

Village Savings and Loan Associations (VSLAs)



Field Officer Training Guide

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Table of contents

Preface	3
List of acronyms.....	4
Introduction for the Field Officer	5
Part 1 What are VSLAs?	6
Part 2 Schedule of operations	8
Part 3 Preparatory meetings.....	9
Meeting A: Orientation of local leaders and government officials	10
Meeting B: Introduction of VSL to the community	11
Meeting C: First meeting with potential and newly formed VSLAs.....	12
Part 4 Training modules 1 - 7	14
Module 1: Groups, leadership and elections.....	15
Module 2: Development of policies and rules for Social Fund, Share-purchase and credit activities	17
Module 3: Development of Group constitution.....	20
Module 4: First savings meeting	20
Module 5: First loan meeting	23
Module 6: First loan repayment	27
Module 7: Share out/action-audit.....	31
Part 5 Village Agents as trainers	32
Annexes	35
1 Election procedures	35
2 Constitution	36
3 The kit	41
4 Field Officer's consolidated guide to meeting procedures.....	42
5 Use of passbooks.....	45
6 Collecting data for the management information system	49
7 Agreement between a VSLA and a VA: Format.....	54
8 Field Officer time management	55

Preface

The purpose of this manual

This manual is part of a 2-part series: the first to be used by Field Officers (FOs) and the second by Village Agents (VAs).

- FOs are paid employees of a Facilitating Agency (FA) or its partner organisations, who create and train Village Savings and Loan Associations (VSLAs)
- VAs are community-based trainers *who are not paid employees of the project*

We have developed the manuals in order to provide straightforward guidance to FOs and VAs on how to train VSLAs, reduced to the essentials. We have deliberately avoided suggesting a step-by-step training system, since implementing organisations may have their own pedagogical approach. Rather, we have specified what needs to be achieved and have focused more on group-level outputs and procedures.

The use of Village Agents

It is becoming clear that one of the best ways to expand outreach at lower cost is to train VAs, who live in target communities. VAs train VSLAs, for a fee - paid by the VSLAs, thus eliminating the need for long-term external technical support. The main advantage of this approach is that new VSLAs continue to be created (and supported) even after a project has ended.

We know that this works.

- In 2002 in Zanzibar, CARE left behind 43 VSLAs and a team of independent VAs. Five years later these 43 VSLAs had increased to over 250, without additional donor investment.
- For more than 10 years, all of CARE Niger's new VSLAs in its MMD project have been trained by fee-for-service VAs.

Variations of the VA model are now used by all of the major development agencies that promote community-managed microfinance.

Revisions to the methodology

Experience has taught us that we can train VSLAs in as little as 9 months (down from 12 months), after which they become independent and sustainable. This requires a minimum of 15 visits during that period: starting out with frequent visits which are steadily reduced over the entire cycle. This contributes to increased productivity of Field Officers and Village Agents.

As well as providing detailed guidance for the training of a VSLA, this manual is a guide for the Field Officer that describes how to identify, train and supervise VAs. We hope that FOs will find it useful and would appreciate any comments that would help us to improve it.

Hugh Allen
March 30th 2010

List of acronyms

CARE.....	Cooperative for Assistance and Relief Everywhere
FA.....	Facilitating Agency. Trains and finances Implementing Organisations
FO	Field Officer
MMD	Mata Masu Dubara (Hausa for ‘Women on the Move’), CARE’s oldest VSL project
MFI	Microfinance Institution
NGO	Non-Governmental Organisation
TShs	Tanzania Shillings
VA.....	Village Agent
VSL.....	Village Savings and Loan
VSLA or ‘Association’	Village Savings and Loan Association

Introduction for the Field Officer

Congratulations on being selected as a Field Officer (FO) to train and support Village Savings and Loan Associations (VSLAs). VSLAs will succeed only through your efforts: you are at the heart of the programme.

The FO is a paid employee who starts by working directly to create VSLAs and, managed by a full-time Supervisor, takes on a training caseload of between 10 and 15 VSLAs. The Field Officer is given this responsibility because the first VSLAs created in a community will set an example and it is important that they should be successful and operate in the correct way. *That is why it is more important to focus much more on the quality of these first VSLAs than it is to create a large number.*

Once the FO succeeds in creating the first VSLAs s/he will watch the members carefully to see if there are people in the group who could also take on the job of training VSLAs. After 6 -9 months the FO will choose a total of between 6-8 people who can do this work (selected from among their 10 - 15 VSLAs) and will train them to become trainers too. These people are called Village Agents (VAs) and the idea is that they should come from the communities they serve and, over time, create between 3 - 6 VSLAs of their own, every year, charging fees for this service, or investing in the VSLAs that they serve. Over subsequent years, the FO will create only a few more VSLAs and will spend most of his/her time as a supervisor of VAs.

After a year of supervision, the FO and the FO's Supervisor will formally examine each VA and, if they pass the examination, the VA will become a certified, independent provider of VSLA training services, making a steady income. At this point the FO will move to another area and start the process again.

Thus, the FO is not just training VSLAs, but setting up a self-financing system of sustainable service delivery that will allow new VSLAs to be continually created. As such, your role needs you to be skilled as a trainer, a good planner and manager and always concerned about high quality. It is very important that you focus on discipline and procedure as you train and advise VSLAs and as you supervise VAs. This is what makes VSLAs successful. You should follow the procedures carefully, and teach your VSLAs to do the same.

The results of your efforts will be permanent and you will find the work satisfying. Good luck.



1 What are VSLAs?

A Village Savings and Loan Association (VSLA) is a group of 10 - 25 people who save together and take small loans from those savings. The activities of the VSLA run in 'cycles' of about one year, after which the accumulated savings and profits are shared out among the members according to the amount they have saved.

VSLAs are member-managed. Programme staff (FOs) and Village Agents (VAs) will train members, but never manage the VSLA, write in the passbooks or touch money belonging to the members.

VSLAs are trained by Field Officers (salaried programme staff) or Village Agents (who receive fees from the VSLAs for the training). Village Agents are members of VSLAs who are identified as having the skills to train other VSLAs. The role of a VA is to:

- train new VSLAs
- assist VSLAs they have trained when they would like assistance between cycles (share-outs, membership changes, modifying the constitution, elections)
- provide refresher training
- assist in resolving conflicts

The first cycle of VSLA is a training and supervision cycle lasting at least 36 weeks. During the first cycle, the Groups will meet weekly. This may change, as the group sees fit, thereafter.

Members save through the purchase of between 1 – 5 shares every meeting. The share-value is decided by the VSLA at the start of each cycle. At each meeting all members have the right to buy between 1-5 shares. The share value cannot change during the cycle.

Members can choose to have a Social Fund, to use for small grants when members are in distress. This is mandatory in the first cycle, but optional in future cycles.

The Loan Fund is comprised of money contributed in the form of shares and loan profits (from service charges).

All members have the right to borrow up to a maximum of 3 times the value of their shares

The monthly service charge for loans is determined by the members at the beginning of the cycle, in the form of a percentage value. It cannot be changed during the cycle.

Loans are taken and repaid once every 4 weeks. All loans should be repaid within a maximum of 12 weeks during the first cycle. The borrower is free to pay in whatever amounts s/he wishes at each loan meeting, but must repay the total sum owing within the agreed-upon period.

All VSLA transactions are performed at meetings in front of all the members. To ensure that transactions do not take place outside VSLA meetings, cash and passbooks are locked in a cash-box secured with three padlocks. The three keys are held by three members, none of whom is a member of the Management Committee.

Theft of boxes by outsiders is very rare, but members must take responsibility for security.

All members have an individual passbook. Share purchases are recorded in the first half of the passbook using a rubber stamp. Loans are recorded in the back of the passbook. Loan Fund and Social Fund balances are noted by the Record-keeper in a notebook and memorised by all members at each meeting.

Passbooks remain locked in the box between meetings. This is very important, to prevent tampering with the records of shares purchased by the members, or alteration of loan records.

The Group has a five-person Management Committee elected for one cycle. Groups develop a Constitution that contains the Social Fund, Share-purchase and Loan policies of the Group.

Each member has one vote in electing the Management Committee and developing the constitution.

At the end of every annual cycle, all outstanding loans are recovered and the Loan Fund is shared out. The Loan Fund (which includes profits) is divided by the total number of shares purchased by members during the cycle, to calculate the share value. Each member then receives his or her payout according to the number of shares purchased. In this way no complicated calculation of profits is needed.

2 Schedule of operations

VSLAs are trained by Field Officers (FOs) over a period of at least 36 weeks according to the schedule below.

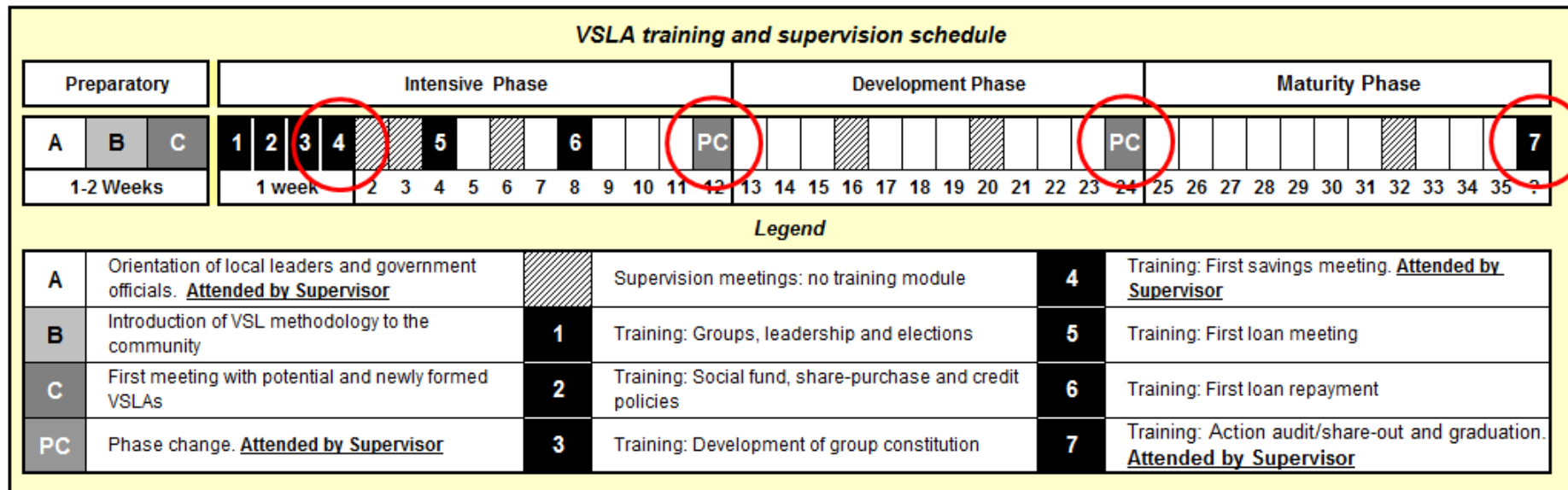
Preparatory phase: This provides general information to prospective VSLA members. They will decide if they want to be trained.

Intensive phase: 12 weeks. It starts off with 4 visits in the first week, and then continues with 6 visits over the next 10 weeks.

Development phase: 12 weeks. 3 visits during loan meetings only.

Maturity phase: 12 weeks. 2 visits; one for light supervision and one to help the VSLA prepare for share out and graduation.

Figure 1: VSLA training and supervision schedule



Note: The red circles indicate the Supervisor's attendance at: the first savings meeting; the two phase changes; and the Action audit/share-out.

Note: The FO may increase the frequency of visits in the Intensive Phase and may also prolong it if additional time is needed to get the VSLA to a position that it can confidently manage share-purchase unaided. The frequency of visits in the Development phase need not be increased, because they all fall on loan disbursement and repayment meetings.

3 Preparatory meetings

The Preparatory Phase has three purposes:

- To obtain permission by local authorities and leaders to work in a particular area and to enlist their support in organising a public meeting to outline how the programme works
- To describe to a public gathering how the programme works and how people may get more information
- To provide a detailed description of how a VSLA works; what people have to do to participate and what the FO promises to do

Table 1 below lays out the order in which these meetings take place and the content

Table 1: Preparatory Meetings

Type of meeting	<u>Meeting A</u> Supervisor and FO orient local leaders and government officials	<u>Meeting B</u> FO introduces VSL to the community	<u>Meeting C</u> First meeting of FO with newly formed groups
Content	<ul style="list-style-type: none"> • Introduction of the Implementing Organisation. • Target group to be served • Services offered. • Role of local leaders and administrators. 	<ul style="list-style-type: none"> • How the methodology works. • How interested individuals can form new VSLAs 	<ul style="list-style-type: none"> • Step-by-step description of how VSL works • Qualities of good members • VSLA and FO obligations • Training schedule • Date and place for first Training
Comments	This may take more than one meeting and may involve Regional, District and Locational/Ward officials before reaching communities	Open meeting. Anyone can attend. Usually at a public place like a market, school, church, mosque etc.	Attended only by people who are committed to joining a VSLA and who show this by having formed themselves into a group

Meeting A: Orientation of local leaders and government officials

A project should inform Government administrators and line ministries at different levels about what it wants to do. Usually this will start at the District (or its equivalent), and continue downwards from there to the targeted local community. This may take more than one meeting.

Most important will be community level administrators and traditional leaders. These are the people who can arrange a public meeting and who can contact influential community leaders.

What is covered in this meeting?

- The Supervisor introduces him/herself, the project and the Implementing Organisation and also introduces the FO
- Project purpose and goals: to build the capacity of community groups to be able to mobilise savings, use these savings to start a loan fund and to create a social fund for relief of members experiencing emergencies
- VSLAs will provide:
 - The opportunity to save and borrow flexibly as they need, and make attractive profits on their savings. Very poor people will find that VSLAs meet most of their needs for savings and credit, because there are no problems of high minimum deposit requirements, hidden charges, complicated procedures, or difficulty in accessing loans.
 - VSLAs can assist members in case of death, disease or natural disaster; local moneylenders may not be willing to provide this service to the poorest.
 - VSLAs help members build self-respect, self-reliance and self-confidence
- History of the project and of similar projects worldwide. There are more than three million poor people successfully managing their VSLAs throughout the world. More than 90% of VSLAs succeed and remain together for several years or more.
- VSLAs are taught to manage their own activities over a cycle of nine months to one year. An FO will attend most of the Group's meetings to train and assist them. After the first cycle, the Group manages its own affairs.
- After a year the FO will select people from the VSLAs they have started to be trained and to carry on this work for a fee. This will create new local jobs and ensure that VSLAs have a person in the community who can help them solve their problems.
- The FO promises the following to the community:
 - Reliability
 - Integrity
 - Establishment of a sustainable service that enjoys community support and has an important economic impact. Women in particular can expect to benefit.
- What the Supervisor needs from Government and Community Leaders:
 - Permission for the FO to work in the area
 - Mobilisation of the community to attend a public meeting, at which the VSL methodology will be explained and community groups invited to participate
- Feedback: the Supervisor should take questions and ask for feedback.

Public meeting arrangements: The FO makes sure that someone is made responsible for arranging a public meeting and a date set is at which the FO can meet with the community. The public meeting should bring together 50 - 100 potential VSLA members as well as local leaders (such as religious leaders and prominent local business people) who can spread the word to other communities. The place and date of the public meeting should be agreed at this point, so that the FO can schedule an appearance.

Meeting B: Introduction of VSL methodology to the community

This should be a large, open gathering which is announced well in advance through the help of local leaders. There will be many questions. The goal of this meeting is to generate interest, so that many potential groups come to meeting C.

What to explain:

- The purpose is to create community-managed savings and loan groups that belong to their members.
- The promotion of VSLAs is not a government programme.
- All of the funds used to provide loans to the members come from the members' own efforts. The programme does not provide any money to VSLAs for lending to its members.
- The size of the Group must be not less than 10 members and not more than 25.
- Groups will be sold a metal box that has three locks on it and which contains all of the materials needed to run a VSLA. This box cannot be opened between weekly meetings.
- VSLA members will be taught to save regularly, to take loans from that savings, and to share out the savings and profits each year according to each person's contributions.
- The FO is only there to teach them the system. Members will manage their activities themselves, and the FO will never:
 - Handle the Group's money
 - Write in the Group's records
 - Take the cash-box away
 - Ask for a loan
 - Ask for a gift
- Training and supervision takes approximately 9 months. After this, the VSLA is independent and continues to operate without any more help, although the FO will continue to be available for advice and support.
- The FO will carry on this work for about a year in the locality. During that time (s)he will identify a number of local people who will be trained to carry on the work. (S)he will be their supervisor to make sure that the quality of the VSLAs remain high.
- The members of the proposed Group choose where and when the meetings are to be held.

The FO then tells the assembly that (s)he will return to the community at an agreed time to see if people are interested and will then make training arrangements. Those who are interested must form groups of between 10 - 25 members before Meeting C. The FO stresses the following before closing the meeting:

- Members must know and trust each other
- Leaders are not elected until after training begins

Meeting C: First meeting with potential and newly formed VSLAs

This meeting is only attended by people who are interested to be in a VSLA, and who have already gathered in groups of 10 - 25 people who know and trust each other.

What to explain:

The FO describes the basic features of a VSLA:

- A VSLA is created so that people can save, borrow and start an insurance fund
- Members are self-selected and the VSLA is managed by its members
- Every Group has a written constitution and clear rules
- Some rules such as the amount of savings, or the service charge on loans are decided by the members
- Some rules, such as the need for annual elections, are already fixed because this has been shown to be important
- Every Group has a Management Committee which is democratically elected and changed every year
- Members must attend all meetings, and buy at least 1 share each meeting
- There are fines for lateness and missing meetings
- A group allows all members to buy between 1-5 shares each week. The price of a share is set by the members
- The money collected from the purchase of shares is used to provide small loans to members, which are repaid over a period of not more than 3 months
- All borrowers have to pay a service charge on their loans, at a percentage rate decided by the members
- There is a Social Fund from which members can receive small grants or interest-free loans for emergencies
- All of the Group's cash is kept in a box with three locks, and the keys are kept by three different members of the Group who are not part of the management committee
- The box can only be opened in meetings, so all transactions are done in front of all of the members
- Record-keeping is based on simple passbooks and memorisation of important information, such as the amount of cash in the box and who owes money to the Social Fund
- Each member has a passbook in which their savings and loans are recorded
- The passbooks are locked in the box between meetings to prevent anyone changing the entries
- The members decide on a period for operation of the VSLA before they share out their profits. This is called a cycle and is never less than 9 months or longer than 12 months
- At the end of each cycle, all loans are repaid, and all savings and profits are distributed to members according to the number of shares they have purchased
- The box and its contents will be supplied by the programme and must be paid for by the Group. This will involve a down-payment of not less than 25%, with the balance being paid before the end of the cycle. If there is a balance at the end of the cycle, the Group must pay the due amount from the loan fund prior to sharing out.
- The training and supervision period is 36 weeks. After this period, the VSLA continues to operate independently without any external support.
- During the training period the VSLA will meet weekly, and the FO will visit 15 times
- Once the VSLA becomes independent, the FO will only attend meetings if requested by the members

The FO explains that there are 7 training modules:

- Members, Leadership and Elections
- Social Fund, Share-purchase and Credit Policies
- Development of Group Constitution
- First Savings Meeting
- First Loan Meeting
- First Loan Repayment
- Action-audit / Share-out and graduation

Members must be aware of the qualities that are needed in a member. So the FO reviews the qualities of a good member, and suggests that anyone who is not able to meet these standards should probably not join. Good members will:

- Know each other and be from a similar economic background
- Not live too far from where the meetings will be held
- Have a reputation for honesty and reliability
- Be able to attend all meetings
- Attend all meetings on time
- Follow all rules
- Have a cooperative personality. Someone who is known to create conflict should probably not join
- Be able to buy at least one share each week
- Be able to repay loans on time
- There is only one member from the same household. It is better if members from the same household join different VSLAs

The FO and the new Groups arrange a time and a place for the first training.

IMPORTANT

The FO should never train more than one VSLA at the same time and place. *All VSLAs should be trained individually.*

4 Training modules 1 - 7

Table 2: Diagram of training schedule

Module 1 Groups, Leadership and Elections	Module 2 Social Fund, Share-purchase and Credit Policies	Module 3 Development of Group Constitution	Module 4 First Savings Meeting	Module 5 First Loan Meeting	Module 6 First Loan Repayment	Module 7 Action-audit / Share-out and graduation
<ul style="list-style-type: none"> • Individual self-selection • Role of General Assembly • Roles of leaders • Preparation for elections • Elections 	Policies and rules related to: <ul style="list-style-type: none"> • The Social Fund • Share-purchase • Credit • Loan repayment 	<ul style="list-style-type: none"> • Group governance • Combining Module 2 policies and rules with governance decisions into single constitution 	<ul style="list-style-type: none"> • Supervision of first meeting in which cash is handled • Contribution to Social Fund, • Share-purchase 	<ul style="list-style-type: none"> • Supervision of first loan disbursements 	<ul style="list-style-type: none"> • Supervision of first loan repayments 	<ul style="list-style-type: none"> • Distribution of the Loan Fund at the end of the cycle
Week 1				Week 4	Week 8	End of cycle

Module 1: Groups, leadership and elections

Purpose of the meeting

The FO explains that the purpose of the meeting is to give the Group a name and to elect leaders who will be its managers for a period of one year. (S)he explains that elections are held every year and the next elections in one year's time will also be facilitated by the FO.

Individual self-selection

The FO again reviews the qualities of a good member, and suggests that anyone who does not meet these criteria should probably drop out before the next meeting. Good members will:

- Know each other and be from a similar economic background
- Not live too far from where the meetings will be held
- Have a reputation for honesty and reliability
- Be able to attend all meetings
- Attend all meetings on time
- Follow all rules
- Have a cooperative personality. Someone who is known to create conflict should probably not join.
- Be able to buy at least one share each week
- Be able to repay loans on time
- There is only one member from the same household. It is better if members from the same household join different VSLAs.

Elections

- The group chooses a name for the VSLA and the FO gives the Group a number
- The FO explains:
 - All members have the same rights
 - The Management Committee is elected by the members, who can also dismiss it for poor performance
 - The Management Committee serves for one year, after which a new committee is elected
- (S)he then reviews the qualities needed for each position and the work that each person chosen needs to do, using the tables below:

Table 3: Qualities and responsibilities of the Group Chairperson

Qualities	Responsibilities
<ul style="list-style-type: none"> • Respected • Confident and calm when speaking in front of others • Treats everyone equally • Listens to others and asks for opinions • Organised • Always on time 	<ul style="list-style-type: none"> • To call the meetings to order, announce the agenda and lead discussions • To ensure that the meetings follow proper procedure and that the Constitution is followed and respected • To maintain discipline and charge fines as needed • To facilitate discussions and to ensure that everyone's views are listened to • To resolve conflicts • To represent the Group to outsiders and non-members, including local government officials.

Table 4: Qualities and responsibilities of the Group Record-keeper

Qualities	Responsibilities
<ul style="list-style-type: none"> • Good with numbers • Writes neatly • Has a reputation for trustworthiness • Always on time • Willing to work extra hours to train with the FO if needed 	<ul style="list-style-type: none"> • Ensures that all transactions for the Social Fund, Share-purchase and lending take place according to procedure, and that all rules are followed • Makes all passbook entries for shares and loans • Reads the Social Fund and Loan Fund cash balances out loud at every meeting

Table 5: Qualities and responsibilities of the Group Box-keeper

Qualities	Responsibilities
<ul style="list-style-type: none"> • Trustworthy • From a household that has a good reputation (no one in that household should be considered unreliable) • Lives in a house with good security • Always on time 	<ul style="list-style-type: none"> • Keeps the Group box safe in between meetings • Ensures that (s)he is accompanied to/from meetings as necessary • Brings the box to the meetings on time

Table 6: Qualities and responsibilities of the Group Money-counters

Qualities	Responsibilities
<ul style="list-style-type: none"> • Able to count quickly and accurately • Trustworthy • Calm and organised • Always on time 	<ul style="list-style-type: none"> • Counts all amounts paid to, or taken from the VSLA • Informs the Record-keeper of the correct amount to be recorded in the passbook

The FO then organises the election of the officials, starting with the Chairperson. (S)he uses the standard procedures shown in Annex 1.

Module 2: Social Fund, share-purchase and credit policies

Purpose of the meeting

The FO says that the purpose of the meeting is to develop a set of rules concerning how the members of the Group will save by buying shares, how they will take out loans and pay them back, and how they will offer insurance to their members through a Social Fund.

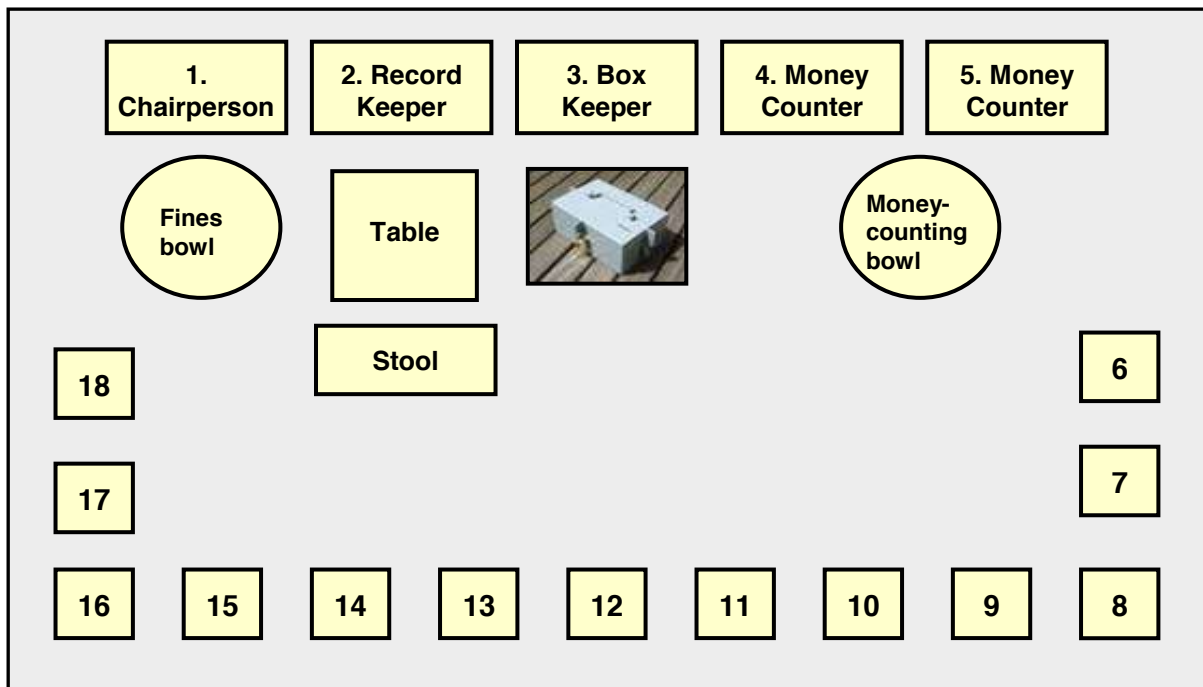
Seating arrangements

The diagram below shows how members are seated in a meeting. This seating arrangement is very important for two reasons:

- It allows all members to see clearly what is happening
- It ensures that all members transact in order

The diagram shows a VSLA with 18 members. The number can be bigger or smaller.

Figure 2: Layout of meeting place: Group with 18 members



The FO starts the meeting by seating the members according to this arrangement.

Social Fund

The FO says that the Group may wish to create a Social Fund to provide grants to members who encounter serious problems (this is an optional service and a Group may decide not to create a Social Fund). Grants are often made to help with:

- Funeral expenses
- Catastrophes, such as fire damage or house damage
- Loss of livestock

The Group then decides what the amount of regular contributions to the Social Fund should be. The FO says that:

- The Social Fund is kept separately from the Loan Fund, in its own bag
- The Social Fund is used for grants, not loans
- The constitution lists the payouts for death of the member and his or her relatives; the Group can decide to make payments for other types of losses if it wishes

Share-purchase rules

The FO says that members save in a VSLA by buying shares. At each meeting, each member has the opportunity to purchase between 1 to 5 shares. (S)he asks what the value of a share should be. (S)he the explains:

- The amount is too big if the poorest member will have trouble regularly saving at least one share
- During a lean season of the year the amount is too small if better off members feel that 5 shares will still be too little

Lending rules

The FO says that while members can save every week they can only borrow once every four weeks. Borrowing once every four weeks:

- keeps most meetings short
- keeps record-keeping simple (loans in every meeting make records very complicated)
- allows the Loan Fund to build, so that members can borrow useful amounts

The Group is then asked for what purposes loans will be given. The FO says that members should not take out loans that they cannot repay easily

The FO says that the amount borrowed by any member cannot be more than three times their savings. (S)he explains that this is best, to ensure everyone has fair access to loans, and that loans are not too risky.

The Group is then asked for how long members should be allowed to take out loans. The maximum loan duration should not be more than 3 months. Once the Group has decided on the longest time that members can take out loans, the FO writes this down.

The FO explains that when members take out loans they have to pay a service charge every 4 weeks. This is a fee paid to the Group for being able to borrow, but which ends up back in members' pockets at the annual share out. The Group should then decide how much the service charge should be, and the FO writes it down. The FO explains that the monthly service charge is a percentage:

- based on the loan amount
- is paid every 4 weeks
- the same amount every month until the loan is fully repaid

If the members are confused about what service charge the Group should choose, the FO can give the following guidance:

- A service charge that is very low may tempt members to borrow more than they can easily repay. For this reason, it should not be less than 5%
- A service charge which is too high will discourage members from borrowing, and make the VSLA less useful. For this reason it should not more than 10%.
- A service charge of 10% is easy to calculate (a loan of 1,000 attracts a monthly service charge of 100 at each loan meeting)

Safety of Group funds

The FO hands over the Group kit (see Annex 3), receives the 25% down payment and tells the Group that the balance must be paid by the end of the cycle.



VSL programmes must use lockable boxes. The reason for using three locks is to keep member money and records safe and to make sure that transactions cannot take place privately between meetings.

Module 3: Development of Group constitution

Before going to this meeting, the FO goes to Annex 2 and makes a copy of the blank Constitution form. The FO takes this with him/her to the meeting.

The blank constitution form in Annex 2 allows the FO to write down Group decisions. Part of it is already fixed, because experience has shown that some things should be common to all VSLAs. Decisions that the Group needs to make for itself are shown as underlined blank spaces.

The FO explains that the rules developed in the previous meeting will be included in the Constitution, but that this meeting will concentrate on the rules that help the Group govern itself, including the decisions already made about the Social Fund, share purchase and loans.

The FO goes through the blank form, item by item and helps the members to reach agreement on each clause. The FO then helps them to fill in the blank spaces. The FO should never think that (s)he knows what the Group will decide and fill out the form before going to the meeting.

Once the form is filled, all the members will then sign the constitution to show that they agree.

The VSLA should not rush these discussions or feel pressured to get this done in one meeting. Experience has shown that sometime this session can take two (or even 3) meetings to finish.

Module 4: First savings meeting

The FO tells the members that this meeting will be the first chance they have to buy shares and that (s)he will guide them through the steps. The FO then explains that from now on (s)he is only there to support the Management Committee, which is now in charge of meetings.

The kit and the key-holders

The Group is told that the safety of the kit will be the responsibility of the Box-keeper and that (s)he must carry it to every meeting of the Group.

The FO tells the members that although they have appointed their Management Committee, it is necessary to appoint three people, to be called Key-holders, who will keep the keys, so that the box can only be opened in meetings. They can be identified by discussion and the following criteria are important:

- They must not be members of the Management Committee
- They should not be members of the same family
- They should be members who can be relied upon to attend and will always be on time

Managing a meeting: General

At this point, the Management Committee will be learning only how to conduct a savings meeting. The FO should explain again that the first loan meeting will not occur for another 3 weeks.

The FO uses Table 7 to facilitate the first savings meeting and refers to Annex 5 to demonstrate to the Group the share-purchase system and savings records in the member passbook. This should be studied by the FO beforehand.

Table 7: Procedures for first savings meeting

Meeting step	First savings meeting – Procedures
1. Meeting opening	<ul style="list-style-type: none"> • The Chairperson calls the meeting to order • The Record-keeper performs a roll call • 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 calls each member in number order to the front and gives them their number card and tells them that they must always bring it with them to all meetings • The Record-keeper writes their name and number on a passbook but does not give the passbook to the member
2. Social Fund <i>(if the group does not have a Social Fund, skip to step 3)</i>	<ul style="list-style-type: none"> • The Chairperson announces that contributions will be made to the Social Fund • The Record-keeper calls each member, by number, to give their Social Fund contributions to the Money-counters • When the member comes forward, they give their Social Fund contribution to the money-counters and are given their passbook • The Money-counters confirm that each member has given the right contribution and place it in the Money-counting bowl • The money counters count the total amount in the Money-counting bowl and announce this to the members • The Record keeper says that everyone should remember this amount for the next meeting • The Record keeper records this amount in the note book • The Social Fund money is then replaced in its draw-string bag and put back in the cash-box
3. Share-purchase/ savings	<ul style="list-style-type: none"> • The Chairperson announces that members will now buy shares • The Record-keeper calls each member to the front by their number • Each member comes to the front and buys between 1 - 5 shares, giving the money to the Money-counters and their 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 by the member • The Record-keeper stamps the correct number of shares into the passbook and crosses out any unused blocks • The member then checks that the number of new stamps in the passbook is correct: <u>the passbook remains with the Record-keeper for the rest of the meeting</u>
4. Expenses	<ul style="list-style-type: none"> • The Chairperson asks the Record-keeper if there will be any necessary expenses before the next meeting. If any expenses are approved by all of the 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.

Meeting step	First savings meeting – Procedures
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 and the Record-keeper announces the total to the Group • The Record-keeper then tells the Group that this money constitutes their Loan Fund • The Record keeper records this amount in the note book • The Money-counters place the Loan Fund in its draw-string bag and put it in the cash-box
6. Closing balances	<ul style="list-style-type: none"> • The Record-keeper announces the total of the Social Fund once again, and the Chairperson instructs all members to memorise the Social Fund balance for the next meeting • The Record-keeper announces the total of the Loan Fund once again, and the Chairperson instructs all members to memorise the balance of the Loan Fund for the next meeting • The Key-holders are called by the Chairperson to lock the box
7. Closing	<ul style="list-style-type: none"> • The Chairperson invites members to discuss any other subject 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 money • The Chairperson tells the members that they will be able to request a loan at the first loan meeting, three weeks from the date of this meeting • Once discussion is complete, the Chairperson closes the meeting

Note: For the two visits after this meeting (between Training 4 and Training 5) the FO should use Annex 4: Field Officer’s consolidated guide to meeting procedures

The Record-keeper enters the following data in his/her notebook at the end of every meeting:

Table 8: Weekly Record of Balances - Example

<i>Date</i>	<i>Cash in Loan Fund bag</i>	<i>Cash in Social Fund bag</i>
<i>4/1/10</i>	<i>TShs 144,600</i>	<i>TShs 24,600</i>

Module 5: First loan meeting

Purpose of the meeting

This meeting takes place 3 weeks after the first savings meeting (see Figure 1, page 7). The FO tells the members that this meeting will be the first chance they have to borrow, once Social Fund and share purchase activities are completed.

First disbursement of loans

The FO says that loans will be taken and repaid thereafter every four weeks. *This is very important and the FO must **not** permit a group to disburse loans at every meeting.* This is necessary to:

- Keep most meetings short
- Keep record-keeping simple and understandable for the members and the Record-keeper
- Allow the Loan Fund to build between loan meetings

The FO uses Table 9 (on the next page) to facilitate the first loan meeting and refers to Annex 5 to help the VSLA understand the loan record-keeping system. This should be studied by the FO beforehand.

Table 9: Procedures for first loan meeting

Meeting step	First Loan Meeting – Procedures
<p>1. Meeting opening</p>	<ul style="list-style-type: none"> • The Chairperson calls the meeting to order • The Record-keeper performs a roll call • 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
<p>2. Social Fund <i>(if the group does not have a Social Fund, skip to step 3)</i></p>	<ul style="list-style-type: none"> • The Record-keeper asks the Group 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 • The Record-keeper calls each member, by number, to give their Social Fund contribution to the Money-counters • When the member comes forward, they give their Social Fund contribution to the Money-counters and are given their passbook • The Money-counters confirm that each member has given the right contribution and place it in the Money-counting bowl • The Record-keeper then asks if any member has missed a payment to the Social Fund in the last meeting. If so, they are asked to pay it now. • The Record-keeper then asks if anyone needs a grant from the Social Fund. Members in need make their request to the Group. • If a majority of the members approve the grant, the money is provided to the member according to the Constitution • The Money-counters count the total amount remaining in the Money-counting bowl and announce this to the members • The Record-keeper says that everyone should remember this amount for the next meeting • The Record-keeper records this amount in the note book • The Social Fund money is then replaced in its draw-string bag and put back in the cash-box

Meeting step	First Loan Meeting – Procedures
<p>3. Share-purchase/ savings</p>	<ul style="list-style-type: none"> • The Record-keeper asks the members 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 now buy shares • The Record-keeper calls each member to the front by their number • Each member comes to the front and buys between 1 - 5 shares, giving the money to the Money-counters and their 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 just been purchased by the member • The Record-keeper stamps the correct number of shares into the passbook and crosses out any unused blocks • The member then checks that the number of new stamps in the passbook is correct: <u>the passbook remains with the Record-keeper for the rest of the meeting</u> • (If a member needs to make a withdrawal, they will ask for it instead of buying shares. When a withdrawal is needed, the Record-keeper will cross out the number of shares from the member's passbook that corresponds to the value of the withdrawal and the Money-counters will give the money from the Money-counting bowl. The value of a share paid back to the member will be equal to its original purchase price.)
<p>4. Expenses</p>	<ul style="list-style-type: none"> • If any money was given 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 of the members, the Chairperson instructs the Money-counters to remove the amount needed from the Money-counting bowl and give it to the member who is responsible for paying the expense.
<p>5. Calculating the new 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 Group • The Record-keeper then tells the Group that this is the money available for lending in this meeting

Meeting step	First Loan Meeting – Procedures
6. Loan taking	<ul style="list-style-type: none"> • The Chairperson invites loan requests, reminding members of the maximum loan term and loan amount (three times the member’s savings) • Each member who wants a loan then makes a request out loud to the Group, announcing the amount requested, the purpose of the loan and over what period of time they expect to repay • 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 Group 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 in order of their number • The Record-keeper then enters the loan number, loan amount and service charge due in the borrower’s passbook • The Record-keeper instructs the Money-counters to give the borrower the loan amount from the Money-counting bowl • The borrower then 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 Group • The Record-keeper then tells the Group that this money constitutes their Loan Fund • The Record keeper records this amount in the note book • The Money-counters then place the Loan Fund in its draw-string bag and put it in the cash-box
7. Closing balances	<ul style="list-style-type: none"> • The Record-keeper announces the total of the Social Fund once again, and the Chairperson instructs all members to memorise the Social Fund balance for the next meeting • The Record-keeper announces the total of the Loan Fund once again, and the Chairperson instructs all members to memorise the balance of the Loan Fund 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 other subject 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

Note: For the single visit between Training 5 and Training 6 the FO should use Annex 4: Field Officer’s consolidated guide to meeting procedures

Module 6: First loan repayment

Purpose of the meeting

This meeting takes place 4 weeks after the first loan disbursement (see Figure 1, page 7). The FO tells the members that this meeting will be the first time that the Association will receive loan repayments and (s)he will guide them through the steps.

First repayment of loans

The FO reminds them that loans will be taken and repaid every four weeks, even if the Group meets weekly.

The FO uses Table 10 to facilitate the first meeting with loan repayments and refers to Annex 5 to help the VSLA understand the loan record-keeping system. This should be studied by the FO beforehand.

Table 10: Procedures for a loan meeting with first loan repayments

Meeting step	Loan Meeting with First Loan Repayments – Procedures
1. Meeting Opening	<ul style="list-style-type: none"> • The Chairperson calls the meeting to order • The Record-keeper performs a roll call • 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
2. Social Fund <i>(if the group does not have a Social Fund, skip to step 3)</i>	<ul style="list-style-type: none"> • The Record-keeper asks the Group 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 • The Record-keeper calls each member, by number, to give their Social Fund contribution to the Money-counters • When the member comes forward, they give their Social Fund contribution to the Money-counters and are given their passbook • The Money-counters confirm that each member has given the right contribution and place it in the Money-counting bowl • The Record-keeper then asks if any member has missed a payment to the Social Fund in the last meeting. If so, they are asked to pay it now. • The Record-keeper then asks if anyone needs a grant from the Social Fund. Members in need make their request to the Group. • If a majority of the members approve the grant, the money is provided to the member according to the Constitution • The Money-counters count the total amount remaining in the Money-counting bowl and announce this to the members • The Record-keeper says that everyone should remember this amount for the next meeting • The Record-keeper records this amount in the note book • The Social Fund money is then replaced in its draw-string bag and put back in the cash-box

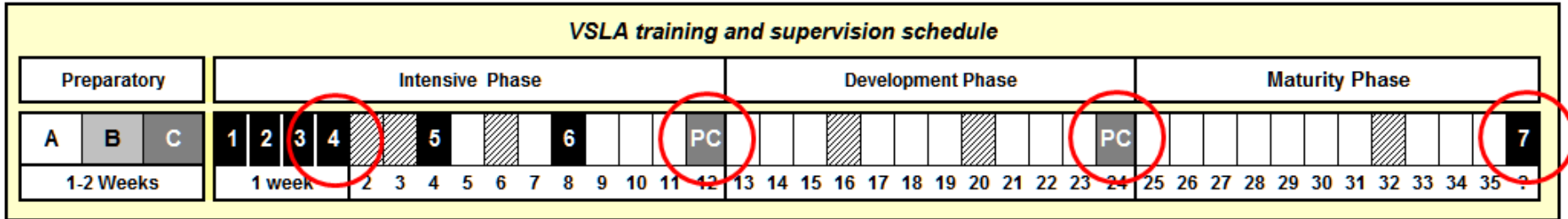
Meeting step	Loan Meeting with First Loan Repayments – Procedures
<p>3. Share-purchase/savings</p>	<ul style="list-style-type: none"> • The Record-keeper asks the members to recall the balance of the Loan Fund from the previous meeting • The Money-counters then remove the Loan Fund from its bag and count 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 now buy shares • The Record-keeper calls each member to the front by their number • Each member comes to the front and buys between 1 - 5 shares, giving the money to the Money-counters and their 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 just been purchased by the member • The Record-keeper stamps the correct number of shares into the passbook and crosses out any unused blocks • The member then checks that the number of new stamps in the passbook is correct: <u>the passbook remains with the Record-keeper for the rest of the meeting</u> • (If a member needs to make a withdrawal, they will ask for it instead of buying shares. When a withdrawal is needed, the Record-keeper will cross out the number of shares from the member's passbook that corresponds to the value of the withdrawal and the Money-counters will give the money from the Money-counting bowl. The value of a share paid back to the member will be equal to its original purchase price.)
<p>4. Expenses</p>	<ul style="list-style-type: none"> • If any money was given 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 of the members, the Chairperson instructs the Money-counters to remove the amount needed from the Money-counting bowl and give it to the member who is responsible for paying the expense.
<p>5. Loan repayment</p>	<ul style="list-style-type: none"> • The Chairperson asks borrowers to identify themselves • By referring to the member passbooks, the Record-keeper confirms the identity of the borrowers and the amount due by each borrower • Each borrower is then called to the front to give their payment to the Money-counters. It must not be less than the service charge due. • The Money-counters count the payment, announce the amount and place it in the Money-counting bowl • The Record-keeper enters the payment amount in the member's passbook in the 'Paid' box • The Record-keeper then calculates the remaining balance due and enters it in the 'Balance' 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, cancelling the loan with a diagonal red line drawn through the page • If a balance is remaining, the Record-keeper then calculates the service charge due in the next meeting and enters it in the appropriate space. The borrower then signs in the space provided.

<p>6. Calculating the new 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 Group • The Record-keeper then tells the Group that this is the money available for lending in this meeting
<p>7. Loan taking</p>	<ul style="list-style-type: none"> • The Chairperson invites loan requests, reminding members of the maximum loan term and loan amount (three times the member's savings) • Each member who wants a loan then makes a request out loud to the Group, announcing the amount requested, the purpose of the loan and over what period of time they expect to repay • 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 Group 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 in order of their number • The Record-keeper then enters the loan number, loan amount and service charge due in the borrower's passbook • The Record-keeper instructs the Money-counters to give the borrower the loan amount from the Money-counting bowl • The borrower then 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 Group • The Record-keeper then tells the Group that this money constitutes their Loan Fund • The Record keeper records this amount in the note book • The Money-counters then place the Loan Fund in its draw-string bag and put it in the cash-box
<p>8. Closing balances</p>	<ul style="list-style-type: none"> • The Record-keeper announces the total of the Social Fund once again, and the Chairperson instructs all members to memorise the Social Fund balance for the next meeting • The Record-keeper announces the total of the Loan Fund once again, and the Chairperson instructs all members to memorise the balance of the Loan Fund for the next meeting • The Key-holders are called by the Chairperson to lock the box
<p>9. Closing</p>	<ul style="list-style-type: none"> • Before closing the meeting, the Chairperson invites members to discuss any other subject 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

In all meetings from now on, the FO uses the Field Officer's consolidated guide to meeting procedures, Annex 4. This should be laminated in plastic and always carried in the field.

Development and Maturity Phases

Figure 3: Transition to the Development Phase



The FO should schedule a visit for his/her Supervisor to attend at the end the Intensive Phase, in Week 12 (circled in red). The Supervisor will assess the performance of the group, and either approve it to move on to the next phase or recommend more training.

Once the FO's Supervisor has visited and approved the VSLA to move on to the Development Phase, the FO will visit 3 times in this second phase, at each loan meeting. The FO's role in the Development Phase is different. The FO should observe quietly in meetings unless the Committee is making mistakes, or rules are being broken.

The FO should schedule a second visit by the FO's Supervisor in week 24, at the end of the Development Phase (circled in red). The Supervisor will assess the performance of the group, and either approve it to move on to the Maturity Phase or recommend more training.


During the Maturity phase, the FO only visits twice. The Group is now running its normal meetings smoothly. The main purpose of the FO's visits in the Maturity phase is to assist the VSLA to prepare for and conduct its first share-out (Training Module 7, circled in red).

The FO will attend the share-out, to observe and join the celebration. In Training Module 7, the FO will be train the Group on share-out procedures as well as procedures to initiate the next cycle.

MIS information should also be gathered in each of the meetings circled in red. Owing to the presence of the Supervisor, this is a supervised activity, increasing the reliability of the data gathered. There is no need to gather data more frequently.

Module 7: Share-out/action-audit and graduation

Table 11: Procedures for share-out at the end of the cycle

Meeting step	Share-out procedures
<p>1. Share-out</p>	<ul style="list-style-type: none"> • The Social Fund is counted, the amount announced and put away. It does not get shared out. • Loan repayment and fines money for the meeting are combined with the Loan Fund • If any member still owes the Group money, that amount is recovered by cancelling the number of shares in his/her passbook that equal the value of the amount owing. • The Money Counters start counting the Loan Fund • While the Money Counters are counting, the Record-keeper takes the member passbooks and counts the total number of shares of the Group • Once the Money Counters are finished, the Record-keeper uses the calculator to divide the total of the Loan Fund by the total number of shares. This determines the value of a single share. It should be written down to three decimal places (for example, TShs 756.244). • Next, the Record-keeper multiplies the number of shares in each passbook by the value of one share. (S)he then announces the number of shares and the amount, rounding down to the <u>lowest</u> unit of currency. (S)he then asks the Money Counters to put that amount into the passbook, which is set aside. • The Record-keeper then cancels all of the members shares by drawing a large cross on each page of the passbook on which there are share stamps • <u>All passbooks are treated in the same way before anyone receives any money.</u> Once the process is complete, there will be a small amount of money remaining due to rounding, but there should not be a shortfall. If there is a shortfall, the process is repeated until the amounts are correct. Any small amount remaining is put in the Social Fund. • All members are given their passbooks with all the money. <u>It is very important that every member's money is placed in their hand.</u> 
<p>2. Preparation for the next cycle</p>	<ul style="list-style-type: none"> • Any member who wishes to leave the Group should be free to do so • New members can now be allowed to join, if all remaining members agree • The continuing members now decide on the share price for the next cycle • If the group wishes to establish seed capital to initiate the next cycle, they should now do so. All members, including new members, must contribute the same amount. It can be more than 5 shares on this one occasion. • The number of shares is recorded in the passbook of each member, in the "Starting number of shares this page" box • The Money-counters count the seed capital and place it in the Loan Fund bag in the cash-box • The Chairperson announces the amount and explains that this is the balance of the Loan Fund to start the next cycle • The box is now locked and the cycle is now formally ended • The FO then explains to the Group that in their next meeting, they must hold elections and then revise their Constitution, which new members must sign. (S)he then offers to attend the next meeting to assist with elections and the Constitution.

5 Village Agents as trainers

5.1 Village Agents

Village Agents are a means to expand a programme cost-effectively and to create a permanent, self-financing VSLA support capacity in local communities. VAs are VSLA members with the skills and motivation to train new VSLAs for a fee paid by the group itself.

When VAs are used, the role of the FO changes. The FO starts out directly training VSLAs in areas where VSL is unknown (these may be thought of as 'starter' VSLAs). (S)he does this because it is necessary to create demand for VSL training services and this can only be done through the demonstration effect of successful VSLAs. At the same time, the FO will identify people who may qualify to be trained as VAs from amongst the members of VSLAs. Once this is done and new VAs are selected and trained, the FO reduces his/her training load and spends most of his/her time as a VA Supervisor.

Starter VSLAs need to be relatively far apart, so that each VA will have the opportunity to train 5-6 VSLAs at any one time and continue to increase the number of VSLAs for several years thereafter.¹ The size of the geographic area set aside for each VA will depend on population density, and a VA's motivation to form distant groups will depend on their mode of travel (foot, bicycle, public transport, etc).

In this approach, an FO forms the first 10-15 Groups over a relatively wide geographic area. VAs are then selected, one per starter Group, as soon as the three month intensive training phase is completed. The VAs, rather than the FO, then continues the mobilisation and training of new groups in the area under the supervision of the FO. In this approach VAs are provided with a bicycle.²

Using VAs as trainers is a proven approach but has taken different forms and there is a need to adopt a common set of principles – yet much remains to be learned. The clear advantage of VAs, apart from potential implementation cost savings, is the opportunity to leave behind a trusted mentor, who can assist VSLAs which struggle with democratic procedures, share-out calculations and the occasional conflict. At least as important, the VA will be able to continue to create new VSLAs, until local demand is satisfied without further programme investment.

5.2 Compensation mechanisms for Village Agents

VAs are *not* volunteers *nor* do they work for an 'incentive' salary and take their orders from an implementing organisation. *From the start, VAs expect to be paid by VSLAs* and know that their relationship with an implementing organisation is built around the understanding that over a year they will be helped to become independent, competent trainers of new VSLAs and helped to develop market demand that they can exploit for their own benefit thereafter.

Thus, as soon as the VA model is implemented, each new VSLA will pay the VA a fee for training and supervision services. This should be about \$1-2 per training session, paid in a manner that is appropriate for both the VA and the VSLA members. Implementing Organisations are currently experimenting with various payment mechanisms for VAs and the following are suggested options:

- A fee of about \$1-2 for each of the 15 scheduled training visits, paid in cash
- 3 to 5 shares for each of the scheduled training and supervision visits, provided the VA attends and completes the training; this allows the VA to participate in the success of the

¹ This has been a typical caseload for VSLAs up to this point.

² Although the FO will work with 10-15 starter VSLAs, (s)he will only select a maximum of 8 people to become VAs. If the number of VAs is greater than 8, the FO cannot provide proper supervision.

VSLA by receiving profit at the share-out³

Once a standard fee has been established, it becomes the norm for a given region and eliminates the need for VAs to negotiate different terms for each training contract with each VSLA.

5.3 The identification of Village Agents

VAs are identified by the Field Officer, in collaboration with the members of each group. However the members must not vote for the VA. Experience shows that a democratic decision may lead to a popular or influential individual, who lacks the appropriate skills, being selected for the role. The VA must be identified by the FO on the basis of the following criteria. The VA must:

- stand out in meetings as a natural motivator, having learned the procedures of VSL quickly and having a respect for disciplined meetings
- have sufficient literacy and numeracy (demonstrated)
- have the energy to train a large number of VSLAs and travel the necessary distances
- is always punctual
- is known to be honest
- have expressed a strong, sincere desire to train VSLAs

The FO will not select an individual who does not meet these criteria, regardless of whether or not they have the group's support. Conversely, the FO will never select someone who does not enjoy the support of his or her VSLA. The group's role is more to confirm, rather than to select the VA.

5.4 The training of Village Agents

Once selected, the VA will receive a formal training and will be provided with the companion to this guide: Village Agent Training Guide. This guide contains all the tools needed for a VA to carry out training and supervision of VSLAs, and incorporates the contract formats required to formalise the relationship between VAs and VSLAs. The training of VAs has two components:

- 3 days of classroom training in which the FO works through all of the training modules. The VA will already be familiar with these, but the FO will focus on training tools and techniques, and time management
- At least 1 month accompanying the FO on his/her training visits to VSLAs to observe both training and supervision

Once completed the VA will be required to schedule his/her time as per Annex 9.

5.5 Introduction of VAs to VSLAs

After VAs have been trained by the FO, they will be formally introduced to the VSLAs that they will train. The FO will accompany the VA on each of these visits and will introduce the VA to the VSLA as a competent facilitator who will train the VSLA over a 9-month period, during which they will visit 15 times.

The FO will already have told the VSLA in the induction meeting about the fees that will be charged. The FO will confirm that the VSLA is in agreement and will work through the VA contract and agree on the preferred form of payment (cash or shares). The contract format is attached in Annex 8. The involvement of the FO in this process is important, because it

³ This mechanism has yet been tested. The predictable downside to this approach is the incentive for the VA to encourage a higher share price and higher loan service charge rates. However the positive aspect of linking the VA's success to the VSLAs own success is worth testing.

prevents the VSLAs from exploiting VAs and attempts by the VAs to prolong their relationship with the VSLA and charge fees much longer than necessary.

The FO will accompany the VA to meetings of different VSLAs at which the different modules are taught. This means that the FO will attend a meeting at which Module 1 is taught by the VA to one VSLA. (S)he will then accompany the VA to a meeting at which Module 2 is taught, and so on. This does NOT mean that the FO accompanies the VA to all 7 training modules of all VSLAs.

5.6 Village Agent Certification

If the VA is to be more than an unpaid FO, whose work ceases when a programme comes to an end, it is important that there is independent verification of his/her capabilities. At the end of one year's supervision, a VA will be examined. This will consist partly of assessments by the FO over the course of the year, but be validated by the FO's Supervisor, who will accompany the VA to at least 2 different training and supervision meetings. The certification process needs to be more than a rubber stamp. There should be a proportion of VAs who may fail, or require re-training and an extension of their supervision period before receiving the certificate. FOs should also be assessed during this process on the quality of the candidate VA.

Once VAs are certified, the programme will consider them to be independent and able to carry out VSL training at their own discretion; and charging fees that will be recognised as standard in the area by this time.

5.7 The role of Village Agents in graduated VSLAs

Implementing Organisations are still learning about the use of VAs in support of graduated VSLAs. So far, VAs have been used as trainers of new VSLAs. However there are several potential roles for VAs which can be tested by Implementing Organisations:

- Support for share-out and annual elections. This reinforces the need for an annual share-out, and helps ensure that VSLAs elect their management committee every year. VSLAs should pay a fee for these services.
- Support on an as-needed basis, for re-training and conflict resolution. These would also be fee-based visits
- VAs as commercial agents for financial institutions which offer services to VSLAs. Examples might include:
 - Commissioned sales of insurance products
 - Fee-based services for facilitating access to regulated savings services (this fee would likely be paid by the deposit-taking institution)
 - Fee-based services for facilitating access to supplemental credit (this fee would likely be paid by the VSLA)
- Paid services provided to donor funded programmes for implementation of complementary programmes or data collection

The VSL methodology is designed not to require ongoing support after graduation. However these services by a VA may add value and contribute to long-term sustainability where conditions permit.

Annex 1: Election procedures

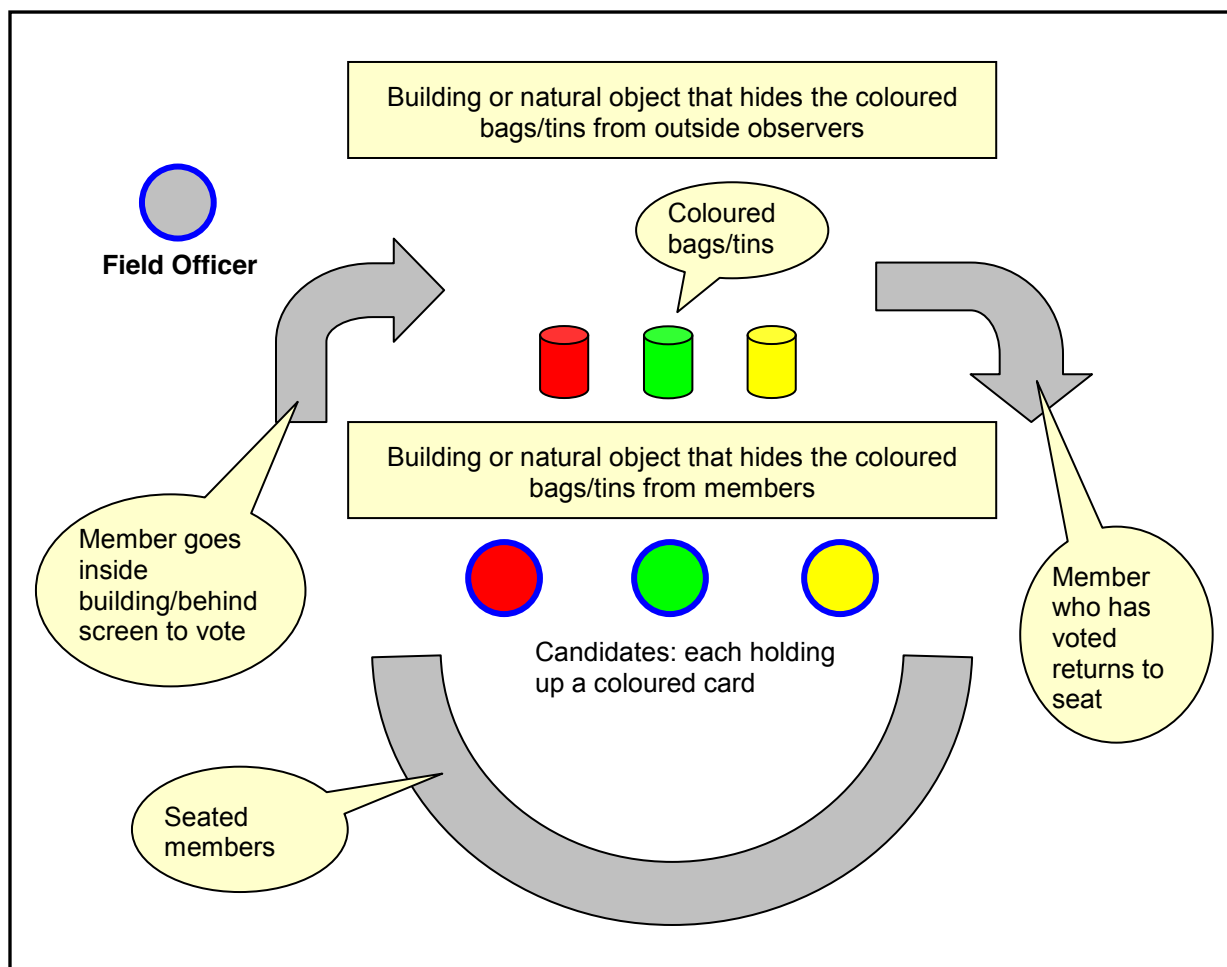
The FO prepares the members for the election and explains the process (see Figure 4, below). (S)he brings three bags to the Group meeting, each in a different colour, with a matching card (red bag with red card, etc). (S)he also provides one small stone for each member.

Each of up to three candidates (for each position) is given a coloured card. The coloured bags are placed behind a screen (or inside a building) some distance from the gathering and sheltered from view of members and passers-by. Each member in turn goes behind the screen (or into the building) and, hidden from the members but under the eye of the FO, deposits a token in the bag of his/her choice.

When all of the members have voted, the FO counts out the votes in front of the members by removing the stones from each bag. (S)he ensures that no additional stones have been put in the bags – the total should equal the number of members voting.

At the end of the elections, the FO explains that in the next cycle, a trusted member shall be the observer, and agrees not to vote.

Figure 4: Diagram of election procedures



Annex 2: Constitution

Part 1: Group governance

I. BASIC INFORMATION ON THE GROUP

- Name of the Group _____
- Address: _____
- The Group was formed on: _____
- Date of official registration: _____

II. OBJECTIVE OF THE GROUP

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

III. RELATIONSHIP TO EXTERNAL SOURCES OF FINANCIAL SERVICES

- The Group will not borrow from financial institutions during its first cycle of operations. If it does so in future cycles, it will follow these rules:
- The loan to the Group will not exceed the value of the previous cycle's share-out amount
- The Group will take the loan, not individual members.
- The Group will on-lend the money to its members, and will not provide information about this to the lender.
- If the Group borrows from a financial institution, members agree that their individual borrowing may never exceed 5 times their shares (without an outside loan from a financial institution, the rule remains 3 times)
- If a group borrows from a financial institution, member savings will not be used as a security deposit

IV. WHO MAY BE A MEMBER OF THE GROUP?

- Lower age limit _____
- Gender _____
- Residence _____
- Other common circumstances _____

V. COMPOSITION OF THE MANAGEMENT COMMITTEE

- Chairperson
- Record-keeper
- Box-keeper
- 2 Money-counters

VI. ELECTION PROCEDURES

- Elections must be held at the beginning of each new cycle
- The minimum number of people that must stand for each position is 2
- A member can only be re-elected to the same position once
- 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
- A candidate for any position must be proposed by another member

VII. REMOVAL OF OFFICERS FROM THEIR POSITION BETWEEN ELECTIONS

- Any member of the Association may, at any time, request a vote of no confidence against a member of the Management Committee
- The Committee member must resign if the majority of members decide to remove him/her
- An election is required to fill the vacant position

VIII. MEETINGS

- To buy shares the Group will meet every week
- Shares will be bought at every meeting but loan/repayment transactions will be conducted only during loan meetings, held every 4 weeks. The Group will conduct a share-out every year.

IX. MEMBERS LEAVING THE GROUP

If a member leaves before the cycle is finished, the money they have used to purchase shares will be returned to them, minus any loan and service charge they owe

X. EXPULSION FROM THE GROUP

The reasons for which a person should be expelled from the Group are:

XI. FINES

The following table lists the fines that will be charged.

Offence	Amount
Failure to attend a meeting	
Late to a meeting	
Not remembering Group rules	
Loss of member number card	
Forgetting key	
Chatting through the proceedings	
Showing disrespect to a fellow member	
Not remembering decisions or balances from the preceding meeting	
Failure of a member of the Management Committee to perform their duties	
(other)	
(other)	

XII. AMENDMENTS TO THE CONSTITUTION

- 2/3 of the members must agree before the constitution can be changed
- Any member can propose an amendment to the Constitution

Part 2: Services offered by the Group

I. SAVINGS

- Members may buy 1 – 5 shares in each meeting
- The purchase price of a share will be: _____
- Members may contribute an equal agreed-upon amount at the start of every future cycle to speed up the growth of the loan portfolio. At this moment only, the number of start-up shares can be more than 5 shares per member, if all members agree

II. LENDING

- The maximum amount that anyone can borrow is three times the value of their savings
- The maximum length of a loan term is 24 weeks, but only 12 weeks during the first cycle
- A member must repay a loan before (s)he can take another
- The monthly service charge to be charged every four weeks is: _____%
- If a member dies and has a loan remaining unpaid, it will be treated as follows:

- The highest priority for loans will be given for: _____
- The second highest priority for loans will be given for: _____
- The third highest priority for loans will be given for: _____

III. SOCIAL FUND

- The Social Fund is for grants only. No loans will be made from the Social Fund.
- The member contribution to the Social Fund per meeting will be: _____
- The benefits for the death of a member will be: _____
- The benefits for the death of a spouse will be: _____
- The benefits for the death of a child will be: _____
- The benefits for the death of a parent will be: _____
- Other: _____
- Other: _____
- Other: _____

Annex 3: The Kit

The kit consists of:

- Strong, well-made lockable metal cash box, able to be closed with 3 locks
- Three good quality padlocks, each with two keys
- 25 Passbooks
- 25 Member number cards
- Rubber stamp for marking shares
- Ink pad and spare bottle of ink
- Ruler
- Two ball point pens: one black or blue, the other red.
- Good quality calculator
- 2 plastic bowls in different colours, at least 30 cm in diameter and at least 15 cm deep (one for fines and one for money-counting)
- 2 fabric money-bags, with draw strings: one in one colour for the Social Fund, and one in another colour for the Loan Fund



Annex 4: Field Officers' consolidated guide to meeting procedures

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

Table 12: Consolidated guide to meeting procedures

Meeting step	Procedures
<p>1. Meeting opening</p>	<ul style="list-style-type: none"> • The Chairperson calls the meeting to order • The Record-keeper performs a roll call • 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
<p>2. Social Fund <i>(if the group does not have a Social Fund, skip to step 3)</i></p>	<ul style="list-style-type: none"> • The Record-keeper asks the Group 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 • The Record-keeper calls each member, by number, to give their Social Fund contribution to the Money-counters • When the member comes forward, they give their Social Fund contribution to the Money-counters and are given their passbook • The Money-counters confirm that each member has given the right contribution and place it in the Money-counting bowl • The Record-keeper then asks if any member has missed a payment to the Social Fund in the last meeting. If so, they are asked to pay it now. • The Record-keeper then asks if anyone needs a grant from the Social Fund. Members in need make their request to the Group. • If a majority of the members approve the grant, the money is provided to the member according to the Constitution • The Money-counters count the total amount remaining in the Money-counting bowl and announce this to the members • The Record-keeper says that everyone should remember this amount for the next meeting • The Record-keeper records this amount in the note book • The Social Fund money is then replaced in its draw-string bag and put back in the cash-box

Meeting step	Procedures
<p>3. Share-purchase/savings</p>	<ul style="list-style-type: none"> • The Record-keeper asks the members 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 now buy shares • The Record-keeper calls each member to the front by their number • Each member comes to the front and buys between 1 - 5 shares, giving the money to the Money-counters and their 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 just been purchased by the member • The Record-keeper stamps the correct number of shares into the passbook and crosses out any unused blocks • The member then checks that the number of new stamps in the passbook is correct: <u>the passbook remains with the Record-keeper for the rest of the meeting</u> • (If a member needs to make a withdrawal, they will ask for it instead of buying shares. When a withdrawal is needed, the Record-keeper will cross out the number of shares from the member's passbook that corresponds to the value of the withdrawal and the Money-counters will give the money from the Money-counting bowl. The value of a share paid back to the member will be equal to its original purchase price.)
<p>4. Expenses</p>	<ul style="list-style-type: none"> • If any money was given 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 of the members, the Chairperson instructs the Money-counters to remove the amount needed from the Money-counting bowl and give it to the member who is responsible for paying the expense.
<p>5. Loan repayment <i>(if this is not a loan meeting, skip to step 6 and then to step 8)</i></p>	<ul style="list-style-type: none"> • The Chairperson asks borrowers to identify themselves • By referring to the member passbooks, the Record-keeper confirms the identity of the borrowers and the amount due by each borrower • Each borrower is then called to the front to give their payment to the Money-counters. It must not be less than the service charge due. • The Money-counters count the payment, announce the amount and place it in the Money-counting bowl • The Record-keeper enters the payment amount in the member's passbook in the 'Paid' box • The Record-keeper then calculates the remaining balance due and enters it in the 'Balance' 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, cancelling the loan with a diagonal red line drawn through the page • If a balance is remaining, the Record-keeper then calculates the service charge due in the next meeting and enters it in the appropriate space. The borrower then signs in the space provided.

Meeting step	Procedures
6. Calculating the new 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 Group • The Record-keeper then tells the Group that this is the money available for lending in this meeting
7. Loan taking	<ul style="list-style-type: none"> • The Chairperson invites loan requests, reminding members of the maximum loan term and loan amount (three times the member's savings) • Each member who wants a loan then makes a request out loud to the Group, announcing the amount requested, the purpose of the loan and over what period of time they expect to repay • 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 Group 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 in order of their number • The Record-keeper then enters the loan number, loan amount and service charge due in the borrower's passbook • The Record-keeper instructs the Money-counters to give the borrower the loan amount from the Money-counting bowl • The borrower then 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 Group • The Record-keeper then tells the Group that this money constitutes their Loan Fund • The Record keeper records this amount in the note book • The Money-counters then place the Loan Fund in its draw-string bag and put it in the cash-box
8. Closing balances	<ul style="list-style-type: none"> • The Record-keeper announces the total of the Social Fund once again, and the Chairperson instructs all members to memorise the Social Fund balance for the next meeting • The Record-keeper announces the total of the Loan Fund once again, and the Chairperson instructs all members to memorise the balance of the Loan Fund 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 other subject 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: Use of passbooks

Savings

VSLA members save in the form of shares, which are stamped in the front section of the passbook, as shown in Figure 5.

Figure 5: Passbook with 11 shares stamped in

Share Price		<u>TShs 500</u>	
Starting number of shares this page			0
Shares Bought per Meeting			
→			
→	→		
→	→	→	
→	→	→	
→	→		
Ending number of shares this page			

Explanation: The illustration shows that there have been five meetings and that the member has bought eleven shares.

When members make their contribution, the Secretary stamps in each passbook the number of shares purchased and the member confirms that the amount is correct.

On each line, the unused spaces are marked through with a diagonal line to prevent fraudulent entry of shares at a later date.

The value of shares purchased is $11 \times \text{TShs } 500 = \text{TShs } 5,500$.

Figure 6: Passbook showing the sale of three shares

Share Price		<u>TShs 500</u>	
Starting number of shares this page			0
Shares Bought per Meeting			
→			
→	→		
→	→	→	
→	→	→	
→	→	→	
→	→	→	
Ending number of shares this page			

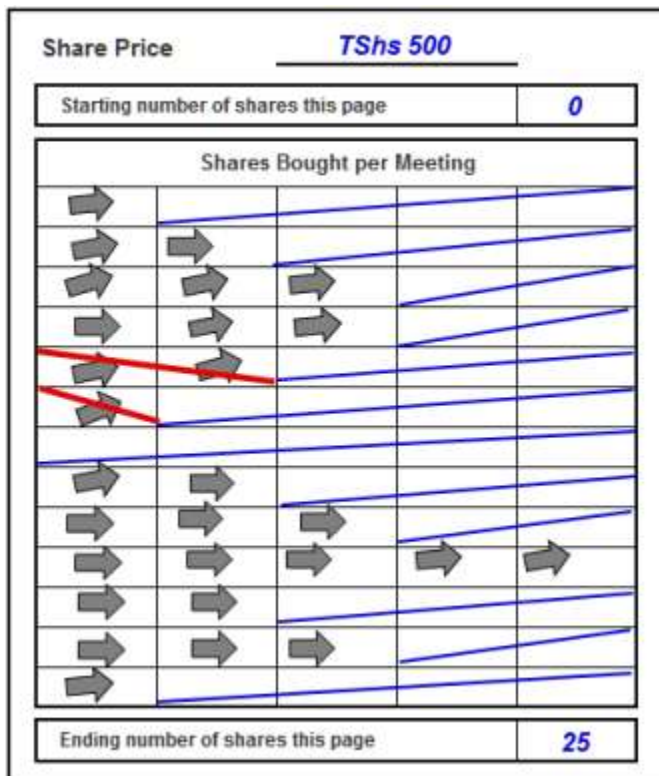
Explanation: Two meetings later, in the seventh meeting of the cycle, the member was unable to save. To show that she did not save anything at this meeting, the row for meeting 7 is cancelled by the Secretary, with a diagonal line.

In addition, the member asked to sell three shares, thus receiving TShs 1,500 ($500 \times 3 = \text{TShs } 1,500$).

The three shares she bought in meetings 5 and 6 are deleted, using a red pen, and the money is paid to the member.

The possibility of selling shares allows members to access their savings, but all members must understand that they will lose future earnings when profits are distributed. Once sold, the shares cannot be replaced.

Figure 7: Situation at the end of 13 meetings



Explanation: Figure 7 shows what the passbook looks like when a page is filled. By the 13th meeting (the book contains 13 lines here, to cover a quarter of a year), the member had purchased a total of 28 shares. But, as we have seen, she sold three shares purchased in meetings 5 and 6. At the 13th meeting, the net number of shares bought during this period is therefore 25.

This figure is added to the number of shares at the beginning of the page and entered into the cell "Ending number of shares this page." On the next page, this figure will be reported in the cell "Starting number of shares this page."

Figure 7 demonstrates the total number of shares owned by the member at the end of the period. The result is cumulative and will be different at the end of each page.

Loans

Loans are recorded in the back of the passbook. They are not shown in the form of stamps but are written as numbers.

Figure 8: Member loan record (1)

Loans			
Loan No	Item	Amount	Signature
1	Loan Amount	30,000	Monica
	Service Charge	3,000	
	Paid		
	Balance		
	Service Charge		
	Paid		
	Balance		
	Service Charge		
End	Paid		
	Balance		
	Service Charge		
	Paid		
	Balance		
	Service Charge		
	Paid		
	Balance		
	Service Charge		
	Paid		

Explanation: The example on the left is a member's (Monica's) first loan, as shown in the 'Loan No.' column. She borrows TShs 30,000. No date is shown since loan meetings follow each other at intervals of 4 weeks.

The service charge is TShs 3,000 because her Group charges 10% of the loan amount every four weeks. In this case, the loan period is 12 weeks, indicated by the word 'End' against the 'Paid' row, 12 weeks in the future.

Monica signs this to show that she understands that she owes TShs 30,000 for the loan and TShs 3,000 as the service charge for the first 4 weeks.

Figure 9: Member loan record (2)

Loans			
Loan No	Item	Amount	Signature
1	Loan Amount	30,000	Monica
	Service Charge	3,000	
	Paid	3,000	Monica
	Balance	30,000	
	Service Charge	3,000	
	Paid		
	Balance		
	Service Charge		
End	Paid		
	Balance		
	Service Charge		
	Paid		
	Balance		
	Service Charge		
	Paid		
	Balance		
	Service Charge		
	Paid		

Explanation: At the next loan meeting, four weeks later, she makes the service charge payment of TShs 3,000 but no repayment of the principal sum. The next entry in her passbook appeared as in Figure 9.

This shows that after paying the service charge, the member still owes TShs 30,000 (TShs 30,000 Loan Amount plus TShs 3,000 Service Charge minus Amount Paid TShs 3,000). A service charge of another TShs 3,000 is then added to cover the next four weeks.

Thus, the member is told that she owes TShs 33,000.

Figure 10: Member loan record (3)

Loans			
Loan No	Item	Amount	Signature
1	Loan Amount	30,000	Monica
	Service Charge	3,000	
	Paid	3,000	Monica
	Balance	30,000	
	Service Charge	3,000	
	Paid	10,000	Monica
	Balance	23,000	
	Service Charge	3,000	
End	Paid		
	Balance		
	Service Charge		
	Paid		
	Balance		
	Service Charge		
	Paid		
	Balance		
	Service Charge		
	Paid		

Explanation: After another four weeks, she made a loan repayment of TShs 10,000. Because she owed TShs 33,000 (TShs 30,000 principal plus TShs 3,000 accrued service charge) this means that she now has a balance of TShs 23,000.

The Record-keeper receives the TShs 10,000 and writes a loan balance of TShs 23,000 on the next line. She also adds a service charge of TShs 3,000, which will be owed at the next loan meeting. Thus, the total amount owed is TShs 26,000.

Figure 11: Member loan record (4)

Loans			
Loan No	Item	Amount	Signature
1	Loan Amount	30,000	Monica
	Service Charge	3,000	
	Paid	3,000	Monica
	Balance	30,000	
	Service Charge	3,000	
	Paid	10,000	Monica
	Balance	23,000	
	Service Charge	3,000	
End	Paid	26,000	Helen
	Balance	0	
	Service Charge	0	
	Paid		
	Balance		
	Service Charge		
	Paid		
	Balance		
	Service Charge		
	Paid		

Explanation: Figure 11 on the left shows that at the next meeting, the member pays the full TShs 26,000 owing. The Record-keeper (Helen) enters TShs 26,000 in the 'Paid' row and signs the entry.

Once the loan is fully paid, the Record-keeper draws a red line through the whole loan record. This indicates that the loan has been completely repaid.

Annex 6: Collecting data for the management information system

The management information system (MIS) is an important tool for your Supervisor to be able to know how well you are doing and for your programme manager and donors to be able to understand how the project is progressing. You will be regularly interviewed by your Supervisor (probably every month or two), and (s)he will be able to show you which of your groups are doing well and which may need some help to improve. To be able to do this, you have to collect some information from all of the groups that you work with. This needs to be done at the beginning of the cycle in the meeting in week 4 and at every change of phase, in other words, in the meeting on week 12, the meeting on week 24 and the meeting on week 36. You do not need to collect this data more often than this.

When you start to work with VAs, you will also need to work with them to collect this data at the same time and must schedule your supervision visits to VA-trained groups to coincide with the end of each phase at weeks 12, 24 and 36. Data collection is the responsibility of the FO. You do not ask the VAs to collect this information for you while they are being supervised by you, although you will show them how you collect the data so that they may be able to collect this data on behalf of the programme after they have become independent.

Table 15 is an example of a completed Data Collection Form, completed at the beginning of the cycle at each change of phase.

Table 16 summarises the meaning of all terms on the Data Collection Form. It is very important that you understand these terms because if you do not and you collect the wrong data the MIS will produce misleading reports. The FO's Supervisor should be consulted, in case the FO is unsure. If the Supervisor is unsure of definitions or data collection methods, the programme should contact hugh@vsla.net for further clarity.

Table 15: Field Officer's Data Collection Form

Name of FO Julia Majara
 Quarter 2

Year 2009

Commentary		
1	Name of group	<i>Chapakazi</i>
2	Group No.	<i>4</i>
3	Linkage to external savings	<i>No</i>
4	Linkage to external credit	<i>No</i>
5	Date of first training meeting	<i>6/1/08</i>
6	Date savings started this cycle	<i>13/1/08</i>
7	Group trained by	<i>FO</i>
8	Members at start of cycle	<i>18</i>
9	Date of data collection	<i>19/6/08</i>
10	Active members at time of visit	<i>17</i>
11	Active men at time of visit	<i>3</i>
12	Active women at time of visit	<i>14</i>
13	No. of members attending meeting	<i>16</i>
14	Dropouts since start of cycle	<i>1</i>
15	Value of savings this cycle	<i>252,000</i>
16	No. of loans outstanding	<i>11</i>
17	Value of loans outstanding	<i>201,500</i>
18	Write-off since start of cycle	<i>0</i>
19	Loan fund cash in box & at bank	<i>84,000</i>
20	Cash in other funds	<i>11,500</i>
21	Property at start of cycle	<i>0</i>
22	Property now	<i>20,000</i>
23	Debts	<i>20,000</i>

N° of the member	Total number of shares bought	Value of loans outstanding
1	<i>20</i>	<i>22,000</i>
2	<i>22</i>	
3	<i>20</i>	<i>10,000</i>
4	<i>21</i>	<i>20,000</i>
5	<i>36</i>	<i>20,000</i>
6	<i>40</i>	
7	<i>40</i>	<i>20,000</i>
8	<i>38</i>	<i>21,000</i>
9	<i>32</i>	<i>10,000</i>
10	<i>22</i>	<i>20,000</i>
11	<i>40</i>	<i>30,000</i>
12	<i>22</i>	
13	<i>32</i>	
14	<i>22</i>	
15	<i>32</i>	<i>18,500</i>
16	<i>30</i>	<i>10,000</i>
17	<i>35</i>	
18		
19		
20		
21		
22		
23		
24		
25		
Total	<i>504</i>	<i>201,500</i>

Profit/Loss (Calculated in the field)

Row 17: Value of loans outstanding - Plus	<i>201,500</i>
Row 19: Loan fund cash in box & at bank - Plus	<i>84,000</i>
Row 22: Property now - Minus	<i>20,000</i>
Row 15: Value of savings this cycle - Minus	<i>252,000</i>
Row 21: Property at start of cycle - Minus	<i>0</i>
Row 23: Debts	<i>20,000</i>
Profit/Loss	<i>33,500</i>

Price of 1 share	<i>500</i>
Value of savings this cycle	<i>252,000</i>

The table shows one VSLA's data filled in.

The two columns on the left show the data required and the data itself, entered here as an example. The two columns to the right are only used by the FO to add up the total value of all share purchases and to find out the total value of loans outstanding by members of the VSLA. It is intended to simplify the most difficult items on the FO data collection form (items 15, 16 and 17)

The FO proceeds as follows:

Savings

- Collect all of the members' passbooks, before they are put back in the box at the end of the meeting
- Open each passbook at the current meeting and add up all of the shares stamped on this page. Add this amount to the 'Number of shares at the start of the page'. Enter the total number of shares against the member's number.
- Add up the total number of shares and write it in the 'Total' box
- In the next box write the price of a single share (in this example, 500)
- Multiply this amount with the figure in the 'Total' box
- Put the result in the box designated for 'Value of savings this cycle'

Loans

- From the member passbooks, identify all outstanding loans (with a balance remaining to be paid) and the balance owed by each borrower. Enter this amount against the member's number. Do not include service charges due.
- In the occasional case that a member has more than one loan due, add them together
- Add up the total value of loans outstanding and write it in the 'Total' box

The FO completes this form for each group at the beginning of the cycle and at each change of phase, and submits it to his/her Supervisor.

Table 16 (1): Data definitions

1	Name of Group	The name of the group given by its members	Ask the members: Fixed
2	Group No.	The number of the group. It should be unique	Assigned by the programme: Fixed
3	Linkage to external savings	Whether or not the group is saving with a regulated financial institution suchh as a bank or Post Office	Ask the members
4	Linkage to external credit	Whether or not the group is borrowing from a regulated financial institution such as a bank or MFI	Ask the members
5	Date of first training meeting	The date that the group was first trained in order to save and lend. This will be earlier than the date that it started to save and may refer to a date before a previous cycle	Training records
6	Date savings started this cycle	The date that the group started to save in the current cycle. This is not the date that the group was created	Ask the members: Fixed
7	Group trained by	Select from among the choices on the SETUP sheet on your MIS. This is the person who did the actual training of the group.	You should know. The person who trained the group: Fixed
8	Members at start of cycle	The number of group members when it started its savings and credit activities during the current cycle.	Note at the time of visit: Fixed
9	Date of data collection	The date on which the data on this form was collected	Note at the time of visit
10	Active members at time of visit	The number of members who are considered by the other members to be members of the group. This is not just the number of people present during the meeting (they may be absent for important reasons). This number is the sum of active men and active women	Ask the members
11	Active men at time of visit	The number of men who are considered by the other members to be members of the group, Not just those who are present	Ask the members
12	Active women at time of visit	The number of women who are considered by the other members to be members of the group, Not just those who are present	Ask the members

Table 16 (2): Data definitions

13	No. of members attending meeting	The number of members who are present during the meeting at which these data were collected	Observation
14	Dropouts since start of cycle	The number of members who have left the group for any reason at all (i.e. death, moving, deciding to leave for personal reasons, being thrown out for failure to pay a debt etc.) since the start of the current cycle.	Ask the members
15	Value of savings this cycle	This applies only to the current cycle. Count the amount of shares/savings in the member passbooks and subtract any that have been cancelled. Do NOT include interest paid	Member passbooks
16	No. of loans outstanding	The number of loans with any balance remaining unpaid (whether on-time or late)	Member passbooks
17	Value of loans outstanding	The total of all balances of loans outstanding remaining unpaid	Member passbooks
18	Write-off since start of cycle	The amount of any loan that the group has decided is uncollectible. This will be a cumulative figure	Member passbooks
19	Loan fund cash in box & at bank	The amount of any cash in the loan fund bag in the box, plus any money allocated to the loan fund that is deposited in any type of financial institution or stored by a group on a mobile 'phone	Count the cash in the Loan Fund bag and look at any bank statements/deposit slips
20	Cash in other funds	Cash in all other types of funds (Social Fund, Education, Expenses, etc.) held in the box or deposited to any type of financial institution. It should not include any money that belongs to the loan fund.	Count the cash in the Social Fund bag
21	Property at start of cycle	The purchase price of physical assets (buildings, livestock, furniture, agricultural equipment etc.) which the group owned before the start of the current cycle, before it started its current-cycle savings	Ask the members: Fixed
22	Property now	The purchase price of physical assets that the group owns at the time of collecting this data. It does not necessarily have any relationship to row 21 (Property at start of cycle)	Ask the members
23	Debts	The total value of any money owed to anyone (individual or institution) by the group.	Ask the members

Annex 7: Agreement between a VSLA and a VA

This agreement is between _____ (Village Agent name)
and _____ (Group name)

The Village Agent agrees to:

- Provide high quality training on VSL, making 15 visits over 36 weeks (or longer if needed)
- Be on time at the agreed meeting time and place
- Never touch the Group's money, write in its records, or take the box away
- Never ask to take a personal loan
- Never ask for a gift from the Group

The VSLA agrees to:

- Ensure every member comes on time and attends every meeting
- Follow the rules and procedures taught to them
- Pay the Village Agent at each of the 15 training visits the sum of _____
- Payment will be made in the form selected by the VA below (check relevant box):

In cash for each training visit

In the equivalent value in shares for each training visit

The meetings will be held at (place): _____

The meeting time will be: _____

The Village Agent telephone number is: _____

VSLA Chairman (or other) telephone number is: _____

VA signature and date _____

Chairman signature and date _____

Witness signature and date _____

Annex 8: Field Officer time management

Field Officer: _____ No.: _____

Week: _____ Month: _____ Year: _____

Item	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Sunday	Tasks
Time								Module 1
Group No.								Module 2
Task								Module 3
Time								Module 4
Group No.								Module 5
Task								Module 6
Time								Module 7
Group No.								Supervision
Task								Other