



VSL Training Manual

for Disability Inclusive Village Saving and Loan groups

Volume 2 – Version 1.0 – December 2018

ACRONYMS & ABBREVIATIONS

AKF	The Aga Khan Foundation
ASCA	Accumulating Saving and Credit Association
AMFIU	Association of Microfinance Institutions in Uganda
CARE	Cooperative for Assistance and Relief Everywhere
CBID	Community Based Inclusive Development
CBM	<i>Christoffel Blinden Mission</i> - Christian Blind Mission
CBT	Community Based Trainer
CBR	Community Based Rehabilitation
CRS	Catholic Relief Services
DID	Disability Inclusive Development
DPOs	Disabled peoples organisations
ECDD	Ethiopian Centre for Disability and Development
FSD Africa	Financial Sector Deepening, Africa
FO	Field Officer
INGOs	International Non-Governmental Organisations
iSAVE	The Inclusive Empowerment Programme for Savings Groups developed by NUDIPU with the support of NAD and AMFIU
MFI	Microfinance institution
MIS	Management Information System
NAD	Norwegian Association of Disabled
NUDIPU	National Union of Disabled Peoples in Uganda
NUDOR	National Inion of Disabiliy Organizations in Rwanda (NUDOR)
PQGs	Program Quality Guidelines
PSNP	Productive Safety Net Programme
PWDs	People with Disabilities
ROSCA	Rotating Saving and Credit Association
SACCO	Savings and Credit Cooperative
SAVIX	Saving Groups Information Exchange

SG	Savings Group
SLWG	Savings-Led Working Group (SLWG)
WCM	We Can Manage – special name given to iSAVE savings groups
WVI	World Vision International
UKAID	United Kingdom Agency for International Development
UNCRPD	United Nations Convention on the Rights of Persons with Disabilities
USAID	United States Agency for International Development
VESA	Village Economic and Social Association
VSLA	Village Savings and Loan Association

CHAPTER 1 - INTRODUCTION TO THE VSL TRAINING MANUAL

1.1 Field Officer: Read this first!

Welcome to one of the most important jobs in the world! As a Field Officer (FO) you are one of a growing number of Champions that are helping to change the face of the microfinance industry by establishing Savings Groups (SGs). SGs are delivering sustainable financial services to millions of rural and peri-urban poor. There are over 15 million people in SGs worldwide with 12 million of these located in Africa¹. These groups use a simple, transparent, cost-effective and sustainable approach of providing financial services to people who are too poor or isolated to be served by formal financial service providers.

Village Savings and Loan Associations (VSLAs) are the oldest brand, and most numerous of SGs globally. The VSLA methodology's proven success is demonstrated by CARE International's reputable leadership in the SG sector. CBM recommends the VSL methodology, which has traditionally been committed to simplicity and has been continuously improved to suit the group member's numeracy and literacy levels. VSLAs use members' passbooks as the primary record-keeping system for tracking individual group members' savings and loan transactions. Organisations that promote the VSL methodology, include CARE International, Plan International, World Vision, the Agha Khan Foundation, Tearfund Canada, and many other international and local development organizations.

Congratulations on being recruited as FO. Because you are serving among persons with disabilities you have double honor because they are amongst the most marginalised members of society. Various kinds of barriers deny persons with disability opportunities to participate in activities that could enhance their livelihoods and pull themselves out of poverty.

Your first and most crucial task is to establish VSLAs among persons with disabilities. These will be disability inclusive VSLAs. Your job will involve mobilising communities to select themselves into groups of between 10 to 25 people. These VSLAs will be managed by persons with disabilities and will also include non-disabled members such as family members and caretakers, as well as others in the community. You will then train these groups, supervise and support them to develop into high quality VSLAs.

As a paid employee, you will be reporting to a supervisor. You will be personally responsible to build a caseload of between 10 to 15 high quality VSLAs. The success and quality of VSLAs will be as a result of your efforts because as FO, you are at the heart of the VSLA project. The VSLAs you create in a given community will be the foundational groups that will set an example to subsequent groups. As such, it is important that the groups are of good quality in terms of governance and their ability to conduct their savings and loan activities according to acceptable principles and practice. **For this reason it is more important that you focus on the quality of the recommended caseload of VSLAs instead of being overly ambitious in forming many groups.**

¹ At the time of developing these manuals, the Savings Groups Information Exchange (SAVIX – www.thesavix.org) had received financial and operational data from more than **1,200 SG projects** globally. In 2018, the total of SG projects in the system represents just over **6 million members** in about **276,000 SGs in 44 countries**. The SAVIX is an internet-based system that provides standardized reports on SGs worldwide.

Another important task that you will be responsible for is to identify competent VSLA members with aptitude for being equipped to become good Community Based Trainers (CBTs). The CBT concept is CBM's strategy for sustaining the formation and replication of groups after the donor-supported project comes to an end. CBTs are community volunteers interested in being trained to mobilise and form other VSLAs. It will be your responsibility to train, supervise and support CBTs to establish groups and build their own caseload of between 6 to 10 quality VSLAs. The main idea is to pass on all the VSLA knowledge and skills that you will have gained to CBTs, along with the values and virtues expected as one working among persons with disability.

In addition to VSLA groups that you and CBTs will establish, experience has shown that there will be spontaneous replication of groups. This is another reason why your foundational VSLAs must be of high quality in order to ensure replication of good groups. With such a determination, the results of your work are likely to be permanent. This will most definitely contribute to your own fulfillment.

This manual has all the instructions and tools for helping you to establish VSLAs and equip CBTs. It will serve as a workbook to support you to do your job as Field Officer. CBM and its partners wish you all the best in your endeavor to be the best FO you can possibly become!

1.2 An Overview of the VSL Training Manual

CBM's VSL Training Manual (Volume 2) has been designed as a Training of Trainers facilitator's toolkit for use in building the capacity of the Field Officer, who is central to the success of any VSLA project. For a primary reference, the VSLA Training Manual has used the standard VSL manuals and in particular the latest (*version 2.0 released by VSL Associates² in February 2018*). This second Volume is a companion of the VSL Programme Guide (Volume 1), which has the primary purpose of introducing CBM's disability inclusive VSL approach that is based on the VSL model, with its simplified VSLA member passbook-based record-keeping system.

The two volumes are generic in the sense that they are not tailor-made to a specific CBM country operation. CBM has developed these programme and training materials to be made available to CBM Country programmes in Africa, Asia and Latin America, for use in implementing their own VSL programmes. The materials can be used to build the capacity of partners, their project staff and VSL groups on the implementation of disability inclusive savings and loan groups.

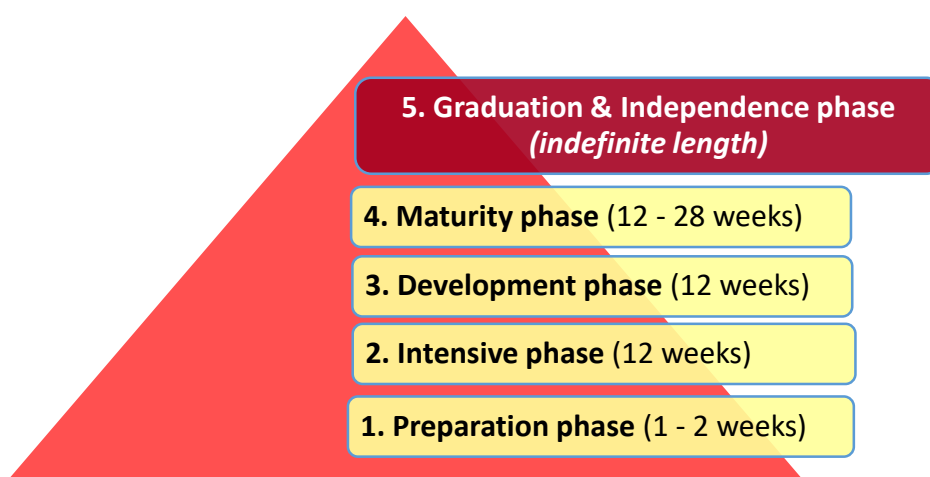
Prior to these two volumes, CBM Project partners have used either the standard VSL FO Guide or developed country specific and contextualized disability inclusive guides such as those by National Union of Disabled Peoples in Uganda (NUDIPU), the National Union of Disabilities Organization in Rwanda (NUDOR), and the Ethiopian Centre for Disability and Development (ECDD).

² Moira Eknes serving at CARE Niger and representing CARE Norway is the celebrated innovator of VSLAs. Hugh Allen, convinced of the model's seminal impact made a career decision that saw him focus exclusively on the promotion of the VSL methodology worldwide, later registering VSL Associates for this purpose. VSL Associates is credited for developing the earliest comprehensive training manuals used to establish the first batch of VSL groups outside Niger, thus spreading the model to the rest of CARE programs, and other development agencies with various adaptations across the world (www.vsla.net).

Five Phases of CBM's Disability Inclusive VSL Methodology

CBM's VSL Training Manual has adopted the four phases of the VSLA methodology that are illustrated on the one-page VSL Training & Supervision Schedule (*Chapter 2 of this Manual*). The four phases are all within the first cycle of the VSL group. The first is the Preparation phase that takes 1 to 2 weeks, followed by the Intensive and Development phases of 12 weeks each. The Maturity phase can take between 12 to 28-weeks depending on whether the group has chosen a 9 or 12 month cycle. The CBM VSL Training Manual has added a fifth Graduation & Independent phase for mature and self-managed VSLAs that could benefit from growth-oriented capacity building input. For optimum impact, this phase, whose length is indefinite, should be controlled entirely by the VSL group in that any external service delivery should be demand-driven. Figure 1 below shows a summary of the five phases followed by brief explanations of the same:

Figure 1: Five Phases of CBM's Disability Inclusive VSLA Methodology



PREPARATORY PHASE (1): Meeting A & B

The Preparatory Phase has two important meetings: Meeting A and Meeting B:

- The purpose of Meeting A is to introduce the VSL methodology to important and influential people in a community who will facilitate the formation of VSL groups led by persons with disabilities that also include others in their families and communities.
- The purpose of Meeting B is to talk to potential VSLAs and provide them with more information about VSLAs and prepare them to go through the required VSL training.

Table 1 on the next page lays out the order in which the two preparatory meetings take place, expected participants and a summary of the content of the meetings.

Table 1: Preparatory Meetings

Type of meeting	<u>Meeting A</u> <i>FO introduces VSL methodology to members of the community</i>	<u>Meeting B</u> <i>First meeting of FO with potential VSL groups</i>
Participants	<p>This is a public meeting of 50 – 100 people presided over by:</p> <ul style="list-style-type: none"> • Board members of Disabled peoples and other social organisations • Members of local government councils • Leaders of other special groups • Other opinion and religious leaders; respected persons in the community 	<p>Attended only by</p> <ul style="list-style-type: none"> • people with disabilities, • caregivers and • others in the community <p>These must all be 10 to 25 people who have shown commitment and who want more information to start VSL Training</p>
Content	<ul style="list-style-type: none"> • Overview of how the methodology works • How interested individuals can form new VSLAs 	<ul style="list-style-type: none"> • Basic features of a VSLA • Step-by-step description of how a VSL works • Qualities of good group members • The 6 foundational training modules schedule • The 4 discussion sessions • Date and place for first Training

INTENSIVE PHASE (2): Foundational VSL Modules 1-5 & Supervision

CBM’s disability inclusive VSL Training Manual has six Foundational VSL Modules listed below:

1. Foundational VSL Module 1 – Establishing Groups & Electing Leaders
2. Foundational VSL Module 2 – Development of VSLA Constitution
3. Foundational VSL Module 3 – First Savings Meeting
4. Foundational VSL Module 4 – First Loan Disbursement Meeting
5. Foundational VSL Module 5 – First Loan Repayment Meeting
6. Foundational VSL Module 6 - Share-out / Action-audit Meeting

With the exception of Module 6 (Share-out /Action-audit) all the Foundational VSL Modules are delivered during the Intensive phase. Module 6 is delivered at the end of the Maturity phase.

DEVELOPMENT PHASE (3): Supervision & Discussion Sessions

The Development Phase largely involves FO support and supervision to coach VSL groups to effectively put into practice the various elements of Foundational VSL Modules. The VSL Training Manual has also incorporated aspects of the Village Economic and Social Associations (VESA) concept developed by USAID and CARE Ethiopia. VESAs were set up by CARE Ethiopia to target household members participating in the Productive Safety Net Program (PSNP). PSNP was a flagship programme of the Government of Ethiopia that started in 2005 to address chronic food insecurity in the country.

What is a VESA?

Like VSLAs, VESA's have internal savings and loan activities at the core of their functions. The VESA concept, however, has five additional interventions for supporting communities in chronic food insecure environments. The supplementary VESA activities are: Financial literacy, Livelihoods, Women's empowerment, Climate change adaptation, and Nutrition. The VESA manual³ describes a VESA as follows:

... an informal association of targeted PSNP clients established for the purpose of engaging in internal savings and lending, and accessing services delivered by the Livelihoods for Resilience Activity team. VESAs are based on principles of group transparency and accountability, and are established to create a strong savings culture in the community. The ingredients necessary for success include: strong implementing partners and community facilitators to lead the VESA, effective VESA leadership, member loyalty and dedication, strong aspirations to save and learn, and relevant and appropriate community facilitator-led discussions.

According to CBM, though designed for chronic food insecure situations, certain aspects of VESA's integrated programming, such as financial literacy training, and basic training on income generating (livelihood) activities are complementary to the VSLA methodology and therefore should be experimented with as *Discussion sessions*, as long as requisite focus is given to the Foundational VSL modules that focus on the core savings and loan activities. It is crucial that the VSL groups are adequately trained and coached to effectively and ultimately manage their savings and loan activities without supervision. The following four discussion sessions have been included in the CBM disability inclusive VSL Training Manual as valuable reinforcements to the VSL methodology:

1. Discussion session 1 – Aspirations & Goal Setting
2. Discussion session 2 – Financial Literacy: Savings
3. Discussion session 3 – Financial Literacy : Debt & Equity financing
4. Discussion session 4 – Selection & Planning for Income Generation Activity

The CBM VSL Training Manual has recommended the delivery of the first discussion session (Aspiration & Goal setting) after Foundational VSL Module 3 (First savings meeting), any time between week 2 and 8 of the schedule of operation. The two Financial Literacy discussion sessions (Savings) and (Debt & Equity financing) could be introduced between weeks 11 and 16. These discussions will be towards the end of the intensive phase and into the development phase. The fourth discussion session on Selection, Planning for Income Generation Activities (IGA) would follow next, to prepare members for possible investment in IGAs. All discussion sessions will take place after the main savings and loan meeting. Each discussion session is expected to stretch for more than one or two FO visits.

³ <https://careclimatechange.org/wp-content/uploads/2018/06/VESA-manual-.pdf>

MATURITY PHASE (4): Supervision & Foundational VSL Module 6

The sixth and final Foundational VSL Module is the Share-out or Action-audit meeting, which takes place on the last day of the first cycle.

GRADUATION & INDEPENDENT PHASE (5):

Graduation Discussion 1 – Preparing for VSLA Independence & Growth.

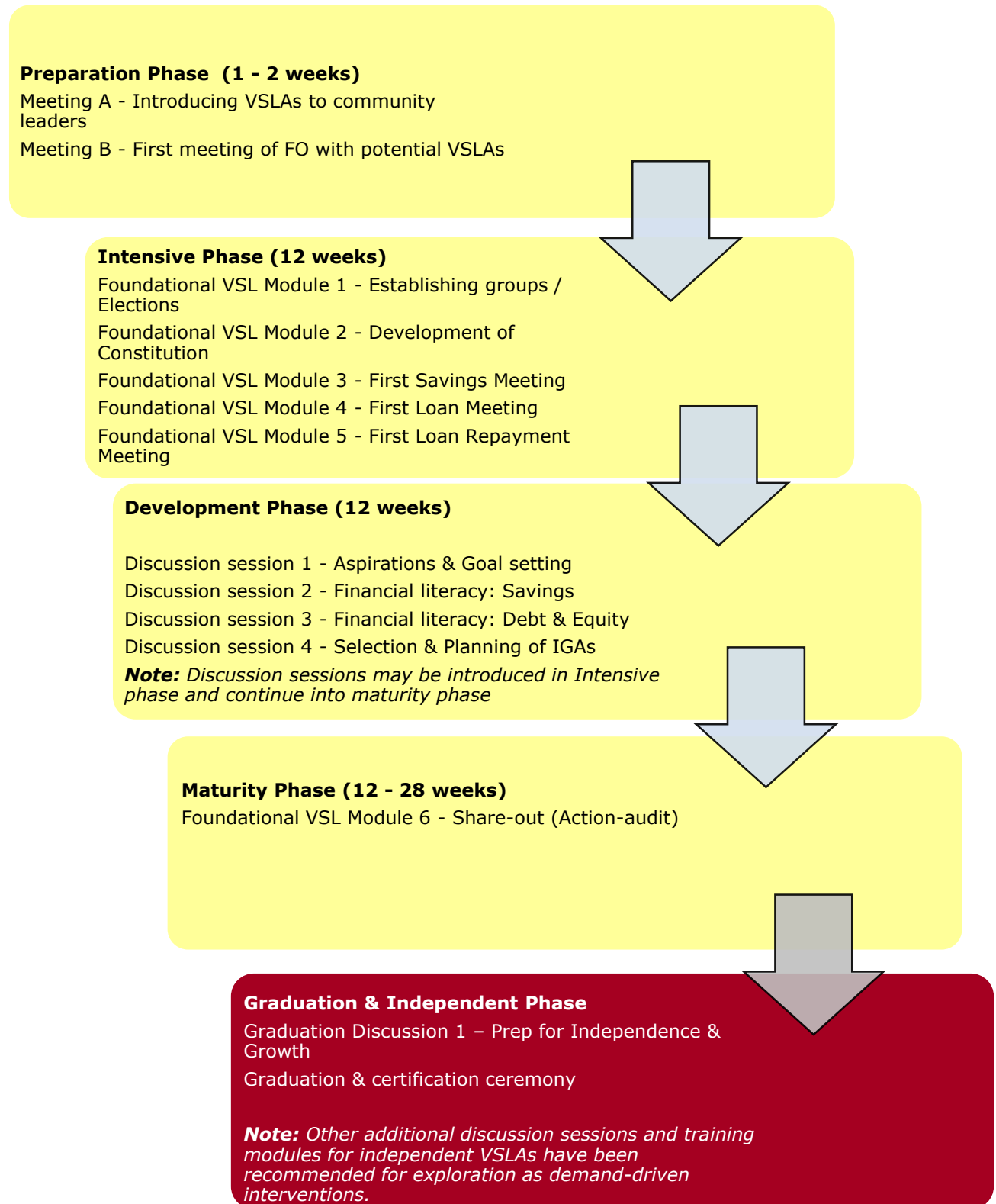
The CBM VSL Training Manual has included a discussion session at the start of the second cycle, which is aimed at preparing the group for self-management status and continued growth. Besides the standard requirements of making necessary amendments to the VSLA Constitution and conducting new elections for management committee members, the primary objective for Graduation Discussion 1 is to assist VSL group members appreciate the issues involved in possible linkages with formal financial and other external services; and in particular, potential risks associated with such propositions. Discussions topics designed to address these issues are:

- Using your group's money to invest in a group business
- Lending to people outside the VSLA membership
- Borrowing from banks or MFIs
- Attractive deals suggested by external parties

Additional discussion sessions or training modules for Independent VSLAs

The CBM VSL Training Manual includes a section in the Graduation & Independent Phase that outlines possible interventions for independent VSLAs. Other potential training modules out of the VESA manual and elsewhere could be considered on a demand-driven basis for groups that continue to operate after graduation into self-management. Details of these additional interventions are given in the Graduation and Independent Phase section in Chapter 2. Figure 2 below is a summary of the activities in all five phases:

Figure 2: Summary of activities in the Five Phases the VSL methodology



What is a disability inclusive VSLA

A VSLA like any other

A disability inclusive VSLA is a Village Savings and Loan Association like any other, which has characteristics similar to other Savings Groups and adheres to SG principles of transparency, democratic decision-making, and a membership and leadership that is committed to mutual accountability and principles of good governance. The VSL methodology has traditionally been committed to simplifying the methodology to suit the end-user (the member). Other SG models use the central ledger record-keeping system that are complicated to the end user and which rely on the trainer's proficiency. This is not a good idea since the FO or CBT is expected to prepare the group to become skilled at performing their savings and loan and ultimately do so without external supervision.

The VSL methodology designed a modest passbook-based record-keeping system that keeps track of an individual member's savings and loan records. The only group records kept by the VSL methodology are the ending loan fund cash and social fund balances, which are recorded in a small notebook. This simplified record-keeping system is thus suited to the understanding level of the group member. Persons with disability, community, caregivers and neighbours as beneficiaries of the simplified VSL methodology, are therefore privileged in this regard. The VSL methodology has the following key elements:

1. A disability inclusive Village Savings and Loan Association (VSLA) is a group of 10 - 25 people that is led by persons with disabilities, and includes family members (usually a caregiver) and others in the community without disabilities, who save together and take small loans from those savings. The activities of the VSLA run in 'cycles' of about one year, after which their money is shared out in proportion to what they have saved.
2. VSLAs are member-managed. Programme staff (FOs) and Village Agents (VAs) also referred to as Community Based Trainers (CBTs) will train members, but never manage the VSLA, write in the passbooks, take away group's records or touch money belonging to the members.
3. VSLAs are trained by Field Officers (salaried programme staff) or Community Based Trainers. For CBM supported VSLA projects, CBTs are members of VSLAs who show aptitude and willingness to be equipped by FOs to establish other VSL groups, doing so as volunteers.
4. The first cycle of VSLA is a training and supervision cycle lasting 9 to 12 months. During the first cycle, the VSLAs will meet weekly or every two weeks.
5. Members save through the purchase of between 1 – 5 shares at every meeting. The share-value is decided by the members at the start of each cycle. The share value must not be changed during the cycle.
6. The shares or savings thus contributed constitute the Loan Fund, which is then lent out to members in keeping with the VSLA Constitution.
7. Usually Members also contribute to a Social Fund that is used for small grants for emergencies when members are in distress.
8. VSLAs may decide to charge interest or service fee according to their wishes and beliefs, which contributes to the profits of the group and ultimately to the share-out amount paid out to members at the end of the cycle.

9. All members have the right to borrow up to a maximum of 3 times the value of their shares.
10. Loans are taken whenever there is sufficient money in the loan fund, at any meeting. However, at the beginning, of the cycle loans are given out during the first loans meeting, which takes place on week four of the schedule of operations.
11. Loans are repaid in total by the end of 12 weeks. The borrower is free to pay in whatever amounts s/he wishes at each loan meeting, but must repay the total sum owing within 12 weeks.
12. 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.
13. Theft of boxes by outsiders is very rare, but members must take responsibility for security.
14. 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.
15. Passbooks remain locked in the box between meetings. This is very important, to prevent unauthorised alterations.
16. The VSLA has a five-person Management Committee (MC) elected for one cycle. In a disability inclusive VSLA, all the five are persons with disability or care givers of children with disabilities. Each member has one vote in electing the Management Committee and developing the Constitution. In a mixed gender VSLA, at least two members of the MC are women.
17. VSLAs have a Constitution that all members participate in developing and append their signature to as a sign of agreement and commitment.
18. At the end of every annual cycle, all loans are repaid and the Loan Fund is shared out. Each member then receives his or her pay-out according to the number of shares purchased plus a share of the other incomes from interest/service fee and fines.
19. The loan fund, which grows over time, comprises mainly of members savings, loan repayments, cumulative interest/service charge earned from loans and fines charged to members for various infractions specified in the Constitution.

A VSLA established for persons with disability (PWDs), by PWDs yet inclusive of others

Article 27 of the United Nations Convention on the Rights of Persons with Disabilities (CRPD), articulates a "right to the opportunity to gain a living by work freely chosen or accepted in a labour market and work environment that is open, inclusive and accessible to people with a disability."

For the majority of poor people, which includes persons with disabilities, opportunities for a livelihood are found, not in the formal but the informal economy. VSLAs provide simple savings and loan facilities to people who do not have access to formal financial services. VSLAs provide persons with disabilities with an opportunity to meet their basic needs, which help them avoid disposing off their assets during stressful times.

The primary purpose of promoting VSLAs among persons with disabilities is to enhance and take advantage of more opportunities, in order to improve their livelihood.

- Majority of persons with disabilities have limited access to employment, education, finance, health care, and other services
- Most persons with disabilities have limited participation in the community due to accessibility barriers and negative attitudes against persons with disabilities
- The stigma and discrimination experienced by persons with disabilities adversely affect their development
- VSLAs increase persons with disabilities capacity to build socio-economic support networks;
- Introducing persons with disabilities into the VSLA methodology provides exposure and opportunities for:
 - Interaction with the larger community, which in turn contributes to changing people's attitudes and gradual acceptance of persons with disabilities
 - Enhanced solidarity to support one another by sharing information on the availability of services and resources.
 - Mobilization of resources.
 - Access to savings, loans, the social fund for basic needs, emergencies and potential investment in Income Generating Activities
 - Solving problems through self-help, mutual help, and collective action
 - Taking responsibility for their own development and be part of the decision making process
 - Enhanced self-confidence and self-esteem
 - Increased awareness and understanding of disability discrimination and their human rights:

Table 2 below further answers the question, listing some additional potential benefits for PWDs:

Table 2: Why establish VSLAs for People with Disabilities?
<p>The following are potential impacts for persons with disabilities participating in VSLAs:</p> <ul style="list-style-type: none">• Increase in number of economic activities,• increase in assets mainly controlled by persons with disabilities• Access to nutrition, medical services, education, other services• Improved social status/social capital,• Improved intra-family relationships,• Enhanced community participation• Increased stability of household enterprises,

To help further equip Field Officers and CBTs for their field work, it is recommended that selected training materials, handouts and tools, out of this VSL Training Manual, be copied and neatly laminated and bound together in a folder, which is given out as a FO/CBT's training package. Further, some of the selected materials and tools could also

be enlarged and possibly laminated as visual aids for use in VSL group training sessions by both FOs and CBTs.

This VSL Training Manual is organized in four chapters:

1. Introduction to the VSL Training Manual (Volume 2)
2. Schedule of Operations & Details Cycle 1 of a VSLA
3. Start of the Graduation & Independent Phase
4. Handout & Tools

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CHAPTER 2 - SCHEDULE OF OPERATIONS & AND DETAILS OF CYCLE 1 OF A VSLA⁴

VSLAs are trained by FOs over a period of at least 36 months (but preferably for a full year – 12 months) according to the schedule below.

- Preparatory phase:** During this phase VSLA information is provided to the community, DPOs and their leaders and prospective VSLA members. Potential VSL groups organize training meetings with FO.
- Intensive phase:** 12 weeks. It starts off with 3 training meetings in the first week, and then continues with 8 visits over the next 8 weeks.
- Development phase:** 12 weeks. 3 visits. One every month.
- Maturity phase:** 12 – 28 weeks. 3 visits. One every two months and one final share-out meeting.

Figure 3: VSLA training and supervision schedule:

VSLA Field Officer Training & Supervision Schedule																																																					
Preparatory		Intensive Phase												Development Phase												Maturity Phase																											
A	B	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52
1-2 weeks		1 week																																																			
A	Introducing VSLA methodology to key community leaders											3	First savings meeting												Supervision meeting. No training module																												
B	First meeting with potential VSLAs											4	First loan disbursement meeting												Meetings without FO in attendance																												
1	Establishing groups and electing leaders											5	First loan repayment meeting: <i>At any time in meeting 5, 6, or 7</i>																																								
2	Development of VSLA constitution											6	Share-out / Action audit																																								

Note: The FO may adjust the frequency of visits, usually in cases where s/he thinks the VSLA needs extra assistance.

The mention of phases is intended to show how the FO’s work changes over a cycle. In the intensive phase visits are very frequent and the FO takes on an active teaching role in all meetings, in order to guide the meeting procedures. After the VSLA is confident and needs few interventions, the FO adopts a passive role in which s/he observes but does not teach, getting involved only when procedures or record-keeping need correction. In the maturity phase the FO visits only once every two months, to confirm that, as the VSLA approaches the end of the annual cycle, it is working effectively and efficiently and that its records are accurate and up to date.

⁴ The Schedule of Operation is an invaluable training tool that provides the FO and CBT a snapshot of all the activities of the VSLAs, including the two preparatory meetings (A & B), and the 6 Foundational Modules, all clearly shown in the 36-52 week cycle. Each of these activities can be pointed out to the Trainers, which makes this a great tool to take a FO or a CBT through a quick overview of the VSL activities in a whole year. For the 36-week cycle, the sixth module is delivered on the 36th week, just like it is delivered on the 52nd week, or whichever happens to be the final week.

Additional Notes on the Schedule of operations.

In this Training Manual, additional discussion sessions incorporated from the VESA manual that complement the foundational VSL module have been recommended. The discussion session on Aspiration & Goal Setting could take place after the first savings meeting (Module 3), between week 2 and 8 of the schedule of operations. The two Financial Literacy discussion sessions (1. Savings and 2. Debt & Equity financing) would be ideal between weeks 11 and 16. This will be towards the end of the intensive phase and into the development stage. The fourth discussion session on Selection, Planning for Income Generation Activities (IGA) would follow next to prepare members to borrow to invest in IGAs.

2.1 PREPARATORY PHASE

The Preparatory Phase has two important meetings: Meeting A and Meeting B:

- The purpose of Meeting A is to introduce the VSL methodology to important and influential people in a community as well as to a public meeting they will preside over. These leaders will help to mobilise the formation of VSL groups among persons with disabilities, which will also include others in their families and communities.
- The purpose of Meeting B is to talk to potential disability inclusive VSLAs and provide them with more information about VSLAs and prepare them to go through the required VSL training.

Meeting A – Introducing VSLA methodology to key community leaders and their people

The Field Officer aims at creating interest in the community by contacting influential people who will organise a public meeting of between 50 to 100 persons. These leaders will comprise of:

- Board members of social organisations and Disabled peoples organisations (DPOs)
- Members of local government councils
- Leaders of other special groups, e.g. women groups
- Other opinion and religious leaders and respected persons in the community

Objective:

After the FO has given a simple and concise presentation of the reasons for and the benefits and basic features of disability inclusive VSLAs, the attendants (community stakeholders) will be ready to support the VSLA project by mobilizing the community to form themselves into potential VSLAs.

The FO will concentrate on providing an overview of the VSLA project. More details will be provided to actual potential groups during the Meeting B sessions.

- After the host initiates the meeting with those present introducing themselves,
- the FO states the above objective for the meeting and continues by saying:
- It is important that the meeting is interactive with questions and answers but that s/he want to first make the presentation about VSLAs before the question and answer session. The FO then proceeds to explain the following points:

- **The purpose of the VSLA project** is to create Inclusive Village Savings and Loan Associations (VSLAs) comprising of a membership of 10 to 25, which will include persons with disabilities, family members, caregivers, and others in the community without disabilities. These groups will be led by persons with disability. Only one member from one household can belong to a VSLA. Members from the same household are encouraged to join different VSLAs
- **Why VSLAs for persons with disabilities?** The primary purpose of promoting VSLAs among persons with disabilities is to take advantage of more opportunities to enhance their livelihoods.
- **VSLAs are also called savings groups** because the important thing that the members will learn is to **save regularly (preferably weekly)**. Groups will be taught how to take loans from their savings and to share out the accumulated savings and profits according to each person's savings at the end of each 9 to 12 month cycle.
- **No external funds:** All of the funds used to provide loans to the members come from the members' own savings. The programme does not provide any money to VSLAs for lending to its members.
- **Introducing VSLAs for persons with disability** has numerous benefits:
 - VSLAs provide simple financial services to people that help in instilling savings discipline, provide access to loans to help meet basic needs, for income generating activities, and take care of emergencies.
 - VSLAs will therefore help people avoid disposing off their assets during stressful times.
 - Participation in VSLAs will increase the capacity of persons with disabilities' to build socio-economic support networks and opportunities to mobilize resources
 - Increased awareness and understanding of disability discrimination and their human rights
 - Enhanced solidarity to support one another by sharing information on the availability of services and resources (such as nutrition, medical services, education, other financial and social services)
 - Introducing persons with disabilities into the VSLA methodology provides exposure and opportunities for interaction with the larger community, which in turn contributes to change of attitudes and gradual acceptance of persons with disabilities.
 - Solving problems through self-help, mutual help, and collective action
 - Taking responsibility for their own development and be part of the decision making process
 - Enhanced self-confidence and self-esteem
 - Increase in number of economic activities,
 - increase in assets mainly controlled by persons with disabilities,
 - Improved social status/ build social capital,
 - Improved intra-family relationships,
 - Increased stability of household enterprises,
- **How VSLAs work**
 - The group manages itself and makes its own rules.
 - Training and supervision on how to conduct savings and loan activities take approximately 12 months. After this, the VSLA is independent and continues to operate without any external help, although the FO will continue to be available for advice and support.
 - VSLAs will be provided with a cash box that has three locks and which contains all of the materials needed. This box cannot be opened between meetings.
 - Most VSLAs charge an interest or service charge of between 5 to 10% per month for the loans, which helps to grow their loan fund and their profits to be shared out at the end of the cycle.

- Charging of interest is not a requirement for Savings Groups. SGs operating in Islamic communities avoid charging interest but may allow for the charging of a one-time service charge for the loans.
- **In addition to the 6 Foundational VSLA Modules**, the VSLA methodology has been enriched with three important discussion sessions to complement the Foundational VSA modules. These discussion modules are:
 - Discussion on Aspirations & Goal Setting to help members think about and set their livelihood goals.
 - Discussion on Savings after training on the First savings meeting
 - Discussion on Debt & Equity Financing after training on First loan meeting and First loan repayment meeting.
 - Discussion on Selection & Planning of IGAs
- **Members will manage their group activities themselves.** The FO is only there to facilitate them to learn and understand the VSLA methodology. The **FO will never**:
 - Handle the VSLA's money
 - Write in the VSLA's records
 - Take the cash box away
 - Ask for a loan
 - Ask for payment or a gift
- **The FO announces that s/he will come back at an agreed day and time for another (Meeting B).** At this meeting, s/he will meet with the people who will have organized themselves into groups of between 10 to 25 people to form VSLAs. S/he will only meet with each group at a time and will discuss plans to start VSLA training with these people. It will be important that these meetings are planned before-hand. The FO promises to share his cellphone number with the host and anyone who may want to get in touch to plan for Meeting B.
- **In conclusion the FO will stress the following :**
 - Members planning to form VLSAs must know and trust each other
 - Leaders of VSLAs must not be agreed upon until after training begins, even if some are already in groups for other activities. The reason for this is that qualifications of leaders of VSLAs may be different from leadership qualifications for other activities.
- **At this point the FO will take questions from participants.**

Note: The FO should be prepared to have a brief meeting with a few of these leaders whereupon s/he will take not more than 30 or 45 minutes to share the objective of requesting for a public meeting. In this meeting she may need to answer some questions from the leaders from this material. It is in the public meeting that she will take time to go through this entire presentation. In both meetings, s/he may need to be supported and possibly accompanied by her/his supervisor.

Meeting B – First meeting with newly formed VSLAs

The Field Officer ensures that s/he has prepared questions based on the content of Meeting B to ask members of the newly formed VSLAs to assess their understanding of the basic features of the methodology.

This meeting is only attended by people with disabilities, caregivers and others in the community who are interested in belonging to a VSLA and gathered in groups of 10 – 25 people who know and trust each other. Only one member from one household can belong to a VSLA. Members from the same household are encouraged to join different VSLAs

Objective:

After the FO's presentation at each meeting with potential VSLAs, members will be able to explain the basic features of a VSLA and understand more details of the VSLA methodology and be able to answer questions asked by the FO.

The FO says that he/she has prepared questions that he/she will ask members of the VSLA at the end of the presentation, which will confirm that they have understood the following presentation:

Basic features of a VSLA:

- A VSLA is created so that persons with disabilities and others can save, borrow and start a social fund to help members who experience an emergency.
- Understand that just like any other people, persons with disabilities are capable of participating in VSLAs and positively be able to save money, however little, that has been agreed by all of them.
- Understand and respect the rights and special equity privileges persons with disabilities should have.
- A VSLA operates in 12 month cycles, at the end of which all of the loans are paid back and everyone receives back everything they have saved, plus any profits the group may have made.
- A VSLA allows all members to buy between 1-5 shares each week. The price of a share is decided by the members.
- The money collected from the purchase of shares is used to provide loans to members, which are repaid over a period of not more than 3 months.
- Members are self-selected and the VSLA is managed by its members, who elect a Management Committee.
- There are annual elections of the Management Committee.
- Every VSLA has a written Constitution and clear rules, which are agreed to by all of the members.
- Members must attend all meetings, and buy at least 1 share during each meeting.
- VSLAs can impose fines for such things as lateness or forgetting the rules of the VSLA.
- Most VSLAs charge an interest or a service charge of between 5 to 10% per month for the loans, which helps to grow their loan fund and their profits to be shared out at the end of the cycle.
- A VSLA works differently from a bank or microfinance institution (MFI), because whereas interest charged on loans borrowed from these formal institutions is retained by them, the VSLA service charge or interest is paid back to the members at the end of the one-year cycle as a benefit from their investment into the VSLA.
- All of the VSLA's cash is kept in a box with three locks, and the keys are kept by three different members of the VSLA, 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 provided to each member, in which their savings and loans are recorded.
- The passbooks are locked in the box between meetings to prevent anyone changing the entries.
- The box and its contents will be supplied by the programme or may be purchased by the group
- After the first cycle of one year the VSLA continues to operate independently without any external support.
- During the training period the VSLA will meet weekly or fortnightly, and the FO will visit at least 16 times.
- Once the VSLA becomes independent, the FO will only attend meetings if asked by the members.

The FO explains that there are 6 foundational training modules:

1. Establishing Groups & Electing Leaders
2. Development of a VSLA constitution
3. First savings meeting
4. First loan meeting
5. First loan repayment meeting
6. Share-out / Action audit meeting

Members must be aware of the qualities that are needed in a member. So the FO reviews these, 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 meeting
- Be able to repay loans on time within 3 months

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

2.2 INTENSIVE PHASE: Foundational Modules 1 - 5

Foundational VSL Module 1 – Establishing groups & electing leaders

Time: 1 hour 35 mins

Methods/Tools: A leader you admire. Find a leader in you, and discussion using guiding questions

Materials Required: Flip chart and markers. 3 bags of different colours and number of stones equivalent to the number of members for conducting elections.

Objectives:

By the end of this session, VSLA members will be able to:

- Give the group a name agreed by the members
- Identify responsibilities and desired qualities of leaders
- Identify the leadership characteristics they have
- Participate in elections of their management committee facilitated by FO

Activity 1: Giving the group a name, introduction (5 mins)

Step 1: Ask participants to discuss and suggest names for the group.

Step 2: Pick the name that most members like.

Activity 2: A leader you admire (20 mins)

Purpose: To share qualities group members seek in a leader and show that both women and men incl. people with disabilities can have these qualities

Step 1: Ask the participants, individually, to think of someone they see as a good leader. It could be their mother, grandfather, former teacher, aunt, community leader, etc. and think of why they admire them. How does this person act? What qualities does this person have to make them admire her/him?

Step 2: Then ask the group to pair up with the person next to them and take turns to explain why they have chosen that person and the things they admire about the person's actions, attitudes and values.

Step 3: After about 5 minutes, ask each participant to present to the group the person chosen by the other person in the pair. They should state why they admire this person.

Ask: *How do these leaders relate to the person they want to become and things they want to achieve?*

Step 4: Ask participants the following questions:

- *What leadership qualities or skills did many of the admired leaders have in common?*
- *Are most of the mentioned leader's men or women?*
- *Are there any leadership positions open only to men or only to women? If so, why is this?*
- *What leadership roles do women and persons with disabilities hold in your community and in the country?*
 - They can be people who are influential in maintaining traditions, or who perform a function necessary to the community.

[For FO: If the leadership roles of women or persons with disabilities in the community is minimal, ask why?]

Activity 3: Roles, responsibilities, and qualities of the VSLA management committee (15 mins)

Purpose: To explain the roles, responsibilities and qualities of the management committee in preparation for the election process

Step 1: Explain the roles and qualities of the management committee as explained in the tables below.

Table 3: Qualities and responsibilities of the VSLA 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 act as contact person for outsiders who may want to be informed about the group

Table 4: Qualities and responsibilities of the VSLA Record Keeper

Qualities	Responsibilities
<ul style="list-style-type: none"> • Good arithmetic skills • Literate • 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 (savings) and lending take place according to procedure, and that all rules are followed • Makes all passbook and notebook 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 VSLA 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 • Good arithmetic skills 	<ul style="list-style-type: none"> • Keeps the VSLA box safe in between meetings • Ensures that s/he is accompanied to/from meetings as necessary • Brings the box to the meetings on time • Stands in for the Record-keeper when the Record-keeper is absent • Assists the Record-keeper as needed to

<ul style="list-style-type: none"> Literate 	record savings and loan repayment cash movement
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Table 6: Qualities and responsibilities of the VSLA 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"> Receives and pays out all money to members Counts and announces all amounts paid to and received from members Informs the Record-keeper of the correct amount to be recorded in the passbooks

Step 2: Ask: *Do women and persons with disabilities have the qualities for the admired leaders mentioned? (Emphasize that there are really no leadership positions for only men or women. Also explain that both women and men and persons with disabilities have the desired qualities for leadership. Both women and men also have the potential to develop the qualities.)* **Add that:** a leader is a leader everywhere s/he goes; and every person is a leader and has a responsibility to practice the above qualities.

Activity 4: Find the leader in you (20 mins)

Purpose: To motivate female and male participants for leadership

Step 1: Ask participants to think of the leadership characteristics they feel they have?

Step 2: After 5 minutes, ask volunteers from women first, then men to share their characteristics. If participants are shy to volunteer, ask members if they can share the leadership characteristics of three women in their VSLA groups.

Then have three men in the VSLA (one person explaining about one other person only).

Step 3: Ask each person to think if they identify themselves as a leader? Why or why not?

Step 4: After 5 minutes, ask: *Would other people here or elsewhere consider you a leader? Why or why not?*

Step 5: Ask: *What are some reasons holding both women and men from becoming a leader? (Take note of the answers).*

Step 6: Ask: *What are some ways one may use to overcome the challenges or reasons mentioned? (Take note and use these for the next activity)*

Activity 5: Summary and measurable action plans (5 mins)

Purpose: Remind participants of the main points covered and challenge them to leave the training session with agreed measurable actions for change

FO Summarize the main points as follows:

- Both women and men have the potential to become leaders
- Leaders are responsible to gently guide and support their groups towards their goals
- Remember the qualities of a good leader. *Ask the group to each choose one you want to remember after the meeting as you go home today.*
- Emphasize that leadership is a skill that people can develop. Even if they are not elected as leaders for this period, they can develop their skills and be better leaders for the next election.

Activity 6: FO facilitates election of Management Committee members (30 minutes)

FO explains that elections are held every year and that the next elections in one year's time will also be facilitated by the FO.

Step 1: FO explains that:

- The five members of the Management Committee have to be persons with disabilities
- In a mixed gender group, at least two of the members of the Management Committee have to be women.
- The Management Committee is elected by the members, who can also dismiss a member or the entire committee for poor performance
- The Management Committee serves for one year, after which fresh elections are held. Even if the VSLA is happy with its committee it must hold elections. FO explains the reason for this:
 - Conducting elections every year helps hold the leaders accountable to the members and emphasizes the importance of their role.
 - Since elections are done in a secret ballot, each leader gets to know from the voting pattern what the members feel about their performance. For example, if a leader gets less votes than they did during the last election, s/he gets to understand from the results that members may be giving him/her another chance but s/he may need to improve their performance. A wise leader will not only want to improve on his/her leadership, s/he may decide to find out what she could do to become a better leader in the next cycle.
- **Step 2:** FO then reviews the qualities needed for each position and the responsibilities that each of the Management Committee official needs to do, using the tables above:
- **Step 3:** The FO then organises the election of the officials, starting with the Chairperson. S/he uses the standard procedures shown in Annex 1⁵.
- **Step 4:** Three **key-holders** are appointed from the membership who will be responsible for keeping the keys so the box can only be opened in VSLA meetings. The key-holders are chosen using the following criteria:
 - 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 meetings and will always be on time

FO agrees with members the time for the next Foundational VSL Module 2 meeting and closes meeting.

⁵ The election guidelines in Annex 1 are derived from the VSL Field Officer Guide English V2.0 (Feb 2018), pg. 28 (VSL Associates).

Foundational VSL Module 2 – Development of VSLA Constitution

FO Preparation before the meeting:

- A day or two before the meeting, the FO makes a copy of the VSLA constitution template (Annex 2) in preparation for the meeting.
- The blank Constitution form (template) will be used to write down the decisions that the group arrives at in the different sections of the constitution.

Time: 2 hours

Methods/Tools: FO presentation and discussions with VSLA members

Materials Required: Flip chart and markers. Pencil, rubber, and pen. Seating Arrangement (Annex 2). VSLA constitution template (Annex 3).

Objectives:

By the end of this session, VSLA members and their leaders will be able to:

- Understand the purpose and meanings of the different sections of the VSLA Constitution
- Decide on a set of rules concerning how the VSLA members will save through buying shares, how they will take loans and pay them back, how to contribute to the Social Fund, and decide on how the group will govern itself. In short members will write their VSLA constitution

Activity 1: Review Module 1 - Establishing Groups & Electing Leaders (5 mins)

Step 1: FO asks participants to recall some of the important points they discussed in Module 1.

Activity 2: Before delivery of Module 2, the FO sets out to organise the group according to the recommended seating arrangement. (5 mins)

Step 1: FO displays a diagram that shows the seating layout of an 18-member VSLA meeting (Annex 2) that shows each member seated according to a numerical order starting with the Chairperson to the last member. FO explains that the way the seating has been organised is important because:

- It allows each members to see the VSLA activities clearly and what each member is doing.
- It ensures that the transactions are carried out sequentially one member after another according to their numerical order. This keeps the meeting flowing smoothly and saves valuable time.

Activity 3: The FO gives out a copy of the VSLA constitution template to the VSLA Record-keeper and invites the Chairperson of the group to prepare to lead the discussion in developing the group's constitution. The FO will support the Chairperson to do that. (5 min)

Step 1: The FO makes the following points:

- The blank spaces of the constitution are for the Record-keeper to write down the group's decisions. Elements of the Constitution template have already been fixed as recommended for all VSLAs, based on field experience.

- Secondly, the FO states that the constitution template is designed to prepare the VSLA for its first cycle, which is a learning cycle. During this cycle, it is important that the group commits itself, as much as possible, to learning from available experience represented by the FO and those that trained her/him, before trying out new ideas.
- That said, the FO will try as much as possible to facilitate understanding by answering questions from the group members to the best of his/her ability.

Activity 4: FO says the activity of developing the constitution will begin with Part 2 of the VSLA Constitution template, which concerns the services offered by the VSLA, namely: (45 min)

- **Share purchase (savings)**
- **Lending (loans)**
- **Social fund (insurance)**

Step 1: VSLA decide on Share-purchase rules

- The FO says that members save in a VSLA by buying shares. At each meeting, each member has the opportunity to buy between 1 to 5 shares.
- FO asks: *What should the value of a share be?*
- FO explains:
The amount is too big if the poorest member will have trouble regularly saving at least one share. If the amount is too small it may frustrate the better-off members who want to save more
- The amount that is finally decided should be something that everyone can afford to pay at every meeting throughout the cycle and that satisfies their needs for savings. This cannot be changed during the cycle but can be changed in the next cycle.

VSLA constitution template:

1 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. Only at this moment in the cycle, the number of start-up shares can be more than 5 shares per member

Step 2: VSLA decide on Lending rules

The FO makes the following statements:

- Members can save, borrow and repay their loans every week.
- The amount borrowed by any member cannot be more than three times their savings.
- The maximum loan duration should not be more than 3 months, but can be less.
- A member must repay a loan before s/he can take another one
- Now the group is going to decide the rate of the interest/service charge using these tables:
[FO will use Annex 4, showing a set of interest/service charge tables to facilitate a discussion as to what rate these group will use]
- The FO explains that this will be, as a percentage of the whole loan, for the whole 12 weeks. The tables show charges for one month, two months or three months. The service charge will be added to the loan amount and the borrower will have to pay back the total within the agreed-on time period.

- In the case of groups that do not wish to charge interest (e.g. in Islamic communities) this is not discussed.

The FO asks what their priorities for loans will be, and explains:

- This is to help avoid disputes when there is not enough money in the loan fund to satisfy people’s needs. The members must decide which loans will receive the highest priority, the next highest priority and the lowest.
- The FO says that members should not take out loans that they cannot repay easily. This ensures that the loans are not too risky and encourages savings.

VSLA constitution template:

2 LENDING

- The maximum amount that anyone can borrow is three times the value of their savings
- The maximum length of a loan term is three months
- A member must repay a loan before (s)he can take another
- The service charge on a loan will be _____% monthly
- 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:

Step 3: VSLA agree on Social Fund rules

The FO makes the following statements:

- The VSLA will create a Social Fund to provide grants to members who encounter serious problems.
- No loans will be given out of the Social Fund. Loans will be restricted to the Loan Fund to avoid confusion and complicated record keeping.
- Social fund grants are often made to help with:
 - Funeral expenses
 - Illnesses
 - Fire damage to a house
- FO using the constitution template guides the VSLA to decide what the Social Fund will cover and what the benefits payable will be.
- FO facilitates the VSLA in deciding on the amount of regular contributions to the Social fund

- FO says that the Social Fund is kept separately from the Loan Fund, in its own bag, so that it doesn't get mixed up with the Loan Fund

The Record-keeper fills in the Part 2 of the blank Constitution form as decisions are made. S/he may decide to use a pencil first before firming these decisions up with a pen later.

VSLA constitution template:

3 SOCIAL FUND

- The Social Fund is for grants only. No loans will be made from the Social Fund
- No money in the Social Fund will be transferred to the Loan Fund
- The benefit payable for a deceased member will be: _____
- The benefit payable for a deceased spouse will be: _____
- The benefit payable for a member's deceased child will be: _____
- The benefit payable for a member's deceased parent will be: _____
- Other: _____
- Other: _____
- Other: _____
- The Social Fund contribution, per member, per meeting will be:

Activity 5: FO says the activity of developing the constitution will be completed by filling in Part 1 of the VSLA Constitution template – How the VSLA will govern itself: (1 hour)

Step 1: The Chairperson goes through Part 1 of the Constitution template, which has 11 sections: from **Basic information on the VSLA** all the way down to **Amendments to the Constitution** and guides the members to reach agreement on each clause. The FO is available to support.

- The Record-keeper fills in the blank spaces.

Step 2: Once the above step is complete, the FO asks the Chairperson to read the entire Constitution and FO makes the following points:

- The Chairperson should read the Constitution out loud to all members at least once every 3 months, just to make sure that everyone is reminded of the rules.
- Some groups give each member a rule to remember and the Chairperson can ask them to repeat their rule at the beginning of each meeting and fine them if they don't remember it.
- Once the Constitution form is filled and read to the members, each member will then write their name and put their signature on the spaces provided on the last page of the constitution to show that they agree with the group's decisions. If they are illiterate they append their thumb print
- The VSLA Constitution will be kept safely in the VSLA metal box once the group receives their kit.

Notes to Supervisors, Field Officers and other facilitators/leaders:

- Developing the Constitution is the most important training and it should not be rushed or treated superficially. It tells the VSLA how it will do its work and what the services offered to members will be. If this is rushed, the VSLA will not be stable and secure.
- Experience has shown that sometimes this session can take two meetings to finish, and that is OK. It shows that members have thought about and discussed their rules in detail. If it takes half an hour and many sections are ignored, this shows that it wasn't taken seriously.

Foundational VSL Module 3 – First Savings Meeting

FO Preparation before the meeting:

- A day or two before the meeting FO makes a copy of the procedures for conducting the first savings meeting to hand over to the Chairperson
- FO also makes a copy of Annex 5 to give to the Record-keeper as guidelines for filling in the passbooks.
- FO goes through the First savings meeting procedures to prepare for the meeting
- The FO reviews Annex 5 to remind her/himself how savings and social fund records are kept.

Time: 1 hour

Methods/Tools: FO presentations, explanations, and discussion with VSLA members

Materials Required: Annex 5 – guidelines for filling in member passbooks

Objectives:

At the end of this session the VSLA members will have had their first opportunity to buy shares supported by the FO and the Management Committee will be in a position to take over the running of the meetings aided by the written procedures.

Activity 1: Handing over of the VSLA kit⁶ (10 mins)

Step 1: Before proceeding with training on Module 3 (First Savings Meeting), FO hands over the VSLA kit to the Chairperson and the keys to the Key-holders. The Key-holders are given all of the keys for their lock. No keys are held by anyone else. 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 VSLA.

- FO says that it is mandatory for VSL programmes to use lockable boxes that keeps the essential items of the VSLA kit. FO requests the key-holders to open the box,



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

ed to organize for members contribute towards the
with Savings Group principles.

If a group is unwilling to use a box, the FO should refuse to train them

Step 2: FO requests the Box-keeper to display all the items of the kit for all the members to see. The kit consists of:

- Strong, well-made lockable cash box, able to be closed with 3 locks
- Three good quality padlocks (this is very important), each with two keys
- Passbooks enough for all members
- 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, about 25-30 cm in diameter and 12 cm deep (one for fines and one for money-counting)
- Two fabric money-bags, with draw strings: one in one colour for the Social Fund, and one in another colour for the Loan Fund



Activity 2: Module 3 – Conducting the first savings meeting (50 mins)

Step 1: 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 procedures, which are clearly outlined. The FO explains again that the first loan meeting will not occur for another 3 weeks, after which loans can be taken at every meeting.

Step 2: The FO then explains that from now on s/he is only there to support the Management Committee, which is now in charge of meeting, which must be guided by the Constitution.

Step 3: FO prepares to guide the Record-keeper using a copy of Annex 5 that shows how to fill in shares in the passbooks. The FO is to tell the Record-keeper NOT TO FILL OUT ANY RECORDS WITHOUT REFERENCE TO ANNEX 4.

Step 4: The FO hands over a copy of the procedures for the first savings meeting to the Chairperson and requests him/her to simply follow the procedures written to guide him/her as Chairperson on the task at hand or read out the procedure for the other members of the Management Committee as written in the sheet (Table 7) below:

Table 7: Procedures for first savings meeting

Meeting step	First Loan Meeting – Procedures
1 Meeting opening	<ul style="list-style-type: none"> • Chairperson calls the meeting to order • Chairperson tells the Record-keeper to perform a roll call, by member number • Key-holders are called on to open the box, which remains in front of the Box-keeper, and the materials are taken out and placed in front of the Record-keeper • Fines bowl is placed in front of the Chairperson, so that fines can be collected during the meeting • Record-keeper calls each member in number order to the front and gives them their number card • Record-keeper writes their name and number on a passbook but does not give the passbook to the member
2 Social Fund	<ul style="list-style-type: none"> • Chairperson tells the Record-keeper to conduct the Social Fund activities and reminds the members of the amount they must contribute • 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 • Both Money-counters confirm that each member has given the right amount and place it in the money-counting bowl, announcing the amount • Record-keeper notes down each member’s contribution in the notebook • When everyone has contributed, the Money-counters count the total amount in the money-counting bowl and announce this to the members • Record-keeper then verifies that this amount corresponds to the total value of Social Fund contributions written in the notebook • Record keeper records this amount in the ‘Cash in the Social Fund’ section in the note book • Record keeper says that everyone should remember this amount for the next meeting • 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"> • Chairperson tells the Record-keeper to conduct the Share-purchase/savings activities • 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 • Money-counters count the money saved by each member, place it in the money-counting bowl and <u>announce the amount and the number of shares</u> that have been purchased by the member • Record-keeper notes down each member’s contribution in the notebook • Record-keeper stamps the number of shares into the passbook and crosses out any unused blocks and notes down each member’s shares in the notebook • Member then checks that the number of shares stamped in the passbook is correct and the Record-keeper holds up the passbook and shows the members the number of shares that have been bought, announcing the amount • Once all the members have made their contributions, the Chairperson tells the Money-counters to remove the cash from the money-counting bowl and to count it • Record-keeper then verifies that this amount corresponds to the value of

	<p>the number of shares written in the notebook</p> <ul style="list-style-type: none"> Record-keeper then tells the VSLA that this money constitutes their Loan Fund, but that no loans will be given until 4 savings meetings have been completed, after which loans will be available at every meeting Record keeper records this amount in the 'Cash in the Loan Fund' page in the note book Money-counters place the Loan Fund in its draw-string bag and put it in the cash box
4 Closing balances	<ul style="list-style-type: none"> Chairperson takes the notebook from the Record-keeper and announces the total amount in the Social Fund, instructing all members to memorise it for the next meeting Chairperson announces the total of the Loan Fund once again, and instructs all members to memorise it for the next meeting Chairperson then asks the Key-holders to lock the box
5 Closing	<ul style="list-style-type: none"> Chairperson invites members to discuss any other subject that may be of interest Chairperson announces the date and time of the next meeting Once discussion is complete, the Chairperson closes the meeting

Record-keeper enters Social Fund and Loan Fund data in the notebook at the end of every meeting.

Weekly Record of Balances - Example

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

Foundational VSL Module 4 – First Loans Meeting

FO Preparation before the meeting:

This meeting takes place 3 weeks after the first savings meeting and is the first time that members can borrow.

- A day or two before the meeting FO makes a copy of the procedures for conducting the first loan meeting to hand over to give to the Chairperson
- FO goes through the first loan meeting procedures to prepare for the meeting
- The FO reviews Annex 5 to remind her/himself how savings, social fund, and loan records are kept.
- The FO will need to make a copy of Annex 4 (Interest / Service Charge Tables)

Time: 1 hour 30 mins

Methods/Tools: FO presentations, explanations, and discussion with VSLA members

Materials Required: Annex 4 & Annex 5

Objectives:

At the end of this session the VSLA members will have had their first opportunity to take loans supported by the FO and the Management Committee will be in a position to take over the running of the meetings aided by the written procedures.

Activity: Module 4 – Conducting the first loan meeting (1 hour 30 mins)

Step 1: FO prepares to guide the Record-keeper using a copy of Annex 4 that shows how to fill in loan transactions in the passbooks. The FO is to tell the Record-keeper NOT TO FILL OUT ANY RECORDS WITHOUT REFERENCE TO ANNEX 4.

Step 2: The FO hands over a copy of the procedures for the first loans meeting to the Chairperson and requests him/her to simply follow the procedures written to guide him/her as Chairperson on the task at hand or read out the procedure for the other members of the Management Committee as written in the sheet below:

Note: For the visits between Training 4 and Training 5 when loans are being taken the FO will tell the Chairperson to use Table 8.

Table 8: Procedures for first loan meeting

Meeting step	First Loan Meeting – Procedures
Follow steps 1 to 3 as shown in Table 7	
4 Loan taking	<ul style="list-style-type: none"> • Chairperson invites loan requests, reminding members of the maximum loan term (3 months) and maximum loan amount (3 times the member’s savings) • Members needing loans make their requests, stating how much they need, the purpose of the loan and how long they need it for • Record-keeper checks to see that the member has saved at least 1/3 of the amount they want to borrow. If they have not saved enough they must reduce the amount of their request • Record-keeper calculates the total value of the loans requested • If the total requested is more than the money available in the Loan Fund (the money in the money-counting bowl), the Chairperson facilitates loan applicants to make adjustments to their loan requests to fit within the available loan fund. A combination of offers to withdraw loan application and wait for the following week, reducing loan amounts requested, consensus and voting may be used to conclude this exercise. • Record-keeper calls each borrower forward in order of their number • Record-keeper enters the Date of loan disbursement and the Date by which the loan must be repaid • Record-keeper checks the Interest / Service charge tables to see the interest/service charge payable for the whole loan period of 3 months. In the case of groups that do not wish to charge interest/service charge, the Record-keeper enters a zero. • Record-keeper makes a total of the loan amount and the interest/service charge (if any) and enters this in the Total due box, telling the member that they must repay this amount within 12 weeks • Record-keeper tells the Money-counters to give the borrower the loan amount • The borrower counts the money, and signs the passbook • Record-keeper tells the borrower to announce the total amount due and by what date it will be repaid • This process is repeated until all loans have been issued • Record-keeper tells the Money-counters to count the money remaining in the money-counting bowl and announce it to the members • Record keeper records this amount in the ‘Cash in the Loan Fund’ page in the note book • Record-keeper says that this is the current value of their Loan Fund • Money-counters then put the Loan Fund in its draw-string bag and return it to the cash box Social Fund contribution page of the member’s passbook • When all contributions are completed, the Money-counters count the total amount in the money-counting bowl and announce the amount • Record-keeper then verifies that this amount corresponds to the total value of Social Fund contributions written in the notebook • Record-keeper then asks if anyone needs help from the Social Fund Members in need make their request to the VSLA • If a majority of the members approve, the money is handed over • Once this is done, the Money-counters count the total amount remaining • Record-keeper uses the calculator to add this sum to the value of the money in the Social Fund bag • Record keeper records this amount in the ‘Cash in the Social Fund’ section in the note book • Record keeper says that everyone should remember this amount for the

	<p>next meeting</p> <ul style="list-style-type: none"> • The new Social Fund money is then put in the draw-string bag and put back in the cash box
5 Selling Shares	<ul style="list-style-type: none"> • Chairperson says that the VSLA methodology also allows for members who do not want a loan but want to sell some of their shares in order to withdraw some of their savings, <u>unless they have a loan that has not yet been repaid</u>. Chairperson asks if there is any such person. If there is, the person comes forward and says how many shares they want to sell. • Person hands her/his passbook to Record-Keeper • Record-keeper tells Money-counters to give the person the money equivalent to the number of shares sold • Record-keeper cancels the number of shares sold in the passbook
6 Closing balances	<ul style="list-style-type: none"> • Chairperson takes the notebook from the Record-keeper and announces the total amount in the Social Fund, instructing all members to memorise it for the next meeting • Chairperson announces the total of the Loan Fund once again, and instructs all members to memorise it for the next meeting • The Chairperson then asks the Key-holders to lock the box

Foundational VSL Module 5 – First Loan Repayment Meeting

FO Preparation before the meeting:

This meeting takes place at any time a member wants to make a loan repayment. It could be as soon as one week after the first loan disbursements, or at any meeting after the first loan disbursements have been made.

- A day before the meeting FO makes a copy of the procedures for conducting the first loan repayment meeting to hand over to the Chairperson
- FO goes through the first loan repayment meeting procedures to prepare for the meeting
- The FO reviews Annex 4 to remind her/himself how savings, social fund, and loan disbursements and repayment records are kept.

Time: 1 hour 40 mins

Methods/Tools: FO presentations, explanations, and discussion with VSLA members

Materials Required: Annex 4 – guidelines for filling in member passbooks

Objectives:

At the end of this session the VSLA members will have had their first opportunity to repay loans supported by the FO and the Management Committee will be in a position to take over the running of the meetings aided by the written procedures.

Activity: Module 5 – Conducting the first loan repayment meeting (1 hour 40 mins)

Step 1: FO prepares to guide the Record-keeper using a copy of Annex 4 that shows how to fill in loan repayment transactions in the passbooks. The FO is to remind the Record-keeper NOT TO FILL OUT ANY RECORDS WITHOUT REFERENCE TO ANNEX 5.

Step 2: The FO hands over a copy of the procedures for the first loan repayment meeting to the Chairperson and requests him/her to simply follow the procedures written to guide him/her as Chairperson on the task at hand or read out the procedure for the other members of the Management Committee as written in the sheet below:

Step 3: The FO tells the members that this meeting will be the first time that the Association will receive loan repayments.

Step 4: FO informs the Chairperson that s/he will be using Table 9 as a procedures guide for all future meetings.

Table 9: Procedures for a loan meeting with first loan repayments

Meeting step	First Loan Meeting – Procedures
Follow steps 1 to 3 as shown in Table 7	
4 Loan repayment	<ul style="list-style-type: none"> • Chairperson tells the Record-keeper to conduct loan repayment activities • By referring to each member’s passbooks, the Record-keeper identifies the borrowers and the amounts due • Each borrower is asked if a payment will be made in the meeting and, if so, the money is given to the Money-counters <i>who announce the amount</i> and place it in the money-counting bowl • Record-keeper enters the payment amount in the borrower’s passbook in the ‘Paid’ box • Record-keeper then calculates the remaining balance due and enters it in the ‘Balance’ box in the passbook • The borrower then signs in the space provided • If the remaining balance due is zero, the Record-keeper signs the passbook and says that the loan is repaid, cancelling the loan with a diagonal red line drawn through the entire page
5 Calculating new loan fund balance	<ul style="list-style-type: none"> • Chairperson then tells the Money-counters to remove the cash in the money-counting bowl and to count it • Record-keeper then uses a calculator to add this sum to the money in the Loan Fund bag and announces the total to the VSLA • The money in the Loan Fund bag is then physically combined with the money in the money counting bowl • Record-keeper then tells the VSLA that this is the money available for lending in this meeting
6 Loan taking	<ul style="list-style-type: none"> • Chairperson invites loan requests, reminding members of the maximum loan term (3 months) and maximum loan amount (3 times the member’s savings) • Members needing loans make their requests, stating 1 How much they need, 2 the purpose of the loan 3how long they need it for • Record-keeper checks to see that the member has saved at least 1/3 of the amount they want to borrow If they have not saved enough they must reduce the amount of their request • Record-keeper calculates the total value of the loans requested • If the total requested is more than the money available in the Loan Fund (the money in the money-counting bowl), the VSLA must discuss adjustments to the loan amounts until all members are satisfied • Record-keeper calls each borrower forward in order of their number • Record-keeper enters the Date of loan disbursement and the Date by which the loan must be repaid at the top of the page • Record-keeper checks the Interest / Service charge tables to see the interest/service charge payable for the whole loan period of 3 months. In the case of groups that do not wish to charge interest/service charge, the Record-keeper enters a zero. • Record-keeper makes a total of the loan amount and the service charge (if any) and enters this in the Total due box, telling the member that they must repay this amount within 12 weeks • Record-keeper tells the Money-counters to give the borrower the loan amount • The borrower counts the money, and signs the passbook, • Record-keeper tells the borrower to announce the total amount due and by what date it will be repaid • This process is repeated until all loans have been issued

	<ul style="list-style-type: none"> Record-keeper tells the Money-counters to count the money remaining in the money-counting bowl and announce it to the members Record keeper records this amount in the 'Cash in the Loan Fund' page in the note book Record-keeper says that this is the current value of their Loan Fund Money-counters then put the Loan Fund in its draw-string bag and return it to the cash box
7 Selling Shares	<ul style="list-style-type: none"> Chairperson says that the VSLA methodology also allows for members who do not want a loan but want to sell some of their shares in order to withdraw some of their savings, <u>unless they have a loan that has not yet been repaid</u>. Chairperson asks if there is any such person. If there is, the person comes forward and says how many shares they want to sell. Person hands her/his passbook to Record-Keeper Record-keeper tells Money-counters to give the person the money equivalent to the number of shares sold Record-keeper cancels the number of shares sold in the passbook
8 Closing balances	<ul style="list-style-type: none"> Chairperson takes the notebook from the Record-keeper and announces the total amount in the Social Fund, instructing all members to memorise it for the next meeting Chairperson announces the total of the Loan Fund once again, and instructs all members to memorise it for the next meeting The Chairperson then asks the Key-holders to lock the box
9 Closing	<ul style="list-style-type: none"> Chairperson invites members to discuss any other subject that may be of interest Chairperson announces the date and time of the next meeting Once discussion is complete, the Chairperson closes the meeting

2.3 Field Officer supervision in Intensive, Development, and Maturity phases

As shown in the Schedule of operation, the supervision of VSLAs by FO's is continuous and starts right after delivery of the first foundational VSL module at the Intensive phase. Definite supervision meetings, clearly shaded in grey are marked out and explained in the Schedule of operation. There are six of these supervision meetings immediately following training in five foundational modules during the Intensive phase, three (spaced out in monthly intervals) in the Development phase, and two in the Maturity phase. In addition, FO supervision is expected to be carried out as groups conduct their savings and loan meetings immediately following the delivery of the foundational modules.

2.4 DEVELOPMENT PHASE: Supervision & Discussion sessions 1 - 4

Discussion Session 1 – Aspirations & Goal Setting

Time: 1 hour 30 min

Methods/Tools: Discussion & storytelling

Materials Required: VSLA members bring personal notebooks and pen each; Flip chart and markers

Objectives:

At the end of this session the trainer will get to know the VSL group members and guide the participants to:

- Share and write down their ambitions and desires
- List down some goals they would like to achieve in life
- Group their goals into short-term (within 12 months), medium time (2 to 5 years), long-term (over 5 years)
- Carry out a planning exercise toward achieving their priority goals
- Estimate the cost of realising their goals

Activity 1: Members share personal hopes and desires for the future (40 mins):

Step 1: As trainer, start by saying this to the VLS group members:

"Today we are going to hear from each one of us about your personal hopes and desires for the future. What would you like to see happen? Speak about things that truly come from your heart – what you are really feeling, not what others expect to hear." We are also going to hear about the hopes and desires we have for our children and other members of our family or households.

Write down in short form what each VSLA member says - this will help you get to remember. It will also help you to link future discussions to their ambitions and guide them in achieving their goals.

If people begin sharing their wish to receive support from the project or government, explain again the purpose of this exercise and redirect them towards their personal dreams and hopes for their future. Encourage group members to be as specific as possible. Help them to distinguish between personal ambitions and those of their households. Say to them that shortly you will be asking about their family or children. Now you want them to focus about themselves, personally.

Get members to explain to others in vernacular, in case of language challenges.

Step 2: Next ask them the following question: *What do you desire for your children?* Be sure to clarify the question if necessary and help them to be specific, in terms of their health, education, character development.

Step 3: FO asks: *What desires do you have for other members of your family or household?*

Step 4: FO shows Table 10 below s/he has drawn on a flip chart as an example of how the VSL members can organize their hopes and desires. FO explains that the idea is to

try and eventually see if some of the hopes and desires can be changed into goals: *specific things that one can commit to achieve by a certain period of time.* FO gives VSLA members time to write down these ambitions in their exercise books or pieces of paper. Ask them to choose someone they can share these with:

<i>Table 10 - Hopes & desires, hopes for me and my family/household</i>	
<i>For me</i>	Goals: <i>Specific things I can do to achieve these desires</i>
<i>For my children</i>	Goals: <i>Specific things I can do or can help my children do to achieve these desires</i>
<i>Other members of my household/family</i>	Goals: <i>Specific things I can do or can help my family members do to achieve these desires</i>

Step 5: FO calls people to attention and asks people to share examples of what they have written down with the larger group. FO writes short notes on what people are sharing.

Activity 2: Prioritizing goals and categorizing them (short-term, medium-term, long-term) (30 mins):

Step 1: The next exercise is to ask them to choose what they think are the most important goals and then categorize them into short-term (within one year); medium-term (between two and 5 years); and long-term (more than five years). FO shows an example of the table 11 below that s/he has drawn on a flip chart.

Table 11 – Most important goals for me, my children and family/household

Short-term (1 year)	Medium-term (2-5 years)	Long-term (more than 5 years)

Step 2: FO explains that VSLA members will start to move toward thinking more about working towards their aspirations (hopes and desires) and goals as we get to learn about savings, social fund, and loan activities. We shall also have additional financial education discussions as the group members get more and more confident in conducting their VSL activities.

Activity 3: Learning from Mariana: Setting goals (20 mins)

Step 1: FO reads Mariana’s story below and asks the VSLA members the following questions:

- **Question 1:** What are Mariana’s dreams and aspirations for her children? Keep in mind that these are different from her goals. List down what they mention on the flip chart and make sure that they have mentioned all the dreams in the story.
- **Question 2:** What are Mariana’s goals, and how will these help her achieve her dreams? List these on the flip chart with arrows pointing to the dreams to explain which goal will lead to the achievement of which dream
- **Question 3:** One of the important aspects of setting goals is determining a realistic timeframe for each one. What do you think are realistic timeframes for each of Mariana’s goals?

Step 2: FO explains that a goal is something you want to achieve in the future—perhaps related to your family or in your business. A goal might be to start or expand new business activity, to learn a new skill, or to build a house or acquire other assets. The main difference between a goal and an aspiration is that an aspiration is a desire, whereas a goal has a concrete plan and timeframe plan for achieving it.

Mariana’s Story - Setting goals

Mariana lost her husband Kongo, to an unknown disease about two years ago. It’s been extremely difficult for her and her children. She hopes that the new VSL group she has joined will open up opportunities for her to strengthen her resolve to cope with the economic difficulties she has been facing. She learned from a close friend that whatever her challenges, she should take the first step to save whatever little she can find every week and that’s how she decided to join her group, which they agreed to name *Mwanzo Mpya* (Swahili for *new beginning*). The group’s name has contributed to inspiring her to not give up. To sustain herself and her children she found casual work as a house help in two homes of prominent people in a township nearby. She has to travel by public transport daily. She spends 3 days in one home and another 3 days in a second home. The work involves washing dishes, clothes, cleaning the houses and cooking. She earns a total of TZS 50,000 per week.

Her son is now 17 and close to graduating in high school but her daughters are only 10 and 8 years old. She vows to herself that she will make sure that she realizes her aspirations. She thinks about her hopes and desires for her children: she dreams about feeding her children nutritious foods so that they can grow up healthy and strong, about supporting her children’s schooling and letting them study up to college level. She also thinks about her aspirations for herself and her livelihood: she dreams about making more profit each year from her land through irrigation and setting up a small business. The next morning, before her children get up, she realizes that the first step to turning her dreams into a reality is to make plans and to set measurable goals. She decides that her goals are:

- Digging a water well in 6 months
- Starting vegetable farming in 6-12 months
- Starting a vegetable retail shop in 2-3 years
- Sending her children to college in 6-8 years

Step 3: FO explains that part of what each person will need to do in the coming days, weeks, and months is the following:

- Estimate the cost of achieving each goal
- If this amount is more than you think you can afford, make adjustments: extend the time you need to save the desired amount, reduce the cost, or change the goal
- Think how else you can find the money to pursue your goals
- Discuss your plans with a trusted person and seek their counsel
- Keep looking at your goals and make adjustments, if necessary, throughout the first VSL cycle
- Persevere!

Discussion Session 2 – Financial Literacy: Savings

Time: 1 hour 30 min

Methods/Tools: Discussion and storytelling

Materials Required: Flip chart and markers.

Objectives:

At the end of this session the participants will be able to:

- Analyze income and expenses
- Calculate the difference to decide whether the outcome is a deficit or surplus
- Classify optional versus obligatory costs
- Learn about saving behaviours

Activity 1: Recap of previous discussions on aspirations and goal setting (20 mins)

Step 1: FO asks the participants to share some of their thoughts or discussions they have had at their homes regarding their hopes, dreams and goals. FO asks: *Any challenges they are facing in their planning?*

Step 2: Start savings discussion saying that expected and unexpected life events, managing emergencies and other risks in life, achieving one's goals and other life challenges have their own costs. For this reason, people should learn to make cost assessments and learn to live on less than their earnings. Regular savings, accumulated over time is the least one can do to cope with livelihood challenges.

Activity 2: Saving exercise (40 mins)

Step 1: FO reads out the following expense prepared by Selina and asks the participants to add them up and decide whether from the income she started with, she ended up with a deficit or a surplus. FO asks the participants to work in pairs. Selina had 50,000 as her income.

Table 12: Procedures for first savings meeting

Expense item	Cost (TZS)
Market tax	5,000
Food	25,000
Fertilizer	2,500
Medicine for her child	2,000
Seed	5,000
House rent	3,000
Chair	5,000
Birthday party	5,000
Chicken to rear	5,000
Children stationery	2,500
Total	

Step 2: After FO gives participants enough time to work out the exercise, s/he asks: *What did Selina end up with - a deficit or a surplus?*

- Correct answer is a deficit of TZS 10,000
- FO asks: *Where do you think she might have gotten the TZS 10,000 to spend from?*
- Possible answers: borrowed from friend or VSL group

- FO asks: *Which of the expense items were necessary and which ones could she have done without? What would have been her deficit or surplus if she had decided not to spend money on the unnecessary items?*
- This should generate a good discussion or debate. The crucial objective is for participants to realize that it is possible to delay certain expenditures and impulsive spending to avoid going into deficit

Step 3: FO asks this important question: *What is missing in the expenditure list that is a very crucial item? This is the secret of managing cashflow problems in future?*

- Correct answer is **saving – more specifically, Selina did not save with her VSL group this week!**

Step 4: FO asks the following questions:

- *How did you find the exercise; is it realistic or not? Explain.*
- *How many people have had a similar challenge like Selina's? What happened in your case?*
- *What do you think is the benefit of writing down your expenditure?*
The expected answer here is that one can learn from wrong decisions. It's possible to spend money and not know what you spent it for

Activity 3: Learning from the stories of the Rombos and the Rukundos (30 mins)

Step 1: Read the stories below:

Story of Hamisi & Rehema Rombo: On the importance of saving

Hamisi is a VSLA client and is married to Rehema who belongs to a different VSL group. Together they have children who have grown up and completed school. Some years ago, they got some training on bee-keeping and they decided to start saving a little bit of money every week in order to start producing honey. It has been five years since they started honey production, and they are doing very well. Hamisi's honey business is successful. When he is asked the secret of his success, he answers that starting to save was the key that helped him and Rehema improve their lives.

Some friends of the Rombos, **another couple known as Ratiba and Halima Rukundo** were well-off and they did not worry about saving because they always felt they had enough money. One day, Ratiba fell sick, and doctors could not figure out what was wrong. He was sick for several months, during which Halima spent all the money she had on doctors and medicine, trying to help him get better. Unfortunately, Ratiba died. Halima was devastated. She also had to carry the financial burden of the funeral on her own. Halima has never recovered from the expenses the family incurred on her husband's treatment and burial. She struggled to figure out how to feed her children and keep them in school.

She could not plough her land on her own and did not know how to continue her husband's grain trading business.

Step 2: FO asks what the Rukundos could have done differently to avoid the suffering they went through?

Step 3: FO then asks: *What are some of the things you can do to establish the discipline of saving?*

- FO allows as many contributions as possible and writes them in point form on a flip chart. FO says, the two rules of saving are:
Spend less than you earn
Save something every day or week

Step 4: FO emphasizes the following in conclusion:

- Budgeting is an important practice: This is a plan of how one intends to spend a given income. This is a spending plan prepared **before** money is spent.
- Learn to distinguish between optional and obligatory (or “must” expenditure items)
- If expenses are beyond one’s income, optional expenses should be reduced or removed altogether, to avoid deficits
- The most important item in the budget is saving (setting aside something for the future)
- It is impossible to learn to save without discipline and self-control

Discussion Session 3 – Financial Literacy: Debt & equity financing

Time: 1 hour 35 min

Methods/Tools: Small group discussion

Materials Required: Flip chart and markers.

Objectives:

At the end of this session the VSLA members will be able to understand that:

- The purpose of the loans to provide members with capital for productive use
- There are good loans and bad loans
- It is critical that members commit to repay loans and do so on time

Activity 1: Recap and follow-up of previous session (5 mins)

Step 1: Greet and welcome VSL group members. Ask the group to recap the previous session and try and share what they can remember about the discussion on savings.

Step 2: Introduce the session by explaining that today we are going to talk about the importance of being able to manage loans (borrowing and repayment).

Activity 2: FO conducts discussion with VSL group to understand what people prefer to do when they are short of money (30 min).

Step 1: FO asks the question: ***What do you do when both your income and the money you have saved is not enough to meet a given need or pursue a goal?*** Please be careful not to mention the word “borrow” to avoid giving them any specific ideas. We want to be very open to see the various sources members turn to when they are short of money. It is possible that most of their answers will be “Borrow from ___”, but do let it come from them. Allow for disagreements or debates and list all the options they mention. Your aim is to simply understand what they prefer to do and why they prefer each option. Write down a list of the sources of income.

Step 2: In this step, the FO writes down the list of the sources for loans and gets the VSL members to share advantages and disadvantages of borrowing from these sources, as shown below. FO uses flip chart for this. FO encourages members to be as specific and where they have personal experiences on this, let them share these experiences. The Table below shows examples of sources of loans. FO is to write down the exact sources of loans available in their area, which have been mentioned by VSL members:

Table 13 – Advantages and disadvantages of different sources of loans/income

Sources of loans	Advantages	Disadvantages
Friends		
Money lenders		
SACCO		
MFI		
Bank		
VSLA		
Family or relatives		
Others		

Step 3: FO says that there are two types of financial resources: Equity and debt financing:

- Equity includes savings, income from businesses, and income from selling of property (assets)
- Debt financing (or borrowing), includes what has been discussed in the table above: *friends, family, moneylenders, SACCOs, MFIs, Banks, etc.*

Activity 3: Discussion on different purposes for loans (20 mins)

Step 1: FO asks participants to share the different purposes they could be taking loans for

Step 2: FO writes down the different purposes for loans on flip chart, under the following categories:

- Loans for investment (*in business: purchasing materials, improved seed, fertilizer, animals*)
- Loans to respond to an emergency (sickness, death, fire or theft of property)
- Loans to meet basic family needs (food, education)

Step 3: FO asks the VSLA members to choose a partner and discuss this question: *What makes a loan good or bad?* They should share real-life personal experiences or other people's experiences regarding loans. The participants then share what they have discussed with the rest of the group.

Here are additional guiding questions FO can add in the discussion with the large group:

- What are some reasons borrowing can be bad for people?
- How can a person avoid getting into bad situations with loans?

FO is careful to highlight the following: Loans can be good and help start or expand a business, take care of emergencies and meet important household needs. Careful borrowing with an intention and ability to pay back can enhance the life of a family.

Step 4: FO says though VSLAs offer both savings and loan services (in addition to social fund – insurance), the most important part of VSLAs is the savings part. For the following reasons:

1. For you to borrow you must save first!
2. Savings are your property (assets)
3. Loans, regardless of the source (friends, family, moneylender, bank, etc.) are a liability
FO explains the definition of an asset as owner's property while liabilities belong to another
4. Loans must be paid back or someone risks losing their reputation and possibly property. Such a situation can get very bad and if a person is convicted in a court for failing to pay a debt, they can be jailed.

- **You OWN assets, but you OWE liabilities**

Step 5: FO asks the participants to share their experiences of repaying loans:

- *Do you know someone who failed to pay their loan? What happened eventually?*
- *Share about someone you know who has taken loans, successfully repaid them and was improving her/his business and life*
- *Have you ever lent some money or something else to somebody who failed to return it back? What did you feel? What did you do?*
- *How did you feel when you managed to return something that you borrowed?*
- *What can happen if the borrower fails to meet their responsibilities as a borrower? [Add the following if not mentioned: Bad feelings, tension among family and friends, damaged reputation, lost asset]*

Loans have certain risks such as

- Failure to pay back loans
- Ruining relations with family and people in the community (bad reputation)
- Risk of losing assets through auction or being jailed.
- The danger of borrowing to pay debts (multiple loans)

- Bad reputation as a bad debtor can block you from getting loans in future
- A loan becomes a bad debt when it is ultimately not paid back

Activity 4: FO introduces the concept of net worth (20 mins)

Step 1: The concept of net worth is one way of measuring wealth or poverty. If someone owes more than they own, they have a negative net worth. *(Later we'll discuss about how some people with a negative net worth may live affluently).* If one owns more than they owe, they have positive net worth. FO asks members to calculate Kabuga's net worth below and compares it with Ranuele's net worth below:

Table 14 - Kabuga's table of assets and liabilities

Type of assets	Value of assets (TZS)	Type of liability	Value of liability (TZS)
3 goats	276,000	Debt in shop	80,000
Bicycle	160,000	School fees owed	100,000
Maize in store	100,000	Loan with a VSLA	300,000
Savings in a VSLA	250,000	Loan from a friend	100,000
Totals	786,000	Totals	580,000

Table 15 - Ranuele's table of assets and liabilities

Type of assets	Value of assets (TZS)	Type of liability	Value of liability (TZS)
1 cow	2,000,000	Moneylender	350,000
Motor cycle	1,500,000	School fees owed	510,000
Land	3,500,000	Loan with a SACCO	2,000,000
Cash at home	400,000	Loan from a bank	5,000,000
Totals	7,400,000	Totals	7,860,000

Step 2: FO asks members: *Which of the two people has a better net worth?*

- *Is it possible for someone to appear wealthy but in reality they are not? Explain your answer.*

FO ensures the point below is understood:

It is quite possible for someone to have a negative net worth and yet live an affluent lifestyle (this is common with some people), so a negative net worth does not mean someone is poor in the traditional sense. But it does mean that a person who lives this way is financing their lifestyle with money that they do not have because they are in debt.

- *Is it wise, for someone to borrow to finance such a lifestyle? Should people borrow money to finance luxuries?*
- *What are the disadvantages for such an action?*
- *What goal can you set for your life as a result of the examples above?*

Activity 5: Summary of key messages and next steps (20 mins)

Step 1: FO asks the participants:

- *What have you learned in this session?*
- *What do you find interesting and useful for managing money?*
- *In what way do you want to change your life as a result of these lessons?*

Step 2: FO summarizes the key messages of this discussion:

- You have fewer obligations and responsibilities when you use your own money (cash on hand and savings)
- Yet borrowing allows you to get money more quickly than if you rely on your ability to save little by little
- Loans for productive investments can earn additional income for the borrower
- A loan comes with obligations for the borrower, including repayment with interest
- People must borrow with the intention to pay back the loans because of the numerous risks
- Loans for crises and personal consumption should be thought through very carefully before borrowing and the borrower must know from which sources the loans can be paid back
- It's important to repay our loans on time to develop confidence by lenders so that you can qualify for repeat loans
- Overall, one must work towards having a positive net worth over time, where the value of your assets is greater than the value of your liabilities
- It is important to discuss these lessons with spouses and other family members at home in order to educate your household financially

Discussion Session 4 – Selection & Planning for Income Generating Activities (IGAs)

Time: 1 hour 30 min

Methods/Tools: Discussion

Materials Required: Coloured paper, flip chart and markers.

Objectives:

At the end of this session the VSLA members will be able to:

- Understand key points to consider in selecting IGAs
- Be prepared to manage IGAs effectively to enable them to pay loans on time and match income with expectations
- Assess and analyse risk situations in IGAs before starting
- Learn the 6 key points to remember when investing in a new IGA

Activity 1: Introduction to IGAs, potential opportunities and benefits, hearing from existing knowledge on IGAs (15 mins)

Step 1: FO introduces discussion on Income Generating Activities (IGAs). IGAs could provide opportunities for self-employment using one's own skills and resources in order to diversify income sources, which may allow families to enjoy better food, clothes, shelter, medicine and status in the society.

Step 2: FO facilitates a discussion to see what information there could be from VSLA members on IGAs, from their own experiences or that of friends and neighbours.

- What different types of IGAs are represented in this group?
- Are any of your family members or friends engaged in any other IGAs and which ones?
- Share stories or experiences from your own or other people's IGAs:
 - What success stories can you share?
 - How about challenges you have experienced or heard about?

Activity 2: FO facilitates group members in an imagination exercise (30 min)

Step 1: FO asks participants to relax, sit upright and be prepared to take their mind throughout the next 10 minutes and then says: *Think about where you are right now and what has been happening in your life. Think through the following questions without answering them out loud for now:*

- See yourself wanting to start a new Income Generating Activity.
- Think about what IGA idea you could choose. What idea comes to mind? What are the reasons you have thought about the idea?
- How do you see yourself beginning the IGA and growing in it?

Step 2: FO gives the group members time to think through the questions above, and then asks them these additional questions:

- *What products or services do you want to sell?* FO writes down the answers on a flip chart as they are shared.
- Where will you be operating your IGA? Be specific and provide reasons to your answer.
- Who will be your customers? How often do you see them purchasing from you?
- How much profit do you think you can earn from your IGA?
- What are the potential risks involved?
- Any other details you would like to share? How does it feel?

Activity 3: Key considerations when starting up Income Generating Activities (45 mins)

Step 1: FO introduces the **SIX IMPORTANT THINGS** to be considered before a member selects and works towards starting an IGA. The six important things are:

- | | |
|--|--|
| 1. Market & customers | <i>Will enough people buy my product or service?</i> |
| 2. Knowledge, skills, & time/labour | <i>Do I have the knowledge and skills for the IGA and the time or labour available to operate it?</i> |
| 3. Sources of capital | <i>Where will I get the money to start up and operate the IGA?
Can I get enough of the money I need from my source(s)?</i> |
| 4. Profitability / Income | <i>Will the IGA be profitable?</i> |
| 5. Household Income | <i>Will the income from the IGA, when added to other family income, be enough to pay household expenses?</i> |
| 6. Risk | <i>What are the risks associated with this activity and how can I mitigate them?</i> |

Step 2: After FO explains the key question that needs to be answered for each of the six points, s/he asks them to share why they think each of the six are important and writes them down in a flip chart, using the format shown below. FO allows them to exhaust their contributions before adding the points in bold, if not mentioned:

Table 16 – Thinking through the six important things

1. Market & customers	
The market comes first because it should be the starting point . The question should not be: " <i>can I sell the product that I want to produce?</i> " But rather: " <i>what do people want to buy?</i> "	
Participants make their contributions and FO writes them in left box. The bullets in the box on the right are things s/he should add if not mentioned:	
	<p>To assess the demand and supply situation of my IGA, I need to think about:</p> <ul style="list-style-type: none"> • What do people (buyers, traders, others in the market) want to buy? • Are there a lot of other people selling this product? • Who will buy my products? Are there enough buyers? • Can I sell the products all year round? Or will the level of sales vary from season to season? • Where can I sell my products? • How much can I sell each day (or week or production period)? • If there are not enough buyers, or there are many other sellers of the same products in the same market I want to serve, then I should think about a different IGA.
2. Knowledge, skills, & time/labour	
The key question is: Can I operate this activity?	
I have to think about my: Knowledge, Skill, Time availability; and if needed additional labour.	
	<p>Do I have the skills and knowledge needed to operate this activity?</p> <ul style="list-style-type: none"> • Do I have the time to operate the activity and do I know the seasons? • If I do not know how to operate the activity, do not know how to respond to problems or do not have enough spare time to work on it, or cannot find/afford an appropriate person to do it with me, then it would be wise to identify another IGA. • I also have to think about the seasonality of the activity. If it is an off-season, then it may be difficult and risky to implement the proposed livelihood. Even if it's the right season now, I need to think about how difficult it will be for me to change to another activity when the season changes.
3. Sources of capital	
How much money to I need to start and operate the IGA? Where can I get additional capital to do it?	
	<p>I need to think about:</p> <ul style="list-style-type: none"> • How much money do I need to start and operate this IGA? • Do I have access to the required money? • If my money is not enough to meet operational as well as start-up costs, then I should choose a different IGA

4. Profitability and income	
Is the IGA profitable?	
	<p>I have to figure out if there will be any money left at hand after I have paid all my household expenses. To estimate the income, I will get from this activity, I should:</p> <ul style="list-style-type: none"> • Calculate the cost of expense items (excluding startup cost), as well as selling costs. • Calculate the total value of sales. • Estimate income by subtracting costs from sales. <p>By doing this I can estimate the level of income for my IGA. If the IGA is not profitable, then I should drop it.</p>
5. Household income	
Will the IGA generate enough income to meet my family's expenses?	
	<p>Will the income from the IGA, when added to other family income, be enough to meet household expenses? I have to think about whether the income from my IGA will contribute as much as possible to family income and benefit.</p> <ul style="list-style-type: none"> • What are the other sources of family income? • Are there any months or seasons when family income is not enough to meet family expenses? • Will my IGA activity help pay family expenses on a regular basis or only on an occasional basis? • Will the IGA income allow support my family's nutritional needs?
6. Risks	
<i>What are the risks associated with this activity and how can I mitigate them?</i>	
	<p>It's very important to have adequate information on the different risks for my chosen IGA:</p> <ul style="list-style-type: none"> • Is this IGA at risk of drought or other weather-related shocks? If so, how much money might I lose? • What can I do to minimize or mitigate these risks? • Is the IGA profitable even when the potential risks are taken into account? • I should be prepared to drop this IGA idea if I am not able to answer these question to my satisfaction.

Activity 4: Homework: FO says each participant should review this discussion at home with their spouse or another family member and ensure that they have had the input of a close confidant who should be able to help them think through their answers and check whether there could be something they could have missed out.

Once they see they have enough confidence to proceed with their plan, they should go ahead, and remember that the IGA itself will provide lots of learning opportunities.

2.5 MATURITY PHASE: Foundational Module 6

Foundational VSL Module 6 – Share-out / Action-audit

FO Preparation before the meeting:

This is the final meeting of the VSL cycle, by which time all outstanding loans should have been recovered and the accumulated funds (except for the Social Fund) are shared out to the members according to their savings. It is advisable that VSL groups halt lending out money three months before share out and encourage members to focus on repaying all outstanding loans.

With VSLAs that do not charge interest/service charge, fines or donations are allocated to the Social Fund so what is given back to each member is the total of their savings.

- A day before the meeting FO makes a copy of the procedures for conducting the share out meeting to hand over to give to the Chairperson
- FO goes through the share out meeting procedures to prepare for the meeting

Time: 2 hours

Methods/Tools: Explanations and discussions; Annex 4 – guidelines for filling in member passbooks

Materials Required: Encourage members to bring an exercise book and pen each, to keep a record of their own ambitions and goals. Prepare slips of paper that you can give out. Encourage members to ask questions and to support each other.

Objectives: FO reads out the following statement:

By the end of this session, the VSL group will be able to count the total amount of the accumulated funds (except Social Fund) and calculate each member's portion of the funds to be paid out to him/her

Activity: Module 6 – Conducting the share out meeting

Step: The FO hands over a copy of the procedures for conducting shareout meeting (Table 17) to the Chairperson and supports him/her to follow the instructions.

Table 17: Procedures for share-out at the end of the cycle

Meeting step	First Loan Meeting – Procedures
1 Share-out	<ul style="list-style-type: none"> • The Social Fund is counted, the amount announced and put away. It will not be shared out. Only in very special emergency cases should a member be allowed to request for support from the social fund during the share – out meeting. • If any member has not completed their loan repayments, the amount owing is recovered by cancelling the number of shares in his/her passbook that equal the value of the amount owing • Money-counters count the money in the Loan Fund • While the Money-counters are counting, the Record-keeper takes the passbooks and counts the total number of shares of the VSLA • After the Money-counters are finished counting the money, 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, TZS 9.844) • 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, <u>rounding down to the smallest unit of currency.</u> • s/he then asks the Money-counters to count out the amount and place it in each member’s passbook, which is set aside • 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 (See Annex 4 Figure 13: Situation at the end of the cycle, after share-out) • <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 down, 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>
2 Preparation for the next cycle	<ul style="list-style-type: none"> • Any member who wishes to leave the VSLA and not willing to continue to the next cycle is allowed 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 VSLA wishes to establish seed capital to initiate the next cycle, they should now do so. <u>All members may contribute whatever amount they wish,</u> and it can be more than 5 shares on this one occasion, <u>denominated in the new share value</u> • The number of shares is recorded in the passbook of each member, in the ‘Starting NUMBER OF SHARES ’ box • When all of the members who want to contribute seed capital have done so, the Money-counters count the seed capital and place it in the Loan Fund bag in the cash box and the amount is recorded by the Record-keeper in the notebook • 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 old cycle is now formally ended • The FO then explains to the VSLA that in their next meeting, they will discuss issues to do with the independence and graduation of their VSLA, which will include elections and review of the Constitution. The FO will be present at that meeting and discuss her new role for their independent VSLA, if still required.

CHAPTER 3 - START OF THE GRADUATION & INDEPENDENCE PHASE

3.1 Graduation Discussion 1 – Preparing for VSLA Independence & Growth

Preparations for this discussion:

This is the first meeting in the second cycle of the VSL group and the FO is meeting to discuss preparations for the group's graduation into self-management and independence, in so far as savings and lending activities are concerned. During the maturity phase of the just concluded first cycle, the group has got a feel of conducting their savings and lending activities and the rest of their business without much help from the FO. Group members grew in confidence in managing a lot more money than probably originally thought possible. Members are likely quite optimistic about the future. Often at such a time Savings Groups could be more ambitious about different things they could consider doing. This is natural and positive, but it is often accompanied by risks that need to be considered beforehand.

The following things should have happened:

- The group should have had a successful sharing out at the end of the first cycle
- The FO or his/her supervisor should have conducted the final group quality assessment before the close of the first cycle and the group was cleared to be independent.
- FO prepares at least a day before for this meeting by going through this module and getting his presentation materials ready.

Please note that because of the length of this discussion, it may take more than one meeting to complete.

Time: 2 hours

Methods/Tools: Presentation & discussions

Materials Required: Flip chart paper

Objectives:

At the end of this meeting, the VSL group leadership and members will be able to:

- Review the Constitution and successfully conduct new elections of the Management Committee members
- Discuss good and bad experiences of SGs
- Appreciate the issues involved in linkages with formal financial and other services, and particularly the risks. To address these, the following topics will be discussed:
 - Using your group's money to invest in a group business
 - Lending to outsiders
 - Borrowing from banks or MFIs
 - Outsiders offering the VSLA a really attractive deal

Activity 1: Revising the Constitution and successfully conduct new elections of the Management Committee:

Step 1: FO says that by now the VSL group thoroughly understands its Constitution, especially if at every meeting each member is expected to recite one of the key rules. FO says that, still we need to go over the Constitution and see what has worked well, what has not worked well and what could be either changed, added or taken away.

Step 2: FO requests the Chairperson to read out the full Constitution, requesting members to raise issues that may need adjusting. Discussions are held on these matters and appropriate decisions are reached. FO observes as the discussion goes by and only shares when it is absolutely necessary. FO must remember that the group is now independent from this moment on and this should be her/his last meeting supervising the group.

Step 3: Conducting new elections:

FO starts by saying that the Constitution states that elections must be held at the start of every new cycle. It is very important that this rule is maintained.

FO says that very often groups will be happy with the management committee and will see no reason to change it, but this does not mean that new elections should not be held. Holding annual elections serves three purposes:

- It allows private concerns about the way the group is managed to be made official whether verbalized or not. In order to strengthen the quality of a group, members should always voice their concerns. That said, some members would want to use the power of the secret ballot to assert their unvoiced concerns.
- It strengthens the authority of successful management committee members and, even in the case of re-election, provides them a de facto member-assessment of their performance. For example, a Chairperson may be re-elected, but with a reduced majority.
- It reminds the leaders that they are accountable to the Members and prevents them from abusing their authority

Activity 2: There will be several topics in activity 1, which is aimed at helping the group identify various risks associated with the topics.

Topic 1: Using your group's money to invest in a group business (15 mins)

Step 1: FO says that most VSLAs do not start group-owned businesses during the first cycle, because they are waiting to see, at the share-out, if they will get their savings back, with a share of the profits. When towards the end of the cycle members see the accumulation of the group's cash in the box or at the bank, some may suggest that the money is invested in a group-managed activity. FO asks:

- *This may sound logical, but why do you think this not be a good idea?*
- FO allows the groups to contribute their views and writes down the points on the flip chart.

Step 2: FO ensures that s/he presents the following reasons for resisting temptations to start group businesses, ensuring s/he relates these with what the members may have shared already:

1. It is not the core business of the VSLA

Attempting to start group businesses can be very complicated, especially if it involves the need for skills that members may not have. It is especially true if complicated written records are needed and if the business depends on favourable market conditions. For this reason:

- There is usually a very high failure rate among group-managed and start-up businesses

- Members do not get back all of their savings at the end of the cycle, because it is tied up in the business. As expected this often leads to tension between members who had plans for the money they expected to get during share-out.
- Disputes can arise when members who are working in the business do not fulfil their responsibilities, or feel that they have contributed more than others, without recognition.

Step 3: FO says: Group-managed businesses can work quite well, but usually only when they meet the following conditions:

- Businesses are short-term and sell their assets before the end of the cycle
- They do not depend on regular supply of labour and inputs
- The technical demands of the business are well within the capacity of the Members
- They operate in markets, where seasonal prices are predictable and offer big margins
- They need only the simplest of record-keeping

FO concludes by saying that because of the many risks, VSLAs should not invest in Group Income Generating Activities (IGAs). If the group still feels they should do that, they should start a separate venture (separate from the VSLA) and only members interested join that separate initiative. There must be a complete understanding that the activities of this VSLA and that business are completely separate.

Topic 2: Lending to outsiders (5 mins)

FO says - *This is always a bad idea!* When outsiders borrow from the Savings Group, they are usually people who have none of their own savings invested in the group and whose loan requests are often very big. It is always the case that these types of loans are very risky and failing to pay back is common, especially when the borrower is a person with a lot of influence in the community. That is the reason this should be prohibited in the Constitution.

Topic 3: Saving and Borrowing with MFIs or Banks (15 mins)

Step 1: FO starts by saying that saving with a financial institution is a sensible thing for the group to do, especially as it approaches the end of the cycle and cash builds up in the box. This will, of course, depend on how far away the financial institution may be and what risks and costs may arise in carrying money from the place where the group meets to where the financial institution is located.

FO invites the group to give their thoughts and discussions may follow as to whether the VSLA should consider opening an account with a bank or MFI, and if so,

- *Which institution?*
- *What are the advantages and disadvantages of one institution over another?*
- The VSLA may assign two or three members of the Management Committee to get more information, and share it with the group.

Step 2: FO continues by saying: Borrowing from a formal financial institution is another matter. Sometimes groups borrow from banks or MFIs, and lend to their members bigger loans. Experience has shown that doing this changes the group from being self-managed to having to follow the rules of the bank or MFI (which usually have their own conditions, which may include using members' savings as collateral). It also changes the group from being based on savings, to being based on owing money to outsiders. The result is that when someone can't pay back, all the members lose some of their savings. This can lead to arguments and bad feelings. Members feel under pressure to meet the repayment schedule of the MFI or bank and poorer members who have joined the group mainly to save end up leaving the group. FO invites the group to ask any questions and clarifies any issues not understood.

Step 3: The FO concludes this discussion by saying this:

- The best thing to do is this: *A Savings Group should never guarantee loans or take loans from any institution.*

- If individual members want to have a personal and separate relationship with the institution that is a different matter. What members do in private is their business, of course. They should approach a bank or MFI as an individual but the group should not co-sign or guarantee the group's funds to the institution.
- But what the group does with the group's money is everyone's business.
- If members feel that they would like to borrow more money than they are able to, they should be more patient and also choose to save more than they are doing currently. If the group share value is small, the member can join another group with a bigger share value so they can save more money.
- *Is there something else that the FO or the group members can suggest?*

Topic 4: Outsiders who offer the VSLA a really attractive deal (5 mins)

Step 1: FO says: Sometimes prominent people outside of the group (even some FOs have been known to do this) – may come to you with a new money-making scheme, in which they will offer to 'manage' the VSLA money and provide the group with a very high profit... Do not believe any promises that you will earn a lot of money if you turn your money over to someone else - those promises are fraudulent and the group will likely lose some or all of its money.

There is a very good saying: 'If it is too good to be true, it isn't true.' Remember, it's the VSLA's money and the VSLA never has to do what an outsider says.

Administrative remarks for consideration:

Following this discussion session, recommendation for group self-management status would normally be contingent upon the following:

- The group should have had a successful sharing out at the end of the first cycle
- The FO or his/her supervisor should have conducted the final SG Self-Management Assessment⁷ before the close of the first cycle and the group cleared to be independent.

The management of SG project may consider an official graduation, including the presentation of a certificate of achievement to the VSL group. As part of expectations for a mature group in keeping with principles of sustainability, it is recommended that the organization and cost for an official graduation ceremony be left entirely in the hands of the VSL group.

⁷ See Annex 7 for a Self-Management Assessment Tool that can be adapted and adjusted as appropriate

3.2 Additional discussion sessions or training modules for Independent VSLAs

Other potential training modules out of the VESA manual and elsewhere could be considered for groups that continue to operate after graduation into self-management. The following are examples of possible modules that could be offered on a demand-driven basis.

Additional Financial Literacy Modules:

- i. Developing a budget (VESA discussion session 7)
- ii. Understanding financial services and products (VESA discussion session 10)

A sample of other VESA concept modules

- i. VESA discussion session 15 nutrition-sensitive agriculture
- ii. VESA discussion session 18 overview of value chains
- iii. VESA discussion session 19 overview of off-farm livelihood activities
- iv. VESA discussion session 20 intro to business planning
- v. VESA discussion session 21 business planning demonstration part 1 (value chain)
- vi. VESA discussion session 22 business planning demonstration part 2 (off-farm)
- vii. VESA discussion session 27 maternal nutrition
- viii. VESA discussion session 30 water, sanitation and hygiene

Implementing organisations considering additional modules to support the growth of independent VSLAs are advised to refer to the VESA Manual for more details so as to decide which components of the modules to adopt and offer. See link below:

<https://careclimatechange.org/wp-content/uploads/2018/06/VESA-manual-.pdf>

VSL Associates has recently produced a Training Guide for Selection, Planning and Management (SPM) of IGAs (version 1.02, March 2018) that could be a valuable resource for CBM country operations. The **nine sessions** in the guide are designed to last approximately **two hours** each. See link below for this and others by VSL Associates.

<http://vsla.net/programmetool/programmeguides;jsessionid=10t5ykjmjhh5l2wy40oib6he5>

CHAPTER 4 - HANDOUTS & TOOLS

4.1 Annex 1 - Election procedures

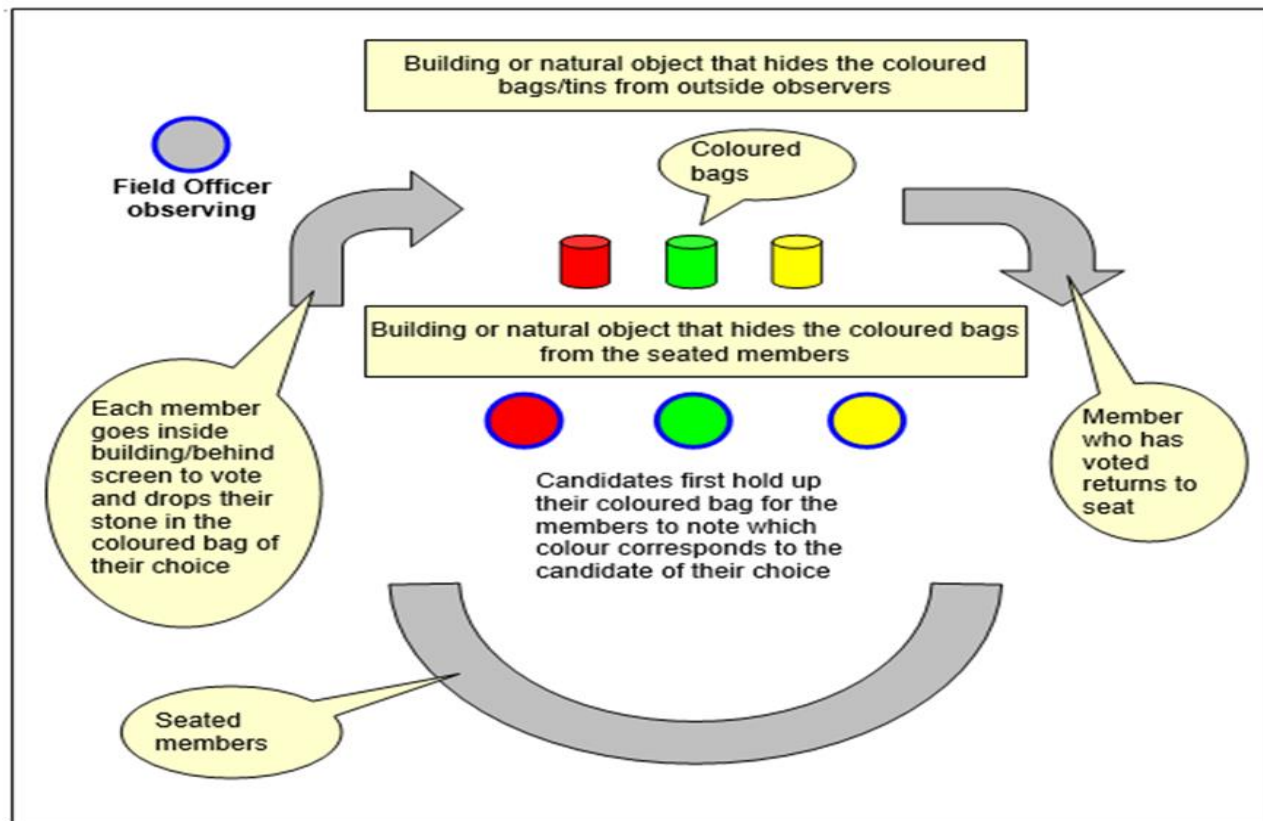
The FO prepares the members for the election and explains the process (see Figure 4, below) s/he brings three bags to the VSLA meeting, each in a different colour, s/he also provides one small stone for each member. Each of up to three candidates (for each position) is given a coloured bag and everyone is asked to note the colour corresponding with the member they want to vote for.

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 stone in the coloured 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, the FO can be called to facilitate the election, or it can be facilitated by a trusted member who does not stand for election and is trusted to be neutral.

Figure 4: Diagram of election procedures



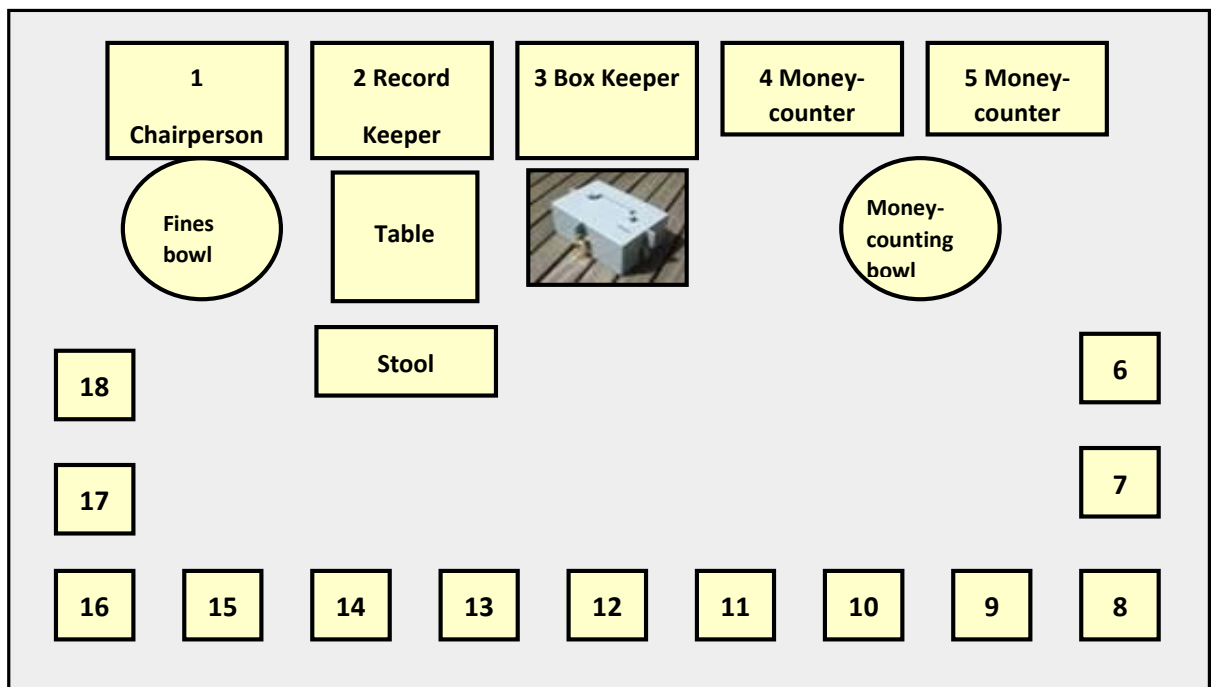
4.2 Annex 2 - Seating arrangements

The diagram in figure 5 below shows how members are seated in a meeting. This arrangement is used because:

- It allows all members to see clearly what is happening
- It ensures that transactions are carried out in the same order, which keeps things easy to manage

The diagram shows a VSLA with 18 members. VSLAs can have between 15 and 25 members.

Figure 5: Layout of meeting place: VSLA with 18 members⁸



⁸ Seating arrangement tool from VSL Field Officer Guide English V2.0 (Feb 2018), pg. 15 (VSL Associates)

4.3 Annex 3 - VSLA Constitutional framework

VSLA Constitution framework

Part 1: VSLA governance

1 BASIC INFORMATION ON THE VSLA

- Name of the VSLA
- Geographical Location: _____
- The VSLA was formed on (date): _____

2 OBJECTIVE OF THE VSLA

- The purpose of the VSLA is to be an independent, sustainable provider of savings, credit and social support to its members

3 WHO MAY BE A MEMBER OF THE VSLA?

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

4 COMPOSITION OF THE MANAGEMENT COMMITTEE

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

5 ELECTION PROCEDURES

- Elections must be held at the beginning of each new cycle, or annually, whichever is sooner
- The minimum number of people that must stand for each position is 2
- The maximum number of people that must stand for each position is 3
- 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 and cannot nominate themselves

6 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 vote to remove him/her
- An election is required to fill the vacant position

7 MEETINGS

- To buy shares the VSLA will meet every _____ (week or two weeks)
- Shares will be bought at every meeting
- Loans may also be disbursed and repaid at every meeting after the first loan disbursement in the 4th week of a cycle
- The VSLA will conduct a share-out every year in which members will receive all of their savings and any profit the group may have made

8 MEMBERS LEAVING THE VSLA

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 balance, Social Fund arrears and fines that they owe. They will not qualify for payment of a dividend.

9 EXPULSION FROM THE VSLA

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

10 FINES

The following table lists the fines that will be charged

Reason for the fine	Amount
Failure to attend a meeting without sending valid apologies	
Late to a meeting	
Not remembering VSLA rules	
Forgetting a key to the box	
Chatting or attending to mobile phone calls through the proceedings	
Not remembering balances from the preceding meeting	
Failure of a member of the Management Committee to perform their duties	
% of the loan balance due, payable monthly in case of late payment	

11 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, which will be recorded but only considered at the beginning of the next cycle.

Part 2: Services offered by the VSLA

1 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. *Only at this moment in the cycle*, the number of start-up shares can be more than 5 shares per member

2 LENDING

- The maximum amount that anyone can borrow is three times the value of their savings
- The maximum length of a loan term is three months
- A member must repay a loan before s/he can take another
- The interest/service charge on a loan will be _____% monthly
- 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:

3 SOCIAL FUND

- The Social Fund is for grants only. *No loans will be made from the Social Fund*
- No money in the Social Fund will be transferred to the Loan Fund
- The benefit payable for a deceased member will be: _____
- The benefit payable for a deceased spouse will be: _____
- The benefit payable for a member’s deceased child will be: _____
- The benefit payable for a member’s deceased parent will be: _____
- Other: _____
- Other: _____
- Other: _____
- The Social Fund contribution, per member, per meeting will be: _____

Name: _____ Signature: _____
Name: _____ Signature: _____
Name: _____ Signature: _____
Name: _____ Signature: _____
Name: _____ Signature: _____
Name: _____ Signature: _____
Name: _____ Signature: _____
Name: _____ Signature: _____
Name: _____ Signature: _____
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Name: _____ Signature: _____
Name: _____ Signature: _____
Name: _____ Signature: _____
Name: _____ Signature: _____
Name: _____ Signature: _____
Name: _____ Signature: _____

4.4 Annex 4 – Interest / Service charge tables⁹

Figure 6: Calculating a three-month service charge

Amount	2.50%	5%	10%	15%	20%
1,000	75	150	300	450	600
2,000	150	300	600	900	1,200
3,000	225	450	900	1,350	1,800
4,000	300	600	1,200	1,800	2,400
5,000	375	750	1,500	2,250	3,000
6,000	450	900	1,800	2,700	3,600
7,000	525	1,050	2,100	3,150	4,200
8,000	600	1,200	2,400	3,600	4,800
9,000	675	1,350	2,700	4,050	5,400
10,000	750	1,500	3,000	4,500	6,000
15,000	1,125	2,250	4,500	6,750	9,000
20,000	1,500	3,000	6,000	9,000	12,000
25,000	1,875	3,750	7,500	11,250	15,000
30,000	2,250	4,500	9,000	13,500	18,000
35,000	2,625	5,250	10,500	15,750	21,000
40,000	3,000	6,000	12,000	18,000	24,000
45,000	3,375	6,750	13,500	20,250	27,000
50,000	3,750	7,500	15,000	22,500	30,000
55,000	4,125	8,250	16,500	24,750	33,000
60,000	4,500	9,000	18,000	27,000	36,000
65,000	4,875	9,750	19,500	29,250	39,000
70,000	5,250	10,500	21,000	31,500	42,000
75,000	5,625	11,250	22,500	33,750	45,000
80,000	6,000	12,000	24,000	36,000	48,000
85,000	6,375	12,750	25,500	38,250	51,000
90,000	6,750	13,500	27,000	40,500	54,000
95,000	7,125	14,250	28,500	42,750	57,000
100,000	7,500	15,000	30,000	45,000	60,000
150,000	11,250	22,500	45,000	67,500	90,000
200,000	15,000	30,000	60,000	90,000	120,000
250,000	18,750	37,500	75,000	112,500	150,000
300,000	22,500	45,000	90,000	135,000	180,000
350,000	26,250	52,500	105,000	157,500	210,000
400,000	30,000	60,000	120,000	180,000	240,000
450,000	33,750	67,500	135,000	202,500	270,000
500,000	37,500	75,000	150,000	225,000	300,000

than a month.

Figures 6, 7 and 8 are charts that allows the Record-keeper to calculate the amount of the service charge that a member must pay on their loan (only in the case of groups that are charging interest or a service charge.).

Figure 6 shows the amount of service fees to be applied (based on the loan amount and interest rate applied) for three-month loans. Figure 7 shows the service patterns for two-month loans; Figure 8 shows the amount of service fees for one-month loans.

The monthly service charge is indicated as a percentage in the top row. The lines below show the actual amount that will be charged for a *three-month* loan at the selected monthly service charge

Note: In almost all cases, the loan term is three months and therefore Figure 14 will be the most used.

For the sake of simplicity, programmes may decide to adopt the three-month period only. If loans are granted for less than three months, Figures 15 and 16 should be used. The recording of data should be strictly supervised by the FO. Loans must be granted only for one, two or three months if a service charge is applied – it is too complicated to calculate a service charge for periods shorter

⁹ Depending on the currency denominations of a given country of operation, these figures may need to be recalculated and adjusted

Figure 7: Calculating a two-month service charge

Amount	2.50%	5%	10%	15%	20%
1,000	50	100	200	300	400
2,000	100	200	400	600	800
3,000	150	300	600	900	1,200
4,000	200	400	800	1,200	1,600
5,000	250	500	1,000	1,500	2,000
6,000	300	600	1,200	1,800	2,400
7,000	350	700	1,400	2,100	2,800
8,000	400	800	1,600	2,400	3,200
9,000	450	900	1,800	2,700	3,600

10,000	500	1,000	2,000	3,000	4,000
15,000	750	1,500	3,000	4,500	6,000
20,000	1,000	2,000	4,000	6,000	8,000
25,000	1,250	2,500	5,000	7,500	10,000
30,000	1,500	3,000	6,000	9,000	12,000
35,000	1,750	3,500	7,000	10,500	14,000
40,000	2,000	4,000	8,000	12,000	16,000
45,000	2,250	4,500	9,000	13,500	18,000
50,000	2,500	5,000	10,000	15,000	20,000
55,000	2,750	5,500	11,000	16,500	22,000
60,000	3,000	6,000	12,000	18,000	24,000
65,000	3,250	6,500	13,000	19,500	26,000
70,000	3,500	7,000	14,000	21,000	28,000
75,000	3,750	7,500	15,000	22,500	30,000
80,000	4,000	8,000	16,000	24,000	32,000
85,000	4,250	8,500	17,000	25,500	34,000
90,000	4,500	9,000	18,000	27,000	36,000
95,000	4,750	9,500	19,000	28,500	38,000

100,000	5,000	10,000	20,000	30,000	40,000
150,000	7,500	15,000	30,000	45,000	60,000
200,000	10,000	20,000	40,000	60,000	80,000
250,000	12,500	25,000	50,000	75,000	100,000
300,000	15,000	30,000	60,000	90,000	120,000
350,000	17,500	35,000	70,000	105,000	140,000
400,000	20,000	40,000	80,000	120,000	160,000
450,000	22,500	45,000	90,000	135,000	180,000
500,000	25,000	50,000	100,000	150,000	200,000

The monthly service charge is indicated as a percentage in the top row. The lines below show the actual amount that will be charged for a *two months loan* at the selected monthly service charge

Figure 8: Calculating a one-month service charge

Amount	2.50%	5%	10%	15%	20%
1,000	25	50	100	150	200
2,000	50	100	200	300	400
3,000	75	150	300	450	600
4,000	100	200	400	600	800
5,000	125	250	500	750	1,000
6,000	150	300	600	900	1,200
7,000	175	350	700	1,050	1,400
8,000	200	400	800	1,200	1,600
9,000	225	450	900	1,350	1,800

10,000	250	500	1,000	1,500	2,000
15,000	375	750	1,500	2,250	3,000
20,000	500	1,000	2,000	3,000	4,000
25,000	625	1,250	2,500	3,750	5,000
30,000	750	1,500	3,000	4,500	6,000
35,000	875	1,750	3,500	5,250	7,000
40,000	1,000	2,000	4,000	6,000	8,000
45,000	1,125	2,250	4,500	6,750	9,000
50,000	1,250	2,500	5,000	7,500	10,000
55,000	1,375	2,750	5,500	8,250	11,000
60,000	1,500	3,000	6,000	9,000	12,000
65,000	1,625	3,250	6,500	9,750	13,000
70,000	1,750	3,500	7,000	10,500	14,000
75,000	1,875	3,750	7,500	11,250	15,000
80,000	2,000	4,000	8,000	12,000	16,000
85,000	2,125	4,250	8,500	12,750	17,000
90,000	2,250	4,500	9,000	13,500	18,000
95,000	2,375	4,750	9,500	14,250	19,000

100,000	2,500	5,000	10,000	15,000	20,000
150,000	3,750	7,500	15,000	22,500	30,000
200,000	5,000	10,000	20,000	30,000	40,000
250,000	6,250	12,500	25,000	37,500	50,000
300,000	7,500	15,000	30,000	45,000	60,000
350,000	8,750	17,500	35,000	52,500	70,000
400,000	10,000	20,000	40,000	60,000	80,000
450,000	11,250	22,500	45,000	67,500	90,000
500,000	12,500	25,000	50,000	75,000	100,000

The monthly service charge is indicated as a percentage in the top row. The lines below show the actual amount that will be charged for a one month loan at the selected monthly service charge

Figure 11: Situation at the end of 13 meetings

Single share value <u>125 500</u>	
Starting NUMBER OF SHARES	0
Shares Bought per Meeting	
Ending NUMBER OF SHARES	25

Explanation: Figure 11 shows what the passbook looks like when a page is filled. By the 13th meeting (the book contains 13 lines, 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 (in this case zero) and entered into the cell "Ending number of shares" On the next page, this figure will be reported in the cell "Starting NUMBER OF SHARES"

Note: Do NOT enter the cash value of shares in the Starting NUMBER OF SHARES" and "Ending NUMBER OF SHARES" boxes, but only the number of shares bought"

Figure 7 displays 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

Figure 12: Situation at the end of the cycle, after share-out

Single share value <u>125 500</u>	
Starting NUMBER OF SHARES	92
Shares Bought per Meeting	
Ending NUMBER OF SHARES	120

Explanation: Figure 12 shows what the passbook looks like at the end of the cycle. In this case there were 92 shares from the previous page, carried forward into the 'Starting number of shares' box and the member has bought an additional 33 shares. However, 5 of these have been paid back to the member before the end of the cycle, leaving a net 120 shares bought during the cycle. The large red 'X' indicates that the share-out is completed and the member has received back his/her money

Loans

Loans are recorded in the back of the passbook Note: each loan occupies a full page

Figure 13: Member loan record (1)

Loans			
Date of loan disbursement		<u>12/10/2017</u>	
Date by which the loan must be repaid		<u>12/01/2018</u>	
Date	Item	Amount	Signature
12-10-17	Loan amount	80,000	Monica
	Service charge	12,000	
	Total due	92,000	
	Paid		
	Balance		
	Paid		
	Balance		
	Paid		
	Balance		
	Paid		
	Balance		
	Paid		
	Balance		
	Paid		
	Balance		

Explanation: The example on the left is a loan given to Patrice. He borrows 80,000. At the top of the page, the date the loan is disbursed is shown and also the date by which the loan must be fully repaid. This helps the Record-keeper and the member to know if a loan is being paid back late. In this case the loan period is 3 months. This is easy for the Record-keeper to calculate, because all they need to do is to put the same date, three months later than the date of loan disbursement.

The Record-keeper then enters the amount of the service charge (12,000, or 5% a month) and then adds the Loan amount and the Service charge together, entering 92,000 in the 'total due' box

Note: Tables that help the Record-keeper to calculate service charges are shown in Annex 5

Monica signs this to show that she understands that she now owes a total of 92,000 and must pay it back by the due date

Figure 14: Member loan record (2)

Loans			
Date of loan disbursement		<u>12/10/2017</u>	
Date by which the loan must be repaid		<u>12/01/2018</u>	
Date	Item	Amount	Signature
12-10-17	Loan amount	80,000	Monica
	Service charge	12,000	
	Total due	92,000	
26-10	Paid	20,000	Monica
	Balance	72,000	
	Paid		
	Balance		
	Paid		
	Balance		
	Paid		
	Balance		
	Paid		
	Balance		
	Paid		
	Balance		
	Paid		
	Balance		

Explanation: Entries after this are only shown if the member pays back part or all of the loan. In this case, in a meeting on 26-10-17 Monica paid 20,000, leaving a balance of 72,000

Figure 15: Member loan record (3)

Loans			
Date of loan disbursement		12/10/2017	
Date by which the loan must be repaid		12/01/2018	
Date	Item	Amount	Signature
12-10-17	Loan amount	80,000	Monica
	Service charge	12,000	
	Total due	92,000	
26-10	Paid	20,000	Monica
	Balance	72,000	
4-11	Paid	5,000	Monica
	Balance	67,000	
14-12	Paid	10,000	Monica
	Balance	57,000	
	Paid		
	Balance		
	Paid		
	Balance		
	Paid		
	Balance		
	Paid		
	Balance		

Explanation: Later (in the next two meetings) Monica pays a further 5,000 on the 4th November and 10,000 on the 14th December, reducing the balance to 52,000

Figure 16: Member loan record (4)

Loans			
Date of loan disbursement		12/10/2017	
Date by which the loan must be repaid		12/01/2018	
Date	Item	Amount	Signature
12-10-17	Loan amount	80,000	Monica
	Service charge	12,000	
	Total due	92,000	
26-10	Paid	20,000	Monica
	Balance	72,000	
4-11	Paid	5,000	Monica
	Balance	67,000	
14-12	Paid	10,000	Monica
	Balance	57,000	
12-1	Paid	57,000	Helen
	Balance	0	
	Paid		
	Balance		
	Paid		
	Balance		
	Paid		
	Balance		
	Paid		
	Balance		

Explanation: Figure 16 on the left shows that at the next meeting, Monica pays the full amount owing. The Record-keeper (Helen) enters 57,000 in the 'Paid' row, enters a '0' in the Loan balance row and then 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. Note that the red line covers the whole page, so that each loan is registered on its own page. The extra lines are available in the case that a member pays in small, more frequent amounts

If the member pays in more than 8 instalments, the loan record can continue on the next page

Note: Fines should be considered if the borrower does not pay within the agreed upon time of the loan: See the fines section in the Constitution framework in Annex 3

4.6 Annex 6 – Facilitation principles & techniques

Field Officers and Community Based Trainers are facilitators who build the capacity of persons with disabilities and others in their families or communities to organise themselves into VSLAs and build their own financial resources through regular savings and borrow the accumulated funds to meet their basic needs, invest in assets and IGAs as well as take care of their emergencies through a separate Social Fund.

Field Officers and Community Based Trainers should use participatory facilitation techniques and principles based on the Dialogue Education¹⁰ methodology (See Table 18 below):

¹⁰ <http://globallearningpartners.com/about/about-dialogue-education>. Dialogue education was developed by Dr. Jane Vella and Global Learning Partners. The chart adapted here is from Microfinance Opportunities (www.microfinanceopportunities.org)

Table 18: Facilitation principles & techniques

Principle	Description
Respect	<ul style="list-style-type: none"> ▪ Participants feel respected and feel like equals. Participants have a great deal of their own experience, skills and resources. The sessions should be a learning opportunity for the facilitator as much as for the participants.
Affirmation	<ul style="list-style-type: none"> ▪ Participants need to receive praise for even small attempts. Be sure to thank participants at the end of each session. ▪ Don't make participants feel bad if they can't answer a question. Rather, compliment them for what they do know, and don't focus on what they don't know.
Relevance	<ul style="list-style-type: none"> ▪ Participants learn best by drawing on their own knowledge and experience. ▪ Learning must meet the real-life needs of the adult—jobs, family, etc.
Dialogue	<ul style="list-style-type: none"> ▪ Learning must be a two-way process to allow the learner to enter into a dialogue with the trainer.
Engagement	<ul style="list-style-type: none"> ▪ Participants must get involved through discussion, small groups and learning from peers. ▪ Training sessions should consist of interactive tasks, rather than lectures.
Immediacy	<ul style="list-style-type: none"> ▪ Participants must be able to apply the new learning immediately.
20/40/80 Rule	<ul style="list-style-type: none"> ▪ Participants remember more when visuals are used to support the verbal presentation and best when they practice the new skill. We remember 20 percent of what we hear, 40 percent of what we hear and see, and 80 percent of what we hear, see and do.
Thinking, Feeling, Acting	<ul style="list-style-type: none"> ▪ Learning should involve thinking and emotions as well as doing.
Safety	<ul style="list-style-type: none"> ▪ Participants need to feel that their ideas and contributions will be valued—that they will not be ridiculed or belittled.
Accountability	<ul style="list-style-type: none"> ▪ Teachers need to be accountable to participants that their learning needs are met, that the exercise will be useful.
Autonomy	<ul style="list-style-type: none"> ▪ Trainers should ask participants to do things, not tell them. ▪ Participants must be encouraged to discuss among themselves so that they make their own decisions. Trainers should create an atmosphere where participants can talk freely and ask questions.

Training Techniques that Reflect Dialogue Education Principles¹¹

- Small Groups and Pairs: One of the strongest means of engaging participants in their own learning is to provide tasks to smaller groups. Small groups are a means for generating new information, applying new knowledge and skills, and providing peer-to-peer learning and motivation. The groups can be as small as two and as large as five or six. The smaller the group, the more potential for direct engagement by the participant.
- Pictures: When participants are illiterate or semi-literate – and even when they are literate – pictures are preferable to words to introduce concepts and do activities. Stories, case studies, and pair work are often combined with pictures to help guide participants’ conversations and to remind them of important details. Alternatively, real objects can be used in place of pictures.
- Stories: Stories are an ideal medium for illustrating new ideas or giving real-life examples. Stories used should illustrate different aspects of participants’ lives to bring the lessons to life. Stories can be used in multiple learning sessions to increase comprehension of new ideas. They should be told in a lively and engaging manner – not read off the page - and repeated if and when necessary. Asking participants to tell their own stories is another way to engage them and to allow them to link new concepts to their own lives.
- Case Study or Situation Analysis: Examining a real-world situation using the information and tools provided through education provides good practice analyzing complex situations and determining the most appropriate response options.
- Role Plays: When time is available, and if the participants enjoy working together outside of the savings group meetings, they can prepare role plays together and present them during the meetings. This can save time and increase opportunities for the practice and application of the learning.

More Tips for Training

- Be sensitive to the different needs of people who have varied disabilities and seek the organiser’s or hosts for help if you don’t know what to do.
- Sign language interpreters must be sought for persons who are deaf, explain how persons who are blind can effectively follow proceedings and ensure that persons with physical impairments can access meeting venue. People with intellectual impairments might need longer to understand the concept and so should have a minder to work with them.
- It is always better to ask than to tell. Train yourself to be a LISTENER!
- Likewise, it is always better to show than to explain.
- Set tasks; don’t give lectures. Your role is to create the conditions for the participants to decide for themselves what they want to do and will suit them best
- Encourage participants to ask questions in a positive way. Before you answer, check to see if someone in the group can answer.
- Always begin and end sessions with short and engaging activities that will make people feel positive about being there.
- If you have some people who can’t read or write, make sure they’re in groups with people who can make sure that their views are listened to.
- Make sure that you have variety in your sessions. When people have done a lot of concentration, do an energizer, a game that will raise their energy. These are particularly ideal for low energy sessions like just after lunch, when everybody is sleepy.

¹¹ Stack, Kathleen. (2005) *Adult Learning Principles and Curriculum Design for Financial Education*. Washington, DC: Microfinance Opportunities.

- Always be creative and believe in the worth of the participants - always be ready to learn from them. Let them speak more, practice more, and try more. Remember that they are the heart of the workshop.

4.7 Annex 7 – Introduction to the SG Self-Management Assessment Tool

The SG Self-Management Tool idea came from a complex MS Excel Group Evaluation Tool designed by VSL Associates for assessing and scoring the quality of a set of savings groups. A simpler version was designed as a training tool for assessing the performance of two savings groups visited by participants in the Sustainable Microenterprise and Development Program (SMDP) Savings Group Design and Implementation course that was run by VSL Associates in partnership with the Carsey School of Public Policy of the University of New Hampshire. The simple assessment tool consisted of observing how the group leadership facilitated the running of a Savings Group saving and lending activity. The tool assessed a set of 10 parameters shown below:

1. Attendance	The percentage of SG members present at the meeting on the day it was visited for assessment – a measure of a group’s commitment
2. Constitution	How well the group displayed a knowledge of their constitution as they conducted their meeting
3. Social Fund balance	Whether group members were expected to remember the previous meeting’s social fund (SF) and loan fund (LF) balances, whether they were accurate in recalling it, and whether the Record-keeper at the end of the meeting announced the SF and LF balances
4. Loan fund balance	
5. Savings record accuracy	By checking a sample of the group’s passbooks, the assessor would find out how accurate these records were
6. Loan record accuracy	
7. Meeting procedures	Whether the MC led the group in conducting their meeting in adhering to their procedures according to the constitution
8. Chairperson’s effectiveness	How effective the Chairperson was in directing the overall meeting in a disciplined manner
9. Record-keeper’s effectiveness	How effective the Record-keeper was in performing her function through directing the financial activities of the group, including recording in the passbooks and small notebook for recording social and loan fund balances.
10. Money Counters’ effectiveness	The effectiveness of the Money Counters in counting and verifying each transaction by having one of them re-counting to confirm initial counts and being audible in announcing individual savings figures and
11. Record keeper’s effectiveness	Did the Record Keeper manage the savings and lending process clearly?
12. Money counters’ effectiveness	Did the Money Counters manage the savings and lending process effectively?

The first part of this SG Self-Management Tool is quite similar, which is intended, through observation to assess a group according to 12 similar criteria. A second section of the SG Self-Management Tool is designed to assess the group’s readiness in attaining self-management by looking at the following parameters:

JUDGE GROUP'S GOVERNANCE STATUS FOR SELF-MANAGEMENT

13	How is the group's level of competence and cohesion in conducting both financial and social business?	
14	Is the group being run by a constitution that is clearly up to date and hence effective?	
15	Does the group demonstrate keenness and excellence in maintaining simple yet accurate financial records?	
16	Is leadership democratic, demonstrating balance of strength in the management committee?	
17	Has the group demonstrated its ability to carry out a successful shareout without external support?	
18	Has the group demonstrated commitment to good governance and to conducting annual elections?	

Each of the 18 parameters assessed is given a score between 1 and 3 and the overall nominal as well as percentage score given.

The assessment also includes calculating the SG profitability based on the simple formula: Assets – Liability – Equity (Savings) = Profits. Ideally a group should be assessed at least three times in the course of the first cycle, and there should be progressive improvement in the quality of the self-management status. As the name suggests, the whole idea is to gauge the group's ability to govern itself and this is done in anticipation that the group will be independent within 12 or so months. The Self-Management Tool has only just been tested with a few groups.

This Self-management Tool has also been provided in MS Excel in two sheets or pages (See annex 8 & 9), one which is a more detailed description of the 18 parameters being assessed. It has been made available to CBM as a tool that could be field-tested, improved and contextualized.

4.8 Annex 8 – SG Self-Management Assessment Tool – Page 1

Name of group / Cycle #	
No. of group	
Date of formation	
Name of Trainer	
Date of visit	

Issue		Points
OBSERVE GROUP'S ABILITY TO RUN A DISCIPLINED MEETING		
1	Did at least 80% of the members attend by the end of the meeting?	
2	All MC members are Persons with Disabilities	
3	If mixed group, are there at least 2 women in the management committee?	
4	Did members know the rules in the Constitution and follow them?	
5	Did members recall the Social Fund balances?	
6	Did members recall the Loan Fund balances?	
7	Were savings records complete and accurate?	
8	Were loan records complete and accurate?	
9	Were the meeting procedures orderly and consistent?	
10	Did the Chairperson control the meeting effectively?	
11	Did the Record Keeper manage the savings and lending process effectively?	
12	Did the Money Counters manage the savings and lending process effectively?	
Subtotal1		

JUDGE GROUP'S GOVERNANCE STATUS FOR SELF-MANAGEMENT		
13	How is the group's level of competence and cohesion in conducting both financial and social business?	
14	Is the group being run by a constitution that is clearly up to date and hence effective?	
15	Does the group demonstrate keenness and excellence in maintaining simple yet accurate financial records?	
16	Is leadership democratic, demonstrating balance of strength in the management committee?	

17	Has the group demonstrated its ability to carry out a successful shareout without external support?	
18	Has the group demonstrated commitment to good governance and to conducting annual elections?	
Subtotal2		
Total Score (Subtotal 1 + Subtotal 2)		
% score (Total Score/(18X3) X 100)		

Financial performance data		Amount
1	Loan fund cash in bag/box	
2	PLUS: Value of loans outstanding	
3	PLUS: Value of all property on hand, bought since start of cycle	
4	PLUS: Bank balance and other cash assets (SACCO, MFI, Bank)	
5	MINUS: Debts	
6	MINUS: Net savings to date this cycle (total savings - withdrawals) = Profit	
Rate of Return (Profit as % of Net savings)		

ASSESSMENT COMMENTS:

Points Key		Total score interpretation	
2.5-3	Very good/Excellent	Good health	91 - 100%
2.1-2.4	Acceptable with corrections	Acceptable health	81 - 90%
<2	Unacceptable. Re-train	Poor health	71 - 80%
		Sick	0 - 70%

SG Self-Management Assessment Tool - Page 2

Topic title

Detailed explanation of topic

OBSERVE GROUP'S ABILITY TO RUN A DISCIPLINED MEETING

1. Attendance	<i>More than 80% of the group members attended this meeting</i>
2. All MC members are People with Disabilities	<i>If group is mixed gender, management committee has at least 2 women</i>
3. MC has at least 2 women	<i>If group is mixed gender, management committee has at least 2 women</i>
4. Constitution	<i>There was evidence that members knew the rules in the constitution and followed them. This included majority of the members arriving on time, maintaining discipline throughout the meeting, and not being disruptive or talking on the side.</i>
5. Social fund balances	<i>Members were accurate in recalling the Social Fund balance for the previous meeting</i>
6. Loan fund balances	<i>Members were accurate in recalling the Loan Fund balance for the previous meeting</i>
7. Savings records accurate	<i>Share value was written on every page. Ending tables were completed. Cells were clearly stamped. Unused cells were cancelled. Passbooks were clean.</i>
8. Loans records accurate	<i>Judging from a sample of the passbooks, loan entries were arithmetically correct. All the relevant cells were filled out. The member signed for every transaction. Loans were cancelled upon final repayment. Loans were signed by the Secretary on final repayment.</i>
9. Member participation; orderly procedures	<i>There was obvious member participation in the meeting procedures. Members came to the front to make their deposits. They did it one by one, according to their sitting position and completed the transaction before the next member made his/her deposit. Members observed the stamping of their shares in their books. When loans were requested, members stated the amount, the purpose and the loan duration. The disbursement of the money was transparent and witnessed by all members. As each loan was recorded, the borrower was there to confirm and append</i>

	<i>his/her signature or thumbprint.</i>
10. Chairperson's effectiveness	<i>The Chairperson guided and controlled the meeting according to the procedures in the VSL guide and ensured the meeting was orderly, transparent; and members were disciplined as the meeting progressed; charging fines where necessary.</i>
11. Record keeper's effectiveness	<i>The Record keeper was careful to record the Loan Fund and Social Fund cash balances in the notebook. S/he was keen to follow laid down procedures and asked members to recall previous balances. S/he also announced ending Social and Loan Fund balances clearly and reminded members to recall these balances at the next meeting.</i>
12. Money Counters' effectiveness	<i>There were two Money Counters to verify each other's counting. The Money Counters were audible, accurate, and transparent in their handling of cash and called Members' attention in their counting and verification procedures.</i>

JUDGE GROUP'S GOVERNANCE STATUS FOR SELF-MANAGEMENT

13. Group level of competent & cohesion adequate	<i>Is the group's level of competence and cohesion in conducting both financial and social business adequate to enable them to govern themselves?</i>
14. Constitution up to date, hence effective	<i>Is the group being run by a constitution that is clearly up to date and hence effective? No ambiguity in any rule - all are clearly understood. Leadership guides the group in grey areas and makes notes for discussion and possible adjustment of rules for the next cycle.</i>
15. Record Keeper & Chairperson ensure simple and accurate financial records.	<i>Both Chairperson as overall leader and Record Keeper demonstrate keenness and excellence in maintaining simple yet accurate financial records. Passbook is the primary source of data, backed by simple summary of savings and loans, and if necessary, social fund. No loaning out of social fund. Social fund works strictly as insurance.</i>
16. Democratic leadership with balance of strength among them	<i>Is leadership democratic, demonstrating balance of strength in the management committee? i.e. no dominance from either Chairman or Record Keeper?</i>

17. Group demonstrates ability to conduct a successful shareout without external support

Has the group demonstrated its ability to carry out a successful shareout without external support?

18. Group's commitment to good governance is without compromise and has seen the importance of conducting elections every year.

Has the group demonstrated commitment to good governance and to conducting annual elections?

4.10 Annex 10 – Meeting to orient local leaders and government officials

The latest version of the VSL Field Officers Guide has reduced the preparatory meetings from 3 to 2 and omitted guidelines for orienting local leaders and government officials. The reason for this omission was that most SG programmes handle this step at a higher management level and would already have introduced the organization's programmes to key government officials and leaders. The CBM VSL Trainer's Manual has adopted the VSL Field Officer's Guide adjustment in the preparatory meetings phase but has made this material available for reference in this chapter.

The management of the VSL project should use these guidelines to introduce the project to local leaders and government officials before the two preparatory meetings (A & B) - See *section 2.1*.

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. In the case of CBM supported projects this should include Disabled People Organisations and Government agencies responsible for persons with disabilities e.g. local Council for Persons with Disabilities and elected or nominated representatives in local Councils. 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 persons with disabilities, their care givers and other community members 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 following opportunities:
- 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
- Disability inclusive VSLAs ensure that persons with disabilities are treated as equal community members and get equitable access to livelihood opportunities
- History of the project and of similar projects worldwide. There were over 17 million (end of 2018) poor people successfully managing SGs in the world. More than 90% of these groups succeed and continue to operate beyond 5 years which is a very high sustainability rate.
- 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.
- 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 members invited to participate
 - Identification and mobilization of persons with disabilities and care givers of children with disabilities in the community so that they will attend the initial awareness meetings and subsequently join VSLA groups

- Feedback: the Supervisor should take questions and ask for feedback.

Arrangements for Preparatory (Meeting A):

The FO makes sure that someone is made responsible for arranging a meeting with key community leaders and the public (See guidelines for Preparatory Meeting A). The public meeting should bring together –as many potential VSLA members as possible with a strong focus on persons with disabilities as well as local leaders (such as Disabled People Organisations, 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 ensuring that it is easily accessible to persons with mobility impairments, so that the FO can schedule an appearance.

4.11 Annex 11 – SG Program Quality Guidelines



A very useful product that resulted from one of the Savings-Led Working Group (SLWG)'s initiatives is a set of SG Program Quality Guidelines. These minimum standards for quality programming were defined by a group of SG practitioners brought together by the SLWG. The working group described quality programs as:

Those programmes that prioritize SG members' welfare while meeting member interests, provide members with lasting and measurable benefits, promote group sustainability and minimize risk. Additionally, practitioners stress the importance of programs serving large numbers of disadvantaged people in diverse contexts.

The development of the SG Program Quality Guidelines was in response to a situation where new and diverse organisations are entering into the field of SGs, attracted to potential benefits that are beyond savings and credit, such as improved resilience, mutual support, asset accumulation, and access to a variety of products and services offered through the groups. As the SG sector grows with unknown long-term impacts of innovations, approaches and technologies, it was important to provide minimum standards and guidelines that were expected to safeguard the well-being of members and the security of their assets. The PQGs are grouped under the following **eight overarching principles**¹²:

- Principle 1: Design the program with clear outreach and quality objectives that align all stakeholders with the desired outcomes.
- Principle 2: Know the groups you intend to serve, including the most vulnerable, and take appropriate actions to reach them.
- Principle 3: Select, train, manage, and monitor trainers in a manner that recognizes their essential contribution to the program.
- Principle 4: Promote a tested savings group model and instill in members an understanding and respect for that model's procedures.
- Principle 5: If choosing to combine savings group with other activities, do so in a safe and responsible manner that respects the autonomy of the group members to make their own decisions.
- Principle 6: Inform SG members about the risks and opportunities of entering into a relationship with a formal financial institution and empower them to make their own choices.
- Principle 7: Consistently monitor and evaluate program performance.
- Principle 8: Design the program with a clear exit strategy that leaves in place post-program structures for expansion of services and ongoing support.

¹² <http://www.seeplearning.org/sg-guidelines/principles/> Comprehensive and useful details of the principles are available at this website

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