreover, VSLAs provide people, no matter how remote or poor, with access to small amounts of local capital on flexible terms and to transact such loans frequently at very low risk and negligible cost.

VSLA was first developed by CARE International in 1991 in Maradi, Niger. Designed primarily for illiterate and extremely poor rural women, the methodology has matured over the years to serve both literate and illiterate population in rural areas, market towns, peri-urban settlements and urban slums. The primary purpose of a VSLA is to provide simple savings and loan facilities in communities without access to formal financial services.

In areas where MFIs exist, VSLAs can be very complementary. VSLA members can be MFI clients and vice versa, choosing different services to satisfy different needs. In fact, members of VSLAs have the potential of become highly sought after MFI clients. VSLA members come with extensive experience in saving, managing their funds and investing their money— all qualities sought after by MFIs. Often, as VSLAs mature and members begin to operate more profitable businesses, they find themselves in need of funds beyond the scope of a VSLA. MFIs offer a natural transition for larger funding.

¹ Hugh Allen and Mark Staehle, Village Savings and Loans Associations (VS&LAs) in Africa, Program Guide Field Operation Manual, September 28th 2006.

BASIC VSLA PRINCIPLES

Principle 1: Associations are autonomous and self-managing.

Principle 2: VSLAs are made up of 15 to 25 self-selected members. This makes the association big enough to create a useful pool of capital and small enough to keep meetings manageable.

Principle 3: Membership is open to women and men (depending on program set-up). In mixed VSLA groups, at least three of the five elected committee members are female. Members who hold public office are not be eligible for committee positions.

Principle 4: Members save money through the purchase of one to five shares. The value of a share is set by the group at a level that allows the poorest members to buy at least one share at every meeting.

Principle 5: Savings are invested in a loan fund from which members can borrow, repaying with an added service charge. The group decides the percentage rate of the service charge, which can range from 5 percent to 20 percent.

Principle 6: Groups create a social fund through an additional contribution of equal size. The social fund, kept separate from the loan fund, provides small grants for emergency assistance such as funeral expenses.

Principle 7: Associations meet weekly during the first cycle. The frequency can change to every two or four weeks in later cycles, if members so desire.

Principle 8: All transactions are carried out at meetings in front of all the members of the association to ensure transparency and accountability. To guarantee that transactions do not take place outside the regular meetings, and prevent unauthorised cash movement and record tampering, the group uses a lockable cash box.

Principle 9: All members have a passbook to track individual savings and loan information. Groups that have literate members have a central register for aggregated group level information.

Principle 10: The VSLA cycle is time-bound. At the end of an agreed period (usually between 9 and 12 months), the accumulated savings and service-charge earnings are shared out proportionally to the amount that each member has saved throughout the cycle. After the share-out, members who do not want to stay in the group may leave and new members may be invited to join. When a new cycle begins, members can agree to change the value of the standard share.

Purpose of a VSLA

The primary purpose of a VSLA is to provide simple savings and loan facilities, in a community that does not have access to formal financial services. Loans can also provide a form of self-insurance to members, supplemented by a social fund which provides small but important grants to members in distress.

VSLA IMPLEMENTATION PHASES

This section describes the three main phases of a VSLA group cycle. At the end of the cycle, VSLAs become independent from the implementing organization and manage their own savings, credit and insurance activities.

Preparatory Phase (4 to 6 weeks): Community workers conduct a community needs assessment, select communities of intervention, provide general information to local leaders and prospective VSLA members, and select the VSLA groups to be trained.

Intensive Phase (14 weeks): VSLA groups undergo training on six modules during which members elect their leaders, establish their constitution and set out the rules and procedures that will govern their activities. They also learn to manage their social fund and share-purchase/savings-and-loan meetings. The community worker attends all meetings during this phase and is actively involved in guiding the process. At the end of this phase, the community worker conducts a short evaluation of the group to determine their readiness for the Supervision Phase.

Supervision Phase (up to 36 weeks): The supervision phase is divided into a development phase and a maturity phase, each lasting about 18 weeks.

- » During the development phase, the community worker visits groups twice a month (on average), giving members more space to manage their activities. At the end of the phase, the community worker conducts a short evaluation to assess the group's readiness to move onto the maturity phase.
- » During the maturity phase, the community worker conducts a least two monitoring visits to check on group progress and sets a date for the end of the cycle and the share-out of funds. The community worker will attend a third meeting at the end of the cycle to facilitate the share-out process and celebrate the groups' accomplishment over the VSLA savings cycle. If the group chooses to continue to operate for a second cycle, an evaluation will help determine the level of organization support.

Note: Community workers and supervisors together will determine a group's movement from one phase to the next and the level of support based on assessment results.

figure 1: Overview of VSLA Implementation Timeline over 15 Months

| ACTIVITIES | (IN MONTHS) | | | | | | | | | | | | | | |
|---|-------------|---|-----------|---|---|---|-------------|---|---|----|----|----|----|----|----|
| | PREP. | | INTENSIVE | | | | SUPERVISION | | | | | | | | |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 |
| Community needs assessment and selection | █ | | | | | | | | | | | | | | |
| Orientation meeting with community leaders | █ | | | | | | | | | | | | | | |
| Community mobilization meeting | █ | | | | | | | | | | | | | | |
| Preliminary meeting with VSLA groups | | █ | | | | | | | | | | | | | |
| Collection of lists and selection of VSLA groups | | █ | | | | | | | | | | | | | |
| Module 1: groups, leadership and elections | | | █ | | | | | | | | | | | | |
| Module 2: social fund, savings and credit policies | | | █ | | | | | | | | | | | | |
| Module 3: development of association constitution | | | █ | | | | | | | | | | | | |
| Module 4: first savings meeting and record-keeping | | | | █ | | | | | | | | | | | |
| Module 5: first loan disbursement and record-keeping | | | | | █ | | | | | | | | | | |
| Module 6: first loan reimbursement | | | | | | █ | | | | | | | | | |
| Module 7: share-out of funds/ end of cycle | | | | | | | | | | | | | | █ | █ |
| Supervision and monitoring of VSLA groups–development | | | | | | | █ | █ | █ | █ | | | | | |
| Supervision and monitoring of VSLA groups–maturity | | | | | | | | | | | █ | █ | | | |



Photo Credit: Peter Biro

Part Two

PREPARATORY PHASE: COMMUNITY MOBILIZATION

There are four major activities and three key meetings involved in the preparatory phase:

- » Community needs assessment
- » Orientation meeting with community leaders and administration officials
- » Community mobilization meeting
- » Preliminary meetings with potential VSLA groups

2 PREPARATORY PHASE: COMMUNITY MOBILIZATION

PREPARATORY PHASE

Community Needs Assessment, Orientation of Community Leaders and Administration Officials, Community Mobilization and Selection of VSLA Groups: 4–6 weeks

1.

COMMUNITY NEEDS ASSESSMENT

PURPOSE

The purpose of the needs assessment is to identify specific communities in which to implement the EA\$E program.

CONTENT

1. Conduct a focus group
2. Key informant interview (if necessary)

COMMENTS

Community workers are primarily responsible for contacting community leaders and setting up the focus groups with members of the community.

2.

ORIENTATION

of Community Leaders and Administration Officials

PURPOSE

1. To obtain the support of Community Leaders and relevant Government officials for the project
2. To schedule the Community Mobilization meeting

CONTENT

1. Introduction of the implementing organization
2. Project goals and objectives
3. Target group to be served
4. Services offered
5. Role of local leaders and administrators

COMMENTS

Meeting takes place with Administration and Government officials at District level and with traditional authorities at local level.

3.

COMMUNITY MOBILIZATION MEETING

PURPOSE

1. To create general awareness in the community of the programme's purpose, methodology and process
2. To offer the opportunity to form a VSLA group

CONTENT

1. Introduction of the implementing organization
2. Services offered to VSLAs
3. Benefits of VSLA and how the methodology works
4. Identification of Community Volunteers (if applicable)

COMMENTS

Meeting at village level should happen with men and women. Participants will discuss the opportunity with other members of their community.

4.

PRELIMINARY MEETING

with potential VSLA groups

PURPOSE

1. To explore the usefulness of the proposed services
2. To ensure a detailed understanding of the VSL approach
3. To clarify mutual expectations and obligations

CONTENT

1. Basic principles of VSLA and how the methodology works
2. Benefits of VSLA
3. Discussion of the group's obligations
4. Presentation of training content and selection of group meeting date, time and place.

COMMENTS

50–100 people: equivalent to 2–5 potential Associations (greater numbers will reduce the opportunity to be clear and to address specific concerns).

2 PREPARATORY PHASE: COMMUNITY MOBILIZATION

COMMUNITY NEEDS ASSESSMENT

PURPOSE OF THE ASSESSMENT

The purpose of the needs assessment is to identify specific communities in which to implement the EA\$E program. Often, the larger area of operation—the region or district—is defined in the proposal phase. However, within that region, communities or villages will have different needs and access to resources. The assessment will ensure that:

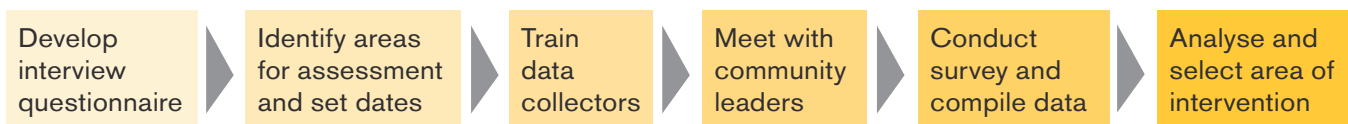
1. Communities with the greatest need (no financial services available, limited markets, isolated location, etc.) are prioritized for intervention.
2. The proposed intervention responds to the needs of the community.
3. The team understands the threats and opportunities of carrying out VSLA activities and adapt the EA\$E model accordingly.



Time: 2–3 weeks

ASSESSMENT PROCESS

The following process will take two to three weeks depending on the area and the distance to be covered. The project manager will be responsible for planning and overseeing the entire process.



PREPARING FOR THE ASSESSMENT

In preparation for the community needs assessment, program managers should develop an interview questionnaire. A sample is provided in Annex 1, but managers should carefully review and adapt it to the specific context. While the area of intervention is by in large defined in the proposal, managers along with their team should identify specific communities in which to conduct the assessment and set the dates.

This assessment is not meant to be an extensive survey but a quick exercise to provide the project team with a general understanding of potential communities for intervention. Focus group discussions are best for their simplicity and efficacy. If necessary, they can be complemented by a key informant interview using the same questionnaire tool.

Community workers are primarily responsible for conducting the community needs assessment. Before the assessment is to begin, the assessment team should be trained on how to use the questionnaire. The objective of the training is to make sure that everyone understands the questions in the same way, agree on a standard translation of key terms and develop a detailed timeline for the activity.

Community workers are primarily responsible for contacting community leaders and setting up the focus groups with members of the community. They are also responsible for conducting the assessment. Once the assessment is completed, community workers along with their supervisors will analyze the data and select specific areas for intervention.

MEETING WITH COMMUNITY LEADERS¹

It is good practice to meet with community leaders before starting any activity in the community to ensure buy-in. Community workers are responsible for contacting community leaders and setting up the focus groups with members of the community. The purpose of the meeting is to:

- » Introduce the assessment that will take place.
- » Explain the purpose of the assessment and get permission.
- » Solicit support for mobilizing participants for the focus group.

In this meeting with community leaders, it is not necessary to introduce the EA\$E program in any details. It is important to keep the introduction brief and focus on the assessment. The following script will give you an idea of the key points to cover in this meeting.

¹ Country program teams need to identify which leaders are most appropriate to meet with based on the context.

2 PREPARATORY PHASE: COMMUNITY MOBILIZATION

SAMPLE SCRIPT

The following is a sample script that can be used during this meeting:

Good morning/afternoon,

My name is _____. Thank you very much for taking the time to meet with me today. I am a (introduce your position) _____ with (name of organization) _____. I have come today to solicit your support for an assessment that (name of organization) _____ would like to conduct in your community.

Before I go on, I would like to give you and your colleagues a chance to introduce yourselves to me. (Thank participants for the introduction!)

Like I mentioned earlier, I am here today to solicit your support. (Name of organization) _____ is interested in possibly starting a program in this community, but before we can introduce a program we would like to understand the situation in this community. The assessment will allow (name of organization) _____ to determine the needs in this community and to ensure that the intervention will respond to the identified needs.

The process is very simple. We would like to talk to community members in small groups. If possible three different groups. The groups can be as small as 5 and as large as 12. We will ask each group a series of questions for about 45-60min. Once we have talked to all of the groups, we will compile the information and develop a report that we can share with you. This report will help us determine the need and type of program appropriate in this area. If we have the capacity to intervene, then we will bring a new project.

Do you have any questions so far? (Answer all the questions to the best of your ability and move on to make your request of the leaders)

Thank you for all those questions. Now that we have answered all of your questions, please allow me to ask you a favour. I would like to start the assessment as soon as possible. Would you or anyone you suggest be able to help me mobilize a group of people for the assessment? I am looking for a three different groups: men, women, and youth. I should specify that my organization will not be able to give any motivations for attending this meeting.

Will it be possible for me to come back to your community to begin the assessment on (specify a date-preferably in two days so that it is not forgotten) _____.

Thank all of the leaders for their time and support. Remind them of the time and date you will return to conduct the assessment and conclude the meeting.



SELECTING COMMUNITIES OF INTERVENTION

Each focus group discussion will take 45 to 60 minutes. Community workers should plan to conduct multiple assessments to ensure a good sampling of communities.

COMMUNITY RANKING MATRIX

The Community Ranking Matrix allows users to rank communities based on their level of vulnerability. There are six assessment categories as described in the following table. The matrix allows users to compare the vulnerability level of each community for each category and then calculate an overall vulnerability score.

figure 2. Survey Category: Indication of Vulnerability

| SURVEY CATEGORY | INDICATION OF VULNERABILITY |
|---|---|
| CATEGORY 1 Available Services | Lack of MFI and any form of financial service; Limited opportunities for school. |
| CATEGORY 2 Economic Activities | Limited accessibility to large local markets; most people travel far to get what they need. |
| CATEGORY 3 Group Activities | Lack of opportunity to organize into groups. |
| CATEGORY 4 Gender | Prioritize areas with apparent discrimination against women. |
| CATEGORY 5 Savings | Limited savings opportunities; prioritize communities with no informal savings groups/ |
| CATEGORY 6 Alternative Economic Services | Areas with little NGO activity/ |

Using the Community Ranking Matrix shown in Figure 3, community workers and their supervisor rank communities from lowest to highest (vulnerable to less vulnerable) for each of the six survey categories: **1) available services and accessibility, 2) economic activities, 3) group activities, 4) gender, 5) savings and 6) alternative services.**

For example, if the assessment was conducted in 10 communities, the community worker will review survey results and rank all ten communities in Category 1 (available services and accessibility) from one to 10. The community with the least available services and hardest to access will be given a score of one; the community with the most available services and highest level of accessibility will be given a score of 10. Once the ranking exercise is completed for all categories, community workers will tally total score for each community. Communities with the lowest scores are the most vulnerable and will be selected as areas of EA\$E intervention. Figure 3. is an example of a completed Community Ranking Matrix

2 PREPARATORY PHASE: COMMUNITY MOBILIZATION

figure 3. Example of a Completed Community Ranking Matrix

| NAME OF COMMUNITY | CAT 1. | CAT 2. | CAT 3. | CAT 4. | CAT 5. | CAT 6. | TOTAL SCORE |
|-------------------|--------|--------|--------|--------|--------|--------|-------------|
| RUHUMA | 2 | 1 | 2 | 3 | 2 | 2 | 12 |
| BELMA | 3 | 4 | 5 | 6 | 4 | 6 | 28 |
| KODE | 1 | 1 | 1 | 1 | 1 | 1 | 6 |
| YOBE | 4 | 4 | 3 | 2 | 3 | 3 | 19 |
| EAGALA | 6 | 6 | 5 | 4 | 4 | 4 | 29 |
| MAMAYE | 5 | 3 | 4 | 5 | 6 | 5 | 28 |

In the above example, six communities were assessed, which means that the ranking for each category will go from 1 (most vulnerable) to 6 (least vulnerable). For Category 1, Kode is the most vulnerable community (with 1 point) and Eagala the least. It is possible for two or three communities to be equally vulnerable. In Category 2, for example, both Ruhuma and Kode scored 1 and Belma and Yobe scored 4.

Once the ranking activity is completed for all six categories, the scores are added up. In the above example, Kode is the most vulnerable community and should get priority. If the program is capable of operating in three out of the six communities, the three communities selected would be Kode (with a score of 6), Ruhuma (with a score of 12) and Yobe (with a score of 19).

If it turns out that Kode is unreachable (due to security or geographical issues), then the next community in line will be Mamaye or Belema (with scores of 28).

Keep in mind that these scores do not tell users anything in absolute terms. The scores only indicate how one community compares to another on a grading scale. The purpose of the ranking activity is to determine which communities among those surveyed demonstrate the most need and therefore warrant an intervention.

After the ranking activity is completed, community workers need to work with their supervisors to ensure that selected communities are accessible. It is vital that community workers are able to reach sites reliably every week. Weather, security and other factors should be taken into consideration.

VSLA ORIENTATION FOR COMMUNITY LEADERS



SESSION OBJECTIVES

By the end of the meeting:

- » Community leaders will give (or refuse) permission for the project to operate in their area.
- » Leaders and officials will understand the goal of this project and how it works.
- » The community workers will be familiar with local leaders, government officials and their representatives.
- » Community leaders and administration officials agree to convene a public meeting to introduce the project to the community.



Time: 1 hour



ADVANCE PREPARATION

- » Prepare meeting agenda
- » Set date and appointment time

RECOMMENDATIONS FOR THE FACILITATOR

- » It is best for this meeting to be done in pairs – the community worker and another GBV staff that is already familiar with the site.
- » Avoid a monologue. Make the meeting as interesting as possible for the leaders and pause frequently to see if there are any questions. Encourage questions and make clarifications when necessary.
- » Avoid a detailed presentation of the VSLA methodology. Stick to the very basics.
- » Do not impose the date for the mobilization meeting. Come up with the time and date that works for everyone.

2 PREPARATORY PHASE: COMMUNITY MOBILIZATION

MEETING PROCEDURES

STEP 1: INTRODUCTIONS



Time: 10 minutes

- » Introduce yourself to the community leaders and briefly explain what your organization does and your role within the organization.
- » Ask community leaders to introduce themselves and their role in the community.

Transition: Thank the leaders for their time. Tell them that you are here to talk about the new program that your organization is hoping to start in their community.

STEP 2: PROGRAM PRESENTATION



Time: 20 minutes

- » Present the new VSLA intervention. Explain that the program seeks to build the capacity of community groups to be able to mobilize savings for the purpose of:
 - Increasing household financial security.
 - Providing the opportunity for members to access loans for investment and other needs.
 - Creating a social fund to help members during an emergency.
- » Explain briefly what a VSLA is. Tell leaders that:
 - VSLA are self-selected groups of 15 to 25 members who mobilize their savings in common funds distributed as loans.
 - Loans are repaid by members based on a predetermined term and service fee.
 - Members also save in a smaller social fund for emergencies.
 - VSLAs are trained to manage their own activities over a cycle of nine months to one year.
- » Explain why VSLAs are relevant and beneficial. Think of this as a marketing pitch. Tell the community leaders that:
 - VSLAs provide the opportunity for members to save and borrow flexibly, and to make attractive profits of 30 percent to 40 percent on their savings.
 - VSLAs do not have a minimum deposit requirement, hidden charges, complicated procedures, or difficulty in accessing loans.

- VSLAs can assist members in case of death, illness or other unfortunate events, or even for happy events (births, marriages).
- Local moneylenders may not be willing to provide such loans to very vulnerable members of the community.
- VSLAs help members build self-reliance and self-confidence.
- People who have accounts with MFIs and banks can continue to use those services if they wish.
- » Give a quick overview of the project time frame:
 - This project is _____ month project. VSLAs will operate on a cycle of nine to twelve months.
- » Note that the target group is women.
- » Emphasize that the organization will provide training to build the capacity of groups to manage their activities, but will NOT provide loan capital to the groups.
- » At the end of the cycle, VSLAs will share-out their fund proportionally to their savings and start over if they choose.

Group Composition

VSLA groups can be women only or mixed gender groups. Within the EA\$E context, it is recommended that they be women only groups to ensure that women have a safe space for their activities and are able to build a support network.

STEP 3: VSLA SUCCESS WORLDWIDE AND IRC'S EXPERIENCE



Time: 5 minutes

- » Take time to explain how successful VSLAs have been around the world as well as the IRC's experience with EA\$E so far. Some things you should mention:
 - » There are more than a million economically disadvantaged people who are successfully and independently managing VSLAs around the world.
 - » The IRC has worked with VSLAs in eight countries and has plans to expand.
 - » More than 90 percent of VSLAs succeed and remain operational for several years after the life of a project.

Pauses and ask if there are any questions or points that need to be clarified.

2 PREPARATORY PHASE: COMMUNITY MOBILIZATION

STEP 4: PERMISSION TO OPERATE IN THE COMMUNITY



Time: 5 minutes

- » Ask community leaders for permission to operate in the community as well as for support in promoting the program to community members.

Try to get an official “okay” from the community leader(s) before moving forward to Step 5.

STEP 5: PLANNING FOR THE COMMUNITY MOBILIZATION MEETING



Time: 15 minutes

- » Ask community leader(s) for support to organize a mobilization meeting to explain the program to community members at large.
- » Plan a community mobilization meeting with community leader(s). Key issues to discuss with leaders:
 - Availability and selection of a venue to accommodate 50-100 people.
 - Agree on a convenient time and date for the meeting.
 - Brainstorm to determine the best way to reach everyone in the community (women, men and youth), particularly to ensure that men and women attend.
 - Although the program is targeting women, it is important that men in the community understand the program and are supportive of their spouse participation.
 - Economically active youth are also targets for this meeting as they can benefit from the VSLA intervention.

Transition: Tell the community leaders that you appreciate their input and suggestions. Ask if they have any questions or last minute thoughts and ideas.

STEP 6: CONCLUSION



Time: 5 minutes

- » Thank the leaders for their time. Tell them that you are looking forward to the forthcoming community mobilization meeting.
- » Bring the meeting to a close.

NOTES FOR THE FACILITATOR

Key people to contact for this meeting are community-level administrators and traditional leaders who can arrange a public meeting and can be most influential in creating community acceptance for the program.

A meeting with NGOs should be scheduled prior to the community mobilization session for the following reasons:

- » NGOs working may have special insight into cultural issues that can affect how the program is received.
- » NGOs with microcredit program may see the VSLA as an intrusion into their territory, and their directors will need to understand that VSLAs can exist as a complementary service in their targeted communities.

2 PREPARATORY PHASE: COMMUNITY MOBILIZATION

FREQUENTLY ASKED QUESTIONS

The following are questions frequently asked during meetings with community leaders. It is important to prepare answers to these and others you anticipate.

This community is very poor—how do you expect people to be able to save?

Savings can take many forms, and even very poor people can save one way or another. The savings in VSLAs can be as small or as large as the group decides. Not everyone needs to save the same amount every week.

The IRC for example has established successful VSLAs in very poor communities in many countries around the world. With a little bit of hard work, we are confident that a VSLA can work in your community as well.

Are you giving us a loan or grant?

No, we are not giving any loans or grants. We are going to train people to help themselves. As the familiar proverbs put it:

- I can leave after giving you fruit today or I can teach you how to climb a fruit tree.
- I can give you a fish today or I can teach you how to catch a fish.

What is the difference between a VSLA and a Microfinance Institution (MFI)?

VSLAs are community groups whose savings are the source of loans. Small loans given to individual members are paid back with a service fee that will be divided among the group.

MFIs often give group loans and keep the interest to cover their operational costs.

How many groups will you work with? How will you select groups?

We would like to form as many groups as warranted by community interest, but if that interest exceeds our capacity right now, we will randomly select the groups to be trained in the first year of the program and enlarge our efforts the next year accordingly.

CONDUCTING THE COMMUNITY MOBILIZATION MEETING



SESSION OBJECTIVES

By the end of the meeting participants will understand:

- » The services offered by the project.
- » The requirements that must be met to become a member of a VSLA group.
- » The step-by-step process to register with the project and participate in the intervention.

Note: Be sure participants understand that the source of loan funds will be members' savings, with no external loans or grants being provided by the organization.



Time: 2 hours



ADVANCE PREPARATION

- » Prepare meeting agenda.
- » Set appointment date and time.

NOTES TO THE FACILITATOR

The purpose of this meeting is for the community worker to explain his/her presence in the community and what (s)he will be doing. Target participants for the mobilization meeting are community members, both men and women (regardless of VSLAs being mixed or women only groups). It is important that men in the community understand the program and can be open to the participation of their spouses. Economically active youth are also targets for this meeting as they can benefit from the VSLA intervention.

2 PREPARATORY PHASE: COMMUNITY MOBILIZATION

MOBILIZATION STEPS

STEP 1: INTRODUCTIONS



Time: 15 minutes

- » Introduce yourself to the meeting participants. The introduction should be short and to the point.
- » Give a brief overview of the work your organization has done in the community and around the world that is most relevant to them.

Transition: Tell participants that you are here to talk to them about a new program that your organization is starting in their community.

STEP 2: PROGRAM PRESENTATION



Time: 25 minutes

- » Present the VSLA intervention. Explain that the purpose of the program is to build the capacity of community groups to mobilize savings for three purposes:
 - to increase household financial security through savings;
 - to provide the opportunity for loans for investments and other needs.
 - to create a social fund for relief of members experiencing emergencies.
- » Explain what a VSLA is and how it works.
 - A VSLA is a voluntary group of 15 to 25 members who mobilize their savings in a common fund.
 - Savings are used for loans, paid back with a predetermined service fee (or interest) to grow the fund over time.
 - Members also a smaller amount to a social fund to be used for emergencies.

- Members of VSLAs are trained to manage their own activities over a cycle of nine months to one year.
- Members are self-selected, which means they choose who can participate in their group. Neither community leaders nor the implementing organization have the right to designate members of the group. It is important that members select:
 - People who are honest, trustworthy and dependable.
 - People able to attend weekly meetings and participate in weekly savings.
 - people who live in the same community or village.

Transition: Tell participants that you will now very quickly talk about the benefits of participating in a VSLA group.

STEP 3: THE BENEFITS OF VSLA



Time: 15 minutes

- » Explain to participants the benefits of a VSLA:
 - VSLAs provide members with the opportunity to save and borrow flexibly.
 - Members earn attractive profits on their savings: on average, 30 percent to 40 percent returns.
 - Unlike banks or MFIs, VSLAs do not have a minimum deposit requirement, hidden charges or complicated procedures to access loans.
 - VSLAs can assist members in case of death, illness or other unfortunate events, or even for happy events (marriages, births, etc.).
 - Members can participate in a VSLA regardless for their literacy level.

Pause for questions. Clarify and proceed.

2 PREPARATORY PHASE: COMMUNITY MOBILIZATION

STEP 4: PROTECT TIME FRAME



Time: 10 minutes

Give a quick overview of the project time frame:

- » A VSLA cycle lasts nine to 12 months.
- » In the first three months, groups will receive an intensive training on how to manage a VSLA group. Training will be provided on:
 - holding an election;
 - writing a constitution;
 - depositing savings and granting loans;
 - keeping records (both oral and written),
- » In the following six to nine months, groups will receive ongoing mentoring support from the implementation organization.
- » At the end of the cycle, VSLAs will share-out their fund proportionally to their savings and start over again if members so choose.

STEP 5: NEXT STEPS FOR POTENTIAL MEMBERS



Time: 15 minutes

- » Those interested in forming a VSLA must convene groups of 15 to 25 members before the next meeting.
 - Group members should be honest, trustworthy and dependable.
 - Members should be able to attend weekly meetings and participate in weekly savings
 - Members should live in the same community or village.
- » Make sure participants understand that your organization will provide the necessary training for VSLA groups to become independently functional. The organization will also provide groups with a VSLA toolkit to help start up the savings activity.
- » The organization WILL NOT PROVIDE any start-up grant or funding. Only groups that demonstrate the capacity to save a small amount on their own will be trained by the program.

Pause and ask participants if they have any questions or would like clarification.

STEP 6: CONCLUSION



Time: 10 minutes

- » Tell participants that you have come to the end your presentation.
- » Encourage participants to share the information from this meeting with their neighbors, friends and family members who have not been able to attend. Emphasize that participants should invite only members seriously interested in participating in a VSLA group.
- » Propose and, if possible, set a date for the Preliminary Meeting before closing this meeting.
- » Distribute VSLA group sign-up sheet (Annex 2) for interested members to use to form a group.

Pause and ask if there are questions. Answer any outstanding questions and thank all participants for attending the meeting.

The following section is only applicable in programs that are using the Community Volunteer Model. (Refer to the EA\$E Implementation Manual, Chapter 2, for details about staffing structures.)

In programs where the VSLA training will be conducted through a community volunteer, the economic empowerment officer will work with meeting participants to identify potential candidates for the position. Nominees will be invited to a one-day workshop where participants will undergo a transparent selection process.

STEP 7: COMMUNITY VOLUNTEER IDENTIFICATION



Time: 15 minutes

- » To ensure sustainability of VSLA activities, explain that the training of VSLA groups will be conducted by community volunteers.
- » Community volunteers are members of the community trained by the organization to become VSLA facilitators in the community.
- » Community volunteers will not be paid.

2 PREPARATORY PHASE: COMMUNITY MOBILIZATION

- » The role of a community volunteer is to:
 - Train VSLA groups in the community.
 - Attend trainings regularly.
 - Monitor VSLA groups and provide regular progress reports to the implementing organization.
 - Help VSLA members resolve problems.

STEP 8: NOMINATION OF COMMUNITY VOLUNTEERS



Time: 15 minutes

- » The desired qualities of a community volunteer include:
 - Ability to read and write
 - Ability to do basic math
 - Reliability and trustworthiness
 - Availability (several hours every week for VSLA activities)

Note: It's preferable that community volunteers have experience working with groups and are not in a position of authority in the community where they will work.

- » After explaining the role and qualities of a community volunteer, ask community members to nominate a few people in their community whom they feel would be eligible for the role. Encourage community members to think of women they can nominate. It's preferable to have at least 50 percent female nominees.
- » Write down the names and contact information for the nominees. Explain that the organization will be contacting these nominees for a one-day workshop where nominees will undergo a transparent interview and selection process.
- » Thank participants and conclude the meeting as explained in "Step 6: Conclusion" above.

NOTES FOR THE FACILITATOR

- » Avoid a detailed presentation of VSLAs. Stick to the basics.
- » Encourage questions and make time to provide clarifications.
- » Be energetic and demonstrate excitement about the project. People will feed off your enthusiasm.

FREQUENTLY ASKED QUESTIONS

The following are questions frequently asked during mobilization meetings. It is important to prepare answers to these and others that you anticipate.

This community is very poor—how do you expect people to be able to save?

Refer to pg. 26.

Are you giving us a loan or grant?

Refer to pg. 26

What are the benefits of forming a VSLA?

VSLAs help people by providing a way for them to save money to meet goals and to borrow money to meet needs and improve income.

What is the amount we have to save at each meeting?

The members of the VSLA decide the amount to save at each meeting. Members can save different amounts at each meeting.

What happens to a member's savings if she wants to leave the group?

When a member decides to leave the group at the end of a cycle, she is given her savings and her share of the interest earnings. When a member has a situation that forces her to leave the group in the middle of a cycle, she gets her savings back in full.

Who decides whether a member gets a loan?

The group discusses each loan request and decides together whether to approve it. If the available funds are less than the demand for loans, the group also decides which loans have highest priority.

What is the maximum amount a member can borrow?

The group decides the maximum loan amount. Normally, groups allow a member to borrow no more than three times the amount the member has saved.

What is the rate of interest that we must pay on a loan?

The group decides the service fee (interest rate) on loans.

How many groups will you work with? How will you select groups?

We would like to form as many groups as warranted by community interest, but if that interest exceeds our capacity right now, we will randomly select the groups to be trained in the first year of the program and enlarge our efforts the next year accordingly.

2 PREPARATORY PHASE: COMMUNITY MOBILIZATION

PRELIMINARY MEETING WITH POTENTIAL GROUPS

SESSION OBJECTIVES

By the end of the meeting:

- » The participants will have a detailed understanding of the methodology.
- » The participants will decide if they want to form a VSLA.
- » Community workers will schedule a meeting for collecting group lists and conducting a public lottery.



Time: 1.5 hours

ADVANCE PREPARATION

- » Prepare meeting agenda.
- » Set appointment date and time.

NOTES FOR THE FACILITATOR

The purpose of the meeting is for the community worker to explain his/her presence in the community and what (s)he will be doing. The preliminary meeting is targeted to interested VSLA participants. It is likely to involve several groups that are in the process of finalizing their membership. This meeting can involve two or three groups, but probably not more, because it becomes unmanageable and does not provide the opportunity for everyone's questions to be answered.

MEETING PROCEDURES

STEP 1: INTRODUCTIONS



Time: 15 minutes

- » Quickly introduce yourself.
- » Asks participants to introduce themselves and note which group they belong to, if any. It is possible for pre-established groups to transform themselves into VSLA groups, but it is generally easier working with new groups.
- » Provide a brief overview of your organization's work in the community and elsewhere.

STEP 2: PROGRAM PRESENTATION



Time: 20 minutes

- » Present the new VSLA intervention. Explain that the program seeks to build the capacity of community groups to be able to mobilize savings for the purpose of:
 - Increasing household financial security.
 - Providing the opportunity for members to access loans for investment and other needs.
 - Creating a social fund to help members during an emergency.
- » Ask participants what they already know about VSLA and how it works. Facilitate a discussion and give participants a chance to express themselves freely. This is a good opportunity for you to see if there are any misunderstandings and to take the time to clarify them.
 - Summarize the discussion by stating that:
 - A VSLA is group of 15 to 25 members who save their money in a common fund.
 - Each group decides the minimum and maximum amount of weekly savings.
 - Each member can to buy one to five shares each week.
 - Members do not need to save the same amount each week (buy the same number of shares), or save the same amount as each other.

2 PREPARATORY PHASE: COMMUNITY MOBILIZATION

- Savings are used for loans, which are paid back with a predetermined service fee (or interest charge) intended to grow the fund over time.
- Members also contribute a smaller amount to a social fund to be used for emergencies.
- All of the association's cash is kept in a box with three locks that can only be opened in meetings when all key holders and at least two-thirds of the members are present.
- All transactions take place in meetings in front of all of the members.
- VSLA members are trained to manage their activities over a cycle of nine months to one year.
- An association is managed by its members and makes all its own decisions.
- Members are self-selected, which means they choose who can participate in their group. Neither community leaders nor the implementing organization have the right to designate members of the group. It is important that members select:
 - People who are honest, trustworthy and dependable.
 - People able to attend weekly meetings and participate in weekly savings.
 - People who live in the same community or village.
- Every association has a management committee, which is changed once a year through elections.

Pause and ask for questions; clarify any misunderstandings.

STEP 3: EXPLAIN THE BENEFITS OF VSLA



Time: 15 minutes

Explain that the benefits of VSLA are as follows:

- » VSLAs provide members with the opportunity to save and borrow flexibly.
- » Members earn attractive profits on their savings—on average 30 to 40 percent returns.
- » Unlike banks or MFIs, VSLAs do not have a minimum deposit requirement, hidden charges or complicated loan procedures.
- » VSLAs can assist members in case of death, illness, other unfortunate events, or happy events such as marriages, births, etc.

STEP 4: PROJECT TIME FRAME



Time: 10 minutes

Provide a quick overview of the project time frame:

- » A VSLA cycle lasts nine to 12 months.
- » The organization will provide training to build the group's capacity to manage their activities.
- » Training will be provided on:
 - holding an election;
 - writing a constitution;
 - depositing savings and granting loans;
 - keeping records (both oral and written),
- » At the end of the cycle, VSLAs will share-out their fund proportionally to their savings and start over again if members so choose.

STEP 5: NEXT STEPS FOR POTENTIAL MEMBERS



Time: 10 minutes

- » Explain that all members are expected to participate in weekly meetings and save a minimum of one share per week.
- » All members are expected to arrive on time. Late and missing members must pay a fine.
- » Groups will be made up of 15 to 25 members. Members should be:
 - honest, trustworthy and dependable;
 - able to attend weekly meetings and participate in weekly savings
 - live in the same community or village.
- » Groups need to designate a time, date and place for weekly meetings. Meetings can be at a local mosque or church, school or other public building, at the home of a member of the group, or even under a tree that provides some privacy. The important thing is that the location be big enough for all the members to be seated comfortably and that it provides some protection from the elements. It is the custom for members to bring mats and, when possible, a small table and some chairs or benches.

At this point, pause to make sure that every participant understands the commitment needed to successfully participate in a VSLA. Before moving forward, everyone should consider if they and all other potential members meet the above mentioned criteria.

2 PREPARATORY PHASE: COMMUNITY MOBILIZATION

STEP 6: THE ROLE OF COMMUNITY WORKERS



Time: 10 minutes

Note: For programs using the community volunteer model, the economic empowerment officer should talk here about the roles of the organization and the community volunteer.

- » Explain that the community worker is a trainer whose primary goal is to teach VSLA members to manage their activities and become a functioning independent group.
- » Emphasize that the community worker never manages the activities of the association and never touches the association's money.
- » The community worker will provide a VSLA toolkit sponsored by the organization for safe-keeping the groups' funds.
- » The organization WILL NOT provide start-up grants or funding. Only groups that demonstrate the capacity to save a small amount on their own will be trained by the program.
- » Pause to ask participants if they have questions or would like clarification.

STEP 7: CONCLUSION AND NEXT STEPS



Time: 10 minutes

- » Tell participants it is almost time to conclude the meeting, and that you have enjoyed spending time with them and hope to be working with them soon.
- » Tell participants that they should prepare for the next steps:
 - Participants should think carefully about the responsibilities incumbent upon VSLA members, their own capacity to function in an association, and the capacities of others who intended to register to join the group.
 - Participants who decide to join a group must register their names on the VSLA sign-up provided at the end of the meeting. Refer to Annex 2 for a sample sign-up sheet.
- » Propose a time and date for the next meeting to collect the list and meet with all the groups that have been formed.

Pause for questions. Answer any outstanding questions and thank all participants for attending the meeting.

FREQUENTLY ASKED QUESTIONS

The following are questions frequently asked during mobilization meetings. It is important to prepare answers to these and others that you anticipate.

Why should we join a savings association?

The purpose of a VSLA is to provide a safe and reliable place for individuals to save—and to earn a profit on those savings. VLSA loans help members to meet household and small business expenses without approaching a moneylender or a MFI. The amount of investment is small, but a VSLA loan can solve immediate problems.

We can save on our own, or we can form our own savings group—why should we join a VSLA?

(1)The VSLA system uses a cash box and is a safer place for savings than a cupboard at home or under a mattress. (2) The VSLA passbook-based recordkeeping prevents quarrelling and unfair treatment from literate members. (3)VSLAs have a social fund to offer members mutual support and a form of self-insurance. (4) VSLAs have regular democratic elections.

NOTES FOR THE FACILITATOR

1. The community worker can conduct this meeting on his/her own; there is no need to go in pairs as in previous meetings.
2. Encourage questions. It is very important that potential VSLA members have a clear understanding of the process and what is required of them to become VSLA members.
3. Be energetic and demonstrate excitement about the project. People will feed off your enthusiasm.



Photo Credit: Elly Perkins

Part Three

INTENSIVE PHASE: TRAINING VSLA GROUPS

This chapter covers the seven modules of a VSLA training program. The first six modules are delivered over the first three months of the intervention. The seventh module, covering share-out of the association's assets, takes place at the end of the cycle. In each section, users will find the training objectives and step-by-step training guide.

Module 1: Groups, leadership and elections

Module 2: Social fund, share-purchase/savings and credit policies

Module 3: Development of association constitution

Module 4: First savings meeting and recordkeeping

Module 5: First loan disbursement and recordkeeping

Module 6: First loan repayment

Module 7: Share-out of funds

3 INTENSIVE PHASE: TRAINING VSLA GROUPS

TRAINING SCHEDULE

MODULE 1.

GROUPS, LEADERSHIP & ELECTIONS

- » Individual Self-Selection
- » Role of General Assembly
- » Roles of Committee Members
- » Preparation for Elections
- » Elections

MODULE 2.

SOCIAL FUND, SAVINGS AND LOANS POLICIES

- » Social fund: policies/rules
- » Savings: policies/rules
- » Loans: policies/rules

MODULE 3.

DEVELOPMENT OF ASSOCIATION CONSTITUTION

- » Association governance
- » Combining Module 2 policies/rules with governance decisions into single constitution

- » All trainings are carried out with one VSLA at a time. In other words, VSLA members from different groups should not be brought together for any of the trainings.
- » Each group will develop its own policies and will require the community worker's full attention.
- » Some modules, especially Modules 2 and 3 may take more than a single meeting. The community worker can adjust the schedule as needed.

MODULE 4.

FIRST SAVINGS MEETING & RECORD KEEPING

- » Supervision of first meeting in which cash is handled
- » Savings
- » Contribution to social fund
- » Record keeping

MODULE 5.

FIRST LOAN DISBURSEMENT MEETING

- » The first disbursement of loans
- » Record keeping

MODULE 6.

FIRST LOAN REPAYMENT MEETING

- » The first repayment of loans
- » Record keeping

MODULE 7.

SHAREOUT AND GRADUATION

Takes place at the end of the cycle, or at points where there is a large excess of unused loan funds available for distribution

MODULE 1: GROUPS, LEADERSHIP AND ELECTIONS



SESSION OBJECTIVES

By the end of the session participants will:

- » Understand the role and authority of the General Assembly.
- » Understand the roles and responsibilities of the various members of the management committee.
- » Elect the management committee.



Time: 2.5 hours



ADVANCE PREPARATION

- » Prepare training plan.
- » Set appointment date and time.
- » Prepare election materials: 25 voting cards/tokens, 4 voting boxes (each with a different color), 4 large cards (matching the voting-box colors).

NOTES TO THE FACILITATOR

This training might take longer than two hours. Some community workers choose to do the training in two parts. In the first part community workers will train groups on the VSLA leadership composition, and the roles and responsibilities of each member of the management committee. In the second part, community workers will help conduct the election. Others prefer to do it in one go even if it takes longer than 2 hours so as to move groups along the training cycle quicker allowing them to start saving sooner.

To avoid member frustration for the meeting taking too long, make sure that during the introduction of your session, you let members know that this session is longer than any others because they will be electing their management committee. You can let the group decide if they want to do the elections separately.

FACILITATION STEPS

STEP 1: INTRODUCTION



Time: 10 minutes

- » Welcome VSLA members to the first training session and see that everyone is seated comfortably.
- » Introduce yourself and your role.
- » Ask participants to introduce themselves and to note where they live.

STEP 2: VERIFY ATTENDANCE AND INTRODUCE THE TOPIC OF THE DAY



Time: 5 minutes

- » Using the list provided by the group, conduct a roll call. Verify that the list is accurate or note any changes in membership since the list was produced.
- » Tell participants you are very happy to be here with them and that you look forward to working with them over the course of the year.
- » Tell participants that today's meeting serves as the group's first training session. During this training, participants will be able to identify and elect key members of the management committee.

Note: If necessary, do a short icebreaker activity to help participants relax.

Transition: Tell participants that before you begin the training, you would like to set up the groups' regular meeting date and time.

STEP 3: SETTING MEETING PARAMETERS



Time: 5 minutes

- » Ask the group to discuss and agree upon a convenient day to hold VSLA meetings.
- » Give the group a few minutes to discuss and select a day. Make sure the process is participatory and that everyone contributes to the discussion.
- » Repeat the same process to select a convenient time for the meeting.
- » Then identify a location for the meetings. Remind participants to think about:
 - the distance of the location from members' residences;
 - the privacy of the proposed location;
 - the availability of a shaded structure if the location is outdoors.

Once the location is selected (it could be the current location), ask participants to confer on seating arrangements. Typically, members will be asked to provide seating mats or chairs and, if possible, a low table to use for share-purchase/savings and loan transactions. For maximum transparency, members should sit in a circle or semicircle.

- » Ask the group to select a member who will be responsible for making sure seating facilities are available at the next meeting. Move on once a person has been nominated.

Transition: Summarize the discussion and confirm the day, time and place of regular VSLA meetings.

STEP 4: TRAINING SCHEDULE



Time: 5 minutes

Take a few minutes to explain the training schedule. Tell participants that the program has seven modules, six of which will be carried out during the next two months. The seventh module will be conducted at the end of the savings cycle. The seven modules are:

- Module 1:** Groups, leadership and elections
- Module 2:** Social fund, share-purchase/savings and credit policies
- Module 3:** Development of association constitution
- Module 4:** First savings meeting and recordkeeping
- Module 5:** First loan disbursement and recordkeeping
- Module 6:** First loan repayment
- Module 7:** Share-out of funds

STEP 5: DEALING WITH LATECOMERS



Time: 5 minutes

- » Tell participants you will now discuss the issue of latecomers.
- » Ask participants why timely attendance to meetings is important. The answers you are looking for is that promptness allows the meetings to start and end on schedule.
- » Ask participants how they can encourage timely attendance. The answer you are looking for is that charging fines can encourage members to come on time. Explain that even community workers must pay fines for arriving late. Tell participants you will discuss fines in more details during the next meeting.

Transition: Now that the group has established the meeting parameters, tell them it is time (if they have not yet done it) to select a name that best represents them.

STEP 6: CHOOSING A GROUP NAME



Time: 5 minutes

- » Tell participants that they will need to choose a name for their group that will distinguish them from others. Ask them to discuss among themselves possibilities for a name.
- » Facilitate a discussion, making sure the process is participatory. If it takes members more than five minutes to choose a name, tell them that they can have until next meeting to make their choice.
- » If they select a name, write it down in your notebook for reference.

Transition: Congratulate them on finding a name for the group. Tell participants that you would now like to spend time reviewing the characteristics of a successful VSLA group.

STEP 7: CHARACTERISTICS OF A SUCCESSFUL GROUP



Time: 10 minutes

It is important to discuss the characteristics a successful group so members think about the composition of their association and make changes if necessary. Note that the group's membership can change until the savings process begins. Once savings begin, members can leave but no one can join until the end of the cycle.

- » Ask the group to recall the qualities they sought in potential members of a VSLA. VSLA members must have:
 - confidence in each other;
 - reputations for honesty;
 - cooperative personalities;
 - the ability to save regularly, even in small amounts;
 - the ability to repay loans reliably.
- » Ask members to suggest other characteristics important for VSLA members. As the suggestions are made, note them down on flipchart paper. Make sure that members understand that VSLA members should be:
 - trustworthy and honest;
 - responsible and mature;
 - cooperative and ameliorative;
 - open to other people's ideas;
 - well-respected in the community;
 - fair and considerate of others;
 - positive and hard working;
 - available for meetings.
- » Remind members that the main VSLA activity is saving. Members need to be prepared and willing to contribute on a weekly basis.
- » Then ask members to think hard about whether they want to carry on with the association. Emphasize that no one will think worse of them if they prefer to withdraw before the next meeting, nor should they feel embarrassed.

Transition: Now that they have discussed the characteristics of a successful group, tell participants that it is time to create the governance structure of the association.

STEP 8: DEFINITION AND ROLE OF THE GENERAL ASSEMBLY



Time: 10 minutes

- » Most associations will have members that belong to other groups and understand governance structures. Ask participants if they have heard the term General Assembly, if so ask them to explain it to the rest of the group.
- » Tell participants that the general assembly is just a formal name for the group. In other words:
 - All members of the association are members of the General Assembly.
 - All participants enjoy the same rights in the association. In voting, the rule of “one person, one vote” applies.
 - All members have the right to be elected to the management committee of the association.
 - The General Assembly elects the management committee.
 - The General Assembly, not the management committee, is responsible for setting the rules and regulations of the association in a written constitution.
 - If the management committee does not do its work well, the general assembly may replace it, or any one of its members, by calling a special meeting, discussing the matter and deciding by voting to make changes.
 - All members have the right to propose an issue for discussion in a meeting. Such discussions take place at the end of the meeting before concluding.
- » You should emphasize that the General Assembly is the most powerful body in the group. It makes the decisions that the management committee executes. In other words, the management committee works for the General Assembly.

Pause and ask participants if they have any questions or concerns. Answer all outstanding questions and move onto the next step.

Transition: Tell participants that you would now like to talk about the role of the management committee.

STEP 9: DEFINITION AND ROLE OF THE MANAGEMENT COMMITTEE



Time: 10 minutes

- » Ask participants to draw upon past experiences to explain the role of the management committee. Facilitate a discussion to arrive at the following answer:
 - A management committee is a team of people responsible for ensuring the proper functioning of the group.
 - The management committee enforces the rules established by the General Assembly and takes responsibility for running meetings and representing the group to outsiders.
- » Once the role of the management committee has been defined, explain to the group what positions need to be filled and what qualities to look for in the people who might be elected to these positions.
- » Read or tell Story No. 1 (page 56) to illustrate the importance of electing a competent management committee and of following a specific set of procedures to conduct a meeting.
- » Once you have reinforced the importance of electing the right people to the right positions, ask participants to name some of the positions that make up a management committee.
- » Applaud members' participation: Most likely, they will have identified chairperson, secretary and treasurer as positions on the management committee. However, in a VSLA:
 - The secretary will be called the Record-keeper
 - The treasurer will be called the box-keeper
- » Tell participants that a VSLA has additional positions:
 - two money counters to verify the amounts that are contributed and issued as loans;
 - three key holders to ensure the security of the contents in the cash box.
- » Do a recap of the positions in a VSLA management committee:
 - 1 chairperson
 - 1 record-keeper
 - 1 box-keeper
 - 2 money counters
 - 3 key holders (one for each of the three keys used to lock the box)

Transition: Now that the group has identified all the positions in the management committee, discuss the responsibilities and qualifications required of each position.

STEP 10: DEFINING QUALITIES AND RESPONSIBILITIES OF THE MANAGEMENT COMMITTEE



Time: 40 minutes

- » Read or tell Story No. 2 on page 57 to illustrate the importance of selecting the right people for the right positions. Emphasize that the group in the story functioned poorly because it had unqualified people whose authority was not properly defined.
- » Ask participants to discuss what they feel are the key responsibilities and necessary qualities of each committee position.
- » Using Figures 4.1–4.5 for reference, make sure members' responses are approximately in line with the following suggestions:

figure 4.1: Chairperson

| QUALITIES | RESPONSIBILITIES |
|--|--|
| <ul style="list-style-type: none"> » Respected » Creative » Trustworthy » Fair » Confident and calm » Attentive » Organized » Punctual » Articulate » Analytical and focused | <ul style="list-style-type: none"> » Calls the meetings to order, announce the agenda and lead discussions. » Ensures that the meetings follow proper procedure and that the constitution is followed and respected. » Maintains discipline and charges fines as needed. » Facilitates discussions and ensures' that everyone's views are considered. » Resolves conflicts. » Represents the association to outsiders and non-members, including local government officials. |

figure 4.2: Record-keeper

| QUALITIES | RESPONSIBILITIES |
|--|--|
| <ul style="list-style-type: none"> » Good with numbers and capable of maintaining the passbooks » Trustworthy » Reliable » Intelligent » Respected and honest » Punctual » (For ledger-based records: possessing basic literacy skills) | <ul style="list-style-type: none"> » Ensures that all financial transactions concerning social fund, share-purchase/savings and lending take place according to procedure. » Makes all passbook entries for shares and loans. » Provides a verbal summary of the financial state of association affairs at every meeting. » Assists the community worker to update his/her records during monitoring visits. |

figure 4.3: Box-keeper

| QUALITIES | RESPONSIBILITIES |
|---|--|
| <ul style="list-style-type: none"> » Trustworthy and of strong character and good reputation » keeps a secure house close to the meeting place » Reliable and responsible » Punctual » (For ledger-based records: Capable of maintaining pass-books and possessing basic literacy skills, if possible) | <ul style="list-style-type: none"> » Keeps the association box in between meetings. » Brings the cash box to and from each meeting. » (For ledger-based records: Assists the record-keeper with passbooks and other record keeping) |

figure 4.4: Money counters

| QUALITIES | RESPONSIBILITIES |
|---|---|
| <ul style="list-style-type: none"> » Numerate » Trustworthy » Calm and organized » Punctual | <ul style="list-style-type: none"> » Verifies all movements of money both in and out of the cash-box. » Counts the money during each cash-box operation » Informs the record-keeper of each transaction. » Assists the record-keeper in resolving any cash discrepancies. |

figure 4.5: Key Holders

| QUALITIES | RESPONSIBILITIES |
|--|---|
| <ul style="list-style-type: none"> » Reliable » Careful and cautious (unlikely to lose the key) » Located close to the meeting place but apart from the other key holders » Punctual | <ul style="list-style-type: none"> » Brings the key to each meeting. » Opens lock-box at the beginning of meeting. » Closes lock-box at the end of the meeting once all material has been placed inside. |

- » Tell the association that the management committee will serve for one cycle, which is not more than one year, after which new elections will be held.

If the process so far has taken too much time, give participants the choice to continue with the election process or to conduct the election during the next meeting.

STEP 11: THE ELECTION PROCESS



Time: 40 minutes

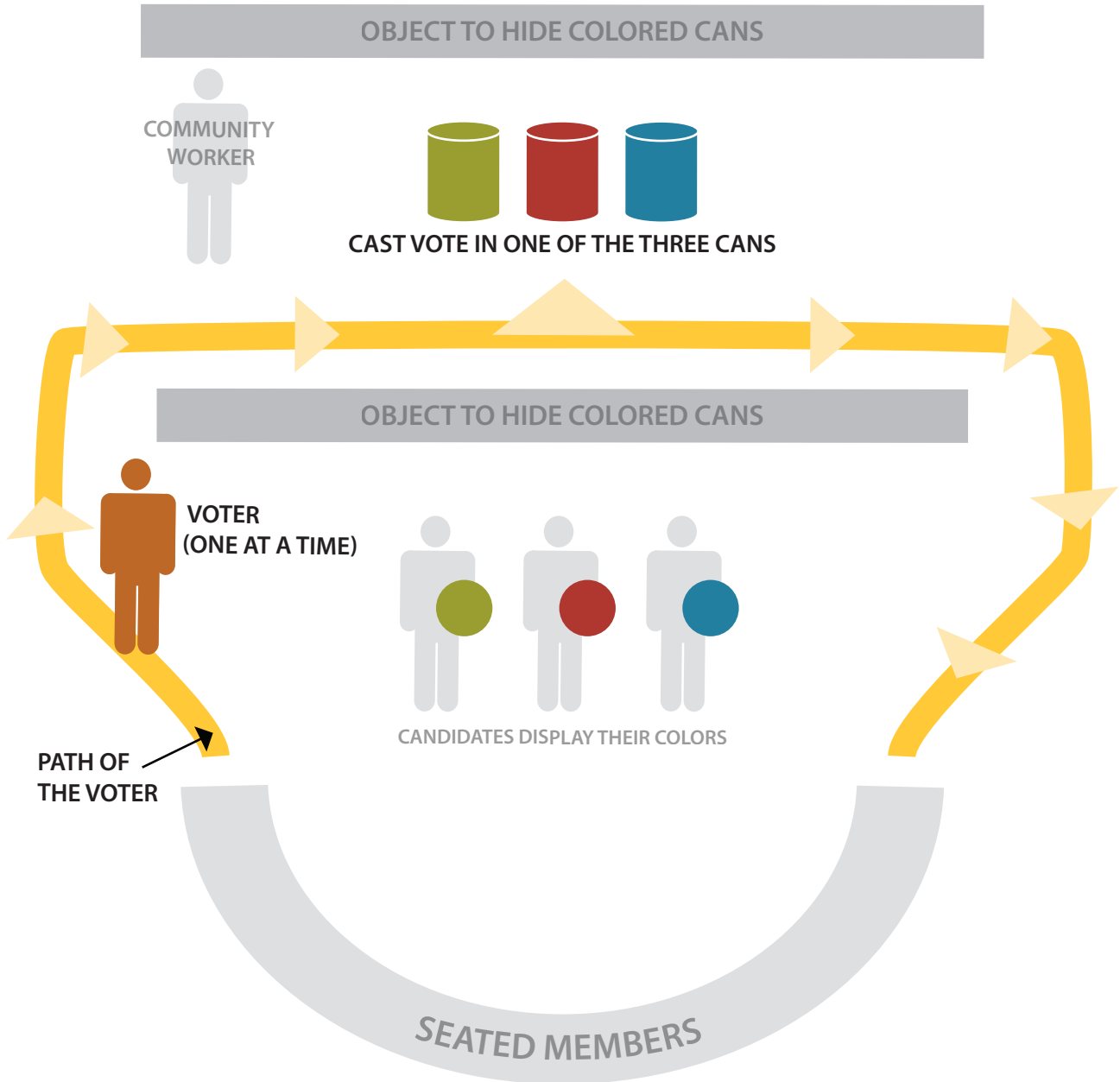
- » Explain the election process to the group. Tell them that the process will be transparent and anonymous.
 - Members will first nominate up to four candidates for the chairperson position.
 - Each candidate will be given a colored card.
 - Colored ballot boxes (or bags) that match the candidates colored cards will be made available in a separate and private area for voters to cast their votes.
 - One by one, voters will go to the area with the colored boxes and place their ballots anonymously.
 - Votes will be counted and winner announced.
 - The process will be repeated until all positions are filled.
 - The key holders can be selected by a show of hands at the end of the elections.

Pause and ask participants if they have any questions about the process. Clarify and answer questions.

- » Tell participants that the process will start with nominations for the chairperson position. Explain that anyone can make a nomination but that the person nominated must accept the honor. If someone does not want to be considered, he or she can refuse to stand for election.
- » In an association with both men and women, the community worker should remind members that at least four members of the management committee should be female, and suggest that at least one female occupy the post of chairperson, record-keeper or box-keeper (rather than simply the money counter or key holder positions).

3 INTENSIVE PHASE

figure 5: Diagram of election procedure



- » At least two people and a maximum of four should be nominated for each position, so that participants have choices. Each position should be filled before the next position is considered.
- » Repeat the process until the positions of record-keeper, box-keeper and money counters have been filled.
- » Facilitate the nomination process with a show of hands for key holder positions.
- » After each position is filled, congratulate the winners and briefly remind them of their roles in the management committee.
- » Remind members that elections will be held at least once a year, usually at the beginning of a new cycle. (If elections are not held, members may feel dominated and manipulated by a few leaders who act like bosses.) By having regular elections, the members of the management committee are reminded that they need to serve their peers if they want to keep their position.

STEP 12: SUMMARY AND CONCLUSION



Time: 5 minutes

- » Summarize the activity of the day. Ask if members have any questions.
- » Thank participants for their undivided attention and for their hard work.
- » Announce the date of the next training meeting, “Development of Policies for Savings, Loans and Social Fund,” and bring the meeting to an end.

STORIES

Note to community workers: The stories help the participants to understand the meeting's topic. However, the purpose of the story is to encourage interaction. Participants must discover the moral of the story, and they themselves must decide which aspects of the story apply to the meeting's topic.

The community workers should make sure that the stories do not contain the names of any of the participants in the association.

STORY NO. 1

In the community of Daraja Mbili, the participants decide to form a VSLA. They feel that because they all know each other they have no reason to elect a management committee. After a few meetings, the members try to speed up meetings and allow people to come and go as they please, so long as money is deposited to the collection bowl. A member of the association volunteers to keep records and they agree that any spare cash will be kept in a safe place by a trusted widow.

At the next meeting, there is disagreement as to how much money has been collected by the association, because the money guarded by the widow does not correspond to the record-keeper's total. When different people try to count the money, the total turns out different. Some members grow angry and start to shout at others, who become upset and leave the meeting. The community leader had to be called to restore order and try and find a solution.

- » What went wrong?
- » How could have the problems in this story been avoided?



KEY MESSAGES

1. It is important to create a competent management committee.
2. It is important for each member to recognize his or her responsibility.
3. It is important to follow a set procedure for meetings.

STORY NO. 2

This is the story of a VSLA in the village of Ugachiku. At the beginning, there are 20 participants, but they soon find themselves with 35 participants and have to divide the Association in two. For the second VSLA, the participants elect as chairperson the daughter of a well-respected local businessman, a very honest, reliable but timid woman. They do this because they did not want to offend her husband, who is a very important person in the village.

The community worker tries to explain that the role of chairperson demands confidence; that he or she must know how to organize and run meetings and how to maintain order and handle conflicts. The Chairperson also needs to represent the association to outsiders and non-members.

After several weeks, the new chairperson grows uncomfortable with her responsibilities and resigns. The participants of the association elect a new chairperson, but they have fallen behind in their savings and loan activities, since the new chairperson must be trained.

» How could this situation have been avoided?



KEY MESSAGE

It is important to elect confident people to key positions on the management committee.

MODULE 2: DEVELOPMENT OF POLICIES AND RULES

SESSION OBJECTIVES

By the end of the training session, VSLA members will:

- » Develop policies to manage the savings process.
- » Develop the terms and conditions for the use of the loan fund.
- » Understand the purpose of a social fund and develop the terms and conditions for the use of the social fund.



Time: 2 hours

ADVANCE PREPARATION

- » Prepare training plan.
- » Print number cards.

FACILITATION STEPS

STEP 1: WELCOME AND REVIEW



Time: 10 minutes

- » Welcome participants to the second VSLA training meeting.
- » Ask for volunteers to remind the group of the key lessons and activities of the previous training. During the previous meeting, VSLA members:
 - Learned that the General Assembly makes all the decisions, and that the management committee executes them.
 - Discussed the qualities and responsibilities of each position in the management committee.
 - Elected the management committee.
- » Ask participants to remind the group of the eight positions that were filled at the previous meeting and who were elected to fill the positions.

- » Ask the chairperson to take her seat at the front of the group, followed by the record-keeper, the box-keeper, the two money counters and the three key holders. If possible seat them behind a low table or stool to emphasize that the management committee is now operational. It also creates an atmosphere of formality and order.
- » Direct a few words of encouragement to the management committee as they prepare to be of service to the group.

Transition: Before forging ahead with the training, tell participants that they should discuss a seating arrangement conducive to a transparent process.

STEP 2: SEATING ARRANGEMENTS



Time: 15 minutes

- » Remind participant that all members in a VSLA group are equal.
- » Ask participants to suggest a seating arrangement that will ensure everyone has equal opportunity to participate in the activities within the VSLA group. The answer you are looking for is a circle or semicircle.
- » Ask participants why it is important for everyone to be able to participate in the activities of the group. The answer you are looking for is that every member of the group has rights and a stake in the group. It is important to sit in such a way that:
 - Everyone feels equal.
 - The activities in the group are transparent.
 - The General Assembly can support the management committee in doing their job by watching and paying attention to all activities.
- » Ask participants to form a semicircle, with the management committee completing the circle.
- » If participants would like to switch places and sit next to other members, they should change their seats at this point. Members will be assigned a permanent position.
- » Once everyone is satisfied with their seating arrangements, hand out numbered cards to each member, starting with the chairperson, continuing to the other members of the management committee, and finally to rest of the members, as illustrated in Figure 6. These numbers are their member numbers. All members should keep their cards and bring them to every meeting.

3 INTENSIVE PHASE

figure 6: Layout of meeting place: association with 16 members



» It is important to maintain the seating position to ensure orderly and efficient savings and lending process as well as to make it is easier for the record-keepers to enter information in members' passbooks. The seating arrangement is fundamental to the oral record-keeping system. Members' seat number will match their passbook numbers. Seating and record-keeping will be covered in detail during Module 4.

Transition: Ask members if they have any questions. Once you have answered all the questions, tell participants it is time to discuss VSLA rules and regulations.

STEP 3: DEALING WITH LATECOMERS

(skip this step if there are no latecomers to the meeting)



Time: 5 minutes

- » Ask participants why timely attendance to meetings is important? The answer you are looking for is that timely arrival keeps the meetings on schedule, allowing members to return to their daily tasks without delay.
 - » Ask participants how can members be incentivised to be on time? The answer you are looking for is putting in place a fine for latecomers will incentivise people to be on time.
 - » Ask participants what they think the fine amount should be. Facilitate a discussion and ensure that participants choose a reasonable fine amount that is not too low or too high.
 - » Explain that the community worker will also pay a fine for arriving late.
-

STEP 4: BASIC SAVINGS CONCEPTS



Time: 10 minutes

- » Ask participants to define or describe savings? Facilitate a discussion and explain that:
 - Savings are assets that people set aside for use in the future
 - Savings can be anything that can be converted to cash quickly when needed to cope with a shortage or emergency. Jewellery, stored grain, cows or other livestock, are all good examples of savings.
- » Ask members why a person might be better off saving in a VSLA rather than individually. The answers should cover the following:
 - The association encourages people to save when otherwise they might spend the money.
 - Savings held by the association are more secure because they are less likely to be lost or stolen, or demanded by members of the household.
 - VSLA members earn an interest on their savings. Savings kept in the home don't earn anything.
- » Ask participants what makes the savings fund grow in a VSLA? The answers you are looking for is:
 - Share-purchase
 - Service charges (on loans)
 - Fines (on members for breaking association rules)

Transition: Thank participants for their active participation. Tell them that they will now establish the rules and regulations that will govern the savings activities

STEP 5: ESTABLISHING THE SAVINGS RULES



Time: 20 minutes

- » Participants must first determine the value of one share.
- » Remind participants that a share is the minimum amount that each VSLA member is required to save at every meeting during the cycle.
- » Once the definition of “share” is clear, ask members to suggest what they believe to be the most appropriate value of one share.
- » Remind members that the value of a share should be an amount everyone in the group can afford to save at every meeting throughout the entire cycle, including periods when members may have very little cash available.
- » Facilitate a discussion to help participants choose a savings value that satisfies everyone. For example, if half the members feel they can save \$0.40 per share and the rest feel that they can save \$0.80 per share, then the group should set its share amount at \$0.40.
- » For those who wanted a higher share value, remind them that they have the option to save up to five shares per meeting. In this case, each member has the opportunity to save \$0.40 or as much as \$2.00. Emphasize that everyone has the right to save different amounts every week as long as it is equal to one to five shares.
- » Ask participants if they all understand and agree with the decision. Tell the members that the value will be indicated in the association’s constitution, which will be developed in the next session. In the meantime, the community worker will make a note of the share value.
- » Ask participants why is it important to limit members to five shares? The answer you are looking for is that:
 - The minimum savings of one share per meeting ensures that everyone is committed to the association and that money is available for loans.
 - The upper limit of five shares prevents certain members from monopolizing the group because they contribute a lot of money.
 - The range of one to five shares gives members flexibility to save an amount they can afford and takes into account the varying cash flow of members over time.
- » Remind members that they must take the obligation to buy shares very seriously and that it will damage the association if some people save irregularly.
- » Facilitate a discussion about the disadvantages of irregular savings and make sure the following points are addressed:
 - The loan fund will not grow as fast and there will be less money for members to borrow.
 - Fewer and smaller loans mean that the members will earn less return on their savings at the end of the cycle.

- » Ask participants what can be done to motivate people to save regularly. Facilitate a discussion and tell participants that the decisions they take will be written down in the constitution next week. For example, groups can decide that:
 - A member who fails to save regularly will be given last priority for loans.
 - A member who fails to save for four consecutive meetings can be expelled from the group unless the person has a reasonable excuse for missing the payments.
- » Summarize all the group's decisions regarding savings activity (i.e., the number of shares that can be saved, the value of one share, the penalty for failing to save regularly, etc.).

Pause to see if participants have any questions or concerns. Once all the questions are answered, move onto the next step to establish the rules and regulations regarding lending practices.

STEP 6: ESTABLISHING THE LENDING RULES



Time: 20 minutes

- » Ask members if anyone has ever received a loan from a bank, from a moneylender, savings group, shopkeeper, family member or friend? What was it like to borrow from such sources? Facilitate a discussion, and draw the commonalities among most loans:
 - All loans have repayment conditions that specify how long it will be before the loan is repaid.
 - All loans specify how it will be repaid, through instalments or in a lump sum.
 - All loans have to be repaid with interest or service charges.
- » In the same way that other lenders set conditions, the group must agree on standards to ensure functionality and avoid favoritism or disagreements regarding loans. Tell them that you will be helping them to determine:
 - The loan period
 - The maximum loan size
 - The service fee
- » Ask members whether the group should consider the purpose of a loan before approving it. Facilitate a discussion to come to a consensus. Various groups may establish various rules, but in general groups tend to approve loans for business activities or for emergencies.
- » Remind groups that it is not always bad to take or approve loans to cover expenses such as school fees.

3 INTENSIVE PHASE

- » Read or tell members Story No. 3 (page 68) to illustrate this point. Loans do not always have to be tied to investments, but can be used for paying expenses when the borrower knows that there will be income to repay the loan at a future date.
- » Regardless of the reason for the loan, the most important is that members should always be capable of repaying it.

LOAN PERIOD

- » Tell participants that they now should decide loan period, or the length or time members will be allowed to borrow money.
- » Facilitate an open discussion then note that VSLA loans are generally given for periods of four weeks during the first cycle. Emphasize that in a VSLA, loans tend to be short term to give everyone a chance to borrow.

MAXIMUM LOAN SIZE

- » To safeguard members from unnecessary risk, explain that in general members **cannot borrow more than three times** their total savings.
- » Ask participants what they think of this rule and how it protects them. Facilitate a discussion and make sure you touch on the following points:
 - Small loans prevent members from borrowing more than they can afford to repay comfortably.
 - In case of a default, small loans keep group risk to a minimum.
 - Small loans prevent unequal distribution of limited funds.
- » Once the group has determined the length and maximum loan size, it is time to discuss service fees.

SERVICE FEES

- » Ask participants why it is important for members to pay service fees on their loans. The following reasons should be noted:
 - Service fees discourage borrowing without a serious need or purpose.
 - Service fees increase the association's assets for lending.
 - Services fees reward members for contributing to the loan fund.
- » Remind participants that fees paid to a VSLA are not the same as interest paid to moneylenders or financial institutions. The interest paid in to a VSLA is the property of the association which they get back at the end of the cycle when the money is shared out.
- » Now that members have discussed the reason for charging interest on loans and the difference between interest charged by a VSLA and a lending institution, the group needs to decide the monthly service charge.

- » Ask members about their past experience with service charges. Ask them how much they think each member who borrows can afford to pay at end of the month.
- » Allow members to deliberate and arrive at a decision. Remind participants that the higher the fee, the faster the fund will grow, and the higher their returns will be at the end of the cycle.
- » As a point of reference, VSLA groups commonly charge a 10 percent service charge. However, some groups charge as high as 20 percent and as little as 5 percent. As much as possible, groups should avoid rates as low as 5 percent to ensure better returns at the end of the cycle. Also keep in mind, a rate of 10 percent is easy to calculate.
- » When the group has decided on a monthly service charge, note it for future reference. The group will incorporate it into its constitution at the next training.
- » Explain again that the association's funds will grow rapidly through borrowing by members, but that members are not obliged to borrow. No one should feel pressured to take out a loan that they do not need.
- » Remind participants that loans are only for members of the group. Warn them that lending to non-members is a dangerous practice because non-members, who have nothing invested in the group, are likely to default on loans.

Pause and ask for questions. Clarify misunderstandings and move on to discuss the social fund.

STEP 7: SOCIAL FUND



Time: 20 minutes

- » Tell participants that VSLAs have a social fund to provide small grants to members who encounter serious problems or who experience joyful life events.
- » Ask members what types of emergencies could be covered by a social fund. Note all the suggestions and facilitate a discussion to narrow the options because funds are limited. Events usually covered by a social fund include:
 - Funerals
 - Births
 - Marriages
 - Major catastrophes (a house fire)
- » Explain that the social fund is treated differently from the loan fund. Every member contributes equal amounts to the social fund, which is kept separate from the loan fund.

3 INTENSIVE PHASE

- » Tell participants the social fund is never used for loans. Ask for a volunteer to explain why this is so. The answer you are looking for is because emergencies cannot be predicted and some money must remain on hand to pay for them when they occur.
- » Tell the group they must now decide an amount for regular contributions to the social fund. It is up to the association to decide upon a suitable contribution.
- » Typically, associations require social fund contributions to be 20 to 40% of the value of a single share. For example, if the value of one share is one dollar, the value of the social contribution will be 20 cents.
- » Facilitate a discussion to help the group select a suitable amount which will be incorporated into the constitution at the next meeting.
- » Members should now return to their list of events tied to the social fund and determine the amount of the grant for each event. They should take into consideration the value of their collective weekly contribution and the frequency at which any given event might occur.
- » Summarize all the decisions about the social fund (the amount of contributions, the amount tied to events that qualify for grants, and so on) as well as the philosophy behind the social fund (members contribute equal amounts, the social fund is always kept separate from other monies, etc.). Reassure participants that the decisions will be written into the constitution.

Pause and ask participants if they have any outstanding questions. Answer each question and move on to the next section

STEP 8: SAFETY OF ASSOCIATION FUNDS



Time: 15 minutes

- » Tell participants that they now need to address an important question regarding the safety of the association's funds. Remind them that the group will be managing significant money from:
 - Share-purchase/savings
 - Fines
 - Loan reimbursement and service-charge earnings
 - Social fund
- » Since the group is self-managed and autonomous, remind them that they are fully responsible for the safety of this money and other assets.

- » Ask participants what safety measures can keep the money safe. Facilitate a discussion and make sure the following points are addressed:
 - A lockable heavy-duty cash box provided by the organization keeps the money safe from the elements (fire) and from theft.
 - The three locks on the cash box ensure that all transactions take place in front of the association.
 - Security is enhanced by members' discretion. It is important that VSLA members refrain from telling non-members the whereabouts for the box. This will help to reduce the risk of robbery.
 - Explain that the cash box will be held by the box-keeper, who will safeguard it between meetings. When the box is locked at the end of the meeting the box-keeper cannot open it because (she or he does not have the keys.
 - During the cycle, most of the savings will be distributed in the form of loans. This means that usually there is little money left in the cash box between meetings. In the off chance that the cash box is stolen, most of the groups assets will be recoverable.

Note: VSLAs must use lockable boxes. Lockable boxes maintain confidence in the system. Associations that do not have lockable cash boxes experience losses (and reduced trust in their leadership, who are often suspected of making private use of the money between meetings). The cash box guarantees that transactions can only be carried out only when all members are present, and that records cannot be altered except with the consent of all members.

STEP 9: SUMMARY AND CONCLUSION



Time: 10 minutes

- » Summarize the key decisions that have been made in the training session.
- » Ask if members have any questions. Clarify any issues or questions.
- » Thank participants for their undivided attention. Announce the date for the next training meeting, the topic of which will be “Development of Association Constitution,” and close the meeting.

STORIES

STORY NO. 3

Jemimah is a member of the Magugu VSLA. She has three bags of rice in storage after harvest. School fees are due and she is thinking of selling her paddy to pay for them. Jemimah is one of the founding members of Magugu. She asks for a loan so that she can pay the school fees without selling her paddy, because it will command a higher price in the near future when planting season arrives. Jemimah is told that she can't have a loan for school fees because it is not productive. She says that she can pay back the loan and the service charge and also points to her rice in storage as collateral.

» Should Jemimah get her loan?



KEY MESSAGE

Non-productive loans can be given out as long as the member has a plan for reimbursing on time.

MODULE 3: DEVELOPMENT OF ASSOCIATION CONSTITUTION



SESSION OBJECTIVES

By the end of the training session, participants will:

- » Develop a constitution that describes how and by whom the association will be governed.
- » Certify rules for governing the savings activities.
- » Certify rules for governing the loan as well as the social fund.



Time: 2 hours



ADVANCE PREPARATION

- » Prepare a training plan.
- » Blank copy of the constitution.

NOTES TO THE FACILITATOR

This is one of the most important parts of the VSLA training. Community workers need to make sure that every member of the VSLA group understands the rules and regulations that make up their groups constitution. The constitution is a binding document that groups can refer to when solving internal problems.

FACILITATION STEPS

STEP 1: WELCOME AND REVIEW



Time: 10 minutes

- » Welcome participants to the third training session. Ask for volunteers to summarize what happened at the previous training.
- » Tell participants that in today's training, members will develop the rules and regulations that will govern their association.

3 INTENSIVE PHASE

- » Ask the chairperson to call the meeting to order and make sure that everyone is seated in the right order during roll call.
- » Introduce the topic of the day.
- » Tell participants that they are about to establish their groups' constitution. Even though you will be guiding them through the process, remind them that the General Assembly (all the members of the group) alone has power to establish the rules that work best for the group.
- » Note that some rules can be modified at a later date if two-thirds of the General Assembly approve.
- » Explain that the constitution will be put in the cash box where it will always be available in the case of misunderstandings. Members can be confident that there is a written record of their decisions that can be consulted.
- » Tell participants that every member will be asked to memorize a rule written in the constitution so that all members, in effect, carry the constitution with them.

STEP 2: ESTABLISHING A CONSTITUTION



Time: 5 minutes

- » Ask for volunteers to explain the notion of a constitution. Members might say:
 - A constitution is a written document that defines the goals and purpose of the a group of people.
 - A constitution prescribes the process and structure of its government.
 - A constitution states its source of authority.
- » Ask for volunteers to explain the purpose of a constitution for a VSLA group. Members should consider that:
 - A constitution covers the policies or rules that relate to the purchase of shares/savings, lending practices and the social fund
 - A constitution outlines how the group will share out its money at the end of the cycle.
 - A constitution will prescribe the structure of the VSLAs' management committee.
- » Ask participants, "Who makes the rules and controls the Association?" It is likely that the participants will say that it is the management committee. The community worker should remind them that the General Assembly makes the rules and is the source of its authority.
- » The management committee can enforce the rules only because the members of the General Assembly have agreed on the rules and the right of the committee to enforce them.

STEP 3: SERVICES VS. GOVERNANCE



Time: 5 minutes

- » Tell participants that you plan to divide the writing of the constitution into two parts. The first section will address the Governance structure. The second section will address the Services offered by a VSLA (such as savings, loans and the social fund).
- » Ask participants the difference between governance and services? Facilitate a discussion and clarify that governance relates to the association's operation. The governance section includes things like:
 - the purpose of the association;
 - membership guidelines;
 - officer election procedures;
 - officer recall procedures;
 - frequency of association meetings;
 - procedures governing the withdrawal or death of members;
 - the imposition of fines.
- » The services section includes things like:
 - how members save;
 - how members borrow;
 - social fund contribution;
 - social fund benefits.
- » Developing the services section of the Constitution will not be difficult because most of this has already been addressed in the previous meeting. However, you should reassure members that the group will discuss all decisions to make sure that everyone is in agreement.

STEP 4: COMPLETING THE CONSTITUTION FRAMEWORK



Time: 90 minutes

- » Tell participants that you have a framework that will help you guide the group through the process of writing a Constitution. Tell them that you will read each part of the constitution and that the group will discuss and decide the rules and regulations they would like to adopt.

3 INTENSIVE PHASE

- » Advise the group that they should not rush through the process because the rules they adopt will need to be obeyed.
- » You should expect this activity to take at least 90 minutes. If the process takes longer, and members seem to lose interest, stop and finish the constitution at the next meeting.

HOW TO USE THE CONSTITUTION FRAMEWORK

- » The framework for a VSLA constitution is a list of questions that the community worker asks VSLA members. Once these questions have been discussed by the members and decisions reached, the constitution can be written in final form and everyone who is able will sign the document, with non-literate members affixing their fingerprints.
- » A blank constitution should be given to the group record-keeper (if literate) to complete as decisions are made. If the record-keeper is not literate, the community worker should fill in the blank constitution as decisions are made.
- » Where no flexibility is advised an italicized statement is prefilled in the Constitution. Where flexibility exists the facilitator will ask the relevant question and reached decisions will be written into the Constitution.
- » The constitution framework follows below, and the blank constitution template is included in Annex 3.

STEP 5: SUMMARY AND CONCLUSION



Time: 20 minutes

- » Summarize the key decisions that have been made in the training session.
- » Ask if members have any questions. Clarify any outstanding issues or questions.
- » If most of the group members are non-literate, assign each member one rule from the constitution for them to memorize. Some members may need to memorize more than one rule.
- » Thank participants for their undivided attention. Announce the date for the next training meeting, the topic of which will be “First Share Purchase/Savings Meeting.” Also at the next meeting, the group will receive their VSLA kit.
- » Remind participants that they must bring their first savings share (or shares) and social fund contribution to the following meeting and that no new members can join after this meeting.

NOTE TO THE FACILITATOR

If the group will be using the ledger-based record system, the community workers should plan to meet with the record-keeper, the box-keeper and any other member who is interested before the next meeting for an initial training on written record-keeping.

CONSTITUTION FRAMEWORK

HOW THE ASSOCIATION WILL GOVERN ITSELF

I. BASIC INFORMATION ON THE ASSOCIATION

- Name of the association?
- Address of the association?
- Date the association was formed?
- Date of registration, if any?

II. OBJECTIVE OF THE ASSOCIATION

- The purpose of the association is to be an independent, profitable provider of financial services to its members.
- The association will provide saving, loan and insurance services to its members.

III. RELATIONSHIP TO EXTERNAL SOURCES OF FINANCIAL SERVICES

- The association will not borrow from financial institutions during the first cycle of savings and lending. If it does so in subsequent cycles, it will follow these principles:
 - The association must be the borrower and not individual members.
 - The association will not allow the lender access to information on individual loans.
 - Members' savings cannot be used as collateral for an external loan.
 - Any borrowing by the association must not exceed the total value of all members' paid-up shares.

IV. WHO MAY BE A MEMBER OF THE ASSOCIATION?

- Age limit?
- Gender restrictions?
- Residency requirements?
- Other common circumstances?

V. COMPOSITION OF THE MANAGEMENT COMMITTEE

- Chairperson?
- Record-keeper?
- Box-keeper?
- Money counters (two)?
- Key holders (three)?

VI. ELECTION PROCEDURES

- How many terms can one person serve on the management committee?
- Elections must be held at the start of each new cycle.
- What is the minimum number of members who must be present to hold an election?
- The election procedure will use a system that allows everyone's vote to be secret.
- The minimum number of people that must stand for each position is two.
- A candidate for election to a post must be proposed for office by another member.

VII. REMOVAL OF COMMITTEE MEMBERS FROM THEIR POSITION BETWEEN ELECTIONS

- Any member of the General Assembly can request a review of a member's suitability to sit on the management committee. If a majority of the members decide that the person should be removed from the management committee, the member must step down and another member be elected to the same position.

VIII. MEETING

- The association will meet every week to mobilize savings and disburse loans.
- The cycle of meetings will continue for a maximum of 52 weeks before the association shares out its assets

IX. MEMBERS LEAVING THE ASSOCIATION

- If a member leaves the association because he or she has no alternative (such as moving out of the area) how will the association calculate how much he or she be paid?
- If a person leaves the association before the end of the cycle for no legitimate reason, how will the association calculate how much he or she be paid?
- If a person is expelled for failing to make regular share-purchase/savings deposits, how will the association calculate how much he or she be paid
- If a person is expelled for failing to repay a loan, how will the association calculate how much she or he be paid?

X. EXPULSION FROM THE ASSOCIATION

- For what reasons should a person be expelled from the association?

XI. DEATH OF A MEMBER

- If a member dies how will the association calculate how much money should be given to his or her heirs/survivors?

XII. FINES

- The following table lists the fines that can be charged for offences committed by members.

| OFFENCE | AMOUNT |
|---|--------|
| Non-attendance at a meeting for personal reasons | |
| Lateness to meetings | |
| Failure to memorize association rule | |
| Chatting through proceedings | |
| Showing disrespect to a fellow member | |
| Failure to remember decisions and activities of the preceding meeting | |
| Failure of a management committee person to perform his or her duties | |

XIII. AMENDMENTS TO THE CONSTITUTION

- Two-thirds of members must agree before the constitution can be altered.
- Any member of the General Assembly can propose a change to the constitution.

SERVICES OFFERED BY THE ASSOCIATION

I. SAVING

- Members may buy – one to five shares each meeting.
- What will be the value of a share?
- Members may contribute an equal agreed-upon amount at the start of every future cycle to speed up growth of the loan portfolio. The amount can be more than five shares if all members agree.

II. LENDING

- Only members are eligible to borrow.
- The maximum amount a member can borrow is three times the value of her shares.
- The maximum length of a loan term is four weeks during the first cycle.
- A member must repay a loan before she or he can take out another.

- What service-charge rate will be applied every four weeks?
- What will happen if a member does not repay a loan?
- When should the association consider a loan in default and begin recovery action against the defaulter?
- If a borrower dies, the loan need not be repaid.

III. SOCIAL FUND

- What will be the contribution to the social fund?
- How often will contributions be made to the social fund?
- For what types of emergencies will the social fund offer benefits?
- What will be the benefits for the death of a spouse?
- What will be the benefits for the death of a child?
- What will be the benefits for the death of a parent?
- What will be the benefit for a member whose house or workplace is accidentally destroyed?
- What will be the benefit for sickness of a family member?

N.B. Each group will develop a list of benefits from the social fund that participants think are most important. The suggested list above may need modification.

MODULE 4: FIRST SHARE PURCHASE/ SAVINGS MEETING



SESSION OBJECTIVES

By the end of the training meeting, all members will:

- » Understand how the share purchase process works.
- » Buy shares for the first time.
- » Contribute to the social fund for the first time.



Time: 2 hours



ADVANCE PREPARATION

- » Prepare training plan
- » flip-chart paper
- » Markers
- » Printout of passbook savings page (some blank, some pre-filled)

NOTES TO THE FACILITATOR

Module 4 is a hands-on training where VSLA groups learn how to conduct the share purchase meeting by going through the process itself. Community workers will guide and mentor the groups and explain the role of each member of the management committee and the general assembly every step of the way.

FACILITATION STEPS

STEP 1: WELCOME AND REVIEW



Time: 10 minutes

- » Welcome participant to the fourth training session. Ask the chairperson to open the meeting, making sure that everyone is correctly seated during roll call.
- » Ask for a volunteer to summarize the activities from Module 3 training.
- » Ask each person to recall a rule from the constitution. Tell participants that they will not have to recite the rules of the constitution at every meeting, only until members feel confident that they know the contents of the constitution.
- » Tell participants that this is a special module because participants will learn how to manage a savings meeting and buy shares for the first time
- » Tell them that you will start the session by giving the association their VSLA toolkit

STEP 2: DELIVERING THE KIT



Time: 10 minutes

- » Deliver the cash box and keys to the chairperson. Ask the chairperson to give the box to the box-keeper and the keys to the key holders, who are then invited to open the box.
- » Ask the record-keeper to show members the content of the box, which includes:

| | | |
|---|--|---|
| <ul style="list-style-type: none"> • Lockable cash box • 3 good-quality padlocks, each with two keys • 1 central register (or ledger if using written record-keeping) • 25 passbooks • 25 numbered cards (already handed out to members) | <ul style="list-style-type: none"> • Rubber stamp • Ink pad • Ruler • Two ballpoint pens: one black or blue, the other red. • Liquid paper correction fluid • Calculator | <ul style="list-style-type: none"> • 2 plastic bowls (one for fines, and one for managing the social fund, share-purchase/savings and loan repayments) • 2 fabric money bags (one for the social fund, one for the savings/loan fund) |
|---|--|---|
- » Ask participants to recall the role of the box-keeper: The box-keeper brings carry the cash box to every VSLA meeting; however, everyone in the group is responsible for its safety.
- » Remind the group that your organization is not responsible for the cash box and will not replace lost or stolen boxes, nor any of the materials or money inside.

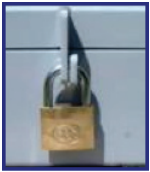
3 INTENSIVE PHASE

STEP 3: SECURITY OF THE CASH BOX



Time: 15 minutes

- » Tell participants that you would like to review a few security measures. Ask members what can they do to ensure the security of the cash box during transport to and from meetings? You can suggest two things:
 - The group can increase the security of the box by having one or two members of the group escort the box-keeper to and from the meetings.
 - Camouflage the box in a basket or wrap it with large piece of cloth (or gari).
 - Minimize the distance that the cash box needs to be transported. If there is enough space, the meetings can even take place at the box-keeper's house.
- » Ask what roles key holders play in the security of the cash box. The answers you are looking for are:
 - Key holders must keep their keys in a secure place.
 - Key holders must never let anyone else have their keys.
 - A key holder must send her key to the meetings with another member if, for any reason, she is unable to attend.
- » Ask the chairperson to bring the copy of the constitution and place it in the box for safe-keeping. Ask members, one by one, about the rules that they were each asked to memorize.



STEP 4: TAKING ATTENDANCE



Time: 15 minutes

- » Once the box and keys are handed over to the management committee, explain to the group that, from now on, the management committee has full responsibility for running the meetings.
- » Ask the record-keeper to take out the central register. Tell participants that in addition to the individual passbooks, records are maintained in a single book, which is prepared using a ruler and ballpoint pen—no special printing is needed. The book is divided into the following sections (see Figure 7):
 - Attendance Register
 - Savings Ledger
 - Loan Ledger (optional)
 - Social Fund Ledger
 - Summary

figure 7: Typical Record-keeping Book

| | |
|--|-------------|
| NAME OF ASSOCIATION _____ | ATTENDANCE |
| ADDRESS _____ _____ _____ | SAVINGS |
| | LOANS |
| CHAIRPERSON _____ | SOCIAL FUND |
| SECRETARY _____ | |
| TREASURER _____ | SUMMARY |
| YEAR _____ | NOTES |

The tabs on the right are designed to facilitate easy access to the different sections. The number of pages needed for each section will depend on how long the record book is intended to last and on how frequently the Association meets. The following is a rough guide.

- » Attendance Register 5 pages
- » Savings Ledger 10 pages
- » Loan Ledger 15 pages
- » Social Fund Ledger 10 pages
- » Cash Summary 10 pages
- » Notes 10 Pages

3 INTENSIVE PHASE

- » Briefly explain:
 - The attendance register will help track member attendance.
 - The Savings Register will help track the savings made by each individual at each meeting.
 - The Loan Register will track all the loans made to the group to date.
 - The Social Fund Ledger will track the amounts contributed to the social fund by each individual. Missed payments are brought to the following meeting and recorded accordingly. Tell participants that you will cover the social fund record-keeping after the savings activity.
- » Pause to answer questions. Then ask the record-keeper to open the register to the attendance page.
- » Tell participants that taking attendance is the first thing the record-keeper should do: If a member is present, the record-keeper marks the box with a √ (check mark); if absent, with an X. At the end of the meeting, the record-keeper should record the total number of members present at the meeting.
- » Ask the record-keeper to call members by their numbers and register their names and numbers on the cover of their passbooks, along with the name and number of the group as demonstrated in Figure 9. Once registered, the record-keeper should give all members their passbooks.

figure 8: The Attendance Record

| NO. | MEMBER NAME | 1/3/2012 | 1/10/12 | 1/17/12 | 1/24/12 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|-----|-----------------|----------|---------|---------|---------|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|
| 1 | Salem Asfaw | ✓ | ✓ | ✓ | ✓ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2 | Ferida Yohanes | ✓ | ✓ | ✓ | ✓ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 3 | Aster Alemayehu | ✓ | ✓ | ✓ | ✓ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 4 | Bisunesh Haile | ✓ | ✓ | X | ✓ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 5 | Hewan Ayehu | ✓ | ✓ | ✓ | ✓ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 6 | Yeshi Buna | ✓ | ✓ | ✓ | ✓ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 7 | Abebech Yilma | ✓ | X | ✓ | ✓ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 8 | Kidist Nat | ✓ | X | ✓ | ✓ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 9 | Meron Kassa | ✓ | ✓ | ✓ | ✓ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 10 | Fitsum Meta | ✓ | ✓ | ✓ | ✓ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 11 | Melanesh Anchi | ✓ | ✓ | ✓ | X | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 12 | Hulun Semahu | ✓ | ✓ | ✓ | ✓ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 13 | Fassika Zemen | ✓ | ✓ | ✓ | ✓ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 14 | Addie Petros | ✓ | ✓ | ✓ | ✓ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 15 | Hawa Dima | ✓ | ✓ | ✓ | ✓ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 16 | Iman Abdela | ✓ | ✓ | X | ✓ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 17 | Zeleka Chota | ✓ | ✓ | ✓ | ✓ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 18 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 19 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 20 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 21 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 22 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 23 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 24 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 25 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Total | 17 | 15 | 15 | 16 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

Note: Since today is the first official meeting, the record-keeper will have to register members' names with seat numbers before taking attendance.

STEP 5: PASSBOOK-BASED RECORDKEEPING



Time: 15 minutes

- » Verify once more that everyone on the management committee (especially the money counters) is able to count properly.
- » Ask the group what comprises the group's wealth. The answer you are seeking is:
 - the cash in the box;
 - loans owed by members;
 - any property owned by the association.
- » Explain that there are several ways that the group can keep track of its assets. The first is by using individual member passbooks. Members' savings and loans will be recorded in their passbooks. The second is through the memory recordkeeping process (which will be explained shortly) and the third is through a central register.
- » Ask what members need to know regarding their own financial situations within the association. The answer you are looking for is that:
 - Members need to know how much money they have saved.
 - Members need to know how much money they owe in unpaid loans.
 - Members need to know how much money they must contribute to the social fund.
- » Explain that information about each person's share and loan amounts is written in individual passbooks.
- » Distribute a passbook to each participant.
- » Ask each member to look at his or her passbook. Explain how the front half of the books tracks each member's shares and the back half tracks each member's loans.

figure 9: Passbook Cover



3 INTENSIVE PHASE

- » While the record-keeper is primarily responsible for registering the information in the central register and passbooks, every member should pay attention and help the record-keeper keep the information accurate.
- » Tell participants that you are now going to show them how information is tracked and recorded in the passbooks.
- » Ask participants what the group decided as the value of one share (this is the value that was decided at the second training and entered in the constitution during the third training).
- » Then ask members how many shares they are able to purchase. The answer you are looking for is one to five shares.
- » Ask participants, “If a member buys two shares at the first meeting, how many does that same person have to buy at the second meeting?” The answer you are looking for is one to five. If a member buys two shares at the first meeting, she does not have to continue buying the same number of shares throughout the entire cycle.
- » Reiterate that individual members are able to save different amounts, and each member will be able to save different amounts at each meeting. For example, if the amount of one share is the equivalent of \$0.10, then each member can save \$0.10, \$0.20, \$0.30, \$0.40 or \$0.50 at each meeting.
- » Take out the prepared flip chart that shows the savings page of a passbook. Use a few examples to demonstrate how share purchases are recorded. See Figure 10 for details.
- » Ask if there are any questions. Clarify and move onto the next exercise.
- » Ask members to get into groups of two to three. Hand each group copies of a pre-filled passbook savings page with different sets of information.
- » Ask participants to discuss the information contained on their sheet and prepare a presentation for the entire group. They need to explain:
 - the value of one share
 - the number of shares bought
 - the number of weeks savings meeting have taken place
 - the total value of savings

figure 10: Passbook with 16 shares stamped in

| SAMPLE PASSBOOK | | SAVING PAGE | | | |
|-----------------------------------|---------------------------|-------------|---|---|---|
| Single Share Value \$.10 _____ | | | | | |
| Cycle 1 _____ | | | | | |
| MEETING NO. | SHARES BOUGHT PER MEETING | | | | |
| 1 | ★ | / | / | / | / |
| 2 | ★ | ★ | ★ | / | / |
| 3 | ★ | ★ | / | / | / |
| 4 | / | / | / | / | / |
| 5 | ★ | ★ | ★ | ★ | ★ |
| 6 | ★ | / | / | / | / |
| 7 | ★ | / | / | / | / |
| 8 | ★ | ★ | ★ | ★ | / |
| STARTING NO. OF SHARES | | | | | |
| NO. OF SHARES BOUGHT THIS PERIOD | | | | | |
| TOTAL SHARES AT THE END OF PERIOD | | | | | |

3 INTENSIVE PHASE

- » Once the activity is completed, tell participants that as members make their contributions, the record-keeper will stamp the correct number of shares in their passbooks, making sure that each member watches and confirms that the amount is correct.
- » Now give the record-keeper a blank passbook savings sheet to practice the savings entry. Provide a few scenarios and allow the record-keeper to enter the information.
- » **Remind the record-keeper that empty spaces are then crossed out on each line to prevent fraudulent entry of shares at a later date.**
- » Tell participants that the procedures for taking loans and repaying loans will be covered in future meetings.
- » If this is a literate group that is using the ledger-based record-keeping, proceed to Step 6 if not skip to Step 7.

STEP 6: LEDGER-BASED RECORD-KEEPING



Time: 20 minutes

- » Tell participants that you will show the group and the management committee how to record information in the savings section of the group ledger.
- » Open the ledger to the savings section and show members what it looks like (see figure 11).
- » Tell participants that the Savings Register will help track the savings made by each individual at each meeting.
- » Explain that the record-keeper will enter the amount saved by each member next to the name. Once the savings activity is completed, the record-keeper will calculate the sum of all the savings and enter the total at the bottom of the page.
- » Make sure you proceed slowly to ensure that the record-keeper understands the process.
- » Pause to see if participants have any questions. Begin the savings activity once all the questions are answered.

figure 11: The Savings Ledger

| NO. | MEMBER NAME | 1/3/2012 | 1/10/12 | 1/17/12 | 1/24/12 | | | | | | | | |
|-------------------------|----------------|-------------|----------------|----------------|----------------|--|--|--|--|--|--|--|--|
| 1 | Salem Asfaw | 200 | 200 | 200 | 200 | | | | | | | | |
| 2 | Ferida Yohanes | 200 | 200 | 200 | 200 | | | | | | | | |
| 3 | Aster Alemayhu | 600 | 200 | 200 | 200 | | | | | | | | |
| 4 | Bisunesh Haile | 200 | 400 | 200 | 400 | | | | | | | | |
| 5 | Hewan Ayehu | 200 | 800 | 200 | 200 | | | | | | | | |
| 6 | Yeshi Buna | 200 | 200 | 200 | 200 | | | | | | | | |
| 7 | Abebeesh Yilma | 200 | 200 | 200 | 200 | | | | | | | | |
| 8 | Kidist Nat | 400 | 200 | 600 | 200 | | | | | | | | |
| 9 | Meron Kassa | 200 | 200 | 200 | 600 | | | | | | | | |
| 10 | Fitsum Meta | 200 | 200 | 200 | 200 | | | | | | | | |
| 11 | Melanesh Anchi | 200 | 200 | 200 | 200 | | | | | | | | |
| 12 | Hulun Semahu | 200 | 400 | 400 | 200 | | | | | | | | |
| 13 | Fassika Zemen | 1000 | 200 | 200 | 200 | | | | | | | | |
| 14 | Addis Petros | 200 | 200 | 200 | 200 | | | | | | | | |
| 15 | Hawa Dima | 200 | 200 | 200 | 400 | | | | | | | | |
| 16 | Iman Abdela | 200 | 200 | 200 | 600 | | | | | | | | |
| 17 | Zeleka Chola | 200 | 200 | 200 | 200 | | | | | | | | |
| 18 | | | | | | | | | | | | | |
| 19 | | | | | | | | | | | | | |
| 20 | | | | | | | | | | | | | |
| 21 | | | | | | | | | | | | | |
| 22 | | | | | | | | | | | | | |
| 23 | | | | | | | | | | | | | |
| 24 | | | | | | | | | | | | | |
| 25 | | | | | | | | | | | | | |
| Total this Week | | 4800 | 4000 | 3800 | 4400 | | | | | | | | |
| Cumulative Total | | 4800 | 8800 | 12600 | 17000 | | | | | | | | |

Total this Week

Cumulative Total

Tell the members the time has now come for them to make their first share purchase.

STEP 7: MANAGING A SHARE-PURCHASE/ SAVINGS MEETING



Time: 30 minutes

- » Tell participants that the group will only contribute to the savings and social funds at this meeting. The group will be trained on the loans process the following week, and members will have the option of taking out loans provided there is enough capital available.
- » Use figure 14 at the end of the chapter to guide the group through the savings meeting. At each step explain what the role of each member of the management committee will be.
- » Remind the group that the roles of the chairperson, record-keeper, box-keeper and money counters are as follows:
 - The chairperson maintains order, levies fines and announces each step of the meeting as it moves from one procedure to another.
 - The record-keeper is responsible for recording the financial transactions that occur during the meeting—at this point only those related to the social fund and share purchase/savings, but in the future loan repayments and disbursements as well. The record-keeper is also responsible for passbook entries and for announcing balances at the end of the meeting.
 - The box-keeper is responsible for the security of the cash box between meetings. In the ledger-based record-keeping system, the box-keeper helps the record-keeper maintain passbook records.
 - The money counters handle and count the money. The record-keeper should not touch the money.

Provide a few words of encouragement to the management committee and thank them for the work they will be doing. Tell them that they need not worry about making mistakes because you will be there to help until they are comfortable with all the procedures.

- » Once the savings process is completed, explain that members will now be contributing to the social fund. Members will pay their contribution in the same way they paid their savings.
- » The only difference with the social fund is that members will need to remember who paid into the social fund and who owes the group money (even if the information is found in the central register).

STEP 8: SOCIAL FUND RECORD-KEEPING— THE REMEMBERERS SYSTEM



Time: 20 minutes

- » Tell members that the group will be keeping records of social fund contributions in two ways.
- » The first is through the “Rememberers System” and the second is through the central register.
- » First explain how the Rememberer System works. Rememberers are individuals who sit at each side of a member and remember what that person owes the group. For example, group member No. 3 has two rememberers, group members Nos. 2 and 4; the Rememberers for Nos. 1 are No. 2 and No. 25. This means that each person is the rememberer for two other people and also has two people acting as her rememberer. Go around and make sure that each individual knows who are his or her rememberers before you move on.
- » For now, the rememberers need to remember two things: if their person owes any fines to the group, and if their person owes any contributions to the social fund. (They also need to remember outstanding loans, but this is discussed in the next module.)
- » Pause and see if there are any questions, then move on to explain the central register record keeping. For groups that are literate, the register is filled in with the value of the social fund contribution (see figure 12). If a member fails to make a contribution to the social fund, a large X is placed in the corresponding box. The member will need to make up for the missed payment at the next meeting.

3 INTENSIVE PHASE

- » At the end of the social fund activity, the record-keeper will calculate the sum of the contributions made and write the total at the bottom of the page.

figure 12: The Social Fund Ledger (literate groups)

| NO. | MEMBER NAME | 1/3/2012 | 1/10/12 | 1/17/12 | 1/24/12 | | | | | | | | | | | | | |
|-----------------------------|-----------------|----------|---------|---------|---------|--|--|--|--|--|--|--|--|--|--|--|--|--|
| 1 | Salem Asfaw | 50 | 50 | 50 | 50 | | | | | | | | | | | | | |
| 2 | Ferida Yohanes | 50 | 50 | 50 | 50 | | | | | | | | | | | | | |
| 3 | Aster Alemayehu | 50 | 50 | 50 | 50 | | | | | | | | | | | | | |
| 4 | Bisunesh Halle | 50 | 50 | X | 100 | | | | | | | | | | | | | |
| 5 | Hewan Ayeahu | 50 | 50 | 50 | 50 | | | | | | | | | | | | | |
| 6 | Yeshi Buna | 50 | 50 | 50 | 50 | | | | | | | | | | | | | |
| 7 | Abellesh Yilma | 50 | X | 100 | 50 | | | | | | | | | | | | | |
| 8 | Kidist Nat | 50 | X | 100 | 50 | | | | | | | | | | | | | |
| 9 | Meron Kassa | 50 | 50 | 50 | 50 | | | | | | | | | | | | | |
| 10 | Fitsum Meta | 50 | 50 | 50 | 50 | | | | | | | | | | | | | |
| 11 | Melanesch Anchi | 50 | 50 | 50 | X | | | | | | | | | | | | | |
| 12 | Hulun Semahu | 50 | 50 | 50 | 50 | | | | | | | | | | | | | |
| 13 | Fassika Zemen | 50 | 50 | 50 | 50 | | | | | | | | | | | | | |
| 14 | Addis Petros | 50 | 50 | 50 | 50 | | | | | | | | | | | | | |
| 15 | Hawa Dima | 50 | 50 | 50 | 50 | | | | | | | | | | | | | |
| 16 | Iman Abdella | 50 | 50 | X | 50 | | | | | | | | | | | | | |
| 17 | Zeleka Chola | 50 | 50 | 50 | 50 | | | | | | | | | | | | | |
| 18 | | | | | | | | | | | | | | | | | | |
| 19 | | | | | | | | | | | | | | | | | | |
| 20 | | | | | | | | | | | | | | | | | | |
| 21 | | | | | | | | | | | | | | | | | | |
| 22 | | | | | | | | | | | | | | | | | | |
| 23 | | | | | | | | | | | | | | | | | | |
| 24 | | | | | | | | | | | | | | | | | | |
| 25 | | | | | | | | | | | | | | | | | | |
| Total this Week | | 850 | 750 | 850 | 850 | | | | | | | | | | | | | |
| Total Disbursed | | 0 | 0 | 800 | 0 | | | | | | | | | | | | | |
| Balance | | 850 | 750 | 50 | 850 | | | | | | | | | | | | | |
| Total in Social Fund | | 850 | 1600 | 1650 | 2500 | | | | | | | | | | | | | |

- » If the group is not literate, The record-keeper will use a star (★) to denote that the contribution was paid and an (X) to show that it was not paid. If a member does not pay the contribution to the social fund, he or she is indebted to the group and must make up the payment. In this case, a check star is added for each additional payment (see figure 13).
- » Pause to see if there are any questions. Use Figure 14 at the end of the chapter to begin the social fund activity.
- » As the social fund contributions are made, make sure the record-keeper is filling the ledger correctly.
- » It might take a little bit of time for people to get a good understanding of the Rememberers System; remind participants at each meeting how the process works and make sure that rememberers are remembering information accurately.
- » Ask to see if there are any outstanding questions. Once you have answered all the questions, ask the chairperson to close the meeting.

figure 13: The Social Fund Ledger (non-literate groups)

| NO. | MEMBER NAME | 1/3/2012 | 1/10/12 | 1/17/12 | 1/24/12 | | | | | | | | | | | | | | | | | | | |
|--------------|----------------|----------|--------------|--------------|--------------|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|
| 1 | Salem Asfaw | ★ | ★ | ★ | ★ | | | | | | | | | | | | | | | | | | | |
| 2 | Feida Yohanes | ★ | ★ | ★ | ★ | | | | | | | | | | | | | | | | | | | |
| 3 | Aster Alemayhu | ★ | ★ | ★ | ★ | | | | | | | | | | | | | | | | | | | |
| 4 | Bisunesh Haile | ★ | ★ | ★ | ★ | | | | | | | | | | | | | | | | | | | |
| 5 | Hewan Ayehu | ★ | ★ | ★ | ★ | | | | | | | | | | | | | | | | | | | |
| 6 | Yeshi Buna | ★ | ★ | ★ | ★ | | | | | | | | | | | | | | | | | | | |
| 7 | Ababesh Yilma | ★ | ★ | ★ | ★ | | | | | | | | | | | | | | | | | | | |
| 8 | Kidist Nat | ★ | ★ | ★ | ★ | | | | | | | | | | | | | | | | | | | |
| 9 | Meron Kassa | ★ | ★ | ★ | ★ | | | | | | | | | | | | | | | | | | | |
| 10 | Fitsum Meta | ★ | ★ | ★ | ★ | | | | | | | | | | | | | | | | | | | |
| 11 | Melanesh Anchi | ★ | ★ | ★ | ★ | | | | | | | | | | | | | | | | | | | |
| 12 | Hulun Semahu | ★ | ★ | ★ | ★ | | | | | | | | | | | | | | | | | | | |
| 13 | Fassika Zemen | ★ | ★ | ★ | ★ | | | | | | | | | | | | | | | | | | | |
| 14 | Addis Petros | ★ | ★ | ★ | ★ | | | | | | | | | | | | | | | | | | | |
| 15 | Hawa Dima | ★ | ★ | ★ | ★ | | | | | | | | | | | | | | | | | | | |
| 16 | Iman Abdela | ★ | ★ | ★ | ★ | | | | | | | | | | | | | | | | | | | |
| 17 | Zeleka Chola | ★ | ★ | ★ | ★ | | | | | | | | | | | | | | | | | | | |
| 18 | | | | | | | | | | | | | | | | | | | | | | | | |
| 19 | | | | | | | | | | | | | | | | | | | | | | | | |
| 20 | | | | | | | | | | | | | | | | | | | | | | | | |
| 21 | | | | | | | | | | | | | | | | | | | | | | | | |
| 22 | | | | | | | | | | | | | | | | | | | | | | | | |
| 23 | | | | | | | | | | | | | | | | | | | | | | | | |
| 24 | | | | | | | | | | | | | | | | | | | | | | | | |
| 25 | | | | | | | | | | | | | | | | | | | | | | | | |
| Total | | 17 | 15 | 15 | 16 | | | | | | | | | | | | | | | | | | | |

STEP 9: SUMMARY AND CONCLUSION



Time: 10 minutes

- » Once the meeting is closed, quickly summarize the day’s activities.
- » Remind members that they will be expected to recite their memorized rules from the constitution at the start of the next meeting.
- » Thank participants for their patience. Remind them of the time and date for the next meeting.

NOTE TO THE FACILITATOR

The community worker should plan to meet with the record-keeper and any other interested members before the next meeting for a preliminary training on record-keeping for the disbursement and reimbursement of loans.

figure 14: Procedures for a share-purchase/savings meeting

| MEETING STEP | FIRST SHARE-PURCHASE/SAVINGS MEETING– PROCEDURES |
|--------------------------------------|---|
| 1. MEETING OPENING | <ul style="list-style-type: none"> » The chairperson calls the meeting to order and quickly counts the number of members to ensure at least two-thirds are present. » The key holders open the box, which remains in front of the box-keeper. » The fines bowl is placed in front of the chairperson, so that fines can be collected during the meeting. » The record-keeper performs a roll call and gives the members their passbooks. |
| 2. SHARE PURCHASE/ SAVINGS | <ul style="list-style-type: none"> » The chairperson announces that members will make their first share purchase/savings. The record-keeper calls each member to the front by name, following numerical order. » Each member buys between one and five shares, giving the money to the money counters and her passbook to the record-keeper. » The money counters count the money, place it in the money-counting bowl and announce the number of shares that have been purchased. » The record-keeper stamps the correct number of shares into the passbook and crosses out any unused blocks. » The member then checks that the stamp in the passbook is correct. The passbook remains with the record-keeper for the rest of the meeting. |
| 3. CALCULATING THE LOAN FUND BALANCE | <ul style="list-style-type: none"> » The money counters combine the money in the fines bowl and the money-counting bowl. » The money counters count the money and the record-keeper announces the total to the association. » The record-keeper then tells the association that this money constitutes their loan fund. The loan fund balance is noted in the central register. » The money counters place the loan fund in its bag and put it in the cash box. |

| MEETING STEP | FIRST SHARE-PURCHASE/SAVINGS MEETING— PROCEDURES |
|------------------------|--|
| 4. SOCIAL FUND | <ul style="list-style-type: none"> » The chairperson announces that contributions will be made to the social fund. All members must contribute the same amount. » The record-keeper calls each member by name in numerical order to give her social fund contribution to the money counters. The money counters confirm the amount and place it in the money-counting bowl, while the record-keeper records the amount in the central register. » The record-keeper then asks for requests from the social fund. Members in need make their request to the association. » If approved, the money is provided to the member according to the constitution. » After all benefits have been paid, the money counters count the remaining social fund money. » The record-keeper confirms the balance of the social fund and asks the members to remember it for the next meeting. The record-keeper notes the balance in the central register. » The social fund money is then put in its bag and put in the cash box. |
| 5. CLOSING BALANCES | <ul style="list-style-type: none"> » The record-keeper announces the total of the loan fund once again, and the chairperson instructs all members to memorize the balance of the loan fund for the next meeting. » The record-keeper announces the total of the social fund once again, and the chairperson instructs all members to memorize the social fund balance for the next meeting. » The key holders are called by the chairperson to lock the box. |
| 6. CLOSING | <ul style="list-style-type: none"> » The chairperson invites members to discuss any items of business that may be of interest. » The chairperson announces the date and time of the next meeting and reminds everyone to come with their social fund contributions and share-purchase/savings money. » Once discussion is complete, the chairperson closes the meeting. |

MODULE 5: FIRST LOAN DISBURSEMENT AND RECORD-KEEPING



SESSION OBJECTIVES

By the end of the training, participants will

- » Know how to conduct a loan meeting.
- » Know how to purchase shares.
- » Know how to disburse loans.
- » Know how to contribute to the social fund.



Time: 1.5 hours



ADVANCE PREPARATION

- » Prepare training plan.
- » Prepare sample passbook loan pages on flip-chart sheets.
- » Markers
- » Printouts of passbook loan pages

NOTES TO THE FACILITATOR

Module 5 is a quick and simple training. The community worker will walk the group through the savings process from the previous week and will coach the group through the loan request and disbursement process. It is important to refer to the constitution and make sure that every member remembers the loan parameters (loan size, service charge (interest rate) and loan term).

FACILITATION STEPS

STEP 1: WELCOME AND REVIEW



Time: 10 minutes

- » Welcome participants to the fifth module training.
- » Ask the chairperson to call the meeting to order and for members to take their assigned seats.
- » Ask for a volunteer to summarize the activities of last week.
- » Ask each member to recall his or her memorized rule from the constitution. Tell participants that they will not have to recite the rules of the constitution at every meeting, only until everyone feels comfortable with contents of the constitution.
- » Tell participants that this meeting will be the first opportunity for members to borrow from the group if they wish to do so.

Transition: Tell participants that in today's training you will first teach them about the loan disbursement process. Then the group will proceed with the regular meeting.

STEP 2: LOAN CONCEPTS



Time: 15 minutes

- » Ask participants what decisions they made regarding loans. The answers you are looking for are that:
 - Loans will be made every week if there is sufficient capital available.
 - Loans must be repaid in four weeks.
 - Loans will be repaid with a service charge.

3 INTENSIVE PHASE

- » Remind participants that it is important that members make use of their loan fund and that the association disburse loans at every meeting. Ask why this advice is important. The answers you are looking for are:
 - Frequent loans allow funds to circulate and earn interest.
 - The more interest is earned the higher the return at the end of the cycle.
 - The more funds remain in circulation, the less risk to the group if the cash box is lost or stolen.
- » Explain that, just like savings, members' loans will be recorded in their passbooks.
- » Tell participants that once the loan has been requested and approved, the money counters will count the money to give to the member. It is the member's responsibility to verify that the amount is correct. The record-keeper will enter the loan onto the passbook and give it to the member to sign.
- » The chairperson will then ask the two rememberers to memorize four things:
 - The name of the person who took the loan;
 - The size of the loan;
 - The total amount due at the end of the loan period;
 - The date the loan is due.

STEP 3: LOAN RECORD-KEEPING



Time: 20 minutes

- » Tell participants that you will now show them how the loan is recorded in the passbook. (A separate training should have been held for the record-keeper, thus facilitating this demonstration.)
- » Show the group a loan page recreated on the flip chart. Demonstrate for the group how loans are recorded in the passbook, using a few examples. See Figures 15.1–15.2 for details.

figure 15.1. Member loan record

| LOAN NO. | DATE | LOAN RECEIVED | SERVICE CHARGE | AMOUNT PAID | TOTAL OWED | SIGNATURE |
|----------|---------------|---------------|----------------|-------------|------------|---------------|
| 1 | March 5, 2011 | 3,000 | 300 | ----- | 3,300 | <i>Monica</i> |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |

Explanation: The example on the left is Monica Auma's first loan (as shown in the Loan No. column). She borrows 3,000 on March 5.

The service charge is 300 because her association charges 10 percent of the loan over four weeks. Monica signs the ledger to show that she understands that she owes 3,000 for the loan and 300 for the service charge for four weeks. The loan record is, in effect, a contract with the group.

- » Four weeks later, when her loan is due, Monica Auma reimburses the fund for the full amount of the capital plus the service change. This is noted in the Amount Paid column, and a zero is put in the Total Owed column. Since the loan was paid back in full, a red diagonal line is drawn through the loan, and the record-keeper signs in the Signature column. Monica's passbook now looks like Figure 15.2 below:

3 INTENSIVE PHASE

figure 15.2: Member loan record

| LOAN NO. | DATE | LOAN RECEIVED | SERVICE CHARGE | AMOUNT PAID | TOTAL OWED | SIGNATURE |
|----------|---------------|---------------|----------------|-------------|------------|---------------|
| 1 | March 5, 2011 | 3,000 | 300 | ----- | 3,300 | <i>Monica</i> |
| | April 5 2011 | | | 3,300 | 0 | <i>Helen</i> |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |

- » Pause to ask if there are any questions. Make all necessary clarifications and move on to the next exercise.

STEP 4: PRACTICE RECORD-KEEPING



Time: 10 minutes

- » Give the record-keeper a few sets of blank loan sheets. Allow the record-keeper to practice a few loan entries, providing a few scenarios. (The community worker should have covered this process in the preliminary training.) Lend as much support as necessary. Some people catch on faster than others, so proceed at a pace comfortable for the individual.
- » Once the record-keeper feels comfortable with the loan entry process, review the Rememberers System. Ask the group to name the elements that the rememberers must memorize (they should list the following elements: fines owed, and social fund contributions owed).

- » Explain that rememberers must also memorize the size of the outstanding loans and the due date of the loan.
- » Make sure you test the rememberers throughout the meeting.
- » If the group is using the ledger-based record-keeping system, continue to Step 5. If not, use figure 16.1–16.3 to guide the group through the savings and loan process.

STEP 5: LEDGER-BASED RECORD-KEEPING



Time: 30 minutes

- » The loan ledger is rather complex, although conceptually simple, and thus it is optional. The loan ledger is where errors most likely will occur so make sure you give this training careful attention.
- » Use the following pages to show group members to show how the loan ledger evolves, step-by-step and meeting-by-meeting.

LEDGER-BASED RECORDKEEPING LOAN LEDGER (OPTIONAL)

THE LOAN LEDGER (1)

Figure 16.1 to the right shows the first page of the loan ledger and the first entries. It shows that three people borrowed money on 01/17/2012, agreeing to pay it back four weeks later on 02/20/2012. They have agreed to pay it back with 10 percent interest.

THE LOAN LEDGER (2)

Figure 16.2 on the next page is a record of the next credit meeting, a week later. It shows that on January 24th, two more members borrowed a total of 7,500 due in a month's time.

THE LOAN LEDGER (3)

On February 20th, two more members borrow a total of 9000 from the group. Additionally, the first loans are due for reimbursement. The first two borrowers reimburse their loans in full, but Iman fails to make the full payment and is left with a balance of 400 that is carried over to the next month as rollover. The record-keeper will fill enter the information in the way shown in Figure 16.3.

First of all, note in the Comment column that Iman has a late loan with a red pen. This indicates that in some way the loan repayment has fallen behind schedule.

Then, the amount of the original loan that remains unpaid (400), plus interest accrued (40), is treated as a rollover loan issued on February 20th in the sum of 440.

Note that the loan is entered in the Loan Rollover column and not the Amount Borrowed column: Putting it in the Loan Rollover column avoids counting this as a new loan.

At the end of the meeting, we can see that 12,800 was repaid (Amount Repaid column) and 9000 disbursed in new loans (Amount Borrowed column). But the total of loans outstanding is 9,400: This is made up of 9,000 from the Amount Borrowed column plus 400 from the Loan Rollover column.

This system of rolling over loans means that the total amount of all loans outstanding is calculated by adding the value of all new loans issued (Amount Borrowed column) and all loans rolled over that month. Thus, the community worker can quickly find out total loans outstanding and loans in arrears simply by consulting the current month's figures, avoiding the need to trace back loans to their origins.

3 INTENSIVE PHASE

figure 16.2: The Loan Ledger (2)

| LOAN NO. | DATE | NAME OF BORROWER | AMOUNT BORROWED | LOAN ROLLOVER | SERVICE CHARGE | TOTAL OWED | DATE REPAYMENT DUE | AMOUNT REPAID | BALANCE DUE | SIGNATURE | COMMENTS | | | | | | | | | |
|----------|--------|------------------|-----------------|---------------|----------------|------------|--------------------|---------------|-------------|-----------|----------|------------|---------|-------|-------------|---------|-------|--|--|--|
| | | | | | | | | | | | | ATTENDANCE | SAVINGS | LOANS | SOCIAL FUND | SUMMARY | NOTES | | | |
| 1 | 17-Jan | Melanesh Anchi | 5,000 | | 500 | 5,500 | 20-Feb | | | | | | | | | | | | | |
| 2 | 17-Jan | Aster Alemayhu | 3,000 | | 300 | 3,300 | 20-Feb | | | | | | | | | | | | | |
| 3 | 17-Jan | Iman Abdela | 4,000 | | 400 | 4,400 | 20-Feb | | | | | | | | | | | | | |
| | | Total | 12,000 | | | | | | | | | | | | | | | | | |
| 4 | 24-Jan | Yeshi Buna | 2,500 | | 250 | 2,750 | 27-Feb | | | | | | | | | | | | | |
| 5 | 24-Jan | Fassika Zemen | 5,000 | | 500 | 5,500 | 27-Feb | | | | | | | | | | | | | |
| | | Total | 7,500 | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | | | | |
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MANAGING A SHARE-PURCHASE/SAVINGS AND LOAN-DISBURSEMENT MEETING

Use the following Table 4.7 to facilitate the meeting. This guide is the same as the previous guide, but now includes the procedures for loan disbursement. The changes are noted, but all else remains the same. **ORANGE TEXT INDICATES A CHANGE**

Note: Do not hand this out to the committee but have it on hand for reference.

figure 17: Procedures for a share-purchase/savings and first loan disbursement meeting

| MEETING STEP | FIRST SHARE-PURCHASE/SAVINGS MEETING–PROCEDURES |
|---------------------------|--|
| 1. MEETING OPENING | <ul style="list-style-type: none"> » The chairperson calls the meeting to order and quickly counts the number of members to ensure at least two-thirds are present. » The key holders open the box, which remains in front of the box-keeper. » The fines bowl is placed in front of the chairperson, so that fines can be collected during the meeting. » The record-keeper performs a roll call and gives the members their passbooks. |
| 2. SHARE PURCHASE/SAVINGS | <ul style="list-style-type: none"> » The record-keeper asks the association to recall the balance of the loan fund from the previous meeting. » The money counters then remove the loan fund from its bag and count it, announcing the amount to the members. » Once it is agreed that the amount remembered and the amount counted are the same, the money is placed in the money-counting bowl. » The chairperson announces that members will make their first share purchase/savings. The record-keeper calls each member to the front by name, following numerical order. » Each member buys between –one and five shares, giving the money to the money counters and her passbook to the record-keeper. » The money counters count the money, place it in the money-counting bowl and announce the number of shares that have been purchased. » The record-keeper stamps the correct number of shares into the passbook and crosses out any unused blocks. » The member then checks that the stamp in the passbook is correct. |

| MEETING STEP | FIRST SHARE-PURCHASE/SAVINGS MEETING—PROCEDURES |
|---|--|
| <p>3. EXPENSES</p> | <ul style="list-style-type: none"> » If any money was allocated for expenses in the previous meeting, the person who made the expenditure gives an account and returns any change to the money counters, who place it in the money-counting bowl. » The chairperson asks the record-keeper if there will be any necessary expenses before the next meeting. If any expenses are approved by all members, the chairperson instructs the money counters to remove the necessary amount from the money-counting bowl and give it to the member who is responsible for paying the expense. |
| <p>4. CALCULATING THE LOAN FUND BALANCE</p> | <ul style="list-style-type: none"> » The money counters combine the money in the fines bowl and the money-counting bowl. » The money counters count the money in the money-counting bowl and the record-keeper announces the amount to the association. » The record-keeper then tells the association that this money constitutes their loan fund. |

3 INTENSIVE PHASE

| MEETING STEP | FIRST SHARE-PURCHASE/SAVINGS MEETING– PROCEDURES |
|------------------------------|---|
| <p>5. LOAN TAKING</p> | <ul style="list-style-type: none"> » The chairperson invites loan requests, reminding members of the four-week loan term and maximum loan amount (three times the member’s savings). » Each member who wants a loan then makes a request out loud to the association, announcing the amount requested and the purpose of the loan. The Record-keeper checks the number of shares that the member has already saved. » The Record-keeper then calculates the total value of the requests and announces it. » If the total value of loans requested is more than the money available in the loan fund, the association must discuss adjustments to the individual loan amounts until all members are satisfied. » Once it is decided how much each borrower will receive, the record-keeper calls each borrower to the front of the front. » The record-keeper then enters the loan number, loan amount and service charge due in the member’s passbook. » The record-keeper instructs the money counters to give the borrower the loan amount from the money-counting bowl. » The borrower counts the money and signs the passbook. » The record-keeper then instructs the borrower to announce out loud the total amount due and the date it is due. » This process is repeated until all loans have been issued. » The money counters then count the money remaining in the money-counting bowl and announce the amount to the association. » The record-keeper then tells the association that this money constitutes their loan fund and writes the balance in the central register. » The money counters then place the loan fund in its drawstring bag and put it in the cash box. |

| MEETING STEP | FIRST SHARE-PURCHASE/SAVINGS MEETING— PROCEDURES |
|------------------------|--|
| 6. SOCIAL FUND | <ul style="list-style-type: none"> » The record-keeper asks the association to recall the balance of the social fund from the previous meeting. » The money counters then remove the money from the social-fund bag, place it in the money-counting bowl, count it, and announce the amount to the members. » The chairperson announces that contributions will be made to the social fund. All members must contribute the same amount. » The record-keeper then asks if any member owes money to the social fund. If any member has an outstanding contribution to the social fund, the “Rememberers” confirm the amount due. » The record-keeper calls each member by name to give his or her social fund contribution to the money counters. The money counters confirm the amount and place it in the money-counting bowl, while the record-keeper records the amount in the central register. » The record-keeper then asks for new requests from the social fund. Members in need make their request to the association. » If approved, the money is provided to the member according to the constitution. » After all benefits have been paid, the money counters count the remaining social-fund money. » The record-keeper confirms the balance of the social fund, asks the members to memorize the amount for the next meeting, and notes the amount in the central register. » The social-fund money is then replaced in its drawstring bag and put back in the cash box. |
| 7. CLOSING BALANCES | <ul style="list-style-type: none"> » The record-keeper announces the total of the loan fund once again, and the chairperson instructs all members to memorize the balance of the loan fund for the next meeting. » The record-keeper announces the total of the social fund once again, and the chairperson instructs all members to memorize the social fund balance for the next meeting. » The key holders are called by the chairperson to lock the box. |
| 8. CLOSING | <ul style="list-style-type: none"> » Before closing the meeting, the chairperson invites members to discuss any items of business that may be of interest. » The chairperson announces the date and time of the next meeting. » Once discussion is complete, the chairperson closes the meeting. |

MODULE 6: FIRST LOAN REPAYMENT MEETING



SESSION OBJECTIVES

By the end of the training, participants will:

- » Purchase shares.
- » Repay loans for the first time.
- » Disburse loans.
- » Contribute to the social fund.



Time: 1 hour



ADVANCE PREPARATION

- » Prepare training plan
- » Materials: a few blank passbook loan pages

NOTES TO THE FACILITATOR

Module 6 training takes place four weeks after the first loan was disbursed, when the first loans are due for repayment. Just like in previous trainings, the community worker will train the group by coaching them through an actual repayment process. You can expect to review the savings and loans process several times before VSLA groups master the entire process.

FACILITATION STEPS

STEP 1: WELCOME AND REVIEW



Time: 5 minutes

- » Welcome participants to the sixth training module
- » Congratulate the group for having progressed this far in their savings cycle. This training is special because it is the first meeting in which loan repayments will be made.
- » Ask the chairperson to call the meeting to order. Once members are seated according to their numbers, tell them you will train them to conduct the loan repayment process.
- » Note that after this session, the group will have only one training left, which will take place at the end of the VSLA cycle.

STEP 2: LOAN REPAYMENT PROCESS



Time: 10 minutes

Tell participants that loans are repaid right after the savings process is completed.

- » Ask participants if they can guess why repayment takes place right after the savings? The answer you are looking for is that the loan fund is financed through members savings and loan repayments. Before a new loan can be given, members need to reimburse their outstanding loans so the fund can grow.
- » Ask the record-keeper if he or she would like to review how records are entered for the repayment of loans.

STEP 3: REVIEW OF RECORD-KEEPING



Time: 5 minutes

- » If there is need for a review, give the record-keeper a blank loan sheet and run through a couple of examples.

Transition: Tell members that you will conduct the savings process as usual. Once the savings process is completed, you will introduce the new reimbursement process

STEP 4: CONDUCTING THE VSLA MEETING



Time: 30 minutes

- » The chairperson should be able to conduct the meeting at this point in the cycle. Use Table 4.8 as your guide to make sure that the group is following appropriate VSLA procedures. If they are not following the correct procedures, step in to make necessary corrections.
- » Once the share purchase is complete, explain in detail the reimbursement steps to the group. Make sure everyone understands and that the process is transparent.
- » Once the reimbursement is complete, have the chairperson lead the rest of the meeting procedures.

STEP 5: SUMMARY AND CONCLUSION



Time: 5 minutes

- » Once the VSLA activity is completed, congratulate the group. They now are able to conduct a VSLA meeting from start to finish.
- » Answer any remaining questions about the process.
- » Remind the management committee that from now on, the success of the association depends on their leadership. Also remind the members that they, too, need to support the management committee and ensure the officers do not make any mistakes.
- » Close by reminding the group of the next meeting's time and date.

Note: A consolidated community worker's guide to meeting procedures can be found in Annex 4.

ORANGE TEXT INDICATES A CHANGE

figure 18. Procedures for a share-purchase/savings, loan repayment and loan disbursement meeting

| MEETING STEP | FIRST SHARE-PURCHASE/SAVINGS MEETING—PROCEDURES |
|----------------------------------|--|
| <p>1. MEETING OPENING</p> | <ul style="list-style-type: none"> » The chairperson calls the meeting to order and quickly counts the number of members to ensure at least two-thirds are present. » The key holders open the box, which remains in front of the box-keeper. » The fines bowl is placed in front of the chairperson, so that fines can be collected during the meeting. » The record-keeper performs a roll call and gives the members their passbooks. |
| <p>2. SHARE PURCHASE/SAVINGS</p> | <ul style="list-style-type: none"> » The record-keeper asks the association to recall the balance of the loan fund from the previous meeting. » The money counters then remove the loan fund from its bag and count it, announcing the amount to the members. » Once it is agreed that the amount remembered and the amount counted are the same, the money is placed in the money-counting bowl. » The chairperson announces that members will make their first share purchase/savings. The record-keeper calls each member to the front by name, following numerical order. » Each member buys between one and five shares, giving the money to the money counters and her passbook to the record-keeper. » The money counters count the money, place it in the money-counting bowl and announce the number of shares that have been purchased. » The record-keeper stamps the correct number of shares into the passbook and crosses out any unused blocks. » The member then checks that the stamp in the passbook is correct. |
| <p>3. EXPENSES</p> | <ul style="list-style-type: none"> » If any money was allocated for expenses in the previous meeting, the person who made the expenditure gives an account and returns any change to the money counters, who place it in the money-counting bowl. » The chairperson asks the record-keeper if there will be any necessary expenses before the next meeting. If any expenses are approved by all members, the chairperson instructs the money counters to remove the necessary amount from the money-counting bowl and give it to the member who is responsible for paying the expense. |

3 INTENSIVE PHASE

| MEETING STEP | FIRST SHARE-PURCHASE/SAVINGS MEETING– PROCEDURES |
|--|--|
| <p>4. LOAN REPAYMENT</p> | <ul style="list-style-type: none"> » The chairperson asks rememberers to tell the group who is scheduled to repay loans at the meeting. Borrowers should also identify themselves. » The record-keeper verifies the amount due by referring to their passbooks. » Each borrower is then called to the front in numerical order to give his or her payment amount to the money counters. » The money counters count the payment, announce the amount and place it in the money-counting bowl. » The record-keeper enters the payment in the member’s passbook in the Amount Paid box. » The record-keeper then calculates the remaining balance due (if any) and enters it in the ‘Loan Amount’ box in the member’s passbook » If the remaining balance due is zero, the record-keeper signs the passbook and announces that the loan is repaid, canceling the loan with a diagonal red line drawn through the transactions |
| <p>5. CALCULATING THE LOAN FUND BALANCE</p> | <ul style="list-style-type: none"> » The money counters combine the money in the fines bowl and the money-counting bowl. » The money counters count the money in the money-counting bowl and the record-keeper announces the amount to the association. » The record-keeper then tells the association that this money constitutes their loan fund. |

| MEETING STEP | FIRST SHARE-PURCHASE/SAVINGS MEETING— PROCEDURES |
|---------------------|--|
| 6. LOAN TAKING | <ul style="list-style-type: none"> » The chairperson invites loan requests, reminding members of the four-week loan term and maximum loan amount (three times the member’s savings). » Each member who wants a loan then makes a request out loud to the association, announcing the amount requested and the purpose of the loan. The Record-keeper checks the number of shares that the member has already saved. » The Record-keeper then calculates the total value of the requests and announces it. » If the total value of loans requested is more than the money available in the loan fund, the association must discuss adjustments to the individual loan amounts until all members are satisfied. » Once it is decided how much each borrower will receive, the record-keeper calls each borrower to the front of the front. » The record-keeper then enters the loan number, loan amount and service charge due in the member’s passbook. » The record-keeper instructs the money counters to give the borrower the loan amount from the money-counting bowl. » The borrower counts the money and signs the passbook. » The record-keeper then instructs the borrower to announce out loud the total amount due and the date it is due. » This process is repeated until all loans have been issued. » The money counters then count the money remaining in the money-counting bowl and announce the amount to the association. » The record-keeper then tells the association that this money constitutes their loan fund and writes the balance in the central register. » The money counters then place the loan fund in its drawstring bag and put it in the cash box. |

3 INTENSIVE PHASE

| MEETING STEP | FIRST SHARE-PURCHASE/SAVINGS MEETING– PROCEDURES |
|---------------------|--|
| 7. SOCIAL FUND | <ul style="list-style-type: none"> » The record-keeper asks the association to recall the balance of the social fund from the previous meeting. » The money counters then remove the money from the social-fund bag, place it in the money-counting bowl, count it, and announce the amount to the members. » The chairperson announces that contributions will be made to the social fund. All members must contribute the same amount. » The record-keeper then asks if any member owes money to the social fund. If any member has an outstanding contribution to the social fund, the “Rememberers” confirm the amount due. » The record-keeper calls each member by name to give his or her social fund contribution to the money counters. The money counters confirm the amount and place it in the money-counting bowl, while the record-keeper records the amount in the central register. » The record-keeper then asks for new requests from the social fund. Members in need make their request to the association. » If approved, the money is provided to the member according to the constitution. » After all benefits have been paid, the money counters count the remaining social-fund money. » The record-keeper confirms the balance of the social fund, asks the members to memorize the amount for the next meeting, and notes the amount in the central register. » The social-fund money is then replaced in its drawstring bag and put back in the cash box. |
| 8. CLOSING BALANCES | <ul style="list-style-type: none"> » The record-keeper announces the total of the loan fund once again, and the chairperson instructs all members to memorize the balance of the loan fund for the next meeting. » The record-keeper announces the total of the social fund once again, and the chairperson instructs all members to memorize the social fund balance for the next meeting. » The key holders are called by the chairperson to lock the box. |
| 9. CLOSING | <ul style="list-style-type: none"> » Before closing the meeting, the chairperson invites members to discuss any items of business that may be of interest. » The chairperson announces the date and time of the next meeting. » Once discussion is complete, the chairperson closes the meeting. |

MODULE 7: SHARE-OUT



SESSION OBJECTIVES

By the end of this session, members will:

- » Receive their savings plus interest that was earned throughout the cycle.
- » Decide whether to continue for a second cycle.
- » Determine the next cycle's share value and social fund contribution.
- » Decide if they would like to contribute an initial lump sum to seed the group loan fund at the start of the next cycle.



Time: 2 hours



ADVANCE PREPARATION

- » Prepare training plan.
- » Member earnings calculation sheet

NOTES TO THE FACILITATOR

Every group will determine their share-out date 6-8 weeks prior to the end of the cycle. The share-out training takes place on the day the groups are scheduled to share-out their funds. The community worker needs to explain the process very carefully and help the group out through every step of the way. The process itself is very easy, but community workers need to be extra careful and meticulous to avoid errors.

FACILITATION STEPS

The share-out is a simple procedure, but must be done with care. The idea is to allocate the money among members in proportion to the amount that each has saved. The process is detailed below.

STEP 1: INTRODUCE TRAINING



Time: 5 minutes

- » Ask the chairperson to call the meeting to order. The chairperson notifies the group that there will be no savings or contributions to the social fund at this meeting.
- » Congratulate the group for the amazing progress they made over the last 12 months. Tell them you have enjoyed working with them and that you are very proud to be here today to train them on the share-out of funds.
- » Tell them that you will walk the group through every step of the process. It is important that everyone pays close attention during the whole meeting. The training will take place concurrently with the share-out.

STEP 2: SETTLE OUTSTANDING LOANS



Time: 15 minutes

- » If any member owes the group money, the shares equal in value to the debt will be cancelled in the passbook.
- » There are two options for settling an outstanding loan: The first option is to cancel shares equivalent to the outstanding loan at their original value; the second option is to cancel shares equivalent to the outstanding loan at their new value, which includes the interest earned.
- » In the first option, the defaulting member is penalized, because the cancellation of the shares means that he/she will not receive the profit on those shares. The second option is less harsh, as the member earns interest on the shares before their value is cancelled to satisfy his or her debt to the group.

- » Depending on the method chosen, the Member Earning Calculation Sheet will be slightly different. Use Annex 5 for share cancelations at the original share value, and Annex 6 for share cancelation at the new share-out value.

STEP 3: COUNTING MEMBER SHARES



Time: 10 minutes

- » Ask all members to count the number of shares in their passbooks.
- » Ask the record-keeper to count the number of shares for each member. The community worker should note the number of shares per member in the Member Earning Calculation Sheet. Make sure each member and the record-keeper agree on the number of shares.

STEP 4: DETERMINE NEW SHARE VALUE



Time: 5 minutes

- » Tell members that you will show them how to calculate the new share value.
- » Ask the record-keeper to tally up all the shares saved by the association. Verify the math and ask the record keeper to fill in the Member Earnings Calculations Sheet.
- » Ask the money counters to count all the money available in the cash box (excluding the social fund). This counting should take place out loud and visibly to all the members of the group.
- » Ask the record-keeper to divide the total amount of money on the table with the total number of shares. If the result is not a round number, the new share value should be rounded down to the closest whole figure.
- » Ask the record-keeper to announce the new value of a single share.
- » The following is an example that illustrates the calculation of the new value of a share. In this example, the total number of shares is 1,352. The amount of money to be shared out is 1,149,200. When the total sum of 1,149,200 is divided by 1,352, the result is 850, which is the new value of a single share.

3 INTENSIVE PHASE

» Example:

| TOTAL TO BE SHARED OUT | TOTAL SHARES | VALUE OF 1 SHARE |
|------------------------|--------------|------------------|
| 1,149,200 | 1,352 | 850 |

Note: The social fund is not shared out. The social fund belongs to the association and it may be distributed at any time in equal amounts to all members (because they have all contributed the same amount). However, any distribution of the social fund must not be confused with the share-out of association's loan fund.

STEP 5: CALCULATE SHARE-OUT VALUE



Time: 10 minutes

- » Ask the record-keeper to use the Member Earning Calculation Sheet to multiply the new value of one share by the total number of shares saved by a member. This is the total share-out value that member will receive.
- » It is recommended that the community worker also calculates the sum (using a calculator) in order to verify that no mistakes are made.
- » If the calculation is correct, ask the record-keeper to cross out all the shares with a red pen from each member's passbook as shown to the right.

STEP 6: COUNTING THE SHARE-OUT VALUE



Time: 40 minutes

- » Ask the money counter to count the money for each member and place it in the members' passbook, which might need to be held closed by an object like a rock.
- » Repeat this procedure until all of the money has been distributed. If a small amount of money remains (because the sums were rounded down) the cash can be put back in the loan fund bag.
- » If there is not enough money to pay everyone, an error has occurred and the money must be recombined, recounted, and the procedure repeated.

figure 19. Sample Passbook with shared crossed out

| SAMPLE PASSBOOK | | SAVING PAGE | | | |
|-----------------------------------|---------------------------|-------------|---|---|---|
| Single Share Value <u>\$.10</u> | | | | | |
| Cycle <u>1</u> | | | | | |
| MEETING NO. | SHARES BOUGHT PER MEETING | | | | |
| 1 | ★ | | | | |
| 2 | ★ | ★ | ★ | | |
| 3 | ★ | ★ | | | |
| 4 | | | | | |
| 5 | ★ | ★ | ★ | ★ | ★ |
| 6 | ★ | | | | |
| 7 | ★ | | | | |
| 8 | ★ | ★ | ★ | ★ | |
| STARTING NO. OF SHARES | | | | | |
| NO. OF SHARES BOUGHT THIS PERIOD | | | | | |
| TOTAL SHARES AT THE END OF PERIOD | | | | | |

STEP 7: SHARING A FEW WORDS



Time: 10 minutes

- » Once all the members have received their share-outs, congratulate the group for their hard work.
- » Ask if any members would like to say a word or share what they have learned.
- » Once everyone who wishes to speak has had a chance to do so, move on to the next step.

STEP 8: DISCUSSING A SECOND CYCLE



Time: 10 minutes

- » Ask the group if they are interested in continuing on for a second cycle. Members who wish to continue with the group into the next cycle should make this known, and those who don't should tell the group as well.
- » If some members decide to leave the group, other people will be allowed join at the start of this new cycle. If the composition of the group's membership is not settled, tell them you can return next week once the new group is constituted.
- » Just like in the first cycle, remind the group that once the savings start, the membership will be closed to new members. So if there are any members wishing to join the group they should do so before the first savings.
- » Once the composition of the group's membership is settled (stay as is or invite new members to join), ask members to decide on the value of a share for the new cycle. It can increase if the members want to increase the size of their loan fund, or it can decrease if members have found it hard in the first cycle to meet the minimum share-purchase requirement.

Pause to ask if members have any questions. Answer any outstanding concerns and thank the group for the amazing time you have spent together.

STEP 9: CLOSING



Time: 10 minutes

- » Wish the group a lot of luck, ask the key holders to lock the cash box, and allow the chairperson to bring the meeting to a close.
- » There is usually a celebration after the share-out. The community worker can choose to stay or leave.
- » When you return to the office, complete the VSLA End-of-Cycle Diagnosis Form (Annex 7) and determine if this group is independent or if it will need ongoing support in the second cycle.



Photo Credit: Tamika Payne

Part Four

MONITORING AND SUPERVISION (Development and Maturity Phases)

This chapter describes the manner in which the community worker monitors the association once the members have completed their training. The chapter covers two phases: the development phase and the maturity phase. It describes how the community worker progressively disengages from the association by reducing his/her direct management of meetings to only occasional contact—so long as the association operates smoothly. The last section provides a summary of the monitoring tools used by community workers to monitor VSLA activities in the field.

- » VSLA Monitoring
- » Development Phase Supervision
- » Maturity Phase Supervision

The chart on the following pages illustrates the sequence of the two stages.

4 MONITORING AND SUPERVISION (DEVELOPMENT AND MATURITY PHASES)

DIAGRAM OF THE DEVELOPMENT AND MATURITY PHASES

CHANGE OF PHASE

- » Moving to the Development Phase from the Training phase requires a change of phase assessment, involving the community worker and his/her supervisor. A community worker cannot make this judgement independently.
- » See Change of Phase Form, Annex 8, pg 150

DEVELOPMENT

- » This period lasts for at least 18 weeks
- » The Development Phase is chiefly characterised by a change in the role of the community worker. While the community worker plays an active role in the Training Phase, he/she visits less often during the Development Phase, only intervening in the process if it veers off track or if the members seek advice.
- » If it seems that the Association is not operating as well as it should, particularly in terms of memory-based record-keeping, the proper maintenance of passbooks or in terms of the roles and responsibilities of the Committee, the community worker may undertake re-training in the relevant module

CHANGE OF PHASE

- » Moving to the Maturity Phase from the Development Phase also requires a change of phase assessment, involving the community worker and his/her supervisor.
- » Use the same Change of Phase Form, Annex 8, pg 150

MATURITY

- » This period lasts for approximately 18 weeks
- » The community worker visits at least three times:
 - twice to verify that the Association can run successfully for long periods without supervision or support
 - once to help the Association on the Share-out procedures and to assess their readiness for full independence
- » The second monitoring visit should also be to set the date for the Share-out.

4 MONITORING AND SUPERVISION (DEVELOPMENT AND MATURITY PHASES)

SUPERVISION

DEVELOPMENT PHASE

PURPOSE

The development phase lasts for 18 weeks. During this phase, the association takes over full responsibility for running meetings, with the community worker acting more as a consultant responding to members' concerns rather than an active guide. The development phase helps the group become confident in its capacity to manage its operations.

ROLE OF THE COMMUNITY WORKER

During the development phase, the community worker will visit groups twice a month. During each visit, you need to pay close attention to how well the group respects VSLA procedures.

While it is important for the community worker to give the group space to resolve their issues, it may be necessary to examine certain recurring problems more closely. In these cases, you should discuss the problems with the members in order to decide how best to solve them. When a problem is related to a lack of comprehension, the community worker should review the module in question. Even if the members say that everything is working well, you should periodically ask questions which will allow you to uncover potential issues. For example:

- » Do the members attend meetings when the community worker is not there?
- » Are members making share-purchase/savings deposits on a regular basis?
- » Is the constitution respected (regarding payment of fines, for example)?
- » Is the management committee fulfilling its role?
- » Is there any confusion in the operation of the loan disbursement and repayment methods?
- » Are the passbooks being maintained properly and accurately and is the record-keeper providing an informative report on the state of the association's finances?
- » Are there any disputes among members that are causing difficulties for the group?
- » Do members think they need technical support? If yes, what kind of support?

The community worker should complete the VSLA Monitoring Checklist (Annex 10) during each monitoring visit to help identify strong and weak points of the group. In addition to allocating points to the various sections, it is recommended that the community worker include some notes and observations to discuss with the members of the association after each monitoring visit. The discussion should include identifying key action points to address the problem and and if necessary making arrangements for a refresher training.

The community worker also collects VSLA financial data twice a month, reviewing the passbooks and central register of the group. The analysis of this data will highlight inconsistencies in the financial records or flag potential problems in the activities of the groups.

At the end of the development phase, you and your supervisor will once again use the Group Change of Phase Form, (Annex 8) to assess the maturity level of each group.

Based on the results from the diagnosis, the group will transition to the next phase—the maturity phase—or remain in the development phase. You must not be tempted to ignore any issues that are unresolved just because you want to have the association move forward. If the group stays in the development phase, the community worker should give them specific feedback and support to improve on their weaknesses. The group can be reassessed in a month or so.

MATURITY PHASE

PURPOSE

The maturity phase helps ensure that the group can function independently from the implementing organization.

ROLE OF THE COMMUNITY WORKER

During the maturity phase, you will visit the group no more than once a month (sometimes less frequently) to collect financial data and complete a monitoring checklist. You need to look at the passbooks, confirm that members are correctly remembering the balance of each fund and ensure that the written record-keeping is accurate.

You will support the group through the share-out process. The share-out procedure requires training and is the last of the training modules (Module 7). It is separated from the rest of the modules because it takes place at the end of the cycle.

4 MONITORING AND SUPERVISION (DEVELOPMENT AND MATURITY PHASES)

You will prepare the VSLA groups for the share-out. Six weeks in advance. You should hold a meeting to:

- » Set a date for the share-out and make sure all members know they must attend to receive their money.
- » Examine the passbook records and verify the accuracy of the members' knowledge of loans outstanding.
- » Remind members that loans should be issued only if they can be repaid one week before the share-out. In other words, the last loan should be given no later than five weeks before the share-out stage. If members fail to reimburse their loans one week prior to the share-out, shares equal in value to the debt will be canceled in their passbooks.

MONITORING

There are many VSLA tools so it is essential to have a clear understanding of their purpose and when they are used and by whom. The table below provides a summary to guide you through this chapter and to serve as a quick reference point during implementation.

VSLA MONITORING TOOLS

| TOOL | PURPOSE | METHOD | PERSON RESPONSIBLE |
|---|--|---|--|
| VSLA FINANCIAL DATA COLLECTION FORM | To collect basic financial portfolio data on each VSLA. | Data collected by community workers on a monthly or twice monthly basis. | Community worker or community volunteer. |
| VSLA MANAGEMENT INFORMATION SYSTEM (MIS) ¹ | To analyze performance of each VSLA, community worker and the overall program. | Data inputted from the Financial Data Collection Form is at least once a month; output is analyzed and discussed in regular staff meetings. | Economic empowerment supervisor. |

¹ The latest version of the MIS tool can be downloaded from the following web site: <http://vsla.net/home>

| TOOL | PURPOSE | METHOD | PERSON RESPONSIBLE |
|----------------------------------|--|--|---|
| VSLA MONITORING CHECKLIST | To assess the quality of a VSLA group during monitoring visits and to document the strengths, weaknesses, challenges and proposed solutions for a particular VSLA. | Conducted by community worker during every monitoring visit. Compiled into tracking sheet. | Community worker or economic empowerment officer. |
| CHANGE OF PHASE FORM | To assess whether a VSLA has matured enough to move to the next phase of supervision and is ready for less frequent monitoring visits. | Conducted by community worker during a monitoring visit at the end of the Intensive Phase and the end of the Development Phase. Reviewed with Supervisor for approval. | Community worker or economic empowerment officer. |
| MEMBER EARNINGS CALCULATION FORM | To calculate the amount due to each member at the share-out and the return on savings. | Used during the Share-out, see Chapter VI for details. | Community worker or economic empowerment officer/community volunteer. |
| END OF CYCLE DIAGNOSIS FORM | To determine the level of group maturity at the end of the cycle. | Used after the Share-out, see Chapter VI for details. | Community worker or economic empowerment officer. |

4 MONITORING AND SUPERVISION (DEVELOPMENT AND MATURITY PHASES)

VSLA FINANCIAL DATA COLLECTION FORM

This form is used by community workers to collect monthly data from VSLA groups. Information to complete this form is found in individual passbooks, the group ledger or from observations during the monitoring visit. The VSLA Financial Data Collection Form can be found in Annex 10.

VSLA MONITORING CHECKLIST

This checklist guides community workers during monitoring visits and provides a framework for evaluating the quality of meetings. It provides specific instructions and definitions to standardize scoring across groups and among community workers, allowing for comparison. Nevertheless, it is very important to review the checklist in detail with the community workers to ensure that they have a common understanding of each indicator. In general, some indicators should see an upward trend in scoring as the group develops (for example, the ability to find solutions without external help), whereas others will more likely see a downward trend (drop-out rate).

The comment section is meant for the community worker to document the difficulties or challenges that the group faced, as well as any solutions he or she proposed. The economic empowerment supervisor should review the checklists regularly and give feedback to the community worker, both to build capacity to strengthen the quality of support the VSLA group receives.

The data collected in these checklists should be compiled in a tracking sheet so that over time trends appear. The checklist form can be found in Annex 9.

VSLA CHANGE OF PHASE FORM

This form is used at the end of the intensive phase (just after Training Module 6) and toward the end of the development phase. After reviewing scores with a supervisor, the community worker should provide feedback to the VSLA about the results. The VSLA should be given a copy of the form and the president should sign to acknowledge the evaluation on behalf of the group. This form can be found in Annex 8. A similar form is used at the end of the cycle, so be careful not to confuse them.

END-OF-CYCLE DIAGNOSIS FORM

The End-of-Cycle Diagnosis Form is used by community workers to determine the maturity level of each group (see form in Annex 7) and its ability to continue with VSLA operations independent of the implementation organization. Indicators used to assess maturity include:

- » group capacity to resolve problems independent of the organization;
- » group solidarity/cohesion;
- » active participation of all members during VSLA meetings;
- » group capacity to record transactions in the central register without error;
- » return on savings achieved (target 30 to 40 percent);
- » group ability to revise regulations based on need;
- » loan recovery prior to share-out (target 100 percent);
- » members' desire to continue for a second cycle (target 90 percent).

SECOND CYCLE GROUPS

After the share-out and the end-of-cycle diagnosis are complete, members may decide to continue for a second cycle with the same or new membership. When a new cycle begins, members conduct new elections, review their constitution and make desired changes to the terms and conditions that apply to savings, lending and the social fund.

The organization's involvement in the second cycle will depend primarily on funding and on the maturity level achieved by the group during the first cycle. If the end-of-cycle diagnosis reveals that a group is mature, it is considered graduated and will receive minimal support from the implementing organization. Ideally, the implementing organization will visit the group once a quarter, for instance, to collect monitoring data and check on progress.

If the end-of-cycle diagnosis reveals that a group is not mature, then the organization (if funding is available) has the responsibility to monitor the group more closely to continue to build capacity and provide support. As the group matures and is able to manage its activities, the organization can reduce the frequency of its visits. Experience shows that on average, 90 percent of groups become independent by the end of first cycle and 100 percent by the end of the second cycle.



Part Five

ANNEXES

ANNEX 1: COMMUNITY NEEDS ASSESSMENT

Name of District: _____

Name of Town/Village: _____

Approximate population: _____

What languages are spoken in your community? _____

AVAILABLE SERVICES

1. Do the following services exist in your community?

| | | |
|-----------------|---|---|
| COMMERCIAL BANK | Y | N |
|-----------------|---|---|

If yes, indicate name(s):

| | | |
|-----------------------------|---|---|
| MICROFINANCE INSTITUTION(S) | Y | N |
|-----------------------------|---|---|

If yes, indicate name(s):

| | | |
|-------------------|---|---|
| TELEPHONE NETWORK | Y | N |
|-------------------|---|---|

| | | |
|-------------------|---|---|
| PRIMARY SCHOOL(S) | Y | N |
|-------------------|---|---|

| | | |
|---------------------|---|---|
| SECONDARY SCHOOL(S) | Y | N |
|---------------------|---|---|

| | | |
|----------------------|---|---|
| VOCATIONAL SCHOOL(S) | Y | N |
|----------------------|---|---|

| | | |
|-------------|---|---|
| ELECTRICITY | Y | N |
|-------------|---|---|

| | | |
|---------------|---|---|
| POTABLE WATER | Y | N |
|---------------|---|---|

| | | |
|---------------|---|---|
| HEALTH CLINIC | Y | N |
|---------------|---|---|

ECONOMIC ACTIVITIES/LIVELIHOOD OPPORTUNITIES

2. What is the nearest major market? _____
3. What is the distance to the nearest major market? _____
4. Where do people generally go to buy things they can't buy in the community? _____

5. What types of goods are these? _____
 - How do people in your community earn money? What are some examples of ways of making money?

 - What employment opportunities exist in the area (short- and long-term contracts, such as teacher, health care worker, district officer, etc.)?

 - How many people have access to employment opportunities (very few, few, many, almost all)?

 - What do you think is the best/most profitable business in the community? Rank the top three or four and say why these are the best businesses?

GROUP PARTICIPATION

- Have you in the past participated in a group activity? If yes, what type of activity?

- Are you still participating in a group activity? If yes, what type of activity?

GENDER

- How are resources (e.g. money) allocated within the household? who decides how money is spent?

- If you were able to save \$10, who in the household would decide how to use the money?

- Which kinds of activities, tasks and work are forbidden to women and/or men?

- What type of business activities are women forbidden from undertaking?

SAVINGS

- In your community, how do people save money? Are there savings institutions in your area?
- Where do people with savings keep their money? Where is it safest to keep money? Is it safe to keep money close to the house?
- Can you describe some of the problems that you have experienced with your savings?
- What do you do when you need immediate cash to overcome an unexpected problem?

- How do you manage to get cash to make large item purchases?

ALTERNATIVE ECONOMIC SERVICES

- Which of the following types of agencies worked here last year? Describe the types of service they provided and their availability.

| AGENCY | NAME | SERVICE | AVAILABILITY |
|---|------|---------|--------------|
| AGRICULTURE EXTENSION | | | |
| COOPERATIVE SOCIETY | | | |
| MINISTRY/ | | | |
| GOVERNMENT PROGRAM (VOCATIONAL TRAINING, AGRICULTURAL TRAINING, ETC.) | | | |
| NGO IGA PROGRAM (VOCATIONAL TRAINING, SMALL GRANTS, ETC.) | | | |
| MICROFINANCE OR CREDIT | | | |
| OTHER | | | |

ANNEX 2: VSLA MEMBER SIGN UP SHEET

| | NAME OF POTENTIAL MEMBER | GROUP NAME | NAME OF VILLAGE |
|----|--------------------------|------------|-----------------|
| 1 | | | |
| 2 | | | |
| 3 | | | |
| 4 | | | |
| 5 | | | |
| 6 | | | |
| 7 | | | |
| 8 | | | |
| 9 | | | |
| 10 | | | |
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| 23 | | | |
| 24 | | | |
| 25 | | | |

ANNEX 3: BLANK CONSTITUTION

PART 1: HOW THE ASSOCIATION WILL GOVERN ITSELF

I. BASIC INFORMATION ON THE ASSOCIATION

- Name of the Association: _____
- Address: _____
- Date of formation: _____
- Date of official registration: _____

II. OBJECTIVE OF THE ASSOCIATION

- The purpose of the Association is to be an independent, profitable provider of financial services to the members.
- The services the Association provides to its members in order to achieve this objective are: _____

III. RELATIONSHIP TO EXTERNAL SOURCES OF FINANCIAL SERVICES

- The Association will not borrow from financial institutions during the first cycle of savings and lending. If it does so in subsequent cycles, it will use the following principles:
 - The Association must be the borrower and not individual members.
 - The Association will not allow the lender access to information on individual loans.
 - Members' savings cannot be used as collateral for an external loan.
 - Any borrowing by the Association must not exceed the total value of all members' paid-up shares.

IV. WHO MAY BE A MEMBER OF THE ASSOCIATION?

- Minimum age _____
- Gender _____
- Residence _____
- Other common circumstances _____

V. COMPOSITION OF THE MANAGEMENT COMMITTEE

- Chairperson
- Record-keeper
- Box-keeper
- Money counters
- Key holders

VI. ELECTION PROCEDURES

- The maximum number of consecutive terms any one person may serve on the Management Committee is: _____
- Elections must be held at the beginning of each new cycle.
- The minimum number of members who must be present to hold an election is: _____
- The election procedure will use a system that allows everyone's vote to be secret.
- The minimum number of people that must stand for each position is two.
- A candidate for election must be proposed for office by another member.

VII. REMOVAL OF COMMITTEE MEMBERS FROM THEIR POSITIONS BETWEEN ELECTIONS

- Any member of the General Assembly can call for a vote of no confidence in a member of the Management Committee. If a majority of the members decide that the person should be removed from the Management Committee, the member must step down and another member be elected to the same position.

VIII. MEETINGS

- The Association will meet every week to save and give loans. The cycle of meetings will continue for a maximum of 52 weeks before the Association shares out its assets.

IX. LEAVING THE ASSOCIATION

- If a member leaves the Association due to unforeseen and legitimate circumstances, the Association will calculate how much he or she must be paid using the following principle:

- If a person leaves the Association before the end of the cycle for no legitimate reason, except his or her wish to leave, the Association will calculate how much her or she is paid using the following principle:

- If a person is expelled for failing to make regular share-purchase/savings deposits, the Association will calculate how much he or she is paid using the following principle:

- If a person is expelled for failing to repay a loan, the Association will calculate how much he or she is paid using the following principle:

X. EXPULSION FROM THE ASSOCIATION

- The reasons for expulsion from the Association include:

XI. DEATH OF A MEMBER

- If a member dies, the Association will calculate how much money should be given to his or her heirs using the following principle:

XII. FINES

The following table lists the fines that can be charged for offences committed by members.

| OFFENCE | AMOUNT |
|--|--------|
| Nonattendance at a meeting for personal reasons | |
| Lateness to meetings | |
| Forgetting cash-box key | |
| Chatting through the proceedings | |
| Showing disrespect to a fellow member | |
| Failure to remember decisions and activities of the preceding meeting | |
| Failure of a member of the Management Committee to perform his or her duties | |
| | |
| | |
| | |

XIII. AMENDMENTS TO THE CONSTITUTION

- Two-thirds of the members must agree before the Constitution can be altered.
- Anyone can propose an amendment to the Constitution.

PART 2: SERVICES OFFERED BY THE ASSOCIATION

I. SAVINGS

- Members may buy one to five shares in each meeting.
- Members may contribute an agreed-upon amount at the start of every future cycle to speed the growth of the loan portfolio. The amount can be more than five shares if all members agree.

II. LENDING

- Only association members are eligible to borrow.
- The maximum amount that anyone can borrow is three times the value of his or her shares.
- The maximum length of loan term is four weeks during the first cycle.
- A member must repay a loan before she or he can take another.
- The service charge (interest) due repayment is: _____%
- When a member does not repay a loan, the following principle will apply: _____

- A loan that is not repaid will be considered uncollectible after: _____
- If a member dies, his or her loan need not be repaid.

III. SOCIAL FUND

- The contribution to the social fund will be: _____
- The social fund contribution will be paid: _____
- The benefit for the death of a spouse will be: _____
- The benefit for the death of a child will be: _____
- The benefit to a member whose house or workplace is accidentally destroyed will be: _____
- The benefit for _____ will be: _____
- The benefit for _____ will be: _____
- The benefit for _____ will be: _____

Note: Each program will develop a list of benefits that participants agree upon. The benefits listed above are suggestions that may need modification.

Name: _____ Signature: _____

Name: _____ Signature: _____

Name: _____ Signature: _____

Name: _____ Signature: _____

Name: _____ Signature: _____

Name: _____ Signature: _____

Name: _____ Signature: _____

Name: _____ Signature: _____

5 ANNEXES

| | |
|-------------|------------------|
| Name: _____ | Signature: _____ |
| Name: _____ | Signature: _____ |
| Name: _____ | Signature: _____ |
| Name: _____ | Signature: _____ |
| Name: _____ | Signature: _____ |
| Name: _____ | Signature: _____ |
| Name: _____ | Signature: _____ |
| Name: _____ | Signature: _____ |
| Name: _____ | Signature: _____ |
| Name: _____ | Signature: _____ |
| Name: _____ | Signature: _____ |
| Name: _____ | Signature: _____ |
| Name: _____ | Signature: _____ |
| Name: _____ | Signature: _____ |
| Name: _____ | Signature: _____ |
| Name: _____ | Signature: _____ |
| Name: _____ | Signature: _____ |

The guide should be copied and laminated in plastic for reference in the field and routinely used for association meetings, after the completion of the training.

| MEETING STEP | FIRST SHARE-PURCHASE/SAVINGS MEETING–PROCEDURES |
|--------------------------------------|---|
| 1. MEETING OPENING | <ul style="list-style-type: none"> » The chairperson calls the meeting to order and quickly counts the number of members to ensure at least two-thirds are present. » The key holders open the box, which remains in front of the box-keeper. » The fines bowl is placed in front of the chairperson, so that fines can be collected during the meeting. » The record-keeper performs a roll call and gives the members their passbooks. |
| 2. SHARE PURCHASE/ SAVINGS | <ul style="list-style-type: none"> » The record-keeper asks the association to recall the balance of the loan fund from the previous meeting. » The money counters then remove the loan fund from its bag and count it, announcing the amount to the members. » Once it is agreed that the amount remembered and the amount counted are the same, the money is placed in the money-counting bowl. » The chairperson announces that members will make their first share purchase/savings. The record-keeper calls each member to the front by name, following numerical order. » Each member buys between –one and five shares, giving the money to the money counters and her passbook to the record-keeper. » The money counters count the money, place it in the money-counting bowl and announce the number of shares that have been purchased. » The record-keeper stamps the correct number of shares into the passbook and crosses out any unused blocks. » The member then checks that the stamp in the passbook is correct. |
| 3. EXPENSES | <ul style="list-style-type: none"> » If any money was allocated for expenses in the previous meeting, the person who made the expenditure gives an account and returns any change to the money counters, who place it in the money-counting bowl. » The chairperson asks the record-keeper if there will be any necessary expenses before the next meeting. If any expenses are approved by all members, the chairperson instructs the money counters to remove the necessary amount from the money-counting bowl and give it to the member who is responsible for paying the expense. |
| 4. LOAN REPAYMENT | <ul style="list-style-type: none"> » The chairperson asks rememberers to tell the group who is scheduled to repay loans at the meeting. Borrowers should also identify themselves. » The record-keeper verifies the amount due by referring to their passbooks. » Each borrower is then called to the front in numerical order to give his or her payment amount to the money counters. » The money counters count the payment, announce the amount and place it in the money-counting bowl. » The record-keeper enters the payment in the member's passbook in the Amount Paid box. » The record-keeper then calculates the remaining balance due (if any) and enters it in the 'Loan Amount' box in the member's passbook » If the remaining balance due is zero, the record-keeper signs the passbook and announces that the loan is repaid, canceling the loan with a diagonal red line drawn through the transactions |
| 5. CALCULATING THE LOAN FUND BALANCE | <ul style="list-style-type: none"> » The money counters combine the money in the fines bowl and the money-counting bowl. » The money counters count the money in the money-counting bowl and the record-keeper announces the amount to the association. » The record-keeper then tells the association that this money constitutes their loan fund. |

| MEETING STEP | FIRST SHARE-PURCHASE/SAVINGS MEETING– PROCEDURES |
|------------------------|--|
| 6. LOAN TAKING | <ul style="list-style-type: none"> » The chairperson invites loan requests, reminding members of the four-week loan term and maximum loan amount (three times the member’s savings). » Each member who wants a loan then makes a request out loud to the association, announcing the amount requested and the purpose of the loan. The Record-keeper checks the number of shares that the member has already saved. » The Record-keeper then calculates the total value of the requests and announces it. » If the total value of loans requested is more than the money available in the loan fund, the association must discuss adjustments to the individual loan amounts until all members are satisfied. » Once it is decided how much each borrower will receive, the record-keeper calls each borrower to the front of the front. » The record-keeper then enters the loan number, loan amount and service charge due in the member's passbook. » The record-keeper instructs the money counters to give the borrower the loan amount from the money-counting bowl. » The borrower counts the money and signs the passbook. » The record-keeper then instructs the borrower to announce out loud the total amount due and the date it is due. » This process is repeated until all loans have been issued. » The money counters then count the money remaining in the money-counting bowl and announce the amount to the association. » The record-keeper then tells the association that this money constitutes their loan fund and writes the balance in the central register. » The money counters then place the loan fund in its drawstring bag and put it in the cash box. |
| 7. SOCIAL FUND | <ul style="list-style-type: none"> » The record-keeper asks the association to recall the balance of the social fund from the previous meeting. » The money counters then remove the money from the social-fund bag, place it in the money-counting bowl, count it, and announce the amount to the members. » The chairperson announces that contributions will be made to the social fund. All members must contribute the same amount. » The record-keeper then asks if any member owes money to the social fund. If any member has an outstanding contribution to the social fund, the “Rememberers” confirm the amount due. » The record-keeper calls each member by name to give his or her social fund contribution to the money counters. The money counters confirm the amount and place it in the money-counting bowl, while the record-keeper records the amount in the central register. » The record-keeper then asks for new requests from the social fund. Members in need make their request to the association. » If approved, the money is provided to the member according to the constitution. » After all benefits have been paid, the money counters count the remaining social-fund money. » The record-keeper confirms the balance of the social fund, asks the members to memorize the amount for the next meeting, and notes the amount in the central register. » The social-fund money is then replaced in its drawstring bag and put back in the cash box. |
| 8. CLOSING BALANCES | <ul style="list-style-type: none"> » The record-keeper announces the total of the loan fund once again, and the chairperson instructs all members to memorize the balance of the loan fund for the next meeting. » The record-keeper announces the total of the social fund once again, and the chairperson instructs all members to memorize the social fund balance for the next meeting. » The key holders are called by the chairperson to lock the box. |
| 9. CLOSING | <ul style="list-style-type: none"> » Before closing the meeting, the chairperson invites members to discuss any items of business that may be of interest. » The chairperson announces the date and time of the next meeting. » Once discussion is complete, the chairperson closes the meeting. |

ANNEX 5: MEMBER EARNINGS CALCULATION SHEET 1

This form should be used if the group chooses to cancel shares equivalent to a member's debt if they have an unpaid loan at the time of the share-out.

| TOTAL VALUE OF CASH TO BE SHARED OUT | TOTAL SHARES | NEW SHARE VALUE |
|--------------------------------------|--------------|-----------------|
| | | |

| NO. | NAME | # OF SHARES SAVED | # OF SHARES TO SUBTRACT (IF APPLICABLE) | TOTAL NO. OF SHARES REMAINING | NEW SHARE VALUE | TOTAL EARNED THIS CYCLE |
|--------------|------|-------------------|---|-------------------------------|-----------------|-------------------------|
| 1 | | | | | | |
| 2 | | | | | | |
| 3 | | | | | | |
| 4 | | | | | | |
| 5 | | | | | | |
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| 20 | | | | | | |
| 21 | | | | | | |
| 23 | | | | | | |
| 24 | | | | | | |
| 25 | | | | | | |
| TOTAL | | | | | | |

ANNEX 6: MEMBER EARNINGS CALCULATION SHEET 2

This form should be used if the group chooses to cancel shares equivalent to a member's debt if they have an unpaid loan at the time of the share-out.

| TOTAL VALUE OF CASH TO BE SHARED OUT | TOTAL SHARES | NEW SHARE VALUE |
|--------------------------------------|--------------|-----------------|
| | | |

| NO. | NAME | # OF SHARES SAVED | NEW SHARE VALUE | TOTAL EARNED THIS CYCLE | DEBT OWED TO THE GROUP (SUBTRACT) | AMOUNT OF SHARE-OUT RECEIVED |
|--------------|------|-------------------|-----------------|-------------------------|-----------------------------------|------------------------------|
| 1 | | | | | | |
| 2 | | | | | | |
| 3 | | | | | | |
| 4 | | | | | | |
| 5 | | | | | | |
| 6 | | | | | | |
| 7 | | | | | | |
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| 17 | | | | | | |
| 18 | | | | | | |
| 19 | | | | | | |
| 20 | | | | | | |
| 21 | | | | | | |
| 23 | | | | | | |
| 24 | | | | | | |
| 25 | | | | | | |
| TOTAL | | | | | | |

ANNEX 7: END OF CYCLE DIAGNOSIS FORM

Name of Staff: _____

Name of the Site: _____

Name of the Group: _____

Date of Start of Cycle and Date of Share-out: _____

| INDICATOR | POINTS | |
|--|--------|--|
| 1. Groups ability to resolve problems on their own | X2 | |
| 2. All members of the group are active participants in group activity | X2 | |
| 3. Strong solidarity and group cohesion | X2 | |
| 4. Groups ability to accurately record group activities at the last visit before share-out | X1 | |
| 5. Dropout rate after the start of activities (4+ members= bad; 2-3= Average; 0-1= Good) | X1 | |
| 6. Return on savings between 30%- 40% (Less than 30%= bad, 30%-40%= average, more than 40%= good) | X1 | |
| 7. Number of loans unable to be recovered during share-out (more than 2= bad, 1= average, 0= good) | X1 | |
| 8. Groups able to revise internal regulations based on need | X2 | |
| 9. Overall Group Performance (Good= 3, Average= 2, Bad=1) | X2 | |
| TOTAL | | |

POINTS KEY

- 1 = bad/no
- 2 = average
- 3 = good/yes

MATURITY GRADING SCALE

- 33 – 42 = Mature
- 23 – 32 = Uncertain
- 14 – 22 = Needs ongoing support

OBSERVATIONS: _____

SIGNATURE OF THE PRESIDENT: _____

SIGNATURE OF THE EVALUATOR: _____

ANNEX 8: VSLA CHANGE OF PHASE FORM

This form is to be completed by the community worker or field officer that has been working with the group under evaluation. Grading is based on an overall appreciation of the group based on the evaluator's experience with the group. Each category needs to be evaluated on a scale of 1-3: 1 = bad, 2 = average and 3 = good.

Name and no. of group: _____ Name of community: _____

Date of visit: _____ Name of staff conducting visit: _____

| ISSUE | POINTS |
|---|--------|
| 1. Did at least 80% of the members attend the meeting? | |
| 2. Did at least three-fourths of the members arrive on time? | |
| 3. Did the Management Committee play its role well? | |
| 4. Was the constitution followed? | |
| 5. Did the members of the association participate in the discussions? | |
| 6. Were share-purchase/savings-and-lending procedures followed correctly? | |
| 7. Did at least 80% of the members regularly save since the start of the cycle? | |
| 8. Were passbook share purchase/savings records up to date and accurate? | |
| 9. Were passbook loan records up to date and accurate? | |
| 10. Did the record keeper accurately summarize the financial position of the association at the end of the meeting? | |
| TOTAL | |

POINTS KEY 1 = bad/no 2 = average 3 = good/yes

CONDITION 21 – 30 = Good health 11 – 20 = Uncertain health 0 – 10 = Not well

OBSERVATIONS: _____

SIGNATURE OF THE CHAIRPERSON: _____

SIGNATURE OF THE COMMUNITY WORKER'S SUPERVISOR: _____

ANNEX 9: FINANCIAL DATA COLLECTION FORM

Month of data collection: _____ Name of community worker: _____

1. Name of EA\$E group: _____

2. Group number: _____ Share value: _____ Interest fee: _____

3. Linkages to external savings: Yes No 4. Linkages to external loans: Yes No

5. Date of first training: _____ 6. Date savings started: _____

8. Total membership at start of cycle: _____ Male _____ Female _____

9. Date of data collection: _____

10. Active members at time of visit: _____ 11. Male _____ 12. Female _____

13. Number of members attending the meeting: _____

14. Number of dropouts: _____ Male _____ Female _____

For new dropouts this month, specify sex and reason for leaving: _____

Value of savings
(during the month): _____

15. Cumulative value of savings: _____

16. Number of active loans
(outstanding loans): _____

17. Value of active loans
(outstanding loans): _____

18. Unpaid balance of loans
(four weeks past due): _____

Number. of unpaid/late loans: _____

19. Value of write-off: _____

20. Value of cash in the loan fund: _____

21. Value of cash in the social fund: _____

Money reported by group corresponds with the amount of money present in the:

Loan Fund: yes / no

Social Fund: yes / no

Amount recorded in the register corresponds to the money present in the:

Loan Fund: yes / no

Social Fund: yes / no

Comments on data/financials:

ANNEX 10: VSLA MONITORING VISIT CHECKLIST

Name of the group: _____ Name of community: _____
 Number of VSLA: _____ Date of visit: _____
 Name of staff conducting the visit: _____

| | BAD (1 PT.) | OKAY (2 PTS.) | GOOD (3 PTS.) | VERY GOOD (4 PTS.) | SUPER (5 PTS.) |
|--|----------------|------------------|------------------|--------------------------|-------------------|
| 1. THE GENERAL ASSEMBLY | | | | | |
| 80% of members attended the meeting (70%=Okay; 80%=Good; 90%=Very Good; 100%=Excellent). | | | | | |
| 75% of members were on time for the meeting (66%=Okay; 75%=Good; 90%=Very Good; 100%=Excellent). | | | | | |
| Members found solutions to problems without external help. | | | | | |
| Dropouts less than three 3=Okay; 2=Good; 1=Very Good; 0=Excellent. | | | | | |
| The majority of members remember the closing balances of the loan fund and the social from the previous meeting. | | | | | |
| The rememberers fulfill their duties (e.g., remember loan balances). | | | | | |
| The members understand the importance of fines and pay them without hesitation. | | | | | |
| 2. THE MANAGEMENT COMMITTEE | | | | | |
| The president fulfills her duties well. | | | | | |
| The record keeper fulfills her duties well (passbooks and central register are clear and correct). | | | | | |
| The box keeper fulfills her duties well. | | | | | |
| The money counters fulfill their duties well. | | | | | |
| The key holders fulfill their duties well. | | | | | |
| 3. THE QUALITY OF THE MEETING | | | | | |
| The meeting procedures are followed. | | | | | |
| 4. SAVINGS, LOANS AND SOCIAL FUND | | | | | |
| Members buy more than one share (50%=Okay; 60%=Good; 75%=Very Good; 90%=Excellent). | | | | | |
| Loans are repaid on time (70%=Okay; 80%=Good; 90%=Very Good; 100%=Excellent). | | | | | |
| Members contribute regularly to the social fund (80%=Okay; 90%=Good; 95%=Very Good; 100%=Excellent). | | | | | |
| Members apply the internal regulations for social fund assistance. | | | | | |
| 5. GROUP COHESION | | | | | |
| Members demonstrate cohesion. | | | | | |
| TOTAL = | | | | | |
| | /90 | | % = | | |





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