Village Savings and Loan Associations Training Manual

A Step-by-Step Guide for Community-Based Trainers

Revised December 2025





Acronyms

CBT Community-Based Trainer
VSLA Village Savings and Loan Association



In 1991, CARE staff and women in rural Niger collaborated to create the first-ever Village Savings and Loan Association (VSLA). Since then, CARE has helped almost 30 million women, men, and youth form VSLAs around the world. The simple, low-risk VSLA methodology guides members to use their pooled savings to make financial gains and expand access to finance. Beyond finances, women around the globe have used their VSLAs as a platform to strengthen their voices, expand their influence, and advance economic growth in their communities.

In the three-plus decades that CARE has implemented VSLA, our ways of introducing the methodology, and the contents of the VSLA training curriculum, have evolved and diverged. We recognized the need to harmonize implementation by creating a standard manual that encompasses global best VSLA practices, and optimal training sequence and content.

CARE created this manual to guide Community-Based Trainers (CBT) and others as they mobilize communities; form VSLAs; and train, mentor, and support VSLA members to attain their financial, personal, and social goals. The manual can also be used to train CBTs, in a training of trainers format.

We are grateful for the inspiring contributions of so many team members: Clement Bisai, Caroll Miloky, Eric Kaduru, Fati Abdou, Kalkidan Lakew Yihun, Lenard Oundo, Melch Natukunda, Natacha Brice, Nicedore Nkurunziza, Rachel Beck, Sos Mumo, Grace Majara, Frank Tembo, Maria Liu, and Pascal Niyitegeka.

Vidhya Sriram
Director for Global VSLA
CARE USA
October 2025



This Guide contains all the information that a CBT needs to introduce, form, train, and guide a VSLA through its first year of operations.

CARE maintains an online library of VSLA resources. The CBT is encouraged to visit this link regularly for additional information, updates, ideas, and support:

www.care.org/VSLA

Table of Contents

Introduction **2**
- About this Manual 3
- CBT Code of Conduct 4
- VSLA Basics: A Quick Reference Guide 5
- VSLA Training Calendar 11

1. Preparation Phase **12**
- **Meeting A** Community Leaders (formal and informal) 15
- **Meeting B** Gatekeepers 18
- **Meeting C** Targeted Households 19
- **Meeting D** Community 20
- **Meeting E** Potential VSLA members 23
- Mobilizing an existing group into a VSLA 27

2. Intensive Phase **28**
- **Session 1** Group Formation and General Assembly 29
- **Session 2** Understanding VSLA Concepts 32
- **2.1** Savings Concept 33
- **2.2** Loan and Murabahah Concept 37
- **2.3** Service Charge or Profit Concept 39
- **2.4** Debt Management Concept 40
- **2.5** Social Fund Concept 42
- **2.6** Summarize VSLA Concepts and Close Session 44
- **Session 3** Leadership and Management Committee 45
- **Session 4** Election of Management Committee and Formulation of Constitution 51
- **Special Session** Management Committee Orientation 60
- **Session 5** First Savings Meeting 65
- **Session 6** Conflict and Management of Conflicts 71
- **Session 7** First Loan Disbursement Meeting 74
- **Session 8** First Loan Repayment Meeting 80
- **Session 9** Audit/Share-Out Demonstration Meeting 87

3. Development Phase **89**

4. Maturity Phase **92**
- **Session 10** Audit/Share-Out Practice Meeting 93
- **Session 11** Action audit/Share-Out 95

Annexes **96**



Introduction

This introductory section contains essential reference information about the CBT role and about VSLA. The CBT will want to study and master the material, and refer to it frequently as s/he works.

The section begins with a high-level description of the manual: its contents and how it should be used (**About This Manual**). It offers advice to the CBT so s/he can best perform her/his duties (**CBT Code of Conduct**). The section contains a table of key VSLA vocabulary and definitions / descriptions (**VSLA Basics: A Quick Reference Guide**), and provides guidance for identifying and involving people who do not have access to VSLAs (**Membership Strategy**). The section concludes with a detailed VSLA activity calendar that shows the evolution of a VSLA across one year of operation. The calendar is a valuable tool to help the CBT plan her/his work (**VSLA Activity Calendar**).

About this Manual

This manual is a practical, step-by-step guide for forming, training, and mentoring a Village Savings and Loans Association (VSLA).

Why Use This Manual?

The manual's purpose is to provide a standard approach to delivering training and mentoring sessions to VSLA members. The manual provides instructions for organizing and facilitating the full range of sessions and topics for VSLA members. Specifically, the manual gives factual information about equipping women and others with knowledge about VSLA, and skills to enable them to attain economic empowerment through access to finance.

Who Should Use This Manual?

CARE wrote this manual for Community-Based Trainers (CBTs) who are responsible for training and mentoring VSLA. The manual may also be used by those who are responsible for training CBTs to do their work.

How Should You Use This Manual?

Whether you are using this manual to train CBTs, or you are a trained CBT who is training VSLA, you should read the entire manual in advance. This will help you think through the content, prepare all necessary materials, mentally practice the meetings and sessions, and anticipate likely questions and their answers, challenges and their solutions.

Be aware, however, that this manual does not and cannot provide all the knowledge, examples, and methods that a CBT might need. VSLA is a global phenomenon: CARE and other organizations deliver the methodology in thousands of cultural contexts, and dozens of languages, to a near-infinite variety of people. CARE urges you, the CBT, to be creative in adapting your delivery to the local context, while remaining true to the core principles and best practices of the VSLA methodology.

A Note about VSLA Phases

Over the course of its first year, the VSLA progresses through several phases:

A newly formed VSLA begins in an **Intensive Phase** of learning and learning-by-doing. It moves to a **Development Phase**, increasingly self-managing as members save, borrow, and repay. It then advances to **Maturity Phase**, confident and autonomous. During the development and maturity phases, or the second cycle, additional activities may be added based on the VSLA's performance, group needs, project objectives, and expected outcomes. If the VSLA chooses to continue after its first year (or Operating Cycle), it will do so as an independent, self-managing group.

CBT Code of Conduct

1. **Be Prepared.** Read and master the contents of this manual before you begin to form a VSLA. Prepare each meeting or session at least one day before you facilitate it.

2. **Be Present.** Attend all meetings and sessions as indicated in the VSLA Training Calendar (page 11). You will facilitate each session during the VSLA's Intensive Phase, attend bi-weekly during the Development Phase, and attend monthly during the Maturity Phase.

3. **Be Prompt.** Always arrive at the meeting site ten minutes prior to start time.

4. **Be Respectful.** Understand local culture, and dress and behave accordingly.

5. **Be Clear.** Use a language that is easily understood by the community and VSLA members. Use local terminology, and consider using local slang, especially when working with youth.

6. **Be Safe.** VSLA members must feel safe and confident if they are to succeed. Choose a safe, private, and comfortable site for VSLA sessions. Treat each member with equal respect, and allow each member to speak and be heard. Ensure that you and all members treat confidences as confidences: the knowledge you gain about one another in the VSLA is not to be made public. Follow the Do No Harm principle in your engagement and interaction with community members. Be aware of the risks of sexual harassment, exploitation, and abuse (SHEA).

7. **Be Knowledgeable and Confident in Training Methods.** You are a facilitator: you facilitate VSLA members' acquisition of skills and knowledge, rather than lecture to them. Allow members to experiment, discover, and ask questions. Use participatory and learner-centered methods: storytelling, group discussion, brainstorming, discovery and experimentation, and learn-by-doing.

8. **Be Financially Professional.** Never be a member of a VSLA that you supervise. Never borrow money from a VSLA that you supervise. Do not demonstrate financial distress: VSLA members may feel obliged to offer financial help.

VSLA Basics: A Quick Reference Guide

Best Practices

BEST PRACTICE	DESCRIPTION	REASON/JUSTIFICATION
Number of Members	A VSLA has 15 to 30 members.	• A VSLA with more than 30 members is less cohesive and harder to manage. When a VSLA is large, meetings take a long time, and the Management Committee has too much work. • A VSLA with fewer than 15 members takes too long to accumulate funds for members to borrow. A small VSLA limits the number of community members who can join. It is less cost-effective to support a small VSLA. • Form small VSLA of 10-15 members ONLY in communities with very low population density or low trust level such as in refugee camps or urban settings.
Open Membership	VSLA membership is open to all members of the community. This includes women and men, youth, people living with disabilities, refugees, and people from different social, economic, cultural, and religious backgrounds, ethnicities, livelihoods, and social positions. People from different social groupings may choose to form a heterogenous (mixed) VSLA, but context and power dynamics may favor homogenous groupings such as all-women or all-adolescent VSLA.	• Open membership helps the most vulnerable, excluded people to develop their skills and financial security, their confidence and self-worth. • Open membership helps to ensure full and equal participation, and helps members to identify and address the social, cultural, and physical barriers that people from vulnerable groups experience.
Self-Selection	Members select themselves: they choose to join the VSLA and are not coerced or influenced. They join with those they relate with, trust, or with whom they share a common economic, social, or cultural interest.	• Self-selection increases social cohesion, trust, and solidarity: these are fundamental to VSLA success.
Regular Meetings	VSLAs must meet regularly. Members should meet weekly during their first two years of operation. After two years, they may continue to meet weekly or adjust to bi-weekly meetings as they deem appropriate.	• Regular meetings deepen group cohesion and solidarity. • Frequent meetings enable members to quickly accumulate funds through regular, manageable savings deposits. • Regular meetings allow timely collection of loan repayments and fines, minimizing defaults. • Regular meetings instill a culture of saving among members.

VSLA Basics: A Quick Reference Guide

Best Practices

BEST PRACTICE	DESCRIPTION	REASON/JUSTIFICATION
Share Value	Members save money in amounts called 'shares.' Each VSLA's Constitution defines the amount of a share, and the minimum and maximum number of shares that a member may save in each meeting. The minimum number of share is one, and the maximum is five.	• The share minimum allows the poorest members to make reasonable savings, and the maximum protects small savers from being dominated by those who can save more.
Social Fund	The VSLA agrees to a regular, fixed contribution: each member contributes the same amount every meeting. The amount should be less than the minimum share value.	• The Social Fund helps members meet life emergencies and social obligations that are unpredictable and do not generate income. • Money in the Social Fund is NOT included in the Audit/Share-Out. **Synonyms for Social Fund**: *Welfare Fund, Emergency Fund*
Transparent Governance	A VSLA must have a written Constitution, agreed to by all members. The General Assembly (all members of the VSLA) elects a Management Committee (Chairperson, Secretary, Record-Keeper, two Money Counters) at the start of each Operating Cycle.	• When all members agree to, know, and follow the same rules and regulation, as well as elect their own leaders, the VSLAs gains independence, autonomy and trust. **Synonyms for Constitution**: By-laws, Rules and Regulations.
Transparent Financial Management	All VSLA transactions occur in meetings, in front of the General Assembly. The VSLA Toolkit is a symbol of transparency. It contains all basic materials that the VSLA needs to safely store money and maintain clear records.	• The VSLA Toolkit, its contents and its use in General Assembly ensure financial transparency.
Security of Savings	No funds should enter or leave the Cash Box except in front of the General Assembly and in conformity with the VSLA Constitution.	• The VSLA should never engage with on-lenders, nor should it keep any external funds in its Cash Box.
	**The Cash Box can be different than a 'physical' box. VSLAs may agree to keep their money in a bank or use digital financial mechanisms. Regardless of the mechanism the group decides to use to save their money, the focus should be on the safe keeping of the group money. The security of saving is what the 'Cash Box' symbolizes. CARE is developing a toolkit on digital VSLA that will complement this manual.*	
Peer Learning and Experience-Sharing	The VSLA is a space where members can discuss and share experience on other pertinent topics, including social and economic issues.	• The VSLA should be a safe space for members to learn from each other, listen and be heard—thus building self-esteem, confidence, and solidarity amongst members.

VSLA Basics: A Quick Reference Guide

Best Practices

BEST PRACTICE	DESCRIPTION	REASON/JUSTIFICATION
Confidentiality	Confidentiality means that what members learn about each other in VSLA must never be discussed outside the VSLA. This also pertains to group transactions.	• The VSLA is a space where members can discuss and share experience on other pertinent topics, including social and economic issues that should remain confidential. • Confidentiality helps to build trust among group members and will support the sustainability and cohesion of VSLAs, which helps group to reduce or avoid conflict.
Suspension of Contributions	The VSLA Constitution should allow a member or the entire General Assembly to suspend savings during the Operating Cycle	• Suspension can accommodate lean periods of the year, and unpredicted events such as drought, famine, or political instability. • Suspension of contribution should not be encouraged, and the decision to suspend saving should not be taken lightly. Instead of suspending savings, groups should try to apply other mechanism to accommodate lean periods of the years and unpredicted events, for example, groups may decide to reduce savings amount, instead of suspending savings.
Recognition and Engagement of Power Structures	The CBT and VSLA members recognize and maintain relationships with power-holders: leaders and family members whose support is necessary for VSLA survival and success.	• Engaging powerholders/those who influence and determine VSLA's members lives' trajectories—especially in making decisions on participation and use of VSLA benefits—is key for their empowerment. • People who hold formal or informal power in the community could be part of a VSLA group. However, it is important to take caution about their membership. People with existing leadership position in the community, informal or formal, should not be part of the VSLA Management Committee. This is due to their existing power in the community, electing them to become part of the VSLA governance can perpetuate a power relationship with members, which can affect free participation, and trust among members.

VSLA Basics: A Quick Reference Guide

Best Practices

BEST PRACTICE	DESCRIPTION	REASON/JUSTIFICATION
Use and Growth of Savings (non-Islamic contexts)	Members can borrow up to, but no more than, three times the value of their shares. Loans are made only when there are sufficient funds in the Cash Box. In non-Islamic VSLA, members borrow money and repay with a service charge, at a percentage decided by the VSLA. The service charge must be paid on time, regardless of the length of loan term.	• The 'three times' rule prevents members from borrowing more than they can repay. • The service charge is a hedge against inflation and its repayment grows the VSLA's savings. • A service charge is money paid for the privilege of borrowing from the accumulated group fund. **Synonym** for Service Charge in non-Islamic contexts: *Interest*
Use and Growth of Savings (Islamic contexts)	In Islamic VSLA (those guided by Sharia law), interest is replaced with Murabahah. In lieu of making a loan to a member, the VSLA purchases an item or asset that the member wants, then sells it to the member at an agreed, marked-up price. In Musharakah or joint investment, VSLA members *as a group* invest their savings in an income-generating activity of their choice. Profits (and losses) are distributed among members in proportion to their capital contributions.	• Murabahah allows the VSLA to earn legitimate profit through tangible transactions, while also allowing members to acquire the assets or goods they need to generate income. • Murabahah is a hedge against inflation and its payment grows the VSLA's savings. • Musharakah promotes cooperation and risk-sharing among VSLA members. • In the context of VSLA, Musharakah or joint investment can be justified by emphasizing its alignment of shared responsibility and fair distribution of profits and losses. • Profits can only be made from income-generating activities, and never from interest rates.
Operating Cycle	When forming a VSLA, members agree on how long they will operate before sharing out all or part of their accumulated funds. The Operating Cycle should not be less than nine months, and not more than 12 months. The Operating Cycle should remain constant.	• A new VSLA should follow a 9 to 12-months Operating Cycle, as shown in the calendar on page 11. The cycle may be shortened to 9 months only in rare instances such as humanitarian contexts. • The end of an Operating Cycle allows each VSLA member to choose to continue or leave the group. • The end of an Operating Cycle allows members to elect a new Management Committee. • The end of an Operating Cycle allows the VSLA to accept new members. • The end of an Operating Cycle allows the VSLA to revise saving share value. • The end of an Operating Cycle allows VSLA members to receive a lump sum.

VSLA Basics: A Quick Reference Guide

Core Principles

CORE PRINCIPLE	DESCRIPTION	REASON/JUSTIFICATION
Zero Tolerance to Arrears	Each VSLA should minimize non-saving and/or failure to repay loans. As a VSLA reaches the end of its Operating Cycle, the percentage of loans in arrears must drop to zero.	• Arrears, or late or non-payment of savings, loan repayments, and fines, reduces the amount of cash available for loans. • Arrears can cause mistrust and dissent among VSLA members. • Strong adherence to zero tolerance to arrears is critical. This principle instills the savings culture in the group and minimizes the risk of losing member's saving through loan default.
VSLA Independence	Each VSLA must be self-managed, by its own members according to its agreed Constitution. No outside entity should influence the internal operations of the VSLA.	• Independence and self reliance reduce dependency on external support and are vital to a VSLA's success an sustainability. It enables the members to take ownership of the group, and look within the group for support, solutions and decisions. • Outside influence—real or suspected—can cause conflict, mistrust, and dissolution of a VSLA.
Ring Fenced Cash Box	No external funds should enter the box except in conformity with the best practices. If it's a donation, members should distribute the funds equally and decide individually how to use them. If it's a grant, the group must still discuss how to use the funds and incorporate the decision into the constitution.	• This principle promotes financial transparency. • Reduces potential conflicts likely to raise as a result of external funds. • Eases record keeping and accountability of funds.
Audit/Share-Out	The Audit/Share-Out is an accounting or audit of the VSLA's assets (cash) and liabilities (unpaid loans), followed by the share-out of the VSLA's loan fund at the end of the Operating Cycle. The VSLA Constitution defines the timing and frequency of Audit/Share-Out. An Audit should always be performed at end-of-cycle Share-Out. However, a group may choose to conduct an Audit (only) mid-cycle to ensure its record-keeping is correct.	• Performed in General Assembly, the Audit/Share-Out ensures that all members know (and are confident of) the VSLA's current financial status. • The Audit/Share-Out is an opportunity to adjust and revise share value and Social Fund contributions, to admit new members, and to review and amend the VSLA's Constitution. • The Audit/Share-Out is an opportunity for members to get their savings in lump sum to make meaningful investments. **Synonyms** for Audit/Share-Out: *Action Audit, Share-Out*

Membership Strategy and Potential Target Groups



WOMEN



ULTRA POOR PEOPLE



PEOPLE LIVING WITH DISABILITY



REFUGEES

The purpose of VSLA is to reach *people who have the least access to finance and to opportunities* so they may enjoy the benefits of VSLA membership: access to savings, credit, social capital, networking, and learning opportunities. For many years, CARE formed VSLAs with poor women only, but has expanded to reach very poor men, youth, people living with disabilities, and refugees. Among women, some VSLA projects focus on widows, single mothers, and the ultra-poor.

No matter who is your VSLA target group, always remember that people with limited access to financial resources and opportunities are often the most difficult to reach. People who lack access often face customs, traditions, and barriers that prevent them from fully participating in economic, social, political, and cultural life. People facing these barriers do not automatically attend public meetings or, if present, may not feel able to speak. Community leaders might overlook them, and gatekeepers may refuse you access to them.

The CBT should be prepared to learn as much as possible about who is excluded from full participation in the community and local economy. The CBT should be prepared to work carefully, thoughtfully, and diplomatically with many members of the community (formal and informal leaders, gatekeepers, and others) to gain access to excluded people, to ensure that their participation in VSLA is voluntary, and to retain their participation in VSLA activities. Chapter 1 Preparation Phase provides some guidance on how to do this, especially in descriptions of Meeting B and Meeting C.



YOUTHS



ECONOMICALLY VULNERABLE HOUSEHOLDS

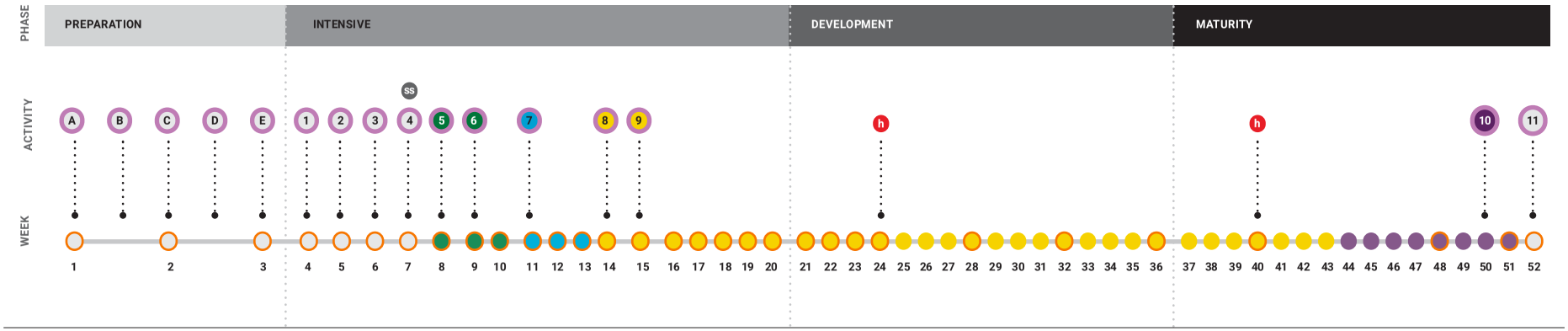


YOUNG MOTHERS



WIDOWS

VSLA Training Calendar



KEY

Community Based Trainers Present | Savings Meeting | Savings+Loan Disbursement Meeting | Savings+Loan Repayment+Loan Disbursement Meeting | Savings+Loan Repayment Meeting

- A Community leaders
- B Gatekeepers
- C Targeted households
- D Community
- E Potential VSLA Members

- 1 Group formation & General Assembly
- 2 VSLA Concepts
- 3 Leadership & Management Committee
- 4 Election of Management Committee & Formulation of Constitution
- SS Special Session: Management Committee Orientation
- 5 First Savings Meeting
- 6 Conflict and Conflict Management
- 7 First Loan Disbursement Meeting
- 8 First Loan Repayment Meeting
- 9 Audit/Share-Out Demonstration Meeting

- h Health Checklist

- h Health Checklist
- 10 Audit/Share-Out Practice Meeting
- 11 Audit/Share-Out



1. Preparation Phase

VSLAs are most successful when they have the support of the society that surrounds them: local officials, community leaders, religious figures, and the households of VSLA members. In Preparation Phase, the CBT prepares communities by conducting a series of meetings to introduce the VSLA methodology: its purpose, its advantages and successful history, and its general process. The Preparation Phase is also an opportunity for the CBT to learn more about the society and culture in which s/he will work.

This chapter gives instructions for holding five types of meeting to introduce VSLA to a community, and gain the interest and approval of important community members. The CBT will always hold **Meeting A** with **community and local government leaders**, **Meeting D** with **interested community members**, and **Meeting E** with **potential VSLA members**. The CBT may also find it advisable to hold **Meeting B** with **gatekeepers** and **Meeting C** with **households**, to build trust and gain access to potential VSLA members.



IMPLEMENTATION BEGINS

NOTE TO THE CBT

Use the first three weeks of implementation to conduct a set of sensitization meetings about the VSLA methodology and how you will promote it. Before you hold these meetings, you should familiarize yourself with the community and identify accessible meeting locations.

The VSLA Basics table in the Introduction to this manual summarizes much of the information you will need for the Community Entry meetings. Study the table, then review it before each meeting.

The meetings in the Preparation Phase have four objectives:

1. **To obtain permission from local authorities and leaders to work in a particular area, and to enlist their support to organize public meetings to outline how VSLA works.**
2. **To mobilize influential people in a community as allies in promoting VSLA and reaching potential VSLA members.**
3. **To speak with targeted persons and encourage them to start a VSLA.**
4. **To understand local economic and social issues that may influence VSLA success.**

Key People to Meet during Preparation Phase

PEOPLE TO MEET	INFORMATION TO GATHER	IMPORTANCE TO VSLA WORK
Community Leaders (formal and Informal)	What community leadership structures, formal and informal, exist? Who holds leadership positions? What is their influence on the population?	i. Get permission to form VSLAs in the community ii. Get support for mobilization, VSLA formation and monitoring iii. How best to align with local structures and priorities
Gatekeepers	Whose opinion and guidance do people seek when a problem (social, moral, ethical, financial) arises in their household? Their community? How do these people affect the launch and execution of a new program from the government or an NGO? How can they support access to targeted groups and identify people in restrictive households who cannot usually access services?	i. Ease access to targeted community and households ii. Easy and quick acceptance of the VSLA methodology and formation iii. Social support and encouragement for women, people with disabilities, and other vulnerable groups
Existing groups with similar membership to anticipated VSLA (women, youth, people living wth disabilities)	What are these groups' goals, membership, current experiences in working together, benefits and connections to the local leadership?	i. Easy identification and access to targeted people. ii. Timely formation of VSLAs
Target group	Where they are located and what are their economic activities,? How do they fit into local social and economic activities and what impact do they have? What is their current level of autonomy, vis-a-vis gatekeepers and household authorities?	i. Early and proper identification of influential others: to ensure VSLA members will retain rights over the financial benefits of VSLA membership.
Target groups' informal and official support systems	With whom does your target group interact when they have difficulties, particularly domestic and financial? What is their current level of autonomy vis-a-vis gatekeepers and household authorities?	i. Early and proper identification of influential others: to ensure VSLA members will retain rights over the financial benefits of VSLA membership.
Civil Society, faith-based, and peer organizations that collaborate with target group	What strategies do they use to influence change in the lives and households of the target group?	i. Easy and quick mobilization, promotion of VSLA ii. Prepare for VSLA sustainability, linkages, and continuity; avoid duplication of efforts.

Meeting A

Community Leaders (formal and informal)

FIRST WEEK

OBJECTIVES OF THE MEETING

i. Leaders and officials understand what VSLA offers and how it works

ii. Build trust with local leaders, government officials and their representatives.

iii. Obtain permission to operate in the area, and to hold Meetings B and C if the cultural context suggests they will be needed.

iv. Agree on a schedule for Meetings D and E

v. Understand potential social and economic barriers in the community that exclude some people from participating.

DURATION	MATERIALS TO USE	AUDIENCE/PARTICIPANTS
1 hour 30 minutes	Notebook, a pen, personal identification card, introductory letter, copy of this VSLA manual.	Board members of social organizations, government/council members, leaders of women and other target groups (such as youth association), cultural and religious leaders, security agencies.

NOTE TO THE CBT

Meeting A is the first introduction of VSLA to a community and to its leaders. It is a formal and important event.

Ideally, one or two of the CBT's supervisors organize and facilitate this meeting: their presence demonstrates respect to local leaders, and underscores leaders' role in supporting VSLA in their community. The supervisor(s) should deliver the information as instructed on the following pages.

Organize this meeting in a place that is used for leaders' and government meetings. Invite all key leaders in time to ensure their attendance and participation.

Be mindful of dynamics (power, class, culture, religion) that could limit the full participation of some invitees. If needed, hold separate meetings. Where the meeting is mixed, ensure that all participants are respectful to each other and have the opportunity to speak.

INSTRUCTIONS

STEP 1

Welcome participants and introduce yourself: state your name and the name of your organisation. Where necessary, show your identification and introductory letter to ease any suspicion.

STEP 2

Invite participants to introduce themselves by their names and their position of responsibility in their community. Note the key points in your notebook and reference them during the discussion.

STEP 3

State: I invited you today to speak about Village Savings and Loans Associations, or VSLA for short. A VSLA helps people save money, borrow money, protect themselves in emergencies, and prepare for future events. The VSLA methodology was invented by CARE in Niger in 1991. VSLAs are now spread across the world.

Briefly explain how VSLA works. Say:

i. *A VSLA is a group of 15-30 people who come together to save and borrow to strengthen their and their households' financial security and income-generating prospects. Most VSLAs also create a type of group insurance, called a Social Fund, to help members who experience an emergency.*

ii. *A VSLA typically operates in a cycle lasting one year. At the end of an Operating Cycle, members share all or part of accumulated funds which include savings, plus any profits the group may have made. The funds are divided among members according to each person's contributions.*

iii. *Members save regularly in pre-set amounts called Shares. They can buy between one and five Shares each week. The price of a Share is decided by the members.*

iv. *The source of all funds is the members themselves. No outside entity provides funds to the VSLA.*

v. *The money collected from the purchase of Shares is used to provide loans to members. Members repay their loans over a period of not more than 3 months.*

vi. *Members are self-selected and VSLAs are self-managed.*

vii. *VSLA members hold an annual election to choose a Management Committee.*

viii. *Every VSLA has a written constitution (rules and regulations that are agreed to by all members).*

ix. *Members must attend all meetings and buy at least 1 Share each meeting.*

Pause to answer questions.

Briefly introduce the relevance of VSLA:

i. *VSLAs are in the community so people do not have to travel far distances to use them.*

ii. *VSLA procedures are easy to understand so people do not have to learn complicated procedures.*

iii. *VSLAs are used by many different people, including the below:*

- *People with little money and little education can be part of a VSLA.*
- *Youth and orphaned youth can create VSLAs.*
- *VSLAs are also appropriate for people living with disabilities.*
- *Depending on the context, a VSLA may have only women members, or may have mixed membership.*

Briefly pause to answer questions.

INSTRUCTIONS

Ask: do participants know any VSLA members? What do they see as benefits of VSLA for those members?

Explain the following

i. *VSLAs target the most financially and socially excluded people to provide them with access to savings, loans, and insurance services in the form of a Social Fund. VSLAs also provide social capital, networking opportunities and learning opportunities to members. For members' households, accumulated savings and loans mean meeting household basic needs and making investments that result in increased household income, education for children, and asset accumulation.*

ii. *(Make this point only if you intend to hold Meetings B and/or C) Describe how household gatekeepers and decision-makers shall participate in Community Entry meetings: the CBT will visit them one-on-one or in small groups to explain VSLA, seek approval, and gain trust.*

iii. *Describe your role as a CBT in a VSLA, members' households, and the community.*

iv. *Each VSLA undergoes a set of training sessions on how to manage its finances and how to manage itself.*

STEP 4

Allow members to respond to your presentation and ask questions.

Say: Now that you understand VSLA, what other questions do you have? Respond; refer questions you cannot answer to your supervisor.

STEP 5

Ask the following questions and say that participants' responses will help you to better understand their community and work harmoniously and productively with the targeted persons, their households and the general community.

Write their responses in your notebook.

i. *What other individuals in the community or community groups should I speak with?*

ii. *How can we collaborate/work together to access and mobilize community members into VSLAs?*

iii. *Ask for any negative practices and social norms that may affect VSLA work.*

iv. *What can I do to access the targeted persons? How can I collaborate with you best to facilitate access to the targeted persons?*

v. *What is the best way to ensure the targeted group can benefit from VSLA membership?*

STEP 6

Conclude the meeting

- Thank them for their time and guidance
- Ask them to assign you a well-respected and well-connected community member – an individual who can:
  i. *Introduce you to household gatekeepers and households (for Meetings B and C)*

  ii. *Identify venues for Meeting D Community Sensitization and Meeting E with potential VSLA members.*

Meeting B

Gatekeepers

Depending upon the culture and social norms in the place you work, you may need to meet with gatekeepers to explain VSLA and secure their trust. 'Gatekeepers' are people who can help you reach your target group by giving you *permission* or convenient *access* or both.

Gatekeepers may have participated in Meeting A Community Leaders, or you may need to seek out and meet separately with gatekeepers.

EXAMPLE 1:

You wish to form a VSLA with poor women in Village X. Local religious custom dictates that almost all adult women in this village live in *purdah*, or seclusion within the household. An adult male must give permission for women to leave the house, and they can only leave in the company of a male relative OR in groups of three or more women.

After learning as much as possible about local norms, the CBT may wish to meet with a group of religious leaders to explain VSLA and obtain *permission and assistance* to meet with groups of household heads (fathers, husbands, brothers) who have the power to *permit or deny* women to participate in VSLA.

EXAMPLE 2:

In Neighborhood Z, you want to reach adolescents. You hold Meeting A Community Leaders, including school administrators. From them, you learn that two local teachers have just started an after-school club for students and for teens who are not in school.

Determining that these two teachers are gatekeepers who can offer *convenient access* to your target group, you organize a separate meeting with them, and with parents, to discuss the merits of a VSLA for adolescents. The teachers invite you to speak at the club.

STEPS for Meeting B are similar to Meeting A, but be prepared to ask and answer questions specific to your target group and the social norms surrounding their participation. If your target group is socially excluded, prepare to discuss the value and safety of VSLA membership in light of gatekeepers' concerns.

Meeting C

Targeted Households

Depending upon the culture and social norms in the place you work, you may need to meet with some households of your target group to explain VSLA and secure their trust. For example, in some households women may need permission from the household authority figure to join the VSLA and to control her own money. Here we mean the household members who have the authority to permit (or deny) participation in VSLA, and to agree (or disagree) that the VSLA member can control the money that she contributes to and earns from her membership.

Conduct household meetings with households that have been flagged as complicated. Meet with these households' heads AND the potential VSLA member(s).

EXAMPLE 1:

In Village Y, both men and women work hard to grow grain crops such as millet, sorghum, and maize. Only men, however, own the harvest. Only men can decide to sell some of the crop, and control the cash earned from the sale.

Women also work hard to grow vegetables and fruits in smaller kitchen gardens. By custom, women use this food for family meals, and sell surplus at local market. Women are expected to share the money from these market sales, and to invest the money in the household. The money a woman earns is considered to be household money, not her money.

CARE undertook extensive discussion and negotiation in Village Y, with household heads and other power-holders, to ensure that each VSLA member owns and controls the money she invests in and earns from VSLA. In other words, CARE gained agreement that VSLA money is her money: she controls it and decides how to use it.

STEPS for Meeting C are similar to Meeting B, but be prepared to ask and answer questions specific to your target group and the social norms surrounding their participation. Secure household support for free movement and participation in VSLA meetings. Secure household commitment that VSLA members enjoy benefits and proceeds from their savings. Use the household meetings to prevent possible negative impact of VSLA activities, such as suspicions that the VSLA member is 'sneaking around' or spending money foolishly.

Meeting D

Community

FIRST 2 WEEKS

OBJECTIVES OF THE MEETING

i. Community members can articulate the basic concept of VSLA and its contribution to their lives.

ii. Community members understand that VSLAs can include people from different social and economic backgrounds, such as women, men, people living with disabilities, young people, etc.

iii. Participants, especially members of the target group(s), understand next steps to form a VSLA.

iv. Community members agree on a schedule for meeting with individuals who are interested in forming VSLA (Meeting E).

DURATION	MATERIALS TO USE	AUDIENCE/PARTICIPANTS
1 hour	Notebook, pen, copy of this VSLA manual	Community members: men, women, youth and people with disabilities.

NOTE TO THE CBT

Organize this meeting in a place that is easily accessible to all community members. Use this meeting to teach the community about the VSLA methodology. Ensure the day and time of the meeting is appropriate, especially for women.

If needs assessment and experience in the community show that certain people (women, young people, people of a specific religion) have higher risks or cannot participate, consider having a separate meeting for, for example, people living with disabilities, youth, women, and young mothers. This will ensure their ability to participate fully in the meeting.

INSTRUCTIONS

STEP 1

Welcome community members to the meeting.
Say your name and the name of your organization. If appropriate, show your identification and introductory letter to ease any suspicions.

STEP 2

Tell participants what you have done so far in their community. Invite participants to introduce themselves.

INSTRUCTIONS

STEP 3

Ask the community members if they have heard about Village Savings and Loan Associations, or VSLA, and if they know anyone who is part of a VSLA.

i. If all or some members say yes, ask them what they know about VSLA.
ii. Ask: have you seen any changes among community members who participate in a VSLA?

STEP 4

Explain that,

i. A VSLA is composed of 15-30 members. The VSLA members make regular savings deposits (or 'buy Shares') in pre-agreed amounts. These deposits form a loan fund from which members can take short-term loans or murabahah. They repay the loans plus a service charge [or: they repay murabahah plus profit] at a rate decided by members themselves. Members also contribute to a Social Fund, which is like insurance to cope with emergencies. Thus, funds used by members are self-mobilized through member's regular savings, the service charges applied to loans (or profits generated in the case of murabahah), and fines levied on members who break the VSLA (Constitution its internal rules and regulations).

ii. The purpose of a VSLA is to:

- Increase individual and household security through accumulation of assets (cash and property) through savings.
- Increase household security through access to basic insurance services
- Offer loans to members for productive and emergency purposes

iii. Being a member of a VSLA is an opportunity to enjoy:

- Easy access to affordable, user-friendly, and peer-managed financial services.
- Access to a Social Fund which is an insurance for members to manage emergencies such as death, disease or natural disaster.
- Access to small and short-term loans or murabahah that cannot be offered by formal financial institutions.
- Learning from each other.
- Building self-esteem, self-reliance, confidence and respect.

iv. People from different groups are free to form a VSLA, but members are typically those who are unable to access formal financial services due to their status or location. Around the world, the majority of VSLA members are women: they live with socially-induced challenges such as restricted mobility, low literacy levels, and heavy engagement in unpaid labor such as household work and child care.

v. VSLA is used to build women's financial and economic capacity. This benefits the women and their households.

vi. My role as CBT is to:

- Help members learn how a VSLA works and how to manage it themselves.
- Help members self-organize, mobilize and build financial resources.

vii. I begin my work by meeting community leaders who authorize and approve of VSLA creation in their communities. I sensitize the community and households from such meeting interested people share their contacts with me and we plan follow-on meetings.

INSTRUCTIONS

STEP 5

- **Pause to answer questions.**
  i. *Answer questions that pertain to VSLA membership, training, and operations. Refer other questions to appropriate others, such as community leaders.*

  ii. *Avoid making empty promises. Explain only VSLA activities, principles, objectives, and the methodology's history and successes to date.*

STEP 6

Conclude the meeting by giving your phone number to those who are interested in forming a VSLA. Ask these interested people to confer with each other about forming a group, and to contact you when they have mobilized.

The next meeting—Meeting E—will be with potential VSLA members.



Meeting E

Potential VSLA Members

FIRST 2 WEEKS

i. Participants gain a basic understanding of the VSLA methodology.

ii. Participants understand the usefulness of VSLA membership.

iii. Participants decide if they want to form a VSLA.

DURATION	MATERIALS TO USE	AUDIENCE/PARTICIPANTS
2 hours	Notebook, pen, copy of this VSLA manual	People who have shown interest in forming a VSLA

NOTE TO THE CBT

Organize this meeting in a safe space: an area where participants normally meet or feel comfortable and free. Use this meeting to encourage participants to commit to forming a VSLA. During the meeting, ensure that all participants are respectful to each other: no interrupting, ridicule, or insults.

INSTRUCTIONS

STEP 1

Welcome the participants and thank them for joining the meeting. Introduce yourself.

STEP 2

Pair participants and ask them to introduce each other to the group. Each member should mention her peer's name, her residence/location, and whom she knows among members present.

STEP 3

Say that your role is to train them in the VSLA methodology and coach them in VSLA self-management. Explain the basic features of a VSLA

i. A VSLA is created so that members can save, borrow, and access a Social Fund in case of an emergency.

ii. A VSLA typically 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.

iii. A VSLA requires each member to deposit savings each week, by buying between one and five 'Shares.' The price of a Share is decided by the members.

iv. The money collected from the purchase of shares is used to provide loans to members, which they repay with service charges (or profit) over a period of not more than 12 weeks.

INSTRUCTIONS

v. *Members are self-selected and the VSLA is managed by its members, who elect a Management Committee annually.*

vi. *Every VSLA has a written Constitution: these are internal rules and regulations, which are agreed to by all members.*

vii. *Members must attend all meetings and buy at least one Share each meeting.*

STEP 4

Pause to allow questions and answer them satisfactorily.

Use the discussion to clarify and re-explain elements of the VSLA methodology.

Explain that for a VSLA to succeed, members must:

i. *Attend all meetings and save regularly as stipulated in their internal rules and regulations.*

ii. *Respect their internal Constitution.*

iii. *Respect and cooperate with the Management Committee.*

iv. *Respect each other and keep each other's information confidential.*

v. *Grow their group fund through individual borrowings and group investments.*

STEP 5

Say that a VSLA keeps written information about members' savings (Share purchases), Social Fund contributions, loans or murabahah, fines and group expenses.

These records are written by a member of the Management Committee, which is elected by the VSLA and trained by the CBT.

STEP 6

Use the table below to explain more about a VSLA

Key information about VSLA operations

	CATEGORY	INFORMATION
1	***Qualities of VSLA members***	i. Trustworthy and honest ii. Responsible iii. Cooperative with others iv. Open to and respectful of other people's ideas v. Respectful of the community vi. Fair and considerate of others
2	***Responsibilities of VSLA members***	i. Must attend meetings. ii. Must show respect to each other. iii. Must follow the rules in the VSLA's Constitution. iv. Collectively, the membership of the VSLA is called the General Assembly. v. Members are responsible for the overall operations and decision of the group as a General Assembly.
3	***VSLA Operating Cycle***	i. A VSLA operates in a 9 to 12-month cycle ii. A VSLA can choose to continue beyond one cycle. After the first cycle, some members can choose to leave the group, and VSLAs can expel and/or accept new members for the second cycle. iii. A VSLA should meet weekly during its first two cycles, and may adjust to twice a month in its third year

INSTRUCTIONS

STEP 6 CONTINUED

Key information about VSLA operations

	CATEGORY	INFORMATION
4	*Benefits of becoming a member*	i. Members save money for future productive and consumption use. ii. Members use loans for business activities and covering for basic needs. iii. Members attain new knowledge and skills from fellow VSLA members. They can also acquire additional abilities in leadership, business, and communication etc., through additional training and interaction with each other. iv. Members can access other services through their group, such as Sexual Reproductive Health, Violence Against Women and Girls referrals and physical and psychosocial support, Health, Agriculture etc. v. Members gain confidence from routine peer interactions and social support. vi. Members use Social Fund to meet emergencies and protect their assets.
5	*VSLA leadership*	i. The leaders of a VSLA are called the Management Committee. ii. The Management Committe is composed of the Chairperson, Secretary , Treasurer, and two Money Counters. iii. All VSLA leaders are elected by the General Assembly. iv. The VSLA leaders enforce the rules of the VSLA for the all members. v. In mixed-sex groups, women must occupy three positions in the Management Committee. A woman must be Chair, Secretary, and/or Treasurer. vi. If there are individuals with a disability in the VSLA, the Management Committee must include members with disabilities.
6	*VSLA constitution*	i. The members of the VSLA set its Constitution: the rules and regulations that govern how the VSLA operates. ii. Members must adhere and enforce the Constitution.
7	*VSLA training and mentoring*	i. A VSLA's first year is divided into three phases. • In the Intensive Phase, which lasts about 17 weeks, the CBT delivers ten training sessions on group dynamics and VSLA operations. These are interspersed or combined with the VSLA's first savings, loan disbursements, and loan repayment meetings. The CBT attends all meetings in the Intensive Phase, and coaches VSLA members and Management Committee in all meeting management and financial processes. • In the Development Phase, which lasts 16 weeks, the CBT attends VSLA meetings every four weeks to provide ongoing mentoring and coaching so all members and the Management Committee are confident in their activities. • In the Maturity Phase, which lasts 16 weeks, the VSLA operates quite independently. The CBT attends three of the 16 meetings, including the end-of-Operating Cycle Audit/Share-Out.
8	*Role of a CBT*	i. The CBT helps create awareness about VSLA in the community, mobilize, form, train and mentor VSLA group/s. i. The CBT helps members learn how VSLA works. ii. The CBT helps members organize themselves, manage themselves, and mobilize, use, and grow their own financial resources. iv. The CBT help facilitate linkage with other services.

INSTRUCTIONS

STEP 7

Say that, after this meeting, interested participants will be able to start the Intensive Phase with its nine training sessions for the General Assembly, and one for the Management Committee, on VSLA methodology and VSLA management.

Pause and allow members to ask questions about what you have discussed. Respond to them satisfactorily.

STEP 8

Say, you learned in this meeting that VSLA members are required to meet regularly and make regular savings deposits (buy Shares). Say, I am going to ask you several questions, and I want you to reflect upon them now and during the time until our next meeting. Ask:

i. *What are your main sources of income?*

ii. *Who controls the income you earn?*

iii. *What is your role in household financial management?*

iv. *Do you save part of your income?*

v. *Who manages your movements from home?*

vi. *Who will you consult if you want to join the group?*

STEP 9

Ask participants to discuss how their household members will react to their weekly attendance at VSLA meetings, including going to and from the meeting, and being absent from home for the duration of each meeting.

Ask if there is anyone in their household who could restrict them from joining and actively participating in the group? Examples include husband, father-in-law, mother-in-law: anyone with a position of power who could stop them from taking part.

Write down names of those members who are likely to find difficulties and develop a plan for how you will engage their household's heads. See Meeting C, above.

STEP 10

Thank all the participants for attending the meeting.

Ask those interested in forming a VSLA, to remain behind to plan for the first training session. Ask those who are not ready to join now, to communicate with you if they change their mind in the near future.

STEP 11

Sit with interested members and make a plan for their first training session. Establish a regular meeting day, location and time. Share you mobile phone number with them.

If they are fewer than 15 people, ask them to mobilize more people to attend the next session. Say that it is the members' responsibility to provide seating material (mats, stools, benches) and, if possible, a low table on which savings and loan transactions can take place. **Note:** This introduces a sense of formality, order and importance into the proceedings.

Stop and allow members to agree on who will be responsible for bringing seating and table to next meeting.

Mobilizing an existing group into a VSLA

NOTE TO THE CBT

You may encounter an existing group that is interested in adding the VSLA methodology to their activities. Follow the steps below to introduce and create a VSLA from such groups.

STEP 1

Organize and hold a meeting with leaders of the group. During this meeting,

i. *Introduce and discuss the VSLA methodology (refer to Meeting A step 3).*

ii. *If they show interest and willingness to reorganize and operate per the VSLA's principles, ask leaders to share the information with the rest of group members and get back to you with the group's decision.*

STEP 2

Conduct a sensitization meeting with the entire group, following these instructions:

i. *Ask how the group was formed and its objectives.*

ii. *Ask who are the eligible members' i.e. social, religious or economic influencers?*

iii. *Explain the characteristics and operations of a VSLA (refer to Meeting A step 3).*

iv. *Allow members to ask questions and answer them satisfactorily.*

v. *Conclude the meeting and tell them that you will hold a follow-on meeting after a week.*

STEP 3

Conduct a second meeting with the entire group as follows:

i. *Greet and ask members to tell you their decision about forming a VSLA.*

ii. *If the group declines to reorganize, do NOT push them. Instead, say that you will be happy to revisit the topic if they change their minds. Thank them for their time and interest.*
Be aware that their 'no/decline' may not be obvious so keep an eye out for body languages, and overall communications. In some cultures, they may not directly tell you 'no' to your proposition, thus, be respectful and identify signs that tells you their interest.

iii. *If they agree to form a VSLA, follow steps 3-11 of Meeting E above.*



2. Intensive Phase

The new VSLA now enters its Intensive Phase of group formation, learning, and trust-building. Chapter 2 offers instructions to the CBT to deliver nine training sessions over the 20 weeks Intensive Phase, and to mentor VSLA meetings as savings, loan disbursement and loan repayment begin.

In training sessions 1 through 4, the VSLA learns the basics of group formation and function, including: the roles and responsibilities of the General Assembly and of the Management Committee, and essential VSLA concepts of saving, planning, borrowing and managing debt. The VSLA elects its Management Committee and formulates its Constitution. In a special training session, members of the Management Committee learn their roles, including meeting management and record-keeping.

In these sessions, the CBT is in training mode: s/he uses a combination of lecture, demonstration, and interactive techniques to prepare the group to function as a VSLA.

In training sessions 5 through 9, the VSLA becomes financially functional: members learn to save, take loans, repay loans, and resolve conflicts. They practice and understand the steps of an Audit/ Share-Out: this practice session ensures that record-keeping is accurate and helps members anticipate future earnings.

For these sessions, the CBT shifts from training mode to a mentoring and support mode: s/he is now a mentor and hands-on guide as the VSLA learns by doing.

As the Intensive Phase nears an end, the CBT uses the Mentoring Checklist and Health Checklist to determine the VSLA's readiness to proceed to its Development Phase.

Session 1

Group Formation and General Assembly

WEEK 4 TO 5

OBJECTIVES OF THE MEETING

At the end of the meeting, VSLA members will:

1. Demonstrate knowledge of their roles and responsibilities as members of the VSLA.
2. Demonstrate readiness and suitability for participation in VSLA.
3. Recognize the significance of a group and reaffirm their commitment to working together in a VSLA.
4. Understand the role and authority of the General Assembly.

DURATION	MATERIALS TO USE	METHOD
2 hours	Masking tape, markers, chalkboard, at least seven sticks	Group discussion, short lecture, brainstorm

INSTRUCTIONS

STEP 1

Explain that members should always sit in a semicircle during meetings. Make sure that everyone is seated comfortably. Explain that the seating arrangement is important, it creates transparency and every members can see each other and the process clearly, which creates open space and transparent procedure.

STEP 2

Invite members one at a time to introduce themselves and state one thing they recall about VSLA from the community meetings.

STEP 3

Ask members to set temporary fines for misconduct, such as being late, missing a meeting, and inappropriate behavior State that these are temporary until they formalize fines (amounts, type of misconduct) in **their VSLA Constitution in Session 4.**

Explain that, later, the VSLA will develop its own set of rules and will consider other violations for which fines will be levied.

STEP 4

Explain that their initial training to become a VSLA will occur in five sessions in the next four weeks. Four sessions are for the entire VSLA, and one session for its Management Committee.

Display the list of session topics and briefly explain each:

- Group Formation and General Assembly
- Understanding VSLA Concepts
- Leadership and Management Committee
- Election of Management Committee and Formulation of Constitution
- Special Session: Management Committee Training

After the first five sessions, the VSLA will be ready to begin its financial operations. In later sessions, you will continue to learn new information and skills, but these will be less formal training, and more learn-by-doing.

INSTRUCTIONS

Display the list of later session topics:

- First Savings Meeting
- Conflict and Conflict Management
- First Loan Disbursement Meeting
- First Loan Repayment Meeting
- Audit/Share-Out Practice Meeting

STEP 5

Say that during our first meeting together (Meeting E), we talked about qualities of a good VSLA member.

Ask them to mention the qualities they remember.

- Trustworthy and honest
- Responsible
- Cooperative with others
- Open to and respectful of other people's ideas
- Respectful of the community
- Fair and considerate of others

Summarize by emphasizing that these qualities are critical for their group to grow and survive.

STEP 6

Ask members to suggest other characteristics they consider important in a VSLA member.

Write down their suggestions and reference them throughout training. Try to ensure that the following characteristics are discussed and emphasized:

- *Trustworthy, honest, confidential*
- *Responsible, mature*
- *Not argumentative: cooperative*
- *Not afraid to contribute to discussions*
- *Open to other people's ideas*
- *Respected in the community*
- *Patient and a good listener*
- *Fair and just*
- *Considerate of others*
- *A positive personality*
- *Hard working*
- *Not an alcoholic*
- *Have time to attend all VSLA meetings*
- *The ability to repay and treat loans seriously*

STEP 7

Summarize the discussion and stress that their VSLA can fall apart if members do not possess these qualities.

STEP 8

Ask members if they:

i. Know of any existing group(s) in their community?
ii. Have ever belonged to any group?
iii. Know how such groups work?

STEP 9

State that participating in a group is different from attending a one-off event with other people. Draw or display table (like the one on page 31, showing the difference between a gathering and a group) on the board or flip chart and, using examples from the community and characteristics in the table, explain to the participants the differences between a group and a gathering of people at an event.

STEP 10

Emphasize that for them to fully understand what a group is, they need to know the difference between a group and a gathering. Give general comments on their ideas by emphasizing the differences indicated in the table on the next page. Define a group as: An association of people who agree to combine their resources in order to attain a common objective.

STEP 11

Perform the following demonstration to emphasize the importance of working in a group.

Demonstration

Ask two participants to come to the front of the semi-circle. Give one participant a stick. Give the second participant a bundle of six or more sticks **(see illustration on next page).**

Now ask each of them to try to break the sticks. The one with many sticks should try to break the bundle.

After the demonstration,

- *Ask the participants what they have seen?*
- *What lesson they get from the demonstration?*

Conclude and relate the demonstration to the strength of being in a group.

STEP 12

Ask members to propose a name for their VSLA. Say the name should reflect the group's intentions or goal.

Ask them to propose at least three (3) names and write their proposals on the chalk board or flip chart. Allow the group to discuss each name and ask them to select one by show of hands.

STEP 13

Say that all members of the VSLA, together, comprise the General Assembly. What do we mean by General Assembly?

- First, to repeat: all members of the VSLA are members of the General Assembly. The General Assembly is the bundle of sticks we just learned about.
- The General Assembly is the overarching authority of the VSLA.
- In a future session, you will learn about and create a Constitution for your group. These are the rules and regulations that help the group function well, and that every member of the General Assembly agrees to.
- In a future session, we will learn about the Management Committee and you, the General Assembly, will elect a Management Committee for your VSLA. These are five members who will serve the VSLA by carrying out important duties to help the group function well. They serve the General Assembly: they do not govern.

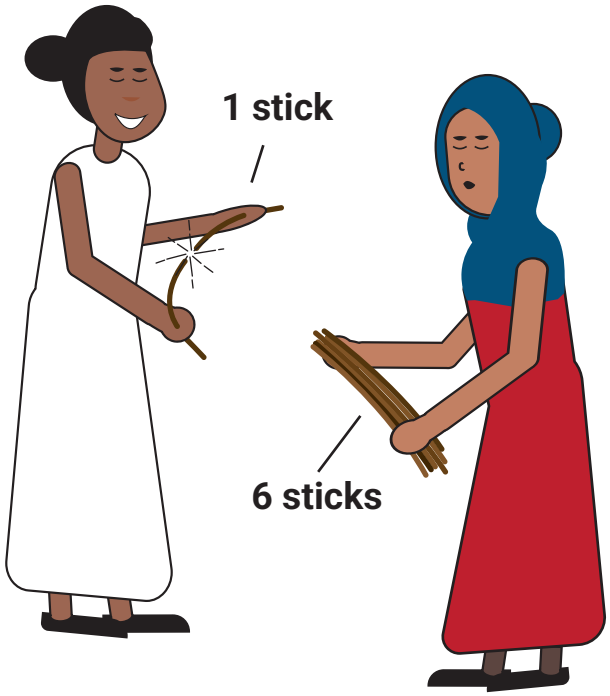
We will revisit the topic of the General Assembly as the ultimate governing authority of the VSLA.

STEP 14

Summarize and tell them that they have now formed a group that will learn to function as a VSLA.

Remember: A group is an association of people who agree to combine their resources in order to attain a common objective.

Close the meeting and tell members that, in the next session, you will discuss important VSLA concepts. In the session after that, we will revisit the topic of General Assembly, and its roles and responsibilities in relation to the Management Committee.



Distinction between a group and a gathering

Group	Gathering
• Longer term • Members have the same goal and sub-goals • Members conduct their activities together • Has leaders and rules/regulations • Members manage conflicts and solve problems together • Members have a bond of solidarity • Has a limited number of members • Allows exchange of knowledge	• Temporary • Very specific short-term objective • Different activities can take place at the same time • The participants may not see each other again after a gathering • Dissolves as soon as a problem arises

Session 2

Understanding VSLA Concepts

WEEK 5 TO 11

OBJECTIVES OF THE MEETING

By the end of the session the participants should be able to:

i. Understand the concepts and importance of savings, loans (credit), service charges, debt management, and the Social Fund.

DURATION	MATERIALS TO USE	METHOD
2 hours	Flip charts/black board, markers/ chalk sticks,	Brainstorming and lecture

NOTE TO THE CBT

Endeavor to use local examples as you explain each concept.

VSLA members must understand VSLA concepts clearly, enabling them to apply them properly in their VSLA functions. Take your time with the topics; some discussions may need more than one session, which could carry over to the next session. Plan accordingly to ensure they have enough time to grasp the topic.

Learning and understanding VSLA concepts is extended through the next seven weeks. This session focuses on understanding the concepts; in the following sessions, you will start applying what you have learned. Members will build their understanding of the concepts in both the conceptual and practical sessions and become more familiar with the steps and process.

INSTRUCTIONS

STEP 1

Welcome back members and thank them for their time.

Say: Today, we are going to discuss in detail the basic VSLA concepts and key activities and how important these concepts are in your lives. Explain that these concepts are five in number: savings, loans (or credit), service charges (or murabahah), debt management, and Social Fund. Say that we shall start our discussion with the savings concept because it is the foundation for the rest.

2.1

Savings Concept

We will discuss four important things about the concept of savings. Specifically, we will:

i. Understand what savings means, and the importance of savings.
ii. Demonstrate the benefits of saving in a group.
iii. Identify the risks of savings in a group and how to minimize the risks.
iv. Develop individual member's savings goals.

INSTRUCTIONS

STEP 1

Ask members to share examples of items they keep in their households for use now or in the future.

Participants may mention items such as furniture, utensils, bedding, domestic animals, or money. Ask them, why and where do they keep these items?

i. If money is mentioned, ask members: where are some places that people in this community keep their money?

Write down their responses in your notebook.

Summarize their responses, and say:

i. Savings means setting something aside now for use later. People can save money for a future expense, such as school fees, or for a future investment, such as farm tools.
ii. Saving cash is important. Other items such as grains, jewelry, livestock and utensils, must first be converted into cash to pay for necessities or to cover an expense. In case of an emergency, these items are often sold at a give-away price to get cash.
iii. Cash savings are safer. Cash holds its value. Cash savings provide a 'cushion' of wealth.
iv. [Where appropriate:] In a VSLA, cash or digital money (mobile money) shall be accepted.

STEP 2

Ask members to share their reasons for saving? Why do you save? What are the main reasons people in your community save for?

Write down their responses and summarize the key responses by briefly explaining to members that people save for different reason. Mention the reasons in the box below:

Why do people save?

i. To cope with unexpected emergencies
ii. To buy an asset
iii. To invest in an enterprise
iv. To pay for predictable expenses such as school fees
v. To meet future consumption needs (example: to buy food when stores are used up)

Summarize your discussion by saying: Savings are an asset (something that is owned). Savings increase economic and social security and stability. Saving money is our main focus in VSLA.

INSTRUCTIONS

STEP 3

Ask members to tell you:

- How do they and others in their community save money?
- What are the difficulties they find while trying to save?
- Why do they want to save and how they can save?
- Do different people face different challenges while trying to save? For example, women, young people, people with disabilities? What are the challenges, and why do they face them?

Note:
Ensure that the discussion is grounded in reality and uses examples from the community.

STEP 4

Divide VSLA members into three groups and ask each group to discuss the following.

i. *What can they do to overcome the challenges they face while trying to save?*
ii. *What do other people do to get money?*

Ask the groups to present their responses to the General Assembly. Conclude the plenary discussion by:

i. *Guiding them to quickly mention economic activities they can do.*
ii. *Tasking them to learn more about the income-earning opportunities mentioned, and to report in the next meeting.*

STEP 5

In plenary, ask VSLA members to discuss why it might be better to save in a group than individually. Summarize their responses, and emphasize the following benefits:

i. *Group peer pressure encourages an individual to save when s/he might otherwise spend the money.*
ii. *Savings held by the VSLA are more secure because they cannot be lost or stolen by other household members or by intruders.*
iii. *Access to savings is controlled until the savings accumulate to a useful amount.*
iv. *Group savings earn high returns through service charges interest or murabahah profits.*
v. *Remind members about the demonstration they did to break the stick in the session about group formation. Link this topic back to the demonstration by reminding members of the power they have as a group to achieve their goals.*

STEP 6

Ask VSLA members to think about risks associated with saving in a group. Summarize their responses. Say that a VSLA can make rules in its Constitution to guard against risks such as:.

i. *A member fails to repay a loan.*
ii. *A member does not have access to savings at the moment s/he needs them.*
iii. *A group experiences losses (typically, VSLAs agree that losses are shared equally among members).*

STEP 7

Ask members how they intend to grow their savings.

Summarize their responses and say that, in a VSLA, savings grow in the following ways:

i. *Regular savings contributions at the agreed frequency (typically, weekly)*
ii. *Service charges paid on loans OR profit earned from murabahah*
iii. *Fines levied on members for breaking VSLA rules*

Say: Some VSLAs also decide to invest in a group Income Generating Activity or Musharaka. We can discuss this option later, after the VSLA has developed further.

INSTRUCTIONS

STEP 8

Say: We will revisit our discussion of the savings concept in Session 4, when you will formulate your VSLA's Constitution.

STEP 9

Referring to the reasons why people save, ask VSLA members to discuss where savings come from.

Summarize their discussion and emphasize that savings can come from:

- setting aside a portion of one's income and/or
- reducing expenditures.

In either or both cases, a savings plan and a savings goal are helpful. A savings plan helps a person meet short-, medium-, or long-term financial goals.

i. *Short-term savings (weeks to months) for immediate household needs like food, clothing, or agricultural inputs.*
ii. *Medium-term savings (1-3 years) for investments such as home improvement or purchase of assets such as livestock or agricultural equipment.*
iii. *Long-term savings (over 3 years) for larger investments such as purchase of land.*

STEP 10

Explain that it is always necessary to set a goal for saving before starting to save. Say that a member's savings plan is the foundation for long-term savings goals. Each member should keep her/his long-term savings goals in mind when setting short- and intermediate-term goals.

Therefore, a savings goal should be measureable and time-bound. The goal should:

i. *Specify an amount of money, so a saver knows when s/he has reached her/his goal.*
ii. *Specify a time frame by which the saver intends to achieve her/his goal.*

STEP 11

Ask VSLA members to form pairs. Give the following instructions, and allow time for paired members to discuss and develop individual member's savings goal.

i. *Close your eyes and think about what you need? Where are you right now financially and economically, and what do you want to achieve in the future?What are some of the barriers you may face in your efforts to achieve their goals? Ask them to think about how much money they earn or can earn? (encourage members to think about this, even if they earn nothing at the present).*
ii. *Ask them to think about how they will obtain and use money to save, invest, and reach their goals. How much do they need to save, over what period of time, to meet their savings goals?*
iii. *Suggest that they think about (or write down) their current spending patterns. This provides a picture of where their money is going now, and can be used to adjust spending if needed.*
iv. *Ask, how much money do you need to meet your living expenses?*
v. *Ask them to identity which expenses they can reduce or eliminate, to realllocate this amount to savings.*
vi. *How much money is left after your financial obligations to meet your savings goals?*

STEP 12

Call the VSLA members back to plenary and ask three pairs to present to the General Assembly.

Summarize their presentations, and state that it is always more effective to choose a specific, time-bound goal (what am I saving for? how much money do I need? when do I want to achieve it?) than to make a vague resolution to "save more."

Conclude the step by repeating that it is important for each VSLA member to set an initial savings goal, and to work towards meeting that goal. Their goals will change as they make progress in their savings capacity.

Let them know they can keep working on their goals. They're going to keep adding to what they've already done. They should talk about their goals with their families. In the next meetings, I will continue to talk about and help you refine your goals until they are very clear, measurable, and achievable.

INSTRUCTIONS

STEP 13

Present and display the example of a saving plan as illustrated below. Explain that, in this example, a VSLA member has several financial goals and wants to determine how she can best meet each goal.

SAVINGS GOAL	SUM NEEDED (USD)	WHEN	AMOUNT TO SAVE PER WEEK/ MONTH (USD)	RANKING OF IMPORTANCE	HOW TO RAISE OR EARN IT
Short Term					
Education	360	6 months	15 per week and 60 per month		
Emergency	48	3 months	4 per week and 16 per month		
Medium Term					
Family Celebration	189	24 months	2 per week and 8 per month		
Long Term					
Plot of Land	576	36 months	4 per week and 16 per month		

STEP 14

Organize members into groups of three. Say:

i. Use the example shown, and develop a savings plan for one member's real-life goals.

ii. Provide constructive feedback to the member on how to improve their plan.

STEP 15

Give participants' time to finalize as you move around to support them individually.

STEP 16

Ask the groups to present their plans.

STEP 17

Summarize and emphasize the importance of:

i. Making and using a savings plan.

ii. Following, monitoring and reviewing a savings plan.

STEP 18

Tell VSLA members that their homework between today and the next session is:

i. Take the time to discuss their savings goals with appropriate household members.

NOTE TO THE CBT

- Highlight to members that the saving concept discussion is continuous and that they will continue to build on their learning and expand their understanding of the topic.
- As a CBT, you should give members time to work on their goals. Some members may develop something quick, while others may need time to go home and talk to household members and think through their goals and refine them. The CBT should follow up with each member to support them set a realistic and practical goals. You may need to talk to members individually in the coming session and ensure they have their goals ready. They may not be able to write down their goal, so discuss it with them regularly, the discussion will help them remember it.

2.2

Loan and Murabahah Concept

By the end of the session, participants will be able to:

i. Analyze experiences with loans.
ii. Describe the conditions for securing a loan.
iii. Articulate responsibilities associated with taking a loan.
iv. Distinguish between their own and borrowed money.

INSTRUCTIONS

STEP 1

Ask members what they understand when they hear the term loan? What is a loan? In Islamic contexts, ask members what is a murabahah?

After you hear from some members, summarize their key points. Highlight to members that a loan is something borrowed, especially a sum of money that is expected to be paid back in a given time.

Murabahah is a widely used Islamic financing and trade concept, particularly in the context of Islamic banking and finance. It operates on the principles of transparency and avoiding interest-based transactions, which align with Islamic finance principles. For VSLAs in Islamic context, murabahah is used for groups to purchase an item or asset that the their group members wants, then sells it to the member at an agreed, marked-up price.

After the summary, ask members:
i. What are the main reasons why people borrow money or take murabahah?

After you hear from some members and summarize their points, refer to the list on the right showing some of the main reason why people borrow money or take murabahah.

Ask members:

i. If any of them has ever received a loan or murabahah?
ii. Where did they obtain the loan or murabahah.

Their response may include: moneylender, group, relative or friend.

Why do people borrow?

i. To cope with unexpected emergencies
ii. To buy an asset
iii. To invest in an enterprise
iv. To pay for predictable expenses

STEP 2

Ask at least three people: what was the purpose of borrowing the funds? Summarize their answers and explain:

i. That loans or murabahah are taken for either
  a. Productive purposes.
  b. Consumption purposes.

ii. The disadvantage of borrowing for consumption purposes are:
  a. (In non-Islamic contexts): A consumption loan does not generate profit, yet the borrower must pay the lender for using their money. The difficulty of paying interest or service charges may lead the borrower to use savings or sell assets to settle the loan. S/he may end in a worse financial position than when s/he began.
  b. (In Islamic contexts): The difficulty of paying profit on Murabahah may lead the borrower to use savings or sell assets to settle the loan. S/he may end in a worse financial position than when s/he began.

iii. Discuss why the VSLA should prioritize loans for productive purposes over consumption purposes.



INSTRUCTIONS

STEP 3

Ask members to:

i. *Mention the different types of loan or murabahah in their community.*
ii. *The most common loans or murabahah taken.*
iii. *Repayment conditions, specifically:*
   a. *How long is the repayment period?*
   b. *How is the amount to be repaid: in installments or as a lump sum?*
   c. *What is the service charge or profit to be paid?*

Say: all loans have in common the three conditions mentioned above: a repayment period, an installment or lump sum schedule, and a service charge or profit amount.

STEP 4

Now shift the discussion from loans in general, to loans in the context of the VSLA. Explain that:

i. *In a LOAN, a member shall ask the VSLA General Assembly to borrow an amount not greater than three times her/his savings to date. Complying with the member's request, the VSLA lends the amount and establishes conditions: the repayment period, whether the member shall repay in installments or in a lump sum, and the rate and amount of service charges the member shall repay.*
ii. *In a MURABAHAH contract of sale, a member shall ask the VSLA General Assembly to purchase an item on her behalf. Complying with its member's request, the VSLA establishes a contract. The contract specifies: the cost of the item, the profit to be repaid on the item, and the repayment period and plan (typically in installments). For Murabahah to be legal and legitimate, there must be an actual transaction (buying and selling).*

Note: Murabahah requires actual possession of the item before selling it to the member requesting the loan.

STEP 5

Tell VSLA members that:

i. *The General Assembly must agree on standard conditions that regulate the amount, interest/profit, and repayment plan of all loans. This ensures clarity for all parties, and prevents favoritism and disagreement.*
ii. *The General Assembly shall decide, generally, the types of loans or Murabahah it will approve (loans for production rather than consumption), and may decide specific conditions (for example, will provide loans for food production but not for alcohol production).*
iii. *You will make these types of decision in a later session when you create your VSLA Constitution.*

2.3

Service Charge or Profit Concept

By the end of the discussion, participants will be able to:

i. Express their understanding of what profit mark-up is and why it is an essential element of the VSLA methodology.

INSTRUCTIONS

STEP 1

Remind that VSLA members have discussed the concepts of savings, and loan or murabahah. Now you will discuss service charges or profit as concepts associated wth using VSLA funds.

Tell them that you are going to read a brief story related to the two terms service charge and profit.

Story 1

Anderu borrowed a cooking pot from her neighbor. She promised her neighbor that she will return the pot the next day. She used the pot to cook food for her family. Anderu returned the pot the next day well washed, and with some food.

STEP 2

Ask these questions to promote exploration of the service charge or profit concept:

i. *What happened in the story?*
ii. *Why did Anderu bring food to her neighbor when she returned the pot?*
iii. *What does the food that Anderu brought mean to you?*

Discuss the story and explain that, in a VSLA, money loaned to any member belongs to every member of the group. The money is borrowed for a limited time and it is normal to return the money with a little extra as:

i. *A gesture of appreciation to the other members who made their money available to the borrower.*
ii. *A way of increasing the value of each member's savings. In this way, the borrower enjoys double benefit: she has used the loan to meet a financial goal, and she has increased her savings.*

STEP 3

Summarize by giving the following reasons for applying services charges or charging profit:

i. *When a VSLA member takes a loan of other members' money, no one else can use the money during the duration of the loan. The other members cannot access their own savings or use them to generate profit. Therefore, the borrower pays profit or service charges to compensate for this sacrifice. Yet, because the other members have not worked to earn the service charge or profit, the amount should be less than the profit gained by the borrower.*
ii. *Because of inflation, the borrowed money loses value during the loan perod. The borrower should pay some money to cover this loss.*
iii. *The service charge that a borrower repays is the property of the VSLA. It is not lost to the members as it would be if they had borrowed from a bank. It returns to their pockets: it is, in effect, another form of income, because it increases the amount of money that each member gets at the end of the VSLA cycle.*
iv. *Service charges discourage VSLA members from borrowing without a serious need or purpose.*

2.4

Debt Management Concept

By the end of the discussion:

i. Participants are better able to manage debts.
ii. Participants understand the difference between their own and borrowed money.

INSTRUCTIONS

STEP 1

Say: because money taken from the group as loan or murabahah attracts service charges or profit, it is necessary for members to learn how to use borrowed money well.

State that you will now read a story, after which members will discuss:

i. Reasons why people fail to repay a loan
ii. Consequences of not repaying on time or failing to repay at all
iii. How to minimize debt

NOTE TO THE CBT

- In non-Islamic context, use story 1 about Michael and in Islamic context, use story 2 about Juma.
- Please take caution when you use names in a story, their may be a member called Michael or Juma and the story can lead to different unintended assumptions. Ask members to choose a name in context that you are not sure what names to use.

STEP 2

Read Story about Michael (services charges)

STORY 1

Michael, 23 years old, had long thought of starting a poultry business because there was high demand for meat and eggs in his village but not enough supply. Michael belongs to a VSLA. He decided to request a loan of USD 50 to initiate his poultry business. According to his calculation, the money was enough to establish a poultry house and buy 20 birds. Soon after he received the loan, Michael's friends visited him. He decided to use some of the loan money to buy soft drinks and prepare a special meal for them: he spent a total of USD 35. When the loan period ended, Michael was unable to repay his loan.

i. Ask members the following questions to elicit discussion of debt management
ii. What happened in the story?
iii. Why did Michael fail to pay back to his loan?
iv. What have you learned from Michael's story?

OR

Read story about Juma (murabahah)

STORY 2

Juma, 23 years old, had long thought of starting a poultry business because there was high demand for meat and eggs in his village but not enough supply. Juma belongs to a VSLA. He asked members to pay USD 50 to initiate his poultry business. According to his calculation, the money was enough to establish a poultry house and buy 20 birds. The VSLA paid for construction of the poultry house and bought 20 young birds. After receiving the birds, Juma went to visit his friends and left his elder brother in charge. His brother had no experience in caring for poultry. Juma returned after five days and found 10 birds dead from excessive cold. When the loan period ended, Juma was unable to repay his loan.

INSTRUCTIONS

i. *Ask members these questions to elicit discussion of debt management*
ii. *What happened in the story?*
iii. *Why did Juma fail to pay back his murabahah?*
iv. *What have you learned from Juma's story?*

STEP 3

Explain that, in a VSLA, money given to any member belongs to all members. It must be repaid as agreed.

STEP 4

Ask members why people fail to repay their loans? What are the main factors?

Write down and summarize what members shared; make sure the below points are covered in the summary discussion:

i. *The borrower's business is less successful than expected due to poor management.*
ii. *The borrower spends loan money on consumables instead of investing in business*
iii. *A family member or friend of the borrower takes the loan money.*
iv. *The borrower uses the loan for very risky business practices such as selling on debt.*
v. *Someone steals the loan money from the borrower.*
vi. *The borrower's business is struck by a natural disaster.*
vii. *The borrower does not keep track of loan repayment*

STEP 5

Ask members what are the likely consequences of not repaying a loan as agreed.

After listening to some members response, use member's response and the below points to discuss the consequences of not repaying a loan as agreed. First, discuss loans in general (not specifically within a VSLA):

i. *The lender seizes the property of the borrower and/ or their guarantor.*
ii. *The borrower must pay penalties and fees.*
iii. *The borrower has difficulty getting another loan; the borrower is considered as a risk.*
iv. *The borrower is embarrassed and reputation is damaged.*

Finally, ask members to imagine the effects on a VSLA group if one or more members do not repay their loans.

STEP 6

Ask members what are the different ways one can manage debt safely and responsibly?

Summarize their response and say: a borrower can manage debt safely and responsibly in the following ways:

i. *Use a loan only for the reason it was borrowed.*
ii. *Borrow ONLY for productive purposes, and never for concumption purposes.*
iii. *The borrower must know their capacity to repay.*

2.5

Social Fund Concept

By the end of the discussion, participants will be able to:

i. Articulate the importance of the Social Fund in a VSLA.
ii. Explain how to manage a Social Fund.

Synonyms for Social Fund:

- **Welfare Fund**
- **Emergency Fund**

INSTRUCTIONS

STEP 1

Ask members to mention common emergencies they experience in their households and community.

Their responses may include:

i. Medical expenses, including drugs, doctor visits and hospital bills
ii. Funeral expenses
iii. Educational expenses
iv. Disasters, such as a house burning down

STEP 2

Ask members how they usually obtain funds to manage in emergency situations? Their responses may include:

i. Borrowing money as a loan
ii. Selling an asset to raise cash
iii. Begging or seeking charity

Allow them to explain their experiences using the above sources of money to respond to emergencies. Write any negative experience in your note book.

Define the Social Fund as a fund that VSLA members contribute to, and that helps members meet emergencies and social obligations.

STEP 3

Briefly explain the difference between the Social Fund and a loan. Say that:

i. People who face an emergency might choose to take a loan. In an emergency, repaying a loan with service charges can add an extra burden.
ii. Restate the differences between a productive and consumption loan (or murabahah). Emergencies do not generate profit. Therefore, they require consumption expenses. They should not be financed by a loan that must be repaid with service charges or profit.

STEP 4

Briefly explain the purpose of the Social Fund.

The Social Fund provides small grants or fee-free loans (that is, no service charges or profit) to members who encounter emergencies. For example, most VSLAs make grants or fee-free loans from the Social Fund in the case of death in a member's family. Other emergencies may include: social obligations related to a wedding or an illness. The Social Fund helps members cope with unpredicted emergencies.

INSTRUCTIONS

STEP 5

Explain the following features of the Social Fund:

i. *The Social Fund helps VSLA members avoid losing their assets in an emergency, when people tend to sell assets at give-away prices.*
ii. *It is mandatory that all VSLA members contribute to the Social Fund.*
iii. *The VSLA decides how much money members must contribute to the Social Fund. This contribution is usually less than the savings contribution or Share value.*
iv. *The Social Fund is kept in a separate bag from the Loan Fund (general savings), and you will elect a Social Fund Treasurer to manage the fund.*
v. *Unlike savings which are a member's personal money, the Social Fund is a group fund that serves as members' insurance. Therefore, it is not reflected in an individual member's Passbook but rather in the Secretary Book.*
vi. *It is normal for VSLAs to issue money from the Social Fund either a grant or as a fee-free loan. You will decide about this when you make your VSLA Constitution in the next session.*
vii. *Grants made from the Social Fund are not expected to be repaid.*
viii. *Loans from the Social Fund are repaid without service charges or profit.*



2.6

Summarize VSLA Concepts and Close Session

INSTRUCTIONS

STEP 1

Summarize by saying: We have learned a lot in this session. We have discussed savings, we have begun to make individual savings plans, and we have discussed loans and murabahah. We have introduced the topic of service charges on loans and profit on murabahah. We talked about managing debt, and the importance of repaying loans. Finally, we began to understand the Social Fund within a VSLA.

STEP 2

Say: Thank you for your attention and contributions to this information-packed session. I want to assure you that you will have many opportunities to put this information into practice as your VSLA starts to save money and make loans to members.

STEP 3

Say: Before we close the session, I want to remind you of your homework. Before we meet again, talk about your savings plan with the appropriate person or people in your household and continue to refine your saving plan.

Session 3

Leadership and Management Committee

WEEK 6 TO 7

OBJECTIVES OF THE MEETING

At the end of the meeting, VSLA members will:

i. Explain the relationship between the General Assembly and the Management Committee.
ii. Identify the benefits of leadership in a group.
iii. Explain the role of leaders in a VSLA.
iv. Explain the need to have representation of people from different background in the Management Committee.
v. Elect good leaders for their association.

DURATION	MATERIALS TO USE	METHOD
2 hours	Masking tape, markers, chalkboard.	Group discussion, short lecture, brainstorm

INSTRUCTIONS

STEP 1

Welcome members to this training session.

Ask members to remember from the previous training session and mention:

i. Their VSLA name
ii. Characteristics of a group (in comparison to a one-time gathering)
iii. The composition and the role of the General Assembly

STEP 2

Say that today we will briefly review the concept of the General Assembly, which we learned about in the last session. Then we will learn the role and relationship of the General Assembly to the Management Committee.

Explain that:

i. All members of the VSLA are members of the General Assembly. Each member has a responsibility to make their VSLA successful..
iii. The members of the General Assembly elect the Management Committee.
iv. The Management Committee works for the General Assembly.
v. The General Assembly can dismiss the Management Committee if the Management Committee is not conducting its duties or meeting expectations. It can also expel unruly members who cause problems to the VSLA as a whole.
vi. The General Assembly develops the agenda for VSLA meetings and any additional training or activities a VSLA undertakes.
vii. The Management Committee MUST be representative of the General Assembly.

INSTRUCTIONS

STEP 3

Allow members to ask questions for further clarification. Respond to them one at a time and summarizes all that has been said.

STEP 4

Say: now that you know that it is your duty as members of the General Assembly to elect a Management Committee, let us discuss leadership in a VSLA.

Start by asking members to mention:

i. *Which leaders do they have in their community?*
ii. *How did these people became leaders?*
iii. *What roles do they play?*
iv. *What positive things have these leaders done for the community?.*
v. *What are characteristics of a good leader? What do you want to see in a leader?*
vi. *Whether there is need to have leaders for their VSLA.*
vii. *Why it is important to have representation in leadership?*
viii. *Make it clear that election every cycle is significant because the members of the leadership committee should rotate. They should support this practice going forward, even if they're satisfied with the existing leadership, so that everyone has an opportunity to lead and the group may learn from other committees members.*

Write down key points from their responses in your note book. Explain that:

i. *The leaders of a VSLA are called, collectively, its Management Committee.*
ii. *The Management Committee enforce internal rules and regulations.*
iii. *The Management Committee guide and keep the General Assembly focused on its goal.*
iv. *The Management Committee represent the VSLA in other important forums. They are the face and voice of the General Assembly.*
v. *The Management Committee are the custodians of the association's records and resources.*
vi. *The Management Committee must look like the General Assembly. For example, if the General Assembly has mostly women, the Management Committee should be made up of mostly women. If the General Assembly includes people living with disabilities, a proportionate number of people living with disabilities should be on the Management Committee.*
vii. *VSLA members who already hold public office, either in the government or traditional structures, are not eligible to serve on the Management Committee, but their advice may be sought and considered.*
viii. *The Management Committee serve for one year, after which elections are held again. Even if the VSLA is happy with its Management Committee, it must hold elections.*

STEP 5

Ask members to mention which types of leader they feel are needed to manage their VSLA to succeed?

Summarize their responses and explain that:

i. *The Management Committee consists of five people: one Chairperson, one Secretary/Record Keeper, one Treasurer, and two Money Counters.*
ii. *The VSLA General Assembly will also elect three Key Keepers and one Social Fund Treasurer, but these are not members of the Management Committee.*

INSTRUCTIONS

STEP 6

Ask them to listen to a story about the importance of leadership in a group.

Read story 1 below:

After reading the story, ask:

i. What happened in the Happier Days VSLA?
ii. How could this situation have been avoided?

STORY 1

In Community A, people came together and formed the Happier Days VSLA. They felt that since they all knew each other, there was no reason to elect a Management Committee.

In their third savings meeting, members decided to speed up the process. They allowed people to come and go as they wanted, so long as money was deposited to the collection bowl.

One member volunteered to keep records and they agreed that any spare cash would be kept in a safe place by another trusted member.

In one of the Happier Days VSLA meetings, there was disagreement as to how much money the group owned.

The money brought by the trusted member did not correspond to what the person keeping records claimed should be the balance. When different members tried to count the money, the total amount was always different. Some members got angry and started to shout at others, some got upset and left the meeting. Community leaders were called to restore order and to try and find a solution.

STEP 7

Explain the importance of having properly elected leaders in a group, because they:

i. Write correct records for the group.
ii. Ensure that all members are present and attend each meeting up to the end.
iii. Verify group funds at the beginning and end of each meeting session.
iv. Resolve conflicts and misunderstandings.

STEP 8

Say: now that we have talked about the role of leaders in a VSLA, let me share with you a story about why it is necessary to elect leaders with the right qualities and capacity to perform their duties.

Read story 2 :

STORY 2

In Community B, people came together and formed a VSLA which they named the “Aim High Mixed Group”.

Aim High members elected as Chairperson an individual who was very honest and reliable but who was shy and lacked confidence while interacting with others. The CBT tried, without success, to explain that the role of the Chairperson demanded dynamism. A Chairperson must know how to organize and run meetings, maintain order, and resolve conflicts.

The Chairperson must also be able to represent the group at community meetings and to visitors to their community. Despite the CBT’s efforts, the group maintained its choice of Chairperson.

INSTRUCTIONS

STORY 2 continued.

During one weekly meeting, a VSLA member accused another member—one of the two Money Counters —of refusing to pay a fine for absenteeism. This accusation led to a fight and the two members left the group. Now the VSLA had only one Money Counter, who complained of too much work. Worse, in several instances the remaining Money Counter's counts disagreed with the Secretary's records.

The Chairperson hesitated to intervene and resolve the conflict between the two members, and did not guide the VSLA to elect a replacement for the Money Counter who left. The VSLA lost funds. Eventually, the General Assembly decided to elect a different Chairperson, although they had already lost part of their savings.

After reading the story, ask:

i. *What happened in the Aim High Mixed Group VSLA?*
ii. *How could this situation have been avoided?*
iii. *Why is it important to consider a person's qualities before electing them to a leadership position?*

STEP 9

Summarize their responses and explain that:

i. *The Chairperson in our story might have been very good as a Treasurer, but not as a Chairperson.*
ii. *Each position on the Management Committee requires different qualities. Different leaders perform different duties.*
iii. *There is need to clearly consider roles and responsibilities of a given leadership position before electing people into office.*

STEP 10

Display the matrix on the next page. Explain each position's role, and the important qualities of the indvidual who holds the position.

STEP 11

Divide VSLA members into four groups. Each group will discuss one of the four Management Committee leadership positions (Chairperson, Secretary, Treasurer, and Money Counters).

Try to ensure that each group has one member who can read and write. If that is not possible, be prepared to assist as needed.

Assign each group its position and ask each group:

i. *To review the qualities needed for the leadership position.*
ii. *To discuss the responsibilities of the position.*
iii. *To brainstorm any changes – additions, deletions, or clarifications – they would recommend.*
iv. *To note any questions they have about the qualities and responsibilities.*
v. *If some VSLA members can write:*
    - *Give each group paper or flip chart and marker.*
    - *Tell each group to select one member to write their ideas and questions.*

STEP 12

Thank VSLA members for their attention and participation. Say that we will discuss their suggestions and questions at the beginning of the next meeting. Encourage members to keep thinking about the leadership positions—and about which VSLA members might be qualified to fill them—until the next VSLA meeting, when they will elect members to the Management Committee.

VSLA Leadership Positions: Responsibilities and Qualities

VSLA Management Committee

TITLE	RESPONSIBILITIES	QUALITIES
CHAIRPERSON	• Calls meetings to order, announces agenda, leads discussions and activities • Maintains discipline, levies fines • Ensures that meetings follow proper procedure, that Constitution is respected • Represents the VSLA to outsiders and non-members • Facilitates discussion of topics raised by members, ensures all voices are heard • Helps members resolve conflicts	• Respected, dynamic, visionary • Trustworthy • Fair and neutral • Confident but not autocratic • Wise, thoughtful, empathetic • Good listener, takes others' opinions into account • Patient, organized, punctual • At ease speaking in front of others • Can summarize views of many people
SECRETARY	• Calls roll and marks attendance in Secretary Book • Ensures that all VSLA records are complete, accurate and safe • Summarizes group decisions and state of finances at every meeting • Makes necessary purchases for the VSLA (example: new notebook, ink for stamps) using money from loan fund, and justifies expenses with paper receipts. • Helps the CBT update records during monitoring visits	• Trustworthy • Reliable, punctual • Intelligent • Respected • Honest • Literate and numerate; can maintain VSLA records • Available for specialized training (record-keeping) by CBT
TREASURER	• Stamps members' Passbooks to record shares purchased (savings) during meetings. • Keeps Cash Box with VSLA funds (does not keep keys) between meetings • Brings Cash Box to each meeting	• Numerate • Trustworthy • Reliable, responsible • Honest • Respected • Lives in a reputable family • Lives in a secure house
MONEY COUNTERS (2)	• Counts the VSLA's money	• Numerate • Trustworthy • Reliable, responsible • Can detect fake money

VSLA Leadership Positions: Responsibilities and Qualities continued.

Other Leadership Positions

TITLE	RESPONSIBILITIES	QUALITIES
SOCIAL FUND TREASURER	• Keeps bag with Social Fund • Makes grants or fee-free loans to members who need them, in VSLA meetings and in the periods between VSLA meetings • Reports inter-meeting grants and fee-free loans to General Assembly and to Secretary at next VSLA meeting	• Numerate • Trustworthy • Reliable, responsible • Honest • Respected • Lives in a reputable family • Lives in a secure house
KEY KEEPERS (3)	• Each Key Keeper keeps one of the three keys that secure the Cash Box • Brings key to each VSLA meeting	• Trustworthy • Reliable, responsible • Honest • Respected • Lives in a reputable family • Lives in a secure house



Session 4

Election of Management Committee and Formulation of Constitution

WEEK 7

OBJECTIVES OF THE MEETING

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

i. Explain and follow the steps and rules involved in voting for their leaders.
ii. Discuss and elect their leaders to the VSLA Management Committee.
iii. Articulate the importance of the Constitution in a VSLA.
iv. Explain the elements of the Constitution.
v. Develop the Constitution for their VSLA.

Elected members determine a time and place for Management Committee training.

DURATION	MATERIALS TO USE	METHOD
1 hour 20 minutes	Ballots, pens, markers, masking tape, flip charts, voting materials and a VSLA Toolkit	Reflection, brainstorm, discussion, short lecture

NOTE TO THE CBT

In preparation for elections, do the following:

i. Carefully review the voting procedures.
ii. Prepare and come to the session with voting materials. The voting materials should be items that are not be easily obtained by members.
iii. The number of ballots should be double the number of VSLA members. If the group has 25 members, for example, bring 50 ballots. This allows the election of two Money Counters.
iv. Bring four containers (bowls, boxes, baskets, bags) of different colors.

Synonyms for Constitution:

- **Rules and Regulations**
- **By-laws**

INSTRUCTIONS

STEP 1

Welcome VSLA members.

Take attendance and say: This is the last time I will take attendance. Today you will elect the Management Committee. The Management Committee will take attendance in all future meetings.

STEP 2

Say: In our last meeting, you discussed the qualities you want in a leader. I asked you to think about the different positions of the Management Committee, and about VSLA members who are suitable for each position.

Invite two or three volunteers to share their reflections on important qualities of VSLA leaders.. Summarize and remind that there are five positions in the Management Committee. The five positions are Chairperson, Secretary, Treasurer, and two Money Counters. Say: Today we are going to elect people into these five positions.

STEP 3

Preview or remind VSLA members of essential elements of elections.

Say that:

i. *Elections of leaders shall begin with nominations of individuals for each position.*
ii. *Each VSLA member can nominate one person per position.*
iii. *Nominated people should not come from the same family. They should not currently hold a public or community leadership position, including religious leadership.*
iv. *Each nominated member must agree or refuse to stand for election.*
v. *After all VSLA members have nominated an individual for a position, the top three names (those with the most nominations) will stand for election for that position. For Money Counters, the top four names will stand for election.*
vi. *All members have the right to vote. The rule of 'one person, one vote' shall be applied for each position.*
vii. *Voting is secret, but verification and counting of votes occurs in front of all members.*
viii. *As your trainer, I will oversee the voting process.*
ix. *Each candidate will be represented by one color container. Nominated members will each choose their color.*

STEP 4

Say, we will now begin the election process. You will start by electing the Chairperson, followed by Secretary, Treasurer, and Money Counters.

Later, after you have voted for the Management Committee, you will also select three people to serve as Key Keepers and one to serve as Social Fund Treasurer. This will be done by a show of hands.

STEP 5

Say: We will start with the election of Chairperson.

i. *Ask members to nominate three names. Write the nominees' names on the chalk board or flip chart.*
ii. *Request all the nominated individuals to step away from the meeting site. This allows the General Assembly to freely discuss each candidate.*
iii. *Ask each person who nominated a candidate to justify the choice.*
iv. *Allow the General Assembly to comment on whether the candidate is suitable or not for the leadership position.*

ILLUSTRATION OF A VOTING SET-UP



INSTRUCTIONS

STEP 6

Invite the nominees back to the meeting. Ask each of them to select a container of his/her choice.

STEP 7

Set up the election area as shown in diagram on previous page.

Tell the General Assembly that you will now walk them through the process of voting for Chairperson.

STEP 8

Call the member seated nearest you to the front. Give her/him a ballot.

Tell the member to go behind the screen and place the ballot in the colored container that corresponds to the Chairperson of her/his choice.

Repeat this step for each VSLA member.

STEP 9

When all the members have voted, confirm that the number of ballots in the containers is equal to the number of members present..

Count the ballots in each container and declare the winning Chairperson. Take these actions in the presence of everyone. In case two candidates receive the same number of votes, encourage members to discuss the qualities needed in a candidate once more and vote again.

STEP10

Repeat Steps 5 through 9 to nominate and elect a Secretary and a Treasurer.

Then, when it is time to elect the two Money Counters, repeat the steps but select the top **four** nominated individuals (Step 5). Give each member **two ballots** (Step 8), place all **four colored containers** behind the screen, and instruct them to put a ballot in each of the **two** colored containers corresponding to their choices for Money Counters. Count the ballots (Step 9) and declare the **two** winning Money Counters.

STEP 11

When voting is finished, congratulate the elected members of the Management Committee.

Remind the General Assembly that these leaders will serve for one Operating Cycle, after which elections will be held again.

STEP 12

Say: now we shall choose three Key Keepers and one Social Fund Treasurer. We will do this by nominations, followed by a show of hands.

These four individuals should be VSLA members who can be relied upon to attend each meeting, and to arrive punctually. They will not be members of:

- the Management Committee
- the same family or household

i. Ask each member to nominate a Key Keeper. Write the names on board or flip chart.
ii. Select the top four nominees, and ask if they wish to serve.
iii. State each name and ask for a show of hands from VSLA members.
iv. Count hands. Announce the three winning Key Keepers.
v. Repeat the above steps for Social Fund Treasurer. Select the top three nominees, and announce one winner after show of hands.
vi. Congratulate the Key Keepers and Social Fund Treasurer. Remind the General Assembly that these are important positions, but they are not part of the Management Committee.

STEP 13

Ask the Management Committee members to step forward and sit as shown in the diagram below.

Invite all other VSLA members to sit in a circle facing the Management Committee. Say: This will be your seating arrangement for all future VSLA meetings.

VSLA MEETING SEATING ARRANGEMENT



INSTRUCTIONS

STEP 14

Give the VSLA Toolkit to the Treasurer and say: The Treasurer is responsible for safeguarding this Toolkit between meetings.

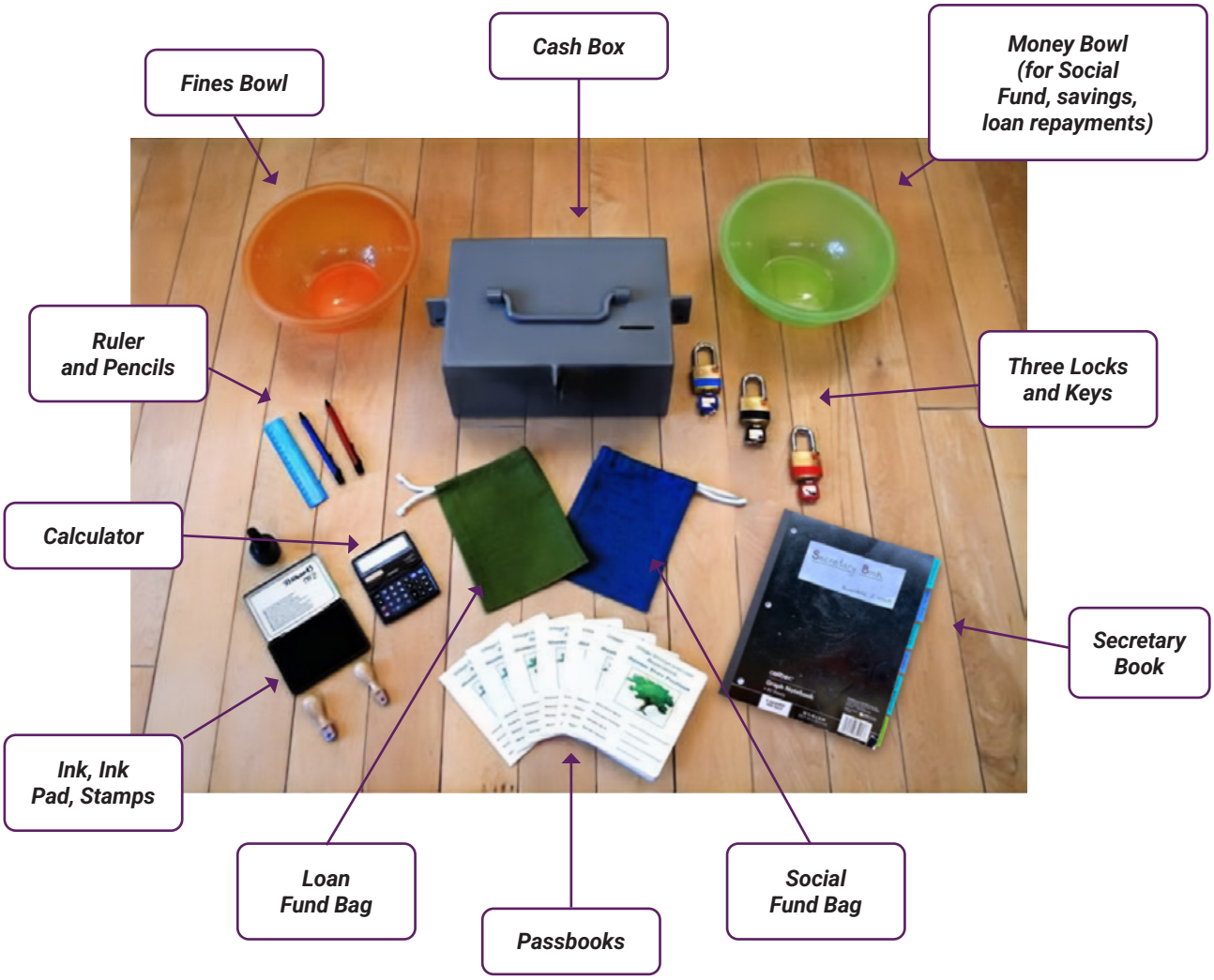
Explain the items in the Toolkit. They are: A Cash Box with three locks and three keys; a Money Bowl; a Fines Bowl; a Secretary Book for record-keeping; a bag for Social Fund money and a bag for Loan Fund money; member Passbooks; an ink pad, ink, and stamps; a calculator; and a ruler and pencils.

Say: As I mentioned, the Treasurer is responsible for safeguarding these items between meetings, but the exception is the Secretary Book. The Secretary keeps the Secretary Book between meetings.

Note:

- *In some places, the VSLA purchases its Toolkit. In others, the CBT's organization gives the VSLA Toolkit at no charge.*
- *Where a Toolkit is sold to VSLAs, state the price of the Toolkit and agree upon a payment schedule with the General Assembly. The payment schedule should not exceed two months*

VSLA TOOLKIT



INSTRUCTIONS

STEP 15

Say: We will now proceed with the second half of today's meeting.

In previous meetings, you learned about the General Assembly; and you discussed VSLA concepts including savings, loans, service charges, and Social Fund. Today, you elected your Management Committee.

Now we shall discuss and set the rules and regulations that will govern your VSLA's operations. In other words, we will create your Constitution.

STEP 16

Ask participants to mention:

i. *Any rule they know that governs their life in their household/family or community.*
ii. *Who sets these rules?*
iii. *What is the value of these rules in the household/family or community?*
iv. *What do you think would happen if these rules did not exist?*

Summarize their responses and explain that having rules in their VSLA is necessary to ensure discipline, maintain harmony, ensure transparency, and easily manage their group's operations.

STEP 17

Read or ask a volunteer to read Story 1 about observance of internal rules and regulations.

STORY 1

Bonnie is a member of the "Focus to Prosperity" VSLA. She rarely attends meetings, and she does not participate in the group's social events. Today, Friday, is the funeral of her mother. It is also the VSLA's meeting day. She expects VSLA members to attend the funeral and contribute towards its expenses. But a week earlier, the VSLA decided to modify the internal regulations that govern use of the Social Fund: a member could request a grant to cover funeral expenses, but individual members should not give donations directly to that member. According to the new rules, therefore, members did not contribute towards Bonnie's mother's funeral.

NOTE TO THE CBT

Remember that the Constitution comprises the rules, regulations, and procedures that describe what the group wants to do, how it will be governed, how the people who govern it will be elected, and what their powers will be. The Constitution lays out the way in which the VSLA's activities are conducted. During the development of the Constitution,

- Ensure active participation of all General Assembly members and their ownership of the agreed regulations.
- Avoid influencing and imposing your own roles, but you may present examples from other VSLAs' Constitutions if appropriate.
- Ensure that all agreed rules are documented and endorsed by all members.

Note: Annex i contains a generic template for a VSLA Constitution: use Annex i as a guide throughout the steps that follow.

INSTRUCTIONS

STEP 18

Ask the members the following questions;

i. *What happened in this story?*
ii. *Why did the VSLA make the new rule about funeral donations in the Constitution?*
iii. *What VSLA rules did Bonnie break?*
iv. *What do you think this VSLA should have done to avoid these problems?*

Summarize responses and explain that each VSLA must have internal rules and regulations to minimize misconduct and misunderstandings among members. Because VSLA are dynamic and continually learning, members should amend their Constitution whenever there is need. Explain that rules and regulations:

i. *Guide a VSLA towards its objectives and goals*
ii. *Govern the VSLA's economic and social operations.*
iii. *Define rewards and punishments within the VSLA.*
iv. *Save time in cases of conflict.*
v. *Are a binding agreement among all members*

STEP 19

Review the main elements of a VSLA Constitution using Annex i.

STEP 20

Divide the VSLA members into four groups of equal size.

Ensure that each group includes a member who can read and write. Use the Constitution guidelines outlined in annex (i) and say that the groups should discuss and generate suggested regulations on the assigned topics:

i. *Group 1:*
   a. *Basic information on the VSLA*
   b. *VSLA objectives*
   c. *Criteria for membership*
   d. *Composition of Management Committee*
ii. *Group 2:*
   a. *Election Procedures*
   b. *Removal of Management Committee members between elections*
   c. *Meetings and Share value*
iii. *Group 3:*
   a. *Criteria for loan disbursement*
   b. *Conditions for repayment*
   c. *Misconduct and fines*
iv. *Group 4:*
   a. *Criteria for Social Fund*
   b. *Withdrawal of a VSLA member*
   c. *In case of death*
   d. *Amendments to Constitution.*

Note:
- Give them adequate time to finish the task.
- Move around the groups and give support where needed.

STEP 21

Invite members back to the bigger group.

i. *Invite each group representative to share proposed suggestions for the Constitution.*
ii. *For each presentation, invite members of other groups to ask questions, make comments or suggest additions.*
iii. *If members seem to disagree, invite comments. For example, say, "I recognize that not everyone agrees. What can be clarified or corrected?"*
iv. *Once the key questions and concerns have been satisfactorily answered by the VSLA General Assembly, the Secretary writes the VSLA's Constitution in the group's Secretary Book.*

STEP 22

When all members are happy with the Constitution, invite each member to append a signature or affix a fingerprint to signify agreement with the VSLA Constitution.

STEP 23

Announce that, if the the VSLA is to reach its objectives, it is the responsibility of each VSLA member to ensure that the rules are remembered and enforced.

INSTRUCTIONS

STEP 24

Say that:

i. *Congratulations on a good session and thank you for your hard work. Today you elected your Management Committee. You agreed on your VSLA's Constitution, including Share value (savings deposit amounts) and frequency, and Social Fund contributions.*
ii. *The next meeting of the General Assembly will be Session 5, First Savings Meeting. You will each make your first savings and Social Fund contributions.*
iii. *But first, I will hold a Special Session with members of the Management Committee. The purpose will be to help the Management Committee become familiar with their new roles and responsibilities. We will discuss leadership and the qualities of a well-managed VSLA. We will discuss and practice record-keeping and meeting procedures.*

Ask members of the Management Committee to stay for a few moments to schedule their Special Session.

Ask the Secretary to meet with you one-on-one for about two hours prior to the Special Session. During this meeting, you and the Secretary will prepare the Secretary Book and the member Passbooks.

Special Session

Management Committee Orientation

WEEK 7

OBJECTIVES

By the end of the Special Session, members of the Management Committee will:

i. Articulate the qualities of a well-managed VSLA
ii. Understand their roles and responsibilities
iii. Define their positions as leaders of and service providers to the General Assembly
iv. Understand why and how to apply measures of good financial performance to the VSLA
v. Identify and use basic VSLA records

DURATION	MATERIALS TO USE	METHOD
2 to 3 hours	Prepared flip charts (roles and responsibilities), VSLA Toolkit	Discussion, Q and A, learn-by-doing

INSTRUCTIONS

STEP 1

Welcome the five members of the Management Committee. Congratulate them on their election, and thank them for being willing to serve their VSLA.

Explain that the Special Session today has five parts. They are:

Part A: Qualities of a Well Managed VSLA
Part B: Roles and Responsibilities of Management Committee members
Part C: VSLA Record-Keeping
Part D: VSLA Meeting Procedures
Part E: Introduction to Conflict and Conflict Resolution

Assure the Management Committee members, now and throughout the Special Session, that today will be an *orientation* to these important topics, so they can begin to feel comfortable in their new roles.

After today's introduction, they will have many opportunities to practice and learn more in actual VSLA meetings, using a method called *learn-by-doing*. Assure them that you, the CBT, will be present to guide them as they learn-by-doing.

STEP 2

Say that, before we learn about each of your specific roles and responsibilities, we will take a few moments to discuss the ideas of leadership and service—and how they are different from authority and control.

Remind them that a VSLA is, by its nature, a *voluntary* and *cooperative* group. It is a group of *adults* who choose to cooperate with each other to achieve more together than any individual member could achieve alone.

Your purpose, as members of the Management Committee, is to provide services and leadership to the VSLA General Assembly, and to guide the group toward success.

INSTRUCTIONS

Among the services you provide are:

i. good meeting management
ii. good financial management
iii. transparent record-keeping
iv. conflict mitigation and resolution

Among your leadership tasks are:

i. to create a welcoming and friendly meeting environment
ii. to guide VSLA members through proper procedures for saving, borrowing, and repaying loans
iii. to demonstrate by personal example the trustworthiness, honesty, confidentiality, and friendliness that help a VSLA succeed

Say: As members of the Management Committee, you do hold some power. For example, you have the power to levy fines on members who do not follow the rules. But this kind of power is yours only because the General Assembly agreed to it in the VSLA Constitution. The VSLA General Assembly granted you these powers, and they can withdraw these powers by voting you out of your position.

Members of the Management Committee do not dictate rules to VSLA members. You do not control members' behavior. Instead, you *lead* the VSLA toward good practice, *inspire* VSLA members to cooperate and follow rules, and *serve* the VSLA so it can succeed.

Pause for questions.

Part A: Qualities of a Well-Managed VSLA

Explain that each member of the Management Committee has their own, position-specific tasks. Collectively, the Management Committee bears responsibility for ensuring that the VSLA is well managed—and for inspiring the General Assembly to contribute to the good functioning of the VSLA. Here are the basic indicators of a well-managed VSLA.

Meeting Performance:

- Good time management: meetings begin and end on time; activities proceed at a good pace.
- The seating arrangement (see diagram page x) is respected.
- Attendance is good: at minimum, 90 percent of members are present at each meeting.
- Each member of the Management Committee knows and performs her/his duties.
- The Management Committee ensures that the VSLA's Constitution is followed, and levies fines on members who break rules.

Financial Performance:

- All VSLA records are accurate and agree with each other.
- All VSLA members save at least the agreed one share value at the agreed frequency.
- Loan or Murabahah repayment rate is 100 percent, and the proportion of the portfolio at risk (the total value of all loans that have not been fully repaid by due date) is less than 3 percent.
- Group fund utilization (the proportion of the loan fund that is on loan to members and therefore earning interest or profit money) is at least 98 percent.

Part B: Roles and Responsibilities of the Management Committee

Say: In Session 3, we discussed the roles and responsibilities of each member of the Management Committee. We will review those again now, and we will practice some of your duties in the next step.

NOTE TO THE CBT

This session training should be specific to the management committee. Make sure that the qualities and responsibilities you talk about are specific to the management committee members or leaders who are taking the training. Similar to what you talked about with all members in session 3, the topics on the list should be tailored to the management committee, and the format shouldn't be the same as what you talked about with the general assembly.

VSLA Management Committee

TITLE	RESPONSIBILITIES	QUALITIES
Chairperson	• Calls meetings to order, announces agenda, leads discussions and activities • Maintains order, levies fines • Ensures that meetings follow proper procedure, that Constitution is respected • Represents the VSLA to outsiders and non-members • Facilitates discussion of topics raised by members, ensures all voices are heard • Helps members resolve conflicts	• Respected, dynamic, visionary • Trustworthy • Fair and neutral • Confident but not autocratic • Wise, thoughtful, empathetic • Good listener, takes others' opinions into account • Patient, organized, punctual • At ease speaking in front of others • Can summarize views of many people
Secretary	• Ensures that all VSLA records are accurate and safe • Summarizes group decisions and state of finances at every meeting • Makes necessary purchases for the VSLA (example: new notebook, ink for stamps) using money from loan fund, and justifies expenses with paper receipts. • Helps the CBT update records during monitoring visits	• Trustworthy • Reliable, punctual • Intelligent • Respected • Honest • Literate and numerate; can maintain VSLA records • Available for specialized training (record-keeping) by CBT
Treasurer	• Keeps Cash Box with Loan Fund (does not keep keys) between meetings • Brings Cash Box to each meeting	• Numerate • Trustworthy • Reliable, responsible • Honest • Respected • Lives in a reputable family • Lives in a secure house
Money Counters (2)	• Counts the VSLA's money	• Numerate • Trustworthy • Reliable, responsible • Can detect fake money

Part C: VSLA Record-Keeping

Say: Now we will have an introduction to the types of records that you will maintain for the VSLA. We will look at these records now, and discuss how they are filled and how each contributes to VSLA functions. Remember that you will get plenty of hands-on practice with these records in VSLA meetings.

NOTE TO THE CBT

Use VSLA Training Calendar (in Introduction to this manual) and Annex ii Record-Keeping as guides for this part of the Special Session.

INSTRUCTIONS

STEP 1

Introduce the Secretary Book.

Show the Secretary Book that you and the Secretary prepared prior to this Special Session. Explain that this is a common notebook that a VSLA modifies to serve its record-keeping needs.

Show how the Secretary Book will be divided into five sections: Attendance, Social Fund, Savings, Fines, and Cash Balance. (The VSLA may also write or insert its written Constitution at the end of the Secretary Book.)

The Secretary is responsible for filling the information in this book correctly during each meeting, and for keeping the book safe between meetings.

STEP 2

Introduce the Member Passbooks

Show the Member Passbooks that you and the Secretary prepared prior to this session. State that each VSLA member has her/his own Passbook. The Passbooks remain in the Cash Box, in the Treasurer's possession, between meetings. The members hold their own Passbooks during meetings.

STEP 3

Secretary Book + Passbooks contain Complete VSLA Information

Say: The Secretary Book contains all the necessary financial information for the VSLA except for loan records. All loan disbursement and repayment information is recorded in the member Passbooks.

Together, the Secretary Book and the Passbooks comprise the VSLA's record-keeping.

Here are some general rules about VSLA records:

- The Secretary is responsible for filling and maintaining all elements of the Secretary Book.
- The Treasurer is responsible for stamping the member Passbooks to reflect shares purchased (savings).
- The Secretary is responsible for filling all other elements of member Passbooks.
- The Secretary keeps the Secretary Book safe between meetings.
- The member Passbooks remain in the Cash Box between meetings, but are given to members during each VSLA meeting.

Part D: VSLA Meeting Procedures

State: Now we will combine a discussion of VSLA Records and VSLA Meeting Procedures. We will review the four types of VSLA meeting, then we will practice a meeting by walking through its steps including record-keeping.

We will do this more quickly than in a real meeting. Our purpose is to ensure that each member of the Management Committee has the opportunity to:

i. Perform your role, and understand how your tasks fit with the tasks of others
ii. Understand the rhythm of VSLA meetings, and the importance of each activity in them
ii. Observe how the Secretary Book and Member Passbooks are filled with appropriate information about each transaction
iv. Begin to understand the Operating Cycle of the VSLA, and the progression of financial transactions from first savings or share purchases, through first loans, to end-of-cycle Share-Out.

Be sure that Management Committee members are seated as shown in VSLA Meeting Seating Arrangement Diagram on page 56.

Display the **VSLA Training Calendar** to members of the Management Committee. Use the calendar to show the progression of *types* of meeting as you mention them.

Say: As the VSLA progresses in its development, it will hold four types of meeting. I will mention the types of meeting, and we will understand how each type fits in the VSLA's Operating Cycle.

INSTRUCTIONS

i. The first type of meeting is a Savings meeting. The VSLA will have three successive Savings meetings: this way, members are collecting enough money to create their Loan Fund.

ii. Next, you will proceed to Savings and Loan Disbursement meetings. For the next three weekly meetings, VSLA members will continue to save, and members may take loans from the collected savings – that is, from the Loan Fund.

iii. In the fourth weekly meeting after the first Loan Disbursement, the VSLA will hold its first Savings and Loan Repayment and Loan Disbursement meeting. Members continue to save each week to replenish and build the Loan Fund. Members who took a loan will begin to repay that loan with service charge or profit. Other members can request to take new loans. This type of meeting, with all three financial activities, will be the standard until you approach the end of the VSLA's Operating Cycle.

iv. About two months before the end of the VSLA's Operating Cycle, you will begin to hold Savings and Loan Repayment meetings. Note two things. First, the VSLA members continue saving until the very end of the Operating Cycle: this maximizes the amount each member will receive at Audit/Share-Out. Second, members will stop taking new loans at this time: this ensures that all members with loans can repay them in full, with service charges or profit, before the end of the Operating Cycle.

Say: No matter the type of meeting, some activities will take place every time the VSLA meets. These activities are:

- Attendance or roll call
- Social Fund collection
- Fines collection
- Cash Balance calculation and announcement

Ask the Management Committee if they have questions, but do remind them that *this* is an orientation session. They will have weekly opportunities to practice and learn in actual VSLA meetings. You, the CBT, will be present to guide them as they learn-by-doing.

Say: We will now imagine that we are in the middle of the Operating Cycle, and we will talk through a meeting that includes Savings, Loan Repayments, and Loan Disbursements. This will give us the opportunity to examine all records and practice all functions of a VSLA.

Then, we will discuss the Audit/Share-Out.

Note to CBT: for this part of the discussion, use the tables in **Session 8 First Loan Repayment Meeting** to talk through the activities or steps of the meeting. Display **Annex ii VSLA Loan Records**, in conjunction with your VSLA's **Secretary Book** and **Passbooks**, to show how the Management Committee will keep records of all transactions.

After you have completed the steps from Session 8 First Loan Repayment Meeting, continue to use Annex ii to display and discuss the steps of the Audit/Share-Out.

Keep the discussion simple and quick. Remind participants that they will have ample opportunity to practice these steps and record-keeping, with your constant guidance, during actual VSLA meetings. Assure them that they will quickly master their roles as they learn-by-doing.

Part E: Conflict and Conflict Resolution

Note to CBT: Use the information in Session 7 Conflict and Conflict Management to introduce to the Management Committee how to prevent, recognize, and resolve conflicts within the VSLA. Emphasize that careful adherence to the VSLA's Constitution helps to prevent and resolve conflicts. The Management Committee and *every* VSLA member has the responsibility to be honest, transparent, confidential, and trustworthy.

Session 5

First Savings Meeting

WEEK 8

OBJECTIVES OF THE MEETING

By the end of Session 5, participants should be able to:

i. Articulate the importance of following meeting procedures
ii. Identify the types of records needed for members to buy shares and track their savings
iii. Demonstrate the ability to make entries in VSLA records

DURATION	MATERIALS TO USE	METHOD
2 hours	Prepared flip charts (roles and responsibilities), VSLA Toolkit.	Discussion, Q and A, learn-by-doing

NOTE TO THE CBT

In this first savings meeting, guide the Management Committee to perform its duties. Emphasize to the General Assembly that the steps in this meeting will be repeated in every future VSLA meeting. These steps include: meeting procedures, Social Fund collection, savings deposits/share purchases, and record-keeping in Secretary Book and Member Passbooks.

INSTRUCTIONS

STEP 1

Welcome the General Assembly and the Management Committee. Inform the General Assembly that this meeting will be the first chance they have to contribute to their Social Fund, and to deposit savings / buy Shares. They will learn today what is required of them: the procedures they should follow and the records they should keep.

Say: Today I will guide the Management Committee to guide the General Assembly through the steps. As your VSLA continues to hold meetings, the Management Committee will learn their roles and will soon lead the meetings themselves.

STEP 2

Begin by ensuring that the General Assembly are seated in a semi-circle facing the Management Committee, as it shown in the Diagram in the next page. Point to and state the name/title of each item and each Management Committee member, and their place in the meeting room.

Next, display and name the types of VSLA records: the Secretary Book and its sections, and the member Passbook and its sections. Remind that the Management Committee has been trained to maintain the records and that, beginning today, will do so in the presence of the General Assembly.

Say: Together, as we walk through each step of the procedures today and in future meetings, all members will become knowledgeable about and comfortable with the VSLA records.



STEP 3

Using the procedures outlined below, guide the Management Committee to guide the General Assembly through the steps of a Savings Meeting: Opening the VSLA Meeting, Social Fund, Savings (Purchasing Shares), Closing Balances, and Closing the VSLA Meeting.

STEP 4

Congratulate the Management Committee and General Assembly for completing their first VSLA meeting procedures.

Say: For your next two VSLA meetings, you will repeat these procedures in the same order. State the procedures, and ask the General Assembly to recite them with you: Opening the VSLA Meeting, Social Fund, Savings, Closing Balances, Closing the VSLA Meeting.

Thank members for their time and attendance.

PROCEDURE

Opening the VSLA Meeting

1. The CHAIRPERSON arranges the meeting venue and asks arriving VSLA members to sit in a semi-circle facing the MANAGEMENT COMMITTEE.

2. The CHAIRPERSON calls the General Assembly to order and welcomes members to the meeting.

3. The CHAIRPERSON calls the TREASURER to place the Cash Box in front of the MANAGEMENT COMMITTEE and calls the KEY KEEPERS to unlock the Cash Box.

4. The TREASURER removes items from Cash Box and places them in front of SECRETARY. The TREASURER places the Fines Bowl in front of or next to CHAIRPERSON, so fines can be collected during the meeting. The TREASURER places the Money Bowl between the two MONEY COUNTERS.

5. The CHAIRPERSON announces the agenda (the activities of the current VSLA meeting), asks if there is any other business, and asks the SECRETARY to note any other business. The CHAIRPERSON says that the VSLA will attend to other business near the close of the meeting.

6. The CHAIRPERSON invites the SECRETARY to call roll. The SECRETARY calls each member in number order, using the Attendance register in the Secretary Book. The SECRETARY makes a check mark (✓), in the column corresponding to the meeting date, next to the name of each present member. The SECRETARY makes no mark for absent members: s/he will review the Attendance register near the end of the meeting and mark (✓) late arrivals and mark (X) for absentees.

Social Fund in First VSLA Meeting

7. The CHAIRPERSON reminds members that it is time for the Social Fund collection. S/ he reminds of the amount each member agreed to contribute each meeting according to the VSLA Constitution. The CHAIRPERSON then asks the SECRETARY to conduct the Social Fund collection.

Social Fund in Second and Third VSLA Meetings:

8. *The CHAIRPERSON tells the SECRETARY to conduct the Social Fund collection. The SECRE¬TARY asks members to recall the balance of the Social Fund from the previous meeting. The SOCIAL FUND TREASURER gives the Social Fund bag to the MONEY COUNTERS, and reports on any grants or fee-free loans s/he has made since the previous meeting*

9. *The MONEY COUNTERS place the money in the Money Bowl, count it, and announce the amount as the opening balance.*

PROCEDURE

10 The SECRETARY calls each VSLA member by number/ name. As each member comes forward, the SECRE-TARY gives the member her/his Member Passbook

11 The member hands her/his Social Fund contribution to the MONEY COUNTERS.

In the Second and consecutive Social Fund contribution

If the member missed the previous meeting(s), s/he also gives that/those contribu¬tion(s) to the MONEY COUNTERS. If the member is repaying all or part of a fee-free loan s/he previously took from the Social Fund, s/ he also gives that money to the MONEY COUNTERS.

12 The MONEY COUNTERS confirm that the member's contribu¬tion is correct. They put it in the Money Bowl, and announce the amount. The SECRETARY writes the member's contribution in the appropriate row/column of the Social Fund ledger in the Secretary Book. The member returns to her/his seat.

13 When all members have contrib-uted, the MONEY COUNTERS count the Social Fund money in the Money Bowl. They announce the total to the General Assembly. The SECRETARY veri-fies that this total corresponds to the total value of Social Fund contributions that s/he has written in the Social Fund ledger in the Secretary Book.

14 The SECRETARY records the meeting's total contributions amount in the Total row at the bottom of the ledger. The CHAIRPERSON announces to the General Assembly that the VSLA will consider requests for grants/ loans from the Social Fund beginning in the next meeting.

In the Second and consecutive Social Fund contribution

15 *The SECRETARY records the meeting's total contributions amount in the Total row at the bottom of the ledger, in the column that corresponds to the current meeting date. The CHAIRPERSON asks if any members would like to request a grant or fee-free loan from the Social Fund.*

16 *For each request, if it aligns with the VSLA Constitution, the MONEY COUNTERS count and hand the money to the requesting member.*

17 *The SECRETARY records the total amount disbursed as grants/ loans in the Payouts row at the bottom of the Social Fund ledger.*

18 *The MONEY COUNTERS count and announce the amount of Social Fund remaining in the Money Bowl.*

19 *The SECRETARY makes sure this corresponds to the numbers (closing balance = total contribu¬tions + repay-ments - payouts) in the Social Fund ledger.*

20 The SECRETARY writes the total in the appropriate block in the Cash Balance ledger in the Secretary Book. S/he announces the total to the General Assembly.

21 The MONEY COUNTERS place the Social Fund money in its bag or container, and give it to the SOCIAL FUND TREASURER who retains it until the next VSLA meeting.

PROCEDURE

Savings (Purchasing Shares)

22 The CHAIRPERSON reminds the General Assembly of the value of a share, and that each member can purchase between one and five shares per meeting, as agreed in the VSLA Constitution. S/he then requests the SECRETARY to conduct the Savings collection.

In Second and Third Savings Meetings:

23 *The CHAIRPERSON asks the GENERAL ASSEMBLY to recall the balance of the Loan Fund from the previous meeting.*

24 *The MONEY COUNTERS remove the Loan Fund from its bag and count it. They announce the amount to the GENERAL ASSEMBLY.*

25 *After ensuring that the amount remembered and the amount counted match the secretary record, the MONEY COUNTERS carefully return the Loan Fund into the bag and then place it back in the box.*

26 The SECRETARY calls each member by number/name. The member comes to the front and buys between one and five shares, giving the money to the MONEY COUNTERS.

27 The MONEY COUNTERS count the member's money, place it in the Money Bowl, and announce the amount and number of shares that the member has purchased.

28 The TREASURER stamps the number of shares into the savings section of the member's Passbook, on the row corresponding to the current meeting date. S/he crosses out any unused blocks in the row.

29 The member checks that the number of shares stamped in the Passbook is correct. S/he leaves the Passbook with the TREASURER.

30 At the same time, the SECRETARY writes the numeric value of the member's share purchases in the row/column that correspond to the member and the current meeting date, in the Savings ledger in the Secretary Book.

31 The SECRETARY and TREASURER repeat the above steps until all members have purchased shares.

32 The CHAIRPERSON tells the MONEY COUNTERS to remove the cash from the Money Bowl and count it.

33 The SECRETARY verifies that this total corresponds to the total in the Savings ledger in the Secretary Book.

34 The CHAIRPERSON asks the MONEY COUNTERS to count the cash in the Fines Bowl. The MONEY COUNTERS count, announce the total, and add the fines to the Money Bowl.

35 The SECRETARY records the total value of today's fines in the Fines ledger in the Secretary Book.

36 The CHAIRPERSON asks the SECRETARY if s/he anticipates making purchases on behalf of the VSLA. If yes, the SECRETARY states the item(s), the justification, and requests cash to cover the estimated amount of the purchase. The MONEY COUNTERS count and give the estimated amount from the Money Bowl.

37 The CHAIRPERSON asks the MONEY COUNTERS to count the money in the Money Bowl (savings/shares plus fines less expenses). They announce the total to the General Assembly.

PROCEDURE

Savings (Purchasing Shares) continued

38. The CHAIRPERSON tells the General Assembly that this sum constitutes the VSLA's Loan Fund, but loan disbursement will start after the VSLA has saved for four meetings: in the same meeting where the VSLA makes their fourth savings, they will disburse first loans. After that, loans will be disbursed in every meeting.

39. The SECRETARY writes the total Loan Fund amount in the appropriate blank of the Cash Balance ledger. S/he announces the total to the General Assembly.

40. The MONEY COUNTERS put the Loan Fund in its bag and place it in the Cash Box.

Closing Balances

41. The CHAIRPERSON takes the Secretary Book from the SECRETARY and reminds / announces the total amount in the Social Fund. The CHAIRPERSON instructs the GENERAL ASSEMBLY to remember this amount until the next meeting.

42. The CHAIRPERSON reminds / announces the total amount in the Loan Fund and instructs the GENERAL ASSEMBLY to remember this amount until the next meeting.

43. The CHAIRPERSON ensures that the Loan Fund bag, all member Passbooks, and all other materials (except the Secretary Book, which remains with the Secretary and the Social Fund bag, which remains with the SOCIAL FUND TREASURER) are placed in the Cash Box.

44. The CHAIRPERSON asks the KEY KEEPERS to lock the Cash Box.

45. The TREASURER retains the locked Cash Box until the next meeting

Closing the VSLA Meeting

46. The SECRETARY determines if any members are now present who were not present at roll call. S/he marks them (✓) in the Attendance register of the Secretary Book. S/he marks absent members (X). She writes total attendance in the Total row at bottom of page.

47. The CHAIRPERSON invites members to discuss any other order of business that may be of interest to them.

48. The CHAIRPERSON announces the day and time of the next VSLA meeting.

49. The CHAIRPERSON thanks the General Assembly and closes the meeting.

Session 6

Conflict and Management of Conflicts

WEEK 9

OBJECTIVES OF THE MEETING

By the end of the session, participants should be able to;

i. Explain the meaning of conflict within their context.
ii. Articulate the importance of understanding and resolving conflict in their VSLA

DURATION	MATERIALS TO USE	METHOD
2 hours	Markers, masking tape, flip charts, chalkboard/chalk sticks	Buzz, Question and Answer and Reflection

NOTE TO THE CBT

Tell the General Assembly that the Management Committee discsussed conflict management during their orientation, but that preventing and resolving conflict is the responsibility of ALL VSLA members. Introduce members to common problems that other VSLAs have encountered, and expose them to the conflict resolution tools. During the discussion:

i. Emphasize that adherence to the Constitution minimizes conflicts and misunderstandings within the group.
ii. Use examples to demonstrate how the Management Committee can use the conflict resolution methods to resolve conflicts in the VSLA.

INSTRUCTIONS

STEP 1

Ask the General Assembly to break into groups of three or four. Ask them to discuss what they understand by the term "conflict." Let them share examples of conflicts they have experienced in the past.

STEP 2

Read or ask a volunteer to read the story below.

Use the story to further illustrate the meaning and impact of conflict.

STORY 1

In the Rising Stars VSLA, member Mary discussed her family problems with the group. Her husband was beating her and taking money from her business. He also had stopped paying school fees for their children and had prevented her from accessing the family farmland. The next day at the village well, Mary overheard two of her fellow VSLA members discussing her case with other village women. At home, her co-wife, who had also overheard, mocked her. Mary realized that her story had made the rounds of the village. She stormed into the next VSLA meeting and withdrew her membership.

INSTRUCTIONS

Ask the members:

i. *What do you think of this story?*
ii. *Why did it happen?*
iii. *What do you think Mary should have done?*
iv. *What was the VSLA members' reaction to Mary's disclosure?*
v. *What should the members of the group have done?*
vi. *What could a VSLA propose as a solution?*
vii. *What can a Management Committee do to avoid this kind of problem?*
viii. *What can the General Assembly do to avoid this kind of problem?*

STEP 3

Then summarize by saying:

i. *Members failed to fulfill their responsibilities to maintain confidentiality, and the Management Committee failed to fulfill their responsibilities as mediators of conflict.*
ii. *When a problem arises, it is better to discuss it in the group than let the situation become hostile.*
iii. *It is necessary to analyze each and every conflict before coming up with a solution.*
iv. *Conflict analysis should always be done as soon as possible.*

STEP 4

Draw a picture of a tree and explain the following characteristics of a conflict.

i. *A conflict is like a tree: it has roots, a trunk and branches:*
    a. *The sources of a conflict are like the roots of a tree: there may be many sources, and they may be difficult to see.*
    b. *The conflict itself is like the trunk of a tree: It is large and noticeable.*
    c. *The consequences of the conflict are like the branches of a tree: there may be many, and they may spread quite far.*
ii. *For each conflict, find the real cause.*
iii. *Evaluate the consequences of the conflict.*
iv. *Discuss the problem in order to find a solution.*
v. *The consequences (the branches) must be understood.*

Say: let's return to Mary's story, and discuss the roots (causes) of the conflict, the trunk (the visible conflict), and the branches (the consequences).

STEP 5

Ask members to reflect on the VSLAs Constitution, then discuss and answer the following questions:

i. *What difficulties have you encountered in the course of your meetings so far?*
ii. *How have you been resolving those difficulties?*

STEP 6

Ask members to:

i. *Reflect on their Constitution and see if they have provisions for the most common conflicts.*
ii. *Develop and record some additional rules in this meeting to fill the gaps you have identified.*

STEP 7

Explain the six conflict management approaches in the table on the next page. The mediator and the conflicting parties must be interested in resolving the conflict, ready to merge different interests, and work together towards resolution.

Say: Anyone who is not directly involved in a conflict can be a mediator, but in a VSLA, members of the Management Committee have a special responsibility to mediate conflict.

The mediator should:

i. *Understand their special role and the importance of neutrality.*
ii. *Create a favorable environment for working together towards resolution*
iii. *Choose one or a combination of the approaches in the table to resolve any conflict.*

STEP 8

Open the floor to questions, and answer to the best of your ability. Close the meeting.

CONFLICT MANAGEMENT APPROACHES

APPROACH	EXPLANATION	ROLE OF THE MEDIATOR
WIN/WIN APPROACH	Take a new look at conflict and cooperation, and the possibility of mutual gain.	Ensure that both parties appreciate their role in creating the conflict under resolution.
CREATIVE RESPONSE	See conflicts as opportunities. Although conflicts are often viewed as crises, they can also be opportunities for positive change.	Use the current conflict to better organize and improve VSLA relations. Changes may include amending the VSLA's Constitution.
EMPATHY	See the other person's point of view. Recognize the motivations underlying the other person's apparently uncooperative behavior.	Imagine yourself being affected as either of the parties in conflict. Based on these feelings, apply the group's Constitution.
APPROPRIATE AFFIRMATION	Know your needs and rights, and state them clearly. The mediator informs the parties of choices: the parties can choose the most appropriate action for both of them.	Analyze the conflict to identify how each party has committed an offence. Apply the group regulations and penalize both parties accordingly.
DEALING WITH EMOTIONS	Control your own frustration and anger and deal with the frustration and anger of others.	Avoid being swayed by either party's emotions; do not use emotions to resolve a conflict. For example, one party may cry to gain the mediator's sympathy and a resolution in their favor.
WILLINGNESS TO FIND A SOLUTION	Understand the role of resentment in hindering successful negotiations.	Be determined and committed to resolve the conflict at hand.

Session 7

First Loan Disbursement Meeting

WEEK 11

OBJECTIVES OF THE MEETING

By the end of Session 7, VSLA members should be able to:

i. Explain the processes and procedures of loan disbursement in their VSLA
ii. Identify the loan records used in the VSLA
iii. Demonstrate the ability to make entries in VSLA loan records

DURATION	MATERIALS TO USE	METHOD
2 hours	Prepared flip charts (roles and responsibilities), VSLA Toolkit	Discussion, Q and A, learn-by-doing

NOTE TO THE CBT

During Session 7, emphasize that access to loans and loan management should adhere to the agreements that the VSLA made in its Constitution. Review the relevant elements of the Constitution including loan amounts, loan duration, service charges or profit, and fines for loan arears.

INSTRUCTIONS

STEP 1

Remind VSLA members that they have held three savings meetings to date. In this meeting, they will save again, and then make the first loan disbursements.

We will begin this meeting with the meeting opening, Social Fund, and savings procedures. Then, we will learn the procedure for disbursing loans.

STEP 2

Display and briefly explain the loan section of the Member Passbooks, and how loan information is recorded in them, as detailed in Annex ii Record-Keeping.

STEP 3

Ask the Management Committee to guide the VSLA through opening the meeting, the Social Fund, and the savings procedures. Then, guide the Management to guide the General Assembly through the Loan Disbursement procedure outlined below. Finally, step back and ask the Management Committee to guide the VSLA through Closing Balances and closing the meeting.

STEP 4

Congratulate the Management Committee and General Assembly for completing their first VSLA Loan Disbursement procedures.

Say: For your next two VSLA meetings, you will repeat these procedures in the same order. State the procedures, and ask the General Assembly to recite them with you: Opening the VSLA Meeting, Social Fund, Savings, Loan Disbursements, Closing Balances, Closing the VSLA Meeting.

Thank members for their time and attendance.

PROCEDURE

Opening the VSLA Meeting

1. The CHAIRPERSON arranges the meeting venue and asks arriving VSLA members to sit in a semi-circle facing the MANAGEMENT COMMITTEE.
2. The CHAIRPERSON calls the General Assembly to order and welcomes members to the meeting.
3. The CHAIRPERSON calls the TREASURER to place the Cash Box in front of the MANAGEMENT COMMITTEE and calls the KEY KEEPERS to unlock the Cash Box.
4. The TREASURER removes items from Cash Box and places them in front of SECRETARY. The TREASURER places the Fines Bowl in front of or next to CHAIRPERSON, so fines can be collected during the meeting. The TREASURER places the Money Bowl between the two MONEY COUNTERS.
5. The CHAIRPERSON announces the agenda (the activities of the current VSLA meeting), asks if there is any other business, and asks the SECRETARY to note any other business. The CHAIRPERSON says that the VSLA will attend to other business near the close of the meeting.
6. The CHAIRPERSON invites the SECRETARY to call roll. The SECRETARY calls each member in number order, using the Attendance register in the Secretary Book. The SECRETARY makes a check mark (✓), in the column corresponding to the meeting date, next to the name of each present member. The SECRETARY makes no mark for absent members: s/he will review the Attendance register near the end of the meeting and mark (✓) late arrivals and mark (X) for absentees.

PROCEDURE

Social Fund

7. The CHAIRPERSON tells the SECRETARY to conduct the Social Fund collection. The SECRETARY asks members to recall the balance of the Social Fund from the previous meeting. The SOCIAL FUND TREASURER gives the Social Fund bag to the MONEY COUNTERS, and reports on any grants or fee-free loans s/he has made since the previous meeting.

8. The MONEY COUNTERS place the money in the Money Bowl, count it, and announce the amount as the opening balance.

9. The SECRETARY calls each VSLA member by number/name. As each member comes forward, the SECRETARY gives the member her/his Member Passbook.

10. The member hands her/his Social Fund contribution to the MONEY COUNTERS. If the member missed the previous meeting(s), s/he also gives that/those contribution(s) to the MONEY COUNTERS. If the member is repaying all or part of a fee-free loan s/he previously took from the Social Fund, s/he also gives that money to the MONEY COUNTERS.

11. The MONEY COUNTERS confirm that the member's contribution is correct. They put it in the Money Bowl, and announce the amount. The SECRETARY writes the member's contribution in the appropriate row/column of the Social Fund ledger in the Secretary Book. The member returns to her/his seat.

12. When all members have contributed, the MONEY COUNTERS count the Social Fund money in the Money Bowl. They announce the total to the General Assembly. The SECRETARY verifies that this total corresponds to the total value of Social Fund contributions that s/he has written in the Social Fund ledger in the Secretary Book.

13. The SECRETARY records the meeting's total contributions amount in the Total row at the bottom of the ledger, in the column that corresponds to the current meeting date. The CHAIRPERSON asks if any members would like to request a grant or fee-free loan from the Social Fund.

14. For each request, if it aligns with the VSLA Constitution, the MONEY COUNTERS count and hand the money to the requesting member.

15. The SECRETARY records the total amount disbursed as grants/loans in the Payouts row at the bottom of the Social Fund ledger.

16. The MONEY COUNTERS count and announce the amount of Social Fund remaining in the Money Bowl.

17. The SECRETARY makes sure this corresponds to the numbers (closing balance = total contributions + repayments - payouts) in the Social Fund ledger.

18. The SECRETARY writes the total in the appropriate block in the Cash Balance ledger in the Secretary Book. S/he announces the total to the General Assembly.

19. The MONEY COUNTERS place the Social Fund money in its bag or container, and give it to the SOCIAL FUND TREASURER who retains it until the next VSLA meeting.

PROCEDURE

Savings (Purchasing Shares)

20. The CHAIRPERSON tells the SECRETARY to conduct the Savings collection.
21. The CHAIRPERSON asks the GENERAL ASSEMBLY to recall the balance of the Loan Fund from the previous meeting.
22. The MONEY COUNTERS remove the Loan Fund from its bag and count it. They announce the amount to the GENERAL ASSEMBLY.
23. After ensuring that the amount remembered and the amount counted match the secretary record, the MONEY COUNTERS carefully return the Loan Fund into the bag and then place it back in the box.
24. The SECRETARY calls each member by number/name. The member comes to the front and buys between one and five shares, giving the money to the MONEY COUNTERS.
25. The MONEY COUNTERS count the member's money, place it in the Money Bowl, and announce the amount and number of shares that the member has purchased.
26. The TREASURER stamps the number of shares into the member's Passbook, on the row corresponding to the current meeting date. S/he crosses out any unused blocks in the row.
27. The member checks that the number of shares stamped in the Passbook is correct. The TREASURER returns the Passbook to the member.
28. At the same time, the SECRETARY writes the numeric value of the member's share purchases in the row/column that correspond to the member and the current meeting date in the Savings ledger in the Secretary Book
29. The SECRETARY and TREASURER repeat the above steps until all members have purchased shares
30. The CHAIRPERSON tells the MONEY COUNTERS to remove today's cash from the Money Bowl and count it and check against the SECRETARY's total. The CHAIRPERSON announces the days' savings to the General Assembly. Then s/he asks the MONEY COUNTERS to add all cash together and announce the total (previous Loan Fund balance + today's savings/ share purchases).
31. The SECRETARY verifies that this total corresponds to the cumulative total in the Savings ledger in the Secretary Book (last meeting's cumulative plus this meeting's total)
32. The CHAIRPERSON asks the MONEY COUNTERS to count the cash in the Fines Bowl. The MONEY COUNTERS count, announce the total, and add the fines to the Money Bowl
33. The SECRETARY records the total value of today's fines in the Fines ledger of the Secretary Book.
34. The MONEY COUNTERS again count the total money in the Money Bowl (previous Loan Fund balance + today's savings + today's fines). The SECRETARY announces the new total of the Loan Fund. The CHAIRPERSON tells the General Assembly that this amount is now available for loan disbursements.

PROCEDURE

Loan Disbursements

35 The CHAIRPERSON invites VSLA members to make loan requests, reminding that the maximum loan term is 12 weeks and the maximum loan amount is three times the member's savings.

In Second and Third Loan Disbursement Meetings

36 The CHAIRPERSON reminds that members who currently have a loan may not request a new loan until their current loan is paid in full.

37 Each member who wants a loan states the amount and purpose of the loan they request, and the anticipated duration of the loan.

38 The SECRETARY verifies that the member has saved at least one-third of the requested amount. If s/he has not saved enough, s/he must reduce the amount requested.

39 The SECRETARY calculates the total value of all loans requested.

40 If the total value requested is more than the amount available in the Loan Fund, the CHAIRPERSON guides the GENERAL ASSEMBLY to adjust the loan requests until all members are satisfied.

41 The SECRETARY calls each borrower forward by number/name.

42 The SECRETARY calculates the service charge payable for the first repayment installment of the 12-week loan period. S/he writes this amount in the Monthly Service Charge column.

43 The SECRETARY tells the members that they must pay the service charge every 4 weeks; s/he highlights the next repayment date in the member's Passbook loan ledger in the Date column and tells the member that the entire payment due in 12 weeks.

44 The SECRETARY tells the MONEY COUNTERS to give the member her/his loan. The member counts the money, and signs the Passbook.

45 The SECRETARY asks the member to announce the total amount due and the loan due date to the GENERAL ASSEMBLY.

46 The member gives her/his Passbook to the TREASURER.

47 Above steps are repeated until all loans are disbursed.

48 The CHAIRPERSON tells the MONEY COUNTERS to count the money remaining in the Money Bowl, and to announce the total.

49 The SECRETARY writes this new Loan Fund total in the Cash Balance ledger in the Secretary Book. S/he announces that this is the new Loan Fund total.

50 The MONEY COUNTERS put the Loan Fund in its bag and return it to the Cash Box.

PROCEDURE

Closing Balances

51. The CHAIRPERSON takes the Secretary Book from the SECRETARY and reminds / announces the total amount in the Social Fund. The CHAIRPERSON instructs the GENERAL ASSEMBLY to remember this amount until the next meeting.

52. The CHAIRPERSON reminds / announces the total amount in the Loan Fund and instructs the GENERAL ASSEMBLY to remember this amount until the next meeting.

53. The CHAIRPERSON ensures that the Loan Fund bag, all member Passbooks, and all other materials (except the Secretary Book, which remains with the Secretary and the Social Fund bag, which remains with the SOCIAL FUND TREASURER) are placed in the Cash Box.

54. The CHAIRPERSON asks the KEY KEEPERS to lock the Cash Box.

55. The TREASURER retains the locked Cash Box until the next meeting

Closing the VSLA Meeting

56. The SECRETARY determines if any members are now present who were not present at roll call. S/he marks them (✓) in the Attendance register of the Secretary Book. S/he marks absent members (X). She writes total attendance in the Total row at bottom of page.

57. The CHAIRPERSON invites members to discuss any other order of business that may be of interest to them.

58. The CHAIRPERSON announces the day and time of the next VSLA meeting.

59. The CHAIRPERSON thanks the General Assembly and closes the meeting.

Session 8

First Loan Repayment Meeting

WEEK 14 - 4TH WEEK AFTER 1ST LOAN DISBURSEMENT

OBJECTIVES OF THE MEETING

By the end of Session 8, VSLA members should be able to:

i. Explain the processes and procedures of loan repayments in their VSLA
ii. Identify the types of loan records used for loan repayments in the VSLA
iii. Demonstrate the ability to make loan repayment entries in VSLA records

DURATION	MATERIALS TO USE	METHOD
2 hours	Prepared flip charts (roles and responsibilities), VSLA Toolkit	Discussion, Q and A, learn-by-doing

NOTE TO THE CBT

Session 8 takes place during the third week after the first loan disbursement. Although members may sometimes wish to begin repaying their loans early, it is best to adhere to the rule that the first loan repayment occurs no earlier than four weeks post-disbursement, because this aligns with training and with the service charges already calculated.

STEP 1

Remind VSLA members that they held three savings meetings, followed by three savings plus loan disbursement meetings. Today, VSLA members who borrowed at the first loan disbursement meeting will begin to repay their loans.

We will start today with the meeting opening, Social Fund, and savings procedures. Then, we will learn the procedure for repaying loans. Then, we will continue with loan disbursement. Finally, we will conclude with Cash Balances and Closing the Meeting.

STEP 2

Display and briefly explain the loan section of the Member Passbooks, and how loan reimbursement or repayment information is recorded in them, as detailed in Annex ii Record-Keeping.

STEP 3

Ask the Management Committee to guide the VSLA through opening the meeting, the Social Fund, and the savings procedures. Then, guide the Management to guide the General Assembly through the Loan Repayment procedure outlined below. Finally, step back and ask the Management Committee to guide the VSLA through Loan Disbursements, Closing Balances and closing the meeting.

STEP 4

Congratulate the Management Committee and General Assembly for completing their first VSLA Loan Repayment procedures.

Say: For all your remaining VSLA meetings, you will repeat these procedures in the same order. State the procedures, and ask the General Assembly to recite them with you: Opening the VSLA Meeting, Social Fund, Savings, Loan Repayments, Loan Disbursements, Closing Balances, Closing the VSLA Meeting.

Thank members for their time and attendance.

PROCEDURE

Opening the VSLA Meeting

1. The CHAIRPERSON arranges the meeting venue and asks arriving VSLA members to sit in a semi-circle facing the MANAGEMENT COMMITTEE.
2. The CHAIRPERSON calls the General Assembly to order and welcomes members to the meeting.
3. The CHAIRPERSON calls the TREASURER to place the Cash Box in front of the MANAGEMENT COMMITTEE and calls the KEY KEEPERS to unlock the Cash Box.
4. The TREASURER removes items from Cash Box and places them in front of SECRETARY. The TREASURER places the Fines Bowl in front of or next to CHAIRPERSON, so fines can be collected during the meeting. The TREASURER places the Money Bowl between the two MONEY COUNTERS.
5. The CHAIRPERSON announces the agenda (the activities of the current VSLA meeting), asks if there is any other business, and asks the SECRETARY to note any other business. The CHAIRPERSON says that the VSLA will attend to other business near the close of the meeting.
6. The CHAIRPERSON invites the SECRETARY to call roll. The SECRETARY calls each member in number order, using the Attendance register in the Secretary Book. The SECRETARY makes a check mark (✓), in the column corresponding to the meeting date, next to the name of each present member. The SECRETARY makes no mark for absent members: s/he will review the Attendance register near the end of the meeting and mark (✓) late arrivals and mark (X) for absentees.

PROCEDURE

Social Fund

7. The CHAIRPERSON tells the SECRETARY to conduct the Social Fund collection. The SECRETARY asks members to recall the balance of the Social Fund from the previous meeting. The SOCIAL FUND TREASURER gives the Social Fund bag to the MONEY COUNTERS, and reports on any grants or fee-free loans s/he has made since the previous meeting.
8. The MONEY COUNTERS place the money in the Money Bowl, count it, and announce the amount as the opening balance.
9. The SECRETARY calls each VSLA member by number/name. As each member comes forward, the SECRETARY gives the member her/his Member Passbook.
10. The member hands her/his Social Fund contribution to the MONEY COUNTERS. If the member missed the previous meeting(s), s/he also gives that/those contribution(s) to the MONEY COUNTERS. If the member is repaying all or part of a fee-free loan s/he previously took from the Social Fund, s/he also gives that money to the MONEY COUNTERS.
11. The MONEY COUNTERS confirm that the member's contribution is correct. They put it in the Money Bowl, and announce the amount. The SECRETARY writes the member's contribution in the appropriate row/column of the Social Fund ledger in the Secretary Book. The member returns to her/his seat.
12. When all members have contributed, the MONEY COUNTERS count the Social Fund money in the Money Bowl. They announce the total to the General Assembly. The SECRETARY verifies that this total corresponds to the total value of Social Fund contributions that s/he has written in the Social Fund ledger in the Secretary Book.
13. The SECRETARY records the meeting's total contributions amount in the Total row at the bottom of the ledger, in the column that corresponds to the current meeting date. The CHAIRPERSON asks if any members would like to request a grant or fee-free loan from the Social Fund.
14. For each request, if it aligns with the VSLA Constitution, the MONEY COUNTERS count and hand the money to the requesting member.
15. The SECRETARY records the total amount disbursed as grants/loans in the Payouts row at the bottom of the Social Fund ledger.
16. The MONEY COUNTERS count and announce the amount of Social Fund remaining in the Money Bowl.
17. The SECRETARY makes sure this corresponds to the numbers (closing balance = total contributions + repayments - payouts) in the Social Fund ledger.
18. The SECRETARY writes the total in the appropriate block in the Cash Balance ledger in the Secretary Book. S/he announces the total to the General Assembly.
19. The MONEY COUNTERS place the Social Fund money in its bag or container, and give it to the SOCIAL FUND TREASURER who retains it until the next VSLA meeting.

PROCEDURE

Savings (Purchasing Shares)

20. The CHAIRPERSON tells the SECRETARY to conduct the Savings collection.
21. The CHAIRPERSON asks the GENERAL ASSEMBLY to recall the balance of the Loan Fund from the previous meeting.
22. The MONEY COUNTERS remove the Loan Fund from its bag and count it. They announce the amount to the GENERAL ASSEMBLY.
23. After ensuring that the amount remembered and the amount counted match the secretary record, the MONEY COUNTERS carefully return the Loan Fund into the bag and then place it back in the box.
24. The SECRETARY calls each member by number/name. The member comes to the front and buys between one and five shares, giving the money to the MONEY COUNTERS.
25. The MONEY COUNTERS count the member's money, place it in the Money Bowl, and announce the amount and number of shares that the member has purchased.
26. The TREASURER stamps the number of shares into the member's Passbook, on the row corresponding to the current meeting date. S/he crosses out any unused blocks in the row.
27. The member checks that the number of shares stamped in the Passbook is correct. The TREASURER returns the Passbook to the member.
28. At the same time, the SECRETARY writes the numeric value of the member's share purchases in the row/column that correspond to the member and the current meeting date in the Savings ledger in the Secretary Book
29. The SECRETARY and TREASURER repeat the above steps until all members have purchased shares
30. The CHAIRPERSON tells the MONEY COUNTERS to remove today's cash from the Money Bowl and count it and check against the SECRETARY's total. The CHAIRPERSON announces the days' savings to the General Assembly. Then s/he asks the MONEY COUNTERS to add all cash together and announce the total (previous Loan Fund balance + today's savings/ share purchases).
31. The SECRETARY verifies that this total corresponds to the cumulative total in the Savings ledger in the Secretary Book (last meeting's cumulative plus this meeting's total)
32. The CHAIRPERSON asks the MONEY COUNTERS to count the cash in the Fines Bowl. The MONEY COUNTERS count, announce the total, and add the fines to the Money Bowl
33. The SECRETARY records the total value of today's fines in the Fines ledger of the Secretary Book.
34. The MONEY COUNTERS again count the total money in the Money Bowl (previous Loan Fund balance + today's savings + today's fines). The SECRETARY announces the new total of the Loan Fund. The CHAIRPERSON tells the General Assembly that this amount is now available for loan disbursements.

PROCEDURE

Loan Repayments

35 The CHAIRPERSON invites the SECRETARY to conduct loan repayment activities. The CHAIRPERSON reminds the GENERAL ASSEMBLY that all members who took loans four weeks prior will be called to the front during this part of the meeting.

All subsequent meetings

36 The CHAIRPERSON invites the SECRETARY to conduct loan repayment activities. The CHAIRPERSON reminds the GENERAL ASSEMBLY that all members who took loans four, eight, and twelve weeks prior will be called to the front during this part of the meeting.

37 Referring to member Passbooks, the SECRETARY identifies the borrowers and amounts due and gives back the Passbook to members

38 Each borrower is called to the front, and the SECRETARY asks if s/he will make a payment today. If yes, the borrower gives the repayment money to the MONEY COUNTERS who announce the amount and place it in the Money Bowl.

39 The member hands her/his Passbook to the SECRETARY, who records the amount paid in the 'repaid' column. of the Passbook.

40 The SECRETARY re-calculates the service charge payable for the next of the three, four-week installments of the 12-week loan period. S/he writes this amount in the Monthly Service Charge column.

41 The SECRETARY adds the remaining amount borrowed (principal) and writes this in the Amount Borrowed column. S/he calculates the new service charge and writes it in the Monthly Service Charge column. The SECRETARY announces this amount.

42 The SECRETARY and borrower sign the Passbook

43 If the borrower pays her/his loan in full and the remaining balance is zero, the SECRETARY announces that the loan is repaid. S/he cancels the loan by drawing a diagonal red line through all rows that pertains to this loan. She double-underlines, in black ink, the last row pertaining to this loan.

44 The member leaves her/his Passbook with the TREASURER

45 The MANAGEMENT COMMITTEE repeats the above steps until all relevant borrowers have been called.

46 The CHAIRPERSON asks the MONEY COUNTERS to count the cash in the Fines Bowl. The MONEY COUNTERS count, announce the total, and add the fines to the Money Bowl.

47 The SECRETARY records the total value of today's fines in the Fines ledger of the Secretary Book.

48 The MONEY COUNTERS again count the total money in the Money Bowl (old Loan Fund + today's savings + today's fines). The SECRETARY announces the new total of the Loan Fund. The CHAIRPERSON tells the General Assembly that this amount is now available for loan disbursements.

PROCEDURE

Loan Disbursements

49. The CHAIRPERSON invites VSLA members to make loan requests, reminding that the maximum loan term is 12 weeks and the maximum loan amount is three times the member's savings.

50. The CHAIRPERSON reminds that members who currently have a loan may not request a new loan until their current loan is paid in full.

51. Each member who wants a loan states the amount and purpose of the loan they request, and the anticipated duration of the loan.

52. The SECRETARY verifies that the member has saved at least one-third of the requested amount. If s/he has not saved enough, s/he must reduce the amount requested.

53. The SECRETARY calculates the total value of all loans requested.

54. If the total value requested is more than the amount available in the Loan Fund, the CHAIRPERSON guides the GENERAL ASSEMBLY to adjust the loan requests until all members are satisfied.

55. The SECRETARY calls each borrower forward by number/name.

56. The SECRETARY enters the number of the loan (all first loans are "1," all second loans are "2," and so forth) in the first row/column of the Record of Loans page in the member Passbook. S/he writes the date in the second column.

57. The SECRETARY writes the loan amount (the 'principal') in the "Amount Borrowed" column.

58. The SECRETARY calculates the service charge payable for the first repayment installment of the 12-week loan period. S/he writes this amount in the Monthly Service Charge column.

59. The SECRETARY tells the members that they must pay the service charge every 4 weeks; s/he highlights the next repayment date in the member's Passbook loan ledger in the Date column and tells the member that the entire payment due in 12 weeks.

60. The SECRETARY tells the MONEY COUNTERS to give the member her/his loan. The member counts the money, and signs the Passbook

61. The SECRETARY asks the member to announce the total amount due and the loan due date to the GENERAL ASSEMBLY.

62. The member gives her/his Passbook to the TREASURER

63. Above steps are repeated until all loans are disbursed.

64. The CHAIRPERSON tells the MONEY COUNTERS to count the money remaining in the Money Bowl, and to announce the total.

65. The SECRETARY writes this new Loan Fund total in the Cash Balance ledger in the Secretary Book. S/he announces that this is the new Loan Fund total.

66. The MONEY COUNTERS put the Loan Fund in its bag and return it to the Cash Box.

PROCEDURE

Closing Balances

67 The CHAIRPERSON takes the Secretary Book from the SECRETARY and reminds / announces the total amount in the Social Fund. The CHAIRPERSON instructs the GENERAL ASSEMBLY to remember this amount until the next meeting.

68 The CHAIRPERSON reminds / announces the total amount in the Loan Fund and instructs the GENERAL ASSEMBLY to remember this amount until the next meeting.

69 The CHAIRPERSON ensures that the Loan Fund bag, all member Passbooks, and all other materials (except the Secretary Book, which remains with the Secretary and the Social Fund bag, which remains with the SOCIAL FUND TREASURER) are placed in the Cash Box.

70 The CHAIRPERSON asks the KEY KEEPERS to lock the Cash Box.

71 The TREASURER retains the locked Cash Box until the next meeting

Closing the VSLA Meeting

72 The SECRETARY determines if any members are now present who were not present at roll call. S/he marks them (✓) in the Attendance register of the Secretary Book. S/he marks absent members (X). She writes total attendance in the Total row at bottom of page.

73 The CHAIRPERSON invites members to discuss any other order of business that may be of interest to them.

74 The CHAIRPERSON announces the day and time of the next VSLA meeting.

75 The CHAIRPERSON thanks the General Assembly and closes the meeting.

Session 9

Audit/Share-Out Demonstration Meeting

WEEK 15

OBJECTIVES OF THE MEETING

By the end of Session 9, the General Assembly will:

i. Articulate the steps of the Audit/Share-Out
ii. Gain clearer understanding of how financial transactions in the VSLA will lead to financial gains
iii. Deepen their commitment to transparent record-keeping
iv. Better understand the value of savings and repaying loans according to Constitution.

DURATION	MATERIALS TO USE	METHOD
1 hour	Passbook samples, flipchart, pens, calculator	Demonstration, discussion, Q and A

NOTE TO THE CBT

Session 9 takes place near the end of the Intensive Phase of VSLA training. The members have been saving, borrowing, and repaying loans; they and the Management Committee are comfortable in their roles and activities.

Session 9 is an opportunity for the General Assembly to look ahead to the end of the Operating Cycle, and to the financial gains each member might make. The demonstration of the Audit/Share-Out provides incentive for members to save as much as possible each week, and to repay their loans on time and in full.

INSTRUCTIONS

The Management Committee opens the meeting as usual, and the Secretary takes roll call. The Chairperson then announces that, before continuing with the Social Fund collection and other transactions, the CBT will do a special presentation.

STEP 1

Say to the General Assembly: before we begin today's financial transactions, we will take a bit of time to discuss Audit/Share-Out. Ask VSLA members what they remember or understand about Audit/Share-Out.

Conclude the discussion by describing the Audit/Share-Out:

- At the end of your Operating Cycle, you will allocate or distribute the money in your Loan Fund among members proportionate to the amount that each member has saved.
- At Audit/Share-Out, members will each receive back their savings plus a proportionate amount of the profit that the VSLA made from loan service charges and from fines.

STEP 2

Display the VSLA's Training Calendar OR talk through the timeline. Say: Today, we will demonstrate how the Audit/Share-Out works, and we will use examples from an imaginary VSLA to do this.

Later, about four months from today and four months before the end of your Operating Cycle, we will discuss the topic again. At that time, we will do a practice Audit/Share-Out, using your own records—your Secretary Book and especially your Passbooks. We will not distribute money in this practice session, but we will all gain a good idea of how your Loan Fund has grown from service charges and fines.

Then, about eight months from today, we will perform the real Audit/Share-Out to mark the end of your VSLA's first Operating Cycle.

STEP 3

Refer to Annex ii Record-Keeping, specifically the Audit-Share-Out section. Use the information there to talk through the steps of the Audit/Share-Out.

Then, discuss the example of Monica Mapenzi and her Bwambale 2 VSLA Group. Use a sample Passbook that you have prepared in advance, and perhaps a flipchart that shows the share calculation, to talk through the steps of an Audit/Share-Out.

Ask participants to compare the amount of money Monica saved over the Operating Cycle, and the amount she received at Share-Out. Ask:

- What accounts for the difference between the amount she saved and the amount she received?
- What could Monica have done to increase the amount she received at Audit/Share-Out?
- What would be different if the Bwambale 2 VSLA's members saved less during their Operating Cycle? If they saved more?
- Does this demonstration of the Audit/Share-Out change how you plan to save in future meetings? Does it change how you plan to borrow and repay?

Thank the VSLA members for their attention and participation. Ask the Management Committee to take over the meeting, and to proceed as usual.



3. Development Phase

The VSLA is now functioning smoothly: its members and Management Committee easily follow the steps for saving, borrowing, and repaying loans. The VSLA transitions into its ***Development Phase***: its members may choose additional trainings related to income generation, financial management, relationship skills, and personal effectiveness.

The CBT remains in her/his mentoring and support mode. S/he now attends meetings every four weeks to ensure the VSLA is functioning properly, and s/he offers add-on trainings from a menu (found in this section of the manual) of Optional Topics.

Optional Topics

During the development phase, the VSLA group might begin receiving various training. It is critical that the group start to consider what is next and begins to identify different technical support they may require to help them reach their individual and group goals. You and the implementing organization, if you are working with one, should work together to establish the group's specific training needs. Because each group is different, there is no one-size-fits-all training provided by this manual for the Development Phase. Based on our experiences with VSLAs, the sessions listed below highlight some of the optional topics that we recommend for VSLAs. Annex IV contains further resources on the optional topic.

1. Basic Life Skills

What you should know and let the group members know is that life skills are social competencies and interpersonal skills that help people in making informed decisions, solving problems, thinking critically and creatively, communicating effectively, building healthy relationships, empathizing with others, and coping with and managing their lives in a healthy and productive manner. Life skills benefit the person as well as how the individual interacts in group settings and with the larger environment. Life skills sessions often provide emotional, social, and intellectual capabilities required to attain success on a personal, interpersonal, and community level. Life skills are necessary for VSLA members to set goals, work together, address differences, manage conflict and so on. The need to interact, collaborate, participate, participate in decision making, and address conflict is emphasized and communicated to members during the training and Intensive phase. You may choose to dive into specific learning themes throughout the Development Phase, depending on the needs of the group. The life skill sessions should be tailored to the group; here are some basic ideas for life skill thematic areas to consider:

- **Relations Building**: for members to create valuable and meaningful relationships for positive economic growth and social benefit.
- **Negotiation**: for members to develop a habit of effective negotiation in all aspects of life. This will support members and also as a group to negotiate with different entities to support their individual and group goals.
- **Decision Making**: to shape the abilities of members to make more informed and safe decisions.
- **Communication**: for members to develop effective communication skills through understanding the quality of a good listener and the skills needed for communication.
- **Purposeful Living**: for members to identify how to take personal responsibility and accountability.
- **Additional topics can include** stress management, problem solving, critical and creative thinking.



2. Community Trainings and Dialogues

Addressing and strengthening the capacity of women and girls in VSLA implementation will enable all-around support for members. Your understanding of the local context is essential when navigating group dynamics, household relationships, and community structures, including the roles of other power-holders and key decision-makers. Additionally, train members to address these challenges on their own. Finding the right approach will require you to understand the community's power dynamics and social norms, and how these affect people's lives in a given situation. Throughout the mobilization and intensive phase, we ensure that women and girls are actively engaged and equipped with the tools and opportunities to contribute fully—ultimately benefiting families and communities as a whole.

You, working with both men and women, as well as boys and girls, will enable VSLAs to provide effective community support, improve the agency of members and their relationships at home and within the community, and support their ability to address structural barriers with both formal and informal institutions.

In this development phase, build VSLA members' skills to address social norms with minimum support, create a safe and supportive space for them and their households to reflect on different norms, and identify actions they want to take as individuals and groups to address norms that are affecting their lives, health, and livelihood. Starting by conducting an in-depth analysis and holding discussions with communities, group members, and families will aid in the selection of themes for the group, or couples to think about, discuss, and address.

Annex IV provides a list of resources that CARE uses across different programs and countries to support VSLAs. To use these resources effectively, the manuals should be tailored to the needs of your target group, although these resources can still help you find and develop tools for your community and groups..

3. Enterprises Skills Training

You will notice that as members expand their understanding, appreciation, and value of their VSLA membership, they also begin to recognize opportunities to grow themselves.

Members, in our experience, will begin borrowing very small sums to meet their immediate fundamental necessities. Women, in particular, begin by purchasing clothing, bedding for their children, and household equipment. However, when they near the conclusion of the development phase, almost transitioning into the maturity phase, they realize they can accomplish much more and begin to consider investment.

As part of your routine monitoring and support supervision visits, when you observe that there is a lot of money in the cash box, take the opportunity to assess the situation and understand the reasons behind it. During your routine monitoring and support supervision visits, if you observe a significant amount of money in the cash box, it is important to investigate why this is the case. You may discover that members are uncertain about how to allocate or invest the funds. This presents an opportune moment to introduce business skills training. This is the appropriate moment to begin integrating business skills training. Conduct a skill needs assessment as soon as possible to select corporate skills training subjects and approaches. Offer them training in business management, marketing, and business planning, among others. Annex IV provides a list of the training programs used by CARE in various countries. Also note that for you to deliver these trainings, you may require extra training and tools. The different enterprise skills trainings should enable members to understand the following:

- **Market assessment:** to enable members to study the market and engage in Income Generating Activities (IGAs) whose products and services are needed in communities they can serve.
- **Ability to operate in a given IGA**: for members to learn how to examine whether s/he has the required skills, knowledge and time to operate an IGA before starting it.
- **Profitability and capital requirements (both start-up and operation costs) for an IGA:** for members to learn how to identify two key costs involved in IGA operations and how to plan for it and manage it.
- **Deciding on a source of IGA financing (available financial services):** to enable members learn how to examine different sources of business financing.
- **Planning for successful launch of the selected IGA:** for members to learn how to organize resources to perform all tasks involved in undertaking a given IGA.
- **IGA management (Risks, Income, Resources):** to enable members to learn how to effectively manage IGAs.

Note: After the training, conduct business mentoring and coaching sessions for individual members.



4. Maturity Phase

The VSLA is increasingly autonomous and capable: it now enters its ***Maturity Phase***.

The CBT continues in her/his mentoring and support mode, but attends routine VSLA meetings only a handful of times during this phase. S/he does, however, play a major role in guiding the VSLA through the end of its Operating Cycle and—if it chooses to continue—the preparation of its next cycle.

Session 10

Audit/Share-Out Practice Meeting

WEEK 50

OBJECTIVES OF THE MEETING

By the end of the session, participants should be able to;

i. Describe the steps of the Audit/Share-Out
ii. Understand the reason for deducting redemptions and arrears from net shares
iii. Anticipate the VSLA end-of-cycle Share-Out in their remaining transactions

DURATION	MATERIALS TO USE	METHOD
2 hours	VSLA records (Secretary Book, Passbooks), flipchart, pens, calculator	Hands-on practice, discussion, Q and A

NOTE TO THE CBT

Session 10 takes place at the end of the VSLA's Development Phase. Like Session 9, this is an opportunity for the General Assembly to look ahead to the end of the Operating Cycle, and to anticipate the financial gains each member might make. Unlike Session 9, Session 10 uses the actual financial records of the VSLA group.

INSTRUCTIONS

The Management Committee opens the meeting as usual, and the Secretary takes roll call. The Chairperson then announces that, before continuing with the Social Fund collection and other transactions, the CBT will lead the VSLA through a practice Audit/Share-Out.

STEP 1

Say to the General Assembly: in addition to doing financial transactions later in the meeting, today we are going to ***practice*** the Audit/Share-Out that will occur at the end of your VSLA's operating cycle, in about four months. We will use your VSLA's records, especially your Passbooks, in this practice session.

We will not distribute money in this practice session, but we will all gain a good idea of how your Loan Fund has grown from service charges and fines.

Let's start by reviewing the description of the Audit/Share-Out that we used several months ago when we demonstrated the process:

- At the end of your VSLA's Operating Cycle, you will allocate or distribute the money in your Loan Fund among members proportionate to the amount that each member has saved.
- At Audit/Share-Out, members will each receive back their savings, less any money they owe in outstanding loans, plus a proportionate amount of the profit that the VSLA made from loan service charges and from fines.

STEP 2

Refer to Annex ii Audit/Share-Out section. Say: Before we begin the practice, I will give a brief overview. I will mention each step of the process we will take today.

Read Steps 1 through 5; as you read, use gestures to illustrate the actions. For example, indicate the Secretary when the Secretary is mentioned; hold up a Passbook when the Passbook is mentioned.

STEP 3

Now, still referring Annex ii, Audit/Share-Out section, use the instructions to guide the Management Committee and VSLA members through each action.

Please note: Step 5 of the Audit/Share-Out instructs the Secretary to mark the member's Passbook. In this practice meeting, DO NOT make marks in any Passbooks.

After all calculations are complete – the value of each share, the number of shares per member, and the amount of money per member – remind the General Assembly that this was a practice meeting. The monetary amounts will change by the time of the of the actual Audit/Share-Out at the end of the VSLA's Operating Cycle.

Remind members that about four months remain until the actual Audit/Share-Out. They can take this opportunity to increase their savings, and to fully repay their loans.

Ask the VSLA for questions, and answer to the best of your ability OR refer the questions to the appropriate member of the Management Committee and help them with responses as needed.

Thank VSLA members for their attention. Ask the Management Committee to take control of the meeting, and to proceed with the day's transactions.



Session 11

Action Audit/Share-Out

WEEK 52

OBJECTIVES OF THE MEETING

By the end of the session, participants should be able to;

i. Articulate the importance of following the Audit/Share-Out procedure.
ii. Demonstrate the ability to calculate and deliver Audit/Share-Out.
iii. Complete the VSLA end-of-cycle Share-Out and close the books.

DURATION	MATERIALS TO USE	METHOD
2 hours	VSLA records (Secretary Book, Passbooks), flipchart, pens, calculator	Learn-by-doing, Q and A

NOTE TO THE CBT

Session 11 is your final, formal interaction with the VSLA. Be prepared to congratulate them on their hard work, and encourage their future financial success. For VSLAs that plan to continue to a second cycle, remind that they can call on you with questions and concerns.

INSTRUCTIONS

The Management Committee opens the meeting as usual, and the Secretary takes roll call. The Chairperson then announces that the CBT would like to say a few words before the VSLA proceeds to its Audit/Share-Out.

STEP 1

Say: Several months ago, as I am sure you remember, we did a practice Audit/Share-Out together. Today, your Management Committee will manage the actual Audit/Share-Out of the VSLA's Loan Fund. I will be present to observe and answer questions if needed.

Let me remind you of the steps your Management Committee will take today:

Refer to Annex ii Audit/Share-Out section. Read Steps 1 through 5; as you read, use gestures to illustrate the actions. For example, indicate the Secretary when the Secretary is mentioned; hold up a Passbook when the Passbook is mentioned.

Now: turn the meeting over to the Chairperson.



Annexes

i: Outline of a VSLA Constitution

ii: VSLA Records

iii: Mentoring Checklist

iv: Optional Training Topics and Resources

v: Strengths and Limitations of VSLA Methodology

vi: Frequently Asked Questions (FAQs) & Responses

VSLA CBT Tools

1 INTRODUCTION
Learn CBT Conduct/ Standards

Read the manual before the training delivery to familiarize with CBT code of conduct and minimum standards. Also study and reference the guidelines under each session during the training.

2 PREPARATION
Community Entry & Sensitization

Conduct sensitization meetings about the VSLA methodology with community leaders, partners, and potential VSLA members. Create safe spaces to enable mutual communication.

Strengths and Limitations of the VSLA Methodology

During meeting C. Refer to **annex v**

Frequently Asked Questions (FAQs) & Responses

During meeting A group formation refer to **annex vi**

3 TRAIN VSLA
Form and Train VSLA members

Train and support members and leaders to know about VSLA procedures and rules.

CBT data collection form

Collect data monthly, quarterly or biannually. Refer to **annex iii**

Elements of the internal rules regulations with community

During Session 5 : Formulation of Internal rules and regulations, see sample of outline key questions to be answered by members. Refer to **annex i**

Group Records

During session 6: First time savings meeting, show members samples or forms in **annex ii**.

During session 8: Savings and Loan or murabahah disbursement Meetings, show members forms and samples in **annex ii.**

During Session 9: Savings and Loan or murabahah repayment Meeting, show members forms and samples in **annex ii.**

4 MENTOR & SUPPORT
Monitor VSLAs

Support and strengthen VSLA members in the VSLA methodology and equip them with basic socio-economic skills.

Management committee training

For optional training topics and resources refer to **annex IV**

Qualities of a good VSLA

For optional training topics and resources refer to **annex IV**

CBT data collection form

Collect data monthly, quarterly or biannually data. Refer to **annex iii**

Followup with VSLAs

Report to measure impact.

Annex i: Outline of a VSLA Constitution

NOTE TO THE CBT

Below is a standard outline for a VSLA Constitution. The outline contains a series of key questions. After members discuss and answer each question, their answers, filled into the outline, form the VSLA's Constitution. All members who can sign their names should sign the document; all others should affix their fingerprints. This signifies that the General Assembly approves of, and agrees to abide by, the Constitution.

ELEMENTS OF THE VSLA CONSTITUTION

1. BASIC VSLA INFORMATION

i. Name of the VSLA?
ii. Address of the VSLA?
iii. Date when the VSLA was formed?
iv. Date when VSLA was registered with [local] authorities, if any?
v. Cycle of the VSLA (first, second, third...)?

2. VSLA OBJECTIVE

i. What is the objective of the VSLA?
ii. What activities will the VSLA undertake to obtain this objective (savings, loans, social fund, other)?

3. CRITERIA FOR VSLA MEMBERSHIP

i. Age (upper and lower limit)
ii. Running a business
iii. Reputation
iv. Health

4. COMPOSITION OF THE VSLA MANAGEMENT COMMITTEE

i. Chairperson
ii. Secretary
iii. Treasurer
iv. Money Counters

5. ELECTION PROCEDURES

i. How many consecutive terms can any one person serve on the Management Committee? Non-consecutive terms?
ii. How often will elections be held?
iii. What is the minimum number of members who must be present to hold an election?
iv. Will the election procedure use a system that allows everyone's vote to be secret, or will it be carried out using a show of hands?
v. What is the minimum number of people who must stand for each position?
vi. Should a member be nominated for office by another member before being put forward for election?

6. REMOVAL OF MANAGEMENT COMMITTEE MEMBERS BETWEEN ELECTIONS

Any member of the General Assembly can call for a vote of 'no confidence' in a member of the Management Committee. If the vote is passed by a majority, the member must step down and another member be elected to fill the position.

ELEMENTS OF THE VSLA CONSTITUTION

7. MEETINGS AND AMOUNT OF SAVINGS

i. How often will the group meet? ***The members must meet weekly***
ii. How long will the Operating Cycle last before Share-out? ***This must not exceed one year***
iii. How much do members have to deposit at each savings meeting and how often?
iv. Can members save more than the agreed deposit in a meeting? ***Ensure that they allow for a member to save up to 5 times the agreed savings amount***
v. What happens when a member cannot meet the minimum saving requirements?

8. CRITERIA FOR LOAN DISBURSEMENT

i. For what purposes can members borrow from the VSLA?
ii. How will the VSLA set priorities for loan allocation when funds are insufficient to satisfy everyone's requests?
iii. How will the VSLA assess the borrower's ability to repay?
iv. Who is eligible to borrow?
v. What is the maximum amount that anyone can borrow?
vi. After how long should the VSLA write off a loan that is not repaid and invoke legal action against the defaulter?
vii. (non-Islamic contexts) What service charge, expressed as a percentage, does the VSLA apply to loans every four weeks?
(Islamic contexts) Members agree on Murabahah and Musharakah concepts, for example, the asset purchasing process, how to decide on marked-up price..etc?

9. CONDITIONS FOR REPAYMENT

x. What is the loan repayment period? ***This must be within 3 months***
xi. What is the service charge payable every four weeks or the profit payable at close of loan term?
xii. What happens in the case of non-payment?

10. INFRACTIONS AND FINES

How much are fines for each of the following, and which of these situations will apply in the group?

Misconduct and Fines form

Infraction	Fine
1. Does not attend a meeting.	
2. Arrives late to a meeting.	
3. Does not deposit savings/buy shares as agreed.	
4. Does not perform duties as agreed (member of Management Committee, Key Keepers, or Social Fund Treasurer).	
5. Is late for loan repayment and/or service charge/profit payment.	
6. Loses passbook.	
7. Does not present passbook when saving, receiving loan, or making loan repayments.	
8. Talks or creates disturbance in meeting.	
9. Other (Specify):	

11. CRITERIA FOR THE SOCIAL FUND

i. What amount will be set as a target for the Social Fund?
ii. How much will each VSLA member contribute to the Social Fund and how often?
iii. For what categories of emergency will the Social Fund be available, and how much can the Social Fund grant or loan for each type of emergency?
iv. For what types of emergency will the Social Fund pay out grants (gifts) to members and for what types of emergency will the borrower need to reimburse?
v. If the Social Fund is depleted, how will it be replenished?
vi. Where will the Social Fund be stored? Who is responsible for maintaining records?

12. WITHDRAWAL OF A VSLA MEMBER

xiii. What will happen to a VSLA member's savings in the event she leaves the group during the Operating Cycle?
xiv. Will 12.xiii differ if the member leaves by choice, or is forced to leave by circumstances beyond her control?
xv. If a member leaves the VSLA before loan repayment is completed, how will this be handled?

13. IN CASE OF DEATH

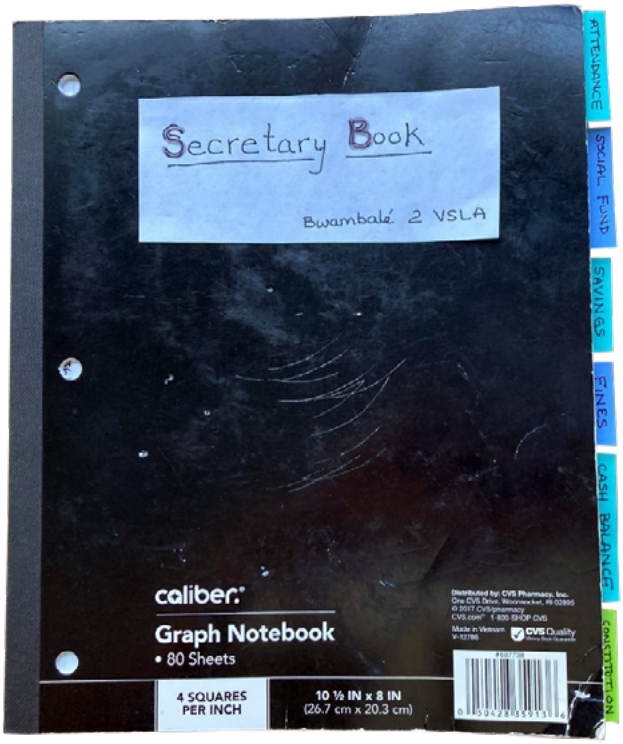
If a VSLA member dies, how will the group handle her savings and un-repaid loans?

14. AMENDMENTS TO THE CONSTITUTION

- How many VSLA members must agree (as a proportion of the entire General Assembly) before the Constitution can be amended?
- Who can propose an amendment to the Constitution?

Annex ii: VSLA Records

The Management Committee, and especially the Secretary, has specific responsibilities for record-keeping. However, keeping records of the VSLA's money and financial transactions is an activity of the General Assembly. All transactions take place before the General Assembly. The Management Committee ensures that everyone has a clear understanding of the Social Fund, savings, loans, and fines procedures. The Management Committee ensures that everyone has a clear understanding of the amounts of money collected and loaned and repaid. Each member of the General Assembly is asked to memorize certain total amounts at the end of each meeting.



The VSLA maintains two major types of record.
The first is the **Secretary Book**. The Second is the **Member Passbook**.

The Secretary Book

The Secretary Book is a notebook or record book that has been divided into five sections. (It may also contain the VSLA Constitution.) Each section is described below.

The Secretary is responsible for maintaining the information in the book, and for keeping the book safe between meetings.

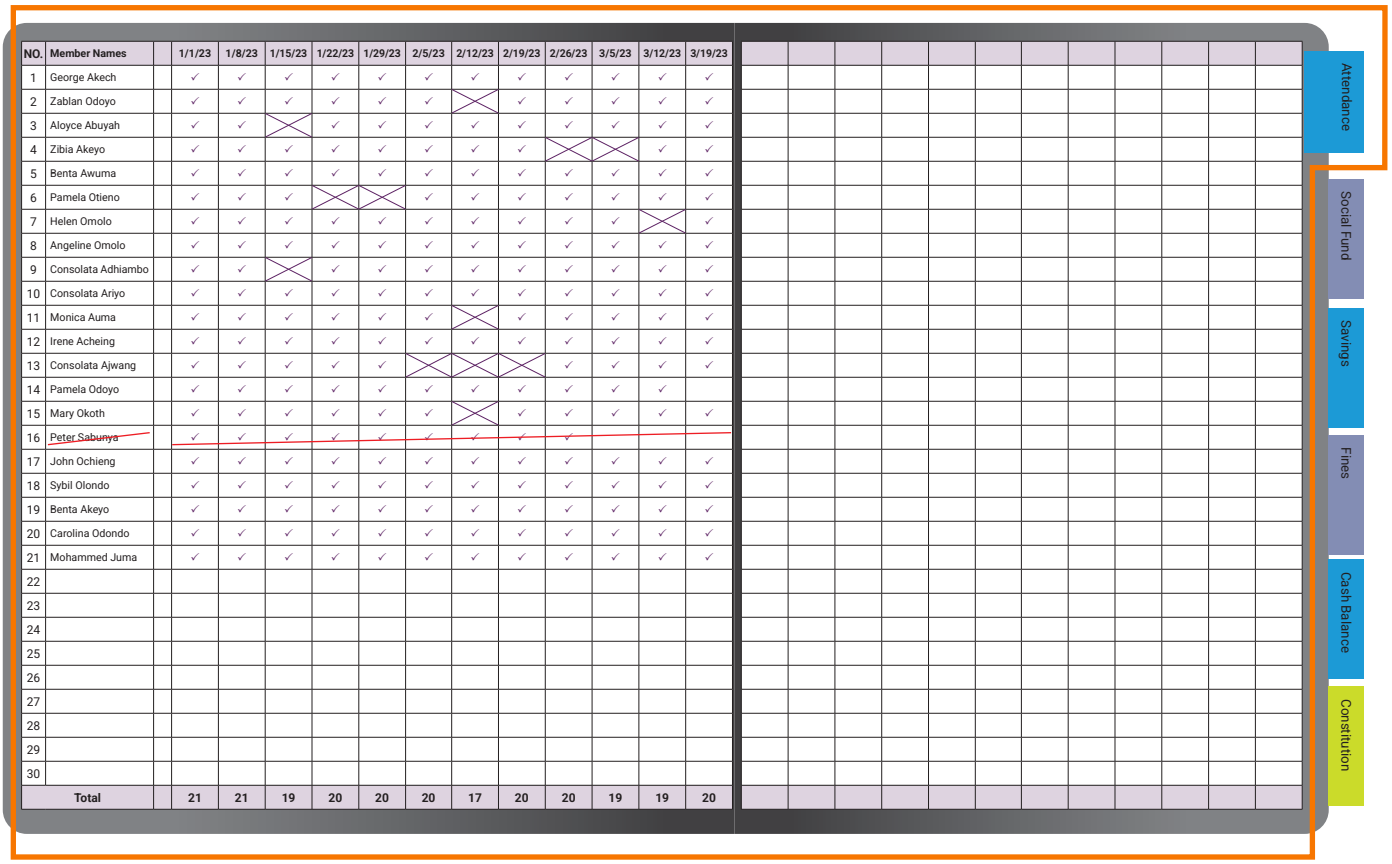
1. Attendance

The Attendance register is a simple table or matrix. Each row represents one VSLA member, listed by number and name. The rows will total no more than 30 (the maximum size of a VSLA).

Each column in the Attendance register represents one meeting (one week). Columns for a 52-week Operating Cycle will take no more than three pages.

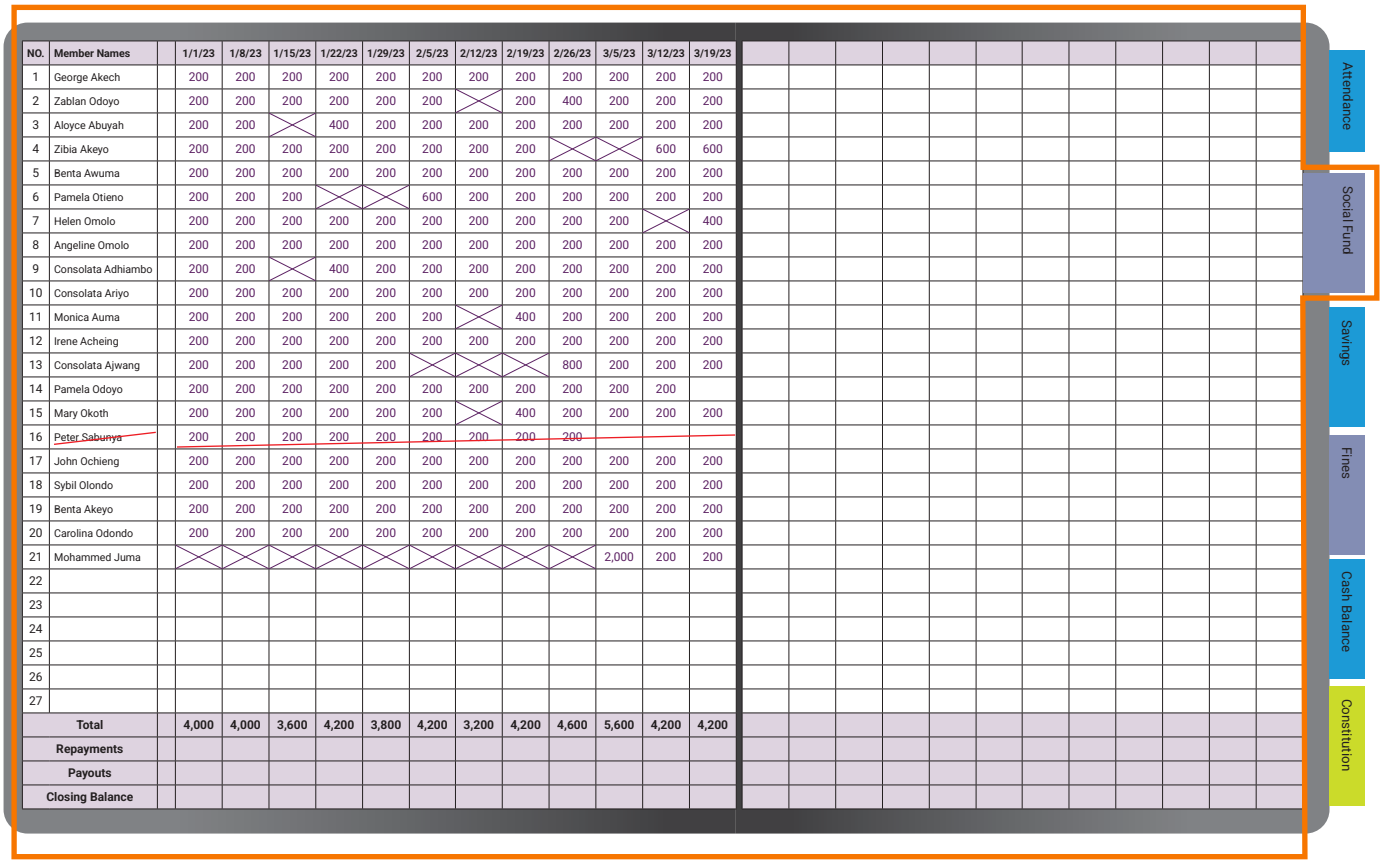
The Secretary uses the Attendance register to call roll at the beginning of each meeting. S/he places a ✓ next to the name of each member present.

The Secretary revisits the Attendance register at the end of each meeting to register late-comers. S/he places an X next to the name of each absent member, then writes the total attendance at the bottom of the week's column.



NO.	Member Names	1/1/23	1/8/23	1/15/23	1/22/23	1/29/23	2/5/23	2/12/23	2/19/23	2/26/23	3/5/23	3/12/23	3/19/23
1	George Akech	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
2	Zablan Odoyo	✓	✓	✓	✓	✓	✓	X	✓	✓	✓	✓	✓
3	Aloyce Abuyah	✓	✓	X	✓	✓	✓	✓	✓	✓	✓	✓	✓
4	Zibia Akeyo	✓	✓	✓	✓	✓	✓	✓	✓	X	X	✓	✓
5	Benta Awuma	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
6	Pamela Otieno	✓	✓	✓	X	X	✓	✓	✓	✓	✓	✓	✓
7	Helen Omolo	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	X	✓
8	Angeline Omolo	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
9	Consolata Adhiambo	✓	✓	X	✓	✓	✓	✓	✓	✓	✓	✓	✓
10	Consolata Ariyo	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
11	Monica Auma	✓	✓	✓	✓	✓	✓	X	✓	✓	✓	✓	✓
12	Irene Acheing	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
13	Consolata Ajwang	✓	✓	✓	✓	✓	X	X	X	✓	✓	✓	✓
14	Pamela Odoyo	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
15	Mary Okoth	✓	✓	✓	✓	✓	✓	X	✓	✓	✓	✓	✓
16	~~Peter Sabunya~~	✓	✓	✓	✓	✓	✓	✓	✓	✓			
17	John Ochieng	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
18	Sybil Olondo	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
19	Benta Akeyo	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
20	Carolina Odondo	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
21	Mohammed Juma	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
22													
23													
24													
25													
26													
27													
28													
29													
30													
Total		21	21	19	20	20	20	17	20	20	19	19	20

2. Social Fund



NO.	Member Names	1/1/23	1/8/23	1/15/23	1/22/23	1/29/23	2/5/23	2/12/23	2/19/23	2/26/23	3/5/23	3/12/23	3/19/23
1	George Akech	200	200	200	200	200	200	200	200	200	200	200	200
2	Zablan Odoyo	200	200	200	200	200	200	X	200	400	200	200	200
3	Aloyce Abuyah	200	200	X	400	200	200	200	200	200	200	200	200
4	Zibia Akeyo	200	200	200	200	200	200	200	200	X	X	600	600
5	Benta Awuma	200	200	200	200	200	200	200	200	200	200	200	200
6	Pamela Otieno	200	200	200	X	X	600	200	200	200	200	200	200
7	Helen Omolo	200	200	200	200	200	200	200	200	200	200	X	400
8	Angeline Omolo	200	200	200	200	200	200	200	200	200	200	200	200
9	Consolata Adhiambo	200	200	X	400	200	200	200	200	200	200	200	200
10	Consolata Ariyo	200	200	200	200	200	200	200	200	200	200	200	200
11	Monica Auma	200	200	200	200	200	200	X	400	200	200	200	200
12	Irene Acheing	200	200	200	200	200	200	200	200	200	200	200	200
13	Consolata Ajwang	200	200	200	200	200	X	X	X	800	200	200	200
14	Pamela Odoyo	200	200	200	200	200	200	200	200	200	200	200	
15	Mary Okoth	200	200	200	200	200	200	X	400	200	200	200	200
16	~~Peter Sabunya~~	200	200	200	200	200	200	200	200	200			
17	John Ochieng	200	200	200	200	200	200	200	200	200	200	200	200
18	Sybil Olondo	200	200	200	200	200	200	200	200	200	200	200	200
19	Benta Akeyo	200	200	200	200	200	200	200	200	200	200	200	200
20	Carolina Odondo	200	200	200	200	200	200	200	200	200	200	200	200
21	Mohammed Juma	X	X	X	X	X	X	X	X	X	2,000	200	200
22													
23													
24													
25													
26													
27													
Total		4,000	4,000	3,600	4,200	3,800	4,200	3,200	4,200	4,600	5,600	4,200	4,200
Repayments													
Payouts													
Closing Balance													

The Social Fund ledger has one row for the number/name of each VSLA member, and one column for each meeting in the Operating Cycle. A Social Fund ledger should occupy no more than three pages of the Secretary Book.

During the meeting, the Secretary records each member's Social Fund contribution in the ledger.

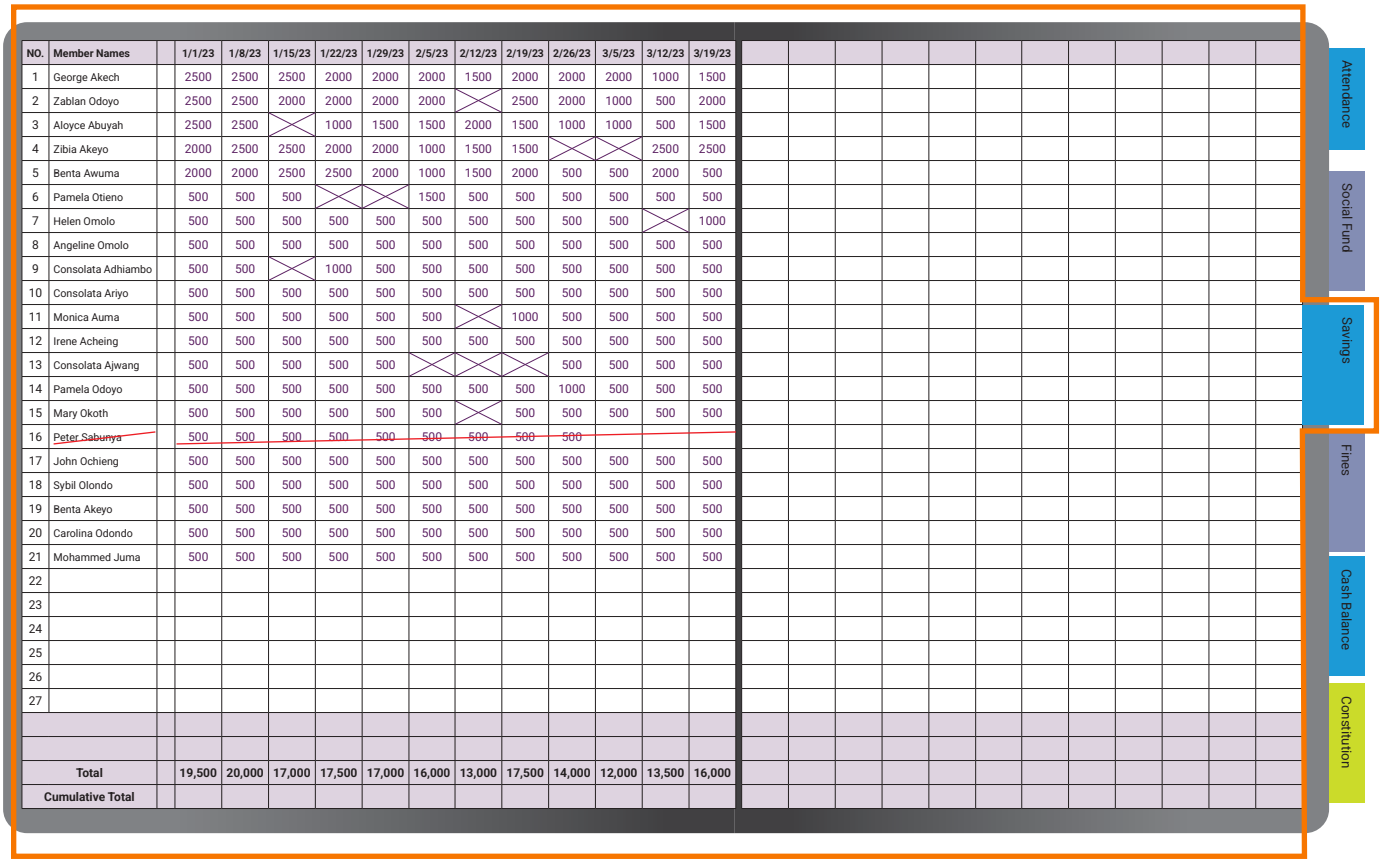
We can see that the VSLA in the example above expects that members who have missed one or more meetings will make up for their missed Social Fund contributions the next time they attend. We see that Aloyce Abuyah (Row 3) missed the third meeting, and made up for it by paying double the agreed contribution when he attended the fourth meeting. Zabion Odoyo (Row 2) did not attend the seventh meeting, and made his missed contribution in the ninth meeting. The Secretary records contributions during the meeting in which they are made.

The last four rows of the Social Fund Ledger show each meeting's:

- Total contributions
- Repayments (of fee-free loans)
- Payouts (in grants and fee-free loans, including those made in the meeting and any made by Social Fund Treasurer since the previous meeting)
- Closing balance (or cumulative total)

Please note that the VSLA does NOT keep detailed, member-specific records of individual grants or fee-free loans from the Social Fund, nor of repayments to the Social Fund.

3. Savings Ledger



NO.	Member Names	1/1/23	1/8/23	1/15/23	1/22/23	1/29/23	2/5/23	2/12/23	2/19/23	2/26/23	3/5/23	3/12/23	3/19/23
1	George Akech	2500	2500	2500	2000	2000	2000	1500	2000	2000	2000	1000	1500
2	Zablan Odoyo	2500	2500	2000	2000	2000	2000	X	2500	2000	1000	500	2000
3	Aloyce Abuyah	2500	2500	X	1000	1500	1500	2000	1500	1000	1000	500	1500
4	Zibia Akeyo	2000	2500	2500	2000	2000	1000	1500	1500	X	X	2500	2500
5	Benta Awuma	2000	2000	2500	2500	2000	1000	1500	2000	500	500	2000	500
6	Pamela Otieno	500	500	500	X	X	1500	500	500	500	500	500	500
7	Helen Omolo	500	500	500	500	500	500	500	500	500	500	X	1000
8	Angeline Omolo	500	500	500	500	500	500	500	500	500	500	500	500
9	Consolata Adhiambo	500	500	X	1000	500	500	500	500	500	500	500	500
10	Consolata Ariyo	500	500	500	500	500	500	500	500	500	500	500	500
11	Monica Auma	500	500	500	500	500	500	X	1000	500	500	500	500
12	Irene Acheing	500	500	500	500	500	500	500	500	500	500	500	500
13	Consolata Ajwang	500	500	500	500	500	X	X	X	500	500	500	500
14	Pamela Odoyo	500	500	500	500	500	500	500	500	1000	500	500	500
15	Mary Okoth	500	500	500	500	500	500	X	500	500	500	500	500
16	~~Peter Sabunya~~	~~500~~	~~500~~	~~500~~	~~500~~	~~500~~	~~500~~	~~500~~	~~500~~	~~500~~			
17	John Ochieng	500	500	500	500	500	500	500	500	500	500	500	500
18	Sybil Olondo	500	500	500	500	500	500	500	500	500	500	500	500
19	Benta Akeyo	500	500	500	500	500	500	500	500	500	500	500	500
20	Carolina Odondo	500	500	500	500	500	500	500	500	500	500	500	500
21	Mohammed Juma	500	500	500	500	500	500	500	500	500	500	500	500
22													
23													
24													
25													
26													
27													
Total		19,500	20,000	17,000	17,500	17,000	16,000	13,000	17,500	14,000	12,000	13,500	16,000
Cumulative Total													

The Savings ledger has one row for the number/name of each VSLA member, and one column for each meeting in the Operating Cycle. A Savings ledger should occupy no more than three pages of the Secretary Book.

All members are required to buy shares (deposit savings) between the minimum and maximum amounts written in the Constitution.

As each member purchases shares (deposits savings), the Secretary records the value of shares purchased in the Savings ledger. NOTE: At the same time, the Treasurer stamps the Member Passbook to reflect the number of shares purchased. See discussion of Member Passbooks, below.

In the example above, the Secretary has placed an X in the box when a member does not purchase shares/ deposit savings during a meeting (the member may be absent or unable to save that week).

4. Fines Ledger



Meeting Date	Total Fines
1/1/23	600
1/8/23	400
1/15/23	100
1/22/23	
1/29/23	
2/5/23	
2/12/23	
2/19/23	
2/26/23	
3/5/23	
3/12/23	
3/19/23	

The Fines ledger records the total amount of fines collected during each meeting: it does not register fines per member.

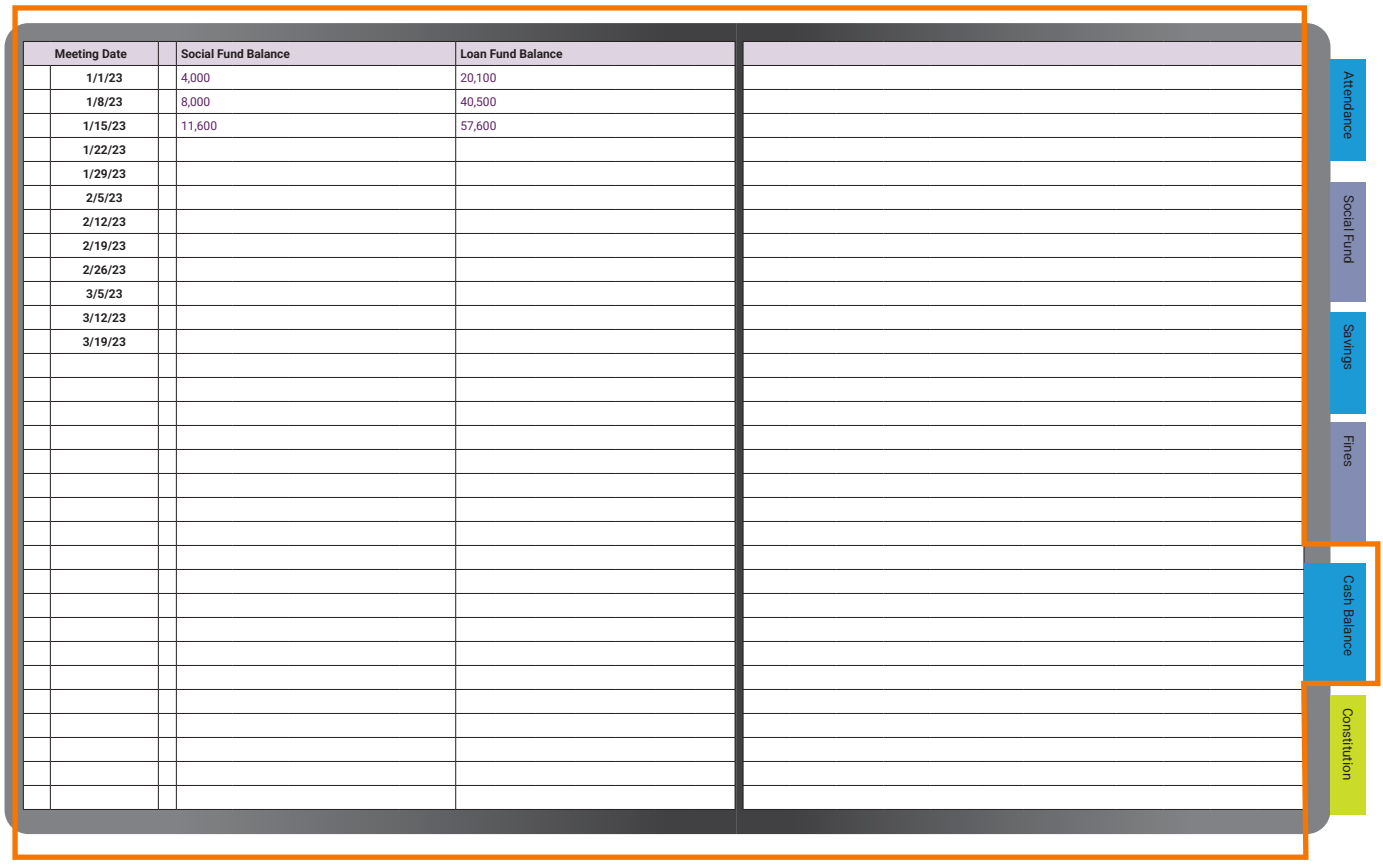
The Fines ledger's rows are the dates of each VSLA meeting. The Fines ledger's columns are the total amount of fines collected in that meeting.

The Fines ledger does NOT contain a Total or Cumulative Total row at the bottom of the page.

The Fines ledger should occupy no more than two pages of the Secretary Book.

Money collected as fines becomes a part of the VSLA's Loan Fund. Beginning with the first savings meeting, the Chairperson will ask the Money Counters to count the money in the Fines Bowl after the savings procedure is complete OR after the savings and loan repayments procedures are complete. They announce the total and the Secretary records this amount in the Fines ledger. The Money Counters then add the fines to the Loan Fund and the meeting proceeds.

5. Cash Balance Ledger



Meeting Date	Social Fund Balance	Loan Fund Balance
1/1/23	4,000	20,100
1/8/23	8,000	40,500
1/15/23	11,600	57,600
1/22/23		
1/29/23		
2/5/23		
2/12/23		
2/19/23		
2/26/23		
3/5/23		
3/12/23		
3/19/23		

The final ledger in the Secretary Book is a simple record of the weekly cash balance at the close of each meeting. The Cash Balance ledger should take up no more than two pages of the Secretary Book.

The Cash Balance ledger has two parts:

1. Cash in Social Fund.

After the Social Fund activities are completed in each meeting (as described in Sessions 5, 7, and 8 of this manual), the Money Counters count the money in the Social Fund. They announce this amount, and the Secretary records it in the appropriate row of the Cash Balance ledger. The Secretary tells all VSLA members to memorize this sum until the next meeting.

2. Cash in Loan Fund:

After all Savings and Loan Repayments and Loan Disbursements activities are completed in each meeting (as described in Sessions 5, 7, and 8 of this manual), the Money Counters count the money in the Loan Fund. They announce this amount, and the Secretary records it in the appropriate row of the Cash Balance ledger. The Secretary tells all VSLA members to memorize this sum until the next meeting.

The Member Passbook

Each member of the VSLA owns their own Member Passbook, which contains information about individual savings (shares purchased) and loans/loan repayments.

Between VSLA meetings, all Member Passbooks are stored in the Cash Box. During meetings, the Secretary hands each member her/his Passbook; the member returns the Passbook to the Secretary before the meeting ends.

The cover of a sample Member Passbook is shown. The cover has space for the name and number of the VSLA, and the name and number of the member. The member number must match the number in the Secretary Book: this helps ensure that no one else can use another member's passbook.

Each Passbook has two parts:

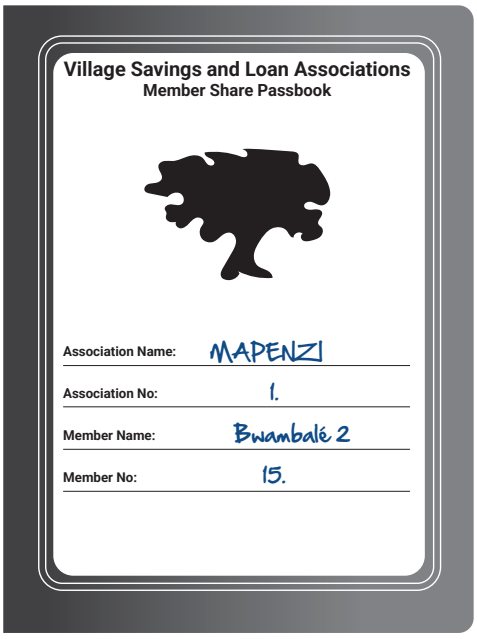
1. The first half of the Passbook tracks the member's savings or shares.
2. The second half tracks the member's loans and loan repayments.

1. Savings (Shares) section

At the top of each page of the Passbook, two pieces of information are recorded. The first is the value of a single share as agreed in the VSLA Constitution. In our example, a share is worth 500 Tanzanian shillings (TShs). The second is the VSLA's Operating Cycle. In our example, the group is in its first cycle.

Next, each page of the Passbook contains a grid for recording information. Each row represents one VSLA meeting. Each column represents a share, and the total of five columns represents the maximum number of shares that a member can purchase in each meeting. The grid as a whole can contain information for 12 meetings: we call this a 'period.' The information on each page represents one 'period' within an Operating Cycle.

Finally, each VSLA will choose a symbol to represent a share. Examples are: an arrow, a star, a heart. The VSLA may purchase a stamp with the symbol, or the Treasurer may draw the symbol by hand. In Figure 1, the sample Passbook uses arrows to indicate shares.



The Member Passbook samples in this section will show the financial transactions of Monica Mapenzi, a member of the Bwambalé 2 VSLA in Tanzania.

Saving (Purchasing Shares)

Figure 1 shows Monica Mapenzi's Passbook after five savings meetings. In the first meeting, Monica bought one share. She bought two or three shares in each of the four subsequent meetings. By the end of the fifth meeting, she has bought 11 shares.

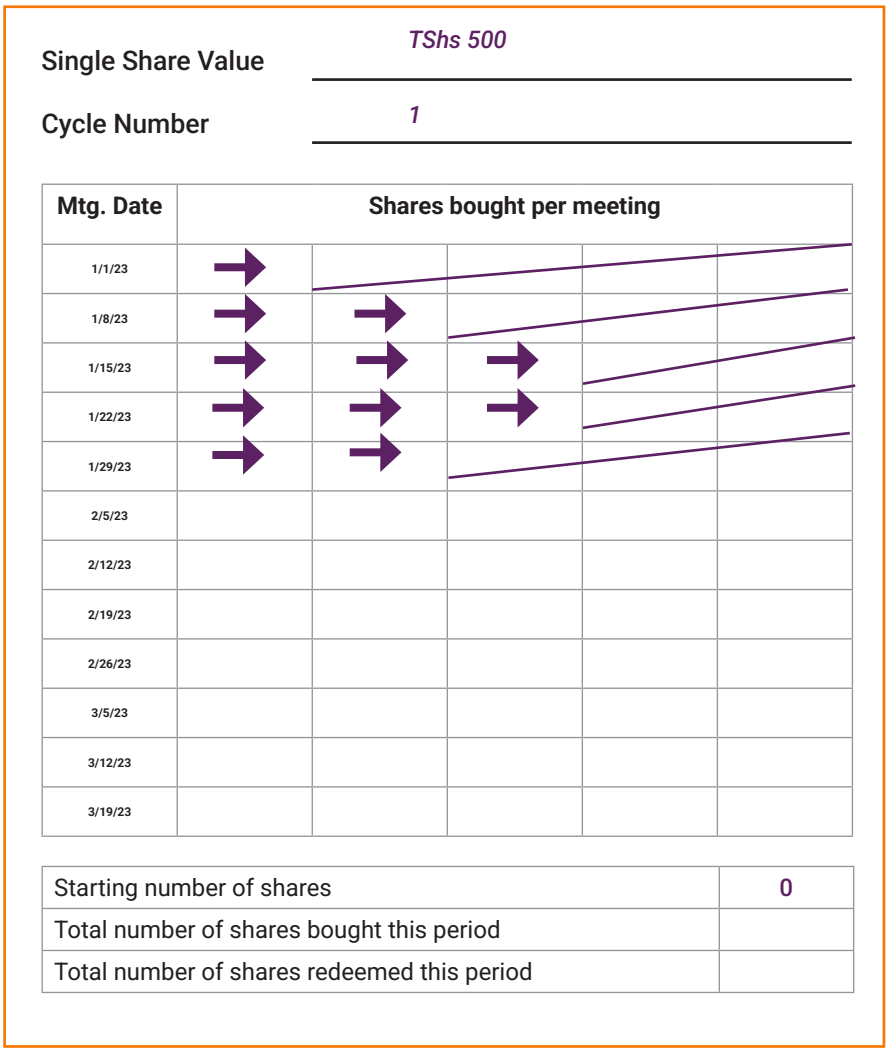
As each member deposits savings (buys shares), the Treasurer stamps or draws the number of shares in their passbook, in the row corresponding to the current meeting.

The Secretary and the VSLA member watch the Treasurer's actions, and confirm that the amount is correct. The Treasurer then draws a line across empty boxes in the row, to prevent fraudulent entry of shares at a later date.

After the Treasurer fills the appropriate row in the Member Passbook, the Secretary records the total value of shares the member purchased in the appropriate space in the Savings ledger.

We can calculate that, at the end of the fifth meeting, Monica Mapenzi's 11 shares x TShs 500 per share are worth TShs 5500.

Figure 1



Redeeming Shares

A strength of the VSLA methodology is its flexibility when members encounter personal problems. It is not ideal for members to stop saving or to redeem their shares early, but it is possible in emergencies.

At the seventh meeting, Monica Mapenzi explained that she had a personal problem and was unable to buy shares. The Secretary crossed off all five boxes in that week's meeting row, to indicate that Monica bought no shares. (See Figure 2.) But Monica also needed money, so she asked to cancel three shares she had bought in previous meetings. She received TShs 1500 from the Money Counters (3 shares x 500 per share = 1500).

The Secretary drew red lines through three shares to show that Monica redeemed them.

The VSLA and CBT can discuss whether a member should consider taking a loan instead of selling shares. But it is important that members not be pressured to borrow: depending upon the nature of their personal problem, they might prefer not to increase their risks by taking on additional liabilities.

The ability to redeem shares gives members access to their savings, but all members should understand that they will lose future earnings when profits are shared out. Once shares are redeemed they cannot be put back into the Loan Fund.

Figure 2

Single Share Value *TShs 500*

Cycle Number *1*

Mtg. Date	Shares bought per meeting				
1/1/23	→				
1/8/23	→	→			
1/15/23	→	→	→		
1/22/23	→	→	→		
1/29/23	→	→			
2/5/23	→				
2/12/23					
2/19/23					
2/26/23					
3/5/23					
3/12/23					
3/19/23					

Starting number of shares	0
Total number of shares bought this period	
Total number of shares redeemed this period	

Completing a Passbook Page

When a Passbook page is filled, the Secretary also completes the boxes below the grid.

This is the first Passbook savings page, so the Secretary wrote that Monica Mapenzi began with 0 shares. By the close of the 12th meeting, Monica had bought a total of 24 shares. The Secretary entered this number on the line 'Total number of shares bought during this period.' But, as we know, in the seventh meeting Monica redeemed the three shares she bought in meetings five and six. These three shares were now recorded on the line 'Total number of shares redeemed this period.' The 'Net shares end period (to be carried forward)' were, therefore, 21.

Figure 3 shows how many shares Monica purchased and redeemed during one period of 12 meetings. This was not, however, the end of the Operating Cycle. The end of the Operating Cycle will occur after 52 weeks. Monica Mapenzi's transactions will continue on the next page of the Savings section of her Member Passbook.

Figure 3

Single Share Value *TShs 500*

Cycle Number *1*

Mtg. Date	Shares bought per meeting
1/1/23	
1/8/23	
1/15/23	
1/22/23	
1/29/23	
2/5/23	
2/12/23	
2/19/23	
2/26/23	
3/5/23	
3/12/23	
3/19/23	

Starting number of shares	0
Total number of shares bought this period	24
Total number of shares redeemed this period	3
Net shared end period (to be carried forward)	21

2. Loan section

Taking a Loan

The second half of the Member Passbook is for recording loans and loan repayments. Figure 4 shows Monica Mapenzi's first loan (Loan No 1, as indicated in first column). She borrows TShs 30,000 on 12 March 2023.

The service charge of TShs 3,000 corresponds to her VSLA's decision to set a service charge rate of 10 percent per four-week period, on loans. The Treasurer calculates this service charge (30,000 x .10 = 3,000) and the Secretary writes the numbers in the Passbook.

Monica signs her name to show that she understands that she owes TShs 30,000 for the loan and TShs 3,000 for the service charge for the first four weeks of her 12-week loan. This row is now, in effect, a contract.

Figure 4

Record of Loans

Cycle Number *1*

Loan No.	Date	Amount Borrowed	Monthly Service Charge	Signed Borrower	Repaid	Signed Secretary
1	3/12/23	30,000	3,000	*Monica*		

Repaying a Loan and Service Charges

Four weeks later, on 9 April, Monica Mapenzi made a service charge payment of TShs 3,000.

The Secretary recorded this payment in the 'Repaid' column of her Passbook, as seen in Figure 5, and signed her name to confirm that the VSLA received the money.

The Secretary then wrote the new balance due, which was the original loan (TShs 33,000) less service charge paid (3,000) equaled 30,000, in the 'Amount Borrowed' column. The Secretary once again added a 10 percent service charge to the new amount borrowed. The 30,000 was treated as if it were a new loan, which, over the next four weeks, would attract 3,000 in service charges. Thus, Monica was told that she would owe TShs 33,000 at the next loan repayment meeting, four weeks later.

Note: Unless a VSLA member is repaying a loan in full (all principal plus all service charges), repayment should be applied first to the service charge owed and next to principal owed.

Figure 5

Record of Loans

Cycle Number *1*

Loan No.	Date	Amount Borrowed	Monthly Service Charge	Signed Borrower	Repaid	Signed Secretary
1	3/12/23	30,000	3,000	Monica	3,000	Helen
	9/4/23	30,000	3,000	Monica		

Figure 6 shows that four weeks later, on 7 May, Monica was able to repay TShs 10,000. Because she owed 33,000 (30,000 principal and 3,000 accrued service charges), this meant that she still owed a balance of 23,000.

The Money Counters received the TShs 10,000 and the Secretary signed to confirm receipt. The Secretary wrote a new loan (with the same loan number) of 23,000 on the next row. She also calculated a service charge of ten percent, or 2,300, which Monica would owe in another four weeks (the third installment of her 12-week loan).

Figure 6

Record of Loans

Cycle Number *1*

Loan No.	Date	Amount Borrowed	Monthly Service Charge	Signed Borrower	Repaid	Signed Secretary
1	3/12/23	30,000	3,000	Monica	3,000	Helen
	4/9/23	30,000	3,000	Monica	10,000	Helen
	5/7/23	23,000	2,300	Monica		

Figure 7 shows that four weeks later, Monica Mapenzi repaid her loan in full: she paid the total TShs 25,300 she owed.

Monica gave the money to the Money Counters and signed her name.

The Secretary entered TShs 25,300 in the 'Repaid' column and signed her name.

The Secretary then drew a red line through the entire loan record. She underlined the loan with a heavy line. These marks indicated that Monica Mapenzi completely repaid her Loan No 1.

Figure 7

Record of Loans

Cycle Number *1*

Loan No.	Date	Amount Borrowed	Monthly Service Charge	Signed Borrower	Repaid	Signed Secretary
1	2/12/23	30,000	3,000	Monica	3,000	Helen
	4/9/23	30,000	3,000	Monica	10,000	Helen
	5/7/23	23,000	2,300	Monica	25,300	Helen

Audit/Share-Out

The Audit/Share-Out at the end of the Operating Cycle is a simple procedure. The principle is to allocate the money available in the Loan Fund (the cumulative savings, services charges, and fines) amongst the members *proportionate to the amount that each member has saved*. (See text box below for information about the Social Fund at Audit/Share-Out.)

The basic steps of a Share-Out are:

STEP 1

The Secretary uses the member Passbooks to count (and the Secretary Book to cross-check) the combined, total number of shares of all VSLA members.

STEP 2

Simultaneously, the Money Counters count the cash in the Loan Fund into a single sum.

STEP 3

The Secretary divides the total number of shares (Step 1) by the total amount of cash (Step 2). The result is a number that represents the value of a single share. S/he announces this value to the VSLA General Assembly.

STEP 4

The Secretary then takes each member's Passbook and verifies the member's net shares (shares s/he has bought during the Operating Cycle less shares s/he has redeemed).

If the member owes the VSLA money (from loan arrears), the shares equal in value to the member's debt are cancelled in the Passbook. In this way, the defaulting member is penalised, because the cancellation of the shares means that s/he will not receive the profit on the canceled shares, but only on the number of shares remaining.

For each member, the Secretary then multiplies the net number of shares owned by the value of a single share. The result is that member's Share-Out allocation.

STEP 5

The Money Counters count out the allocation, and give it to the member. At the same time, the Secretary removes the value of the shares from the member's Passbook by drawing a large 'X' in red ink on all pages (periods) of the Operating Cycle.

Example

The Bwambalé 2 VSLA where Monica Mapenzi is a member reached the end of its Operating Cycle. The VSLA members owned a combined total of 1,352 shares. The amount of money in the Loan Fund was TShs 1,149,200.

When 1,149,200 was divided by 1,352, the result was 850. Therefore, a single share was valued at TShs 850.

Total in Loan Fund		*Total Number of Shares*		*Value of One Share*
1,149,200	÷	1,352	=	850

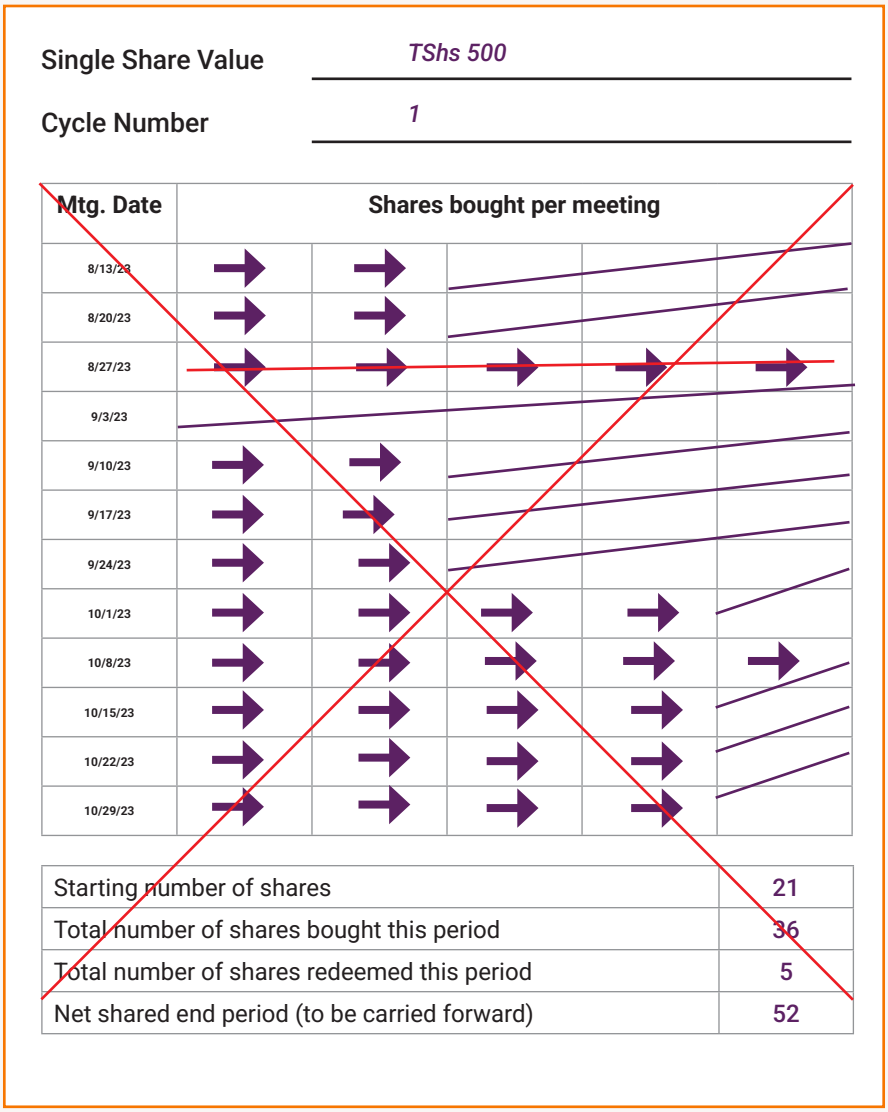
The Secretary then took one member's Passbook and announced the number of shares that the member owned. Using the calculator, the Secretary multiplied this number of shares by the value of a single share. The Secretary announced each amount (number of shares owned, value per share, total amount due to member) to the General Assembly.

The member then came forward and received the money from the Money Counters. At the same time, the Secretary removed the value of the shares from the Passbook by striking them out with a large 'X' in red ink on every page (period) of the Operating Cycle.

Figure 8 shows the last, filled page of Monica Mapenzi's Passbook at the end of her VSLA's first Operating Cycle. Monica carried 44 net shares from the previous page to the current page ('Starting number of shares' in the table at the bottom of the page; this must be the same as the 'Net shares end period' from the previous page). Between meetings 37 and 43, Monica bought 22 more shares. Her total number of shares owned might be expected to be 44 + 22 = 66. But in meeting 38 she redeemed five shares. Therefore, at the end of the Operating Cycle, she owns 59 shares.

At the Audit/Share-Out meeting, Monica Mapenzi received 59 shares x 850 per share = TShs 50,150.

Figure 8



Single Share Value *TShs 500*

Cycle Number *1*

Mtg. Date	Shares bought per meeting				
8/13/23	→	→			
8/20/23	→	→			
8/27/23	→	→	→	→	→
9/3/23					
9/10/23	→	→			
9/17/23	→	→			
9/24/23	→	→			
10/1/23	→	→	→	→	
10/8/23	→	→	→	→	→
10/15/23	→	→	→	→	
10/22/23	→	→	→	→	
10/29/23	→	→	→	→	

Starting number of shares	21
Total number of shares bought this period	36
Total number of shares redeemed this period	5
Net shared end period (to be carried forward)	52

Example

Share out chart example Using Monica Mapenzi's Group

Assuming that Bwambale's 2 VSLA had 20 members and each of them had been saving. With your support as the CBT, the group started by entering the number of each member's total shares at the end of the cycle and adding them up to arrive at a total number of shares bought by the members of the group (in this case, 1,352 shares).

The total cash available for the share-out is entered below (in this case, 1,149,200).

The total number of shares is then divided by the total value of cash, and the result is displayed to three decimal places. This is the current value of a share (in this case, 850). This amount is entered into the single share value at the end of the cycle column as the new share value.

The number of each member's shares is then multiplied by the new value of a share, and the result is entered in the column (the amount shared). In some instances, we may round down the results to the nearest real value in the national currency for easy distribution of money.

Figure 9

Member No	No. of Shares	New Share	Amount Shared (TShs)
1	72	850	61,200
2	52	850	44,200
3	59	850	50,150
4	70	850	59,500
5	66	850	56,100
6	80	850	68,000
7	80	850	68,000
8	55	850	46,750
9	72	850	61,200
10	62	850	52,700
11	60	850	51,00
12	72	850	61,200
13	80	850	68,000
14	80	850	68,000
15	67	850	56,950
16	72	850	61,200
17	61	850	51,850
18	60	850	51,000
19	62	850	52,700
20	70	850	59,500
Total Shares	**1,352**		**1,149,200**
Total Cash to share out	**1,149,200**		
New Share Value	**850**		

The Social Fund at Audit/Share-Out

During or prior to the Audit/Share-Out meeting, the Money Counters count the amount of money in the Social Fund. The General Assembly discusses and decides how to use this sum. Some options are:

1. Distribute the sum equally among members (separate from allocation of the Loan Fund).
2. Transfer the money to the next Operating Cycle: the sum becomes the Social Fund's opening balance for that cycle.
3. Purchase items for the VSLA. For example, buy matching fabric (pagne, kapulana, kikoi, sarong, wrapper) for all members, and/or buy supplies to hold an end-of-cycle celebration.
4. Purchase a thank-you gift for the CBT (Note: this may apply to independent CBTs and not VSLA trainers who are employed by CARE or other organization.)

Annex iii: Mentoring Checklist

One of the most important roles for the CBT is to continuously mentor and support VSLAs as they learn the methodology. The CBT helps them understand why the methodology is fundamental for ensuring success.

Please use this form as a reference when you visit your VSLAs. During your visits, be sure you are actively watching how the VSLA is conducting its meeting. Take special note of the areas listed below. If a VSLA is not following the methodology, speak with the Management Committee and help them re-learn the correct steps or actions.

The list below includes some of the most important components that you should review each meeting you attend.

1. Attendance
    a. Do all members attend the meeting?
    b. If not, did the member designate someone to bring their money (Social Fund, shares) that week? Did they notify a member of the Management Committee of their absence?

2. Management Committee
    a. Are the Management Committee members performing their designated roles?
    b. Are both Money Counters counting and verifying the amount of money during the meeting?
    c. Is the Chairperson leading the meeting and managing participation?

3. Member Participation
    a. Are the members prepared with their funds?
    b. Do the members know the previous Social Fund and Loan Fund balances?
    c. Do the members participate and pay attention during the meeting?
    d. Do the members check their Passbooks to make sure they are correct after they purchase shares/save?

4. Record Keeping
    a. Are the savings in the member Passbooks recorded accurately?
    b. Are the loans in the member Passbooks recorded accurately?
    c. Are the records in the Secretary Book written correctly?
    d. Are the calculations in the Secretary Book done correctly?

Areas to look for while on routine monitoring	How to establish the information	Things to look out for.
Attendance	Observation – count members present – by men and women, boys and girls to establish members present. Check out the attendance list/record – to establish attendance trends.	• Do all members attend the meeting? • If not, did the member designate someone to bring their money (Social Fund, shares) that week? • Did they notify a member of the Management Committee of their absence?
Management Committee	Observation	• Are the Management Committee members performing their designated roles? • Are both Money Counters counting and verifying the amount of money during the meeting? • Is the Chairperson leading the meeting and managing participation?
Member Participation	Observations and records (both group savings ledger and individual passbook)	• Are the members prepared with their funds? • Do the members know the previous Social Fund and Loan Fund balances? • Do the members participate and pay attention during the meeting? Do the members check their Passbooks to make sure they are correct after they purchase shares/save?
Record Keeping	Group and passbook records	• Are the savings in the member Passbooks recorded accurately? • Are the loans in the member Passbooks recorded accurately? • Are the records in the Secretary Book written correctly? • Are the calculations in the Secretary Book done correctly? • Are the loans in the member Passbooks recorded accurately? • Are the records in the Secretary Book written correctly? • Are the calculations in the Secretary Book done correctly?

VSLA Health Check Form

How to Collect Data

1. You will need to bring with you the health check form, the scoring guidance and a pen when you collect data from a group.
2. First, you must read and understand the scoring guidelines. For each question in the tool, you will be asked to score the group in their ability to do what is listed in the question. The table below lists each question asked and what qualifies for each score. It is important that before you score any groups, that you read and understand this guidance. In addition, this table can be used when you collect data as a reference scoring a group. You do not need to memorize anything.

No.	Health Check Question	Scoring Rubric (When to score 1, 2 or 3)		
		1	2	3
1	Did at least 80% of the members attend the meeting?	Less than half (less than 15) of members attended the meeting	One half to two-thirds (15-20) of the members attended the meeting	More than two-thirds (20+) of the members attended the meeting.
2	Were the keys held by three members who were not on the committee?	2 or 3 keys held by members who are part of management committee members	1 key held by a member who is part of management committee members	3 keys held by members who are not management committee members
3	Did members recall Loan Fund and Social Fund balances?	Majority of the members could not remember previous balances	Half of the members recalled/ remember previous balances	All members recalled/ remembered previous balances (Social fund and loan fund)
4	Were the savings procedures orderly and complete?	Savings procedures were not followed at all. No roll call, share purchase not observed	There was no roll call but all other procedures were followed	Group was able to follow correct Share purchase procedures (meeting opening with roll call, social fund and share purchase) members must observe the share purchase
5	Were passbook savings records complete and accurate?	All shares have not been calculated at the end of each page (page is full)	Calculation of shares is not completed on some of the pages	All shares have been calculated on every page that is full in the passbook and also accurate/ correct calculation
6	Were the lending procedures orderly and consistent?	Poor lending procedures with no order. Members are not asked the purpose of loans.	Members are not asked for the purpose of loan but all other procedures are followed.	All lending procedures are followed. Members are asked for the purpose of loans.
7	Were passbook loan records complete and accurate?	Loan records are either not recorded or recorded with wrong calculation	Loans records are not clear or not completed	All loan records are completed and accurate
8	Did the group and the management committee follow standard procedures?	Management committee members and group do not follow rules, procedures and fines are not taken.	Few management committee members are not active (e.g Chairperson does not open meeting).	Group and management committee members follow all procedures, meeting is in order and fines are taken.
9	Did the Secretary announce ending balances in Loan Fund & Social Fund?	Secretary did not announce the ending balances for social fund and loan fund for members to recall.	Secretary did not announce one of the ending balances for members to recall.	Secretary announces the ending balances for both social fund and loan fund for members to recall.

No.	Health Check Question	Scoring Rubric (When to score 1, 2 or 3)		
		1	2	3
10	Were passbooks the primary record of transactions?	Group does not enter savings and loans in the passbook but writes in a notebook.	Group stamps shares in member passbook but loans are not recorded at the back of the member passbook. Loans are recorded in a separate notebook.	All records of member savings and loans are recorded in the individual member passbook.
11	Did the Chairperson lead the group effectively?	Chairperson is not very active, does not perform her/his role (meeting opening, taking fines, leading group discussions, order at meeting, etc.)	Chairperson is active but does not perform all her/his roles expected. E.g. does not take fines, does not ensure that meeting is in order.	Chairperson is active, performs her/his role (meeting opening, taking fines, leading group discussions, etc.)
12	Did the Secretary perform his/her role effectively?	Secretary does not perform his/her role, not active, poor calculation, poor records, does not request for previous balance, does not announce ending balances, does not enter all records in passbook and records book, etc.	Secretary is active but forgets to perform some of her roles expected. E.g., does not ask for previous balances and records entered are not completed.	Secretary performs his/her role, very active, accurate and clear calculation, neat records, requests for previous balance, announces ending balances, enters all records in passbook and records book, etc.
13	Did the Money Counters perform their roles effectively?	Money counters do not count monies given to them well, do not check for the correct currency or weak notes, do not mention the amount members are saving or loans members are taking to the hearing of group members, counts the monies together instead of one person counting before the other to check for errors etc.	Money counters count the monies together instead of counting it one after the other to check for errors.	Money counters are regular and able to count monies given to them well, they check for the correct currency or weak notes, mention out loud the amount members are saving or loans members are taking to the hearing of group members, count the monies by individual person to know the correct amount without errors.
14	Did the members and managers display knowledge of the constitution?	All members are unable to recite or remember the constitution	Half of the members are unable to recite or remember their constitution	Majority or all members can recite or remember the constitution
15	Were members engaged in all aspects of the meeting?	All members are not engaged, the meeting place is noisy and no order, members leave meeting place without permission. Members are not asked to pay attention to meeting procedures	Some members do not pay attention to meeting procedures and are disorganized.	All members are engaged at every stage from the start to finish. There is order and members ask for permission to make contributions or to leave the meeting place. Members are correctly seated and pay attention to meeting procedures.

3. When you visit a group, first you will complete the top section of the form. This top section is basic information about the group, where it is located and when and by whom the form is collected. Please leave the "Final Health Result" blank until the end.
4. Based on what you observe at that meeting, you will select the response for each question that most closely reflects what the group does. You will then place the corresponding score (1, 2 or 3) on the form for all questions.

For example, on question 15: If group members were sometimes engaged and paying attention but not consistently and the meeting seems disorganized. This observation most closely aligns with the second columns of response options listed under the '2' category. Therefore, you would enter a '2' for question 15.

VSLA Health Check Form

Group Name		Group ID	
State/Prefecture		District	
Sub-District		Village/Community	
Name of Interviewer			
Date of Visit			
Final Health Result			

	Issue	Points
1	Did at least 80% of the members attend the meeting?	
2	Were the keys held by three members who were not on the committee?	
3	Did members recall Loan Fund and Social Fund balances?	
4	Were the savings procedures orderly and complete?	
5	Were passbook savings records complete and accurate?	
6	Were the lending procedures orderly and consistent?	
7	Were Passbook loan records complete and accurate?	
8	Did the group and the Management Committee follow standard procedures?	
9	Did the Secretary announce ending balances in Loan Fund & Social Fund?	
10	Were Passbooks the primary record of transactions?	
11	Did the Chairperson lead the group effectively?	
12	Did the Secretary perform his/her role effectively?	
13	Did the Money Counters perform their roles effectively?	
14	Did the members and managers display knowledge of the constitution?	
15	Were members engaged in all aspects of the meeting?	
Total score		

Points Key		**Total score interpretation**	
1	= bad/no	Good health	39 – 45 points
2	= average	Acceptable health	35 – 38 points
3	= good/yes	Poor health	30 – 34 points
		Sick	0 – 29 points

5. After you have scored the group for all questions, please add up the total number of points and put this number at the bottom of the form where it says, “total score”.
6. Once you have totaled the points, compare the score list at the bottom to determine if the group is in good health, acceptable, poor, or sick health. Please write the level of health in the “Final Health Result” section at the top of the form.

For example, if your group scores a total of 36 points, then you will look at the table and see where that falls on the health scale. You can see that ‘36’ falls in the Acceptable Health category in the table above). This is how you will know what to write at the top of the form.

Annex iv: Optional Training Topics and Resources

To access these resources, please visit the VSLA Resources page at CARE.org. We're continually updating our tools and approaches to reflect best practices. If the resources you're looking for are not currently listed, please reach out to VSLAInfo@care.org.

RESOURCES	AREA OF FOCUS
VSLA MONITORING, EVALUATION, AND LEARNING (MEL) GUIDE	Resource for designing and implementing robust Monitoring, Evaluation, and Learning (MEL) systems for VSLA programs.
FAMILY BUSINESS MANAGEMENT TRAINING (FBMT)	Training manual for VSLA members and households to strengthen financial management and collaborative family business planning.
COLLECTIVE INVESTMENT GUIDE	Guidance for supporting mature VSLAs in agrifund and collective investment opportunities, with practical steps for group decision-making.
LAYERING AND SEQUENCING GUIDE	Strategies for integrating VSLA programming with other development interventions for lasting community impact.
VSLA IN EMERGENCIES (VSLAIE) GUIDE AND TOOLKIT	Adapting VSLA programming to crisis settings, with a toolkit of 22 resources for implementation and layering with cash and voucher assistance programming
SOCIAL ANALYSIS AND ACTION (SAA)	Reflecting, challenging, and re-envisioning harmful social norms, beliefs, and practices that shape our lives. SAA can be adapted for various programs, including but not limited to programs of Sexual Reproductive Health, Food and Nutrition Security…etc.
LIVELIHOODS FOR RESILIENCE ACTIVITY VILLAGE SAVINGS AND SOCIAL ASSOCIATION (VESA) MANUAL	This manual covers topics beyond VSLA and includes sessions on financial literacy, adapting to extreme weather events and resilience, livelihood, and nutrition. It provides holistic guidance in different social, financial, investment and livelihood issues for members to discuss and address.

RESOURCES	AREA OF FOCUS
FARMER FIELD AND BUSINESS SCHOOLS (FFBS) APPROACH	The FFBS approach is CARE's proven, women-focused approach that helps small-scale farmers and producers build the skills they need to increase production, improve resilience, adapt to climate change, diversify diets and boosts nutrition.
FINANCIAL LITERACY MANUAL	The financial literacy training guide is designed to develop behavior that leads to a better understanding and knowledge of financial concepts, the use of financial services, investments, and short and long-term planning. The learning sessions facilitate a shift from current behavior to desired behavior by focusing on transformational knowledge, abilities, and confidence in financial services, hence supporting entrepreneurial spirit.
BUSINESS SKILLS TRAINING GUIDE: A Facilitator's Guide to Start and Operate Enterprises (SPM)	This business skill training manual is meant to improve and increase the capacity of VSLA members to start and or expand marketable enterprises in their communities.

Annex v: Strengths and Limitations of VSLA Methodology

Strengths of the methodology

- It is based on member savings: VSLA members work with their assets and not with loan liabilities (debts). This increases their livelihood security and reduces their exposure to risks.
- Interest earned on loans goes to the VSLA and not to an external service provider. This increases the amount of investment capital available to the VSLA.
- VSLAs are immediately profitable (not merely sustainable) and are fully autonomous.
- Financial services (including a limited insurance in the form of the Social Fund) are offered in the participants' village/neighborhood and managed by the participants themselves.
- Transactions are quick, simple and transparent.
- Accounting systems are secure, clear and simple.
- Using lock-boxes or lockable canvas pouches and mulitple Key-Keepers ensures that transactions are confined to meetings of the entire VSLA and that money is safe.
- The The Audit/Share-Out system allows participants system allows participants to acquire useful lump sums of capital at a predictable time that can be invested in longer-term activities or to meet large, predictable expenses.
- Evaluations carried out in Niger and Zimbabwe show very large increases in:
    - *Household assets, mainly owned by women*
    - *Household economic security*
    - *Personal self-confidence*
    - *Social capital/participation*
- VSLAs are attractive to women. Women's average level of participation in a mixed-sex VSLA is between 25 - 70%, averaging about 55%.
- The most common benefits of VSLA membership are an increase in women's social capital and accumulation of female-controlled semi-liquid property, such as small livestock and household goods.
- Members value belonging to a VSLA. On average, two years after the completion of training, 96 percent of VSLAs remain in operation.

Limitations of the methodology

- The amount of money available for loans is small, especially early in the Operating Cycle. It is limited by the participants' capacity to save: some consider this an advantage because it prevents over-borrowing, especially in the early stages of a VSLA's life.
- The short loan period that is normal during the first few Operating Cycles limits investment in long-term activities and fixed-asset investment.
- Loan funds are not always available at appropriate times.
- The VSLAs that choose to distribute all of their savings at Share-out must begin savings again from zero: once again, little capital is available for loans for several months.

Annex vi: Frequently Asked Questions (FAQs) & Responses

1. **What are the evolutionary phases of the VSLA group?** The Intensive, Development and Maturity Phases are characterized by a continuous increase or improvement in members' level of participation, accuracy of written records, respect for association rules, knowledge of meeting procedure, effectiveness of the Management Committee, adherence to savings and loan policies & procedures, sense of cohesion as a mutually beneficial group.

2. **What about VSLAs whose members can save little, and whose collected savings is low?** Encourage them to have weekly meetings and abide by the savings policies they agreed in their Constitution. Even at a low level of savings, VSLA members will attain benefits.

3. **Do VSLAs ever acquire external funds? If yes, how does the group manage such funds?** Yes, there may be cases where VSLAs get external funds from different sources. In such cases, they should decide how they want to use the fund, decision should be made as a group and every member should have a say. Members can decide to share it equally or use it for a collective investment they agree on. If they decide to put it in their savings, first, the money needs to be distributed equally amongst members. Those who choose to use it in their savings can use the money to buy shares.

4. **What happens to the VSLA after the first Operating Cycle?** After the first cycle VSLAs can decide what they want based on what they need.
    - They can continue as VSLAs: some members may leave; they may accept new members and continue another cycle with the VSLA modalities. A VSLA group's ability to re-form and start a second cycle after the first action audit is one measure of success.
    - They can decide if they want linkages with other formal financial institutions to strengthen their access to finance.
    - They can develop into Saving and Credit Cooperative Organizations (SACCOs)

    An intensive technical support is required for VSLAs that decide to link with formal financial institutions or develop into SACCOS.

5. **How secure is the Cash Box?** It is secure as long as there is minimum cash in it: as soon as a VSLA begins to lend to its members, the great majority of its cash should be out on loan. The Cash Box is mainly for the purposes of transparency of transactions and not safety of bulk cash.

6. **How much does a VSLA need to adhere to the procedures in this manual?** At least for its first Operating Cycle of the group. This gives members the opportunity to learn and build confidence and cohesion. Any departures from the recommended procedures must be agreed by all members, and the VSLA must amend its Constitution to reflect the agreed changes.

7. **What are the benefits—in addition to financial—of belonging to a VSLA?** Members gain social capital, something one can fall back on in difficult times. Members gain a forum for sharing information, consulting, their peers, and jointly resolving problems. Members gain a sense of belonging.

8. **What is the legality of VSLA?** A VSLA is an informal community structure and locally recognized by its constitution. However, in some countries, it has been recognized and included or given their own legal framework.

9. **What plan does the program have to develop the technical skills of individual members in managing their individual IGA's as a feeder basket for the growth and sustainability of the VSLA fund?** Conduct 'Start and Operate Enterprises (SPM)' training for all members to increase their entrepreneurial skills.

10. **How will VSLAs be handled when the donors pull out?** Enroll Village Agents (VAs) whom the groups pay a moderate fee for the service after the project end. Communities will demand for the service from VAs and pay for the service. This will motivate the VA to deliver.

11. **Is the VSLA methodology suitable only for poor people?** It is a financial service that works best for the poor, but can be used by any category of person.

12. **How can VSLA members build their skills and knowledge of how to handle their savings and legal status.** VSLA members build their skills through training and mentoring given to them, including learning by doing and practicing each conceptual learning they acquire through the training. Their legal status vary from one country to another – but in most instance, their informality is respected and protected.

13. **Can VSLAs be institutionalized?** If it develops into other forms of micro finance, yes. But as it is, it is an informal institution.

14. **Can an individual belong to more than one VSLA?** Some people have joined more than one group, usually to accrue more savings. However, this is strongly discouraged. It risks jeopardizing both VSLAs' confidentiality and long-term survival.

15. **Who pays for the Toolkit?** Some organizations fund the Toolkits and the VSLAs receive them as a gift. Some organizations share the cost of the Toolkit with the VSLA.

16. **Should a VSLA invest in a group income-generating activity?** Group income-generating activities have proved to be very risky, non-transparent and complicated to manage in the first cycle of VSLA operation. They should ONLY be attempted by mature VSLAs with clear management and a strong track record of communication and trust so that members' savings are not at risk.





Copyright © 2025 Cooperative for Assistance and Relief Everywhere, Inc. (CARE)