Village Savings and Loan Associations (VSLAs)

Field Officer Guide

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Preface

Why we have developed this manual

This manual has been developed from tools developed over many years in partnership with many organisations. Previous manuals were evolved from CARE’s experience in VSL in 19 countries in Africa and were designed for the general reader and programme managers.

Although they contained the same tools that we use here they included a lot of material that was more useful to managers and programme designers than field staff. We felt the need, therefore, to develop training materials that are used by field staff only, focused solely on the things they have to do. This manual is part of a 2-manual series: one to be used by Field Officers (FOs) who are paid employees of either CARE or a partner organisation) or by Village Agents (VAs). These are people who live in the communities where CARE is promoting VSL, but who are not paid employees. The two manuals are linked to each other because it is FOs who supervise the work of VAs.

The use of Village Agents

It is becoming clear that one of the best ways to reach out further and at lower cost is to train VAs, who live in the target communities, and at very low cost can easily train VSLAs. Their main advantage is that they can continue to train new VSLAs (and support old ones) even after a project has ended and do not need open-ended financial support. As a result, we wish to promote this model because we have found that the best approach is to start off using an FO who then trains VAs, leaving behind qualified VAs who train VSLAs for a fee and who can make a living while doing so.

We know that this works. In 2002 in Zanzibar, CARE left behind 43 VSLAs and a team of VAs. 5 years later these 43 VSLAs had increased to over 250, without an additional investment by donors in the process. All of CARE’s VSLAs in Niger’s original MMD project have been trained by fee-for-service VAs for the past 10 years.

Changes in the methodology

Experience has taught us that we can slightly reduce the number of visits that it is necessary to make to a VSLA during its training and supervision. We have also learned that we can safely reduce the period of contact from 12 months down to 9 months. Thus, we have reduced the period of contact from 12 months down to 9 months and the number of visits from about 22-23 down to 15. This will contribute to increased productivity of Field Officers and Village Agents.

As well as providing a step-by-step guide to training a VSLA, this manual is a guide for the Field Officer and describes how (s)he starts off training VSLAs and, later on, shifts over to being a trainer and supervisor of VAs. We hope that the FOs who use it will find it useful and would appreciate any comments by users that would help us to improve it.

Hugh Allen
Mark Staehle
Dar es Salaam
March 1st 2009
List of acronyms

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

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

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

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

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

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

The results of your work will be permanent and you will find the work satisfying. Good luck.
1 What are VSLAs?

A Village Savings and Loan Association (VSLA) is a group of 15-25 people who save together and take small loans from those savings. The activities of the VSLA run in ‘cycles’ of about one year, after which the accumulated savings and the loan profits are shared out among the members according to the amount they have saved.

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

VSLAs are trained by Field Officers (salaried programme staff) or Village Agents (who receive fees from the VSLAs for the training). Village Agents are members of VSLAs who are identified as having the skills to train others to start VSLA groups. A VAs role will be to:

- assist VSLAs they have trained when they would like assistance between cycles (share-outs, membership changes, renovating the constitution, elections)
- provide refresher training
- assist in resolving conflicts
- in the long-run they may provide a range of formal financial products as agents (of insurance companies, banks, remittance service companies, etc.)

The first cycle of VSLA is a training and supervision cycle of 36 weeks. During the first cycle, the Associations will meet weekly. After the first cycle, the graduated VSLAs will share out every year.

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

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

The Loan Fund is comprised of share money and loan profits (from service charges).

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

The service charge for loans is determined by the members at the beginning of the cycle. It cannot be changed during the cycle.

Loans are taken and repaid once every 4 weeks. All loans should be repaid within a maximum of 12 weeks during the first cycle.

All VSLA transactions are performed at meetings in front of all the members. To ensure that transactions do not take place outside Association meetings, cash and passbooks are locked in a cash-box secured with three padlocks. The three keys are held by three Association members, who are not part of the Management Committee.

The main purpose of the cash-box is to ensure that no transactions occur outside the Association meeting, rather than to prevent theft by outsiders. Theft of boxes by outsiders is very rare.

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

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

The Association has a five-person Management Committee elected for one cycle (approximately one year). Associations also develop a Constitution that contains the Social Fund, Share-purchase and Loan policies of the Association. Each member has one vote in
electing the Management Committee and developing the constitution. VSLAs ensure that their members memorise the basic features of the constitution.

**At the end of every annual cycle, all outstanding loans are recovered and the loan fund is shared out.** The loan fund (which includes lending profits) is divided by the total number of savings shares purchased by members during the cycle, to calculate a per-share value. Each member then receives his or her share according to the number of shares purchased by that member.
2 Schedule of operations

VSL Associations are trained by Field Officers (FOs) over 36 weeks according to the schedule given below.

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

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

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

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

Figure 1: VSLA training and supervision schedule

<table>
<thead>
<tr>
<th>Preparatory</th>
<th>Intensive Phase</th>
<th>Development Phase</th>
<th>Maturity Phase</th>
</tr>
</thead>
<tbody>
<tr>
<td>A B C</td>
<td>1 2 3 4 5 6</td>
<td>PC</td>
<td></td>
</tr>
<tr>
<td>1-2 Weeks</td>
<td>1 week</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>2 3 4 5 6 7 8</td>
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<td>9 10 11 12</td>
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<td>13 14 15 16</td>
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<td>28 30 31 32</td>
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<td>33 34 35 36</td>
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<td></td>
<td>37</td>
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</tr>
</tbody>
</table>

Legend:

A Orientation of local leaders and government officials. **Attended by Supervisor**

B Introduction of VSL to the community

C First meeting with newly formed groups

PC Phase change. **Attended by Supervisor**

1 Supervision meetings: no training module

2 Training: Social fund, share-purchase & credit policies

3 Training: Development of Association constitution

4 Training: First share purchase savings meeting

5 Training: First loan disbursement meeting

6 Training: First loan repayment meeting

7 Training: Action audit/shareout and elections. **Attended by Supervisor**

Note: The Supervisor must attend and approve each VSLA’s change of phase. If a VSLA needs more training, the schedule can be lengthened beyond 36 weeks.

Note: The FO may make more visits during the intensive phase if needed. (S)he can also extend the cycle by one or more months if further training is needed to prepare the association for full independence.
3 Preparatory meetings

The Preparatory Phase has three purposes:

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

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

<table>
<thead>
<tr>
<th>Type of meeting</th>
<th>Content</th>
<th>Comments</th>
</tr>
</thead>
</table>
| Meeting A | Supervisor orients local leaders and government officials | • Introduction of the Implementing Organisation.  
• Target group to be served  
• Services offered.  
• Role of local leaders and administrators. | This may take more than one meeting and may involve Regional, District and Locational/Ward officials before reaching communities |
| Meeting B | FO introduces VSL to the community | • How the methodology works.  
• How interested individuals can form new VSLAs | Open meeting. Anyone can attend. Usually at a public place like a market, school, church, mosque etc. |
| Meeting C | First meeting with newly formed groups | • Step-by-step description of how VSL works  
• Qualities of good members  
• VSLA and FO obligations  
• Training schedule  
• Date and place for first Training | Attended only by people who are committed to joining a VSLA and who show this by having formed themselves into a group |
Meeting A: Orientation of local leaders and government officials

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

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

What is covered in this meeting?

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

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

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

What to explain:

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

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

- Members must know and trust each other
- Leaders are not elected until after training begins
Meeting C: First meeting with newly formed VSLAs

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

What to explain:

The FO describes the basic features of a VSLA:

- A VSLA is created so that people can save, borrow and start an insurance fund
- Members are self-selected and the VSLA is managed by its members
- Every Association has a written constitution and clear rules
- Some rules such as the amount of savings, or the service charge on loans are decided by the members
- Some rules, such as the need for annual elections, are already fixed because this has been shown to be important
- Every Association has a Management Committee which is democratically elected and changed every year
- Members must attend all meetings, and buy at least 1 share each meeting
- There are fines for lateness and missing meetings
- An Association allows all members to buy between 1-5 shares each week. The share amount is set by the members
- Share money is used to provide small loans to members, which are repaid over a period of not more than 3 months
- All borrowers have to pay a service charge on their loans, at a percentage rate decided by the members
- There is a Social Fund from which members can receive small grants for emergencies
- All of the Association’s cash is kept in a box with three locks, and the keys are kept by three different people, who are not part of the management committee
- The box can only be opened in meetings, so all transactions are done in front of all of the members
- Record-keeping is based on simple passbooks and memorisation of important information such as the amount of cash in the box and who owes money to the Social Fund
- Each member has a passbook in which their savings and loans are recorded
- The passbooks are locked in the box between meetings to prevent anyone changing the entries
- The members decide on a period for operation of the VSLA before they share out their profits. This is called a cycle
- At the end of each cycle, all loans are repaid, and all savings and profits are distributed to members according to the amount that they have saved
- The box and its contents will be supplied by the programme and must be paid for by the Association. This will involve a down-payment of not less than 25%, with the balance being paid before the end of the cycle. If there is a balance at the end of the cycle, the Association must pay the due amount from the loan fund prior to sharing out.
- The training period is 36 weeks. After this is VSLA continues independently until the end of its agreed-upon cycle.
- During the training period the VSLA will meet weekly, and the FO will visit 15 times.
- Once the VSLA becomes independent the FO will only come if the VSLA needs him/her to do so.

The FO explains that there are 7 training modules

- Members, Leadership and Elections
- Social Fund, Share-purchase/Savings and Loan Policies
• Development of an Association Constitution
• First Share-purchase/Savings Meeting
• First Loan Disbursement
• First Loan Repayment
• Share-out/action-audit and graduation (including new elections)

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

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

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

**IMPORTANT**

The FO should never train more than one VSLA at the same time and place. *All VSLAs should be trained individually.*
4 Training modules 1 - 7

Table 2: Diagram of training schedule

<table>
<thead>
<tr>
<th>Module 1. Groups, leadership &amp; elections</th>
<th>Module 2 Social Fund, share-purchase and credit policies</th>
<th>Module 3 Development of Association constitution</th>
<th>Module 4 First share-purchase meeting</th>
<th>Module 5 First loan disbursement meeting</th>
<th>Module 6 First loan repayment Meeting</th>
<th>Module 7 Share-out/action audit and graduation</th>
</tr>
</thead>
<tbody>
<tr>
<td>▪ Individual self-selection</td>
<td>• Social Fund: policies/rules</td>
<td>• Association governance</td>
<td>• Supervision of first meeting in which cash is handled.</td>
<td>• As per Module 4, but with first disbursement of loans</td>
<td>• As per Module 5, but with first repayment of loans</td>
<td>• Takes place at the end of the cycle, or at points where there is a large excess of unused Social Funds available for distribution.</td>
</tr>
<tr>
<td>▪ Role of General Assembly</td>
<td>• Share-purchase policies and rules</td>
<td>• Combining Module 2 policies and rules with governance decisions into single constitution</td>
<td>• Contribution to Social Fund, Share-purchase</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>▪ Roles of leaders</td>
<td>• Credit: policies and rules</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>▪ Preparation for elections</td>
<td>• Repayment: policies and rules</td>
<td></td>
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<td></td>
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<tr>
<td>▪ Elections</td>
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</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Week 1</th>
<th>Week 4</th>
<th>Week 8</th>
<th>End of cycle</th>
</tr>
</thead>
</table>


Module 1: Groups, leadership and elections

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

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

- Know each other.
- Not live too far from where the meetings will be held.
- Have a reputation for honesty and reliability.
- Be able to attend all meetings
- Attend all meetings on time.
- Follow all rules
- Have a cooperative personality. Someone who is known to create conflict should probably not join.
- Be able to buy at least one share each week.
- Be able to repay loans on time.

Elections

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

Table 3: Qualities and responsibilities of the Association Chairperson

<table>
<thead>
<tr>
<th>Qualities</th>
<th>Responsibilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Respected</td>
<td>To call the meetings to order, announce the agenda and lead discussions</td>
</tr>
<tr>
<td>Confident and calm when speaking in front of others</td>
<td>To ensure that the meetings follow proper procedure and that the Constitution is followed and respected</td>
</tr>
<tr>
<td>Treats everyone equally</td>
<td>To maintain discipline and charge fines as needed</td>
</tr>
<tr>
<td>Listens to others and asks for opinions</td>
<td>To facilitate discussions and to ensure that everyone’s views are listened to</td>
</tr>
<tr>
<td>Organised</td>
<td>To resolve conflicts</td>
</tr>
<tr>
<td>Always on time</td>
<td>To represent the Association to outsiders and non-members, including local government officials.</td>
</tr>
</tbody>
</table>
Table 4: Qualities and responsibilities of the Association Record-keeper

<table>
<thead>
<tr>
<th>Qualities</th>
<th>Responsibilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Good with numbers</td>
<td>• Ensures that all transactions for the Social Fund, Share-purchase and lending take place according to procedure, and that all rules are followed</td>
</tr>
<tr>
<td>• Writes neatly</td>
<td>• Makes all passbook entries for shares and loans</td>
</tr>
<tr>
<td>• Has a reputation for trustworthiness</td>
<td>• Reads the Social Fund and Loan Fund cash balances out loud at every meeting</td>
</tr>
<tr>
<td>• Always on time</td>
<td></td>
</tr>
<tr>
<td>• Willing to work extra hours to train with the FO if needed</td>
<td></td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Qualities</th>
<th>Responsibilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Trustworthy</td>
<td>• Keeps the Association box safe in between meetings</td>
</tr>
<tr>
<td>• From a household that has a good reputation (no one in that household should be considered unreliable)</td>
<td>• Ensures that (s)he is accompanied to/from meetings as necessary</td>
</tr>
<tr>
<td>• Lives in a house with good security</td>
<td>• Brings the box to the meetings on time</td>
</tr>
<tr>
<td>• Always on time</td>
<td></td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Qualities</th>
<th>Responsibilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Able to count quickly and accurately</td>
<td>• Counts all amounts paid to, or taken from the VSLA</td>
</tr>
<tr>
<td>• Trustworthy</td>
<td>• Informs the Record-keeper of the correct amount to be recorded in the passbook</td>
</tr>
<tr>
<td>• Calm and organised</td>
<td></td>
</tr>
<tr>
<td>• Always on time</td>
<td></td>
</tr>
</tbody>
</table>

The FO then organises the election of the officials, starting with the Chairperson. (S)he uses the standard procedure shown in Annex 1
Module 2: Development of policies & rules for Social Fund, share-purchase and loan activities

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

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

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

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

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

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Fines bowl</td>
<td>Table</td>
<td>Money-counting bowl</td>
<td>Table</td>
<td>Stool</td>
</tr>
<tr>
<td>18</td>
<td>17</td>
<td>16</td>
<td>15</td>
<td>14</td>
</tr>
<tr>
<td>13</td>
<td>12</td>
<td>11</td>
<td>10</td>
<td>9</td>
</tr>
<tr>
<td>8</td>
<td>7</td>
<td>6</td>
<td>9</td>
<td>8</td>
</tr>
</tbody>
</table>

The FO starts the meeting by seating people according to this arrangement.
Social Fund
The FO says that the Association will create a Social Fund to provide grants to members who encounter serious problems. Grants are often made to help with:

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

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

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

Share-purchase rules
The FO says that people save in a VSLA by buying shares. He asks what the value of a share should be. He explains:

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

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

- Keeps most meetings short
- Keeps record-keeping simple (loans in every meeting make records very complicated)
- Allows the Loan Fund to build, so that borrowers can take useful amounts

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

The FO says that the amount borrowed by any member cannot be more than three times the total share holding of that person. He explains that this is best, to ensure everyone has fair access to loans, and that loans are not too risky.

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

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

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

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

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

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

VSL programmes must use lockable boxes. The reason for using three locks is to keep member money and records safe and to make sure that it cannot be opened between meetings.
Module 3: Development of Association constitution

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

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

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

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

Once the form is filled out members will then sign to show that they agree.

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

Module 4: First share purchase meeting

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

The kit and the key-holders

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

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

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

Managing a meeting: General

At this point, the Management Committee will be learning *only* how to conduct a Share-purchase meeting. *The FO should explain again that the first loan meeting will not occur for another 4 weeks.*

The FO uses Table 7 to facilitate the first savings meeting. *Annex 5 should be printed and used as a training reference for the completion of passbooks*
Table 7: Procedures for a Share-purchase meeting

<table>
<thead>
<tr>
<th>Meeting step</th>
<th>First Share-purchase meeting – Procedures</th>
</tr>
</thead>
</table>
| 1. Meeting opening    | • The Chairperson calls the meeting to order.  
                      | • The Record-keeper performs a roll call.  
                      | • The Key-holders open the box, which remains in front of the Box-keeper.  
                      | • The Fines bowl is placed in front of the Chairperson, so that fines can be collected during the meeting.  
                      | • The Record-keeper calls each member in number order to the front and gives them their number card and tells them that they must always bring it with them to all meetings.  
                      | • The Record-keeper writes their name and number on a passbook but does not give the passbook to the member.                                                                                                                                                        |
| 2. Social Fund        | • The Chairperson announces that contributions will be made to the Social Fund.  
                      | • The Record-keeper calls each member, by number, to give their Social Fund contributions to the Money-counters.  
                      | • When the member comes forward they give their Social Fund contribution to the money-counters and are given their passbook.  
                      | • The Money-counters confirm that each member has given the right contribution and place it in the Money-counting bowl.  
                      | • The money counters count the total amount in the Money-counting bowl and announce this to the members.  
                      | • The Record keeper says that everyone should remember this amount for the next meeting.  
                      | • The Record keeper records this amount in the note book.  
                      | • The Social Fund money is then replaced in its draw-string bag and put back in the cash-box.                                                                                                                                                                         |
| 3. Share-purchase/ savings | • The Chairperson announces that members will now buy shares.  
                      | • The Record-keeper calls each member to the front by their number.  
                      | • Each member comes to the front and buys between 1 - 5 shares, giving the money to the Money-counters and their passbook to the Record-keeper.  
                      | • The Money-counters count the money, place it in the Money-counting bowl and announce the number of shares that have just been purchased by the member.  
                      | • The Record-keeper stamps the correct number of shares into the passbook and crosses out any unused blocks.  
                      | • The member then checks that the number of new stamps in the passbook is correct: the passbook remains with the Record-keeper for the rest of the meeting.                                                                                                               |
| 4. Expenses           | • The Chairperson asks the Record-keeper if there will be any necessary expenses before the next meeting. If any expenses are approved by all of the members, the Chairperson instructs the Money-counters to remove the necessary amount from the Money-counting bowl and give it to the member who is responsible for paying the expense.                                                                 |
### Meeting step | First Share-purchase meeting – Procedures
---|---
5. Calculating the Loan Fund balance | - The Money-counters combine the money in the Fines bowl and the Money-counting bowl.
- The Money-counters count the money and the Record-keeper announces the total to the Association.
- The Record-keeper then tells the Association that this money constitutes their Loan Fund.
- The Record keeper records this amount in the note book
- The Money-counters place the Loan Fund in its draw-string bag and put it in the cash-box.

6. Closing balances | - The Record-keeper announces the total of the Social Fund once again, and the Chairperson instructs all members to memorise the Social Fund balance for the next meeting.
- The Record-keeper announces the total of the Loan Fund once again, and the Chairperson instructs all members to memorise the balance of the Loan Fund for the next meeting.
- The Key-holders are called by the Chairperson to lock the box.

7. Closing | - The Chairperson invites members to discuss any other subject that may be of interest.
- The Chairperson announces the date and time of the next meeting and reminds everyone to come with their Social Fund contributions and Share-purchase money.
- The Chairperson tells the members that they will be able to borrow for the first time three weeks from the date of this meeting
- Once discussion is complete, the Chairperson closes the meeting.

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

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

**Table 8: Weekly Record of Balances**

<table>
<thead>
<tr>
<th>Date</th>
<th>Cash in the Loan Fund bag</th>
<th>TShs 22,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Date</td>
<td>Cash in the Social Fund bag</td>
<td>TShs 12,350</td>
</tr>
</tbody>
</table>
Module 5: First loan disbursement meeting

Purpose of the meeting
This meeting takes place 4 weeks after the first savings meeting (See Table 3). The FO tells the members that this meeting will be the first chance they have to borrow, once Social Fund and share purchase activities are completed.

First disbursement of loans
The FO says that loans will be taken and repaid every four weeks. *This is very important and the FO must not permit an Association to give out loans at every meeting.* This is necessary to

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

The FO uses Table 9 to facilitate the first loan meeting. Annex 5 should be printed and used as a training reference for the completion of passbooks

Table 9: Procedures for a Share-purchase and First Loan Disbursement Meeting

<table>
<thead>
<tr>
<th>Meeting step</th>
<th>Share-purchase and first loan disbursement – Procedures</th>
</tr>
</thead>
</table>
| 1. Meeting opening | • The Chairperson calls the meeting to order.  
                   • The Record-keeper performs a roll call.  
                   • The Key-holders open the box, which remains in front of the Box-keeper.  
                   • The Fines bowl is placed in front of the Chairperson, so that fines can be collected during the meeting. |
| 2. Social Fund | • The Record-keeper asks the Association to recall the balance of the Social Fund from the previous meeting.  
                 • The Money-counters then remove the money from the Social Fund bag, place it in the Money-counting bowl, count it, and announce the amount to the members.  
                 • The Chairperson announces that contributions will be made to the Social Fund.  
                 • The Record-keeper calls each member, by number, to give their Social Fund contributions to the Money-counters.  
                 • When the member comes forward they give their Social Fund contribution to the money-counters and are given their passbook  
                 • The Money-counters confirm that each member has given the right contribution and place it in the Money-counting bowl.  
                 • The Record-keeper then asks if any member has missed a payment to the Social Fund in the last meeting. If so, they are asked to pay it now.  
                 • The Record-keeper then asks if anyone needs a grant from the Social Fund. Members in need make their request to the Association.  
                 • If a majority of the members approve the grant, the money is provided to the member according to the Constitution.  
                 • The money counters count the total amount in the Money-counting bowl and announce this to the members  
                 • The Record keeper says that everyone should remember this amount for the next meeting  
                 • The Record keeper records this amount in the note book  
                 • The Social Fund money is then replaced in its draw-string bag and put back in the cash-box. |
### Meeting step

<table>
<thead>
<tr>
<th>Share-purchase and first loan disbursement – Procedures</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>3. Share-purchase/savings</strong></td>
</tr>
<tr>
<td>- The Record-keeper asks the members to recall the balance of the Loan Fund from the previous meeting.</td>
</tr>
<tr>
<td>- The Money-counters then remove the Loan Fund from its bag and count it, announcing the amount to the members.</td>
</tr>
<tr>
<td>- Once it is agreed that the amount remembered and the amount counted are the same, the money is placed in the Money-counting bowl.</td>
</tr>
<tr>
<td>- The Chairperson announces that members will now buy shares.</td>
</tr>
<tr>
<td>- The Record-keeper calls each member to the front by their number.</td>
</tr>
<tr>
<td>- Each member comes to the front and buys between 1 - 5 shares, giving the money to the Money-counters and their passbook to the Record-keeper.</td>
</tr>
<tr>
<td>- The Money-counters count the money, place it in the Money-counting bowl and announce the number of shares that have just been purchased by the member.</td>
</tr>
<tr>
<td>- The Record-keeper stamps the correct number of shares into the passbook and crosses out any unused blocks.</td>
</tr>
<tr>
<td>- The member then checks that the number of new stamps in the passbook is correct: <em>the passbook remains with the Record-keeper for the rest of the meeting</em>.</td>
</tr>
<tr>
<td>- (If a member needs to make a withdrawal, they will ask for it instead of buying shares. When a withdrawal is needed, the Record-keeper will cross out the number of shares from the member’s passbook that corresponds to the value of the withdrawal and the Money-counters will give the money from the Money-counting bowl. The value of a share paid back to the member will be equal to its original purchase price.)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>4. Expenses</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>- If any money was given for expenses in the previous meeting, the person who made the expenditure gives an account and returns any change to the Money-counters, who place it in the Money-counting bowl.</td>
</tr>
<tr>
<td>- The Chairperson asks the Record-keeper if there will be any necessary expenses before the next meeting. If any expenses are approved by all of the members, the Chairperson instructs the Money-counters to remove the amount needed from the Money-counting bowl and give it to the member who is responsible for paying the expense.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>5. Calculating the new Loan Fund balance</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>- The Money-counters combine the money in the Fines bowl and the Money-counting bowl.</td>
</tr>
<tr>
<td>- The Money-counters count the money in the Money-counting bowl and the Record-keeper announces the amount to the Association.</td>
</tr>
<tr>
<td>- The Record-keeper then tells the Association that this is the money available for lending in this meeting.</td>
</tr>
</tbody>
</table>
### Meeting step | Share-purchase and first loan disbursement – Procedures
---|---
**6. Loan taking**
- The Chairperson invites loan requests, reminding members of the maximum loan term and loan amount (three times the member’s savings).
- Each member who wants a loan then makes a request out loud to the Association, announcing the amount requested, the purpose of the loan and over what period of time they expect to repay.
- The Record-keeper then calculates the total value of the requests and announces it.
- If the total value of loans requested is more than the money available in the Loan Fund, the Association must discuss adjustments to the individual loan amounts until all members are satisfied.
- Once it is decided how much each borrower will receive, the Record-keeper calls each borrower to the front in order of their number.
- The Record-keeper then enters the loan number, loan amount and service charge due in the Member’s passbook.
- The Record-keeper instructs the Money-counters to give the borrower the loan amount from the Money-counting bowl.
- The borrower then counts the money, and signs the passbook.
- The Record-keeper then instructs the borrower to announce out loud the total amount due and the date it is due.
- This process is repeated until all loans have been issued.
- The Money-counters then count the money remaining in the Money-counting bowl and announce the amount to the Association.
- The Record-keeper then tells the Association that this money constitutes their Loan Fund.
- The Record keeper records this amount in the note book
- The Money-counters then place the Loan Fund in its draw-string bag and put it in the cash-box.

**7. Closing balances**
- The Record-keeper announces the total of the Social Fund once again, and the Chairperson instructs all members to memorise the Social Fund balance for the next meeting.
- The Record-keeper announces the total of the Loan Fund once again, and the Chairperson instructs all members to memorise the balance of the Loan Fund for the next meeting.
- The Key-holders are called by the Chairperson to lock the box.

**8. Closing**
- Before closing the meeting, the Chairperson invites members to discuss any other subject that may be of interest.
- The Chairperson announces the date and time of the next meeting.
- Once discussion is complete, the Chairperson closes the meeting.

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

Purpose of the meeting
This meeting takes place 4 weeks after the first loan disbursement meeting (See Figure 1, page 8). The FO tells the members that this meeting will be the first time that loans have been repaid and that (s)he will guide them through the steps.

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

The FO uses Table 10 to facilitate the first loan repayment meeting.

Table 10: Procedures for a Share-purchase, Loan Repayment and Loan Disbursement Meeting

<table>
<thead>
<tr>
<th>Meeting step</th>
<th>Share-purchase, first loan repayment and loan disbursement – Procedures</th>
</tr>
</thead>
</table>
| 1. Meeting Opening | • The Chairperson calls the meeting to order.  
                      • The Record-keeper performs a roll call.  
                      • The Key-holders open the box, which remains in front of the Box-keeper.  
                      • The Fines bowl is placed in front of the Chairperson, so that fines can be collected during the meeting. |
| 2. Social Fund | • The Record-keeper asks the Association to recall the balance of the Social Fund from the previous meeting.  
                      • The Money-counters then remove the money from the Social Fund bag, place it in the Money-counting bowl, count it, and announce the amount to the members.  
                      • The Chairperson announces that contributions will be made to the Social Fund.  
                      • The Record-keeper calls each member, by number, to give their Social Fund contributions to the Money-counters.  
                      • When the member comes forward they give their Social Fund contribution to the money-counters and are given their passbook.  
                      • The Money-counters confirm that each member has given the right contribution and place it in the Money-counting bowl.  
                      • The Record-keeper then asks if any member has missed a payment to the Social Fund in the last meeting. If so, they are asked to pay it now.  
                      • The Record-keeper then asks if anyone needs a grant from the Social Fund. Members in need make their request to the Association.  
                      • If a majority of the members approve the grant, the money is provided to the member according to the Constitution.  
                      • The money counters count the total amount in the Money-counting bowl and announce this to the members.  
                      • The Record keeper says that everyone should remember this amount for the next meeting.  
                      • The Record keeper records this amount in the note book.  
                      • The Social Fund money is then replaced in its draw-string bag and put back in the cash-box. |
<table>
<thead>
<tr>
<th>Meeting step</th>
<th>Share-purchase, first loan repayment and loan disbursement – Procedures</th>
</tr>
</thead>
</table>
| 3. Share-purchase/ savings | • The Record-keeper asks the members to recall the balance of the Loan Fund from the previous meeting.  
• The Money-counters then remove the Loan Fund from its bag and count it, announcing the amount to the members.  
• Once it is agreed that the amount remembered and the amount counted are the same, the money is placed in the Money-counting bowl.  
• The Chairperson announces that members will now buy shares.  
• The Record-keeper calls each member to the front by their number.  
• Each member comes to the front and buys between 1 - 5 shares, giving the money to the Money-counters and their passbook to the Record-keeper.  
• The Money-counters count the money, place it in the Money-counting bowl and announce the number of shares that have just been purchased by the member.  
• The Record-keeper stamps the correct number of shares into the passbook and crosses out any unused blocks.  
• The member then checks that the number of new stamps in the passbook is correct: the passbook remains with the Record-keeper for the rest of the meeting.  
• (If a member needs to make a withdrawal, they will ask for it instead of buying shares. When a withdrawal is needed, the Record-keeper will cross out the number of shares from the member’s passbook that corresponds to the value of the withdrawal and the Money-counters will give the money from the Money-counting bowl. The value of a share paid back to the member will be equal to its original purchase price.) |
| 4. Expenses | • If any money was given for expenses in the previous meeting, the person who made the expenditure gives an account and returns any change to the Money-counters, who place it in the Money-counting bowl.  
• The Chairperson asks the Record-keeper if there will be any necessary expenses before the next meeting. If any expenses are approved by all of the members, the Chairperson instructs the Money-counters to remove the amount needed from the Money-counting bowl and give it to the member who is responsible for paying the expense. |
| 5. Loan repayment | • The Chairperson asks borrowers to identify themselves.  
• The Record-keeper confirms the amount due by referring the borrowers’ passbooks  
• Each borrower is then called to the front to give their payment to the Money-counters. It must not be less than the service charge due.  
• The Money-counters count the payment, announce the amount and place it in the Money-counting bowl.  
• The Record-keeper enters the payment amount in the member’s passbook in the ‘Paid’ box.  
• The Record-keeper then calculates the remaining balance due and enters it in the ‘Loan Amount’ box in the member’s passbook  
• If the remaining balance due is zero, the Record-keeper signs the passbook and announces that the loan is repaid, cancelling the loan with a diagonal line drawn through the transactions.  
• If a balance is remaining, the Record-keeper then calculates the service charge due in the next meeting and enters it in the appropriate space. The borrower then signs in the space provided. |
### 6. Calculating the new Loan Fund balance
- The Money-counters combine the money in the Fines bowl and the Money-counting bowl.
- The Money-counters count the money in the Money-counting bowl and the Record-keeper announces the amount to the Association.
- The Record-keeper then tells the Association that this is the money available for lending in this meeting.

### 7. Loan taking
- The Chairperson invites loan requests, reminding members of the maximum loan term and loan amount (three times the member’s savings).
- Each member who wants a loan then makes a request out loud to the Association, announcing the amount requested, the purpose of the loan and over what period of time they expect to repay.
- The Record-keeper then calculates the total value of the requests and announces it.
- If the total value of loans requested is more than the money available in the Loan Fund, the Association must discuss adjustments to the individual loan amounts until all members are satisfied.
- Once it is decided how much each borrower will receive, the Record-keeper calls each borrower to the front in order of their number.
- The Record-keeper then enters the loan number, loan amount and service charge due in the Member’s passbook.
- The Record-keeper instructs the Money-counters to give the borrower the loan amount from the Money-counting bowl.
- The borrower then counts the money, and signs the passbook.
- The Record-keeper then instructs the borrower to announce out loud the total amount due and the date it is due.
- This process is repeated until all loans have been issued.
- The Money-counters then count the money remaining in the Money-counting bowl and announce the amount to the Association.
- The Record-keeper then tells the Association that this money constitutes their Loan Fund.
- The Record keeper records this amount in the note book.
- The Money-counters then place the Loan Fund in its draw-string bag and put it in the cash-box.

### 8. Closing balances
- The Record-keeper announces the total of the Social Fund once again, and the Chairperson instructs all members to memorise the Social Fund balance for the next meeting.
- The Record-keeper announces the total of the Loan Fund once again, and the Chairperson instructs all members to memorise the balance of the Loan Fund for the next meeting.
- The Key-holders are called by the Chairperson to lock the box.

### 9. Closing
- Before closing the meeting, the Chairperson invites members to discuss any other subject that may be of interest.
- The Chairperson announces the date and time of the next meeting.
- Once discussion is complete, the Chairperson closes the meeting.

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

Figure 3: Transition to the Development Phase

<table>
<thead>
<tr>
<th>Preparatory</th>
<th>Intensive Phase</th>
<th>Development Phase</th>
<th>Maturity Phase</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>3</td>
<td>12</td>
<td>PC</td>
</tr>
<tr>
<td>1-2 Weeks</td>
<td>1 week</td>
<td>2</td>
<td>14</td>
</tr>
<tr>
<td></td>
<td>2</td>
<td>6</td>
<td>16</td>
</tr>
<tr>
<td></td>
<td>3</td>
<td>7</td>
<td>19</td>
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<td>4</td>
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</table>

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

Once the FO’s Supervisor has visited and approved the VSLA to move on to the Development Phase the FO will visit 3 times in this second phase, once for each loan/repayment meeting. The FO’s role in the Development Phase is different. The FO should be quiet in meetings unless the Committee is making mistakes, or rules are being broken.

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

During the Maturity phase the FO only visits twice. The Association is now running its normal meetings smoothly. The main purpose of the FO’s visits in the Maturity phase is to assist the VSLA to prepare for and conduct its first share-out. (see right hand ringed area)

The FO will attend the share-out, to observe and join the celebration. During the share-out, the FO will be training the Association on share-out procedures, and also training the Association on procedures for starting the next cycle. The FO will use Module 7 for this.
Module 7: Share-out/action-audit and graduation

Table 11: Procedures for sharing out the VSLA’s money at the end of the cycle

<table>
<thead>
<tr>
<th>Meeting step</th>
<th>Share-out procedures</th>
</tr>
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</table>
| **1. Share-out** | • The Social Fund is counted, announced and put away. It does not get shared out.  
• Loan repayment and fines money for the meeting are combined with the Loan Fund.  
• If any member still owes the Association money, that amount is recovered by cancelling the number of shares in his/her passbook that equal the value of the amount owing.  
• The Money Counters start counting the Loan Fund.  
• While the Money Counters are counting, the Record-keeper takes each of the members’ passbooks and counts the total number of shares.  
• Once the Money Counters are finished, the Record-keeper uses the calculator to divide the total of the Loan Fund by the total number of shares. This determines the value of a single share. It should be written down to three decimal places (for example, TShs 756.244).  
• Next the Record-keeper multiples the number of shares in each passbook by the value of one share. (S)he then announces the number of shares and the amount, ignoring any fractional amount. (S)he then asks the Money Counters to put that amount into the passbook, which is set aside.  
• The Record-keeper then cancels all of the members shares by drawing a large cross on each page of the passbook on which there are share stamps  
• **All passbooks are done the same way before anyone receives any money.** Once the process is complete, there may be a small amount of money remaining, but there should not be a shortfall. If there is a shortfall, the process is repeated until the amounts are correct. Any small amount remaining is put in the Social Fund.  
• All members are given their passbooks with all the money. **It is very important that every member’s money is placed in their hand.** |
| **2. Preparation for the next cycle** | • Any member who wishes to leave the group should be free to do so.  
• New members can now be allowed to join, if all remaining members agree.  
• The continuing members now decide on the share value for the next cycle.  
• If the group wishes to provide share capital for the next cycle, they should now do so. Everyone must contribute the same amount, including new members. It can be more than 5 shares on this one occasion.  
• The seed capital is then put in the Loan Fund bag, after being counted by the Money Counters and announced by the Record-keeper.  
• The box is now locked and the cycle is now formally ended.  
• The FO then explains to the Association that in their next meeting, they must hold elections and then revise their Constitution, which new members must sign. (S)he then offers to attend the next meeting to assist with elections and the Constitution. |
5 Village Agents as trainers

5.1 What are VAs?

Some CARE programmes have used Village Agents as a means to expand cost-effectively. VAs are VSLA members with the skills and motivation to train new VSLAs for a fee paid by the group itself.

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

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

In this approach, followed by CARE Tanzania and CARE Malawi during Save Up, an FO (of the partner or CARE) forms the first 10-15 associations over a wide geographic area. VAs are then selected, one per starter association, as soon as the three month intensive training phase is completed. The VAs, rather than the FOs then train the rest of the programme’s VSLAs under the supervision of the FO. In this approach VAs are provided with a bicycle.

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

5.2 How do VAs get paid?

VAs are not community-based trainers who work for an ‘incentive’ salary and take their orders from an implementing organisation. From the start, VAs expect to be paid by VSLAs and know that their relationship with an implementing organisation is built around the understanding that over a year they will be helped to become competent trainers of new VSLAs and helped to develop market demand that they can exploit for their own benefit thereafter.

Thus, as soon as the VA model is implemented, each new VSLA will pay the VA a fee for training and supervision services. This should be about $1-2 per training session, paid in a manner that is appropriate for both the VA and the VSLA members. Fee models are being tested under Save Up. Suggested options are:

- A fee of about $2 for each of the 15 scheduled training visits, paid in cash
- 5 shares for each of the scheduled training visits, provided the VA attends and completes the training; this allows the VA to participate in the success of the VSLA by receiving profit at the share-out2

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1 This has been a typical caseload for VSLAs up to this point.
2 Nothing like this has yet been tested. The predictable downside to this approach is the incentive for the VA to encourage larger share values and higher loan service charge rates. However the positive aspect of linking the VA’s success to the VSLAs own success is worth testing.
Once a standard fee has been established it becomes the norm for a given region and reduces the need for VAs to negotiate different terms for each training contract.

5.3 VA Identification

VAs are identified by the Field Officer, in collaboration with the members. However the members must not vote for the VA. Experience shows that a democratic decision leads to a popular or influential individual who lacks the appropriate skills for the role. The VA must be identified by the FO on the basis of the following criteria. (S)he

- stands out in meetings as a natural motivator, having learned the procedures of VSL quickly and having a respect for disciplined meetings
- has sufficient literacy and numeracy (demonstrated)
- has the energy to train large numbers of VSLAs, and to travel long distances
- is always punctual
- is known as someone with integrity
- has expressed a strong desire to train VSLAs, and appears to have sincere interest in doing so

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

5.4 VA training

Once selected, the VA’s will receive a formal training and will be provided with the companion to this guide: VSL Village Agent Guide. This guide contains all the tools needed for a VA to carry out training and supervision of VSLAs, and incorporates the contract formats required to formalise the VA/VSLA relationship. Training will take two forms:

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

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

5.5 Introduction of VAs to VSLAs

When VAs have been trained the FO they will be formally introduced to the VSLAs that they will train. The FO will accompany the VA on each of these visits and will introduce the VA to the VSLA as a trained trainer who will train the VSLA over a 9 month period and visit 15 times. The FO will already have told the VSLA in the induction meeting about the fees that will be charged.

The FO will confirm that the VSLA is in agreement and will work through the VA contract and agreeing on the preferred form of payment (cash or shares). The contract format is to be found in Annex 8. The involvement of the FO in this process is important, because it stops the VSLAs from exploiting VAs and stops VAs attempting to prolong their relationship with the VSLA and charging fees much longer than necessary.

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

### 5.6 Village Agent ‘Certification’

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

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

### 5.7 VA role in graduated associations

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

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

The VSL methodology is designed not to require ongoing support after graduation. However, these service by a VA may add value and contribute to sustainability where conditions permit their development.
Annex 1: Election procedures

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

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

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

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

Figure 4: Diagram of election procedure
Annex 2: Constitution

Part 1: How the Association will govern itself

I. BASIC INFORMATION ON THE ASSOCIATION
   • Name of the Association _______________________________________________
   • Address: ____________________________________________________________
   • The Association was formed on: _________________________________________
   • Date of official registration: ___________________________________________

II. OBJECTIVE OF THE ASSOCIATION
   • The purpose of the Association is to be an independent, profitable provider of financial services to the members
   • The services the Association provides to its members in order to achieve this objective are:

   ____________________________________________________________
   ____________________________________________________________

III. RELATIONSHIP TO EXTERNAL SOURCES OF FINANCIAL SERVICES
    The Association will not borrow from financial institutions during the first cycle of savings and lending. If it does so in the next cycle it will follow these rules:
    • The loan to the Association will not exceed the value of the previous cycle’s share-out amount
    • The Association will take the loan, not individual members.
    • The Association will on-lend the money to its members, and will not provide information about this to the lender.
    • If the Association borrows from a financial institution, members agree that their individual borrowing may never exceed 5 times their shares (without an outside loan from a financial institution, the rule remains 3 times)
    • If an Association borrows from a financial institution, it will not allow member savings to be deposited in that institution as a security deposit

IV. WHO MAY BE A MEMBER OF THE ASSOCIATION?
   • Lower age limit ______________________________________________________
   • Gender _____________________________________________________________
   • Residence __________________________________________________________
   • Other common circumstances ___________________________________________
V. COMPOSITION OF THE MANAGEMENT COMMITTEE

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

VI. ELECTION PROCEDURES

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

VII. REMOVAL OF OFFICERS FROM THEIR POSITION BETWEEN ELECTIONS

- The membership can remove a Committee member at any time.
- The Committee member must resign if the majority of members decide to remove him/her
- Filling the position again requires the election process

VIII. MEETINGS

- To buy shares the Association will meet every week
- Shares will be bought at every meeting but loan/repayment meetings are every 4 weeks
  The Association will share out every year.

IX. MEMBERS LEAVING THE ASSOCIATION

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

X. EXPULSION FROM THE ASSOCIATION

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

_________________________________________________________________________
_________________________________________________________________________
XI. FINES

The following table lists the fines that will be charged.

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<tr>
<th>Offence</th>
<th>Amount</th>
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<tbody>
<tr>
<td>Failure to attend a meeting</td>
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<td>Late to a meeting</td>
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<td>Not remembering Association rules</td>
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<td>Loss of member number card</td>
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<td>Forgetting key</td>
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<td>Chatting through the proceedings</td>
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<tr>
<td>Showing disrespect to a fellow member</td>
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<tr>
<td>Not remembering decisions or balances from the preceding meeting</td>
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<tr>
<td>Failure of a member of the Management Committee to perform their duties</td>
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<td>(other)</td>
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<td>(other)</td>
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XII. AMENDMENTS TO THE CONSTITUTION

- 2/3 of the members must agree before the constitution can be changed
- Anyone can propose an amendment to the Constitution
Part 2: Services offered by the Association

I. SAVINGS
- Members may buy 1 – 5 shares in each meeting
- The purchase price of a share will be: ________________________________
- Members may contribute an equal agreed-upon amount at the start of every future cycle to speed up the growth of the loan portfolio. This can be more than 5 shares if all members agree

II. LENDING
- The maximum amount that anyone can borrow is three times the value of their shares
- The maximum length of loan term is 24 weeks, but only 12 weeks during the first cycle
- A member must repay a loan before (s)he can take another
- The service charge rate to be charged every four weeks (month) is: _____________%
- If a member dies and has a loan remaining unpaid, it will be treated as follows: ______
  ________________________________________________________________________
  ________________________________________________________________________
- The highest priority for loans will be given for: ____________________________
- The second highest priority for loans will be given for: ____________________________
- The third highest priority for loans will be given for: ____________________________

III. SOCIAL FUND
- The Social Fund is for grants only. No loans will be made
- The contribution to the Social Fund per meeting will be: ____________________________
- The benefits for the death of a spouse will be: ____________________________
- The benefits for the death of a child will be: ____________________________
- The benefits for the death of a parent will be: ____________________________
- Other: ______________________________________________________________________
- Other: ______________________________________________________________________
- Other: ______________________________________________________________________
Annex 3: The Kit

The kit consists of:

- Lockable cash box able to be closed with 3 locks
- Three *good quality* padlocks, each with two keys
- 25 Passbooks
- 25 Member number cards
- Rubber stamp for marking shares
- Rubber stamp ink pad and spare bottle of ink
- Ruler
- Two ball point pens: one black or blue, the other red.
- Good quality calculator
- 2 plastic bowls in different colours, at least 30 cm in diameter and at least 15 cm deep (one for fines and one for managing contributions to the Social Fund, collection of Share-purchase and loan repayments)
- 2 fabric money-bags, with draw strings: one in one colour for the Social Fund, one in another colour for the Loan Fund
Annex 4: Field Officers’ consolidated guide to meeting procedures

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

Table 12: Consolidated guide to meeting procedures

<table>
<thead>
<tr>
<th>Meeting step</th>
<th>Procedures</th>
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</table>
| 1. Meeting opening | • The Chairperson calls the meeting to order.  
• The Record-keeper performs a roll call.  
• The Key-holders open the box, which remains in front of the Box-keeper.  
• The Fines bowl is placed in front of the Chairperson, so that fines can be collected during the meeting. |
| 2. Social Fund     | • The Record-keeper asks the Association to recall the balance of the Social Fund from the previous meeting.  
• The Money-counters then remove the money from the Social Fund bag, place it in the Money-counting bowl, count it, and announce the amount to the members.  
• The Chairperson announces that contributions will be made to the Social Fund.  
• The Record-keeper calls each member, by number, to give their Social Fund contributions to the Money-counters.  
• When the member comes forward they give their Social Fund contribution to the money-counters and are given their passbook.  
• The Money-counters confirm that each member has given the right contribution and place it in the Money-counting bowl.  
• The Record-keeper then asks if any member has missed a payment to the Social Fund in the last meeting. If so, they are asked to pay it now.  
• The Record-keeper then asks if anyone needs a grant from the Social Fund. Members in need make their request to the Association.  
• If a majority of the members approve the grant, the money is provided to the member according to the Constitution.  
• The money counters count the total amount in the Money-counting bowl and announce this to the members.  
• The Record keeper says that everyone should remember this amount for the next meeting.  
• The Record keeper records this amount in the note book.  
• The Social Fund money is then replaced in its draw-string bag and put back in the cash-box. |
<table>
<thead>
<tr>
<th>Meeting step</th>
<th>Procedures</th>
</tr>
</thead>
</table>
| **3. Share-purchase/savings** | - The Record-keeper asks the members to recall the balance of the Loan Fund from the previous meeting.  
- The Money-counters then remove the Loan Fund from its bag and count it, announcing the amount to the members.  
- Once it is agreed that the amount remembered and the amount counted are the same, the money is placed in the Money-counting bowl.  
- The Chairperson announces that members will now buy shares.  
- The Record-keeper calls each member to the front by their number.  
- Each member comes to the front and buys between 1 - 5 shares, giving the money to the Money-counters and their passbook to the Record-keeper.  
- The Money-counters count the money, place it in the Money-counting bowl and announce the number of shares that have just been purchased by the member.  
- The Record-keeper stamps the correct number of shares into the passbook and crosses out any unused blocks.  
- The member then checks that the number of new stamps in the passbook is correct: *the passbook remains with the Record-keeper for the rest of the meeting.*  
- (If a member needs to make a withdrawal, they will ask for it instead of buying shares. When a withdrawal is needed, the Record-keeper will cross out the number of shares from the member’s passbook that corresponds to the value of the withdrawal and the Money-counters will give the money from the Money-counting bowl. The value of a share paid back to the member will be equal to its original purchase price.) |
| **4. Expenses** | - If any money was given for expenses in the previous meeting, the person who made the expenditure gives an account and returns any change to the Money-counters, who place it in the Money-counting bowl.  
- The Chairperson asks the Record-keeper if there will be any necessary expenses before the next meeting. If any expenses are approved by all of the members, the Chairperson instructs the Money-counters to remove the amount needed from the Money-counting bowl and give it to the member who is responsible for paying the expense. |
| **5. Loan repayment** | - The Chairperson asks borrowers to identify themselves.  
- The Record-keeper confirms the amount due by referring the borrowers’ passbooks.  
- Each borrower is then called to the front to give their payment to the Money-counters. It must not be less than the service charge due.  
- The Money-counters count the payment, announce the amount and place it in the Money-counting bowl.  
- The Record-keeper enters the payment amount in the member’s passbook in the ‘Paid’ box.  
- The Record-keeper then calculates the remaining balance due and enters it in the ‘Loan Amount’ box in the member’s passbook.  
- If the remaining balance due is zero, the Record-keeper signs the passbook and announces that the loan is repaid, cancelling the loan with a diagonal line drawn through the transactions.  
- If a balance is remaining, the Record-keeper then calculates the service charge due in the next meeting and enters it in the appropriate space. The borrower then signs in the space provided. |
<table>
<thead>
<tr>
<th>Meeting step</th>
<th>Procedures</th>
</tr>
</thead>
</table>
| **6. Calculating the new Loan Fund balance** | • The Money-counters combine the money in the Fines bowl and the Money-counting bowl.  
• The Money-counters count the money in the Money-counting bowl and the Record-keeper announces the amount to the Association.  
• The Record-keeper then tells the Association that this is the money available for lending. (If it is not a loan meeting the Record keeper records this amount in the note book). |
| **7. Loan taking**               | • The Chairperson invites loan requests, reminding members of the maximum loan term and loan amount (three times the member’s savings).  
• Each member who wants a loan then makes a request out loud to the Association, announcing the amount requested, the purpose of the loan and over what period of time they expect to repay.  
• The Record-keeper then calculates the total value of the requests and announces it.  
• If the total value of loans requested is more than the money available in the Loan Fund, the Association must discuss adjustments to the individual loan amounts until all members are satisfied.  
• Once it is decided how much each borrower will receive, the Record-keeper calls each borrower to the front in order of their number.  
• The Record-keeper then enters the loan number, loan amount and service charge due in the Member’s passbook.  
• The Record-keeper instructs the Money-counters to give the borrower the loan amount from the Money-counting bowl.  
• The borrower then counts the money, and signs the passbook.  
• The Record-keeper then instructs the borrower to announce out loud the total amount due and the date it is due.  
• This process is repeated until all loans have been issued.  
• The Money-counters then count the money remaining in the Money-counting bowl and announce the amount to the Association.  
• The Record-keeper then tells the Association that this money constitutes their Loan Fund.  
• The Record keeper records this amount in the note book  
• The Money-counters then place the Loan Fund in its draw-string bag and put it in the cash-box. |
| **8. Closing balances**          | • The Record-keeper announces the total of the Social Fund once again, and the Chairperson instructs all members to memorise the Social Fund balance for the next meeting.  
• The Record-keeper announces the total of the Loan Fund once again, and the Chairperson instructs all members to memorise the balance of the Loan Fund for the next meeting.  
• The Key-holders are called by the Chairperson to lock the box. |
| **9. Closing**                   | • Before closing the meeting, the Chairperson invites members to discuss any other subject that may be of interest.  
• The Chairperson announces the date and time of the next meeting.  
• Once discussion is complete, the Chairperson closes the meeting. |
## Annex 5: Use of passbooks

### Savings

Members save in the form of shares, stamped into the front part of their passbooks as follows.

**Figure 5: Passbook with 11 shares stamped in**

<table>
<thead>
<tr>
<th>Single Share Value</th>
<th>TShs 500</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shares Bought per Meeting</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>2</td>
</tr>
</tbody>
</table>

**Explanation:** The illustration shows that there have been five meetings and this member has bought 11 shares.

As members make their contributions, the Box-keeper will stamp the correct number of shares in their passbooks, making sure that the Record-keeper and the member watch this and confirm that the amount is correct.

Empty spaces are then crossed out on each line to prevent fraudulent entry of shares at a later date.

This member’s shares have cost her 11 x TShs 500 = TShs 5,500

**Figure 6: Passbook showing sale of three shares**

<table>
<thead>
<tr>
<th>Single Share Value</th>
<th>TShs 500</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shares Bought per Meeting</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>2</td>
</tr>
</tbody>
</table>

**Explanation:** Two meetings later, at the time of the 7th meeting, the member explains that she had a personal problem and needs money.

The line for meeting 7 is cancelled.

In addition, the member asks to cancel three shares and receive TShs 1,500 (500 x 3 = TShs 1,500).

The three shares she bought in meetings 5 and 6 are crossed out.

Being able to sell 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 sold, they cannot be put back in.**
Figure 7: Shares at the end of 13 meetings

Explanation: Figure 7 shows what a passbook looks like when a page is filled. By the time of the 13th meeting (there are 13 rows shown here), the member had bought a total of 28 shares. In the box below the share stamps, this number was entered on the line 'Number of shares bought this period'.

But, as we have seen, in meeting 7 she cancelled three shares bought in meetings 5 and 6. At the time of the 13th meeting this is entered on the line 'Number of shares sold this period'. The 'Net shares end period (to be carried forward)' are, therefore, only 25 not 28.

Figure 7 only shows how many shares have been bought and sold after 13 meetings. This is not the same as the end of the cycle which, in the case of this VSLA, will be after a year. How this is handled is covered in a later training session.
Loans

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

**Figure 8: Member loan record (1)**

<table>
<thead>
<tr>
<th>Loan No</th>
<th>Item</th>
<th>Amount</th>
<th>Signed</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Loan Amount</td>
<td>30,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Service Charge</td>
<td>3,000</td>
<td>Monica</td>
</tr>
<tr>
<td></td>
<td>Paid</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Loan Amount</td>
<td>30,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Service Charge</td>
<td>3,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Paid</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Loan Amount</td>
<td>30,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Service Charge</td>
<td>3,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Paid</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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

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

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

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

**Figure 9: Member loan record (2)**

<table>
<thead>
<tr>
<th>Loan No</th>
<th>Item</th>
<th>Amount</th>
<th>Signed</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Loan Amount</td>
<td>30,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Service Charge</td>
<td>3,000</td>
<td>Monica</td>
</tr>
<tr>
<td></td>
<td>Paid</td>
<td>-3,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Loan Amount</td>
<td>30,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Service Charge</td>
<td>3,000</td>
<td>Monica</td>
</tr>
<tr>
<td></td>
<td>Paid</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Loan Amount</td>
<td>30,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Service Charge</td>
<td>3,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Paid</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Explanation:** This shows that the member still owes TShs 30,000 and, once again, a service charge of TShs 3,000 will be payable at the next meeting.

Next, the Record-keeper writes the new balance due, which is TShs 33,000 – TShs 3,000 = TShs 30,000, in the ‘Amount’ column.

She then adds a TShs 3,000 service charge to the new amount borrowed. The 30,000 is treated as if it is a new loan, which, over the next month, will attract TShs 3,000 in service charges. Thus, the member is told that she will owe TShs 33,000 in the next loan repayment meeting, four weeks later.
**Figure 10: Member loan record (3)**

<table>
<thead>
<tr>
<th>Loan No</th>
<th>Item</th>
<th>Amount</th>
<th>Signed</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Loan Amount</td>
<td>30,000</td>
<td>Monica</td>
</tr>
<tr>
<td></td>
<td>Service Charge</td>
<td>3,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Paid</td>
<td>-3,000</td>
<td>Monica</td>
</tr>
<tr>
<td></td>
<td>Loan Amount</td>
<td>30,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Service Charge</td>
<td>3,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Paid</td>
<td>-10,000</td>
<td>Monica</td>
</tr>
<tr>
<td></td>
<td>Loan Amount</td>
<td>23,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Service Charge</td>
<td>3,000</td>
<td></td>
</tr>
</tbody>
</table>

**Explanation:** After another four weeks she was able to pay only TShs 10,000. Because she now owes TShs 33,000 (TShs 30,000 principal and TShs 3,000 accrued service charge) this means that she still owes TShs 23,000.

The Record-keeper receives the TShs 10,000 and writes a new loan of TShs 23,000 (with the same loan number) on the next line. She also adds a service charge of TShs 3,000, which will be owed at the time of the next meeting. Thus, the total the member will owe is TShs 26,000.

**Figure 11: Member loan record (4)**

<table>
<thead>
<tr>
<th>Loan No</th>
<th>Item</th>
<th>Amount</th>
<th>Signed</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Loan Amount</td>
<td>30,000</td>
<td>Monica</td>
</tr>
<tr>
<td></td>
<td>Service Charge</td>
<td>3,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Paid</td>
<td>-3,000</td>
<td>Monica</td>
</tr>
<tr>
<td></td>
<td>Loan Amount</td>
<td>30,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Service Charge</td>
<td>3,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Paid</td>
<td>-10,000</td>
<td>Monica</td>
</tr>
<tr>
<td></td>
<td>Loan Amount</td>
<td>23,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Service Charge</td>
<td>3,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Paid</td>
<td>-26,000</td>
<td>Helen</td>
</tr>
</tbody>
</table>

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

Once the loan is fully paid the Record-keeper draws a red line through the whole loan record. This indicates that the loan has been completely repaid.
Annex 6: How an Association can find out how much it is worth

Passbook-based recordkeeping is a complete and accurate system for tracking each members’ shareholding and debt, and as long as the movement of cash during meetings is being watched carefully there is no need to record the individual transactions which take place during meetings. For funds to be misused, the Box-keeper and Key Keepers must collude, and the Association members must fail to remember the closing balance of the Loan Fund in between meetings.

Nonetheless, passbook-based records do not give associations the ability to calculate how much they are worth during the cycle. Doing so may help increase the new association’s motivation to save, and it may also help train associations to calculate their share-out.

If associations are interested, the CBT can teach them to use the following table to calculate their Loan Fund Value, and the corresponding value per share at any time during the cycle.

### Table 13: Calculation of the Loan Fund value

<table>
<thead>
<tr>
<th></th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Cash in Loan Fund: Count the cash in the Loan Fund. Do not include the cash in the Social Fund.</td>
</tr>
<tr>
<td>B</td>
<td>Bank balance: Add the balance in any group bank account</td>
</tr>
<tr>
<td>C</td>
<td>Loans due from members: Add the total of all loan amounts due. Do not include service charges due.</td>
</tr>
<tr>
<td>D</td>
<td>Debt: Subtract any debts owed by the association</td>
</tr>
<tr>
<td>E</td>
<td>Value of Loan Fund: [ A + B + C - D = E ]</td>
</tr>
</tbody>
</table>

### Table 14: Calculation of the value of a single share

<table>
<thead>
<tr>
<th></th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>E</td>
<td>Value of Loan Fund: Write the value of the Loan Fund again</td>
</tr>
<tr>
<td>F</td>
<td>Number of Shares: Add up the total number of shares bought so far</td>
</tr>
<tr>
<td>G</td>
<td>Share Value: [ \frac{E}{F} = G ]</td>
</tr>
</tbody>
</table>

The FO should ask the Association if it wishes to do these calculations at the end of every meeting. If so the FO should use a flip-chart or blackboard to go through the calculations. If the Association does not show any interest in doing this the FO must do this at every change of phase and during the Share-out.
Annex 7: Collecting data for the management information system

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

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

The form shown in Table 15 on the following page is big enough for the FO to collect data on up to 5 VSLAs at a time. The name of the VSLA is filled in at the top of the column and the data is entered for the VSLA *once every three months*, at the end of each phase.

Table 15 on the page after Table 14 is to help the Field Officer count up the member savings and the member loans outstanding. For the sake of example it is filled in for a sample VSLA.

The final table (Table 16) is a table showing the meaning of the terms used in table 15. It is very important that you understand these terms, because if you do not and you collect the wrong data the MIS will produce misleading reports. The FO’s Supervisor should be consulted, in case the FO is unsure. If the Supervisor is unsure the programme should contact *hugh@vsla.net* to clarify any misunderstandings.
Table 15: Field Officer’s data collection form

<table>
<thead>
<tr>
<th>Name of Field Officer or VA:</th>
<th>Nelly Otieno</th>
</tr>
</thead>
<tbody>
<tr>
<td>Comments:</td>
<td></td>
</tr>
<tr>
<td>1  Name of Association/ group</td>
<td>Ralang B</td>
</tr>
<tr>
<td>2  Assoc. No</td>
<td>2</td>
</tr>
<tr>
<td>3  Date savings started this cycle</td>
<td>12-Mar-08</td>
</tr>
<tr>
<td>4  Association formed By</td>
<td>Field Officer</td>
</tr>
<tr>
<td>5  Members at start of cycle</td>
<td>12</td>
</tr>
<tr>
<td>6  Date of most recent visit (FO)</td>
<td>12-Jan-09</td>
</tr>
<tr>
<td>7  Active members at time of visit</td>
<td>18</td>
</tr>
<tr>
<td>8  Active men at time of visit</td>
<td>6</td>
</tr>
<tr>
<td>9  Active women at time of visit</td>
<td>12</td>
</tr>
<tr>
<td>10 No of members attending meeting</td>
<td>15</td>
</tr>
<tr>
<td>11 Dropouts since start of cycle</td>
<td>1</td>
</tr>
<tr>
<td>12 Net value of savings this cycle</td>
<td>121,600</td>
</tr>
<tr>
<td>13 No of loans outstanding</td>
<td>7</td>
</tr>
<tr>
<td>14 Value of loans outstanding</td>
<td>130,000</td>
</tr>
<tr>
<td>15 Loan fund cash on hand and at bank</td>
<td>12,000</td>
</tr>
<tr>
<td>16 Total cash in other funds</td>
<td>5,000</td>
</tr>
<tr>
<td>17 Property at start of cycle</td>
<td>0</td>
</tr>
<tr>
<td>18 Property now</td>
<td>0</td>
</tr>
<tr>
<td>19 Debts</td>
<td>5,000</td>
</tr>
</tbody>
</table>

This form shows one VSLA’s data filled in. Note that the first five pieces of data will not change for the rest of the cycle.

Once the FO has completed this form for all of the VSLAs that he/she is training it is handed in to his/her Supervisor. This needs only to be done every three months.

From time to time the Supervisor must spot check the accuracy of this information.

Also note that when the FO becomes a VA Supervisor, (s)he enters the name of the VA. This allows the MIS system to create a MIS sheet for the VA, for comparison purposes.
Table 16: How to collect data on total value of savings to date and total value of loans

This form is only used by the FO to add up the total value of all share purchases and to find out the total value of loans outstanding by members of the VSLA. It is intended to simplify the most difficult items on the FO data collection form (items 12 and 14).

The FO proceeds as follows:

### Savings
- Collect all of the members’ passbooks, before they are put back in the box at the end of the meeting.
- Open each passbook at the most recent meeting and add up all of the shares stamped on this page. Add this amount to the value of shares carried forward (the first line on the table at the bottom of each page). Enter the total number of shares against the member’s number.
- Add up the total number of shares and write it next to the box at the bottom ‘Total’.
- In the next box write the price of a single share (in this case 200).
- Multiply this amount with the figure in the ‘Total’ box.
- Put the result in the box designated for ‘Total value of all shares’.

### Loans
- Open each member’s passbook at the back and check to see the amount in the ‘Loan Amount box’ of their latest loan. If the member has finished paying the loan this sum will be zero. Put the amount in the right hand column above. Do not include interest due.
- In the occasional case that the member has more than one loan due, add them together.

<table>
<thead>
<tr>
<th>Member No.</th>
<th>Total No. of shares bought to</th>
<th>Value of loans outstanding</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>23</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>11</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>52</td>
<td>12,000</td>
</tr>
<tr>
<td>4</td>
<td>45</td>
<td>17,000</td>
</tr>
<tr>
<td>5</td>
<td>43</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>46</td>
<td>13,000</td>
</tr>
<tr>
<td>7</td>
<td>37</td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>28</td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>17</td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>28</td>
<td>20,000</td>
</tr>
<tr>
<td>11</td>
<td>55</td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>21</td>
<td>15,000</td>
</tr>
<tr>
<td>13</td>
<td>17</td>
<td>23,000</td>
</tr>
<tr>
<td>14</td>
<td>12</td>
<td></td>
</tr>
<tr>
<td>15</td>
<td>32</td>
<td></td>
</tr>
<tr>
<td>16</td>
<td>32</td>
<td>30,000</td>
</tr>
<tr>
<td>17</td>
<td>54</td>
<td></td>
</tr>
<tr>
<td>18</td>
<td>55</td>
<td></td>
</tr>
<tr>
<td>19</td>
<td></td>
<td></td>
</tr>
<tr>
<td>20</td>
<td></td>
<td></td>
</tr>
<tr>
<td>21</td>
<td></td>
<td></td>
</tr>
<tr>
<td>22</td>
<td></td>
<td></td>
</tr>
<tr>
<td>23</td>
<td></td>
<td></td>
</tr>
<tr>
<td>24</td>
<td></td>
<td></td>
</tr>
<tr>
<td>25</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>608</td>
<td>130,000</td>
</tr>
</tbody>
</table>

**Value of 1 share** 200

**Total value of shares** 121,600
### Table 17 (1): Data definitions

<table>
<thead>
<tr>
<th>No.</th>
<th>Item at End of Meeting</th>
<th>What the data means</th>
<th>Where to get the data</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Name of Association/ group</td>
<td>The name of the Association given to it by its members</td>
<td>Ask the members</td>
</tr>
<tr>
<td>2</td>
<td>Assoc. No</td>
<td>Number of the Association. This is the number that is unique to this Association.</td>
<td>Central register</td>
</tr>
<tr>
<td>3</td>
<td>Date savings started this cycle</td>
<td>Date the group started its saving activities <em>in the current cycle</em>; not the date the group was founded</td>
<td>Note the date on which the group was trained on Module 4</td>
</tr>
<tr>
<td>4</td>
<td>Association formed By</td>
<td>Choose: Supervisor (or equivalent chosen on SETUP), Village Agent or Spontaneous. This is who was responsible for training the VSLA. &quot;Spontaneous&quot; means groups that have received no formal training</td>
<td>You will know this. It is either you or the VA assigned to the VSLA. If it wasn't trained, write &quot;Spontaneous&quot;</td>
</tr>
<tr>
<td>5</td>
<td>Members at start of cycle</td>
<td>Number of members who participated in VSLA when the group started its savings activities <em>in the current cycle</em></td>
<td>Note at the time you started to train the VSLA in Module 1</td>
</tr>
<tr>
<td>6</td>
<td>Date of most recent visit (FO)</td>
<td>Date of the most recent visit - when the data collection form was filled in</td>
<td>Note on the date of visit</td>
</tr>
<tr>
<td>7</td>
<td>Active members at time of visit</td>
<td>The number of members who are considered by the other members to belong to the group - <strong>NOT just the number who are present at the meeting where this data is collected</strong> (they may be absent for important reasons). This number should be equal to the sum of 8 and 9 below (men and women)</td>
<td>Ask the members</td>
</tr>
<tr>
<td>8</td>
<td>Active men at time of visit</td>
<td>The number of men who are considered to be active members of the group - even if not present at the time of the Field Officer's visit when this data is collected</td>
<td>Ask the members</td>
</tr>
<tr>
<td>9</td>
<td>Active women at time of visit</td>
<td>The number of women who are considered to be active members of the group - even if not present at the time of the Field Officer's visit when this data is collected</td>
<td>Ask the members</td>
</tr>
<tr>
<td>10</td>
<td>No of members attending meeting</td>
<td>The number of members who were actually present at the visit when these data were collected</td>
<td>Observation</td>
</tr>
<tr>
<td>11</td>
<td>Dropouts since start of cycle</td>
<td>The number of members who have left the group <em>since the start of the current cycle</em>, for ANY reason (i.e. death, moved away, quit, thrown out for failing to pay a loan, or for not saving regularly etc.)</td>
<td>Ask the members</td>
</tr>
<tr>
<td>No.</td>
<td>Item at End of Meeting</td>
<td>What the data means</td>
<td>Where to get the data</td>
</tr>
<tr>
<td>-----</td>
<td>----------------------------------------</td>
<td>--------------------------------------------------------------------------------------</td>
<td>------------------------------------------------------------</td>
</tr>
<tr>
<td>12</td>
<td>Net value of savings this cycle</td>
<td><strong>This applies ONLY to the current cycle</strong> Count up member shares from passbooks and subtract any shares that have been cancelled. <strong>You must actually count the shares.</strong> Do <strong>NOT</strong> infer the amount from other data. Multiply the total number of shares by the purchase price of the shares (i.e. what the member actually paid). Do not include interest income.</td>
<td>Member passbooks</td>
</tr>
<tr>
<td>13</td>
<td>No of loans outstanding</td>
<td>Number of loans that remain to be completely repaid, whether on time or late</td>
<td>Member passbooks</td>
</tr>
<tr>
<td>14</td>
<td>Value of loans outstanding</td>
<td>Total remaining value of loans that are not yet completely repaid, whether on time or late. From passbook. <strong>It DOES NOT include interest that will be owing.</strong></td>
<td>Member passbooks</td>
</tr>
<tr>
<td>15</td>
<td>Loan fund cash on hand and at bank</td>
<td>Cash remaining in the loan fund bag plus any that is on deposit at any type of financial institution (formal or informal)</td>
<td>Note down the cash in the Loan Fund bag and add to anything shown on the VSLA’s bank statement</td>
</tr>
<tr>
<td>16</td>
<td>Total cash in other funds</td>
<td>Cash that remains in any other funds (i.e. insurance, education, expenses etc.) which the members have invested and which is on hand or on deposit with any type of financial institution (formal or informal)</td>
<td>Note down the cash in the Social Fund bag</td>
</tr>
<tr>
<td>17</td>
<td>Property at start of cycle</td>
<td>The <strong>purchase price</strong> of any physical property (buildings, livestock, furniture, goods etc) that the group owned at the start of the present cycle</td>
<td>Ask the members</td>
</tr>
<tr>
<td>18</td>
<td>Property now</td>
<td>The total <strong>purchase price</strong> of any goods (such as grains, livestock etc) owned by the group.</td>
<td>Ask the members</td>
</tr>
<tr>
<td>19</td>
<td>Debts</td>
<td>Total value of any money the group owes to anyone (not counting member savings), for any reason</td>
<td>Ask the members</td>
</tr>
</tbody>
</table>
Annex 8: Agreement between a VSLA and a VA

This agreement is between _____________________________ (Village Agent name) and _____________________________ (Association name).

The Village Agent agrees to:

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

The VSLA agrees to:

- Ensure every member comes on time and attends every meeting
- Follow the rules and procedures taught to them
- Pay the Village Agent at each of the 15 training visits the sum of ________________
- Payment will be made in the form selected by the VA below (note checkmark in relevant box):
  - [ ] In cash for each training visit
  - [ ] In the equivalent value in shares for each training visit.

The meetings will be held at (place) ____________________________

The meeting time will be ____________________________

The Village Agent telephone number is ____________________________

VSLA Chairman (or other) telephone number is ____________________________

VA signature and date ____________________________

Chairman signature and date ____________________________

Witness signature and date ____________________________
# Annex 9: Scheduling Field Officer time

**FO or VA Weekly Schedule form: Kept in FO/VA file; Filled out weekly**

FO/VA name: ____________________  FO/VA Number: ____________

Month: ____________________  Week: ____________  Year: ____________

<table>
<thead>
<tr>
<th>Item</th>
<th>Monday</th>
<th>Tuesday</th>
<th>Wednesday</th>
<th>Thursday</th>
<th>Friday</th>
<th>Saturday</th>
<th>Sunday</th>
<th>Tasks</th>
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<tr>
<td>Time</td>
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<td></td>
<td>Module 3</td>
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<td>Module 6</td>
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<td></td>
<td>Module 7</td>
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<td></td>
<td>Supervision</td>
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<td></td>
<td></td>
<td>Other</td>
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