

Village Savings and Loan Associations (VSLAs)



Village Agent's Training Guide

Version 1.06
December 11th 2015

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Preface

The purpose of this manual

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

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

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

What's new: Revisions to Version 1.05

This revised and updated version of the Village Agent's Training Guide incorporates the following changes

- Minor changes to meeting procedures, making the role of the Chairperson clearer and more consistently scripted. We have noted that often Record-keepers tend to take over the role of the Chairperson, because previous versions of the manual did not clearly lay out the Chairperson's role as a manager of the meeting, moving it clearly from step to step. We have clarified this and added an annex in which the specific steps to be taken by a Chairperson are clearly laid out and can be read by the Chairperson during the meeting
- Changes to loan record-keeping. In the past few years it has become clear that loan record-keeping is the most problematic area for the Record-keeper. We have tested a passbook in which the total amount owing by the borrower is included as a separate line, removing the need to make a mental calculation of principal balance, service charge due and total owing. This has been field tested extensively and is considered to have clarified and simplified the loan repayment calculation process.

What's new: Sharia compliance

We have also developed a Sharia compliant version (1.06). This is designed to be used in places where members wish to be compliant with Sharia principles: specifically the prohibition against the payment of interest. The manual suggest that a one-time loan-application fee be charged, varying across a number of pre-determined loan size bands and to support this, we have simplified the passbooks and modified loan meeting procedures. While this is done to ensure that Sharia principles are respected, the record-keeping system is simpler than before and eliminates the need for printed passbooks. This may make the manual suitable for use in areas of low literacy. This Sharia compliant manual can be separately downloaded from the www.vsla.net website

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List of acronyms

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

Introduction for the Village Agent



Congratulations on being selected as a Village Agent (VA) to train and support Village Savings and Loan Associations (VSLAs). VSLAs are the oldest form of what are now being referred to in the industry as Savings Groups (SGs). There are now over 11 million people in SGs, worldwide, of which nearly 10 million are in Africa. Savings Groups are changing the face of microfinance and, for the first time, bringing sustainable financial services to the rural poor.

VSLAs will succeed only through your efforts: *you are at the heart of the programme.*

While paid project Field Officers (FOs) are likely to have created the first groups where you are working, VAs are the way in which SGs can continue to be created after the project comes to an end and a means by which the VSLAs you create can continue to receive support when they need it.

You have been chosen because you have shown the skill, commitment and reliability needed for this work. As a VA, you will bring a useful service to your community. Savings Groups are changing the face of microfinance and, for the first time, bringing sustainable financial services to the rural poor. But you already know what VSL can do for poor people because you have been part of it in your own community, where we want you to work and make a living promoting VSLAs.

You should not be shy to take a fee for the service you are performing for the community. You have your own expenses, and you know, as a VSLA member, that membership in a VSLA is valuable. If you show up on time, work hard as a trainer, and provide your VSLAs with good service, your VSLAs will be happy to pay your fees, since you will have earned them.

It is very important that you focus on discipline and procedure as you train and advise VSLAs. This is what makes VSLAs successful. You should follow the procedures carefully, and teach your VSLAs to do the same.

In your work you will be closely supported by a Field Officer (FO). The FO will train you in the use of these materials so that you will be able to carry out your work in an organised way, but most of what you will find in this manual will be familiar to you, because you have already been part of a VSLA and have received training. The FO will accompany you to the VSLAs that you are going to train in the first year and you will receive at least 3 supervision visits from the Field Officer in the course of the year. At the end of that time you will be examined and, if successful, you will receive a certificate that indicates that you are qualified to train new VSLAs, without supervision.

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

1 What are VSLAs?

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

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

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

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

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

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

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

The Loan Fund is comprised of money contributed in the form of shares, fines and service charges (interest)

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

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

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

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

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

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

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

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

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

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

2 Schedule of operations

VSLAs are trained by Village Agents (VAs) over a period of at least 36 weeks according to the schedule below.

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

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

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

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

Figure 1: VSLA training and supervision schedule



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

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

3 Preparatory meetings

The Preparatory Phase has two purposes:

- To describe to a public gathering how the programme works and how people may get more information
- To provide a detailed description of how a VSLA works; what people have to do to participate and what the VA promises to do

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

Table 1: Preparatory Meetings

<i>Type of meeting</i>	<p><u>Meeting A</u> VA introduces VSL to the community</p>	<p><u>Meeting B</u> First meeting with newly formed groups</p>
<i>Content</i>	<ul style="list-style-type: none"> • How the methodology works • How interested individuals can form new VSLAs 	<ul style="list-style-type: none"> • Step-by-step description of how VSL works • Qualities of good members • VSLA and VA obligations • Training schedule • Date and place for first Training
	<p>Open meeting. Anyone can attend. Usually at a public place like a market, school, church, mosque etc.</p>	<p>Attended only by people who are committed to joining a VSLA and who show this by having formed themselves into a group</p>

Meeting A: Introduction of VSL methodology to the community

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

What to explain:

- The purpose is to create community-managed savings and loan groups that belong to their members.
- The promotion of VSLAs is not a government programme.
- All of the funds used to provide loans to the members come from the members' own efforts. The programme does not provide any money to VSLAs for lending to its members.
- The size of the Group must be not less than 10 members and not more than 25.
- Groups will be sold a metal box that has three locks on it and which contains all of the materials needed to run a VSLA. This box cannot be opened between weekly meetings.
- VSLA members will be taught to save regularly, to take short-term (3-month) loans from that savings, and to share out the savings and profits each year according to each person's contributions.
- All borrowers have to pay a monthly service charge in order to receive a loan. The amount is a percentage of the value of the loan. The percentage is decided by the members
- At the end of one year all loans are paid back and all of the VSLA's money is shared among the members in proportion to the amount that each person has saved. This includes any profits that the VSLA has made.
- The VA is only there to teach them the system. Members will manage their activities themselves, and the VA will never:
 - Handle the Group's money
 - Write in the Group's records
 - Take the cash-box away
 - Ask for a loan
 - Ask for a gift
- Training and supervision takes approximately 9 months. After this, the VSLA is independent and continues to operate without any more help, although the VA will continue to be available for advice and support.
- The VA will carry on this work for about a year in the locality. During that time (s)he will identify a number of local people who will be trained to carry on the work. (S)he will be their supervisor to make sure that the quality of the VSLAs remain high.
- The members of the proposed Group choose where and when the meetings are to be held.

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

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

Meeting B: First meeting with potential and newly formed VSLAs

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

What to explain:

The VA describes the basic features of a VSLA:

- A VSLA is created so that people can save, borrow and start an insurance fund
- Members are self-selected and the VSLA is managed by its members
- Every Group has a written constitution and clear rules
- Some rules such as the amount of savings, or the service charge on loans are decided by the members
- Some rules, such as the need for annual elections, are already fixed because this has been shown to be important
- Every Group has a Management Committee which is democratically elected and changed every year
- Members must attend all meetings, and buy at least 1 share each meeting
- There are fines for lateness and missing meetings
- A group allows all members to buy between 1-5 shares each week. The price of a share is set by the members
- The money collected from the purchase of shares is used to provide small loans to members, which are repaid over a period of not more than 3 months
- All borrowers have to pay a service charge on their loans, at a percentage rate decided by the members
- There is a Social Fund from which members can receive small grants for emergencies
- All of the Group's cash is kept in a box with three locks, and the keys are kept by three different members of the Group who are not part of the management committee
- The box can only be opened in meetings, so all transactions are done in front of all of the members
- Record-keeping is based on simple passbooks and memorisation of important information, such as the amount of cash in the box and who owes money to the Social Fund
- Each member has a passbook in which their savings and loans are recorded
- The passbooks are locked in the box between meetings to prevent anyone changing the entries
- The members decide on a period for operation of the VSLA before they share out their profits. This is called a cycle and is never less than 9 months or longer than 12 months
- At the end of each cycle, all loans are repaid, and all savings and profits are distributed to members according to the number of shares they have purchased
- The box and its contents will be supplied by the programme and must be paid for by the Group. This will involve a down-payment of not less than 25%, payable at the start of the second training module, with the balance being paid before the end of the cycle. If there is a balance at the end of the cycle, the Group must pay the due amount from the loan fund prior to sharing out.
- The training and supervision period is a minimum of 36 weeks and a maximum of 52 weeks. After this period, the VSLA continues to operate independently without any external support.
- During the training period the VSLA will meet weekly, and the VA will visit 15 times. The VA and the VSLA will sign a contract once the management committee has been elected, specifying how much the VA will be paid every time he/she visits.
- Once the VSLA becomes independent, the VA will only attend meetings if requested by the

members.

The VA explains that there are 7 training modules:

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

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

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

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

IMPORTANT

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

4 Training modules 1 - 7

Table 2: Diagram of training schedule

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

Module 1: Groups, leadership and elections

Purpose of the meeting

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

Individual self-selection

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

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

Elections

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

Table 3: Qualities and responsibilities of the Group Chairperson

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

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

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

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

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

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

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

The VA then organises the election of the officials, starting with the Chairperson. (S)he uses the standard procedures shown in Annex 2.

Once the election is finished, it is time to sign the contract between the Group and the VA (see Annex1). The VA and the Chairperson sign the contract, and then one other member of the VSLA signs as a witness.

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

Purpose of the meeting

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

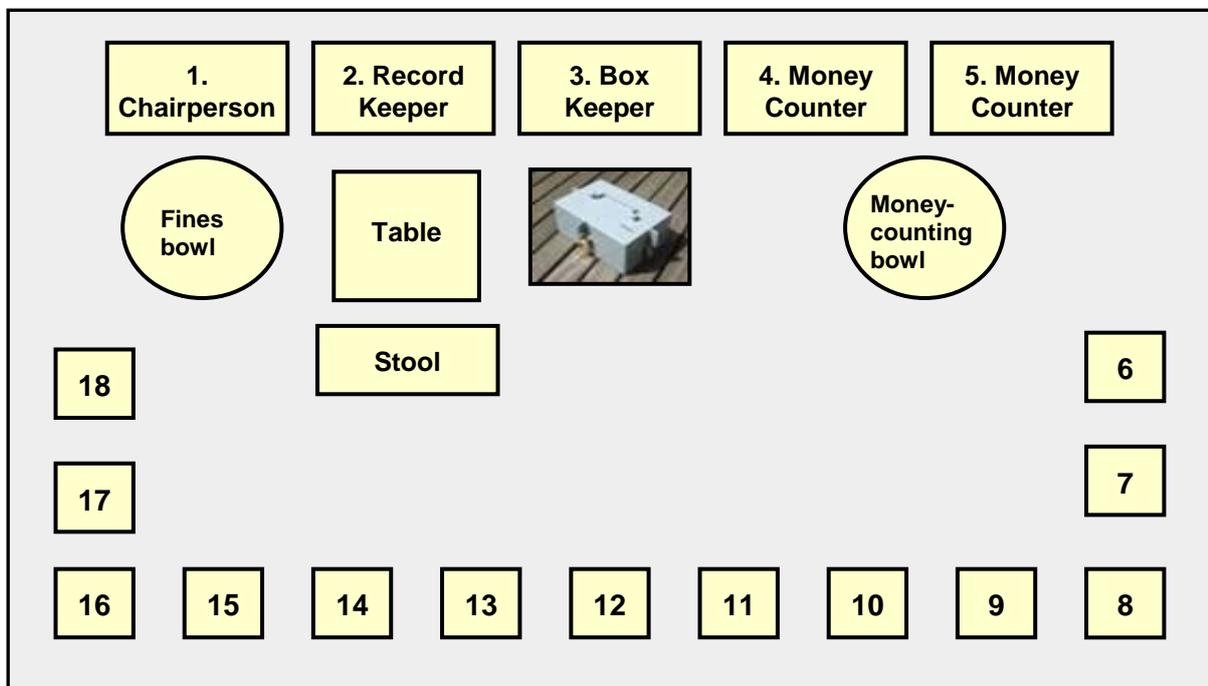
Seating arrangements

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

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

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

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



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

Social Fund

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

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

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

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

Share-purchase rules

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

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

Lending rules

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

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

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

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

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

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

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

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

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

Safety of Group funds

The VA hands over the Group kit (see Annex 4), receives the 25% down payment and tells the Group that the balance must be paid by the end of the cycle.



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

Module 3: Development of Group constitution

Before going to this meeting, the VA goes to Annex 3 and makes a copy of the blank Constitution form. The VA takes this with him/her to the meeting.

The blank constitution form in Annex 3 allows the VA to write down Group decisions. Part of it is already fixed, because experience has shown that some things should be common to all VSLAs. Decisions that the Group needs to make for itself are shown as underlined blank spaces.

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

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

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

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

The final step is for the VA to facilitate a discussion to agree on the most important rules laid out in the constitution. Once these have been identified, the Chairperson gives every member a different rule, which they will be expected to repeat out loud at each meeting. The Chairperson tells them that if they do not remember the rule they will be fined. The Chairperson notes which member must remember which rule.

Module 4: First savings meeting

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

The kit and the Key-holders

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

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

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

Managing a meeting: General

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

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

Table 7: Procedures for first savings meeting

Meeting step	First savings meeting – Procedures
<p>1. Meeting opening</p>	<ul style="list-style-type: none"> • The Chairperson calls the meeting to order • The Chairperson tells the Record-keeper to perform a roll call • The Key-holders 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 • The fines bowl is placed in front of the Chairperson, so that fines can be collected during the meeting • The Record-keeper calls each member in number order to the front and gives them their number card and tells them that they must always bring it with them to all meetings • The Record-keeper writes their name and number on a passbook but does not give the passbook to the member
<p>2. Social Fund <i>(if the group does not have a Social Fund, skip to step 3)</i></p>	<ul style="list-style-type: none"> • The Chairperson tells the Record-keeper to conduct the Social Fund activities and reminds the members of the amount they must all contribute • The Record-keeper calls each member, by number, to give their Social Fund contributions to the Money-counters • When the member comes forward, they give their Social Fund contribution to the Money-counters and are given their passbook • As each member comes forward, the Chairperson reminds them of the particular rule from the Constitution that they have been allocated to recite in every meeting. Members are told that they must do this when they come to collect their passbooks at the time of making a contribution to the Social Fund. • Both Money-counters confirm that each member has given the right contribution and place it in the money-counting bowl • When everyone has contributed, the money counters count the total amount in the money-counting bowl and announce this to the members • The Record keeper records this amount in the note book • The 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
<p>3. Share-purchase/savings</p>	<ul style="list-style-type: none"> • The Chairperson tells the Record-keeper to conduct the Share-purchase/savings activities • The Record-keeper calls each member to the front by their number • Each member comes to the front and buys between 1 - 5 shares, giving the money to the Money-counters and their passbook to the Record-keeper • The Money-counters count the money, place it in the money-counting bowl and announce the amount and the number of shares that have been purchased by the member • The Record-keeper stamps the correct number of shares into the passbook and crosses out any unused blocks • The member then checks that the number of new stamps in the passbook is correct: <u><i>the passbook remains with the Record-keeper for the rest of the meeting</i></u>

4. Expenses	<ul style="list-style-type: none"> • The Chairperson asks the Record-keeper if there will be any expenses for stationery before the next meeting. If any expenses are approved by all of the members, the Chairperson instructs the Money-counters to take the necessary amount from the money-counting bowl and give it to the member who is responsible for paying the expense.
5. Calculating the Loan Fund balance	<ul style="list-style-type: none"> • The Chairperson then tells the Money-counters to combine the money in the fines bowl and the money-counting bowl and to count it • The Money-counters then count the money and announce the amount • The Record-keeper then tells the Group that this money constitutes their Loan Fund • The Record keeper records this amount in the note book • The Money-counters place the Loan Fund in its draw-string bag and put it in the cash-box
6. Closing balances	<ul style="list-style-type: none"> • The Chairperson then tells the Record-keeper to summarise the amounts in the two funds • The Record-keeper announces the total amount in the Social Fund once again, and instructs all members to memorise it for the next meeting • The Record-keeper announces the total of the Loan Fund once again, and the instructs all members to memorise it for the next meeting • The Key-holders are called by the Chairperson to lock the box
7. Closing	<ul style="list-style-type: none"> • The Chairperson invites members to discuss any other subject that may be of interest • The Chairperson announces the date and time of the next meeting and reminds everyone to come with their Social Fund contributions and Share-purchase money • The Chairperson tells the members that they will be able to request a loan at the first loan meeting, three weeks from the date of this meeting • Once discussion is complete, the Chairperson closes the meeting

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

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

Table 8: Weekly Record of Balances - Example

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

Note: Please click on or enter the URL below in your browser to view a short video that shows how a well-trained group conducts its normal savings activities <https://vimeo.com/132692474>

This video shows savings procedures in AKF Tanzania's Boresha Maisha project

Module 5: First loan meeting

Purpose of the meeting

This meeting takes place 3 weeks after the first savings meeting (see Figure 1, page 8). The VA tells the members that this meeting will be the first chance they have to borrow, once Social Fund and share purchase activities are completed.

First disbursement of loans

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

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

The VA uses Table 9 (on the next page) to facilitate the first loan meeting and refers to Annex 6 to help the VSLA understand the loan record-keeping system. This should be studied by the VA beforehand.

Table 9: Procedures for first loan meeting

Meeting step	First Loan Meeting – Procedures
<p>1. Meeting opening</p>	<ul style="list-style-type: none"> • The Chairperson calls the meeting to order • The Chairperson tells the Record-keeper to perform a roll call • The Key-holders 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 • The fines bowl is placed in front of the Chairperson, so that fines can be collected during the meeting
<p>2. Social Fund <i>(if the group does not have a Social Fund, skip to step 3)</i></p>	<ul style="list-style-type: none"> • The Chairperson tells the Record-keeper to conduct the Social Fund activities and reminds the members of the amount they must all contribute • The Record-keeper asks the Group to recall the balance of the Social Fund from the previous meeting • The Money-counters then remove the money from the Social Fund bag, place it in the money-counting bowl, count it, and announce the amount to the members • The Chairperson announces that contributions will be made to the Social Fund • The Record-keeper calls each member, by number, to give their Social Fund contribution to the Money-counters • When the member comes forward, they recite the rule, from the Constitution that they have been given to remember by the Chairperson. At the same time 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 contribution and place it in the money-counting bowl • The Record-keeper then asks if any member has missed a payment to the Social Fund in the last meeting. If so, they are asked to pay it now. • The Record-keeper then asks if anyone needs a grant from the Social Fund. Members in need make their request to the Group. • If a majority of the members approve the grant, the money is provided to the member according to the Constitution • The Money-counters count the total amount remaining in the money-counting bowl and announce this to the members • The Record-keeper records this amount in the note book • The 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

<p>3. Share-purchase/savings</p>	<ul style="list-style-type: none"> • The Chairperson tells the Record-keeper to conduct the Share-purchase/savings activities • The Record-keeper asks the members to recall the balance of the Loan Fund from the previous meeting • The Money-counters then remove the Loan Fund from its bag and count it, announcing the amount to the members • Once it is agreed that the amount remembered and the amount counted are the same, the money is placed in the money-counting bowl • The Chairperson announces that members will now buy shares • The Record-keeper calls each member to the front by their number • Each member comes to the front and buys between 1 - 5 shares, giving the money to the Money-counters and their passbook to the Record-keeper • The Money-counters count the money, place it in the money-counting bowl and announce the amount and the number of shares that have been purchased by the member • The Record-keeper stamps the correct number of shares into the passbook and crosses out any unused blocks • The member then checks that the number of new stamps in the passbook is correct: <u>the passbook remains with the Record-keeper for the rest of the meeting</u> • (If a member needs to make a withdrawal, they will ask for it instead of buying shares. When a withdrawal is needed, the Record-keeper will cross out the number of shares from the member's passbook that corresponds to the value of the withdrawal and the Money-counters will give the money from the money-counting bowl. The value of a share paid back to the member will be equal to its original purchase price.)
<p>4. Expenses</p>	<ul style="list-style-type: none"> • The Chairperson asks If any money was given for expenses in the previous meeting • If so, the person who made the expenditure gives an account and returns any change to the Money-counters, who place it in the money-counting bowl • The Chairperson asks the Record-keeper if there will be any expenses for stationery before the next meeting. If any expenses are approved by all of the members, the Chairperson instructs the Money-counters to take the necessary amount from the money-counting bowl and give it to the member who is responsible for paying the expense.
<p>5. Calculating the new Loan Fund balance</p>	<ul style="list-style-type: none"> • The Chairperson then tells the Money-counters to combine the money in the fines bowl and the money-counting bowl and to count it • The Money-counters then count the money and the Record-keeper announces the total to the Group • The Record-keeper then tells the Group that this is the money available for lending in this meeting

<p>6. Loan taking</p>	<ul style="list-style-type: none"> • The Chairperson then invites loan requests, reminding members of the maximum loan term (in weeks) and loan amount (three times the member's savings) • Each member who wants a loan then makes a request out loud to the Group, announcing 1. the amount they want to borrow, 2. the purpose of the loan and 3. over what period of time they expect to repay • The Record-keeper first 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 • The Record-keeper then calculates the total value of the loans requested and announces it • If the total requested is more than the money available in the Loan fund, the Group must discuss adjustments to the individual loan amounts until all members are satisfied • Once it is decided how much each borrower will receive, the Record-keeper calls each borrower to the front in order of their number • The Record-keeper then enters the Loan number and notes 'End' to show the meeting when the loan must be fully repaid • The Record-keeper then enters the value of Loan taken (Loan balance) and Service charge and enters the total in the 'Total owing' box in the member's passbook • The Record-keeper instructs the Money-counters to give the borrower the loan amount from the Money-counting bowl • The borrower then counts the money, and signs the passbook • The Record-keeper then instructs the borrower to announce out loud the total amount due and after how long it will be due to be repaid • This process is repeated until all loans have been issued • The Record-keeper tells the Money-counters to count the money remaining in the money-counting bowl and announce it to the Group • The Record keeper records this amount in the note book • The Record-keeper then tells the Group that this money constitutes their Loan Fund • The Money-counters then place the Loan Fund in its draw-string bag and put it in the cash-box
<p>7. Closing balances</p>	<ul style="list-style-type: none"> • The Chairperson then tells the Record-keeper to summarise the amounts in the two funds • The Record-keeper announces the total amount in the Social Fund once again, and instructs all members to memorise it for the next meeting • The Record-keeper announces the total of the Loan Fund once again, and the instructs all members to memorise it for the next meeting • The Key-holders are called by the Chairperson to lock the box
<p>8. Closing</p>	<ul style="list-style-type: none"> • The Chairperson invites members to discuss any other subject that may be of interest • The Chairperson announces the date and time of the next meeting • Once discussion is complete, the Chairperson closes the meeting

Note: For the single visit between Training Modules 5 and 6, the VA should use Annex 5: Village Agent's consolidated guide to meeting procedures

Module 6: First loan repayment

Purpose of the meeting

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

First repayment of loans

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

The VA uses Table 10 to facilitate the first meeting with loan repayments and refers to Annex 6 to help the VSLA understand the loan record-keeping system.

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

Meeting step	Loan Meeting with First Loan Repayments – Procedures
<p>1. Meeting Opening</p>	<ul style="list-style-type: none"> • The Chairperson calls the meeting to order • The Chairperson tells the Record-keeper to perform a roll call • The Key-holders 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 • The fines bowl is placed in front of the Chairperson, so that fines can be collected during the meeting
<p>2. Social Fund <i>(if the group does not have a Social Fund, skip to step 3)</i></p>	<ul style="list-style-type: none"> • The Chairperson tells the Record-keeper to conduct the Social Fund activities and reminds the members of the amount they must all contribute • The Record-keeper asks the Group to recall the balance of the Social Fund from the previous meeting • The Money-counters then remove the money from the Social Fund bag, place it in the money-counting bowl, count it, and announce the amount to the members • The Chairperson announces that contributions will be made to the Social Fund • The Record-keeper calls each member, by number, to give their Social Fund contribution to the Money-counters • When the member comes forward, they recite the rule, from the Constitution that they have been given to remember by the Chairperson. At the same time 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 contribution and place it in the money-counting bowl • The Record-keeper then asks if any member has missed a payment to the Social Fund in the last meeting. If so, they are asked to pay it now. • The Record-keeper then asks if anyone needs a grant from the Social Fund. Members in need make their request to the Group. • If a majority of the members approve the grant, the money is provided to the member according to the Constitution • The Money-counters count the total amount remaining in the money-counting bowl and announce this to the members • The Record-keeper records this amount in the note book • The 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

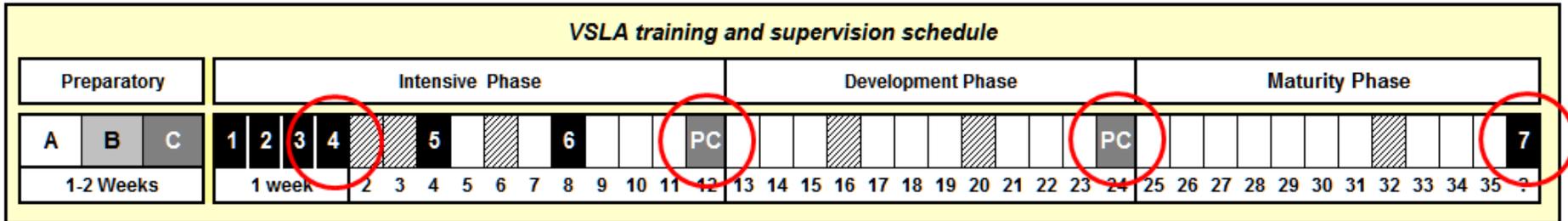
<p>3. Share-purchase/savings</p>	<ul style="list-style-type: none"> • The Chairperson tells the Record-keeper to conduct the Share-purchase/savings activities • The Record-keeper asks the members to recall the balance of the Loan Fund from the previous meeting • The Money-counters then remove the Loan Fund from its bag and count it, announcing the amount to the members • Once it is agreed that the amount remembered and the amount counted are the same, the money is placed in the money-counting bowl • The Chairperson announces that members will now buy shares • The Record-keeper calls each member to the front by their number • Each member comes to the front and buys between 1 - 5 shares, giving the money to the Money-counters and their passbook to the Record-keeper • The Money-counters count the money, place it in the money-counting bowl and announce the amount and the number of shares that have been purchased by the member • The Record-keeper stamps the correct number of shares into the passbook and crosses out any unused blocks • The member then checks that the number of new stamps in the passbook is correct: <u>the passbook remains with the Record-keeper for the rest of the meeting</u> • (If a member needs to make a withdrawal, they will ask for it instead of buying shares. When a withdrawal is needed, the Record-keeper will cross out the number of shares from the member's passbook that corresponds to the value of the withdrawal and the Money-counters will give the money from the money-counting bowl. The value of a share paid back to the member will be equal to its original purchase price.)
<p>4. Expenses</p>	<ul style="list-style-type: none"> • The Chairperson asks If any money was given for expenses in the previous meeting • If so, the person who made the expenditure gives an account and returns any change to the Money-counters, who place it in the money-counting bowl • The Chairperson asks the Record-keeper if there will be any expenses for stationery before the next meeting. If any expenses are approved by all of the members, the Chairperson instructs the Money-counters to take the necessary amount from the money-counting bowl and give it to the member who is responsible for paying the expense.
<p>5. Loan repayment</p>	<ul style="list-style-type: none"> • The Chairperson asks borrowers to identify themselves by number • By referring to the member passbooks, the Record-keeper confirms the identity of the borrowers and the amount due from each borrower • Each borrower is then called to the front to give their payment to the Money-counters. It must not be less than the service charge due. • The Money-counters count the payment, announce the amount and place it in the Money-counting bowl • The Record-keeper enters the payment amount in the member's passbook in the 'Paid' box • The Record-keeper then calculates the remaining balance due and enters it in the 'Balance' box in the borrower's passbook • The Record-keeper then calculates the service charge due in the next meeting and fills in the 'Total owing' box. • The borrower then signs in the space provided. • If the remaining balance due is zero, the Record-keeper signs the passbook and announces that the loan is repaid, cancelling the loan with a diagonal red line drawn through the page

<p>6. Calculating the new Loan Fund balance</p>	<ul style="list-style-type: none"> • When loan repayment is complete, the Chairperson then tells the Money-counters to combine the money in the fines bowl and the money-counting bowl and to count it • The Money-counters count the money in the Money-counting bowl and the Record-keeper announces the amount to the Group • The Record-keeper then tells the Group that this is the money available for lending in this meeting
<p>7. Loan taking</p>	<ul style="list-style-type: none"> • The Chairperson then invites loan requests, reminding members of the maximum loan term (in weeks) and loan amount (three times the member's savings) • Each member who wants a loan then makes a request out loud to the Group, announcing 1. the amount they want to borrow, 2. the purpose of the loan and 3. over what period of time they expect to repay • The Record-keeper first 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 • The Record-keeper then calculates the total value of the loans requested and announces it • If the total requested is more than the money available in the Loan fund, the Group must discuss adjustments to the individual loan amounts until all members are satisfied • Once it is decided how much each borrower will receive, the Record-keeper calls each borrower to the front in order of their number • The Record-keeper then enters the Loan number and notes 'End' to show the meeting when the loan must be fully repaid • The Record-keeper then enters the value of Loan taken (Loan balance) and Service charge and enters the total in the 'Total owing' box in the member's passbook • The Record-keeper instructs the Money-counters to give the borrower the loan amount from the Money-counting bowl • The borrower then counts the money, and signs the passbook • The Record-keeper then instructs the borrower to announce out loud the total amount due and after how long it will be due to be repaid • This process is repeated until all loans have been issued • The Record-keeper tells the Money-counters to count the money remaining in the money-counting bowl and announce it to the Group • The Record keeper records this amount in the note book • The Record-keeper then tells the Group that this money constitutes their Loan Fund • The Money-counters then place the Loan Fund in its draw-string bag and put it in the cash-box
<p>8. Closing balances</p>	<ul style="list-style-type: none"> • The Chairperson then receives the notebook from the Record-keeper and announces the total amount in the Social Fund, innstructing all members to memorise it for the next meeting • The 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
<p>9. Closing</p>	<ul style="list-style-type: none"> • The Chairperson invites members to discuss any other subject that may be of interest • The Chairperson announces the date and time of the next meeting • Once discussion is complete, the Chairperson closes the meeting

In all meetings from now on, the VA uses the Village Agent's consolidated guide to meeting procedures, Annex 5. This should be laminated in plastic and always carried in the field.

Development and Maturity Phases

Figure 3: Transition to the Development Phase



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

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

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

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

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

MIS information should also be gathered by the VA's supervising FO in each of the meetings circled in red. There is no need to gather data more frequently.

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

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

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

Annex 1: Agreement between a VSLA and a VA

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

The Village Agent agrees to:

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

The VSLA agrees to:

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

In cash for each training visit

In the equivalent value in shares for each training visit. *Note. The VA cannot ask for a loan. The passbook is only intended to show what the VA is owed at the share-out*

The meetings will be held at (place) _____

The meeting time will be _____

The Village Agent telephone number is _____

VSLA Chairman (or other) telephone number is _____

VA signature and date _____

Chairman signature and date _____

Witness signature and date _____

Annex 2: Election procedures

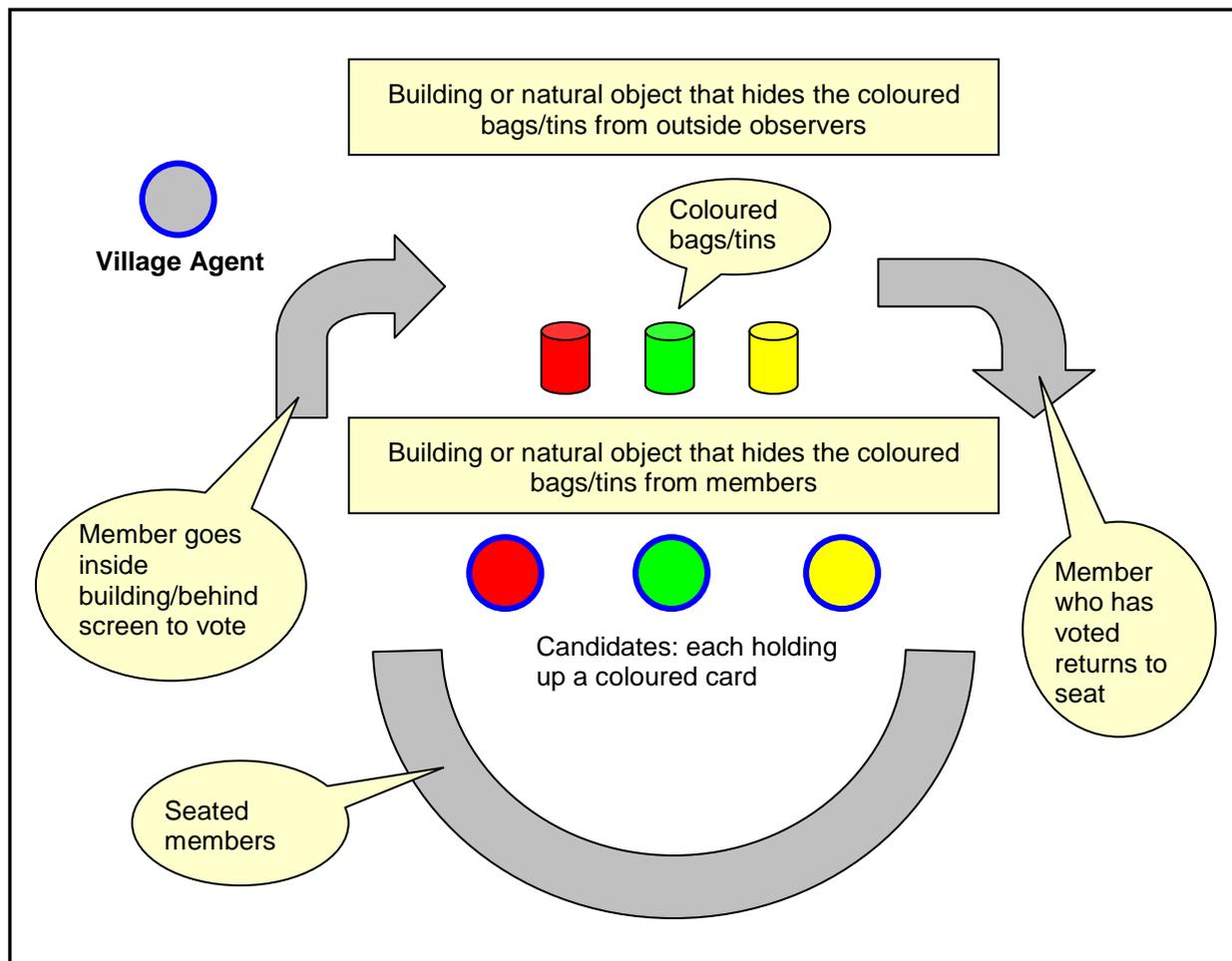
The VA prepares the members for the election and explains the process (see Figure 4, below). (S)he brings three bags to the Group meeting, each in a different colour, with a matching card (red bag with red card, etc). (S)he also provides one small stone for each member.

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

When all of the members have voted, the VA 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 VA explains that in the next cycle, a trusted member shall be the observer, and agrees not to vote.

Figure 4: Diagram of election procedures



Annex 3: Constitution framework

Part 1: Group governance

I. BASIC INFORMATION ON THE GROUP

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

II. OBJECTIVE OF THE GROUP

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

III. RELATIONSHIP TO EXTERNAL SOURCES OF FINANCIAL SERVICES

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

IV. WHO MAY BE A MEMBER OF THE GROUP?

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

V. COMPOSITION OF THE MANAGEMENT COMMITTEE

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

VI. ELECTION PROCEDURES

- Elections must be held at the beginning of each new cycle
- The minimum number of people that must stand for each position is 2
- A member can only be re-elected to the same position once
- The minimum number of members who must be present to hold an election is: _____
- The election procedure will use a system that allows everyone's vote to be secret
- A candidate for any position must be proposed by another member

VII. REMOVAL OF OFFICERS FROM THEIR POSITION BETWEEN ELECTIONS

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

VIII. MEETINGS

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

IX. MEMBERS LEAVING THE GROUP

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

X. EXPULSION FROM THE GROUP

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

XI. FINES

The following table lists the fines that will be charged.

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

XII. AMENDMENTS TO THE CONSTITUTION

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

Part 2: Services offered by the Group

I. SAVINGS

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

II. LENDING

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

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

III. SOCIAL FUND

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

Annex 4: The Kit

The kit consists of:

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



Annex 5: Village Agent’s consolidated guide to meeting procedures

This guide should be copied and laminated in plastic for reference in the field and routinely used for Group meetings, after the completion of the training. *In this table the role of the Chairperson is highlighted and can also be used by the Chairperson in running a meeting.*

Table 12: Consolidated guide to meeting procedures

Meeting step	Procedures
1. Meeting opening	<ul style="list-style-type: none"> • The Chairperson calls the meeting to order • The Chairperson tells the Record-keeper to perform a roll call
2. Social Fund <i>(if the group does not have a Social Fund, skip to step 3)</i>	<ul style="list-style-type: none"> • The Key-holders 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 • The fines bowl is placed in front of the Chairperson, so that fines can be collected during the meeting
	<ul style="list-style-type: none"> • The Chairperson tells the Record-keeper to conduct the Social Fund activities and reminds the members of the amount they must all contribute
	<ul style="list-style-type: none"> • The Record-keeper asks the Group to recall the balance of the Social Fund from the previous meeting • The Money-counters then remove the money from the Social Fund bag, place it in the money-counting bowl, count it, and announce the amount to the members
	<ul style="list-style-type: none"> • The Chairperson announces that contributions will be made to the Social Fund
	<ul style="list-style-type: none"> • The Record-keeper calls each member, by number, to give their Social Fund contribution to the Money-counters • When the member comes forward, they recite the rule, from the Constitution that they have been given to remember by the Chairperson. At the same time 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 contribution and place it in the money-counting bowl • The Record-keeper then asks if any member has missed a payment to the Social Fund in the last meeting. If so, they are asked to pay it now. • The Record-keeper then asks if anyone needs a grant from the Social Fund. Members in need make their request to the Group. • If a majority of the members approve the grant, the money is provided to the member according to the Constitution • The Money-counters count the total amount remaining in the money-counting bowl and announce this to the members • The Record-keeper records this amount in the note book • The 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

<p>3. Share-purchase/savings</p>	<ul style="list-style-type: none"> • The Chairperson tells the Record-keeper to conduct the Share-purchase/savings activities
	<ul style="list-style-type: none"> • The Record-keeper asks the members to recall the balance of the Loan Fund from the previous meeting • The Money-counters then remove the Loan Fund from its bag and count it, announcing the amount to the members • Once it is agreed that the amount remembered and the amount counted are the same, the money is placed in the money-counting bo
	<ul style="list-style-type: none"> • The Chairperson announces that members will now buy shares
	<ul style="list-style-type: none"> • The Record-keeper calls each member to the front by their number • Each member comes to the front and buys between 1 - 5 shares, giving the money to the Money-counters and their passbook to the Record-keeper • The Money-counters count the money, place it in the money-counting bowl and announce the amount and the number of shares that have been purchased by the member • The Record-keeper stamps the correct number of shares into the passbook and crosses out any unused blocks • The member then checks that the number of new stamps in the passbook is correct: <u>the passbook remains with the Record-keeper for the rest of the meeting</u> • (If a member needs to make a withdrawal, they will ask for it instead of buying shares. When a withdrawal is needed, the Record-keeper will cross out the number of shares from the member's passbook that corresponds to the value of the withdrawal and the Money-counters will give the money from the money-counting bowl. The value of a share paid back to the member will be equal to its original purchase price.)
	<ul style="list-style-type: none"> • The Chairperson asks If any money was given for expenses in the previous meeting and, if so, to give an account
<p>4. Expenses</p>	<ul style="list-style-type: none"> • If so, the person who made the expenditure gives an account and returns any change to the Money-counters, who place it in the money-counting bowl
	<ul style="list-style-type: none"> • The Chairperson asks the Record-keeper if there will be any expenses for stationery before the next meeting. If any expenses are approved by all of the members, the Chairperson instructs the Money-counters to take the necessary amount from the money-counting bowl and give it to the member who is responsible for paying the expense.

<p>5. Loan repayment</p> <p><i>(if this is not a loan meeting, skip to step 6 and then to step 8)</i></p>	<ul style="list-style-type: none"> • The Chairperson asks borrowers to identify themselves by number • By referring to the member passbooks, the Record-keeper confirms the identity of the borrowers and the amount due from each borrower • Each borrower is then called to the front to give their payment to the Money-counters. It must not be less than the service charge due. • The Money-counters count the payment, announce the amount and place it in the Money-counting bowl • The Record-keeper enters the payment amount in the member's passbook in the 'Paid' box • The Record-keeper then calculates the remaining balance due and enters it in the 'Balance' box in the borrower's passbook • The Record-keeper then calculates the service charge due in the next meeting and fills in the 'Total owing' box. • The borrower then signs in the space provided. • If the remaining balance due is zero, the Record-keeper signs the passbook and announces that the loan is repaid, cancelling the loan with a diagonal red line drawn through the page
<p>6. Calculating the new Loan Fund balance</p>	<ul style="list-style-type: none"> • When the loan repayment procedures are complete, the Chairperson then tells the Money-counters to combine the money in the fines bowl and the money-counting bowl and to count it • The Money-counters count the money in the Money-counting bowl and the Record-keeper announces the amount to the Group • The Record-keeper then tells the Group that this is the money available for lending in this meeting
<p>7. Loan taking</p>	<ul style="list-style-type: none"> • The Chairperson then invites loan requests, reminding members of the maximum loan term (in weeks) and loan amount (three times the member's savings) • Each member who wants a loan then makes a request out loud to the Group, announcing 1. the amount they want to borrow, 2. the purpose of the loan and 3. over what period of time they expect to repay • The Record-keeper first 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 • The Record-keeper then calculates the total value of the loans requested and announces it • If the total requested is more than the money available in the Loan fund, the Group must discuss adjustments to the individual loan amounts until all members are satisfied • Once it is decided how much each borrower will receive, the Record-keeper calls each borrower to the front in order of their number • The Record-keeper then enters the Loan number and notes 'End' to show the meeting when the loan must be fully repaid • The Record-keeper then enters the value of Loan taken (Loan balance) and Service charge and enters the total in the 'Total owing' box in the member's passbook • The Record-keeper instructs the Money-counters to give the borrower the loan amount from the Money-counting bowl • The borrower then counts the money, and signs the passbook

7. Loan taking (cont.)	<ul style="list-style-type: none">• This process is repeated until all loans have been issued• The Record-keeper tells the Money-counters to count the money remaining in the money-counting bowl and announce it to the Group• The Record keeper records this amount in the note book• The Record-keeper then tells the Group that this money constitutes their Loan Fund• The Money-counters then place the Loan Fund in its draw-string bag and put it in the cash-box
8. Closing balances	<ul style="list-style-type: none">• The Chairperson then receives the notebook from the Record-keeper and announces the total amount in the Social Fund, innstructing all members to memorise it for the next meeting• The 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">• The Chairperson invites members to discuss any other subject that may be of interest• The Chairperson announces the date and time of the next meeting• Once discussion is complete, the Chairperson closes the meeting

Annex 6: Use of passbooks

Savings

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

Figure 5: Passbook with 11 shares stamped in

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

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

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

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

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

Figure 6: Passbook showing the sale of three shares

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

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

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

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

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

Loans

Loans are recorded in the back of the passbook. They are not shown in the form of stamps but are written as numbers. Note: each loan occupies a full page.

Figure 8: Member loan record (1)

Loans			
No	Item	Amount	Signed
1	Loan balance	30,000	Monica
	Service Charge	3,000	
	Total owing	33,000	
	Paid		
	Loan balance		
	Service charge		
	Total owing		
	Paid		
	Loan balance		
	Service charge		
	Total owing		
End	Paid		
	Loan balance		
	Service charge		
	Total owing		
	Paid		
	Loan balance		
	Service charge		
	Total owing		
	Paid		

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

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

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

Figure 9: Member loan record (2)

Loans			
No	Item	Amount	Signed
1	Loan balance	30,000	Monica
	Service Charge	3,000	
	Total owing	33,000	
	Paid	3,000	
	Loan balance	30,000	
	Service charge	3,000	
	Total owing	33,000	
	Paid		
	Loan balance		
	Service charge		
	Total owing		
End	Paid		
	Loan balance		
	Service charge		
	Total owing		
	Paid		
	Loan balance		
	Service charge		
	Total owing		
	Paid		

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

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

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

Note: The service charge is calculated as the same amount at every loan meeting, no matter how much has been paid back. This is to simplify the calculations of balances owed. Use of declining balance service charges is recommended only where e-recording is

used.¹ Written systems that use declining balance calculations are prone to error and take much longer for Record-keepers to fully understand, especially when literacy levels are low.

Figure 10: Member loan record (3)

Loans			
No	Item	Amount	Signed
1	Loan balance	30,000	Monica
	Service Charge	3,000	
	Total owing	33,000	
	Paid	3,000	Monica
	Loan balance	30,000	
	Service charge	3,000	
	Total owing	33,000	
	Paid	10,000	Monica
	Loan balance	23,000	
	Service charge	3,000	
	Total owing	26,000	
End	Paid		
	Loan balance		
	Service charge		
	Total owing		
	Paid		
	Loan balance		
	Service charge		
	Total owing		
	Paid		

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

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

Figure 11: Member loan record (4)

Loans			
No	Item	Amount	Signed
1	Loan balance	30,000	Monica
	Service Charge	3,000	
	Total owing	33,000	
	Paid	3,000	Monica
	Loan balance	30,000	
	Service charge	3,000	
	Total owing	33,000	
	Paid	10,000	Monica
	Loan balance	23,000	
	Service charge	3,000	
	Total owing	26,000	
End	Paid	26,000	Helen
	Loan balance	0	
	Service charge	0	
	Total owing	0	
	Paid		
	Loan balance		
	Service charge		
	Total owing		
	Paid		

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

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

¹ E-recording is an Android software for use with VSLAs that have access to smart-phones. <https://play.google.com/store/search?q=e-recording&c=apps>

Annex 7: Village Agent time management

Field Officer: _____ No.: _____

Week: _____ Month: _____ Year: _____

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