Savings and Internal Lending Communities (SILC)
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MEAS aims at promoting and assisting in the modernization of rural extension and advisory services worldwide through various outputs and services. The services benefit a wide audience of users, including developing country policymakers and technical specialists, development practitioners from NGOs, other donors, and consultants, and USAID staff and projects.

Catholic Relief Services (CRS) serves the poor and disadvantaged overseas by providing emergency relief in the wake of natural and man-made disasters and promotes the subsequent recovery of communities through integrated development interventions. CRS’ programs and resources respond to the U.S. Bishops’ call to live in solidarity—as one human family—across borders, over oceans, and through differences in language, culture and economic condition.

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The content of this Savings and Internal Lending Communities Guide is adapted from Version 4.1 of the SILC field agent guide written by Guy Vanmeenen and Marc Bavois with the field plans reformulated, streamlined, simplified and integrated with adult learning principles by Valerie Stetson and released in September 2011. Versions 1.0 and 2.0 of the SILC field agent guide were developed by Hugh Allen of VSLA Associates and edited by Guy Vanmeenen in March 2005 and March 2006 respectively. Further modifications and CRS field practices were documented and updated by Alfred Hamadziripi and Guy Vanmeenen in close cooperation with the SILC Innovations teams in Kenya, Tanzania and Uganda to version 3.0 in September 2009. Version 4.1 draws from the field experiences of CRS staff and partners, and incorporates a number of spontaneous member adaptations. It has been widely tested by CRS staff throughout the world. Version 4.1 was financed through the generous support of the Bill and Melinda Gates Foundation and CRS. Previous versions were financed through CRS.

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- Robert Asambobillah in Ghana for providing stories about SILC members.
- Jorge Enrique Gutiérrez produced the graphics.
- The editorial team of Nikola Stalevski and Paul Mundy.
Foreword

Naah Ebenezer is a father of five and a member of the Nadowli Christian Mother SILC group in the Upper West Region of Ghana. He joined the group in 2010 and has since saved regularly. He took a loan when the rainy season was approaching and bought a donkey to plow his farm. After plowing his own fields, he also plowed for others on a commercial basis. He raised money to pay off the loan, and took another loan to buy some fertilizer. With training from extension agents, he planted his crops in rows and applied the fertilizer at the right time and in the right way.

When asked what changes the project has brought to him, he said “I used to borrow money from friends to plow and seeds from other farmers to sow, and I used to pay twice what I borrowed when returning the money. This year, I did not go to disgrace myself by borrowing from friends. From SILC, I have got my donkey for plowing and because the agricultural officers taught us how to apply the fertilizer my crops are looking good. Thank God CRS brought this idea to help us.” According to Ebenezer, he used to borrow from friends and other well-to-do farmers and at the end of harvest he will use all his produce to pay his debts. “Now I don’t owe anybody and I am sure of a good harvest.”

The success of Ebenezer is an example of a new approach of doing development with vulnerable rural communities. Various critical skills that smallholder farmers need to engage successfully with markets are integrated into a novel capacity-building approach:

- **Organizational management**: they need to get organized to plan and manage their work.
- **Financial skills**: they need to save money, invest it in the enterprise, and maintain financial records.
- **Market and enterprise skills**: they need to produce something that customers want to buy; they need to find those customers; and they need to plan their business to make a profit.
- **Natural resources**: they need to conserve their soil, water and other natural resources so they can produce on a sustainable basis.
- **Innovation**: they need to find new, more efficient and more profitable ways of producing.

In common with many other development agencies, CRS is incorporating market- and business-oriented approaches into its development efforts. Increasing food production alone cannot move poor rural people permanently out of poverty. Building the capacity of smallholders to engage in profitable enterprises has become an integral part of our agricultural development strategy.

Field agents, extension workers and development managers typically focus on one particular area of expertise. This series of training modules gives them a broader understanding and the skills needed to help local people work together, manage their money and understand how to develop a sustainable and profitable agro-enterprise.

Through building the capacity of local people, CRS is reshaping how vulnerable communities are supported. As with Ebenezer, communities progressively become agents of their own change. They identify and grasp opportunities that turn desperation into a brighter hope for the future.

Carolyn Woo  
President and CEO, CRS
Preface

This set of guides and manuals on “SMART skill sets for preparing smallholder farmers to successfully engage with markets” presents an integrated and sequential approach to building vulnerable farmers’ capacity for linking with markets. The guides have been prepared for use by development facilitators, field extension agents and community leaders working with poor rural communities. The aim is to improve the livelihoods of these communities through better production and marketing of their crops and livestock products.

This guide contains the following parts:

- **The subject matter**: the knowledge and skills you need to master in order to teach the skills. They are printed as Lessons on white pages.
- **Quizzes** to test your own knowledge. These are printed on blue pages.
- **Field Exercises**: these are guides to follow in helping the groups master the knowledge and skills they need. These are printed on pink pages. The lesson plans are also available as a PDF document on the CRS website [www.crsprogramquality.org/agriculture/](http://www.crsprogramquality.org/agriculture/). You can print out these pages and have them laminated so they last longer.
- **Key documents** such as forms and lists to refer to. These are printed on purple pages. You can also print them out and have them laminated.

**How to use this guide**

The field agent guide can be used as is! The training methods it contains are proven, and take into consideration the capabilities of field agents and the populations across many countries in Africa and Latin America. Many examples and records used in the guide come from field experiences and real cases. Names and other information, however, have been changed.

**As a user learning the material.** Read through this guide lesson by lesson, section by section, trying to absorb the information presented. Read both the Lessons and the accompanying Field Exercises. At the same time, picture how you would use the information and techniques described to help you work with farmers on developing their agroenterprises. At the end of each lesson, answer the short quizzes. If you get all the answers right, congratulations! Go on to the next lesson. If you did not get all the answers right, go back to review that section again before moving on to the next lesson.

**As a trainer working with field agents.** You can use this guide to teach other field agents about savings and internal lending communities. You can present the information in the text, then work through the field exercises with the participants. Guide the field agents on how they should conduct and monitor the training sessions. For some of the exercises, you can ask the field agents to pretend that they are farmers.

**As a field agent working with farmers and other rural people.** Once you have taken this course and passed the quizzes, you can use the guide to work with community members to develop SILC groups. Every group and every situation is different, so this guide cannot anticipate every problem you may come across. You should adapt the relevant items as necessary and use this guide as a basis for building your own series of learning events. But make sure you
follow the principles of SILC. If in doubt, check with your supervisor or ask your colleagues for advice.

The guide uses a generic currency called “shillings”, with amounts that are realistic in the context of Kenyan SILCs. You should adapt the currencies and amounts to the local context. Before teaching these materials, review and modify the following elements for your own local situation:

- **Names** of people, villages, and groups
- **Currency**
- **Amounts** of the items shared in the examples. These amounts could vary based on the target group’s income levels. If the amounts are either too large or too small, participants may not feel that these tools apply to them.
- **Stories**. There may be more relevant examples for your community that will better communicate the objectives.
- **Items** being bought and sold.
- **Types of income generating activities**
- **When** items are sold based on the local **seasons**.

Wherever possible, work in a **participatory manner** with the participants. This means you should make sure that it is the participants who are gathering and analyzing information and making decisions that will affect them. Your role is to facilitate their learning, not to do the job for them.

**As a reference source.** You can also use this guide as a reference. If you need to check on a technique or concept, look it up in the table of contents.

**Learning online**

If you are a CRS staff member or partner, you can also study the ideas in this guide online, through an e-course. Contact your CRS supervisor for a **username and password**, then visit [https://crs.brainhoney.com](https://crs.brainhoney.com) to register and start an online course. In some cases these courses may be available on a thumb drive, or smart stick.

The e-courses courses use the same text, quizzes and exercises as in this guide. Many of the tables are presented as **forms** that you can fill in online to help you record and analyze the date you have collected.
Introduction

Many small-scale farmers in the developing world learn how to grow crops and raise livestock in a very practical way: by working in the fields and tending animals. They grow food for their families, and sell extra food to visiting traders or at the local market. Usually this income is seasonal or irregular. They face great challenges to meet basic needs during those months when incomes are low or nonexistent. If basic needs cannot be met, planned farm investments will most likely have to wait. Even worse, some farmers must sell existing productive assets (like farm inputs or tools) to pay for basic needs. These occurrences further reduce the chance that the farmers will improve their livelihood. It is possible to break this cycle.

Smallholders can reap great benefits from participating in community-based savings groups. Savings and Internal Lending Communities (SILCs) are a type of community-based savings groups promoted by Catholic Relief Services (CRS) and its partners to strengthen the livelihoods smallholder farmers. SILCs build on traditional savings practices, and benefit from the accumulated experience of savings group practitioners around the world. In order to scale up SILCs, CRS and its partners help to recruit and train community-based field agents who promote SILC programs, train SILC members, and supervise SILCs for a set period of time. After this time, SILCs operate autonomously without supervision.

Purposes of this guide and its users

The field agent guide aims to provide guidance on how to establish a SILC program implemented by field agents and ensure that program meets a high standard of quality. It does this by training field agents to lead, deliver and effectively manage SILC groups. While some aspects of the SILC methodology or delivery strategy may be adapted to specific countries and contexts, the field agent guide serves as a standardized starting point that presents best practices and standards. Programs that follow this guide exactly will have strong results.

Field agents, and those who train and supervise field agents, are the main intended users of this guide. Program managers and implementing organizations will use the guide as a resource to train field agents. Field agent supervisors will use the guide as a resource during on-the-job coaching. Field agents will use the guide as their primary tool and as a reference in all stages of their work with SILCs. In the future, field agents will use the guide to train peer field agents.

This guide is broken into the following three sections.

Section A: Understanding Savings and Lending Communities

These lessons help the field agent and the implementation team understand what SILCs are and how they work. They cover the preparations needed before starting to work with prospective SILC groups. It consists of five lessons:

- Lesson A1: Overview of the savings and internal lending communities methodology
- Lesson A2: The SILC implementation schedule
- Lesson A3: Field agents’ roles and responsibilities
- Lesson A4: Presenting SILC to community leaders
- Lesson A5: Presentation of SILC to community members
The last two lessons, A4 and A5, include guides (field exercises) on how to run meetings with community leaders and members. More detailed versions of these exercises can be found in the separate CRS publication, *Savings & Internal Lending Communities (SILC) field agent guide*. You can download this from this website: [http://tinyurl.com/nmmtc88](http://tinyurl.com/nmmtc88)

**Section B: Guiding a group to establish a SILC**

This section guides you through the steps needed to establish a SILC. It consists of 11 lessons:

- Lesson B1. Deciding whether to join a savings and internal lending community
- Lesson B2. Groups, group formation and governance: How do you form a strong SILC?
- Lesson B3. Members’ responsibilities, management committee, elections
- Lesson B4. SILC constitution, savings policies, safety of assets
- Lesson B5. Deciding on the loan and social funds
- Lesson B6. Meetings and finalizing the constitution
- Lesson B7. Preparing the ledger book
- Lesson B8. Meeting procedures 1
- Lesson B9. Meeting procedures 2
- Lesson B10. Loan disbursements and repayments
- Lesson B11. Share-out meeting and the next cycle

All of these lessons (except B7) correspond to a training session with the SILC group. They give you the background you need to explain to the crop what to do and why to do it.

**Lessons B1–B6 and B8-B9** correspond to the first eight meetings you will have with the SILC group. They help you guide the group to get organized as a SILC group, understand the process, set up social and loan funds, and start to save. The group starts saving money at the meeting corresponding to Lesson B8.

**Lesson B7** shows you how to prepare a ledger book – the specially prepared notebook where the group keeps its records.

**Lesson B10** describes how to make loans from the loan fund. This happens at the monthly loan meetings.

**Lesson B11** shows how to share out the accumulated savings. This happens after several months, at the end of the savings cycle.

**Section C: Group monitoring**

This third and final section of the guide demonstrates tools the field agent can use to monitor groups.

- Group monitoring forms
- Management information tools to assist with group monitoring.
Section A: Understanding Savings and Lending Communities (SILC)

The Savings and Internal Lending Communities (SILC) methodology helps groups of people save and borrow money, and get money if they face an emergency. Before starting a SILC program, you should review all the lessons in this manual and create an implementation plan.

You should begin a SILC program only if you have at least one year in which you can introduce the approach, train people how to use it, and monitor the SILC groups through the whole of the first cycle of saving and lending.

This section includes two types of lessons.

- **Lessons A1 to A3** give you an outline of the SILC approach and how to implement it.
- **Lessons A4 and A5** describe how to conduct initial meetings to introduce the approach to local leaders community members.

### Table 1. Overview of lessons in Section A

<table>
<thead>
<tr>
<th>Lesson</th>
<th>Objectives: This lesson will enable you to …</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lesson A1: Overview of the savings and internal lending communities methodology</td>
<td>Define the Savings and Internal Lending Communities (SILC) methodology. Identify the benefits of taking part in a SILC. List the fundamental qualities of SILCs that work well. Define the key roles of field agents.</td>
</tr>
<tr>
<td>Lesson A2: The SILC implementation schedule</td>
<td>Describe the three stages of implementation. Develop an implementation plan for a SILC project.</td>
</tr>
<tr>
<td>Lesson A3: Field agents’ roles and responsibilities</td>
<td>Describe the role of field agents. Demonstrate good methods for facilitating groups and working with SILC members. Illustrate how to best use the field agent guide.</td>
</tr>
<tr>
<td>Lesson A4: Presenting SILC to community leaders</td>
<td>Communicate the SILC program benefits to community leaders. Discuss with leaders how SILC training will be delivered in the community. Understand how to gather information regarding the community and its suitability for SILC programming. Obtain the permission of community leaders to start SILC in the area. Discuss how SILC training will be delivered in the community. Identify how to gather community information and SILC suitability.</td>
</tr>
<tr>
<td>Lesson A5: Presentation of SILC to community members</td>
<td>Communicate the SILC program benefits to community members. Enable the community members to compare their current saving and borrowing practices to the services of a SILC group. Discuss how the SILC groups are managed and trained. Help community members decide whether they want to learn the SILC approach. Identify community members who are interested in learning more about SILC and in forming a SILC group. Arrange training sessions for people who are interested.</td>
</tr>
</tbody>
</table>
Lesson A1: Overview of the savings and internal lending communities methodology

In this lesson
After this lesson you will be able to:

- Define the Savings and Internal Lending Communities (SILC) methodology.
- Identify the benefits of taking part in a SILC.
- List the fundamental qualities of SILCs that work well.
- Define the key roles of field agents.

ROSCAs, ASCAs and SILCs
People can save in various ways. They often do so as part of a group of friends, neighbors or co-workers. Here are some ways they do this.

Rotating Savings and Credit Associations (ROSCAs) are traditional merry-go-rounds common in many communities around the world. Members meet regularly (say, once a week) to put a fixed sum of money in a pot. The whole amount is then immediately given to one of the members, chosen either in turn or by lottery. ROSCAs are a simple, transparent way for people to get a useful sum of money, and people can set them up without help from outside. But they have their limitations. Members do not necessarily get the money at a useful time, and it does not grow over time. ROSCAs can easily break down as members lose interest.

Accumulating Savings and Credit Associations (ASCAs) are an adaptation of this method. Members meet regularly to pool their money into a fund; individual members can pay in different amounts. The members can borrow from this fund, but have to pay the money back with interest, causing the fund to grow. The fund runs for a fixed period (typically 8 to 12 months). At the end of this time, each member gets a lump sum, in proportion to their total savings. They can use their lump sums as they wish, including for reinvestment in another cycle.

The ASCA approach was developed by CARE in Niger through the “Mata Masu Dubara” (Women on the Move) project.

Savings and Internal Lending Communities (SILCs) build on the ASCA model. They incorporate a number of adaptations and innovations:

- They have a maximum of 30 members.
- They meet every one or two weeks.
- They have a social fund for emergencies.
- They use a cashbox with three locks.
- They combine memory-based bookkeeping with a central ledger.
- They have **flexible savings and loans**.

See the module on **Financial Education** for more information on savings methods.

**Why join a SILC?**

People want to save, get flexible loans for consumption, and invest in production. They also want to have money in case of an emergency. That helps them to manage their resources better. Saving and Internal Lending Communities are a trusted and sustainable way of providing these services.

SILCs make it possible for people to:

- Build assets by saving regularly in a safe place.
- Get loans to use how they want.
- Get money to deal with emergencies.
- Get their savings back, with a profit, at a time of year that they choose. Many groups receive a 25% return on their savings after one year.
- Strengthen social bonds with one another and help each other out in times of need.
- Gain self-confidence, self-respect and self-reliance.

**Why implement SILCs?**

From the development organization’s point of view, SILCs increase their members’ financial capacity, food security, social cohesion and community engagement. That leads to more resilient households and communities.

SILCs can help women, in particular, become more empowered and involved in financial decision-making in their households.

SILCs can be combined with other development tools. People benefit in various ways:

- **Education** – They can afford to send their children to school.
- **Agriculture** – They can grow more food.
- **Health** – They can cover the cost of medical expenses.
Here are some of the ways that SILCs can change their members’ lives. These are examples only: the particulars may vary from one project to another depending on the target group members, the environment, and how the project is implemented.

<table>
<thead>
<tr>
<th>What changes?</th>
<th>How does SILC change it?</th>
</tr>
</thead>
<tbody>
<tr>
<td>For all programs involving SILC</td>
<td></td>
</tr>
<tr>
<td>Resilience to shocks</td>
<td>Better access to financial services makes people more able to withstand shocks</td>
</tr>
<tr>
<td>Financial capacity</td>
<td>Households have greater financial capacity throughout the year</td>
</tr>
<tr>
<td>Social cohesion</td>
<td>Households support each other in other ways, not just by working together to save money</td>
</tr>
<tr>
<td>Participation in community structures</td>
<td>People become more involved in community structures</td>
</tr>
<tr>
<td>Gender</td>
<td>Women will have a bigger role in household financial decisions</td>
</tr>
<tr>
<td>If the intervention includes these activities</td>
<td></td>
</tr>
<tr>
<td>Education</td>
<td>Households are better able to send their children to school</td>
</tr>
<tr>
<td>Agriculture, food security</td>
<td>Households have more and better food</td>
</tr>
<tr>
<td>Health</td>
<td>Households can cover their health needs better</td>
</tr>
</tbody>
</table>

**How do SILCs work?**

- SILC are **self-managed, independent** groups.
- The members **select** themselves, and they decide whether they want to join the group.
- They **meet** each week to save and to manage their activities.
- The members decide how much they will **save** (and the maximum and minimum amounts allowed so that the poorest members can save reliably and regularly).
- The groups set their own **loan terms**, including length of time (normally up to three months in the first cycle), the interest rate and the maximum loan amount. The amount
that a member may borrow depends on the total value of his or her savings. Someone is usually allowed to borrow up to three times his or her accumulated savings.

Members
A SILC is a group of 15–30 self-selected people who come together to save money. Both women and men can join. Members can be of any age.

Governance
SILCs manage themselves. They are governed by a general assembly and a management committee.

- The general assembly is made up of all SILC members. It is the supreme body that writes the group’s rules (the constitution and by-laws). It also elects and gives authority to the management committee to implement the by-laws. Each member of the general assembly has only one vote.
- The management committee consists of seven people elected from among the general assembly. It includes a chairperson, a secretary, a treasurer, a money counter, and three key holders. The committee members are elected (and may be re-elected) each year at the start of a new cycle. They may be removed by the general assembly at any time.

SILCs agree on a set of rules, or a constitution, to guide their activities. The constitution does two things:

- It provides a framework for governance, dispute resolution and disciplinary action, and the procedures for the smooth functioning of the group.
- It specifies the terms and conditions for savings, lending, and use of the social fund.

SILCs are independent. This is fundamental: it must not be compromised, because a SILC’s goal is institutional and financial independence. All the funds for lending come from the group’s own savings. Any relationship that reduces the SILC’s ability to control its own affairs should be approached very cautiously.

Meetings
SILCs have regular weekly savings meetings and monthly loan meetings.

Meeting every week builds social cohesion and trust, and procedures become efficient. Meetings that deal with savings take only about 30 minutes. If they meet weekly, members save more money, and the groups are managed better and last longer.

Savings
SILC members meet weekly (recommended for the first year) and contribute savings to a group loan fund. The minimum and maximum savings amounts are decided by the SILC membership (not the field agent!), and should allow the poorest members to participate. At the start of a new cycle and if all the members agree, the value of the minimum contribution can be increased or decreased.
It may be hard for members to meet the minimum savings requirement consistently throughout the entire cycle. Considerable flexibility in contribution levels, even below the minimum, may be needed. At lean times of the year, the whole group might decide to take a break from savings (though they should continue to meet and to manage loans). Because it is not possible to predict income reliably, a SILC may also allow a member to not contribute to the savings fund for a limited period of time – as long as that member makes up the shortfall in subsequent weeks.

Even when savings are suspended, however, loans must continue to be repaid. In such cases, meetings continue to allow for the repayment and disbursement of loans, but there will be no savings.

**Lending**

**The SILC members set the loan period for the group.** During the first cycle, the loan period (the length of time before a borrower must repay a loan) is at least 1 month, but usually no longer than 3 months. Each member can borrow only up to three times the total that he or she has saved. So if someone has saved a total of $1, she may borrow up to $3.

This lets all members get a loan if they wish, even though the amount of capital is limited in the first cycle. It also gives everyone experience with lending while the loan sizes are relatively small, so avoiding putting too much capital at risk.

In subsequent cycles and in places where farming is important, longer loan periods might be considered. But it is not a good idea for a loan to exceed 6 months because this will tie up money that other members may want to borrow.

**The size of a loan must be linked to the total value of a member’s cumulative savings.** If someone borrows too much, he or she may be unable to repay – and may even move away to avoid having to do so. To avoid this, the SILC must limit the amount a member can borrow to no more than a multiple of the total value of his or her savings: three times the amount in the first cycle.
Borrowers must pay interest on loans. They must pay this every four weeks. Group members decide on the level of interest to charge each month. For example, if they set the interest rate at 5% a month, someone who has borrowed $20 would pay $1 interest (5% of $20) each month. And at the end of the loan period, they also repay the $20 in full (this is the loan principal).

The borrower must pay interest at the monthly loan meeting, regardless of the length of the loan term. Borrowers must pay interest in full for every month (or part of a month) until the loan has been completely repaid. If someone repays a loan before the originally agreed end-date, however, he or she does not have to pay interest on the remaining time.

Borrowers must repay the amount borrowed in full when the loan is due. They may repay it earlier if they wish. If the borrower repays late (after the end of the agreed loan period), he or she may be penalized and must pay any accrued interest.

Transparency and record keeping

SILCs are transparent. All transactions are carried out at meetings in front of the members, to ensure transparency and accountability. This ensures that members witness who has saved and who has not, who has borrowed and who has repaid, and how much has been saved and lent out. Transactions may not take place outside SILC meetings. To prevent this, a lockable cashbox with three locks is used. Three different people each hold one of the keys. That prevents unauthorized cash movements and avoids the risk that records might be falsified.

In communities that are insecure, a heavy-duty canvas bag that is easily hidden is better than a large metal cashbox. Some groups choose to meet near where the treasurer keeps the cashbox to avoid having to carry the cash a long way to the meeting.

All SILCs keep records. All keep written accounts, and combine this with memory-based bookkeeping Members have to memorize individual savings and loan balances, group social fund, group loan portfolio and remaining cash in the box. These records ensure groups track individual savings (the basis for sharing out funds at the end of the cycle), members’ debts to the group (which must be recovered), and cash balances from one meeting to the next.

Funds for member emergencies

SILCs set up a social fund to cover unpredictable expenses. The SILC must agree on a regular, fixed contribution, with everyone contributing the same amount. This is normally about 10% of the minimum savings contribution. The social fund may be used for things like
emergency assistance, schooling for orphans, funeral expenses, and other issues that the group members decide upon (and in accordance with the constitution). The social fund is not meant to grow indefinitely. It can be capped at a reasonable level so that funds are available to cover members’ emergencies.

The social fund should not be included in the share-out at the end of the savings cycle. It must not be mixed with the money used for loans. Instead, it must be kept physically separate from other cash in the cashbox or pouch – for example in a separate bag in the cashbox.

Members may ask for a grant from the social fund at any time. They must put such requests forward publicly to the SILC assembly. The assembly decides whether to approve a grant or loan from the social fund during the weekly meeting. Once approved, the amount may be disbursed immediately.

**The operating cycle**

*SILC members agree to save money, and to borrow from their savings, for a set period of time.* This is called the **operating cycle**. It may be from 8 to 12 months long.

At the end of this period, the accumulated savings, interest earnings and earnings from other economic activities undertaken by the SILC are shared out among the members. Each member receives a sum that depends on the amount that he or she has saved throughout the cycle.

How much can members expect to get back? Experience shows that the annual return on savings ranges from 15 to 35%. So if someone saves $100 during the cycle, he or she can expect to get a payout of between $115 and $135 at the end.

Sharing the money out in this way avoids having a lot of money that may be stolen, and it avoids having to keep complicated records in the longer term. It also keeps members enthusiastic and motivated. People who do not wish to continue as members may leave, and new members may be invited to join at the start of a new cycle.

Instead of having to start the new cycle with no funds, the SILC may decide to reinvest a part of the share-out at the start of the next cycle. This can done immediately after everyone has received their share-out, or at the next meeting. The general assembly decides on the start-up amount that each member will bring in at the first meeting to recapitalize the group funds. Subsequent meetings will than revert back to the original minimum and maximum savings contribution range.
Other economic activities

A SILC may decide to do business transactions as a group: for example, it may market produce collectively or buy goods in bulk. One-off activities have the best chance of succeeding as they are limited in time, transparent, and the members receive the money immediately.

It is best to avoid longer-term activities that need substantial input from the members, especially in new SILCs. They are difficult to manage, and members may argue about differences in workload and the quality of products or services rendered.

SILC savings and lending meeting: An example

The **Hope SILC group** has 20 members.

The group meets every week. Each member saves at every meeting. The group has decided that each member will save 2 shillings. One coin in the drawing represents 1 shilling.

- **How much have the members saved together?**

  **Answer:** 40 shillings
The savings are pooled into a group fund, called the **loan fund**. All members are invited to remember the loan fund balance at the end of each meeting.

At the end of the fifth meeting, the group has saved 200 shillings \((40 \times 5)\) in all.

Members can borrow from that group fund. If someone wants a loan, he or she says so in public at the monthly meeting. The entire group discusses the request, and they may decide to approve it.
One of the members, Angelina, has saved 10 shillings in all. The group’s rules say she can borrow up to three times this amount, so she applies for a loan of 30 shillings. The group discusses her request and agrees to it. The treasurer gives her 30 shillings from the loan fund.

- How much remains in the loan fund?
  \[\text{Answer: } 170 \text{ shillings} \ (200 - 30 = 170 \text{ shillings}).\]

The members who borrow must repay with interest. The interest rate for HOPE SILC is 10% per month.

- How much interest must Angelina pay each month?
  \[\text{Answer: } 3 \text{ shillings} \ (30 \times 10\% = 3 \text{ shillings})\]

The loan period is 3 months. Each month, the borrowers must pay interest into the loan fund.

- How much interest must Angelina pay in all?
  \[\text{Answer: } 9 \text{ shillings} \ (3 \text{ shillings a month} \times 3 \text{ months} = 9 \text{ shillings})\]
At the end of the 3 months, she repays the full amount of the loan, 30 shillings.

- How much money has Angelina paid in all?
  **Answer:** 39 shillings (9 shillings total interest, plus 30 shillings principal)

**Social fund**

In SILC, groups also constitute a separate, smaller fund, called the social fund, which gives money to members to pay for certain emergencies. Each member of Hope SILC contributes 1 shilling per meeting.
The put this money together into a fund called the “social fund”.

- How much have the members contributed together?
  
  **Answer:** 20 shillings.

Carmen’s daughter is ill. She asks for 4 shillings as a grant to help pay for medicine. The group agrees to her request.

- How much remains in the social fund, to use in case someone else has an emergency?
  
  **Answer:** 16 shillings.
All the group’s transactions (saving, taking and repaying loans, making payments from the emergency fund) happen during group meetings, in front of the members.

Between meetings, the group’s money and the central ledger are kept in a cashbox. The social fund and loan fund are kept separate in the cashbox (for example, in two separate bags).

One group member (the treasurer) keeps the cashbox, while three other members each have the keys to the cashbox. The cashbox is very safe and can be opened only during meetings.
After about 12 months of saving and borrowing, the group’s money has grown through regular savings, interest on loans, fines and any other group income.

The group divides all of its loan fund money, and members get back all the savings they have deposited, plus a profit. The profit is distributed proportionally to each member’s savings deposits.

Many groups have a 30% return on their savings – for example, if a member saves 1,000 shillings during the year, she gets back 1,300 shillings at the end of the year.

The social fund is not shared out to the members. If there is any money left over at the end of the operating cycle, it is carried over to the next cycle.

The group can then choose to start another one-year cycle of saving and lending. They may decide to start off with a bigger initial lump-sum contribution to jump-start the new cycle.
Well-functioning SILC groups
What does a successful SILC group look like? Here are some things to look for and encourage.

- **Members themselves choose whether they want to join.** That is especially important if the SILC is part of another intervention. Ensuring that members both want to be part of the group and can participate effectively is extremely important. If someone joins who does not really want to be a member, he or she may not be active in group meetings.

- **Transparency through share-out.** The share-out at the end of the cycle increases group transparency because everyone gets back all the money they have saved during the cycle, plus the profit from that cycle. It means the group clears its books at the end of each cycle, and members can verify their individual cash pay-outs. The members can decide what they want to do with their accumulated savings. They might jump-start the next cycle by putting part of their savings into the next cycle.

- **Transparency through record keeping and memorization.** Good records and recall of balances help group members to know that their savings are safe. Poor or no record keeping reduces the members’ trust in the group.

- **Weekly meetings.** Groups that meet every week function better. They save more money than if they meet less often: it is easier to save a little each week than a larger amount every month. Transparency is better because members can easily remember what happened at the previous week’s meeting. They can also better remember what to do each meeting: they get into a familiar routine. Groups that meet every week tend to last longer than groups that meet more seldom.

- **Funds kept in a cashbox.** The cashbox is a safe place to keep the group’s money and its financial records. Transactions can occur only during group meetings. Well-functioning groups are transparent, and members know that their money is safe. Without that assurance, the members will not want to save in the group. The amount of money to loan out will be small, and the group is likely to disband.

- **Efficient lending out of the group’s funds.** No one should ever be pressured to take on a loan. But the ability to get a loan is one of the main reasons people want to join a group.
The interest paid on the loans increases their profit, and people’s enthusiasm for the group.

- **Committed, high-quality field agents.** Field agents are important. If they understand the SILC approach well and can deliver high-quality services, the groups will be much stronger than if the field agent is less committed. The field agent should be formally trained using the separate CRS publication, *Savings & Internal Lending Communities (SILC) field agent guide* ([http://tinyurl.com/nmmtc88](http://tinyurl.com/nmmtc88)) and review the training module again before training a group. Some field agents start SILCs with their families, friends or colleagues. That lets them practice and master the skills before they train clients.
Quiz for Lesson A1

1. Which of these best describes a SILC group?
   A. Members meet every week to put money into a common fund. The fund is then given to one of the members. The members may take turns to get the fund, or they may be chosen by lottery.
   B. Members meet every week to put money into a common fund. They can put in different amounts, and can borrow from this common fund. At the end of a fixed period, they share out the accumulated savings.
   C. Members meet every week to put money into a common fund. They can put in different amounts, and can borrow from this common fund. At the end of a fixed period, they share out the accumulated savings. They also have a social fund for emergencies, and they keep careful records.
   D. Members meet every week to put money into a common fund. This money is then used to run a cooperative business enterprise.
   Correct answer: C. All the other models exist as well, but they are not SILCs.

2. Can SILCs be combined with other development approaches?
   A. No – it is best to have SILCs as a standalone initiative.
   B. Yes – they can be very useful in combination with initiatives in education, agriculture and health.
   C. Yes – they must always be combined with other initiatives.
   Correct answer: B. SILCs can be very useful in combination with other development activities, but they can also be run as standalone initiatives.

3. How many people should a SILC group have?
   A. Less than 15
   B. Between 15 and 25
   C. Between 25 and 35
   D. As many as they want.
   Correct answer: B: A SILC group should not be too large (as it will become hard to manage) or too small (as people will not be able to get loans that are big enough to be attractive).

4. What are the three main elements that govern a SILC?
   A. The chairperson, treasurer and field agent.
   B. The general assembly, management committee, and constitution.
C. The constitution, by-laws and management committee.
Correct answer: B. The general assembly is the supreme body of the SILC.

5. **How often do SILC groups offer loans to their members?**
   
   A. At any time.
   B. At the weekly meetings.
   C. Once a month.
   D. Never: SILCs do not provide loans.
   
   Correct answer: C. The weekly meetings are for saving; once a month, the group considers loan applications.

6. **What types of funds do SILCs maintain?**
   
   Select all that apply
   
   A. Loan fund.
   B. Investment fund.
   C. Social fund.
   D. Education fund.
   
   Correct answers: A and C. A SILC maintains a loan fund and a social fund.

7. **Angelina borrows 30 shillings from the loan fund. How much money in all does she have to pay back?**
   
   A. Nothing
   B. 30 shillings.
   C. 30 shillings plus the monthly interest.
   D. 30 shillings, minus the monthly interest.
   
   Correct answer: C. She will have to repay the amount of the loan, plus the monthly interest.
Lesson A2: The SILC implementation schedule

In this lesson
After this lesson you will be able to:

- Describe the three stages of implementation.
- Develop an implementation plan for a SILC project.

The three stages of implementation
From the field agent’s point of view, SILCs go through three stages: preparation, training, and monitoring. Each stage includes activities such as meetings, training or visits. The amount of time needed for each stage may vary. Scheduling realities and the need to ensure quality may cause any one stage to last longer than planned, particularly for preparation and training.

Stage 1: Preparation

The preparation stage includes a number of meetings with community leaders (which we call Meeting A) and community members (Meeting B). It can last from 1 to 3 weeks.

During this stage, field agents, supported by partners, introduce SILC in communities and raise awareness of the program’s goals, methods, and opportunities.

Stage 2: Training

During the training stage, the field agent trains the SILC groups on Lessons B1 to B9 in section B of this manual. The SILC members learn the policies and procedures, and put them into practice. During the training stage, the field agent attends all the group meetings. The group makes decisions on how they will operate during the first six meetings. They start actually saving in Lesson B8. The learning process is interactive as the group has to make many decisions during this period.
Depending on the group’s schedule and preferences, the first seven lessons can take from 2 to 7 weeks to deliver. This depends on:

- How often SILC groups can meet (daily or weekly; however, groups should not meet more often than weekly once they begin saving in Lesson B8).
- How long the groups can meet for each module (2 or more hours per day).
- The best pace for SILC members to learn, practice and understand.

Field agents should let the SILC members pick a schedule (start and end time) that suits their needs. At the same time, they must monitor SILC members’ learning and understanding – not just the delivery of the modules. Depending on the group, field agents may deliver modules at a slower or faster pace. They may decide to repeat a step or learning task if needed, and should always use their judgment and work with SILC members to decide on the best schedule for training.

**Stage 3: Monitoring**

During the monitoring stage, field agents visit the SILC groups to follow and support their operations, until the groups have become independent.

This stage is divided into three phases: an intensive phase, a development phase, and a maturity phase as the group progressively assumes more and more responsibility for its activities and finally becomes independent. The field agent reduces the frequency of visits to groups from phase to phase.

The monitoring stage begins once the training stage is over. It is divided into three phases.

- **During the intensive phase**, the field agent attends each SILC group meeting, for a period of 3 months (12 weeks).
During the **development phase**, the field agent attends every other SILC group meeting, for another 3 months (12 weeks).

Thereafter, in the **maturity phase**, the field agent attends SILC group meetings once a month, until the group completes the cycle at share-out. The maturity phase can last around 5 months (20 weeks), but will depend on when the group has planned to share-out it accumulated savings.

At the end of the monitoring stage, the field agent facilitates a training meeting (Lesson B11) to support a successful share-out.

This meeting and visit schedule is simply an example. Field agents and groups can adapt it according to what works best. All schedules, however, should promote the SILC’s independence. Field agent visits must become less frequent and the field agent’s role must become less direct and more supportive like a coach.

**Meetings**

In the **monitoring stage**, it is best for first-cycle SILCs to meet weekly, as this helps the group master the methodology more quickly, and allows the field agent to reduce the frequency of monitoring visits sooner. The meeting frequency can be adjusted to local customs and preferences in later cycles.

Since most projects operate within communities that have similar social and economic characteristics, people can agree on the best meeting times.
**Lending**

Another best practice is for groups to save at every meeting, but only conduct lending and repayment activities every 4 weeks (monthly). This spacing of lending meetings has several advantages:

- It reduces the length of time spent in meetings (savings meetings are short)
- It allows savings contributions to accumulate into a useful amount for borrowing
- It prevents “borrowing sub-groups” from forming
- It makes record-keeping easier
- It still permits moderately frequent access to loans
- It makes it easier for field agents to monitor lending meetings, which need more supporting than saving meetings.

The use of the social fund for emergency loans or grants takes care of unexpected and urgent needs, during weekly meetings or even in between.

**Graduating**

The group is “graduated” from the first cycle at the end of the maturity phase and when the group has its first share-out. At this time, groups evaluate their first-cycle operations and make appropriate changes for the next cycle. The overwhelming majority of groups (more than 95%) continue their operations, often increasing the amount of their weekly contributions. They may also kick-start the next cycle by paying in a one-time lump sum of an agreed amount.

**Schedule of meetings**

If you use a computer spreadsheet, you can plan your meetings like in this diagram.

- The first two rows show the three stages: preparation, training and monitoring. The monitoring stage is divided into 3 phases: intensive, development and maturity.
- The third row shows when the field agent visits the community or the SILC group.
- The fourth row shows when the SILC group meetings are held (at weekly intervals).
- The last row shows how long each period typically lasts.
Planning to implement a SILC project

Before starting to work with communities on SILC, you should consider the local people’s needs and the capacity of your organization.

Needs of local people

- Do the people served by your organization need SILC?
- Are there other financial services available at a reasonable cost?
- Will the loan sizes meet people’s needs?

It is important to understand the financial needs of the potential SILC members and their current options to obtain financial services.

Capacity of your organization

- Can your organization effectively implement a SILC project? Do you have the ability, resources and time to do so?
- Are there staff who can work as field agents?
- Do you have the financial resources to cover the field agents, training and other needs?
- Can you support the field agents and the SILC groups for at least 18 months? (It takes at least this long to launch a SILC project and help the groups become independent.)
- Does SILC fit into your organization’s current strategy? (If not, consider asking another organization to lead the SILC implementation.)

Preparation stage

Once you have decided to implement SILC, it is a good idea to learn what works well in the target community. Here are some steps for program managers to put together the key pieces required.

In this phase you should:
• Develop your project plan
• Define project indicators (including the target community and the number of groups to work with) and how to measure them
• Work out how the project will be implemented
• Decide who the field agents will be
• Decide how to train them
• Decide how to promote and educate communities on SILC
• Determine how to ensure that the project meets the indicators.

Questions for planning
Here are some questions to help you plan.

Community
• What community(s) will you start SILC in?
• What are the basic characteristics of that community? How many people live there? What type of community is it? It is rural, peri-urban, or urban?
• Why are you picking that particular community? Is it because of something specific about the need? Or your abilities to be successful there?
• What other key factors do you need to consider about starting SILC in this community?

Population
• What is the target population within that community? (women, youth, farmers, indigenous peoples)
• What use do they have for financial services? (savings, insurance, lending)
• What access to financial services do they already have? (banks, moneylenders, etc.)
• What other possible benefits of SILC are important for your target population? (financial literacy, community cohesion, self-confidence, etc.).

Targets
• How many groups will you start? How many individual members will you reach?
• How many field agents will you need? As a benchmark, a new field agent can start approximately 6–10 groups in the first year. This number will increase over time.
• Based on the number of field agents, how many groups can you start?
• What will be the basic makeup of your groups? Female, male, or mixed; what ages; basic characteristics of group members such as income, livelihoods, education levels.
• Why did you pick to focus on this type of group? Why this number of groups?
## Indicators for effective and sustainable SILC groups

SILC groups should effectively and sustainably manage and provide financial services to their members. Table 2 gives some indicators to check whether they are successful.

### Table 2. How to tell if a SILC is successful

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Aim for</th>
<th>Explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percentage of SILC groups sharing out and starting a second cycle</td>
<td>Over 95%</td>
<td>Groups that share out their accumulated savings and then start a second cycle are successful.</td>
</tr>
<tr>
<td>Loan fund utilization rate</td>
<td>Over 50%</td>
<td>A group that lends out its accumulated savings increases its funds by collecting interest. Higher loan utilization means the funds are used more, so have higher returns.</td>
</tr>
<tr>
<td>Members with loans outstanding</td>
<td>Over 30%</td>
<td>If many members take out loans, the loans are available to all members, not just a small elite.</td>
</tr>
<tr>
<td>Average drop-out rate</td>
<td>Less than 3%</td>
<td>Committed members are vital if a group is to be sustainable. If a lot of members drop out, or if people do not come to meetings, the group is probably not performing well and is not providing the services its members want.</td>
</tr>
<tr>
<td>Attendance rate</td>
<td>More than 90%</td>
<td>Projects usually have a well-defined target population (orphans, people living with HIV, farmers, etc.). But the members of SILCs select themselves, and not all members of the target group may want to join one. And other people not in the target group may also join a SILC.</td>
</tr>
<tr>
<td>Target group participating in SILC</td>
<td>Defined by the project</td>
<td>Projects usually have a well-defined target population (orphans, people living with HIV, farmers, etc.). But the members of SILCs select themselves, and not all members of the target group may want to join one. And other people not in the target group may also join a SILC.</td>
</tr>
<tr>
<td>Poverty level of SILC members</td>
<td>Over 50%</td>
<td>Comparing the SILC membership with the national poverty line shows whether the project is reaching the poor. The Grameen Foundation’s Progress out of poverty index (<a href="http://www.progressoutofpoverty.org">www.progressoutofpoverty.org</a>) is a good way to measure this.</td>
</tr>
</tbody>
</table>
Effectiveness of field agents

Field agents are vital to creating effective SILCs. Table 3 shows how to measure their effectiveness.

Table 3. How to tell if field agents are effective

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Aim for</th>
<th>Explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of new SILCs formed and trained</td>
<td>6–10 in first year of project, 10–15 a year in subsequent years</td>
<td>Forming and training SILC groups is the field agent’s main job. The number of groups per field agent can vary from project to project. It depends on things like: • Accessibility to the community • Geographical features of the target area • Population density • Pre-existing savings groups.</td>
</tr>
<tr>
<td>Number of new SILC members</td>
<td>More than 200 a year</td>
<td></td>
</tr>
<tr>
<td>Percentage of new SILC groups with a constitution and management committee in place</td>
<td>Over 98%</td>
<td>If community members are aware and able to manage a SILC, they will agree on a constitution and elect a management committee.</td>
</tr>
<tr>
<td>Percentage of SILC groups with a positive return on savings</td>
<td>Over 98%</td>
<td>If groups are effective, they will be profitable: they will have more money at the end of the cycle than the total sum of their saving contributions.</td>
</tr>
<tr>
<td>Percentage of SILC groups correctly following established meeting procedures and record-keeping systems</td>
<td>Over 90%</td>
<td>Properly trained and well-supported groups will follow the correct meeting procedures and use the standard record-keeping system.</td>
</tr>
</tbody>
</table>

Project staffing

The implementers should recruit and train staff and sign any necessary partner agreements. As with most projects, staffing is based on the overall targets, which depends on the budget.

There are four general sizes of project. Most SILC projects are small to medium in size. Organizations with no previous experience in SILC should start either on a very small or small scale to test the approach in their community.
Table 4. How many staff a SILC project needs

<table>
<thead>
<tr>
<th>Size</th>
<th>Groups and members</th>
<th>Staffing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very small</td>
<td>Less than 10 groups</td>
<td>One or two individuals within an organization can run a very small</td>
</tr>
<tr>
<td></td>
<td>Less than 200 members</td>
<td>SILC project. They are responsible for all aspects of the project and</td>
</tr>
<tr>
<td></td>
<td></td>
<td>taking care of quality control. The individual field agents are</td>
</tr>
<tr>
<td></td>
<td></td>
<td>responsible for collecting and analyzing group indicators.</td>
</tr>
<tr>
<td>Small</td>
<td>10–70 groups</td>
<td>A project with more than two field agents should engage a supervisor.</td>
</tr>
<tr>
<td></td>
<td>200–1,400 members</td>
<td>He or she ensures adequate training for the agents and monitors the</td>
</tr>
<tr>
<td></td>
<td></td>
<td>SILC groups for quality through periodic group visits. One supervisor</td>
</tr>
<tr>
<td></td>
<td></td>
<td>can manage 5–7 field agents.</td>
</tr>
<tr>
<td>Medium</td>
<td>70–200 groups</td>
<td>Larger projects with more than one supervisor need a more robust staffing</td>
</tr>
<tr>
<td></td>
<td>1,400–40,000 members</td>
<td>structure. They should have a project manager and a data clerk to</td>
</tr>
<tr>
<td></td>
<td></td>
<td>manage information collected from the groups.</td>
</tr>
<tr>
<td>Large</td>
<td>More than 200 groups</td>
<td></td>
</tr>
<tr>
<td></td>
<td>More than 40,000 members</td>
<td></td>
</tr>
</tbody>
</table>

Recruiting field agents

Strong, well-trained field agents are the heart of any SILC program. The success of SILC groups depends largely on how well the field agents form and train them. We will discuss the field agents’ roles and responsibilities more in the next section. Here we look at things to consider when recruiting field agents.

Demographics

- **Age:** Should be between 25 and 50 years old. (Under 25 are high dropout risks; above 50 years might no longer be very active.)
- **Family:** Should be married and/or with a family. (This is a sign of stability.)
- **Education:** Must have completed primary education, and should preferably have some secondary education. (Be cautious with those who have completed secondary school, especially recently. They might resume their studies and have more employment opportunities.)
- **Residence:** Must live in the targeted community as a permanent resident. (This is critical and must be confirmed independently. Beware of candidates who claim they have “just moved back” and might be commuters.)

Reputation and skills

- **Integrity:** Must have a reputation for integrity, and no criminal record or instances of disreputable behavior. Should be well-known and respected by community members and leaders in the assigned area
- **Literacy and numeracy:** Must have basic arithmetic skills, including calculating percentages. Must be able to read and understand the national language (this is used in guides and forms), and be able to communicate in local language(s).
- **Communication skills:** Must be a good community mobilizer and facilitator, with strong interpersonal and communication skills.
• **Transport**: Should be able to ride a bicycle moderate distances.

**Expectations and attitude**

- Must not be looking for stable employment, a salaried job or a long-term engagement with the implementing partner. (This cannot be emphasized enough.)
- Must be willing to join an intensive training program with limited financial support.
- Must want to later work independently and earn part of their livelihood by charging for services as a private service provider.
- Must be willing and able to work in nearby villages/communities, and at times that are convenient for SILC groups.
- Must be energetic and assertive, with a positive mind-set. Should exude confidence.
- Must be disciplined and determined, outward-looking, seeking out new opportunities and making the most of them. (This includes taking chances with unknown ventures.)

**Previous experience**

- Should have tried a new venture or activity (successfully or unsuccessfully)
- Should have been involved in community work or activities that have raised their community profile (Beware of “career project agents” who might not be interested in transitioning to a private service provider model, or of people who are currently involved in multiple projects.)

**Compatible and incompatible occupations**

The candidate’s occupation must offer time flexibility. The candidate should not assume that SILC will become their only source of income.

<table>
<thead>
<tr>
<th>Compatible</th>
<th>Best to avoid</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business owner or salesperson</td>
<td>Active teacher</td>
</tr>
<tr>
<td>Vendor</td>
<td>Politician (might have a difficult time charging for services and have a completely different goal, such as re-election)</td>
</tr>
<tr>
<td>Farmer (crops or livestock)</td>
<td>Local leader/official (busy with community issues, frequently out of the area)</td>
</tr>
<tr>
<td>Adult trainer</td>
<td>Owner/operator of large, fixed businesses that require the owner’s presence</td>
</tr>
<tr>
<td>Agricultural extension worker</td>
<td>Businesspeople whose activities regularly take them away from the area (miners, traders)</td>
</tr>
<tr>
<td>Midwife</td>
<td></td>
</tr>
<tr>
<td>Retired teacher</td>
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</table>

**Field agent supervisors**

Field agent supervisors should have all of these qualifications, plus:

- Have at least secondary school education.
• Be willing to commit time to SILC activities.
• Have experience working with rural communities and groups.
• Be an experienced facilitator

**Promote and educate communities on SILC**

*Introduce the SILC idea to district and local authorities.* You should inform the local authorities about the SILC approach and how it can benefit their community. They will then be able to support its rollout and support groups if problems arise.

*Mobilize and orient the community.* There are two key aspects of community mobilization: within the target population, and within the broader community. SILC members themselves choose whether they want to join a group, so it is important to invite the entire community to participate in SILC. This is true even if SILC is being introduced within a specific project with other initiatives.

**Mobilize and train groups on the SILC methodology**

After the orientation and community mobilization exercises, the actual mobilization and training of SILC groups begins. And then there are these things to do:

• SILC supervision and graduation
• SILC regular performance monitoring
• Periodic group health diagnosis
• Program review and evaluation.
Quiz for Lesson A2: The SILC implementation schedule

1. In the Monitoring phase, most groups give out loans each week when they meet:
   A. True
   B. False
   Correct answer: B. SILC groups give out loans only once per month.

2. A particular CRS partner is very eager to start a SILC project, but only has 7 months to implement the project start-to-finish. Why might this be a bad idea?
   A. Most implementing partners need a full year to select the right candidates to become field agents.
   B. Most members do not start to save anything until the 8th or 9th months of the cycle.
   C. Seven months is not enough time to train and coach groups through the first cycle.
   Correct answer: C. Completing a cycle is a very important aspect of the monitoring phase.

3. Which of the following is NOT normally used to measure success of a SILC program?
   A. Loan utilization rate
   B. Dropout rate
   C. Number of community leaders in the group
   D. Number of SILC group starting second cycle
   Correct answer: C. Leaders are never excluded from groups, but they do not indicate a successful group any more than other community members would.

4. Which of the following are preferred field agent qualifications?
   A. Minimum of primary education.
   B. Lives in the community and speaks the local language.
   C. Respected by people and community leaders with a reputation for integrity.
   D. Well-known throughout the proposed working zone.
   E. All of the above.
   Correct answer: E.

5. Put these steps in the right order.
   A. Monitoring: development phase.
   B. Monitoring: intensive phase.
C. Monitoring: maturity phase.
D. Training.
E. Preparation.
Correct answer: E, D, B, A, C.

6. **Which of these candidates is likely to make a good field agent for SILC?**

Select all that apply.

A. Active teacher.
B. Retired teacher.
C. Businessperson who travels to town frequently.
D. Crop farmer.

Correct answer: B, D. The others tend to have other duties that keep them away from meetings.
Lesson A3: Field agents’ roles and responsibilities

In this lesson
After this lesson you will be able to:

- Describe the role of field agents.
- Demonstrate good methods for facilitating groups and working with SILC members.
- Illustrate how to best use the field agent guide.

Your role as a facilitator
As a field agent, one of your most important roles is as a facilitator. You help to structure a group and organize its activities so it can become a well-functioning SILC. You transform the group into an effective SILC by organizing, communicating, and paying attention to how the members work together. You create an environment of respect and security, encourage active listening, and help the group to plan and monitor its activities.

You help to ensure that the SILC is successful. You help prospective members to understand why it is in their own self-interest to join a SILC. You build awareness and confidence among the members so that the members can adopt the management system, keep it under the members’ control, and work independently.

Your responsibilities also include regularly reporting on the performance of the groups you have trained and are monitoring.

Working with SILC members
In all meetings, training sessions, and monitoring visits, you must create a safe and relaxed atmosphere. You must be prepared to deal with various issues that may affect participation.

- Timidity, fear of speaking in public
- Lack of experience in working with a group
- Suppression of women by men
- Distrust of those in power
- Feelings of powerlessness
- Conflicts of interests
- Domination by powerful group members

You can gain the confidence of the participants by showing respect, and by being reliable, on-time, and prepared. You can encourage participants to be actively in various ways:

- Using small groups so that more people feel safe to share their ideas
- Inviting quiet participants to speak
● Asking open questions.

In the **preparatory period**, you must help participants to understand that if they unite, they will be stronger and more capable of resolving their problems than individuals can be. Local proverbs and sayings can illustrate this idea.

In the **training** and early **monitoring periods**, you help the participants manage the SILC themselves. You do this by training, coaching and encouraging participants to:

● Plan and organize
● Make decisions
● Take responsibility
● Manage procedures
● Maintain written records.

In the **monitoring period**, you observe how well the group is working. You need to find creative and culturally acceptable ways to help participants resolve conflicts of interest and interpersonal differences.

**Preparing to facilitate meetings and training modules**

Your sessions will be more successful if you carefully plan and prepare. Ask yourself these questions.

● How many members are coming?
● Where should the session be held? Is this place convenient for participants?
● What local leaders or authorities (if any) need to be informed?
● How will all participants sit comfortably? Are mats or chairs needed? If so, how many?
● What information needs to be communicated to participants ahead of time? Are participants clear on the training dates and time?
● Have I identified and gathered all needed training materials for each module?
Closer to the training date, it is essential to carefully review the lessons. Rehearse the lesson the night before. Practice giving clear instructions, asking open questions and giving short mini-lectures.

Monitor and evaluate each lesson during and immediately after delivering it. You can do this in three ways.

- Observe participant reactions. Are they enthusiastic? Or are they tired and yawning?
- Ask participants these questions at the end of the modules.
  - What did you like best today and why?
  - What would you suggest to improve our next meeting?
- Assess your own performance. Identify what went well and what difficulties or problems you experienced. Think about what you can do better next time.

**After the first cycle: Becoming a private service provider**

While you are being trained, the project will cover your operating expenses based on the number of groups you are serving. After the end of your training, all groups will have to pay for your services as a **private service provider**.

The idea of the training is to enable the SILC groups to carry on by themselves. But some will want occasional visits and advice from you, for example to help them overcome a problem they cannot solve themselves, or to help them branch out into new activities. There is a high demand for such services in many areas, and many groups are willing to pay for it. We discuss this more in Lesson B11.
Quiz for Lesson A3: Field agent roles and responsibilities

1. Field agents can encourage active participation in groups by:
   A. Using small groups so that more people feel safe to share their ideas
   B. Inviting quiet participants to speak
   C. Asking open questions
   D. All of the above

   Correct answer: D.

2. George Kimbira of Kenya once said: “Field agents should not worry about where people will sit. That is the members’ responsibility.” Is he right?
   A. Yes
   B. No

   Correct answer: B. Field agents should be involved in all aspects of the meeting and should help keep participants comfortable.

3. A field agent’s job does NOT include teaching the group members how to:
   A. Plan and organize
   B. Make decisions
   C. Manage procedures
   D. Maintain written records
   E. Get bank loans

   Correct answer: E. SILC has no formal link to banks.

4. Match the activity with the correct phase in the SILC’s development

   Activity                                      Phase
   A. Helping participants to manage themselves    1. Preparatory period
   B. Helping participants to understand the benefits of working together    2. Training period
   C. Observing the group’s operations, and resolving problems that occur    3. Monitoring period

   Correct answer: A2, B1, C3.
5. What items do you need to think of when planning meetings?
Select all that apply
   A. How many people will come?
   B. Who needs to be informed?
   C. Where will everyone sit?
   D. What materials will I need?
   E. Did the participants understand what was discussed?
Correct answer: A, B, C, D. It is important that participants understand the discussions, but this is something to evaluate after the meeting.

6. Match the problems with an appropriate solution

<table>
<thead>
<tr>
<th>Problems</th>
<th>Solutions</th>
</tr>
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<tbody>
<tr>
<td>A. Women are too shy to speak up in meetings.</td>
<td>1. Use small groups so people feel free to express their ideas.</td>
</tr>
<tr>
<td>B. One powerful person dominates the discussion and intimidates the others.</td>
<td>2. Ask open-ended questions that require a more complete answer.</td>
</tr>
<tr>
<td>C. People answer with “yes” or “no” only.</td>
<td>3. Make sure they sit at the front, and address questions to them directly.</td>
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Correct answer: A3, B1, C2. There are many other facilitation techniques you can use. Perhaps you can suggest some more?
Lesson A4: Presenting SILC to community leaders

In this lesson
After this lesson you will be able to:

- Communicate the SILC program benefits to community leaders.
- Discuss with leaders how SILC training will be delivered in the community.
- Understand how to gather information regarding the community and its suitability for SILC programming.
- Obtain the permission of community leaders to start SILC in the area.
- Discuss how SILC training will be delivered in the community.
- Identify how to gather community information and SILC suitability.

Arranging meetings with leaders
Even if you and your organization are already working in the area where SILC will be implemented, you still need to inform the local authorities of SILC and how it will benefit the community. If they understand this, they can support your efforts and help resolve problems that may arise. This lesson suggests how to communicate the SILC concepts to local community leaders.

The best way to do this is by arranging to meet with them – what we call Meeting A – see Field Exercise A4. (You will also need to hold meetings with people in the community and prospective SILC members: we call this Meeting B.)

You may have to hold several meetings with leaders at different administrative levels. Start at the regional or district levels as needed, and then progress to the village or community level. Rather than bring all stakeholders together, it is better to hold several, smaller meetings that focus on leaders at a particular level. For example, you may wish to hold one meeting with leaders from several districts and then another meeting with leaders from a particular village or community.

The most important meetings are those with village or community leaders. These meetings must be facilitated by the field agent assigned to that area, with support from his/her supervisor and project management. This is vital to establish the field agent’s credibility in the community.

Aims of Meeting A
The meeting with leaders aims to:

- Introduce yourself and your organization to the leaders (if they do not already know you).
- Introduce the SILC approach and enable the leaders to understand how it works and how it will benefit people in the community.
- Answer any questions they may have about the approach.
• Get their permission to use the SILC approach (if necessary)
• Get their support for using the approach.

Meeting agenda
Here is how a typical meeting runs. Make sure you cover all these points:

• Introductions
• Understanding the local situation
• Explaining how SILC works
• Leaders’ questions and concerns
• Benefits of the SILC approach
• Getting permission and support
• Arranging to meet the community members

We’ll go through these points one by one. See Field Exercise A4 for reminders.

Introductions
1. Greet the leaders. If necessary, introduce yourself and your organization, and ask the leaders to introduce themselves.
2. Explain the purpose of the meeting: to explain about the SILC approach and ask for the permission and support in implementing it.
3. If possible, describe a successful SILC operating nearby.
Understanding the local situation

4. **Ask how local people currently borrow money.** Where do local people currently borrow money? What interest rates do they pay? What loan conditions are there? What are the penalties if people do not repay on time?

5. **Ask how people save money** – for example by taking part in savings merry-go-rounds, buying animals, storing grain, or other traditional methods.

Explaining how SILC works

6. **Explain how SILC works.** Build on what the leaders have told you. Explain that they consist of 15–25 people who get together to save money each week. Both women and men can join, and they elect leaders and decide on their own rules. They can borrow money from their fund, and pay interest on the loans. The regular payments and interest mean that the fund grows over time. They also set aside a separate fund for emergencies. They keep the money in a box with three locks, with different people holding the keys. The box is opened only at meetings. At the end of the year they divide up all the funds, and share out the savings and profit. If they want, they can then start another round of saving and lending.

7. **Explain the role of the field agent.** Explain that you will facilitate and organize, but will not make decisions, and will not look after the money for the groups. You will not provide any money, just training and advice. That is so the groups can become self-reliant.

8. **Explain the field agent’s role after the first year.**
Leaders’ questions and concerns
9. **Ask if the leaders have any questions.** Answer as fully as possible, stressing that each group makes its own decisions in a democratic way.
10. **Ask if they have any concerns** about the SILC approach.

Benefits of the SILC approach
11. **Explain the benefits of the SILC approach:**
   - Members can save regularly and safely.
   - They can get loans to use how they want.
   - They can get money to help them deal with an emergency.
   - They get their savings back, plus a profit. Many groups have a 30% return on savings in one year, and they keep all of the interest payments.
   - They strengthen their ties with each other, and help each other in times of need.
   - They gain confidence, self-respect and self-reliance.

Getting permission and support
12. **Explain how you plan to introduce the SILC idea to the community.** You will explain the approach at a meeting of community members, then train people who are interested over a couple of weeks to start a group. You will keep working with the group for about a year to make sure they can manage the process themselves.
13. **Ask for the leaders’ permission and support.**

Arranging to meet the community members
14. **Ask the leaders to arrange a meeting with community members.** Explain that it will take a little more than an hour, and that it should be open to all community members, men and women, rich and poor. No one should feel they are too poor to join a savings group. If more than about 100 people want to come, try to arrange several smaller meetings.
15. **Thank the leaders for their help.**
Quiz for Lesson A4: Presentation of SILC to community leaders

1. When starting a new SILC program, presenting SILC to local leaders and gaining their approval is:
   
   A. Optional.
   
   B. Preferred.
   
   C. Required

Correct answer: C. It is necessary to involve the local leader.

2. It is important to consult local leaders when setting up a new SILC program because:

   A. They know their community better than anyone else.
   
   B. Their endorsement will help convince people that SILC is not a scam.
   
   C. Leader who feels overlooked by SILC might block its introduction into the community.
   
   D. All of the above.

Correct answer: D

3. One meeting with the local leaders is enough.

   A. Correct. You need to hold only one meeting with the leaders.
   
   B. It depends. You may have to meet separately with leaders at different levels (district, municipality and village). And you may need to meet a group of leaders again to explain further or if they have doubts of questions.
   
   C. No: you need to meet them several times to get their full support.

Correct answer: B. Normally one meeting with a group of leaders is enough, but be prepared to meet them again if necessary.

4. Should local leaders be members of the SILC?

   A. Yes, it is vital for them to be members so they understand and support the SILC.
   
   B. Yes, if they wish – but it is a good idea to form their own group so they do not dominate others.
   
   C. No, they should not be members as they may dominate other people in the group.

Correct answer: B: Each person, including the leaders, must decide for themselves whether they want to join a SILC.
5. **When presenting SILC to the local leaders, it is best to:**
   
   A. Do your homework first: find out what the local situation is, then adapt your presentation accordingly.
   
   B. Follow the presentation guidelines exactly: they are tried and tested and have been shown to work.

   Correct answer: A: Each situation is different, so you must adapt what you say. But do not compromise on the core message of SILC and how it works.

6. **What should you do if the local leaders do not give you permission to start SILCs in their communities?**
   
   A. Accept their decision and find somewhere else to implement the program.
   
   B. Try to understand why they said no, then decide what to do. Perhaps you can approach them again with a revised proposal?
   
   C. Go ahead with starting SILCs anyway, without their support.

   Correct answer: B: It’s important to get local leaders’ support.
Field Exercise A4: Meeting A: Presentation to community leaders

This meeting introduces the SILC approach to community leaders and seeks their permission and support to start SILC groups in the area.

Objectives
- To inform leaders how SILC can benefit the community and how you will introduce it.
- To obtain their permission to start activities and help in setting up community meetings.

Equipment needed
- Pen and paper to take notes

Expected outputs
- The leaders’ understanding and support for SILC.
- Information about the community and its suitability for SILC programming.
- One or more community-wide promotion meetings scheduled.

Time
2 hours

Preparation
- Schedule a meeting with local leaders.

Suggested procedures
1. **Introductions** (30 minutes). Introduce yourself and ask the leaders to do the same. Explain the purpose of the meeting (to explain the SILC approach and ask for permission and support in implementing it). Describe a successful SILC operating nearby.
2. **Understand the local situation** (30 minutes). Ask how people borrow and save now.
3. **Explain how SILC works** (30 minutes). Explain how a SILC works and how local people can benefit. Explain that you will train, facilitate and organize, but will not make decisions nor provide or look after money. That is so the groups become self-reliant. After the first year, the group will have to pay for your support. Ask for any questions.
4. **Explain how you will introduce SILC to the community** (15 minutes). You will explain the approach at a meeting, then train people who are interested. You will keep working with the group for about a year until they can manage the process themselves.
5. **Getting permission** (15 minutes). Ask for the leaders’ permission and support. Ask them to arrange a meeting with community members.

Benefits of a SILC
- Members can save regularly and safely.
- They can get loans to use how they want.
- They can get money to help them deal with an emergency.
- They get their savings back, plus a profit. Many groups have a 30% return on savings in one year, and they keep all of the interest payments.
- They strengthen their ties with each other, and help each other in times of need.
- They gain confidence, self-respect and self-reliance.
Key features of a SILC

Members and rules

A Savings and Internal Lending Community consists of 15–25 people who get together to save money each week. Both women and men can join.

Leadership and rules

They elect their own leaders. They decide on their own rules.

Savings and lending

Each week they pay some money into a loan fund. The members can borrow money from the fund. They must repay with interest. The regular payments and interest mean that the fund grows over time.

Social fund

They also pay money into a separate social fund. Members can get grants or loans from this fund to deal with emergencies.

Security and record-keeping

They keep the money in a box with three locks, with different people holding the keys. The box is opened only at meetings. The group keeps two kinds of records: written in a book, and the memories of the members themselves.

Profit

At the end of the year they divide up all the funds, and share out the savings and profit. If they want, they can then start another round of saving and lending.
Document A: Questions frequently asked by community leaders or members

Will the program give the groups grants or matching funds?
No. In SILC, all the funds come from members, first in the form of savings, and then as loan repayments. This helps groups be more self-reliant. It allows the program to create many more SILC groups, than if it gave each group money.

Will the program lend the groups money?
The program does not give loans, and does not recommend that groups borrow from other sources, in particular in their first cycle. This can put group savings at risk. Individual members are free to take external loans, as individuals, outside of group activities.

Will the program give groups a cashbox?
Each group must purchase its own cashbox, using its own funds. The field agent will help link groups to local providers of cashboxes and other equipment.

Why should groups pay for the services of a private service provider?
The program only supports the field agent for a certain period. Thereafter, the field agent is certified as a private service provider and is no longer supported by the program. After that, the community must pay to receive ongoing SILC services.

What happens if members do not repay SILC loans?
The members decide together what should happen to members who do not repay their loans. Typically, members repay in order to continue belonging to the group.

Why do groups have to stop after one cycle?
Groups do not stop after one cycle. Rather, the group gathers and shares out all its money among members. This is an opportunity to verify the money is being managed transparently, and to evaluate how the group is functioning. The group can change its membership, re-elect leaders, and change its rules. Most groups keep functioning, cycle after cycle, for many years.

Do groups have to start over from nothing in the second cycle?
Many groups choose to start the second cycle with initial lump-sum investments by members, so they can start borrowing immediately. Typically, members save more during the second cycle.
Lesson A5: Presentation of SILC to community members

In this lesson

After this lesson you will be able to:

- Communicate the SILC program benefits to community members.
- Enable the community members to compare their current saving and borrowing practices to the services of a SILC group.
- Discuss how the SILC groups are managed and trained.
- Help community members decide whether they want to learn the SILC approach.
- Identify community members who are interested in learning more about SILC and in forming a SILC group.
- Arrange training sessions for people who are interested.

After getting the leaders’ support

You can now present SILC to the community. Before doing so, make sure you fully understand how SILC works. Recheck the instructions in this guide if necessary.

We call these initial community meetings Meeting B – see Field Exercise A5. It is best to have at least 25 people, but no more than 100. If a lot of people are interested, you can hold several such meetings in the same community. If there are several facilitators, you can divide the participants into smaller groups for the demonstration. You can also invite participants to act out the members of a SILC group.

The idea of this meeting is not to go into the full details of the SILC process: that will come during the training course you will run later. But you do need to give the participants an idea of what SILC is all about, and to get them interested in it.

Meeting agenda

Much of the content of Meeting B is very similar to your Meeting A with the community leaders (Lesson A4).

Here is how a typical meeting runs. Make sure you cover all these points:

- Introductions
- Current ways of saving and borrowing
- Introducing SILC
- Training

We’ll go through these points one by one. See Field Exercise A5 for detailed instructions.
Be careful!

Finance has a lot of technical words: loan, interest rate, repayment, principal, ledger, fund, SILC, and so on. It is important not to confuse people who are not familiar with these words. Try to avoid using the more complicated words, and make sure you explain everything clearly so people can understand you fully. Use the local terms if possible.

Money – especially borrowing money – can be a sensitive topic. People may be reluctant to admit that they borrow money, and they may not give you full or accurate information. That does not matter: the purpose of this meeting is to introduce a new way of saving and borrowing. People will be able to compare it with the methods they currently use, and decide whether they want to take part.

Aims of Meeting B

The meeting with the community members aims to:

- Introduce yourself and your organization to the community (if they do not already know you).
- Introduce the SILC approach and enable the local people to understand how it works and how it will benefit them.
- Stimulate their interest in forming a SILC group.
- Identify those people who wish to form a SILC group.
- Arrange a series of training sessions with the interested participants.

Introductions

1. Ask the village leader to introduce you and to explain why you are there. They should not explain the SILC process in detail (they may make mistakes).
2. Introduce yourself and your organization, and if feasible, ask the participants to introduce themselves.
3. Say what you want to talk about. Explain briefly that you want to introduce the idea of savings and lending communities to them.

Current ways of saving and borrowing

4. Ask people about how they currently save and borrow money. This discussion has two purposes: so you can understand the local situation, and to introduce the subject and
put people at their ease. People may discuss things like savings groups, buying animals as an investment, and borrowing from moneylenders. Ask them where they borrow money, how much interest they pay, and what the other conditions are.

Introducing SILC

5. Demonstrate how SILC works using bottle caps or beans. See Field Exercise A5 for detailed instructions on how to do this. Make sure you cover savings, loans and the emergency fund.

6. Invite the people to compare the SILC approach with the methods that they now use to save and borrow. Divide them into groups for this discussion. Invite each group to report back to the plenary. Make sure that the benefits of SILC are stated clearly.

7. Explain SILC management and rules. Explain that each SILC group elects its own managers and writes a constitution.

8. Explain your role as a field agent. Explain that you will facilitate and organize, but not make decisions. Explain your role after the first year – for example, if you will be able to continue supporting the group, and who will pay for your services.

Training

9. Explain the training process. Say that if people are interested, you will train them on how to form and run their own SILC group. This will take 8 sessions, spread over 2–8 weeks. If people want to join a SILC, they should come to the training to learn how.

10. Identify people who are interested in training. Ask for a show of hands of people who wish to be trained.

11. Arrange the training sessions. Decide together when and where they should be held. The meeting place should be quiet, and sheltered from rain and sun. If not all participants can meet at the same time, organize several meetings.

If someone is not sure whether they are interested, invite them to come to the first training session, when they can decide whether they wish to continue.

You may wish to organize meetings close to specific neighborhoods or sub-communities. Share your contact information with the participants.
Quiz for Lesson A5: Presentation of SILC to community members

1. Members are required to do which of the following to have a successful SILC groups:
   A. Rent a space for meetings.
   B. Write a constitution.
   C. Let the village chief become the group’s chairperson.
   D. Commit to saving a minimum of $10 per week.

   Correct answer: B. Writing constitution and electing a management committee are critical early steps to group formation.

2. When introducing SILC to a new community, which of the following do you NOT need to talk about?
   A. Saving
   B. Loans
   C. Life insurance
   D. Emergency funds

   Correct answer: C. Though the social fund can be used somewhat like insurance, it is not true insurance.

3. How much detail should you cover in this introductory meeting?
   A. As much detail as possible. It’s important that people have the full information so they can decide whether to attend the training and form a SILC.
   B. A medium amount. They need a broad understanding of SILC and how it works, but too much detail would probably confuse people at this stage.
   C. No detail: just tell them they will learn how to run SILC if they join the training.

   Correct answer: B: People need to understand enough about the process to decide whether they are interested in it. A certain amount of information is necessary for them to do this. Answer their questions, but say you will cover the details in the training course.

4. What if people say they are not interested in SILC?
   A. It means you haven’t persuaded them effectively. You need to hold another meeting, and another, until everyone in the community agrees to join.
   B. You should check why they are not interested.
   C. You should accept their decision and go somewhere else.
Correct answer: B. Maybe you have not explained the approach clearly, or maybe they really have no need of a SILC scheme. Check with the village leaders and other local people. If you realize you have not explained things clearly enough, consider inviting people to another meeting.

5. **Put these parts of the meeting in the right order.**
   
   A. Ask people how they currently save and borrow.
   
   B. Explain how SILC works using bottle caps or beans.
   
   C. Introduce yourself and your organization.
   
   D. Explain you want to talk about saving and lending.

   Correct answer: C, D, A, B.

6. **Put these parts of the meeting in the right order.**
   
   A. Identify people who want to be trained.
   
   B. Invite people to compare SILC with other methods.
   
   C. Explain your role as a field agent and trainer.
   
   D. Arrange the training sessions.
   
   E. Explain SILC management and rules.

   Correct answer: B, E, C, A, D
Field Exercise A5: Meeting B: SILC presentation to community members
This meeting introduces the SILC approach to community members and invites them to learn how to form a SILG group.

Objective
- To explain the SILC approach to community members and invite them to form a SILC group.

Equipment needed
- Flip chart paper, pen or marker
- 80 large beans, bottle caps, or stones
- A sample SILC constitution.

Expected outputs
Interested community members agree to start learning how to form a SILC group.

Time required
2 hours

Preparation
- Ask community leaders to attend the meeting so that they can introduce you.
- Invite leaders from existing SILCs nearby to attend.

Suggested procedure

Introductions (30 minutes)
1. **Introduce yourself and your organization.** Tell them the purpose of the meeting (to introduce the idea of Savings and Internal Lending Communities).

Community saving, borrowing and SILC (45 minutes)
2. **Understanding the local situation.** Divide the group into two sub-groups. Ask to discuss how they save money, and the other group to discuss borrowing.
   - **Saving:** How do you save money? (Possible responses: bank or microfinance institution, hiding money, buying gold, merry-go-rounds, grain storage, animal-raising.) How do savers get their money back when they need it?
   - **Borrowing:** Where do you borrow money? (Possible responses: bank or microfinance institution, moneylenders, relatives, friends, delaying payment for purchases.) What are the conditions for borrowing from these sources?
   Ask the groups to share their thoughts with the plenary.

3. **Explain how a SILC works,** using the beans, bottle caps or stones (see below).

4. **Comparing SILC with other savings methods.** Invite small groups of participants to discuss the differences between SILC and how local people currently save and borrow. Ask them to share their thoughts with the plenary. Ensure the benefits of SILC are mentioned (see below). Invite the participants if they have any questions.
SILC group management and training (30 minutes)

5. **Explain the rules and leadership.** A SILC group must:
   - **Write a constitution** with rules on how much to save, what the interest rate is, how the social fund will be used, and what penalties to apply to members who do not follow the rules. (Show them a copy of a sample constitution.)
   - **Elect a management committee** to enforce the constitution and run meetings. The management committee includes:
     - A **chairperson**, who leads group meetings
     - A **secretary**, who keeps records of the group’s financial activities
     - A **treasurer**, who keeps the locked cashbox between meetings
     - Three **key holders**, who keep the keys to the locked cashbox between meetings
     - A **money counter**, who counts the money during the meeting

6. **Explain your role:** to train, organize and facilitate, but not to decide or look after money. Explain that you will train SILC groups for the first year until they can manage themselves independently. After that, if the groups wish to continue with your services, they will have to pay you – like they pay for services like health care or veterinary advice.

Preparing for group training (15 minutes)

7. **Explain the training.** Explain that you will train groups of people who are interested in forming a SILC.
   - You will give eight training sessions over the next 2 weeks to 2 months.
   - Success depends on all members taking active part. That means attending all the training sessions and SILC meetings.
   - Each group will have to get the following items: a cashbox with three good-quality padlocks, a record-keeping book, a ruler, a calculator, a pen, and four plastic bowls. They do not need to get these right away.

8. **Arrange meetings.** Ask participants who are interested to plan a date, time and meeting place for their first training. The meeting place should be quiet, and sheltered from rain and sun. If not all participants can meet at the same time, organize several meetings. You may wish to organize meetings close to specific neighborhoods or sub-communities.

9. **Close.** Share your contact information with the participants, thank them, and close the meeting.
How SILC works

1. A SILC is a group of 15-25 community members. Both women and men can join. The Hope group has 20 members. Draw 20 small circles, each about 5 cm across, arranged in a circle. Each small circle is a member. The big circle is the SILC group.

2. The group meets every week and each member saves at every meeting. In the Hope group, each member decides to save 20 shillings. A bean represents 10 shillings. Place 2 beans inside each member’s circle.

3. Move the beans, member by member, into the center of the group. There should be 40 beans in the center. How much have the members saved together? [answer: 400 shillings]

4. The savings all go into a group loan fund. Based on their individual savings, members can borrow from this fund. One member borrows 200 shillings, and another borrows 100 shillings. Move 20 beans to member A, and 10 to member B. (10 beans remain in the center.) How much remains in the loan fund? [answer: 100 shillings]

5. The borrower must repay with interest – in Hope, that is 10%. How much interest must each borrower pay? [answer: 20 shillings and 10 shillings] Add 2 beans to the member who borrowed 20 beans, and 1 bean to the member who borrowed 10 beans.

6. How much must each borrower repay in total? [answer: 220 shillings and 110 shillings] Move the 22 beans and the 11 beans back to the center, joining the other beans. There should now be a total of 43 beans in the center.

7. The group also has a separate social fund, which gives money to pay for emergencies. In Hope, each member contributes 10 shillings per meeting. Place 1 bean inside each member’s circle.

8. Move the beans, member by member, into the center of the group, in a different pile. There should be 20 beans in this pile. How much have the members contributed together? [answer: 200 shillings]
9. One member receives 50 shillings, as a grant, to help pay for medicine. 
   Move 5 beans of the social fund toward one member (someone who did not receive a loan). 
   15 beans remain in the social fund pile. 
   How much remains in the social fund, in case someone else has an emergency? 
   [answer: 150 shillings]

10. All the group’s transactions happen during group meetings in front of the members. 
    Between meetings, the group’s money is put in a locked cashbox, kept by one group member, 
    while other members have the keys to the cashbox. The cashbox is very safe and can only be opened during meetings. 
    Draw a square to represent the cashbox. 
    Draw 3 padlocks on the sides of the cashbox. 
    Draw three keys, one on each of three different circles.

11. Put the 43 beans (loan fund) and the 10 beans (social fund) in the square, in separate piles.

12. After about one year of saving and borrowing, the group’s money has grown through regular savings, interest on loans, fines and any other group income. 
    Add 17 more beans to the loan fund in the cashbox, then bring all the loan fund beans back to the center (total: 60 beans).

13. The group divides its loan fund money, and members get back their savings with profit. 
    Many groups have a 30% return. For example, if a member saves 1,000 shillings during the year, she gets back 1,300 shillings at the end. 
    Move 3 beans back toward each member. 
    The group then starts another one-year cycle of saving and lending.
Section B: Guiding a group to establish a SILC

This section guides you how to train local people in forming and running a savings and lending community. It contains 11 lessons, corresponding to the training sessions you will run with a group of people wishing to form a new SILC.

- **Lessons B1–B6 and B8–B9** walk you through the eight training sessions to launch a SILC group. You teach them at the beginning of the first cycle of saving and lending. They actually start saving in **Lesson B8**.

- **Lesson B7** shows how to prepare a ledger book – the special notebook that the group uses to keep records. Once you know how to prepare the book yourself, you should teach the secretary and other management group members how to make one for their own use.

- **Lesson B10** describes how to run a monthly loan meeting.

- **Lesson B11** shows how to share out the group’s savings. This happens at the end of the first cycle, during the share-out meeting.

### Table 5. Overview of lessons in Section B

<table>
<thead>
<tr>
<th>Lesson</th>
<th>Objectives: This lesson will enable you to …</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Lesson B1.</strong> Deciding whether to join a savings and internal lending community</td>
<td>Identify the personal qualities that members of a SILC should have. Enable participants to decide whether they have these qualities. Help participants decide whether they wish to join a group.</td>
</tr>
</tbody>
</table>

| **Lesson B2.** Groups, group formation and governance: How do you form a strong SILC? | Describe the characteristics of successful groups and the responsibilities of their members. Help participants decide the membership of their SILC group. Enable group members to understand how a SILC is governed. |

| **Lesson B3.** Members’ responsibilities, management committee, elections | Define responsibilities of SILC group members. Name the positions on the management committee and describe the responsibilities and qualities for each position. Explain the process for electing management committee leaders. |

| **Lesson B4.** SILC constitution, savings policies, safety of assets | Explain the importance of a written constitution and its use. Document decisions made in previous meetings. Determine the minimum and the maximum saving amounts that members will make. Decide how and when to acquire SILC tools. |

<p>| <strong>Lesson B5.</strong> Deciding on the loan and social funds | Describe policies and procedures related to loan fund management. Describe policies and procedures related to social fund management. |</p>
<table>
<thead>
<tr>
<th>Lesson</th>
<th>Objectives: This lesson will enable you to …</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lesson B6. Meetings and finalizing the constitution</td>
<td>Help a group decide on meeting attendance and timeliness. Guide a group on deciding how to share out savings and use the constitution.</td>
</tr>
<tr>
<td>Lesson B7. Preparing the ledger book</td>
<td>Review the purpose and benefits of SILC record keeping. Create SILC ledgers. Demonstrate how to create and use the SILC ledger book to the SILC group.</td>
</tr>
<tr>
<td>Lesson B8. Meeting procedures 1</td>
<td>Review the steps in conducting a SILC meeting. Guide the group in conducting a savings meeting with transactions. Show how to fill in selected sections of the ledger book. Evaluate how the group conducted the meeting.</td>
</tr>
<tr>
<td>Lesson B10. Loan disbursements and repayments</td>
<td>Help the group conduct the first loan disbursements. Help the group conduct the first loan repayments.</td>
</tr>
<tr>
<td>Lesson B11. Share-out meeting and the next cycle</td>
<td>Help the participants decide what to do with their remaining social fund. Help the participants share out the contents of the loan fund. Analyze the group’s financial performance. Help the group start a new operating cycle (if they wish to do so).</td>
</tr>
</tbody>
</table>
Lesson B1. Deciding whether to join a savings and internal lending community

In this lesson
After this lesson you will be able to:

- Identify the personal qualities that members of a SILC should have.
- Enable participants to decide whether they have these qualities.
- Help participants decide whether they wish to join a group.

This lesson gives you some background and ideas for the first training session you will teach to people who are interested in SILC. See Field Exercise B1 for a plan for the training session itself.

Members choose themselves
In a SILC, each person decides whether he or she wishes to join the group. Potential members should think about whether they are ready for SILC and decide if joining is right for him or her. We sometimes call this “individual self-screening”.

This lesson describes the things people should take into consideration and the qualities that SILC members should have.

A new microfinance program in Miyanga...

This is Mercy Kamau, a field agent in the village of Miyanga. Last year, she started a microfinance program in the village. She told the villagers to form groups of 20 people. She said that people should have certain qualities to join a group – but she did not say what qualities.

The villagers were enthusiastic. They quickly got organized into the groups and started to save money. They started to borrow money from the group.
…then they started having problems

After 4 months, the groups had many problems. Some people lived a long way away. They said the meetings took a long time and stopped coming.

Other members did not have a business, so they had trouble repaying their loans. They had taken out loans because “everyone was doing it.” When they tried to organize a special meeting to discuss these problems, the groups could not even agree on how to have the discussions.

Mercy was alarmed. What had gone wrong?

Problems in Miyanga

The groups had three main problems:

- Some people lived too far away, so it was difficult for them to attend meetings.
- Some people had no way of repaying their loans.
- People did not know how to work together: they had not agreed on the rules beforehand.

These are just some of the problems that may affect savings groups. Think of your own experience and write down some other problems you have come across.

A group depends on its members

A strong group is made up of individual members who know themselves and their personal qualities. The members understand how these qualities might affect their ability to participate in the group.
Mercy Kamau had forgotten something very important to tell the villagers: that before they join a savings program, members must think very carefully about **why** they want to join and **if** participation in SILC is right for them now.

Mercy should not determine whether each individual will be a good member of the group. Each individual must make that decision for him or herself. Mercy can give them the following advice to help them do so.

**Things to think of**
Mercy should point out that the members of the groups in Miyanga need to evaluate three things:

- Their personality and values
- Their ability to participate in a group
- Their social and economic situation.

Let us look at each of these in turn.

**Personality and values**
These are aspects of your character. They are the qualities or traits you possess. They represent your deepest priorities and how you behave with others. For SILC groups, they represent the qualities that you would like to see in other members of the SILC group, who will be safeguarding your savings and receiving and repaying loans with your savings.

Some of the traits are obvious: members of a SILC must be trustworthy, honest, responsible, disciplined and mature. Others are less immediately obvious: they must also be patient, fair, assertive and considerate. Think of other traits and values that SILC members should have.

Table 6 has a list of desirable personality traits.

**Table 6. List of individual qualities relevant to SILC membership**

<table>
<thead>
<tr>
<th>Personality and values</th>
<th>Participation in a group</th>
<th>Social and economic situation</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Trustworthiness</td>
<td>• Willingness to attend meetings regularly</td>
<td>• Family or kin support to participate in a SILC group</td>
</tr>
<tr>
<td>• Honesty</td>
<td>• Positive attitude towards group membership</td>
<td>• Good knowledge of your own economic standing</td>
</tr>
<tr>
<td>• Responsibility</td>
<td>• Willing to share information, knowledge and resources</td>
<td>• Clear goals or objectives in life</td>
</tr>
<tr>
<td>• Maturity</td>
<td>• Open to other people’s ideas and approachable</td>
<td>• Relevance of SILC to your life</td>
</tr>
<tr>
<td>• Discipline</td>
<td>• Ability to speak in a group</td>
<td>• Time to spend in group meetings</td>
</tr>
<tr>
<td>• Patience</td>
<td>• Ability to listen</td>
<td>• Ability to save regularly</td>
</tr>
<tr>
<td>• Fairness</td>
<td></td>
<td>• Confident with savings and loans</td>
</tr>
<tr>
<td>• Assertiveness</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Considerate</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Commitment</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Ability to participate in a group
This relates to your ability to work well with others in a group. SILCs work in groups. A SILC needs members who work together effectively. Strong groups hold efficient meetings, make democratic decisions, and ensure that everyone’s voice is heard.
Qualities of group participation include a willingness and ability to attend meetings regularly, a positive attitude towards group membership, and a willingness to share information and ideas. Table 6 also lists some characteristics that make it more likely that people will work well in a group.

Social and economic situation
This means the support you have from your family to take part in a SILC, and your personal understanding of your economic needs. It does not matter whether you are rich or poor. Many poor people work well in SILCs, while some better-off people decide that SILCs are not for them.
More important are things like your family’s support, your understanding of how much you earn and can afford to save, and your objectives in life.
What other qualities of person’s social and economic situation should members of a SILC have? Table 6 also gives some ideas of characteristics to consider.
Helping people decide whether to join

It is a personal choice for each person to join a SILC! No one should ever be forced to join. Forcing anyone to join a group can lead to problems like in Miyanga.

Help the community members to decide whether they should join. People may decide against becoming a member for many reasons:

- They may not think they have the **means** to save money.
- They may be too **busy** with other activities. For example, someone may have to travel frequently, preventing them from attending meetings regularly.
- They may not have the support of their **family**.
- They may have **bad experiences** about savings from other projects.
- They may want to see how the SILC works first, and then think about joining in the **future**.

Forcing someone to join a group can lead to problems. It is an **individual and private choice**.
Checklist to help people decide

Box 2 (in Field Exercise B1) gives a list of questions to ask participants and help them decide whether they are interested in SILC. They should answer each question with “yes” or “no”.

There is no magic number of yeses. You could have 17 out of 18 yeses. Maybe your “no” is to the question: “do you have time to attend SILC meetings?” If you do not have time for the SILC meetings, SILC is not right for you right now.

Similarly, you could have 11 out of 18 yeses and decide that yes, SILC is right for you.

If someone does not feel that they should join a SILC now, he or she simply should not come to the next training session.

See Field Exercise B1 for how to facilitate the first training session with community members.
Quiz for Lesson B1

1. Think back to the story of Mercy Kamau and the village of Miyanga. Match the problems with the right causes.

<table>
<thead>
<tr>
<th>Problem</th>
<th>Reason</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Members stopped coming to group meetings.</td>
<td>1. Group members did not know how to work well together in a group.</td>
</tr>
<tr>
<td>B. Members had difficulties repaying their loans.</td>
<td>2. Some members did not have good knowledge of their own economic standing and were not confident in how to use and repay a loan.</td>
</tr>
<tr>
<td>C. Group members were unable to resolve problems.</td>
<td>3. Travel to the meetings took a long time for members who lived a far away from the meeting location.</td>
</tr>
</tbody>
</table>

Correct answer: A3, B2, C1

2. Who decides whether someone should join a SILC?

A. All the community members vote to decide who can join your SILC.
B. People should force their friends to join their SILC.
C. Each person must decide for him- or herself.
D. Each person should his or friends if they should join.

Correct answer: C. This is a personal decision that must be made by each SILC member. No one should be forced to join a SILC.

3. Joshua is thinking of joining a savings group. He has thought of his personal characteristics. Which one would make him a good member of the group?

Select all that apply.

A. I am responsible.
B. I live a long way away from the village.
C. I joined a similar group last year, but I didn’t manage to repay a loan on time.
D. I do not listen well to others in a group.

Correct answer: A. Being responsible is an important personality trait for good participation in a SILC. The other choices are characteristics of a person’s social and economic situation and ability to participate in a group. They, however, are indicators for a person who would not make a good member of a SILC.
4. **You have listed your personal characteristics. Sort them into the correct categories.**

<table>
<thead>
<tr>
<th>Characteristics</th>
<th>Categories</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. I am responsible</td>
<td>1. Personality and values</td>
</tr>
<tr>
<td>B. I live a long way away from the village</td>
<td>2. Participation in a group</td>
</tr>
<tr>
<td>C. I joined a similar group last year, but I didn’t manage to repay a loan on</td>
<td>3. Social and economic situation</td>
</tr>
<tr>
<td>time</td>
<td></td>
</tr>
<tr>
<td>D. I need money to pay for my mother’s funeral</td>
<td></td>
</tr>
<tr>
<td>E. I can listen to others’ views, even if I disagree with them</td>
<td></td>
</tr>
</tbody>
</table>

Correct answers: A1, B3, C2, D3, E2

5. **You need some more people to join your SILC? Should you...**

   A. Do everything you can to persuade other people to join even if they are not interested?
   B. Force your family members to join?
   C. Explain to potential members what it involves and leave the decision up to them?

Correct answer: C. Do not put pressure on people to join a group. They must decide for themselves whether to become a member.

6. **True or false? When forming a SILC, it does not matter who the members are. The important thing is to have enough people.**

   A. True. Having enough members is the most important thing.
   B. False. The members must be the right ones.

Correct answer: B. It is more important that the group includes members who make the decision to join and are motivated to participate.
Field Exercise B1: Deciding whether to join a SILC
This session helps participants decide whether they wish to join a SILC, and whether they are in a position to do so.

Objective
- To help the participants decide whether they wish to join a SILC.

Equipment needed
- Mats or benches for participants to sit
- A sack of beans (25 beans for each participant)

Expected outputs
Each participant will have decided whether he or she wishes to join a SILC.

Time required
2 hours

Preparation
None

Suggested procedure

Welcome and introductions (10 minutes)
1 Greet the participants and ask them to sit in a circle facing each other. Introduce yourself and explain the purpose of the overall training (to teach people how to organize SILC groups). Ask them to give their name and say where they live. Ask if they have any questions about today’s meeting, the overall training, schedule, time or other issue.

Recap the community meeting (15 minutes)
2 Ask the participants to recall the community meeting (Field Lesson A5). Ask them to discuss with the person sitting next to them what was the most important point made in that meeting. Give the pairs 3–5 minutes to discuss, then some of them to share their ideas.
3 Build on their ideas to emphasize these key points:
   - SILC groups allow members to save and to borrow money.
   - Members earn profit on their savings, and get this money after about a year.
   - Groups also maintain a separate fund for member emergencies.
   - SILC groups have written rules and are self-managed.
   - You will train the group until it can operate independently.

Session objectives (5 minutes)
4 Explain today’s objective: to help them decide if they wish to join a SILC. This depends on their personal characteristics and their situation.

Why check your characteristics and situation (30 minutes)
5 Tell the story in Box 1, using a dramatic voice.
Box 1. The Miyanga microfinance program

A new microfinance program was introduced in the village of Miyanga. Mercy Kamau, the field agent, told the community to form groups of 20 people. Mercy told them that they should pick people to join this group who had certain qualities. However, Mercy did not share details about these qualities. And, the community members did not bother to ask questions.

Participants were very enthusiastic and excited. They rapidly organized themselves into the groups and quickly began to save and receive loans. However, after four months, the groups had problems. Some members who lived far away stopped coming to the group meeting, saying meetings took too much time. Other members who did not have businesses to begin with, had difficulties repaying loans. These members had taken out loans because “everyone else was doing it.” When they tried to organize special meetings to discuss these problems, the groups could not even agree on how to have the discussions.

Mercy became alarmed about the performance of her groups and wondered what might have gone wrong.

6 Ask the participants “What happened in Miyanga and why?” and “What do you think should be done to prevent these kinds of situations from happening?”

7 Explain that many programs who organize groups do not spend enough time (a) helping individuals to know themselves and their qualities and (b) identifying how these qualities affect their ability to participate in groups. That can result in the problems like in Miyanga.

8 Explain that individuals are central to the functioning of a group. If a group’s savings do not grow, the problem is because an individual (or several) are not saving. If much of the group’s savings are tied up in outstanding loans, it is because some individuals are not repaying.

Three kinds of individual qualities (30 minutes)

9 Divide the participants into three groups, and ask them to list the desirable qualities for SILC members. Ask each group to think of different set of characteristics:
   - Group 1: Personality and values
   - Group 2: Participation in a group
   - Group 3: Social and economic situation

10 Let the groups discuss for 5–10 minutes, then invite them to share their answers. Use Table 6 to track each group’s answers, as a prompt if a group gets stuck, and to fill in qualities they have forgotten.

Checking your own characteristics (20 minutes)

11 Ask all the participants to turn round so they are facing out from the circle and not looking at the other participants. Give each person 25 beans, and ask them to put them in a pile in front of them. Tell them to close their eyes.

12 Ask them to pick up one bean if they can honestly answer Yes to each of the questions you will ask. They should hold the beans they have picked up until the end of the quiz. If they are not sure, they should not pick up a bean. Ask them the questions in Box 2. Then ask them to open their eyes and count the number of beans in their hands. They should put the beans back in the pile before turning round again to face into the circle.
Box 2. Checking your own characteristics

1. Are you trustworthy and honest enough to join a SILC?
2. Are you responsible and mature enough to join a SILC?
3. Are you disciplined and patient enough to join a SILC?
4. Can you be fair?
5. Are you considerate of others?
6. Do you like working in a group?
7. Are you willing to share information and knowledge with others in a group?
8. Can you listen carefully while others speak?
9. Are you capable of considering ideas you might disagree with?
10. Are you assertive enough to confront other SILC members if problems arise?
11. Are you comfortable sharing your opinion in a group?
12. Do you have time to attend SILC meetings?
13. Do you know your financial situation well enough to join a SILC?
14. Do you feel confident about working with savings and loans?
15. Can you raise the needed savings to belong to a SILC?
16. Do you already have income generating activities, or do you plans for one?
17. Do you have a set objective that joining a SILC will help you to achieve?
18. Will your family or kin support you to join a SILC?

13 Invite the participants to reflect on their answers and decide whether they wish to join a SILC. This is an individual, private judgment. Do not ask them how many beans each person picked up. If they decide not to join, they should not attend the next meeting.

Summary and conclusion (10 minutes)

14 Agree on the date, time and place of the next meeting. Tell participants that the topic of the next meeting is “groups, group formation, and governance.”

15 As the participants to evaluate the meeting briefly: what they liked best, and what could be improved. Thank them and close the meeting.
Lesson B2. Groups, group formation and governance: How do you form a strong SILC?

In this lesson
After this lesson you will be able to:

- Describe the characteristics of successful groups and the responsibilities of their members.
- Help participants decide the membership of their SILC group.
- Enable group members to understand how a SILC is governed.

Groups are central to the SILC approach. In this lesson, we examine what makes a group successful and how SILC groups are governed.

This lesson gives you some background and ideas for the second training session. See Field Exercise B2 for a plan for the training session itself.

What makes a SILC group successful?

Working as a member of a team or a group can help someone to accomplish tasks that are very difficult to do on their own. Successful groups work together to achieve a clear common goal. When all the members participate actively, SILC groups can provide members a safe place to save and to get loans.

Successful SILC groups have the following characteristics:

- **Their members have the right individual qualities.** They are honest and trustworthy, work well in a group, and have a suitable social and economic situation. In the previous lesson, each participant decided whether he or she had these qualities.
- **The groups are formed using a certain process.** The members themselves decide if they wish to belong to a particular group – and they can choose other members based on
past experience of working together and helping each other. A group must have a certain minimum number of members – between 15 and 25.

- **The members are responsible.** They attend meetings regularly, come on time, and take an active part. They pay their dues on time and manage the funds properly.

- **They have good, capable leaders** who are respected and reliable, dynamic, fair, strong but not autocratic, well-organized, and can help the group reach consensus. The group selects its own leaders, and the leaders get training on how to perform their duties.

- **They have clear rules.** The members define the rules and write a constitution. They are expected to know the rules and to follow them.

See Table 7 in **Field Exercise B2** for more detail.

If a SILC group is formed without considering these five factors, it may have disagreements and tensions that can cause it to collapse.

**Forming groups**
Participants should organize themselves into groups of 15–25 members. Why this number?

- Groups with **more than 25 members** tend to lack unity and strong links between members. It is also difficult for their members to know everyone in the group well. That can decrease the trust among them.

- Groups with **less than 15 members** struggle to have enough collective savings to offer loans big enough to interest the members.

Who do you want in your group?
SILC members should be formed with a group with people who **trust** each other and want to work together on a **regular basis**, for an entire year.

Members should have **similar socio-economic levels**, since that will make it easier for them to save and borrow together.

**No one should be forced** to join a particular group.

Once the groups are formed, the members should write down their names on a registration form (see **Document B**). Use a separate form for each group.
SILC governance

Three important elements make up the governance of a SILC group.

- **The general assembly.** All the members of a SILC group together make up the general assembly. This body is the highest authority of the group.

- **The constitution.** Each SILC has a constitution that lists the rules governing the group that help to solve disagreements, establish disciplinary measures, and determine how the group operates.

- **The management committee.** The general assembly elects the management committee that helps to run the group meetings and ensures the group follows the rules established in the constitution.

We will look at two savings groups to understand the importance of the constitution.

**Unity SILC group**

The members of Unity SILC group started to create their internal rules after the field agent training. Everybody attended the meetings and took part actively in the discussions.

They decided when to meet, how much they would save, the maximum and minimum number of members, how they would grant loans, how they would elect their leaders, and other important norms for a group that functions well.

The group developed the constitution with these rules and all the members memorized the rules. When there were questions or disputes, these rules helped to solve conflicts and to promote solidarity among the members.

**Savannah SILC group**

In the Savannah SILC Group, two or three people dominated the discussion in creating the internal rules. These people decided to gather outside the general meetings to create the rules, limiting the participation of the other members. A constitution was not developed and the rules
seemed to vary from member to member as decided, which created conflicts within the group. As a result, many members left the group and an environment of distrust existed among those who stayed.

The general assembly
You can compare how SILCs are governed with the governance of a democratic country. In a democracy, the citizens (the general assembly) elect various officials (the management committee) to lead and manage the country’s resources.

The SILC’s general assembly is similar to a country’s voters. All members of the SILC are members of the general assembly. All SILC members can vote (one person = one vote).

The management committee
The SILC’s management committee is similar to a country’s government. The committee is composed of a chairperson, secretary, treasurer, money counter and key holders. They are all elected by the general assembly. All members of the SILC (the general assembly) have the right to run for a management committee position. Not all the members of the management committee need to know how to read and write.

The management committee is accountable to the general assembly. The general assembly elects the management committee, and can dismiss and replace it if they do not do their job properly.

In Lesson B3 we will discuss the management committee further.

The constitution
The general assembly is responsible for setting the rules and regulations of the SILC in a written constitution. The management committee is empowered by the general assembly to enforce these rules. If the constitution’s rules are not respected, the general assembly can choose to organize a special meeting to discuss the problems and take decisions to correct the problems.

In Lesson B4 we will discuss how to write a constitution.
Quiz for Lesson B2

1. Why do SILC groups need to establish internal rules (a constitution)?

Select all that apply.

A. Rules help to solve group conflicts when they arise.
B. All members are treated fairly with the same rules.
C. Everyone knows in advance how the group will operate.
D. Strong groups frequently change how they operate.

Correct answer: A, B and C. While the general assembly has the power to change the constitution, it should do so with care. Strong groups do not usually change their constitution very much.

2. Why is it important that all the members help to develop the rules and know them well?

Select all that apply.

A. Only the leaders need to establish the rules since they are the ones who enforce them.
B. All members are treated equally.
C. There are no feelings of unfairness.
D. All group members are responsible to help enforce the rules and speak up when a rule is not being properly followed.

Correct answer: B, C and D. It is important that all members establish the rules.

3. What is the ideal size for a SILC group?

A. As many people who want to join the group.
B. 15–25 members.
C. 50 members.
D. 10 members.

Correct answer: B. A SILC group should have between 15 and 25 members.

4. A group of 30 people wishes to form a SILC. What should you advise them?

A. Fine, 30 people is OK.
B. 30 people is not enough.
C. 30 people is too many.

Correct answer: C. It is better to split into two smaller groups of 15 people each.
5. **True or false? The management committee is elected by the general assembly.**
   Correct answer: True. Every member of the general assembly is able to vote for all of the management committee members.

6. **True or false? The management committee members are part of the general assembly.**
   Correct answer: True. Every member of the SILC is part of the general assembly.

7. **True or false? Only elders can be elected to the management committee.**
   Correct answer: False. Any member of the SILC group can be elected to the management committee. It is recommended that people in leadership positions in the community are not part of the management committee as they may have too much influence over the group’s decisions.

8. **True or false? The management committee makes up the rules for the general assembly to follow.**
   Correct answer: False. All group members participate in creating the rules for the group.

9. **True or false? The management committee can change the SILC constitution.**
   Correct answer: False. The entire group together must agree to how they can change the constitution. The management committee only runs the meetings and ensures that the rules are followed. The general assembly makes all operational decisions.

10. **True or false? The general assembly can dismiss and replace the management committee.**
    Correct answer: True. The general assembly can hold a special meeting to dismiss a member(s) of the management committee who are not fulfilling their duties.

11. **True or false? The management committee leaders cannot vote.**
    Correct answer: False. All general assembly members, including the management committee, can vote. One vote per member.
**Field Exercise B2: Group, group formation and governance**

This session covers the features of strong groups, describes how they are managed, and organizes participants to form themselves into groups.

**Objectives**

This session will enable the participants to:

- Describe the characteristics of active, empowered and sustainable groups and the responsibilities of their members
- Decide on the membership of their SILC group
- Understand how a SILC group is governed.

**Equipment needed**

- Bag, sack or basket with about 20 local objects you have gathered (leaf, nail, pen, match, spoon, bowl, stone, etc.)
- Pen and paper
- One or more registration forms (depending on the number of participants).

**Expected outputs**

- A list of members of one or more SILC groups.

**Time required**

2 hours

**Suggested procedure**

**Recap previous lesson (15 minutes)**

1. Ask participants to discuss the previous session with a neighbor: what was the most important point made, and why? Give the pairs 3–5 minutes, then invite a few pairs to share their ideas. If necessary, remind them of the decisions made in the last meeting.

**Session objectives (5 minutes)**

2. Explain today’s objective: to discuss the features of strong groups, decide on the membership of their group, and learn how SILCs are governed.

**Objects in a bag (10 minutes)**

3. Put the 20 objects you have brought onto a mat or the ground. Ask the participants to name them one by one as you pick each one up and put it back into the bag. Ask a volunteer to name all the objects in the bag without looking at them. The other participants should keep quiet. When the volunteer cannot name them all, ask the group to help.

4. Ask the volunteer how it felt when trying to remember all the objects. What happened? How did it feel when the group helped you to remember all the objects? What happened? Ask the large group what this exercise tells us about working together in a group.

5. Summarize the lessons: the importance of working together, many heads are better than one, and a group can reach a goal by working together.
Successful groups (30 minutes)
6 Ask each participant to think of the best group he or she has belonged to now or in the past. What made this group so successful? Then ask them to tell his or her neighbor about their experiences. Allow 5 minutes of discussion, then ask a few pairs to say why their group was successful.

7 Discuss the points in Table 7, explaining how SILC groups are like other successful groups. If SILC groups are organized without paying attention to these factors, this can lead to disagreements and tensions that will cause the group to collapse.

Table 7. What makes groups successful?

<table>
<thead>
<tr>
<th>Their members have the right qualities</th>
<th>Members are:</th>
<th>SILC members assess their own individual qualities and their readiness to join. Participants did this at the last meeting.</th>
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<tbody>
<tr>
<td></td>
<td>• Honest, trustworthy and respected.</td>
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<td>• Considerate and respectful of others.</td>
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<td>• Patient and good listeners.</td>
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<td>• Not afraid to talk or express their opinion.</td>
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<td>• Hard-working.</td>
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<td>• Able to participate in the group (time, funds, etc.).</td>
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</table>

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<tr>
<th>They are formed using a certain process</th>
<th>Members are able to freely choose other members based on past experience of working together and helping each other. Members trust each other. No one is forced to join. Members have a clear, agreed-upon objective. The group has a reasonable size for the activities it will undertake.</th>
<th>SILC members select other people with the same qualities. SILC group members decide themselves who should join their group. They are not forced to accept a member by anyone. SILC groups have 15–25 members so they can manage meetings effectively.</th>
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<tr>
<th>They have responsible members</th>
<th>Members:</th>
<th>SILC members are trained to know and practice their responsibilities. There may be fines when members do not uphold their responsibilities.</th>
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<tbody>
<tr>
<td></td>
<td>• Attend meetings regularly and come on time</td>
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<td>• Participate actively and are well-informed</td>
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<td>• Pay dues on time</td>
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<td>• Manage funds properly.</td>
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<tr>
<th>They have capable, good leaders</th>
<th>Leaders are:</th>
<th>SILC group members select their own leaders from among the membership. SILC group leaders are carefully trained to perform their duties.</th>
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<td>• Respected, reliable, dynamic and fair</td>
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<td>• Well-organized and strong, but not autocratic</td>
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<td>• Able to summarize the group’s ideas well</td>
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<td>• Able to help the group reach consensus.</td>
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<tr>
<th>They have clear rules</th>
<th>Members help to define the rules. Members and leaders know and respect the rules.</th>
<th>SILC groups develop a written constitution</th>
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</table>

Group formation and SILC member registration (30 minutes)
8 Ask participants to organize themselves into groups. Each group should have between 15 and 25 members. They should form a group with people they trust and that they want to work with on a regular basis, for an entire year. Members should have similar socio-economic levels, since that will make it easier to save and borrow together. Members can
freely choose who they want to form a group with, and that no one should be forced to join a particular group. Give them 10 minutes to form groups.

9 Write the names of the members of each group on a registration form. Read back the list of names, and ask participants to raise their hands if they agree that all the people listed should form a SILC together.

**SILC governance overview (20 minutes)**

10 Explain that each SILC group has two bodies: the **general assembly** and the **management committee**. They write a **constitution** to govern what they do.

11 Ask the participants to think about the constitution, government/elected officials and voters in their country (or in a neighboring country). Ask them:

- When was the current constitution developed and how?
- What rules does this constitution include about voters and leaders? (examples: age of voters, term limits for elected officials).
- Who elects the elected officials? [Answer: voters]
- Who leads and manages the resources of a country? [Answer: elected officials]
- What can happen if the elected officials are not leading and managing properly? [Answer: Voters can get rid of the elected officials through elections, as per the country’s constitution. Point out that there are legal ways and illegal ways (for example, coups) of replacing elected officials.]

12 Tell participants:

- SILCs are governed in ways that are very similar to what we just discussed.

- All SILCs have a written **constitution** that describes what the SILC wants to do (its purpose and objectives), how it will be governed, how the people who govern it will be elected, and what their powers will be. It also includes other rules. The SILC group will develop its constitution step by step in the coming meetings.

- The SILC’s **general assembly** is similar to a country’s voters. All members of the SILC are members of the general assembly. All SILC members can vote (one person = one vote).

- The SILC’s **management committee** is similar to a country’s government. Composed of a chairperson, secretary, treasurer, money counter and key holders, the management committee is elected by the general assembly. All members of the SILC (the general assembly) have the right to run for a management committee position.

- The management committee is accountable to the general assembly. The general assembly elects the management committee, and it can dismiss and replace the management committee if they do not do their job properly.

- The general assembly is responsible for setting the rules and regulations of the SILC in a written constitution. The management committee is empowered by the general assembly to enforce these rules.
• If the constitution’s rules are not respected, the general assembly can choose to organize a **special meeting** to discuss the problems and take decisions to correct them. This can include replacement of management committee members if the general assembly thinks they are not doing their job properly.

13 Check the participants have understood these points by asking these questions. If someone gets an answer wrong, ask others if they agree or disagree. Let people self-correct rather than saying “you are wrong”. Ensure that participants clearly understand why the answer is either true or false

• The management committee is elected by the general assembly [True]
• The management committee members are part of the general assembly [True]
• Only elders can be elected to the management committee [False]
• The management committee makes up the rules for the general assembly to follow [False]
• The management committee can change the SILC constitution [False]
• The general assembly can dismiss and replace the management committee [True]
• Management committee leaders cannot vote [False]

**Summary and conclusion (10 minutes)**

14 Ask participants if they have any questions. Agree on the date, time and place of the next meeting, which will cover members’ responsibilities, the management committee, and elections.

15 If the participants have formed more than one SILC, from now on you will need to schedule separate sessions for each individual SILC.

16 As the participants to evaluate the meeting briefly: what they liked best, and what could be improved. Thank them and close the meeting.
**Document B: SILC member registration form**

Use a separate form for each SILC group.

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<th>Name of group member</th>
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Lesson B3. Members’ responsibilities, management committee, elections

In this lesson
After this lesson you will be able to:

- Define responsibilities of SILC group members.
- Name the positions on the management committee and describe the responsibilities and qualities for each position.
- Explain the process for electing management committee leaders.

This lesson gives you some background information for the third training session. This explains to the SILC group the responsibilities of SILC members, and guides them through the process of electing the management committee and choosing a name for the group. See Field Exercise B3 for a plan for the training session itself.

Key responsibilities of SILC group members
Think back to the story of Mercy Kamau and the Miyanga savings group in the previous lesson. What types of responsibilities do the members have? What might happen to the group if they do not uphold them?

For a SILC group to function well, all members have six main responsibilities:

- **Elect the management committee and monitor their activities.** That gives the leaders legitimacy and requires them to work for the members rather than for themselves.

- **Develop the group constitution and amend it when needed.** Rules are needed to guide the group’s activities. They must be applied fairly.

- **Attend all meetings** so they can help make decisions and know what is happening.

- **Participate actively and contribute to group decisions** so they feel they belong to the group and they feel their voice is heard.

- **Save regularly and contribute to the social fund regularly.** That allows the loan and social funds to grow and money to be available when people need it.

- **Repay on time when they borrow money.** That helps the loan fund to grow and makes it possible for others to borrow too.
Group members have both rights and obligations

Transparency

Transparency is a key value of SILC. That means:

- All transactions are completed in front of the group.
- No transaction should ever be completed outside the regular meetings.
- All members should be involved in every transaction.

This involvement could include:

- Memorizing the transactions of others
- Memorizing the savings, loan, and social fund closing balances
- Listening to and ensuring that the amounts that the secretary announces sound correct
- Ensuring that all funds are correctly counted
- Taking active part in group discussions.

If everyone is involved, groups can quickly identify mistakes and every group member knows the group status.
Transparency means that everyone can know what is going on in the group, and everyone has the right to see and understand the records

The management committee
A SILC group management committee has seven positions: chairperson, secretary, treasurer, money counter, and three key holders.

Each of these positions requires different qualities. Someone who is a good treasurer may not be a good chairperson or secretary.

Some qualities are the same for all leaders: for example, they must all be trustworthy. But certain positions require specific qualities. Only the secretary needs to know how to read and write. The treasurer and money counters must be numerate.

Let us look at the responsibilities and qualities of each position. See Table 8 (in Field Exercise B3) for details.

Chairperson

Responsibilities. The chairperson has three main duties:

- Managing meetings. He or she establishes the agenda, facilitates discussions and makes sure everyone’s views are heard, and ensures the meetings follow the proper procedures.
• **Supporting the constitution.** The chairperson ensures that the constitution is followed and respected. He or she maintains discipline and levies fines as needed, and facilitates solutions to conflicts between participants.

• **Representation.** He or she represents the SILC to outsiders and nonmembers

**Qualities.** The chairperson must have many qualities: he or she must be respected and trustworthy, dynamic, visionary and fair-minded. He or she must have a strong personality, but not be autocratic. Rather, he or she should be tactful and diplomatic, ready to listen to others, able to summarize the views of many people. He or she should be organized, punctual and at ease speaking in front of others.

**Secretary**

**Responsibilities.** The secretary is responsible for maintaining the group’s financial and other records.

• **Financial records.** He or she records all financial transactions in the group’s record book. During meetings, the secretary calls on each member to pay in their savings, announces how much each person has saved, and reports on the financial status of the group. He or she also makes notes of the fines and the social fund.

• **Other records.** The secretary also takes minutes of meetings, if required, and helps the field agent to update his or her records during monitoring visits.

**Qualities.** The secretary must be literate and numerate, and able to maintain the group’s accounts. He or she must be trustworthy, reliable, punctual and intelligent, and come from a respected home that has a reputation for honesty. The secretary will have to learn special skills, so has to be able to attend specialized training.

**Treasurer**

**Responsibilities.** The treasurer takes care of the group’s savings. He or she shares this responsibility with the other group leaders.
• **During meetings.** The treasurer counts and announces each of the members’ transactions, counts the money received and announces the balances, and pays money out of the loan and social funds.

• **Between meetings.** He or she keeps the locked cashbox home in a safe place.

**Qualities.** The treasurer must be numerate, trustworthy, reliable and responsible. He or she must be able to resist temptation, and live in a secure house.

**Money counter**

**Responsibilities.** The money counter must check that the amounts of money are correct. This means counting the money when the cashbox is opened, and counting any money paid into or out of the box. He or she also announces the totals and balances each meeting.

**Qualities.** The money counter must be numerate, careful, accurate, calm, organized and trustworthy.

**Key holders**

**Responsibilities.** Between the meetings, the three key holders each keep a key to one of the padlocks on the cashbox. They bring the key to every meeting and use it to open the cashbox.

**Qualities.** The key holders must be trustworthy, reliable and responsible.

**Holding elections**

SILC groups elect the members on the management committee. They follow democratic procedures to do so: the elections are held regularly at fixed intervals, the ballot must be secret, and monitors check that the election is honest.

You must help the group decide:

• **How many people** must be present to hold an election? (If too few people vote, the election will not be valid.)
• **How often** should elections be held? (Elections should be held regularly, probably once a year. Members can choose to have special elections if they feel that their leaders are not serving them well.)

• **How many times in a row** may someone hold the same position on the management committee?

• **How to hold elections?** Later in this lesson we describe one way, using boxes and stones. The group may be able to think of other methods.

**Reaching consensus**

All group members should contribute to these discussions and think about the reasons for the answers.

It is important that the group agrees – that they reach consensus. This is more than rule by the majority. Everyone should listen to those who disagree with them, understand why they disagree, and address their concerns.

Once the group completes this step, you can go on to explain some guidelines on nominating leaders and how elections are conducted.

Bring a copy of the SILC constitution worksheet (**Document E**, in the next lesson) to write down the decisions the groups makes on elections.

**Nominating leaders**

Any group member can make a nomination. Another member must second the nomination.

When nominated, the member can either accept or refuse the nomination. No one should be pressured to take a position. You do not want someone in a leadership position who either does not want it or does not have the time for the job.

There must be at least two people nominated for each position so members have a real choice.
In groups with both men and women members, at least two of these positions (chairperson, secretary and treasurer) must be women – unless no women are able to perform the duties concerned.

**Conducting elections**

Group members should decide on someone to be an **election monitor**. This is a trusted person from outside the group who watches the election to verify that it is conducted fairly. The election monitor can be you (the field agent) or a community member who has no ties to the nominees and is someone who the group members’ trust.

SILC elections use a **secret ballot**. Before the election, you should bring 3–4 boxes, each with a small hole in the lid. The boxes can be made from any sort of material. They can be in different colors or marked with different letters or symbols. Each candidate is represented by a box. To vote for a candidate, each SILC member puts a stone in the box of his or her choice.

The voting should be done in secret (for example, you can place the boxes behind a tree) so that the group members cannot see who the other members are voting for. Only the election monitor will see the voting and make sure that each member votes one time and only for one person. People who have already been elected to management committee positions should also vote.

Each member of the management committee is elected through this process. Start by having members nominate and voting for the chairperson. Once the chairperson is elected, he or she should lead the nominating process of the other management committee members. You should coach the chairperson to do this.

The group then nominates and votes for the other positions: the secretary, treasurer, etc. The group should select the three key holders at one time. The three people with the most votes in that election will become the key holders.

Each member of the management committee should publicly commit to their new position by saying: “I will fulfill my responsibilities as the chairperson (or secretary, or other position) of this SILC group.”

**Choosing a SILC group name**

The last task in this session is for the members to choose a name for the group. The group members should come up with a few names, and the chairperson should lead a discussion to choose one. If the group cannot reach a consensus, the chairperson can have the members vote to
on the name. The name could have a strong meaning for the members. For example, it could be connected to the members’ work, where they live, or something they believe in.
Quiz for Lesson B3

1. Which of these is not a member of the management committee?
   A. Chairperson
   B. Secretary
   C. Treasurer
   D. Money counter
   E. Key holder
   F. Field agent

Correct answer: F. The field agent is not a member of the management committee.

2. Match each position in the management committee with the correct responsibilities.
   A. Chairperson
   1. Keeps the key to one padlock between meetings and brings the key to every meeting.
   B. Secretary
   2. Establishes the meeting agenda, ensures the constitution is followed and respected, and facilitates discussions and makes sure that everyone’s views are heard.
   C. Treasurer
   3. Receives the money from each member and announces all transactions; counts and announces meeting totals and balances.
   D. Money counter
   4. Takes care of the locked cashbox between meetings by taking it home or keeping it in a safe place.
   E. Key holder
   5. Records all financial records in the groups record book, says how much each person has saved, and summarizes the financial state of SILC affairs at every meeting.

Correct answer: A2, B5, C4, D3, E1

3. Which is the only management committee member who must be literate?
   A. Chairperson
   B. Secretary
   C. Treasurer
   D. Money counter
   E. Key holders

Correct answer: B. Only the secretary must be literate. The other committee members do not have to be able to read and write.
4. **Who is responsible for maintaining the financial records of the SILC group?**
   A. The chairperson
   B. The treasurer
   C. The secretary
   D. The field agent

   Correct answer: C. The secretary is responsible for maintaining these records.

5. **Which is the best way for the group to make decisions?**
   A. The chairperson decides, then informs everyone of the decision.
   B. The management committee decides.
   C. The group decides by majority vote.
   D. The people who have saved the most should decide.
   E. The group tries to reach consensus, and if they cannot, they decide by majority vote.
   F. The group must reach consensus. If they cannot, no decision can be made.

   Correct answer: E. If the group cannot reach consensus, then a majority vote should be used.

6. **True or false? If only a few members are present for the management committee elections, the leaders will still be legitimate.**

   Correct answer: False. If not many members are present for the elections, some members may question the leaders’ legitimacy and may lose confidence in the group.
Field Exercise B3: Member responsibilities, management committee, elections

In this session, participants learn about the responsibilities of SILC members and the duties of the management committee. They then elect a management committee and choose a name for the group.

Objectives
This session will enable the participants to:

- Identify the responsibilities and importance of members
- Review the responsibilities and define qualities of management committee leaders
- Agree on fair and democratic election procedures
- Elect management committee leaders with desired qualities and capacities
- Choose a name for their SILC group.

Equipment needed
- Five different-colored boxes with lids (each lid with a small hole or slit)
- One small stone or bean for each participant to vote. The stones or beans must fit through the hole in the box lid.

Expected outputs
- An elected management committee and a name for the group.

Time required
2 hours

Suggested procedure

Recap previous lesson (10 minutes)
1 Ask participants to discuss the previous session with a neighbor: what was the most important point made, and why? Give the pairs 3–5 minutes, then invite a few pairs to share their ideas. If necessary, remind them of the decisions made in the last meeting.

Session objectives (5 minutes)
2 Explain today’s objectives: discuss the responsibilities of SILC group members, learn about the positions on the management committee, elect management committee leaders, and choose a name for the SILC group.

Members’ responsibilities (20 minutes)
3 Invite participants name the responsibilities of the members of a SILC group. Compare their answers with the first column in Table 8.
4 Divide the participants into six groups. Assign one of the above six responsibilities to each group. Ask each group to discuss what could happen if members do not uphold their responsibilities. After 5 minutes, invite each group to report back. Invite the other
participants to add information as needed. Use the second column of Table 8 to complete the answers.

Table 8. Responsibilities of SILC members

<table>
<thead>
<tr>
<th>Member responsibility</th>
<th>If members don't uphold this responsibility…</th>
</tr>
</thead>
<tbody>
<tr>
<td>Elect the management committee and monitor their activities</td>
<td>The leaders might not represent the members, or work for their benefit. Leaders might abuse their positions.</td>
</tr>
<tr>
<td>Develop the SILC constitution and amend it when needed.</td>
<td>The group will not have rules to guide its operations. The group rules will not serve member interests.</td>
</tr>
<tr>
<td>Attend all meetings</td>
<td>Members will not participate in decision-making Members will not know what is happening in their group.</td>
</tr>
<tr>
<td>Participate actively and contribute to group decisions</td>
<td>Members might not benefit from group decisions.</td>
</tr>
<tr>
<td>Save regularly and contribute to the social fund regularly</td>
<td>The loan fund will not grow. There might not be funds available in case of emergencies.</td>
</tr>
<tr>
<td>Repay on time, when they borrow</td>
<td>The loan fund will not grow. Other members will not be able to borrow.</td>
</tr>
</tbody>
</table>

Management committee responsibilities and qualities (20 minutes)

5 Positions on the committee. Explain that a SILC management committee has several positions: (1) a chairperson, (2) secretary, (3) treasurer, (4) money counter and (5) three key holders. Divide the group into five small groups, one to discuss each of the positions.

6 List the responsibilities of each of the committee members (column 2 on the next page). Ask each group to think of the qualities their assigned committee member needs. Give them 10 minutes to discuss, then invite them to report back to the plenary. Use column 2 on the next page to check they have covered all the important points.

7 Remind participants that someone may be a good treasurer, but not necessarily a good chairperson. Some qualities are the same for all leaders, but different positions require different qualities. They should remember this when electing their committee.

Holding elections (50 minutes)

8 Election decisions. Ask participants what they think makes for a fair and successful election. (Examples: secret balloting, election monitors, holding elections at set intervals.) Tell them that elections for the management committee should use the same ideas. Help them reach consensus on answering the questions in Table 9. Note their decisions: they will go into the SILC constitution, in Lesson B4.
## Management committee members’ responsibilities and qualities

<table>
<thead>
<tr>
<th>Position</th>
<th>Responsibilities</th>
<th>Qualities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chairperson</td>
<td>Ensure that the meetings follow the proper procedures</td>
<td>Respected, trustworthy</td>
</tr>
<tr>
<td></td>
<td>Ensure that the constitution is followed and respected</td>
<td>Dynamic and visionary</td>
</tr>
<tr>
<td></td>
<td>Maintain discipline and levy fines as needed</td>
<td>Fair and capable of being neutral</td>
</tr>
<tr>
<td></td>
<td>Facilitate discussions and make sure that everyone’s views are heard</td>
<td>Strong personality, but not autocratic</td>
</tr>
<tr>
<td></td>
<td>Facilitate solutions to conflicts between participants</td>
<td>Tactful, diplomatic, patient</td>
</tr>
<tr>
<td></td>
<td>Represent the SILC to outsiders and nonmembers.</td>
<td>Listens to others and takes their opinions into account</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Organized, punctual</td>
</tr>
<tr>
<td></td>
<td></td>
<td>At ease speaking in front of others</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Capable of summarizing the views of many people</td>
</tr>
<tr>
<td>Secretary</td>
<td>Record all financial transactions in the record book</td>
<td>Literate and numerate and capable of maintaining the SILC accounts.</td>
</tr>
<tr>
<td></td>
<td>Summarize the financial state of SILC affairs at every meeting</td>
<td>Trustworthy, reliable, punctual</td>
</tr>
<tr>
<td></td>
<td>Take minutes of meetings, if required</td>
<td>Intelligent</td>
</tr>
<tr>
<td></td>
<td>Assist the field agent to update his or her records during monitoring visits</td>
<td>From a respected home, reputed for honesty</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Available for specialized training by the field agent</td>
</tr>
<tr>
<td>Treasurer</td>
<td>Keep the locked cashbox containing cash and group records between meetings and</td>
<td>Numerate</td>
</tr>
<tr>
<td></td>
<td>brings the cashbox to every meeting</td>
<td>Trustworthy</td>
</tr>
<tr>
<td></td>
<td>Count and announce all member transactions</td>
<td>Personal discipline to resist temptation</td>
</tr>
<tr>
<td></td>
<td>Count and announce meeting totals and balances</td>
<td>Lives in a secure house</td>
</tr>
<tr>
<td></td>
<td>Disburse loans and social fund payouts</td>
<td>Reliable and responsible</td>
</tr>
<tr>
<td>Money counter</td>
<td>Count and announce all member transactions</td>
<td>Numerate</td>
</tr>
<tr>
<td></td>
<td>Count and announce meeting totals and balances</td>
<td>Careful and accurate</td>
</tr>
<tr>
<td></td>
<td>Disburse loans and social fund payouts</td>
<td>Calm and organized</td>
</tr>
<tr>
<td>Three key holders</td>
<td>Keep the key to one padlock between meetings and bring the key to every meeting</td>
<td>Trustworthy</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Reliable and responsible</td>
</tr>
</tbody>
</table>
Table 9. Decisions on management committee elections

<table>
<thead>
<tr>
<th>To decide</th>
<th>Things to consider</th>
</tr>
</thead>
<tbody>
<tr>
<td>How many members must be present to hold an election? Why?</td>
<td>If few members are present for the election, leaders will lack legitimacy</td>
</tr>
<tr>
<td>How often will your group hold elections?</td>
<td>Elections are not a one-time thing and regular elections at the beginning of each cycle are important. Regular elections remind SILC leaders that they are there to serve members if they want to keep their position. Regular elections reflect the fact that the general assembly is the supreme body of the SILC group. Members can choose to have special elections if they feel their leaders are not serving them well.</td>
</tr>
<tr>
<td>What is the maximum number of consecutive terms that a member can hold in any one management committee position? Why?</td>
<td></td>
</tr>
</tbody>
</table>

9 Nominating candidates. Some rules for nominations:

- Nominations can be made by anyone, and must be seconded by a second member.
- If someone is nominated, he or she is free to accept or refuse the nomination.
- At least 2 people must be nominated for each position so members have a real choice.
- In groups with both men and women, at least two of the chairperson, secretary, and treasurer must be women (unless no woman can perform the position’s duties).

10 Agree who will be the election monitor (either you or an invited community member).

11 Secret balloting. Explain how secret balloting works. You will hold elections for each of the positions. For each position, each candidate is represented by one colored box. The boxes have a hole in the lid. To vote for a candidate, participants will place a stone in the box of their choice. They will do this in secret: only the election monitor will see you vote.

12 Nominating the chairperson. Invite the group to nominate at least two candidates for the position of chairperson. Indicate which box is assigned to which candidate.

13 Hold the election for the chairperson. Give each person a stone. Each person in turn goes to the boxes and puts a stone in one, hidden from everyone except the election monitor. When all members have voted, the election monitor checks that the number of stones in all boxes equals the number of members, and declares one person the winner.

14 Hold elections for the other positions. Repeat the nomination and election process for the positions of secretary, treasurer, money counter and key holders.

15 After the committee members have been elected, ask each to stand and say “I will fulfill my responsibilities as chairperson [or other position] of this SILC group”.

Group name (10 minutes)

16 Invite the members to agree on a name of their group.

Summary and conclusion (5 minutes)

17 Ask participants if they have any questions. Agree on the date, time and place of the next meeting, which will cover the constitution, savings, and the safety of group assets.

18 As the participants to evaluate the meeting briefly: what they liked best, and what could be improved. Thank them and close the meeting.
Lesson B4. SILC constitution, savings policies, safety of assets

In this lesson

After this lesson you will be able to:

- Explain the importance of a written constitution and its use.
- Document decisions made in previous meetings.
- Determine the minimum and the maximum saving amounts that members will make.
- Decide how and when to acquire SILC tools.

This lesson gives you background information for the fourth training session. This guides the SILC group through the process of writing a constitution, deciding on savings policies, and keeping the group’s money safe. See Field Exercise B4 for a plan of the training session itself.

The constitution

The constitution is the set of ground rules that the SILC group agrees to follow. The constitution specifies things like:

- The name and purpose of the group.
- Who may be a member (criteria such as minimum age and residence).
- The composition of the management committee.
- How to hold elections.
- The maximum and minimum amounts that members can save each week.
- The loan terms and conditions.
- How to manage the social fund and what it can be used for.
- What to do if members do not follow the rules (for example, if they miss meetings or are late)

Documents C, D and E at the end of this lesson contain worksheets for the group to use in developing a constitution. Bring these worksheets with you to the meeting and help the secretary to use them to record the group’s decisions. The group will already have made some of the decisions in the previous meeting, and will make more decisions in the next meeting. At the end of the meeting, the secretary should show the completed worksheets to the members.
It is important to agree on a constitution before starting saving and loaning money.

Using the constitution

It is important to agree on a constitution before starting the group’s savings and loans activities. That way, the group has a guide to follow if disputes arise. The group should consult the constitution to resolve issues like those in the stories in Field Exercise B4. They should do immediately an issue arises, and not wait until a disagreement has turned into a major dispute. They should not make one-time exceptions, as this will create confusion and weaken the group.

The group can change the constitution if they wish, but they should do so with caution. They should set a date and time to review the constitution and decide if any changes should be made.

The group should refer to the constitution to settle disputes before they get heated.

Three decisions on saving

Every SILC member must save at each meeting. This builds group solidarity and makes the loan fund grow. The group must make three main decisions about savings:

- How much money should members save each week? What is the minimum amount they must save?
- What is the maximum amount they may save each week?
- What to do if someone does not save?
Most people find it easier to save a small amount frequently rather than big amounts less often.

**Minimum savings amount**

What is the smallest amount of money that members must save each week? This will depend on the particular group. The minimum amount should be something that all members can afford. Wealthier members may want to save more. If so, they may wish to join groups with a higher savings minimum, or take part in more than one SILC group.

**Maximum savings amount**

The group should also set a maximum amount that members are permitted to save each week. For example, this may be up to five times the minimum savings amount. There are two reasons for this rule.

- **It prevents wealthier members from dominating the group.** If a few wealthier members hold a large portion of the group’s total savings, they may try to have more influence on group decisions. That could marginalize poorer members and even lead to the group falling apart.
• **It stops people from trying to get more than their fair share.** At the end of the cycle, some members may try to unfairly get bigger profits. When the members get back their savings, plus any extras earned by the group through interest and fees. The extra amounts depend on each member’s savings balance. For example, a member who has saved 2000 shillings will get twice the extras as someone who has saved only 1000 shillings.

If there is no maximum savings amount, someone could make a big savings contribution at the end of the cycle so he or she gets more of the extra amount. That would be unfair because at the end of the cycle there is no time to lend out money. The big contribution would not have been used to generate the interest. The maximum savings amount prevents these types of payouts from happening.

**What happens if someone does not save?**

Sometimes a member will not be able to put together the minimum savings amount before the meeting. The group should define in the constitution what to do in this case.

It is important that members do make saving a regular habit. If they stop, or save only irregularly, the loan fund will not grow.

There may be times when the whole group may agree to stop or reduce savings contributions. For example, if there is a drought or natural disaster, it would be difficult for everyone to save. This option should be kept as a last resort, as savings are the heart of the SILC activities.

**Keeping the money safe**

It is vital that the group’s money be kept safe and secure. That means:

• It is always kept in the cashbox, which is opened only at the weekly meetings in front of the members.

• The box has three locks, with keys kept by three different people (the key holders).
• The treasurer does not have a key. Between meetings, he or she takes the box home to put it in a secure place.
• At each meeting, the money counter and treasurer count the money in the cashbox, as well as any money paid in or taken out.
• The secretary records the amounts in a ledger, and reads out the amounts so members can check them.
• All the management committee members must be trustworthy.

Why must three locks and three key holders? To prevent the cashbox from being opened between meetings. That would require four people to agree to open the box and keep it secret – which would be rather difficult.

The field agent or group facilitator should never take home the group’s cashbox. The cashbox should always only be in the possession of group members.

Buying the group’s equipment

The group will need these items:

A sturdy notebook or exercise book to keep records.
This should be A4 or Letter size (about 21 × 30 cm) with about 100 pages.
The pages should have about 35 horizontal lines. No need for vertical lines (you will draw these yourself).
A ruler

A ballpoint pen

Four bowls of different colors (used to hold payments in meetings)

A calculator (or a mobile phone with a calculator function)

A strong cashbox with three locks and keys

Two bags to keep the loan and social funds separate in the cashbox

All these items can be found or made locally. Check the price before the meeting. It may be necessary to add locks to a cashbox: the local blacksmith or welder should be able to do this.

The record-keeping journal, pen and ruler must be bought first to start keeping track of transactions.

The members must decide how to raise the money to buy these items. They can either raise a lump sum or collect small contributions over time. They could also charge a joining fee.
Quiz for Lesson B4

1. What is the purpose of the SILC’s written constitution? Select all that apply.
   A. The constitution describes how the SILC will be governed.
   B. The constitution should allow for exceptions to rules when someone has a very good reason.
   C. The constitution describes how the management committee will be elected and removed.
   D. The constitution allows a SILC to decide in advance the rules it will follow.
   
   Correct answer: A, C and D.

2. What types of information does the constitution include? Select all that apply.
   A. The rules and policies for SILC membership.
   B. The rules and policies for SILC activities, including social fund, savings, lending, and share-out.
   C. The rules and policies for how SILC members can use their loans.
   D. The rules and policies for what happens when members do not comply with the policies, such as arrive late to a meeting.
   
   Correct answer: A, B, and D. The constitution should not dictate how SILC members can use their loans.

3. True or false? The management committee can modify the constitution if necessary.
   
   Correct answer: False. Only the general assembly can modify the SILC constitution. The management committee’s role is to enforce the rules decided upon by the group, not to create them.

4. True or false? The minimum savings amount should be something that all members of the group can pay at every meeting.
   
   Correct answer: True. The minimum savings amount is set to help the loan fund grow. It should be an amount that the poorest group member can pay every week.

5. Between meetings, why should the treasurer look after the locked cashbox and the key holders keep the keys? Select all that apply.
A. It makes it more difficult for someone to steal the group’s funds.
B. It prevents access to the funds and records outside of meetings.
C. It ensures that all transactions take place in front of the general assembly
D. It builds trust in the treasurer.

Correct answer: A, B, C, D

6. Why is there a maximum savings amount?
Select all that apply.

A. It prevents wealthier members from dominating the group.
B. It prevents the group from accumulating too much cash in the cashbox.
C. It prevents members from making a big contribution late in the cycle and unfairly getting a bigger portion of the group profits (share-out).
D. It prevents the savings meetings from taking too long.

Correct answer: A, C
Field Exercise B4: Constitution, savings policies, safety of assets

In this session, participants learn about the constitution and start writing their own. They decide the maximum and minimum amounts each member may save each week, and how to buy equipment for the group.

Objectives
This session will enable the participants to:

- Review the importance of a written constitution and its use
- Document decisions made in previous meetings
- Determine minimum and maximum savings members will make to the SILC
- Decide how and when to acquire the group’s equipment.

Equipment needed
- SILC constitution worksheets 1, 2 and 3 (Documents C, D and E).

Expected outputs
- Drafts of parts of the constitution, agreement on buying equipment.

Preparation
Identify local vendors and costs of the equipment.

Time required
2 hours

Suggested procedure

Recap previous lesson (10 minutes)
1 Ask participants to discuss the previous session with a neighbor: what was the most important point made, and why? Give the pairs 3–5 minutes, then invite a few pairs to share their ideas. If necessary, remind them of the decisions made in the last meeting.

Session objectives (5 minutes)
2 Explain today’s objectives: discussing the importance of the constitution, starting to write a constitution, deciding how much members will save each meeting, and deciding how to keep the group’s money safe.

Constitution: Importance and use (45 minutes)
3 Read out the story in Box 3. Ask what happened to the Amkeni group, and why? [answer: the group was not able to solve problems because it did not have a constitution, and did not have rules to deal with problems that arose.] What could have prevented this from happening? What should the group do now?
Box 3. The Amkeni SILC group

The Amkeni SILC group in Machakos began their SILC training with their field agent, Mr Kioko. They were very eager to start saving and borrowing. After electing the management committee and deciding on a savings amount, they began their financial activities without completing their training with Mr Kioko, and without finalizing their constitution. This was because the group members thought that they were mature individuals. As such, they believed they could manage the group meetings themselves, and tackle issues as they arose.

But the Amkeni SILC quickly developed problems. Two members missed several meetings in a row without telling anyone, and the other members decided the two should be fined for every meeting they had missed. When the two members finally came to a group meeting, they argued no one had told them they would be fined, and they refused to pay it. Members began quarreling, and the chairperson struggled to maintain order. Then, one member who had borrowed a large amount of money declared he could not repay, and should be given another two months to come up with the money, since he was a member in good standing. Other members disagreed and threatened to not repay their loans either. Some members demanded that the group refund all their money, since it was not being managed properly. The management committee was concerned that the group would collapse and wondered if they should call back Mr Kioko.

4 Read out the story in Box 4. Ask what happened to the Upendo group and why? [answer: group members did not respect the constitution, and did not consult it when there were problems. Some members thought they should get exceptions.] What could have prevented this from happening? What should the group do now?

Box 4. The Upendo SILC group

The next time Mr Kioko trained a SILC group in Machakos, he ensured they finished their training and completed their constitution. Upendo SILC Group completed its constitution and the secretary copied it in the back of their ledger book. They began saving and lending activities. Things went well until the fifth month. At this time, a few problems emerged among 3 of the members: George, Mary and Margaret.

George got very busy with his business, and starting coming late to meetings. He asked the group to forgive the fine as it was not his fault that he came late. Mary started lobbying the secretary to let her cousin join the group, even though she was well below the age-limit set in the constitution. Margaret came to the meeting begging for social funds to finance his child’s naming ceremony, which fell outside of the agreed-upon types of emergencies for the social fund.

The group members spent a long time discussing these cases, without coming to a resolution. Finally, the chairperson turned to the written constitution to remind everyone of the rules and policies. However, George, Mary and Margaret began arguing that their cases were exceptional, giving many reasons why, and pleading for understanding from the group that these were all “one-time exceptions”. George and Margaret then suggested that the constitution be amended. The group members started getting confused.

5 Remind participants that a SILC must have a written constitution to describe its purpose, how it is governed, and how committee members are elected (and removed). The constitution also includes other rules for membership and activities (for example, social fund, savings and lending, share-out). It describes what happens (for example, fines or expulsion) when members do not comply with the rules. The general assembly creates and can modify the constitution. The management committee enforces the constitution.

6 Give the secretary the SILC constitution worksheet 1 (Document C), and go through each item in it. Ask members to recall decisions made in the previous meeting, and help the secretary to write them down. For other items, facilitate a discussion to reach decisions, and help the secretary to write them down. Involve the chairperson to help the group come to consensus.
Minimum and maximum savings (30 minutes)

7 Remind participants about how the loan fund works. [Members pay savings into it and can get loans from it. Borrowers pay interest, making the fund grow. It is shared out at the end of the cycle.] Explain that the amount of money in the fund depends on how much people save.

8 Ask participants how easy is it to save Sh300 per month? [hard]. How easy is it to save Sh10 per day? [easy]. How easy is it to save Sh150 every two weeks? How easy is it to save Sh75 per week? Point out that regular smaller savings are usually easier than larger, periodic savings.

9 Organize participants into pairs. Ask them to discuss what the minimum and maximum savings amount should be, and why. Considerations:

- Minimum: Members must save a minimum amount at every meeting. It should be what people can pay comfortably each week. They can save more than the minimum if they want.

- Maximum: There should be a limit to prevent wealthier members from dominating and to stop people from saving a lot later in the cycle so they can get more of the share-out at the end. The maximum savings amount at any meeting should be at most 5 times the minimum amount.

10 After 3 minutes, invite pairs to share their answers. Help the group discuss the pros and cons, then reach a decision. The secretary records this in Worksheet 2 (Document D).

11 Failing to save. Ask pairs of participants to discuss what happens if members fail to save. Considerations:

- If people stop saving, or save irregularly, the loan fund will not grow and members will not be able to get loans. That can harm the group.

- Some members may not be able to save at a particular meeting. The group must decide now what to do in those cases, so it does not become a habit.

- In certain circumstances, the whole group may agree to suspend or reduce contributions. This should be a last resort.

12 Invite pairs to share their answers. Help the groups discuss the pros and cons, then reach a decision. The secretary records this in Worksheets 2 and 3 (Documents D and E).

SILC tools, safety of group funds and records (25 minutes)

13 Tell the story in Box 5. Then ask:

- What risks did the group take? (The money and records were kept in a bag that could be got at easily. There were no safeguards: anyone could have stolen the funds.)

- What other risks might a group face in real life? (Some examples: some areas are not safe; carrying the cashbox around; talking about savings to outsiders; family members not realizing that loans must be repaid.)

- What should the Bidii SILC do to safeguard their money? (Use a cashbox with three locks.)
The Bidii SILC entrusted the group’s money and records to the treasurer, who was a very honest woman. She took the money and records home in her handbag. She came to each meeting on time with the records and the loan fund – a small amount of cash. After six months, however, the loan fund began to get quite large and the treasurer found she had to manage Sh 100,000. She kept this sum in a cupboard in her house. One day, her husband took Sh 5,000 which he returned before the next meeting. Then he took Sh 20,000 and spent all of it with his friends in a bar. The treasurer hoped desperately to recover the funds, and decided against her better judgment to alter the records in the hope of gaining time. At the next meeting, the secretary saw the altered records, and accused the treasurer of stealing. The treasurer broke down in tears and confessed what had happened. The general assembly decided to elect another treasurer and began arguing about how to prevent such a thing from happening again.

14 List the equipment that the SILC needs to manage and safeguard its money: a record-keeping journal, a pen, a ruler, a calculator, 4 bowls used during meetings, 2 bags to separate the funds in the cashbox, a strong cashbox with 3 locks and keys.

15 Explain that the treasurer may not be the same person as the key holders. Ask small groups of participants to discuss why different people must keep the locked cashbox and the keys between meetings. After 5 minutes, ask them to share their answers. Make sure they mention these points: it makes it more difficult to steal money, it prevents anyone from taking funds or records outside of meetings, it ensures all transactions take place in front of the general assembly, and it builds trust in the treasurer.

16 **Buying equipment.** Invite the group to decide how they will raise the money to buy the equipment (they can raise a lump sum – perhaps through a joining fee – or gather small contributions over time). Ask them to decide when and where they will buy them. They should buy the record-keeping journal, pen, ruler and cashbox first. The equipment must been good quality (strong box and locks; good calculator).

**Summary and conclusion (5 minutes)**

17 Ask participants if they have any questions. Agree on the date, time and place of the next meeting, which will cover the loan fund policies and social fund policies.

18 As the participants to evaluate the meeting briefly: what they liked best, and what could be improved. Thank them and close the meeting.
Document C: SILC constitution worksheet 1

Basic information on the SILC

- Name of the SILC: ..........................................................................................................................................................
- Address: ..........................................................................................................................................................................
- The SILC was formed on (date the group members registered): .................................................................
- The SILC exists in order to provide savings, loans and emergency fund services to its members.

Membership criteria

- Lower age limit: .........................................................................................................................................................
- Gender: ........................................................................................................................................................................
- Residence: ..................................................................................................................................................................
- Other criteria: ............................................................................................................................................................

Composition of the management committee

- Chairperson: .............................................................................................................................................................
- Secretary: ....................................................................................................................................................................
- Treasurer: ...................................................................................................................................................................
- Money counter: ............................................................................................................................................................
- Key holder 1: ..............................................................................................................................................................
- Key holder 2: ..............................................................................................................................................................
- Key holder 3: ..............................................................................................................................................................

Election procedures

- The minimum number of members who must be present to hold an election is: ...................
- Elections will be held (frequency): ............................................................................................................................
- The maximum number of consecutive terms a member can serve in any one position is: ..............................
- A member must be proposed and seconded by another member before being put forward for election.
- At least 2 members must stand for each position.
- The election procedure will use a secret ballot system for casting votes.
**Document D: SILC constitution worksheet 2**

**Savings policies**
- The minimum amount that a member must contribute at each savings meeting is: Sh.......  
- The maximum amount that can be saved at each meeting is: Sh........................................  
- When a member fails to save the following principles will apply:.............................................

**Loan fund policies**
- A member can only have 1 loan at a time.  
- Members can borrow up to ...... times the amount they have saved in the cycle.  
- The maximum length of loan term (in months) is: .................................................................  
- The rate of interest will be charged every month (4 weeks) is: ..............................................  
- Interest will be charged on the initial amount of the loan (flat rate) / the outstanding loan amount (declining method) [choose one]
- When a member does not repay a loan the following principles will apply: .........................  

When a member does not repay a loan by the end of the cycle the following principles will apply: .................................................................................................................................

**Social fund policies**
- The contribution to the social fund at every meeting will be: Sh...........................................  
- When a member misses a social fund contribution the following principle will apply:.............  

Social fund contributions will be suspended once the social fund balance reaches Sh.......  
- The social fund will be used for the following reasons, with the following maximum payout amounts:

<table>
<thead>
<tr>
<th>Type of payout</th>
<th>Grant amount</th>
<th>Interest-free loan amount</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
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</tbody>
</table>
**Document E: SILC constitution worksheet 3**

**Fines**

The following table lists the fines that will be charged for offences committed by members.

<table>
<thead>
<tr>
<th>Offence</th>
<th>Fine amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Absence from a meeting for personal reasons (apart from the acceptable reasons to be determined in Lesson B6)</td>
<td></td>
</tr>
<tr>
<td>Late to meetings</td>
<td></td>
</tr>
<tr>
<td>Disrupting meetings (chatting, phone, etc.)</td>
<td></td>
</tr>
<tr>
<td>Showing disrespect to members of the general assembly</td>
<td></td>
</tr>
</tbody>
</table>
Lesson B5. Deciding on the loan and social funds

In this lesson
After this lesson you will be able to:

- Describe policies and procedures related to loan fund management.
- Describe policies and procedures related to social fund management.

A SILC group has two types of fund: a loan fund (to lend out money that members repay with interest), and a social fund (to cover emergency expenses). This lesson gives some background for the fifth training session, in which you help the group decide how these funds will work. See Field Exercise B5 for a plan of the training session itself.

In this lesson, the group will continue to make decisions for the constitution. You will need the worksheets in Documents C, D and E (see the previous lesson) to note these decisions.

The loan fund
The SILC group should not automatically lend money to any member who wants a loan. It is important that the borrower can repay the money, along with interest. So if they want a loan, a member has to say how much, how it will be used, and when it will be repaid. The general assembly will discuss each case and decide whether to lend the money.

People generally borrow money for three reasons:

- To invest in a business or other profit-making purpose. It is generally easiest for someone to repay loans for such purposes.
- To consume. It is more difficult to repay such loans.
- To pay for an emergency or urgent need, such as a burial. It is also difficult to repay such loans, but they may qualify for the group’s social fund (see later in this lesson).
It is important to think about the member’s complete financial picture when they request a loan. For example, a loan to pay for consumption (like paying school fees) may make it possible for a farmer to avoid selling grain now at a low price, and to get a much better price later.

The group should consider each request individually, and make sure that the borrower will be able to repay the loan on time, with interest.

**Borrowers**

Who should be able to borrow from the loan fund? Only members of the group who are in good standing. The group should not lend to non-members (since they have not contributed to the fund and are not bound by the constitution). It should also not lend to members who refuse to pay in their savings on time, attend meetings or pay fines.

**Loan size**

How big should loans be? If people borrow too much, they may not be able to repay the money – and they may be tempted to refuse to pay anything. If the loans are too small, they may not be of interest to potential borrowers.

In the first cycle, members may not borrow more than **two or three times** the total amount they have saved. The group can decide whether to use two or three times as the limit.

![Image: Illustration of a man holding a bag of fertilizer and money.](image)

*If loans are too small, they will not be of interest to borrowers*

**Loan duration**

How long should people be able to borrow money for? If the loans are for a short time only, more people get a chance to borrow as the money is repaid quickly. But many activities, such as gardening and animal fattening, require loans that take longer to repay.

In the first cycle, the group should not allow loans longer than 3 months. That protects the group’s money and gives enough members a chance to get (and repay) a loan. A loan should not
be made that will be repaid after the end of the cycle. After it has successfully completed the first cycle, a group can consider making loans for longer periods.

**Repaying loans and paying interest**

If someone borrows from the loan fund, he or she must repay the full amount at the end of the loan period. The full amount of the loan is called the **principal**.

The borrower must also pay **interest** on the loan every month until the loan has been repaid.

- For a 2-month loan, the borrower must make two interest payments: one at the end of the first month, and another at the end of the second month. At the end of the second month, he or she must also repay the principal.

- For a 4-month loan, the borrower must make four interest payments: one a month. At the end of the fourth month, he or she must also repay the principal.

The loan repayments and interest payments all go back into the loan fund. The money can then be lent out to someone else. At the end of the cycle, the accumulated fund is divided among all the members in proportion to the total each has saved.

**Setting interest rates**

The group must decide how much interest to charge.

A **low interest rate** makes it easy for members to repay, but will make the loan fund grow slowly.

A **high interest rate** makes the loan fund grow faster. But it may discourage members from borrowing. If they need money, they may go to a relative, moneylender or bank instead. Plus,
borrowers may be more likely to default: they may be unable to pay the interest or repay the loan.

Other things to consider:

- The interest rate should be higher than the local **inflation rate** (the monthly increase in prices). If it is not, the group’s fund will decline in real value over time.

- Check the interest rates offered by other **sources of finance**, such as moneylenders, microfinance institutions and banks. The SILC group should not charge more interest than they do.

- Set an interest rate that is **easy for the secretary to calculate**, such as 10%.

**Example of loans and interest**

In April, Anne-Marie borrows 100 shillings for 4 months at an interest rate of 10% a month. She invests the money in her business.

- In May, she pays 10 shillings interest.
- In June, she pays another 10 shillings.
- In July, she pays another 10 shillings.
- In August, she pays another 10 shillings interest, along with the 100 shillings principal.

In all, Anne-Marie has paid 140 shillings back into the loan fund.

**Interest or fees?**

In some communities and cultures, the word **interest** is sensitive or not acceptable. You may wish to use the term “fee”, “thank-you”, “service charge” or “bonus” instead.

Muslims may regard charging interest as **haram**, or sinful. Islamic banking uses a system of fees instead.

In all areas, make sure you comply with the national laws and customs regarding interest.

**Using a flat or declining balance to calculate interest**

There are two ways to calculate the amount of interest a borrower owes: flat and declining.

**Flat method.** The interest depends on the size of the initial loan. The interest paid is the same each month, regardless of whether the borrower has repaid part of the loan.

- **Example:** Flora borrows 100 shillings for 4 months at 10% interest per month. She must pay 10 shillings interest a month. After 2 months, she decides to repay 50 shillings of the principal. She must still pay 10 shillings a month interest until she has repaid the rest of the loan.

**Declining method.** The amount of interest depends on the amount of loan principal still to be repaid.

- **Example:** Debbie borrows 100 shillings for 4 months at 10% interest per month. She must pay 10 shillings interest a month. After 2 months, she decides to repay 50 shillings
of the principal. That leaves an outstanding loan of 50 shillings. From then on, she need pay only 5 shillings a month (10% of 50 shillings) interest.

The flat and declining methods each have advantages and disadvantages (Table 10).

### Table 10. Flat and declining balance methods of calculating interest

<table>
<thead>
<tr>
<th></th>
<th>Flat method</th>
<th>Declining method</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Advantages</strong></td>
<td>Easy to calculate</td>
<td>Hard to calculate</td>
</tr>
<tr>
<td></td>
<td>Brings more money into the loan fund</td>
<td>Brings less money into the loan fund</td>
</tr>
<tr>
<td><strong>Disadvantages</strong></td>
<td>Less fair: the borrower must pay interest even though he or she has repaid part of a loan</td>
<td>Fair: the borrower pays interest only on the amount of loan still outstanding</td>
</tr>
<tr>
<td></td>
<td>Does not encourage a borrower to repay a loan early</td>
<td>Encourages a borrower to repay a loan early, so making money available to be lent to other borrowers</td>
</tr>
</tbody>
</table>

For new groups, it may be best to start off with the flat method, since it is easier to calculate. When the group has experience, they may decide to switch to the declining method in the next loan cycle.

We will come back to this topic in **Lesson B10**.

### Late repayments and default

If a borrower is late in paying interest or repaying a loan, this is known as a **late repayment**.

If a borrower does not repay the loan or interest in full, this is known as **default**.

Late repayments and defaults may occur for many reasons:

- The borrower may fall ill, move away, or die.
- Some other problem may mean the borrower cannot repay. For example, the money may be stolen, the borrowers livestock.
- A drought may strike, or the borrower may invest the money in a business venture that fails.
- The member may refuse to repay the loan even if he or she can afford it.

Both late repayments and defaults are bad for the borrower, the fund, and the group as a whole:

- The other members will not trust the borrower again.
- The fund has less money to lend out to members.
- The members lose money they have saved.

The group must decide what to do in such situations. Many SILC groups have a penalty for members who are late in repaying or default on a loan. This should be written in the constitution.

If the group makes loans wisely and members repay on time with interest, the loan fund will grow quickly, and members will earn a profit at the end of the cycle.
**Guidelines on making loans**

- **Check the borrower’s ability to repay.** Before approving a loan, the group should do a thorough analysis and consider the borrower’s ability to repay.

- **Quality, not quantity.** The group should not try to lend out the entire loan fund all the time just to maximize its profit.

- **Do not force people to borrow.** Members who do not borrow are also being productive. They are helping the group since their savings are available for others to borrow.

- **Do not lend to non-members.** They are not bound by the SILC constitution, so if they default, it will be very difficult to recover the money. If a non-member wants a loan, and fits the criteria for membership, consider inviting this person to join the SILC group.

**The social fund**

The loan fund is set up to lend money that people will repay with interest. But from time to time, members need money to pay for urgent needs such as:

- Medical expenses (medicine, doctor visits, hospital bills)
- Funeral expenses
- Disasters (such as a house burning down)
- Education expenses for orphans
- Other purposes as defined by the group.

These do not qualify for the loan fund because:

- The person is unlikely to be able to repay the money.
- The person needs money quickly, and cannot wait for the monthly loan meeting.

SILC groups set up a **social fund** to cover such expenses. The members pay a small amount each week into the social fund, along with their regular savings contributions. The money in the social fund is always kept separate from the loan fund, so funds are always available when an emergency arises.
Six decisions on the social fund

The SILC must make six decisions on their social fund.

1. How can group members use the social fund?
2. Whose needs will be covered by the social fund?
3. What should be the social fund contributions, and what should be the ceiling for the social fund?
4. What will the group do if a member fails to make a social fund contribution?
5. How much money will the social fund pay for different needs? Will the payout be a grant or loan?
6. How can members access the social fund between meetings?

We will look at these questions in turn.

How can group members use the social fund?

Group members will have many different needs. Some needs should not be supported by the social fund. For example if members have a clear plan to repay the loan, they should use the loan fund. Members can also limit the purposes of the social fund. Most groups pay out money for death, sickness, and disasters.

Whose needs will be covered by the social fund?

Everyone knows someone with a need. When deciding the social fund policies, it is important to determine who the fund will support. Will it include just the members, immediate family members, extended family or others? The more people that the social fund covers, the more risk that the money in the fund will be spent most of the time, and so will not be available when another member has a need.

What should be the social fund contributions, and what should be the ceiling for the social fund?

Group members make social fund contributions at every meeting. Many groups decide to make the social fund contribution about 10% of the minimum savings.

After six months, groups usually review the social fund contributions to see if they should be increased or decreased. If the social fund grows large and has enough money to cover typical needs, the social fund contribution may be suspended until some funds are paid out.

What will the group do if a member fails to make a social fund contribution?

Like with savings, group members should decide what to do if a member does not contribute to the social fund. Many groups choose to have members pay a fee if they do not make their social fund contribution.

How much money will the social fund pay for different needs? Will the payout be a grant or loan?

Grants do not have to be repaid. A loan may be interest-free.
The social fund can be viewed as solidarity between members – it is not always possible or necessary to completely cover a member’s needs. The group may choose different payouts depending on which family member is affected.

We recommend making grants from the social fund, although some groups make interest-free loans in certain situations.

**How can members access the social fund between meetings?**

During meetings, the general assembly deliberates together on member requests for help from the social fund. The social fund is kept in the locked cashbox between meetings.

Some groups assign a small committee to review and approve emergency social fund requests between meetings. In those cases, the management committee asks that a group member help the member in need, and then refunds the individual at the next SILC meeting.
Quiz for Lesson B5

1. Which is more important?
   A. The borrower has a plan to repay his or her loan with interest.
   B. The borrower will invest the loan in a productive business.
   C. The borrower needs the money urgently.

Correct answer: A. The borrower may need money to pay for something today, but that will save money tomorrow and make it easy to repay the money.

2. Which of these are associated with high interest rates, and which with low interest rates?
   Select “high” or “low”.
   A. [High / low] interest rates may lead to default.
   B. [High / low] interest rates make the loan fund grow faster.
   C. [High / low] interest rates make it easy for members to repay.
   D. [High / low] interest rates will make the loan fund grow slowly.
   E. [High / low] interest rates might discourage some members from borrowing.

Correct answers: A High, B High, C Low, D Low, E High.

3. Which of the following is correct?
   A. Each month, the group should try to lend out the whole of the loan fund.
   B. Each month, the group should lend money from the loan fund to members who have a plan to repay it.
   C. The group should lend out about half the loan fund each month, and keep the rest for the next month.
   D. The group should never lend out the entire loan fund, so there is always some money to pay for emergencies.
   E. The group should never lend out any money.

Correct answer: B.

4. Anne-Marie borrows 100 shillings for 4 months at an interest rate of 10% a month. How much will she repay each month?
   A. Nothing: she will repay the full loan plus interest at the end of the loan period.
   B. 10 shillings a month for 4 months.
C. 10 shillings a month for 3 months. In the final month she repays the full loan, so she does not have to pay interest.

D. 25 shillings per month for 4 months.

Correct answer: B. 10% of 100 shillings is 10 shillings. She must repay this amount every month for 4 months, then repay the principal (100 shillings) in the fourth month.

5. The HOPE SILC group is debating whether to use the flat or the declining method of calculating interest. They have asked you for advice.

Choose “flat” or “declining” in these statements.

A. The [flat / declining] method is easy to calculate.
B. The [flat / declining] method encourages borrowers to repay their loans early.
C. The [flat / declining] method brings more money into the loan fund.
D. The [flat / declining] method is more fair.

Correct answer: A flat, B declining, C flat, D declining.

6. What key decisions must members make about the social fund?

Select all that apply.

A. For what purpose members can use the social fund.
B. Who will have their needs covered by the social fund.
C. Who collects the social fund.
D. The amount of social fund contributions.
E. The amount that the social fund will pay for different needs.
F. How members can access the social fund between meetings.

Correct answer: A, B, D, E, F
Field Exercise B5: Loan fund policies, social fund policies
In this session, participants decide how to manage the social fund and loan fund.

Objectives
This session will enable the participants to set policies and procedures for managing the loan fund and social fund.

Equipment needed
- Completed worksheets from previous sessions, pen.
- 100 beans or stones.

Expected outputs
- Policies for managing the loan and social funds.

Time required
2 hours

Suggested procedure

Recap previous lesson (10 minutes)
1 Ask participants to discuss the previous session with a neighbor: what was the most important point made, and why? Give the pairs 3–5 minutes, then invite a few pairs to share their ideas. If necessary, remind them of the decisions made in the last meeting.

Session objectives (5 minutes)
2 Explain today’s objectives: decide on the management of the loan and social funds.

Loan fund (30 minutes)
3 Remind the participants that when they save, the money goes into a fund that members can borrow from. The members decide who can borrow and for what purposes. Ask the participants what they might want to use a loan for. Select three of their answers: (1) a profit-making purpose (such as business or farming), (2) a useful purpose that does not earn profit (such as school fees), and (3) a purely social purpose (such as a funeral).

For each of the three purposes, ask if it will generate enough profit to repay the loan with interest. Explain that some loans invested in a business are easy to repay with interest. Others are difficult to repay with interest. For social purposes and emergencies, the group will create a separate social fund.

4 It can be difficult to know whether some types of loans can be repaid with interest. Read out the story in Box 6. Ask pairs of participants to discuss whether Zablon’s loan request should be approved, and why. After 5 minutes, invite a few pairs to share their answers.

Explain that though Zablon wants to use a loan for school fees rather than a business, he will be able to repay with interest because he can sell his maize later and so make a profit. It is important that the member taking a loan has a clear plan for repaying it. The growth of the loan fund depends on the timely repayment of the loans by members, with interest.
Box 6. Zablon’s loan

Zablon is a farmer in the village of Ralang. It is September and he has 3 bags of maize in his store after harvest. School fees for his children are now due, so Zablon is thinking about selling his maize to pay for the school fees. Right before he sells the maize, a SILC is organized in Ralang and he becomes one of the first members. Zablon then asks for a loan so that he can pay his children’s school fees. This will allow him to continue to store the maize for a month, by which time its value will go up by 50%, allowing him to pay back the loan, the interest and have some money left over. However, the SILC group tells Zablon he cannot have a loan to pay school fees because it is not “productive”.

5 Explain that loans are not given automatically to members. Each loan application must include the amount, purpose and duration, and the general assembly will discuss the merits of each loan application. Help the group discuss and agree on these items:

- **The size of loans: 2 or 3 times the borrower’s personal savings?** In the first cycle, members may not borrow more than three times their personal savings. This reduces the risk that someone with very little investment in the SILC borrows a large amount of money – and then defaults on repayment.

- **The duration of loans: 1, 2 or 3 months?** When loans are short-term, many members get a chance to borrow. But activities such as gardening or animal fattening require loans that are longer than one month. In the first cycle, a SILC should not have loans longer than 3 months, as this helps protect its assets. Starting in the second cycle it can have longer loans.

Help the chairperson facilitate a discussion and come to consensus. Clearly restate the group’s decisions and ask the secretary to record them in the loan fund policies section of the constitution worksheet 2.

**Setting interest rates (15 minutes)**

6 Remind participants how interest works: borrowers must pay interest every 4 weeks, until they fully repay the loan. So for a 2-month loan, the borrower pays interest twice: at the end of the first month, and one at the end of the second month, along with the principal. Use the beans to explain the advantages and disadvantages of high and low interest rates (Box 7).

Box 7. High or low interest rates

1 Put 100 beans (or stones) on the ground. Explain that each bean represents 10 shillings, so 100 beans equals 1,000 shillings. The HOPE group charges borrowers 20% interest. Helen takes a loan of 1,000 shillings, so has to pay 200 shillings interest each month. Count 20 beans and put them to one side of the 100 beans.

2 Say that the LIFE group charges only 2% interest. Libby takes a loan of 1,000 shillings, so pays only 20 shillings interest a month. Count 2 beans and put them to the other side of the 100 beans.

3 Ask participants to say which interest rate (20% or 2%) they would prefer as a borrower. Ask them to explain why. Which interest rate, 20% or 2%, would make the loan fund grow faster? Why?

4 List the key pros and cons: a **low interest rate** makes it easy for members to repay, but makes the loan fund grow slowly. A **high interest rate** makes the loan fund grow faster, but might discourage some members from borrowing, and may lead to defaults.

7 Divide participants into three groups. Ask them to discuss what monthly interest rate the group should charge. **Considerations:** borrowers want a low rate they can afford to pay. The whole group wants a high rate so the fund grows quickly. The rate should be easy to calculate. Interest payments go into the loan fund and become profit at the end of the cycle.
Invite the groups to share their answers, and help them come to consensus. Clearly restate the decision, and ask the secretary to record the interest rate in the loan fund policies section of the constitution worksheet 2.

Handling late repayments (15 minutes)

8 Invite the three groups of participants to discuss what to do in the following situations. For each question, invite the groups to share their answers, and help them come to consensus. Clearly restate the decision, and ask the secretary to record it in the loan fund policies section of the constitution worksheet 2, and if needed in the fines section of constitution worksheet 3.

- **If a borrower does not repay a loan on time.** Considerations: If members do not repay loans on time, the loan fund will not grow fast. Other members will not get a chance to borrow. To encourage on-time repayment, many groups have a penalty for late repayers.

- **If a borrower does not repay a loan by the end of the cycle.** Considerations: If loans are not repaid at the end of the cycle, it will be difficult to conduct the share-out. Since members can borrow more than they have saved, their personal savings might not cover the outstanding amount on their loans.

Lending policies

9 A group wants to lend out as much money as possible so the loan fund grows quickly. But this can be risky. Read out the story in Box 8. Ask the participants what the field agent should you advise the Garissa group to do. What is the lesson for their own SILC?

**Box 8. The Garissa SILC**

A SILC group in Garissa was eager to increase their loan fund and maximize profit. They studied their records and saw that the loan funds were only partially being used. They made a rule that every member needed to borrow at least once during the cycle. They began pushing members to take loans if there was any cash left in the loan fund, even if it wasn’t clear how members would repay. After a few months, some members began defaulting on loan repayment. Some members had to sell household assets to repay loans they had not wanted to take. Some members had strained relationships at home and had to leave the SILC group. As a result, the funds did not grow as planned.

10 Give these recommendations:

- Do not try to loan everything all of the time to maximize profit. Do a thorough loan analysis and consider the repayment capacity of each borrower.

- Members who do not borrow are still helping the group since their savings are available for others to borrow.

- Do not lend to non-members. They are not bound by the SILC constitution, so if they default, it will be difficult to recover the money. If a non-member wants a loan, and fits the criteria for membership, consider inviting this person to join the SILC group.

Social fund (40 minutes)

11 Now turn to the group’s social fund. Read the story in Box 9. Ask participants what happened to Halima, and why. What would have prevented this situation from happening?
Halima was a member of Umoja SILC Group. Members of Umoja were very active, and frequently most of the loan fund was lent out to members. One day, Halima’s daughter, Amina, became sick with malaria. Halima first tried to treat her with plants, but the sickness got worse. Halima did not have enough money to pay for transport to town and for clinic fees, and her neighbors would not help. At the next meeting of the SILC group, Halima wanted to borrow money for transport and clinic fees, but there wasn’t enough money to help her. Halima feared for Amina’s life as she became sicker.

Explain that SILC groups have a separate social fund to help members cover needs such as medical expenses (medicine, visit to the doctor, hospital bills), funeral expenses, disasters (such as a house burning down), and other purposes the group decides. The social fund is kept separately from the main loan fund to ensure there is enough to make a payout. This is important because emergencies cannot be predicted.

Facilitate discussion and decisions on the following questions. After each question, clearly restate the decisions made and ask the secretary to record them in the social fund policies section of the constitution worksheet 2.

- **What kinds of needs will be supported by social funds?** Why? Whose needs will be covered (members, immediate family, extended family, etc.)? **Considerations:** Some needs should not be supported by the social fund, e.g., if members have a clear way to repay, they should apply to the loan fund. Most groups have payouts for death, sickness and disasters.

- **How much will each member contribute per meeting to the social fund?** What will the group do if a member fails to make a social fund contribution? At what level or ceiling may contributions to the social fund be suspended? **Considerations:** Group members make social fund contributions at every meeting. Many groups decide to make the social fund contribution about 10% of the minimum savings. After around 6 months, the group can monitor social fund contributions to see if they need adjusting up or down. If the social fund grows large and has enough money to cover typical needs, the social fund contribution may be suspended until the amount of money in the social fund reduces.

- For each of the events that will be covered, **how much is payable?** Will the payout be a non-refundable grant, or an interest-free loan? **Considerations:** The social fund can be viewed as solidarity between members – it is not always possible, or necessary, to entirely cover a member’s need. The group may choose different payouts depending on which family member is affected. Consider making non-repayable grants from the social fund, but offering interest-free loans in certain situations.

- **How to access the social fund between meetings?** During meetings, the general assembly deliberates on requests for social funds. Between meetings, the social fund is kept in the locked cashbox. Some groups have a small committee to review and approve emergency social fund requests between meetings. The committee asks a group member to assist the member in need, and then refunds the individual at the next meeting.

**Summary and conclusion (5 minutes)**

Ask participants if they have any questions. Agree on the date, time and place of the next meeting, which will cover the timing of meetings and will finalize the constitution.

As the participants to evaluate the meeting briefly: what they liked best, and what could be improved. Thank them and close the meeting.
Lesson B6. Meetings and finalizing the constitution

In this lesson
After this lesson you will be able to:

- Help a group decide on meeting attendance and timeliness.
- Guide a group on deciding how to share out savings and use the constitution.

The group must decide on a few remaining things before it actually starts its savings activities. These include:

- Setting the rules for attending meetings
- Deciding when the operating cycle should end and the profits shared out
- Finalizing the constitution.

This lesson shows how to make these decisions. See Field Exercise B6 for a plan of the training session itself.

Meetings
Meetings are an important part of SILC. Groups meet every week, so they have to make meetings short, smooth and efficient. Members should attend every meeting, and there should be a penalty for missing a meeting or coming late.

Groups have two main types of meetings:

- **Once a week**, the members meet to pay their savings into the loan fund and to contribute to the social fund. These meetings can be short: only 20–30 minutes.

- **Every fourth week**, the members can also take and repay loans. These meetings can last more than an hour.
Why meet every week?
Groups that meet less than once a week can have problems:

- The loan fund grows slowly and does not contain enough money to lend out to members who want a loan.
- The members tend to trust each other less, and are less cohesive, than in groups that meet more often. Such groups tend to stop meeting shortly after the first cycle ends.
- Group members are less likely to follow the group’s rules if they have not built mutual trust by meeting regularly.

Members must come to all meetings. This builds trust and ensures that everyone takes part in making decisions. They should attend even if they cannot pay into the loan or social funds.

Missing meetings and turning up late

The group should decide what to do if someone misses a meeting or arrives late.

- **Penalty for missing a meeting.** Many SILC groups charge members a fine for missing a meeting. The members have to decide how much to charge, and how to collect the fine.
- **Acceptable reasons for missing a meeting.** An emergency may prevent someone from attending a meeting – such as illness, or a death in the family. The group should decide in advance what the acceptable reasons are.
- **Penalty for lateness.** If someone comes late, it disrupts the meeting and makes record-keeping difficult. Many groups fine members for being late. They should decide how much to charge.

The fines are added to the loan fund; they not counted towards that person’s savings.

Share-out

We will discuss the share-out of the loan fund in detail in Lesson B11. For now, the group must decide when they want to share out the money in the loan fund among the members.

The share-out happens at the end of the operating cycle. It is when the last loans are repaid, and the loan fund is divided among the members. The amount each member gets depends on how much they have saved during the cycle.

Many groups schedule their first share-out at a time when members will need a large amount of money, such as for farming activities or a holiday. New groups should share out between 6 and 12 months of when they start saving.
Sharing out does **not** mean that the group disbands or that it must start again from nothing. Many groups start a new cycle by reinvesting all or part of their savings immediately. This is also a good time to encourage new people to join the group.

*Share-out at the end of the cycle is the most popular part of a SILC!*

**Finalizing the constitution**

In the previous lessons, we looked at some of the decisions the group needs to take. The secretary should have written these decisions in the constitution worksheets (*Documents C to F*).

The group should now confirm the decisions they have already made, and finalize the constitution. The secretary should write out the final version using the form in *Document G*.

Help the members decide on sections that they have not yet discussed, such as Section 7 (members leaving the SILC) and Section 12 (amendments to the constitution).

The constitution can be amended in the future based on the process agreed upon in the constitution.

Once the constitution is finalized, the secretary should write the names of all the group members and have each member sign or put their mark on the final version. This signature or mark means that group members are committed to respect and put into practice the written constitution.

The management committee members should also sign by their names on the first page. By finalizing and signing the constitution, the committee members can start doing their tasks.
Sharing and using the constitution

The members must decide how to internalize and use their constitution. They might consider:

- Keeping a copy of the constitution in the cashbox.
- Writing the constitution in the ledger book.
- Assigning different clauses of the constitution to group members to memorize and recite at meetings. These members can help enforce their assigned clauses if the need arises.
- Reading the constitution to the group periodically (weekly, monthly, or quarterly).
- Making photocopies of the constitution for each member.

Next lesson: Starting to save

After the group has completed the constitution, the members are ready to start saving by paying money into the loan and social funds. They can do this beginning at the next meeting. Each member should bring the agreed amount of money to the next meeting.

The secretary should also bring the record book, ruler and pen to start keeping records.
Quiz for Lesson B6

1. Why should SILC groups meet weekly?
Select all that apply.

A. It helps the loan fund to grow quickly and allows members to receive meaningful loan amounts.
B. It is not necessary for groups to meet weekly.
C. It strengthens solidarity and cohesiveness between group members.
D. Group members are more likely to have internalized the group rules.
E. Groups that meet more frequently are stronger.

Correct answer: A, C, D, E

2. Gabriel misses a weekly group meeting. What should happen?

A. He must leave the group and loses any savings he has paid in.
B. He must pay a fine.
C. The chairperson will decide if he must pay a fine.
D. He must explain why. If he has a good reason, the group may excuse him. Otherwise, he must pay a fine.
E. He must explain why. If his reason is allowed by the constitution, the group will excuse him. Otherwise, he must pay a fine.

Correct answer: E. The group can define in the constitution the acceptable reasons for missing a meeting. In general, members should be fined if they miss a meeting.

3. When should the loan fund be shared out?

A. At each monthly meeting.
B. Two or three times during the operating cycle.
C. At the end of the agreed operating cycle.
D. Before the biggest annual holiday.

Correct answer: C. At the beginning of the operating cycle, the group decides when the cycle will end and the loan fund shared out.

4. What happens after the loan fund is shared out?
Select all that apply.

A. The group starts a new savings cycle
B. The group may reinvest part of the savings from the old cycle.
C. The group must disband.
D. The group may accept new members
E. The group must revise its constitution.

Correct answer: A, B, D. The group may disband at the end of the cycle, but most groups decide to continue. The end of a cycle is a good time to review the constitution and make any changes – but this is not a requirement.

5. Put the steps for finalizing the constitution in the correct order.

A. The members make any remaining decisions that they have not already made.
B. Each member signs or places their mark on the final version.
C. The secretary writes the names of all the group members on a separate page to be attached to the constitution.
D. The secretary writes all the group decisions on the final version of the constitution.
E. The members decide how they want to internalize the constitution.
F. The group goes through the constitution carefully and verifies all decisions they have made.

Correct answer: F, A, D, C, B, E

6. Match the activities with the type of meeting.

A. Weekly meeting
   1. The group members pay savings into the loan fund.
B. Monthly meeting
   2. The group members share out the contents of the loan fund.
C. Meeting at end of cycle
   3. The group members can apply for and repay loans.

Correct answer: A1, B3, C2
Field Exercise B6: Meeting and constitution finalization

In this session, participants make more decisions on how to manage meetings and how long the first cycle will be. They finalize the constitution and decide how to share it.

Objectives
This session will enable the participants to

- Set policies related to meeting attendance and the share-out date
- Finalize the SILC constitution, and agree on how to share and use it.

Equipment needed
- Constitution worksheets from earlier sessions, the constitution template (Document G), pen.

Expected outputs
- Decisions on handling lateness and when to share out the loan fund
- A finalized constitution, and decisions on how to share it.

Time required
2 hours

Suggested procedure

Recap previous lesson (15 minutes)
1 Ask participants to discuss the previous session with a neighbor: what was the most important point made, and why? Give the pairs 3–5 minutes, then invite a few pairs to share their ideas. If necessary, remind them of the decisions made in the last meeting.

Session objectives (5 minutes)
2 Explain today’s objectives: decide how to encourage members to attend meetings on time, and finish the SILC constitution.

Meetings (15 minutes)
3 Explain that meetings are important for savings and lending. At the next meeting, and each week after that, the members will start paying in their savings. The weekly meetings can be short, so everyone to come on time. Ask participants to discuss the following questions:

- **Absence:** What should be the penalty for missing a meeting? What are acceptable reasons for missing a meeting, without penalty? **Considerations:** Regular attendance is everyone’s responsibility so all members make decisions. They should attend even if they cannot pay in their contributions. Many groups charge a fine for absence.

- **Lateness:** What should be the penalty for being late to a meeting? **Considerations:** If members are late to meetings, it can delay those who are on time, and can make record-keeping difficult. Many SILC groups charge fines for lateness.

4 **Share-out.** Organize participants into small groups to discuss in which month the share-out should be. **Considerations:** Share-out happens at the end of the cycle, when all loans are repaid and the loan fund is divided according to how much each has saved. The group
should schedule the share-out for when members need a lot of money, e.g., for farming or a holiday. First-cycle groups should share-out within 6 and 12 months of when they start to save. Sharing out does not mean that the group disbands, or that it must start again from nothing. Many groups reinvest their savings or profit immediately after the first share-out.

5 Invite the small groups to share their answers. Help the group as a whole to come to consensus. Clearly restate the decisions the group has taken. Ask the secretary to record the decisions in the constitution worksheet 4 (Document F).

**Finalizing the constitution (50 minutes)**

6 Explain that over the last few meetings, the members’ decisions have been written in the worksheets. They will now review and finalize the constitution, which states how the group will be run. They can revise it later if they want, using the process they agree on.

7 Ask the secretary to present the constitution worksheets developed in earlier sessions. Give the secretary a full constitution template (Document G) to create the final version. Guide the participants through the wording, checking that the decisions have not changed and helping them to decide on items not already discussed (such as Section 7: members leaving the SILC, and Section 12: amendments to the constitution).

8 Once the constitution is finalized, ask the secretary to write the names of all the group members in Document H, and have each member sign it. Management committee members should also sign by their names on the first page.

**Sharing and using the constitution (25 minutes)**

9 Ask small groups of participants to decide how to ensure that the constitution is well-understood and used regularly. **Possibilities**: Keep a copy in the cashbox; write it in the ledger book; assign members to memorize different clauses and recite them at meetings (they help enforce their assigned clauses if needed); read out the constitution each week (or monthly or quarterly); photocopy it for each member.

10 Invite the groups to share their answers. Help the participants to come to a consensus. Clearly restate the decisions the group have taken, and encourage them to implement them.

**Summary and conclusion (10 minutes)**

11 Ask participants if they have any questions. Agree on the date, time and place of the next meeting, which will cover the written record-keeping and meeting procedures. Tell them that they will start saving at the next meeting, so they should bring enough money with them: the amount they want to save, plus their contribution to the social fund.

12 Arrange to meet the management committee separately before the next meeting so you can help them prepare the ledger book.

13 As the participants to evaluate the meeting briefly: what they liked best, and what could be improved. Thank them and close the meeting.
Meetings

- Members must attend every meeting. Acceptable reasons for missing meetings without penalty are:

- Savings meetings occur every week.
- The SILC shares out its assets in (month and year):
**Document G: SILC constitution**

1. **Basic information on the SILC**
   - Name of the SILC
   - Address:
   - The SILC was formed on (date the group members registered):
   - The reason for the SILC to exist is to provide savings, loans and emergency fund services to its members

2. **Membership criteria**
   - Lower age limit
   - Gender
   - Residence
   - Other criteria

3. **Composition of the management committee**
   - Chairperson
   - Secretary
   - Treasurer
   - Money counter
   - Key holder 1
   - Key holder 2
   - Key holder 3

4. **Election procedures**
   - The minimum number of members who must be present to hold an election are:
   - Elections will be held (frequency):
   - The maximum number of consecutive terms any member can serve in any one position is:
   - A member must be proposed and seconded by another member before being put forward for election.
   - At least 2 members must stand for each position.
   - The election procedure will use a secret ballot system of casting votes
5. **Removal of officers from their position between elections**

- Any member of the general assembly can call for a vote of no confidence in a member of the management committee. The vote can be held of the minimum numbers of members, stipulated in Section 4, is present. If the vote is passed by a majority of the voting members, the member must step down from the management committee and another member must be elected to the same position.

6. **Meetings**

- Members must attend every meeting. Acceptable reasons for missing meetings without penalty are: 

  __________________________________________

- Savings meetings occur every week.

- The SILC shares out its assets in (month and year): ________________________________

7. **Members leaving the SILC**

- If a member leaves the SILC because they have no alternative (for example, if they marry and move away) the SILC will calculate how much they must be paid using the following principle: ________________________________

- If a member leaves the SILC before the end of the cycle for no good reason, except their preference to leave, the SILC will calculate how much they must be paid using the following principle ____________________________

- The reasons for which a person should be expelled from the SILC are: ________________________________

- If a member is expelled from the SILC, the SILC will calculate whether they should be paid any accumulated savings, and how much, using the following principle ________________________________

- If a member dies the SILC will calculate how much money should be given to their heirs using the following principle: ________________________________

8. **Savings policies**

- The minimum amount that a member must save at each meeting is: Sh ________________________________

- The maximum amount that can be saved at each meeting is: Sh ________________________________

- When a member fails to save the following principles will apply: ________________________________

9. **Loan fund policies**

- A member can only have 1 loan at a time
• Members can borrow up to ___ times the amount they have saved in the cycle.

• The maximum length of loans (in months) is: ________________________________

• The rate of interest will be charged every month (4 weeks) is: ______________________

• Interest will be charged on the initial amount of the loan (flat rate) / the outstanding loan amount (declining method) [choose one]

• When a member does not repay a loan on time the following principles will apply: __________________
  ________________________________________________________________
  ________________________________________________________________

• When a member does not repay a loan by the end of the cycle the following principles will apply: ______
  ________________________________________________________________

10. **Social fund policies**

• The contribution to the social fund at every meeting will be: Sh ____________________________

• When a member misses a social fund contribution the following principle will apply: ______________
  ________________________________________________________________

• The social fund will be used for the following reasons, with the following payout amounts:

<table>
<thead>
<tr>
<th>Social fund payout</th>
<th>Grant amount</th>
<th>Interest-free loan amount</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
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<td></td>
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<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

• Social fund contributions will be suspended once the social fund balance reaches Sh ________________
11. Fines

The following table lists the fines that will be charged for offenses committed by members.

<table>
<thead>
<tr>
<th>Offense</th>
<th>Fine amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Absence from a meeting for personal reasons (apart from acceptable reasons listed in section 6)</td>
<td></td>
</tr>
<tr>
<td>Late to meetings</td>
<td></td>
</tr>
<tr>
<td>Disrupting meetings (chatting, phone, etc.)</td>
<td></td>
</tr>
<tr>
<td>Showing disrespect to members of the general assembly</td>
<td></td>
</tr>
</tbody>
</table>

12. Amendments to the constitution

- The number of members who must agree before the constitution can be amended is: ___________________ 
  ___________________________________________________________________________________
**Document H: Members’ names and signatures**

<table>
<thead>
<tr>
<th>No.</th>
<th>Name</th>
<th>Signature</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>9.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>10.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>11.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>12.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>13.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>14.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>15.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>16.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>17.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>18.</td>
<td></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>
</tbody>
</table>
Lesson B7. Preparing the ledger book

In this lesson
After this lesson you will be able to:

- Review the purpose and benefits of SILC record keeping.
- Create SILC ledgers
- Demonstrate how to create and use the SILC ledger book to the SILC group.

The record book (or “ledger book”) is where the secretary writes down all the money that the group handles. The ledger book contains eight sections (or “ledgers”), each for a different type of information. You need to know how to make a ledger book, and must be very familiar with how to use it so you can in turn train the group.

This lesson shows you how to make and use a ledger book.

Before the next meeting, meet separately with the management committee and show the secretary how to make the group’s own ledger book. See Field Exercise B7 for details.

Preparation
Written records are a good and transparent way to manage lots of information. They make it possible to manage each group member’s attendance, savings, loans, and fines.

You will need the following:

- A big, sturdy notebook, A4 size (21 × 29.7 cm) or Letter size (21.6 x 27.9 cm), with about 100 pages and 35 lines on each page.
- A razor blade or scissors to cut the book.
- A ruler and a ballpoint pen.

When making your ledger book, follow the diagrams throughout this lesson.
Parts of the ledger book
The ledger book is divided into eight sections or ledgers (Table 11):

Table 11. Parts of the ledger book

<table>
<thead>
<tr>
<th>Tab</th>
<th>Ledger</th>
<th>No. of pages</th>
<th>Pages</th>
<th>Contents</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Title page</td>
<td>1</td>
<td>1</td>
<td>The name of the group and the year.</td>
</tr>
<tr>
<td>1.</td>
<td>Register</td>
<td>8</td>
<td>2–9</td>
<td>The members’ names and their attendance at meetings.</td>
</tr>
<tr>
<td>2.</td>
<td>Social fund ledger</td>
<td>10</td>
<td>10–19</td>
<td>The amount of money each member pays into the social fund.</td>
</tr>
<tr>
<td>3.</td>
<td>Savings ledger</td>
<td>16</td>
<td>20–35</td>
<td>The amount of money each person pays into the loan fund, and the total amount each person has in that fund.</td>
</tr>
<tr>
<td>4.</td>
<td>Social fund payout ledger</td>
<td>6</td>
<td>36–41</td>
<td>The names of members who get a grant or loan from the social fund, and the amount paid out.</td>
</tr>
<tr>
<td>5.</td>
<td>Fines due ledger</td>
<td>6</td>
<td>42–47</td>
<td>The names of members who must pay fines, and the fine amounts.</td>
</tr>
<tr>
<td>6.</td>
<td>Loan ledgers</td>
<td>34</td>
<td>48–81</td>
<td>The money lent to members from the loan fund, the interest charged, and the repayments. Allocate one page for each group member.</td>
</tr>
<tr>
<td>7.</td>
<td>Cashbook</td>
<td>10</td>
<td>82–91</td>
<td>The money received by or paid out of the loan fund.</td>
</tr>
<tr>
<td>8.</td>
<td>Notes and share-out form</td>
<td>5</td>
<td>92–96</td>
<td>Any other information that must be recorded, including the share-out form</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>96</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Preparing the ledger book
This lesson gives detailed instructions for how to prepare each ledger in the book, starting with the first ledger (the register). It also gives an example of how to fill out each ledger so you understand how this works.

In a group meeting, the secretary will have to go back and forth between the various ledgers. See Lessons B8 and B9 for the correct order to fill out the ledgers during the meetings.

All entries in the ledgers should be made in pen – never in pencil – and neatly crossed out if a correction is needed.

Write the page numbers in the middle of the bottom of each page. Write “page 1” on the first right-hand page, then number the rest of the pages in order.

You will need to cut the pages in ledger book to make tabs and a master list. In the diagrams in the following sections, the cut edges are shown in red. Outside this red box, parts of the pages below can be seen.

The next few sections will guide you through how to cut the pages.
Making the tabs

You need to make tabs at the top of the pages so you can find the different ledgers in the book easily. You make the tabs by cutting out horizontal strips of paper from the tops of the odd-numbered (right-hand) pages. You will need eight tabs in all. The first tab (for the Register) is ⅛ of the width of the page. The second tab (SF ledger) is ¼ of the width; the third tab (Savings) is ⅜ of the width, and so on.

1. **Pages 3 to 9:** Cut out a horizontal strip of paper from the top of these pages, ⅞ of the width of the page, leaving ⅛ of the width (nearest the binding) as a tab. Write “Register” on this tab.

2. **Pages 11 to 19:** Do the same on these pages, leaving tabs ¼ of the width of the page. Write “SF ledger” on this tab.

3. **Pages 21 to 35:** Do the same on these pages, making tabs ⅜ of the width of the page. Write “Savings” on this tab.

4. **Pages 37 to 41:** Make tabs ½ the width of the page, and write “SF payout” on it.

5. **Pages 43 to 47:** Make tabs ⅝ the width of the page, and write “Fines due” on it.

6. **Pages 49 to 81:** Make tabs ¾ the width of the page, and write “Loan ledgers” on it.

7. **Pages 83 to 91:** Make tabs ⅞ the width of the page, and write “Cashbook” on it.

8. **Pages 93 to 95:** No need to cut anything! Write “Notes” as a tab heading at the top right of these pages.

Making the master list

Page 1 is used to write the name of the group and the year.

Page 2 is used to write the **master list of names** of the group members. The pages in the first three ledgers (register, social fund and savings) must be cut so the master list is visible when you turn to each of these three ledgers. This saves having to write each member’s name on every page.

On page 2, draw a vertical line with the ruler about one-third of the way across from the left. To the left of this line, you will write the names of the group members, one on each line.
Now cut a vertical strip off the left side of **pages 4 to 34**, one-third of the width of the page. That will reveal the space where you will write the names on page 2.

Do not cut any of the pages after page 34.

**Cutting the pages for the master list**

**The social fund payout ledger**

**Pages 2–9: The register**

The register is used to record the members’ names and their attendance at meetings.

On pages 2–9 draw the vertical lines as shown in the picture. Write # (or No.) at the top of the first column on the far left, and **Member** at the top of column 2. Write the numbers 1 to 25 in the rows in the first column.
Then draw a number of vertical lines to the right, about 2 cm apart. Each column will contain the meeting date and whether each member attended the meeting.

At the bottom of the page, draw horizontal lines and write **Totals**, **Social fund payback**, **Social fund payout**, and **Social fund balance** in the rows as shown.

1. On pages 2–9 draw a series of columns like this. The narrow columns should be about 2 cm wide.

2. Label the columns: Column 1: “#” or “No.” Column 2: “Member”

3. Number the rows.


The register
### Filling out the register

<table>
<thead>
<tr>
<th>#</th>
<th>Member</th>
<th>4/1/10</th>
<th>11/1/10</th>
<th>18/1/10</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Irene Akinyi</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>2</td>
<td>Maureen Wanjiku</td>
<td>✓</td>
<td>✗</td>
<td>✓</td>
</tr>
<tr>
<td>3</td>
<td>Christine Kwamboka</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>4</td>
<td>Josephat Govedi</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>5</td>
<td>Timothy Mutua</td>
<td>✗</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>6</td>
<td>Tom Okoth</td>
<td>✗</td>
<td>✓</td>
<td>✓</td>
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<tr>
<td>7</td>
<td>Alice Mueni</td>
<td>✗</td>
<td>✓</td>
<td>✓</td>
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<tr>
<td>8</td>
<td>Violet Cherono</td>
<td>E</td>
<td>✓</td>
<td>✓</td>
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<tr>
<td>9</td>
<td>Jennifer Onyango</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
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<tr>
<td>10</td>
<td>Henry Omusuli</td>
<td>✗</td>
<td>✗</td>
<td>✓</td>
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<tr>
<td>11</td>
<td>George Charo</td>
<td>✓</td>
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<tr>
<td>12</td>
<td>Joash Kamau</td>
<td>✓</td>
<td>✗</td>
<td>✓</td>
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<tr>
<td>13</td>
<td>Michael Onyancha</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
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<tr>
<td>14</td>
<td>Albert Muendwa</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>15</td>
<td>David Cheriot</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
</tbody>
</table>

#### Notes:

1. Write the members’ names, one in each row.
2. Write the date of the meeting.
3. Write:
   - ✓ for present
   - ✗ for absent
   - E for excused absence
   - ☐ for coming late (circle the X if the member arrives)
4. At the end of the meeting, add the number of ✓ and ☐ to calculate the number of members present. Count the people in the room to check.
5. These rows are used in the social fund ledger.
## Pages 10–19: The social fund ledger

This ledger is used to record the amount of money each member pays into the social fund.

### Making the social fund ledger

On pages 10–19 draw a series of columns about 2 cm wide.

<table>
<thead>
<tr>
<th>Member</th>
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<tbody>
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<tr>
<td>Tota</td>
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<td></td>
<td></td>
</tr>
</tbody>
</table>

- social fund payback
- social fund payout
- social fund balance
Filling out the social fund ledger

1. Names and numbers in the Register visible on page 2, since the page is cut out.

2. Write the date of the meeting.

3. Write the amount that each member contributes to the social fund.

4. If a member does not contribute to the social fund, cross out the cell.

5. If a member contributes extra to cover a missed amount, record the total amount in the week it is actually paid in.

6. Add up the social fund contributions each week.

7. Write the total amount paid back into the social fund each week here (from the social fund payout ledger).

8. Write the total amount paid out by the social fund each week here (from the social fund payout ledger).

9. Calculate the ending social fund balance (previous social fund balance + contributions for the week + payback – payout).

10. The new social fund balance must match the amount of cash in the social fund container (to be counted at the end of the meeting, and again at the beginning of the next meeting).

Filling out the social fund ledger

<table>
<thead>
<tr>
<th>#</th>
<th>Member</th>
<th>4/1/10</th>
<th>11/1/10</th>
<th>18/1/10</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Irene Akinyi</td>
<td>5</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>2</td>
<td>Maureen Muniiku</td>
<td>5</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>3</td>
<td>Christine Kwamboka</td>
<td>5</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>4</td>
<td>Josephat Govedi</td>
<td>5</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>5</td>
<td>Timothy Mutua</td>
<td>5</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>6</td>
<td>Tom Okoth</td>
<td>5</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>7</td>
<td>Alice Muoni</td>
<td>10</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>Violet Cherono</td>
<td>10</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>Jenipher Onyango</td>
<td>5</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>10</td>
<td>Henry Omusuli</td>
<td>5</td>
<td></td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>George Charo</td>
<td>5</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>Joash Kamau</td>
<td>5</td>
<td>10</td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>Michael Onyancha</td>
<td>5</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>14</td>
<td>Albert Mwendwa</td>
<td>5</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>15</td>
<td>David Cheriot</td>
<td>5</td>
<td>5</td>
<td>5</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Totals</th>
<th>Social fund payback</th>
<th>Social fund payout</th>
<th>Social fund balance</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Filling out the social fund ledger
Pages 36–41: Savings ledger
The saving ledger records the amount of money each person pays into the loan fund, and the total amount each person has in that fund.

1. Draw a series of columns on pages 36–41. The first column stands alone; the other columns are grouped in pairs.

2. This row is where to write the dates of each meeting.

3. Label column 1: “Initial total”

4. Label the rest of the columns: Columns 2, 4, 6 etc.: “+ savings” Columns 3, 5, 7 etc.: “= total savings”

Making the savings ledger
### Filling out the savings ledger

1. **Names and numbers in the Register visible on page 2, since the page is cut out.**

2. **Write here each member’s savings balance from the last filled out total savings column.**
   - **New group:** On the first page of the ledger, this balance will be 0.
   - **Existing group:** Write in the amount that each member invests to begin with.

3. **Write the date of the meeting.**

4. **Write each member’s savings deposit (no more than the maximum savings allowed per meeting)**

5. **If a member does not save during the meeting, cross out the cell.**

6. **Calculate the new savings balance for each member. For example 80 + 20 = 100.**

7. **Add total member savings for the meeting. Write this number as “cash in” in the cashbook.**

8. **Calculate cumulative group savings = previous group savings + total member savings for the week.**
   - **Note:** This is an accounting figure. It cannot be counted physically as some of the money will have been lent out.

---

### Table: Savings Ledger

<table>
<thead>
<tr>
<th>Member</th>
<th>Initial total</th>
<th>+ savings</th>
<th>- total savings</th>
<th>+ savings</th>
<th>- total savings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trace Akinyi</td>
<td>120</td>
<td>20</td>
<td>140</td>
<td>20</td>
<td>160</td>
</tr>
<tr>
<td>Maureen Wanjiku</td>
<td>90</td>
<td>30</td>
<td>120</td>
<td>30</td>
<td>150</td>
</tr>
<tr>
<td>Christine Kwamboka</td>
<td>160</td>
<td>40</td>
<td>200</td>
<td>40</td>
<td>240</td>
</tr>
<tr>
<td>Josephat Govedi</td>
<td>110</td>
<td>50</td>
<td>160</td>
<td>20</td>
<td>180</td>
</tr>
<tr>
<td>Timothy Mutua</td>
<td>260</td>
<td></td>
<td>260</td>
<td></td>
<td>320</td>
</tr>
<tr>
<td>Tom Onch</td>
<td>260</td>
<td>80</td>
<td>360</td>
<td>100</td>
<td>460</td>
</tr>
<tr>
<td>Alice Mueni</td>
<td>130</td>
<td>50</td>
<td>180</td>
<td>40</td>
<td>220</td>
</tr>
<tr>
<td>Violet Cherono</td>
<td>60</td>
<td></td>
<td>60</td>
<td></td>
<td>60</td>
</tr>
<tr>
<td>Jennifer Onyango</td>
<td>110</td>
<td>20</td>
<td>130</td>
<td>30</td>
<td>160</td>
</tr>
<tr>
<td>Henry Omusul</td>
<td>80</td>
<td></td>
<td>80</td>
<td></td>
<td>80</td>
</tr>
<tr>
<td>George Charo</td>
<td>120</td>
<td>80</td>
<td>200</td>
<td>20</td>
<td>220</td>
</tr>
<tr>
<td>Joshe Kamaus</td>
<td>200</td>
<td>100</td>
<td>300</td>
<td></td>
<td>300</td>
</tr>
<tr>
<td>Michael Onyancha</td>
<td>400</td>
<td>100</td>
<td>500</td>
<td>100</td>
<td>600</td>
</tr>
<tr>
<td>Albert Mwendung</td>
<td>90</td>
<td></td>
<td>90</td>
<td>50</td>
<td>140</td>
</tr>
<tr>
<td>David Cheriot</td>
<td>80</td>
<td>20</td>
<td>100</td>
<td>20</td>
<td>120</td>
</tr>
</tbody>
</table>

| Totals         | 2,290         | 550       | 2,870           | 550       | 3,420           |

**Social fund balance:**

---

**Filling out the savings ledger**
Pages 42–47: Social fund payout ledger

The social fund payout ledger shows the names of members who get a grant or loan from the social fund, and the amount paid out.

1. Make six columns across the page on pages 42–47.
   Note: These pages are full width: they have nothing cut off the left side.

2. Label the columns:
   Column 1, “Name”
   Column 2: “Purpose”
   Column 3: “Date given”
   Column 4: “Member signature”
   Column 5: “Payout”
   Column 6: “Payback”

Making the social fund payout ledger

Filling out the social fund payout ledger

1. Write the name of the member who receives money from the social fund.

2. Write the purpose of the payment.

3. Write the date the member receives the money.

4. The member signs after receiving the money.

5. Write the amount paid out.
   Note: the total amount paid out to members in a meeting is written in the line “social fund payout” in the social fund ledger.

6. If the member will not have to repay, write “grant”.

7. If the member has to repay the money, write the amount paid back, during the meeting when the member pays.
   Note: the total amount paid back in a meeting is written in the line “social fund payback” in the social fund ledger.

Filling out the social fund payout ledger

<table>
<thead>
<tr>
<th>Name</th>
<th>Purpose</th>
<th>Date given</th>
<th>Member signature</th>
<th>Payout</th>
<th>Payback</th>
</tr>
</thead>
<tbody>
<tr>
<td>Omega George</td>
<td>Medical</td>
<td>12/12/18</td>
<td>Yes</td>
<td>50</td>
<td>Grant</td>
</tr>
<tr>
<td>David Cherlot</td>
<td>Burial</td>
<td>11/11/10</td>
<td>David</td>
<td>50</td>
<td>50</td>
</tr>
</tbody>
</table>
Pages 42–47: Fines due ledger

The fines due ledger shows the names of members who are charged fines, and the fine amounts.

1. Make four columns on pages 42–47.

2. Label the columns:
   Column 1: "Member"
   Column 2: "Description"
   Column 3: "Due"
   Column 4: "Paid"

Making the fines due ledger

Filling out the fines due ledger

This ledger is used only to track outstanding fines between meetings. Fines paid during the meeting when they are assigned do not need to be recorded here.

1. Write the name of the member who will owe a fine in a subsequent meeting.

2. Describe the offense.

3. Write the amount due.

4. When the member pays the fine, write the amount paid.

Note: Information from the fines due ledger is not carried to the cashbook. The amount of cash counted in the fines bowl is what is recorded in the cashbook.

Filling out the fines due ledger
Pages 48–81: Loan ledgers

The loan ledgers show the amounts lent to members from the loan fund, the interest charged, and the repayments. There must be a separate page for each member of the group.

1. Write "Name" here at the top of each page on pages 48–81


3. Label the columns on the left-hand pages:
   - **Column 1**: "Purpose"
   - **Column 2**: "Date given"
   - **Column 3**: "Date due"
   - **Column 4**: "Signature"

4. Label the columns on the right-hand pages:
   - **Column 5**: "Balance"
   - **Column 6**: "+ Interest charge"
   - **Column 7**: "= Total due"
   - **Column 8**: "- Amount paid"
   - **Column 9**: "= Balance"
   - **Column 10**: "Payment date"

   Repeat on the rest of the pages in this ledger.

**Making the loans ledger**

<table>
<thead>
<tr>
<th>Name</th>
<th>Purpose</th>
<th>Date given</th>
<th>Date due</th>
<th>Signature</th>
<th>Balance</th>
<th>+ Interest charge</th>
<th>= Total due</th>
<th>- Amount paid</th>
<th>= Balance</th>
<th>Payment date</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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</tr>
</tbody>
</table>

Repeat on the rest of the pages.
Filling out the loan ledgers: first month

1. Write the name of the member on his/her own ledger.

2. Write the purpose of the loan.

3. Write the date the loan is paid out.

4. Write the date the member must repay the loan.

5. The member signs after receiving the money.

6. Write the amount disbursed
   Note: The total amount disbursed to members in a meeting is written in the Cashbook.

7. Calculate the interest charge for the first month.

8. Calculate the total amount due.

Filling out the loan ledger – first month
Filling out the loan ledgers: next month

1. In the next loan meeting, write how much the member repays.
   Note: The total amount paid by all members in a meeting is written in the Cashbook.

2. Write the payment date.
3. Calculate the new balance.
4. Write the new balance on the next line.
5. Calculate the interest charge for the next month.
6. Write the total amount due.
7. When the member clears the loan, write 0 as balance.

The monthly interest charge is calculated from the initial balance if the group uses the flat method (shown here), or from the outstanding balance if the group uses the declining balance method).

If a member does not completely clear a loan by the due date, some groups charge a fine. These are recorded in the “+ interest charge” column, and so increase the total due.
Pages 82–91: The cashbook

The cashbook records the money received by (and paid out of) the loan fund.

1. Make 5 columns on each page on pages 82–91.

2. Label the columns:
   Column 1: “Date”
   Column 2: “What happened”
   Column 3: “Cash in”
   Column 4: “Cash out”
   Column 5: “Balance”
Filling out the cashbook

1. Write the date.

2. Write the description of each amount received by the loan fund:
   - **Savings** (copy the amount from the savings ledger)
   - **Loan repayment** (copy the amount from the loan ledgers)
   - **Fines** (write in the amount in the fines bowl)

3. Write the amount of money received in each transaction.

4. There may be a second “fines” entry, for fines collected during cash-out activities.

5. Calculate the balance after each cash-in entry.

6. Write the description of each cash-out transaction from the loan fund:
   - **Group expenses**
   - **Loan disbursement**
     Copy the loan amounts from the loan ledgers

7. Write the amount of the cash-out transaction.

8. Calculate the balance after each cash-out entry.

9. The ending cashbook balance must match the amount of cash in the loan fund container on that day.
   This is counted at the end of each meeting and at the **beginning** of the next meeting.

---

<table>
<thead>
<tr>
<th>Date</th>
<th>What Happened</th>
<th>Cash In</th>
<th>Cash Out</th>
<th>Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>4/1/10</td>
<td>fines</td>
<td>10</td>
<td></td>
<td>10</td>
</tr>
<tr>
<td></td>
<td>savings</td>
<td>580</td>
<td></td>
<td>590</td>
</tr>
<tr>
<td>11/1/10</td>
<td>fines</td>
<td>35</td>
<td></td>
<td>625</td>
</tr>
<tr>
<td></td>
<td>savings</td>
<td>550</td>
<td></td>
<td>1,175</td>
</tr>
<tr>
<td>18/1/10</td>
<td>fines</td>
<td>60</td>
<td></td>
<td>1,235</td>
</tr>
<tr>
<td></td>
<td>savings</td>
<td>570</td>
<td></td>
<td>1,805</td>
</tr>
<tr>
<td></td>
<td>purchase padlocks</td>
<td>200</td>
<td></td>
<td>1,605</td>
</tr>
<tr>
<td></td>
<td>fines</td>
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<td></td>
<td>1,615</td>
</tr>
<tr>
<td>25/1/10</td>
<td>savings</td>
<td>890</td>
<td></td>
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<td></td>
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<td>900</td>
<td></td>
<td>1,305</td>
</tr>
<tr>
<td>1/2/10</td>
<td>savings</td>
<td>580</td>
<td></td>
<td>1,885</td>
</tr>
<tr>
<td>8/2/10</td>
<td>savings</td>
<td>550</td>
<td></td>
<td>2,435</td>
</tr>
<tr>
<td>15/2/10</td>
<td>savings</td>
<td>590</td>
<td></td>
<td>3,025</td>
</tr>
<tr>
<td>22/2/10</td>
<td>savings</td>
<td>590</td>
<td></td>
<td>3,615</td>
</tr>
<tr>
<td></td>
<td>loan repayment</td>
<td>390</td>
<td></td>
<td>4,005</td>
</tr>
</tbody>
</table>
Page 92: The share-out form
The share-out form can be made in the back of the ledger book (in the Notes section), or on a separate piece of paper. It should be made specifically for the share-out meeting.

Making the share-out form

1. Make a series of columns across the page like this.

<table>
<thead>
<tr>
<th></th>
<th>Member</th>
<th>Individual cumulative savings</th>
<th>Total group savings</th>
<th>Total Loan Fund (cash)</th>
<th>Individual share</th>
<th>Individual share – rounded down</th>
<th>Signature</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td></td>
<td></td>
<td></td>
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<td></td>
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<td></td>
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<tr>
<td>2</td>
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<td>7</td>
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<td>8</td>
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<td>10</td>
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<td>11</td>
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<tr>
<td>12</td>
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<tr>
<td>13</td>
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<tr>
<td>28</td>
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<td>29</td>
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</tr>
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<td>30</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

2. Label the columns:
   - Column 1: "#" or "No."
   - Column 2: "Member"
   - Column 3: "Individual cumulative savings"
   - Column 4: "Total group savings"
   - Column 5: "Total loan fund (cash)"
   - Column 6: "Individual share"
   - Column 7: "Individual share – rounded down"
   - Column 8: "Signature"

3. Number the rows

4. Label this row "Totals"

5. Leave space for the signatures of the chairperson, secretary, money counter and treasurer.
Filling out the share-out form: Calculating the total savings

1. Write the names of each member.

2. Write the cumulative savings balance for each member (this is on the last page of the savings ledger).

3. If a member’s savings are completely used to offset an outstanding debt to the group, the savings balance will be 0.

4. Add up the final savings balances to get the total group savings. Write this number in the next column.

5. Write the total cash available in the loan fund (from the cashbook).

Filling out the share-out form: calculating the total savings
Filling out the share-out form: Calculating the amounts to share out

6. **Calculate each member's individual share:**
   Individual share = individual cumulative savings ÷ total group savings × total loan fund.

7. **Round down** each member's share to a convenient amount.
   **Examples:**
   - Round down 1,754 to 1,750
   - Round down 6,498 to 6,490.

8. **Add up** the individual shares, rounded down. This number cannot be more than total cash.

9. **Each member signs** for the money they receive.

10. The management committee members **sign** after everyone has received their money.

### Table: Calculating Individual Shares

<table>
<thead>
<tr>
<th>#</th>
<th>Member</th>
<th>Individual cumulative savings</th>
<th>Total group savings</th>
<th>Total Loan Fund (cash)</th>
<th>Individual share</th>
<th>Individual share - rounded down</th>
<th>Signature</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Irene Akinyi</td>
<td>2,000</td>
<td></td>
<td></td>
<td>1,300</td>
<td>1,300</td>
<td>Irene</td>
</tr>
<tr>
<td>2</td>
<td>Maureen Wanjiku</td>
<td>3,350</td>
<td></td>
<td></td>
<td>1,759</td>
<td>1,750</td>
<td>Maureen</td>
</tr>
<tr>
<td>3</td>
<td>Christine Kwaamboka</td>
<td>0</td>
<td></td>
<td></td>
<td>0</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Josephat Govedi</td>
<td>4,500</td>
<td></td>
<td></td>
<td>5,898</td>
<td>5,890</td>
<td>Josephat</td>
</tr>
<tr>
<td>5</td>
<td>Timothy Mutua</td>
<td>4,375</td>
<td></td>
<td></td>
<td>5,686</td>
<td>5,680</td>
<td>Timothy</td>
</tr>
<tr>
<td>6</td>
<td>Tom Okoth</td>
<td>5,000</td>
<td></td>
<td></td>
<td>6,498</td>
<td>6,490</td>
<td>Tom</td>
</tr>
<tr>
<td>7</td>
<td>Alice Mueni</td>
<td>1,000</td>
<td></td>
<td></td>
<td>1,300</td>
<td>1,300</td>
<td>Alice</td>
</tr>
<tr>
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<td>Violet Cherono</td>
<td>3,380</td>
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<td></td>
<td>3,093</td>
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<td>Violet</td>
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<td>Jenipher Onyango</td>
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<td></td>
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<td>3,050</td>
<td>Jenipher</td>
</tr>
<tr>
<td>10</td>
<td>Henry Omusul</td>
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<td></td>
<td></td>
<td>4,159</td>
<td>4,150</td>
<td>Henry</td>
</tr>
<tr>
<td>11</td>
<td>George Charo</td>
<td>9,100</td>
<td></td>
<td></td>
<td>5,328</td>
<td>5,320</td>
<td>George</td>
</tr>
<tr>
<td>12</td>
<td>Joash Kamau</td>
<td>2,900</td>
<td></td>
<td></td>
<td>3,769</td>
<td>3,760</td>
<td>Joash</td>
</tr>
<tr>
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<td>Michael Omwancha</td>
<td>3,000</td>
<td></td>
<td></td>
<td>3,890</td>
<td>3,890</td>
<td>Michael</td>
</tr>
<tr>
<td>14</td>
<td>Albert Muendua</td>
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<td></td>
<td></td>
<td>5,890</td>
<td>5,890</td>
<td>Albert</td>
</tr>
<tr>
<td>15</td>
<td>David Cheriot</td>
<td>2,900</td>
<td></td>
<td></td>
<td>3,180</td>
<td>3,180</td>
<td>David</td>
</tr>
</tbody>
</table>

Totals: 42,210 (rounded down to 54,640)

**Chairperson Signature:**
**Moneycounter Signature:**
**Secretary Signature:**
**Treasurer Signature:**
**Quiz for Lesson B7**

1. **Which of these are part of the ledger book? Which are not?**
   Select all that apply.
   
   A. The social fund ledger
   B. The SILC constitution
   C. The register
   D. The minutes of meetings
   E. The cashbook

   Correct answers: A, C, E. The constitution and minutes are important documents, but they are not part of the ledger.

2. **Match each of the ledgers with the correct contents.**

   A. Register
   1. The names of members who get a grant or loan from the social fund, and the amount paid out.

   B. Social fund ledger
   2. The amount of money each person pays into the loan fund, and the total amount each person has in that fund.

   C. Savings ledger
   3. The members’ names and their attendance at meetings

   D. Social fund payout ledger
   4. The amount of money each member pays into the social fund.

   Correct answer: A3, B4, C2, D1

3. **Match each of the ledgers with the correct contents.**

   A. Fines due ledger
   1. The money lent to individual members from the loan fund, the interest charged, and their repayments.

   B. Loan ledgers
   2. Any other information that must be recorded, plus the share-out form.

   C. Cashbook
   3. The names of members who must pay fines, and the fine amounts.

   D. Notes
   4. The money received by or paid out of the loan fund.

   Correct answer: A3, B1, C4, D2.
4. David asks for some money from the social fund to pay for a funeral. The group agrees to lend him the money – but says he has to pay it back at the next meeting. Where should this be recorded?
   A. In the social fund payout ledger.
   B. In the social fund ledger.
   C. In the loan ledger.
   D. In the cashbook.
   
   Correct answer: A. The social fund payout ledger is where to record both loans and grants made from the social fund.

5. In the loan ledger…
   A. The loan amounts for all the members are written on the same page.
   B. The loan amounts for each member are written on different pages: one page for each member.
   C. The loan amounts for different purposes are written on different pages.
   
   Correct answer: B. Each member has his or her own page in the loan ledger.

6. In the savings ledger…
   A. The savings amounts for all the members are written on the same page.
   B. The savings amounts for each member are written on different pages: one page for each member.
   C. The savings amounts for different purposes are written on different pages.
   
   Correct answer: A. The savings amounts are written in a new column each month.

7. In the fines due ledger, the secretary writes…
   A. All fines, whether they are paid immediately or not.
   B. Only fines that are outstanding.
   C. Only fines that are paid immediately.
   
   Correct answer: B. The fines due ledger is used to record only those fines that members do not pay immediately, and that have to be carried over to the next meeting.
**Field Exercise B7**

Follow the instructions in this lesson and create complete ledger book. Use the sample data given in the instructions.

Then do it a second time. For the second book, imagine a group of 10 of your friends. Fill in some imaginary numbers for them. Complete all the calculations required for each page.

Once you are confident, meet with the management committee and help them make their own ledger book.
Lesson B8. Meeting procedures 1

In this lesson
After this lesson you will be able to:

- Review the steps in conducting a SILC meeting.
- Guide the group in conducting a savings meeting with transactions.
- Show how to fill in selected sections of the ledger book.
- Evaluate how the group conducted the meeting.

This lesson gives you background information for the seventh training session, which is when the SILC group members set up the social and loan funds and start to pay in money into them. See Field Exercise B8 for a plan for the training session itself.

Well-conducted meetings are a vital for a SILC to operate smoothly. This is the first of two lessons on how to run meetings. This lesson shows how to open the meeting, collect money to pay into the social fund and the loan fund, check the amounts, and close the meeting. The next lesson covers the other parts of a meeting.

The ledger book
An important part of this lesson is showing the group how to use the ledger book. So you will need one ready before the training session begins. Meet separately with the secretary and other management committee members beforehand to help them prepare their own ledger book. Bring a spare ledger book with you in case they forget to bring theirs to the training session.

It is important that the members understand what is written in the ledger book. At the first meeting, the secretary should pass the book around after each step, open at the appropriate page,
so the members can see what is written in it. This takes a long time, so in subsequent meetings, it is enough if the management committee checks that the secretary is writing the correct figures in the right place. All members of the general assembly have the right to see the ledger book during a meeting.

**Good meeting procedures**

Like any other efficient meeting, a SILC meeting takes planning. The management committee should make sure the meeting area is comfortable (shaded, quiet, etc.) and that there is somewhere for everyone to sit. All the committee members should be well prepared and arrive early so the meeting starts on time and runs smoothly.

The meetings should always follow the same sequence as described here. It seems complicated at first, but once people are used to it, they will find it easy.

Guide the management committee on how to do each step. Tell them exactly what do to, step-by-step, and how to do it. Stop and correct them if they do not follow the steps exactly right. Sit next to the secretary and help him or her record the information in the ledger book. Verify all calculations.

**Parts of a meeting**

A SILC meeting has **10 parts**. They must be done in a specific order to avoid problems:

1. **Meeting opening**
2. **Social fund transactions**
3. Verification of the loan fund opening balance
4. Payment of outstanding fines
5. **Savings**
6. Repayment of loans (only in loan meetings)
7. Group expenses
8. Loan disbursements (only in loan meetings)
9. **Verification of loan fund closing balance**
10. **Meeting close**
The first time members go through a meeting, it should only include parts 1, 2, 5, 9 and 10 (highlighted). The next lessons will cover the remaining parts.

**Part 1: Meeting opening**

Needed: the **cashbox** and **keys**, the **fines bowl**, the **register**, and the **fines due ledger**.

The meeting opening consists of these steps:

1.1. **Opening.** The chairperson formally opens the meeting and sets the agenda for the meeting.

1.2. **Opening the cashbox.** The key holders open the cashbox.

1.3. **Fines bowl.** The money counter puts the fines bowl in a convenient place (for example, by the door). This bowl is for people who owe a fine to put the money in.

1.4. **Attendance.** The secretary calls out each member’s name in turn and marks the **register** with:
   - ✓ for present.
   - ✗ for absent.
   - E for excused absence (for example, if the person has informed a committee member beforehand that they will not be able to attend).
   - ☹ for coming late (see below).

<table>
<thead>
<tr>
<th>#</th>
<th>Member</th>
<th>4-Jan</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Irene Akinyi</td>
<td>✓</td>
</tr>
<tr>
<td>2</td>
<td>Maureen Wanjiku</td>
<td>✓</td>
</tr>
<tr>
<td>3</td>
<td>Christine Kuamboka</td>
<td>✓</td>
</tr>
<tr>
<td>4</td>
<td>Josephat Govedi</td>
<td>✓</td>
</tr>
<tr>
<td>5</td>
<td>Timothy Mutua</td>
<td>✗</td>
</tr>
<tr>
<td>6</td>
<td>Tom Okoth</td>
<td>✗</td>
</tr>
<tr>
<td>7</td>
<td>Alice Mueni</td>
<td>✗</td>
</tr>
<tr>
<td>8</td>
<td>Violet Cherono</td>
<td>E</td>
</tr>
<tr>
<td>9</td>
<td>Jenipher Onyango</td>
<td>✓</td>
</tr>
<tr>
<td>10</td>
<td>Henry Omusuli</td>
<td>✗</td>
</tr>
<tr>
<td>11</td>
<td>George Charo</td>
<td>✓</td>
</tr>
<tr>
<td>12</td>
<td>Joash Kamau</td>
<td>✓</td>
</tr>
<tr>
<td>13</td>
<td>Michael Onyancha</td>
<td>✓</td>
</tr>
<tr>
<td>14</td>
<td>Albert Muendua</td>
<td>✓</td>
</tr>
<tr>
<td>15</td>
<td>David Cheriot</td>
<td>✓</td>
</tr>
</tbody>
</table>

**Register after taking attendance**

## Coming late

If someone comes late, the chairperson asks him or her to pay a fine (as set in the constitution).
• The member may pay immediately by putting the money in the fines bowl.
• If the member does not pay immediately, the secretary writes an entry in the **fines due ledger**, showing that the member must pay at a future meeting.
• If a fine is paid during the meeting, no entry is recorded in the fines due ledger. The fines due ledger is only for fines that have not been paid.

<table>
<thead>
<tr>
<th>Member</th>
<th>Description</th>
<th>Due</th>
<th>Paid</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tom Okoth</td>
<td>late</td>
<td>50</td>
<td></td>
</tr>
</tbody>
</table>

*An entry in the fines due ledger*

The secretary changes “absent” to “late” by circling the ✗ mark, to make ☑.

*Marking someone as late in the register*

**How to count money**

The treasurer and money counter are responsible for counting the money. They must do this openly, so everyone can see. They count out loud each banknote and coin one by one, together with the group, like this: “50, 100, 150, 160, 170, 180, 190, 200, 210, 220, 230, 240, 250, 255, 256.”

The secretary check the amount against the balance recorded in the appropriate place in the ledger book, and announces the result: “I calculate the social fund balance as 256 shillings.”

The chairperson then announces that the amount counted and the balance in the book are in agreement.

If the two amounts do not agree, the group must find out why. Perhaps the secretary made a mistake? Perhaps the treasurer and money counter miscounted? The group should not move on until the difference has been accounted for.
Part 2: Social fund transactions
Needed: the social fund bowl, the social fund ledger, the social fund payout ledger, the calculator.

2.1. **Paying in.** The secretary reads the names of the members one by one. Each member in turn announces his or her social fund contribution amount and gives it to the money counter and the treasurer, who confirm the amount and put it in the social fund bowl.

2.2. **Recording payments.** The secretary notes each amount in the social fund ledger. If someone does not pay in, the secretary crosses out the cell in the ledger for that person. The member will have to pay into the social fund at the next meeting.

2.3. **Totaling.** After all members have paid in, the money counter and the treasurer count the amount collected and announce it to the group.

2.4. **Recording the total received.** The secretary checks the amount with his or her calculations and records it in the social fund ledger.
2.5. **Requests for support.** The chairperson then asks if anyone wants to apply for support from the social fund. The members make their requests, and the group discusses them and decides which to approve, and whether they should be grants or loans.

2.6. **Paying out.** The treasurer pays out the approved amounts from the social fund. The secretary records the amounts paid out in the **social fund payout ledger**, and the members sign for the money they receive.

An entry in the social fund payout ledger

<table>
<thead>
<tr>
<th>Name</th>
<th>Purpose</th>
<th>date</th>
<th>member signature</th>
<th>Payout</th>
<th>Payback</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tom Okoth</td>
<td>medicine</td>
<td>4-Jan</td>
<td>TedOkoth</td>
<td>100</td>
<td></td>
</tr>
</tbody>
</table>

These members did not pay their social fund contributions. They will have to pay at the next meeting.

2.7. **Recording payouts.** The secretary records the total amount paid out in the **social fund ledger**.

2.8. **Counting the balance.** The money counter and the treasurer count and announce the total amount remaining in the social fund.

2.9. **Recording the balance.** The secretary confirms this amount and announces the balance in the social fund. The members must remember this amount for the next meeting.

2.10. **Closing the social fund transactions.** The cash for the social fund is placed in a separate bag and put in the cashbox.
The social fund ledger after paying out money

**Part 5: Savings**

In later meetings (after the first one), the group will do two further steps before this:

- Part 3: Verification of loan fund opening balance
- Part 4: Payment of outstanding fines.

These steps are not necessary in the first meeting, as the loan fund has not yet been created, and there are no fines outstanding from previous meetings. We will cover these steps in the next lesson. Now we go straight to Part 5, Savings.

Needed: the **savings bowl**, the **savings ledger**, the **cashbook**, and the **calculator**.

5.1. **Paying in savings.** The secretary reads the names of the members one by one. Each member announces how much he or she wants to save this week. They give this amount to the money counter and treasurer, who confirm the amount and put it in the **savings bowl**.

5.2. **Recording savings.** The secretary records the amount each member pays in against the member’s name in the **savings ledger**. The secretary calculates the member’s total savings balance, writes this in the appropriate column, and announces the amount out loud. That way, each person knows how much he or she (and everyone else) has saved.

5.3. **Totaling the amount paid in.** After all members have contributed, the money counter and treasurer count and announce the total amount contributed.
5.4. **Recording the total.** The secretary adds up the savings contributions of all the members at this meeting to check it agrees with the amount announced. He or she writes the amount saved in the savings ledger.

At the first meeting, everyone starts off with an initial total of zero.

Amount each person pays in at this meeting.

Balance paid in so far. This is the sum of the two previous columns.

This member forgot to bring any money, so the cell is crossed out and the total is zero. This member will have to make up the amount (and pay a fine) at the next meeting.

The total saved at this meeting.

Total balance paid in so far. At the first meeting, this is the same as in the column to the left.

The savings ledger after recording the members’ savings

5.5. **Recording in the cashbook.** The secretary records the total savings collected in the cashbook in the “cash in” column, and balances the cashbook.

This is the amount saved at the first meeting and paid into the loan fund.

This is the same as the “cash in” here because it is the first transaction in the cashbook.

The cashbook after recording the members’ savings

**Why mark a cross?**

If someone has forgotten to bring any money with them, they cannot save anything at this meeting – not even the minimum amount. The secretary puts a cross in the appropriate column against their name.

Why a cross, not “0”, or just leave the cell blank? To prevent someone from altering the amount later. It is easy to turn “0” or a blank cell into “100”. Marking a cross prevents this.
The cashbook: For the loan fund only

The cashbook lists all the transactions for the loan fund only: savings contributions, lending transactions (disbursements, repayments, interest), fine payments and group expenses.

It does not include transactions for the social fund. These are recorded only in the social fund ledgers. Remember that the social fund and the loan fund are always kept separately.

Part 9: Verifying the loan fund closing balance

In other meetings, the group may do three further steps before this:

- Part 6: Repayment of loans (only in loan meetings)
- Part 7: Group expenses
- Part 8: Loan disbursements (only in loan meetings)

Parts 6 and 8 are done only in the monthly loan meetings. Part 7 is to cover expenses the group as a whole pays. We will cover these in the next lesson.

Meanwhile, let us look at Part 9, the verification of the loan fund closing balance.

Needed: the fines bowl, the savings bowl, the cashbook and the calculator.

9.1. Counting the fines. The money counter and treasurer count up and announce the money in the fines bowl.

9.2. Recording the fines. The secretary writes this amount in the “cash in” column in the cashbook, and balances the cashbook.

9.3. Counting the loan fund total. The money counter and treasurer combine all the cash in the loan fund: the savings deposits (from the savings bowl) and fine payments (from the fines bowl), and in later meetings, the loan fund balance from the previous meeting and loan repayments. They count this and announce the cash balance. They do not include the money in the social fund here.

9.4. Matching the money with the records. The secretary checks if the cashbook balance matches the amount just announced. Any difference must be reconciled to the satisfaction of the general assembly before the meeting is closed.

9.5. Remembering the numbers. The chairperson asks the members to remember the loan fund balance and the social fund balance for the next meeting.

The cashbook after recording the fines

<table>
<thead>
<tr>
<th>Date</th>
<th>What Happened</th>
<th>Cash In</th>
<th>Cash Out</th>
<th>Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>4-Jan</td>
<td>savings</td>
<td>2,900</td>
<td></td>
<td>2,900</td>
</tr>
<tr>
<td></td>
<td>fines</td>
<td>50</td>
<td></td>
<td>2,950</td>
</tr>
</tbody>
</table>

Amount in the fines bowl.

The total amount now in the loan fund.
Balancing the cashbook

Balancing the cashbook simply means calculating the balance (the amount of money that remains) in the loan fund. The secretary does this each time money is added to or taken out of the fund. Cash in is money coming into the fund, so it is added to the balance.

**Example:** The secretary records fines added to the loan fund

- Previous balance = 2,900 shillings
- Cash in (fines paid) = 50 shillings
- New balance = 2,950 shillings

Examples of cash in are fines and savings.

Cash out is money that goes out of the fund, so it is subtracted from the balance:

**Example:** The secretary records a group expense paid out by the loan fund

- Previous balance = 2,950 shillings
- Cash out (buying a calculator) = –2,500 shillings
- New balance = 450 shillings

Examples of cash out are group expenses, loan disbursements and the share-out at the end of the operating cycle.

**Part 10: Meeting close**

Needed: the register, the fines due ledger, the cashbox, the ledger book, the keys.

10.1. **Counting the members present.** The secretary adds up the total number of members present (including those who were late) and records it in the register.

---

**Register at the end of the meeting**

<table>
<thead>
<tr>
<th>#</th>
<th>Member</th>
<th>4-Jan</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Irene Akinyi</td>
<td>✓</td>
</tr>
<tr>
<td>2</td>
<td>Maureen Wanjiku</td>
<td>✓</td>
</tr>
<tr>
<td>3</td>
<td>Christine Kwamboka</td>
<td>✓</td>
</tr>
<tr>
<td>4</td>
<td>Josephat Govedi</td>
<td>✓</td>
</tr>
<tr>
<td>5</td>
<td>Timothy Mutua</td>
<td>✗</td>
</tr>
<tr>
<td>6</td>
<td>Tom Okoth</td>
<td>✗</td>
</tr>
<tr>
<td>7</td>
<td>Alice Mueni</td>
<td>✗</td>
</tr>
<tr>
<td>8</td>
<td>Violet Cherono</td>
<td>✗</td>
</tr>
<tr>
<td>9</td>
<td>Jenipher Onyango</td>
<td>✓</td>
</tr>
<tr>
<td>10</td>
<td>Henry Omusuli</td>
<td>✗</td>
</tr>
<tr>
<td>11</td>
<td>George Charo</td>
<td>✓</td>
</tr>
<tr>
<td>12</td>
<td>Joash Kamau</td>
<td>✓</td>
</tr>
<tr>
<td>13</td>
<td>Michael Onancha</td>
<td>✓</td>
</tr>
<tr>
<td>14</td>
<td>Albert Muendwa</td>
<td>✓</td>
</tr>
<tr>
<td>15</td>
<td>David Cheriot</td>
<td>✓</td>
</tr>
</tbody>
</table>

---

Total number of members present (including those who came late) = 12

Completed attendance register

Register at the end of the meeting
10.2. **Recording fines due.** The secretary writes the fines for absent members in the **fines due ledger**.

<table>
<thead>
<tr>
<th>Member</th>
<th>Description</th>
<th>Due</th>
<th>Paid</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tom Okoth</td>
<td>late</td>
<td>50</td>
<td></td>
</tr>
<tr>
<td>Timothy Mutua</td>
<td>absent</td>
<td>150</td>
<td></td>
</tr>
<tr>
<td>Henry Omusuli</td>
<td>absent</td>
<td>150</td>
<td></td>
</tr>
</tbody>
</table>

*Fines due ledger at the end of the meeting*

10.3. **Closing the cashbox.** The secretary puts the ledger book in the **cashbox**, together with the loan fund cash and the social fund cash (in its own bag). The key holders use their keys to lock the cashbox, and the treasurer takes the locked cashbox.

10.4. **Any other business.** The chairperson invites the members to discuss items under any other business.

10.5. **Next meeting.** The chairperson announces the date of the next meeting and asks members to confirm it.

10.6. **Meeting close.** The chairperson declares that the meeting is over and people are free to leave.
Quiz for Lesson B8

1. The chairwoman of the HOPE SILC group is preparing the agenda for the first meeting. Help her put it in the right order.
   A. Social fund transactions
   B. Savings
   C. Meeting opening
   D. Meeting close
   E. Verification of loan fund closing balance
   Correct answer: C, A, B, E, D

2. During regular meetings, what should the secretary do to ensure that records are accurate and transparent?
   Select all that apply
   A. Pass the ledger book around after each step so people can check it.
   B. Have other members of the management committee check the figures are correct and written in the right place.
   C. Not show it to anyone to prevent them from altering the figures.
   D. Allow any member who wishes to see the ledger during a meeting.
   Correct answer: B, D. It is not practical to pass the ledger around after every step: this would take too much time. But do this at the first few meetings so the members understand what is recorded in the ledger and is confident that it is correct.

3. What happens if the money counter and treasurer count the money and it is different from what is written in the ledger?
   A. The amount in the ledger must be correct.
   B. The amount counted by the money counter and treasurer must be correct.
   C. The group must find the source of the error and correct it.
   D. The chairperson must convene a special meeting to resolve the difference.
   Correct answer: C. The group should not go on to other business until the difference is resolved.

4. The money counter and treasurer can count the money in private if the group thinks they are trustworthy.
   A. True
   B. False
Correct answer: B. The money counter and treasurer should never count the money in a way where group members are not able to confirm for themselves that the total is in fact the amount that was counted.

5. The secretary must announce the total savings balance of each member after each member makes his or her savings contribution.
   A. True
   B. False

Correct answer: A. Doing so increases group transparency and enables every member to know their savings balance.

6. Paulina comes late and must pay a fine. She puts the money in the fines bowl. Where is the money recorded?
   A. In the fines due ledger.
   B. In the cashbook.
   C. In the savings ledger.
   D. It is not recorded individually.

Correct answer: D. The fines due ledger records only those fines that are outstanding – that still have to be paid. Towards the end of the meeting, all the money in the fines bowl (including Paulina’s fine) is recorded in the cashbook.
Field Exercise B8: Written record keeping and meeting procedures 1

This session is when participants actually start saving: they pay in money into the loan fund. The session covers keeping written records, and guides participants through parts of a regular weekly meeting. They pay in their social fund and savings contributions, and record the amounts.

Objectives
This session will enable the participants to

- Understand the importance of keeping written records for the group.
- Review the steps of SILC meetings.
- Conduct a savings meeting and record the savings.

Equipment needed
- Pen, bowls and the ledger book (bring a spare in case they forget it).
- Members must bring their social fund contribution and savings amounts.

Expected outputs
- Money paid into the social and loan funds, and recorded in the ledger book.

Time required
3 hours

Suggested procedure

Recap previous lesson (10 minutes)
1 Ask participants to discuss the previous session with a neighbor: what was the most important point made, and why? Give the pairs 3–5 minutes, then invite a few pairs to share their ideas. If necessary, remind them of the decisions made in the last meeting.

Session objectives (5 minutes)
2 Explain today’s objectives: understand the importance of keeping written records, conduct a savings meeting, pay money into the social and savings funds, and record the amounts.

SILC record-keeping purpose and benefits (10 minutes)
3 Telephone game. Get the participants to stand in a line. Whisper a message into the ear of the first person. Ask him or her to whisper it to the next person, and so on. Ask the last person to say the message out loud. Here is a message to use: “At our last SILC meeting, George and Angie were absent. Pamela received a social fund grant of 250 shillings to buy medicines for her daughter. Everyone saved 100 shillings and we now have a total of 2,400 shillings in the loan fund.”

4 What the last person says will be different from the original message. Read out the original and ask the participants why the message got changed and how to avoid such changes. Explain that written records can stop such changes and to make sure that everyone knows what the message is. That is why the SILC will keep its records in the ledger book.
Preparing the ledger books (15 minutes)
5 Invite the secretary to show the ledger book. Explain each of the sections it contains. Help the secretary write the members’ names on the first page of the register section.

Conducting a SILC meeting (20 minutes)
6 Tell the story in Box 10. Then ask participants:
   • What happened to the Furaha group and why? [Answers: last-minute planning, an uncomfortable location, steps in the wrong order, etc.]
   • What could be done to improve the next SILC meeting? [Answers: Hold the meeting in a comfortable place, all members arrive on time, follow the proper order.]

Box 10. A disorganized group
Members of the Furaha SILC group came to their weekly meeting. It was outside, with no shade and nowhere to sit. The members complained they were uncomfortable. The chairperson arrived late and did not greet people. Then one of the key holders realized he had forgotten his key and hurried to get it. This delayed the meeting some more.

The chairperson had members contribute for social fund without verifying the opening balance. When the management committee and the treasurer put all the money together to make social fund payouts, the amount did not tally with the secretary’s calculations, and the group took a long time to solve the error.

Next, the chairperson said members could make requests for loans from the loan fund. Members protested that they should first save and repay loans, in order to have more funds to lend out.

After the cashbox had been locked and given to the treasurer, the chairperson remembered that the fines for absent members had not been recorded, and the cashbox had to be opened again.

7 Building on the participants’ answers, explain the SILC meeting procedures (see Box 11). Then invite a volunteer to repeat the 10 parts of the meeting. Ask others to help if needed.

Box 11. Good SILC meeting procedures
A SILC meeting takes some planning. The management committee makes sure the place is comfortable and everyone can sit. The committee members should be well prepared and arrive before the other members so that the meeting starts on time and runs smoothly.

SILC meetings have 10 parts:

<p>| | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Meeting opening</td>
<td>4</td>
<td>Payment of outstanding fines</td>
</tr>
<tr>
<td>2</td>
<td>Social fund transactions</td>
<td>5</td>
<td>Savings</td>
</tr>
<tr>
<td>3</td>
<td>Verification of loan fund opening balance</td>
<td>6</td>
<td>Repayment of loans (only in loan meetings)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>7</td>
<td>Group expenses</td>
</tr>
<tr>
<td>8</td>
<td>Loan disbursements (only in loan meetings)</td>
<td>9</td>
<td>Verification of loan fund closing balance</td>
</tr>
<tr>
<td>10</td>
<td>Meeting close</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Conducting a savings meeting: Overview (5 minutes)
During the meeting, if any member has to be fined according the constitution, the member should put the money in the fines bowl. If he or she cannot pay, the fine should be recorded in the fines due ledger.

8 Tell participants that you will lead them through how to run a savings meeting. In this session you will cover only some parts of a meeting. You will skip the other parts as you do not need to do them today; you will cover them in the next sessions.
Do not conduct the meeting yourself. Instead guide the management committee on how to do each step. Stop and correct them if they do not follow the steps exactly right. Sit next to the secretary and help him or her record the information in the ledger book. Verify all the calculations. After each step, show the relevant sections of the ledger book to the participants and ask them if they have any questions.

Part 1: Meeting opening (15 minutes)

9 Opening and attendance. The chairperson calls the general assembly to order and develops the meeting agenda. The key holders unlock and open the cashbox. The money counter places the fines bowl outside of the group circle.

10 The secretary reads the names of the members one by one, and marks the register (present ✓, absent X, excused E). (If a member arrives after attendance has been taken, the member’s mark will be changed from “absent” to “late” by circling the X mark).

11 After these steps, circulate the ledger book, open at the register page, among the group members. Help each member to find her/his name and attendance mark. Explain the different marks.

Part 2: Social fund transactions (30 minutes)

12 Paying into the social fund. The secretary reads out each member's name in turn, and the member announces his/her social fund contribution and gives it to the money counter and the treasurer. They check the amount and put it in the social fund bowl. The secretary records each contribution in the social fund ledger.

13 After all members have contributed, the money counter and the treasurer count the total cash collected and announce the amount to the group. The secretary checks the amount with his/her calculations and records it in the social fund ledger.

14 After these steps, circulate the ledger book, open at the social fund ledger page. Help each member find her/his name and contribution, and the total amount.

15 Payments from the social fund. The chairperson asks if anyone needs support from the social fund. Members present their requests to the general assembly. The general assembly deliberates these requests, following the rules in their constitution.

16 The money counter and treasurer give cash for approved requests to the recipients. The secretary records the payouts in the social fund payout ledger, and the members sign.

17 Verifying social fund disbursements. The secretary records the total social fund disbursements in the social fund ledger. The money counter and the treasurer count and announce the total amount remaining in the social fund. The secretary confirms this amount with his/her calculations and announces the closing cash balance in the social fund. The chairperson asks the members to remember the social fund balance for the next meeting. The cash for the social fund is placed in a separate bag and put in the cashbox.

18 After these steps, if there were any social fund payouts, circulate the social fund payout ledger and help each member understand it and identify the social fund balance.

Part 5: Savings (10 minutes)

19 Paying in savings. The secretary reads the names of the members one by one. Each member in turn announces his/her savings contribution and gives it to the money counter
and the treasurer, who confirm the amount and puts it in the savings bowl. The secretary records the amount contributed against the members’ name in the savings ledger.

20 **Calculating the meeting totals.** The money counter and the treasurer count and announce the total amount contributed. The secretary totals the amounts in the ledger and checks it agrees with amount counted. The secretary records the total savings collected in the cashbook in the “cash in” column, and balances the cashbook.

21 After these steps, circulate the ledger book. Help each member find her/his name and savings deposit among the group members in the savings ledger. Help each member verify the total savings deposits are the same as what appears in the meeting totals and in the cashbook.

**Part 9: Verifying the loan fund closing balance (15 minutes)**

22 **Checking the totals.** The money counter and the treasurer count and announce any new money in the fines bowl. The secretary records this amount in the cashbook in the “cash in” column, and balances the cashbook.

23 The money counter and the treasurer combine all the loan fund cash (previous meeting’s loan fund balance, savings deposits, loan repayments, fines payments – but not the social fund cash), count and announce the available cash balance.

24 The secretary reports if the cashbook balance matches the cash on hand just announced. Any difference must be reconciled. The chairperson asks the members to remember the loan fund balance and the social fund balance for the next meeting.

25 After these steps, circulate the ledger book, open to the cashbook and help each member to verify that the last balance in the cashbook is the amount left in the cashbox.

**Part 10: Meeting close (15 minutes)**

26 **Closing.** The secretary counts the members present (including those who were late) and records it in the register. He/she records fines for absent members in the fines due ledger. Circulate the ledger so members can see the register and fines due.

27 The secretary puts the ledger in the cashbox, together with the cash on hand and the social fund cash (in its own bag). The key holders lock the cashbox and the treasurer takes it.

28 The chairperson facilitates discussion of any other business. The chairperson then announces the date of the next meeting and asks for members to confirm it.

**Summary and conclusion (20 minutes)**

29 Ask the management committee first to evaluate the meeting briefly: what they liked best, and what could be improved. Then ask the participants for their opinions.

30 Ask participants if they have any questions. Agree on the date, time and place of the next meeting, which will cover more written record-keeping and meeting procedures, and will be the last training session in this series. Remind them to bring money with them to pay into the loan and social funds. Thank them and close the meeting.
Lesson B9. Meeting procedures 2

In this lesson
After this lesson, you will be able to:

- Conduct a savings meeting with transactions.
- Fill in selected sections of the SILC ledger book.
- Identify helpful group behaviors.
- Preview procedures for end-of-cycle share-out.
- Help the group celebrate the end of training.

This lesson covers the eighth training session. This is when the SILC group again practices holding a savings meeting. This session includes a couple of meeting parts not covered in the previous lesson. See Field Exercise B9 for a plan for the training session itself.

This training session is the last in this series, so it finishes with a celebration! After this, the group will continue to meet every week, using the procedures you have taught them. You will continue to coach and advise them throughout the first cycle of operations.

Coaching the group
During the first few meetings, it is important to continue to coach the group. Make sure they follow the correct procedures, in the right order. As they get used to the routine, they will need less advice.

Continue circulating the ledger book among the members during the first few meetings so they can understand the record-keeping system. Later, it will not be necessary to circulate the book at every meeting as it would make the meetings very long.
The second savings meeting

You remember from the previous lesson that a SILC meeting has 10 parts:

1. Meeting opening
2. Social fund transactions
3. Verification of the loan fund opening balance
4. Payment of outstanding fines
5. Savings
6. Repayment of loans (only in loan meetings)
7. Group expenses
8. Loan disbursements (only in loan meetings)
9. Verification of loan fund closing balance
10. Meeting close

At the second meeting, you will guide the SILC group members through the eight parts with highlighting.

This lesson does not cover parts 6 and 8. These deal with loans, so are needed only at the monthly loan meetings. Since this is only the second savings meeting, the group is not ready to learn about loans yet. You will cover this subject during the group’s fourth meeting; we will discuss how to do so in the next lesson.

This lesson repeats some of the meeting steps covered in the previous lesson. It is important to repeat these steps again to see how all the pieces fit together.

Some meeting parts, such as group expenses, might not occur in most meetings. If there is a meeting part that does not happen during the actual SILC meeting, do not coach the members through the steps. Instead, wait until a real case occurs and then coach the management committee and the group on how to handle the situation.

Part 1: Meeting opening

Needed: the fines bowl, the register, and the fines due ledger.

This follows the same procedure as before.

1.1. Opening. The chairperson formally opens the meeting.
1.2. Opening the cashbox. The key holders unlock and open the cashbox.
1.3. Fines bowl. The money counter places the fines bowl outside of the group circle.
1.4. Attendance. The secretary takes attendance and marks the register.
Register after taking attendance

Part 2: Social fund transactions

Needed: the social fund bowl, the social fund ledger, the social fund payout ledger and the calculator.

2.1. **Opening balance: recall.** The chairperson asks the members to recall the social fund balance from the previous meeting.

2.2. **Opening balance: recorded.** The secretary announces the social fund balance recorded in the social fund ledger and members are asked to confirm.

2.3. **Opening balance: actual.** The money counter and the treasurer count and announce the amount in the social fund bag. The cash must tally with the members’ recollection and the amount written in the social fund ledger. Any difference must be reconciled to the satisfaction of the general assembly before continuing the meeting.

2.4. **Paying in.** The secretary reads the names of the members one by one. Each member in turn announces his or her social fund contribution amount and gives it to the money counter and the treasurer, who confirm the amount and put it in the social fund bowl.

2.5. **Recording payments.** The secretary records each social fund contribution in the social fund ledger.

2.6. **Totaling.** After all members have contributed, the money counter and the treasurer count the total cash collected and announce the amount to the group.

2.7. **Recording the total received.** The secretary confirms the amount with his or her calculations and records it in the social fund ledger.
Verifying balances
For all balances there are three verifications:

- **Recall**: The collective memory of the group. Group members together should remember final balance in the social fund and loan fund.

- **Recorded**: The written records in the social fund ledger (for the social fund) and the cashbook (for the loan fund).

- **Actual**: The actual amount of money in the cashbox bags for the social fund and loan fund.

All three of these amounts should always be equal. If any of these amounts is different, the group should reconcile the amounts. The group should not move on to the next step until all three of the balances are equal.

Repaying loans from the social fund
Needed: The social fund bowl, the social fund payout ledger, the social fund ledger and the calculator.

2.8. **Repaying loans.** The secretary checks in the social fund payout ledger whether any members are to repay loans from the social fund. If so, each member announces his or her payment and gives the money to the money counter and the treasurer, who confirm the amounts and place them in another bowl. The secretary records the repayment in the social fund payout ledger.
2.9. **Totaling.** The money counter and the treasurer count and announce the total social fund repayments.

2.10. **Recording the total received.** The secretary confirms and records this amount in the social fund ledger.

For both the social fund and the loan fund, repayments are always made **before** the day’s disbursements. That leaves more money for members to use.

**Requests for support from the social fund**

2.11. **Requests for support.** The chairperson then asks if anyone wants to apply for support from the social fund. The members make their requests, and the group discusses them and decides which to approve, and whether they should be grants or loans.

2.12. **Paying out.** The treasurer pays out the approved amounts from the social fund. The secretary records the amounts paid out in the social fund payout ledger, and the members sign for the money they receive.

2.13. **Recording payouts.** The secretary records the total amount paid out in the social fund ledger.

**Counting and recording the social fund balance**

2.14. **Counting the balance.** The money counter and the treasurer count and announce the total amount remaining in the social fund.

2.15. **Recording the balance.** The secretary confirms this amount and announces the balance in the social fund. The members must remember this amount for the next meeting.

2.16. **Closing the social fund transactions.** The cash for the social fund is placed in a separate bag and put in the cashbox.
The social fund ledger after calculating the balance

### Part 3: Verifying the loan fund opening balance

Needed: the **cashbook**, the **loan fund bag** in the **cashbox**.

3.1. **Opening balance: recall.** The chairperson asks the members to recall the loan fund balance from the previous meeting.

3.2. **Opening balance: recorded.** The secretary announces the balance recorded in the cashbook and members are asked to confirm.

3.3. **Opening balance: actual.** The money counter and the treasurer count and announce the amount in the loan fund bag. The cash must tally with the members’ recollection and the amount written in the cashbook. Any difference must be reconciled to the satisfaction of the general assembly before continuing the meeting.

### Part 4: Payment of outstanding fines

Needed: the **fines due ledger**, the **fines bowl**.

4.1. **Checking fines due.** The secretary checks the **fines due ledger** and announces which members owe fines, and how much.

4.2. **Paying fines.** The members concerned announce and pay fines to the money counter and the treasurer, who verify the amount and announce it to the group. They put the money in the **fines bowl**. The secretary records in the fines due ledger that the fines have been paid.

No one asked for support from the social fund at this meeting, so there was no payout.

### The total amount of money now in the social fund

The total amount of money now in the social fund is **100**.

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**Totals**: 110 140

- **social fund payback**: 100
- **social fund payout**: 100
- **social fund balance**: 10 240

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Enter the total amount paid back here

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The social fund ledger after calculating the balance
The fines due ledger after recording the payment of fines

Part 5: Savings

Needed: the savings bowl, the savings ledger, the cashbook and the calculator.

5.1. Paying in savings. The secretary reads the names of the members one by one. Each member announces how much he or she wants to save this week. They give this amount to the money counter and treasurer, who confirm the amount and put it in the savings bowl.

5.2. Recording savings. The secretary records the amount each member pays in against the member’s name in the savings ledger. The secretary calculates the member’s total savings balance, writes this in the appropriate column, and announces the amount out loud.

5.3. Totaling the amount paid in. After all members have contributed, the money counter and treasurer count and announce the total amount contributed.

5.4. Recording the total. The secretary adds up the savings contributions of all the members at this meeting to check it agrees with the amount announced. He or she writes the amount saved in the savings ledger. The contents of the savings bowl can now be put into the loan fund bag.
5.5. **Recording in the cashbook.** The secretary records the total savings collected in the cashbook in the “cash in” column, and balances the cashbook.

The cashbook after recording the members’ savings

<table>
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<th>Date</th>
<th>What Happened</th>
<th>Cash In</th>
<th>Cash Out</th>
<th>Balance</th>
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<td>savings</td>
<td>2,550</td>
<td></td>
<td>5,500</td>
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</table>

Mr Omusuji has again forgotten to bring any money to the meeting. Check the constitution for what to do!

Total amount saved so far: the sum of the two columns to the left.

**Part 7: Group expenses**

In the monthly loan meetings, the group does another step before this: Part 6, the repayment of loans. In the regular weekly meetings, however, they move straight to Part 7, group expenses.

They need to do this part only if there are group expenses to handle.

From time to time, the group will need to pay for certain items, such as the ledger book and other equipment. This part of the meeting handles the money needed. The member who buys the items must bring the receipt and show what they have bought.

Needed: the loan fund bag, the cashbook and the calculator.

7.1. **Paying for expenses.** If there are any expenses before the next meeting, the treasurer gives money to the member who will handle the expenses.
7.2. **Recording the expenses.** The secretary records the expenses in the cashbook in the “cash out” column, and balances the cashbook.

New balance. The expenses are **cash going out** of the fund, so they are **subtracted** from the balance.

The cashbook after recording the group expenses

### Part 9: Verifying the loan fund closing balance

In the monthly loan meetings, the group now does Part 8, loan disbursements. This is not yet necessary in this meeting, so we will go straight to Part 9, the verification of the closing balance of the loan fund.

Needed: the **fines bowl**, the **loan fund bag**, and the **cashbook**.

9.1. **Counting the fines.** The money counter and treasurer count up and announce the money in the fines bowl.

9.2. **Recording the fines.** The secretary writes this amount in the “cash in” column in the cashbook, and balances the cashbook.

The total amount now in the loan fund. This must agree with the total amount counted by the money counter and treasurer.

The cashbook after recording the fines

9.3. **Counting the loan fund total.** The money counter and treasurer combine all the cash in the loan fund: the loan fund balance from the previous meeting, and fine payments (and in loan meetings, the loan repayments). They count this and announce the cash balance. They do **not** include the money in the social fund here.

9.4. **Matching the money with the records.** The secretary checks if the cashbook balance matches the amount just announced. Any difference must be reconciled to the satisfaction of the general assembly before the meeting is closed.

9.5. **Remembering the numbers.** The chairperson asks the members to remember the loan fund balance and the social fund balance for the next meeting.
**Part 10: Meeting close**

Needed: the register, the fines due ledger, the cashbox, the keys.

10.1. **Counting the members present.** The secretary adds up the total number of members present (including those who were late) and records it in the register.

![Completed attendance register]

The register at the end of the meeting

10.2. **Recording fines due.** The secretary writes the fines for absent members in the fines due ledger.

![Fines due ledger at the end of the meeting]

10.3. **Closing the cashbox.** The secretary puts the ledger book in the cashbox, together with the loan fund cash and the social fund cash (in their own bags). The key holders use their keys to lock the cashbox, and the treasurer takes the locked cashbox.

10.4. **Any other business.** The chairperson invites the members to discuss items under any other business.

10.5. **Next meeting.** The chairperson announces the date of the next meeting and asks members to confirm it.
10.6. **Meeting close.** The chairperson declares that the meeting is over and people are free to leave.

**Working together as a group**

After completing two savings meetings and the group’s record keeping, it is a good time to reflect with the group on key concepts of how groups work well together.

A good way to do this is to compare the group with the national football team. The team members have different positions: the captain, goalkeeper, defense, midfield and offense. Each has different responsibilities. The captain leads and coordinates all individuals and sub-groups on the team but everyone plays an important role. For the team to score goals and win, every member of the team must do their best and work together well – everyone must respect and appreciate each other. When the team wins the game, all members win.

Similarly, in a SILC group, it takes all participants to contribute for the group to function well. The treasurer, money counter, and secretary all work together to ensure transparent transactions. Group members must arrive on time and bring their contributions. The group members must also remember transaction amounts, participate in the counting of the money, and remember balances. It takes everyone contributing and working together as an effective team to reach a goal.

**Preview of loan meetings**

At the last training meeting, you should remind the group of what happens at loan meetings and at the end of the cycle.

**Loan meetings** are held once every four weeks. Members can apply for loans from the loan fund. The group will discuss each application, and decide whether or not to lend the money.

At subsequent loan meetings, the borrowers must pay interest on their loans. At the end of the loan period (after several months), they must repay the entire loan.

You will help the group manage this process at the first loan meeting. We will discuss it in Lesson B10.

**Preview of the end-of-cycle share-out**

At the end of the operating cycle, the money in the loan fund will be shared out among the members. You will help the group handle the share-out meeting when it comes round.

A few key points for the group to think about now:

- The group must not give out any new loans that cannot be repaid at or before this final meeting. To help the group think about when to stop disbursing loans, remind them of the maximum loan duration. The last loan should be disbursed with enough time for the loan to be repaid before the last meeting.

- After completing all savings, social fund, loan reimbursement and fine procedures, the SILC group’s total amount of money remaining is counted.

- The group decides what to do with social fund – many groups keep part or all of the social fund for the next cycle, so they don’t start with an empty social fund.
• The **loan fund** is divided entirely among members, in proportion to how much they saved during the cycle. Members, who saved more, earn more. Every member will receive what they saved during the cycle, plus some amount of profit.

• Members can choose to reinvest part or all of their share-out money to start the second cycle.

**End-of-training celebration**

**Field Exercise B9** completes the core part of the SILC training for the group. It is time for a celebration.

The monitoring period now begins. Continue working with the groups to guide them in the correct procedures. This role is as a coach primarily to the management committee.

There are several more sessions when you should take a more active role:

• During the first **loan meeting**, in the fourth week, when you will guide the group through the making the first loans. This is discussed in Lesson B10.

• When the first **loans are repaid**. This may be after several months, depending on how long the loan period is. This is also covered in Lesson B10.

• At the **end of the cycle**, when you will show the group how to share out the loan fund. This is discussed in Lesson B11.
Quiz for Lesson B9

1. The chairwoman of the HOPE SILC group is still confused. Help her put the agenda for the second meeting in the right order.
   A. Meeting opening
   B. Social fund transactions
   C. Group expenses
   D. Savings
   E. Verification of the loan fund opening balance
   F. Payment of outstanding fines
   G. Verification of loan fund closing balance
   H. Meeting close
   Correct answer: A, B, E, F, D, C, G, H

2. In a group meeting, the parts that deal with money coming into a fund (repayments) occur before the parts that pay money out (disbursements). Why?
   A. Because it says so in the manual.
   B. To make it easier to count and record the money.
   C. So there is more money to pay out when it comes to the disbursement part.
   D. Not true: disbursements come before repayments.
   Correct answer: C. If disbursements came first, there would be less money in the fund to pay out. This is true for both the social fund and the loan fund.

3. There are three ways to verify a balance (how much money there is in a fund). What are they?
   A. What the secretary, treasurer and money counter say.
   B. What the group members remember, what is written in the ledger book, and the amount actually in the cashbox.
   C. What is in the social fund ledger, the loan fund ledger and the cashbook.
   Correct answer: B. If the three do not agree, the group should reconcile the amounts. They should not move on until they have done so.

4. Guy’s mother is ill and needs some medicine. Guy needs some money now, and says he can repay it next month. Where should the money come from if the group approves his request?
   A. The loan fund.
   B. The social fund – as a loan.
C. The social fund – as a grant.
D. The cashbook.
E. He should not get any money.

Correct answer: B. This is an emergency (so the money can come out of the social fund), but Guy can repay it (so it should be a loan).

5. The secretary is not sure where to record different types of payments. Can you help her?
Match the type of payment with the correct section of the ledger book.

Be careful! One of the ledgers is used for two types of payments.

A. Fines paid immediately
B. Outstanding fines paid
C. Savings contributions
D. Social fund contributions
E. Loan repayments
F. Social fund repayments

Correct answer: A2, B5, C3, D1, E4, F1. Remember that the cashbook is used to record all the payments into the loan fund, but not the social fund.

6. At the end of this training session, the group is ready to operate on its own.

A. Correct. At the end of eight sessions, they have learned everything there is to know about running a SILC group.
B. Not so. You will still have to coach them through several stages.
C. Not so. The group still needs at least five more training sessions before they can start work on their own.

Correct answer: B. You will still have to coach them in regular meetings until they can manage them perfectly, show them how to deal with problems that arise, and coach them through the loan disbursements and repayments and the share-out at the end of the cycle.
Field Exercise B9: Written record keeping and meeting procedures 2

This is the last session in the current series. After this, you will meet the group less often – to monitor their progress, and to help them manage loans and the share-out.

The session guides participants through another savings meeting, discusses helpful types of behavior, previews the end-of-cycle share-out, and ends with a celebration.

Much of this session repeats the steps in the previous session. If you are not sure how to do these steps, check Field Exercise B8 for details.

Although the group has completed one savings meeting, it is important to continue coaching them. The ledger should still be circulated at this meeting so the members can understand the records. In future, it will not be necessary to circulate it as it would take too long.

Some meeting parts, such as group expenses, might not occur in this meeting. In that case, do not coach the members through the steps. Instead, wait until a real case occurs and then coach the management committee and the group on how to handle the situation.

Objectives

This session will enable the participants to

- Conduct a savings meeting and fill in selected sections of the ledger.
- Identify helpful group behaviors.
- Preview procedures for the end-of-cycle share-out.
- Review key elements of the SILC constitution.
- Celebrate the end of training.

Equipment needed

- Pen, bowls, the ledger book and constitution.
- A bag of dried beans or stones.
- Members must bring their social fund contribution and savings amounts.

Expected outputs

- Money paid into the social and loan funds, and recorded in the ledger book.

Time required

3.5 hours

Suggested procedure

Recap previous lesson (10 minutes)

1. Same as in Field Exercise B8.

Session objectives and overview (5 minutes)

2. Explain today’s objectives: conduct another savings meeting, discuss how to work together as a group, review the constitution, and celebrate the end of training. Explain that you will repeat some parts of the meeting and add some parts.
Part 1: Meeting opening (10 minutes)

3 Contributions to the social fund. Same as in Field Exercise B8.

4 Repayment of social fund loans. The secretary checks in the social fund payout ledger whether any members are to repay social fund loans. If so, each member announces their payment and gives the money to the money counter and treasurer, who check the amounts and put them in another bowl. The secretary records the repayment in the social fund payout ledger. The money counter and the treasurer count and announce the total social fund repayments. The secretary confirms and records this amount in the social fund ledger.

If there were any social fund paybacks, circulate the ledger book, open to the social fund payout ledger. Help each member understand the repayment.

5 Payments from the social fund. Same as in Field Exercise B8.

6 Verifying social fund disbursements. Same as in Field Exercise B8.

Part 3: Verifying the loan fund opening balance (15 minutes)

7 Verifying loan fund opening balance. The chairperson asks members to recall the balance from the previous meeting. The secretary announces the balance recorded in the cashbook, and members are asked to confirm. The money counter and treasurer count and announce the amount in the loan fund bag. The cash must tally with the members’ recollection and the amount in the cashbook. Any difference must be reconciled before continuing.

8 Circulate the ledger book, open to the cashbook, and help each member to verify that the last balance in the cashbook is the amount that is in the cashbox.

Part 4: Payment of outstanding fines (15 minutes)

9 Paying fines due. The secretary consults the fines due ledger and announces which members owe fines, and how much. The members concerned announce and pay their fines to the money counter and treasurer who verify each amount, announce it to the group and place it in the fines bowl. The secretary records in the fines due ledger that the fines have been paid.

10 If any fines were due, circulate the ledger book, open to the fines due ledger. Help members understand how the fines are recorded.

Part 5: Savings (30 minutes)

11 Members pay savings. Same as in Field Exercise B8.

12 Calculating the meeting totals. Same as in Field Exercise B8.

Part 7: Group expenses (10 minutes)

13 Deciding and paying group expenses. If the group needs to pay any expenses before the next meeting, the treasurer gives money to the member who will handle the expenses. (The member must bring a receipt and show what was purchased. Any change will be recorded in the cashbook in the “cash in” column). The secretary records the expenses in the cashbook in the “cash out” column, and balances the cashbook.

14 If any cash has been disbursed, circulate the ledger book, open to the cashbook. Help each member to identify the amount used for expenses.
Part 9: Verifying the loan fund closing balance (20 minutes)
15  Checking the totals. Same as in Field Exercise B8.

Part 10: Meeting close (15 minutes)
16  Closing. Same as in Field Exercise B8.

Working together as a group (15 minutes)
17  This section helps the members work together as a group. Ask participants to think about their national football (soccer) team. Name some of the players and their different responsibilities (captain, goalie, defense, midfield and offense). (If people do not play soccer, use a local, traditional organization that works together instead.)
18  Explain that different positions have different responsibilities: the captain leads and coordinates the team. To score goals and win, every member of the team must do their best and work together well – everyone must respect and appreciate each other. When the team wins the game, all members win.
19  Ask participants who, in this training, contributed to the group working together well? What did this person do? Ask them to name specific individuals, and highlight their contributions.

Preview of end-of-cycle share-out (30 minutes)
20  Remind the participants when the end-of-cycle share-out will be. Explain that you will help them with the share-out when the time comes. Remind them that they should not give out any new loans that cannot be repaid before this final meeting.
21  Explain the steps for the share-out: after completing all the savings, social fund, loan reimbursement and fine procedures, the total amount of money remaining is counted. The group will decide what to do with social fund (many groups keep part or all of it for the next cycle). The loan fund is then divided among the members, in proportion to how much they have saved during the cycle. Members who saved more, earn more. Every member will get what they have saved, plus some amount of profit. They can reinvest part or all of their share-out money to start a new cycle.

SILC constitution quiz (20 minutes)
22  You will be the score keeper. Use beans or stones on the ground to keep score so that all participants can see. Divide the group into two teams.
23  Tell participants that each team will be asked a question in turn. Each team will get the same number of questions. If the answer is correct, the team scores one point. If the answer is incorrect, the other team can try and answer it correctly, and if they succeed, they will score the point. Warn teams that if members interrupt or argue with you, you will subtract one point!
24  Box 12 lists the questions to ask. All answers are found in the group’s constitution. If neither team gets the right answer, read it from the constitution.
Box 12. Review game questions

1. What is the name of your SILC group?
2. How much is the fine for missing a meeting?
3. How often does your group meet?
4. Management committee elections are held every [fill in the blank]
5. What amount does each member contribute to the social fund every meeting?
6. Name three emergency situations for which a member could request social fund pay-outs.
7. What is your group’s minimum savings contribution?
8. What is your group’s maximum savings contribution?
9. How often do you disburse loans?
10. What is the interest you pay on loans?
11. What is the fine for being late to a meeting?
12. What is the maximum duration of a loan?

25. Add up the points for each team and congratulate the winning team. Congratulate both teams for correct answers. Re-emphasize the importance of sharing and internalizing the SILC constitution so that all know the procedures and rules.

Celebrate the end of training (15 minutes)

26. Conduct a short ceremony to close the training. The ceremony may involve a few speeches or songs. Congratulate the group for their work during the training.

27. Ask the group to evaluate the training.

28. Remind the participants of the monitoring period which now begins. Clarify your schedule of visits to the group over the three phases: intensive, development and maturity.

29. Tell them the date and time for your first monitoring visit (for the first monthly loan meeting, when you will help them make their first loans).

30. Thank the members and close the meeting.
Lesson B10. Loan disbursements and repayments

In this lesson
After this lesson, you will be able to:

- Help the group conduct the first loan disbursements.
- Help the group conduct the first loan repayments.

Meeting parts
Reminder: a SILC meeting has 10 parts:

1. Meeting opening
2. Social fund transactions
3. Verification of the loan fund opening balance
4. Payment of outstanding fines
5. Savings
6. **Repayment of loans (only in loan meetings)**
7. Group expenses
8. **Loan disbursements (only in loan meetings)**
9. Verification of loan fund closing balance
10. Meeting close

This lesson covers parts 6 and 8 (highlighted). Both of these parts are needed only in the **monthly loan meetings**. In this lesson we first deal with disbursements (part 8); after that we will cover repayments (part 6).

Part 8: Loan disbursements
Needed: the **cashbook**, the **loan fund**, the **loan ledgers** and the **calculator**.

The first disbursements will occur at the **fourth** weekly meeting (the first monthly loan meeting) – if a member wants a loan at that time. You should review this lesson before this meeting so you are familiar with the procedures. When the group gets to this part of the meeting, guide them through it following the guidelines in **Field Exercise B10a**.

The loan disbursements are made towards the end of the meeting, after the week’s **savings** and any **fines** have been collected, and after any **loan repayments** have been made. This is so the loan fund will have the maximum amount of cash to pay out as new loans. This is the amount recorded in the cashbook after the money from the savings, fines and loan repayments have been combined with the existing loan fund.
8.1. **Checking balance.** The money counter and treasurer count and announce the available cash balance in the **loan fund** (not the social fund).

8.2. **Confirming balance.** The secretary confirms the amount from the **cashbook**.

8.3. **Loan requests.** The chairperson invites the members to submit their requests for loans. Each member who wants a loan must say how much they want to borrow (the **amount**), what they plan to use it for (the **purpose**), and when they will repay it (the **duration**).

8.4. **Approving requests.** The general assembly discusses the requests according to the criteria in the constitution. The group decides which loans to approve.

8.5. **Disbursing loans.** The secretary announces the names of the borrowers who have been approved, the amount each will borrow, the interest to be paid each month, and the loan duration. As each borrower’s name is called, the money counter and the treasurer count out the loan amount and hand it to the borrower, who then counts the money.

8.6. **Recording loans.** The secretary writes the loan details in the **loan ledger** for that member, calculates and announces the amount due (including the interest charge), and each borrower signs against their loan.

![Loan ledger of one borrower](image)

### Calculating interest

The secretary uses the interest rate and method (flat or declining) that the group has agreed on in the constitution. The secretary writes down only the interest charge for the coming month, not for the whole loan period.

**Example:** Joash Kamau borrows 3,000 shillings for 2 months.
- The interest rate is 10% per month.
- The interest due next month = 3,000 × 10% = 300 shillings.
Each month, the secretary will calculate the amount due in the next month. If the borrower repays the loan early, he or she does not have to make any additional interest payments.

**Balancing the cashbook**

8.7. **Balancing the cashbook.** After all loans are distributed, the secretary calculates and records the total amount disbursed in the cashbook in the “cash out” column, and balances the cashbook.

<table>
<thead>
<tr>
<th>Date</th>
<th>What Happened</th>
<th>Cash In</th>
<th>Cash Out</th>
<th>Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>4-Jan</td>
<td>Savings</td>
<td>2,900</td>
<td>2,900</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Fines</td>
<td>50</td>
<td></td>
<td>2,950</td>
</tr>
<tr>
<td>11-Jan</td>
<td>Savings</td>
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<td></td>
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<td></td>
<td>Calculator purchase</td>
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<td></td>
</tr>
<tr>
<td>29-Jan</td>
<td>Fines</td>
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<tr>
<td>29-Jan</td>
<td>Savings</td>
<td>2,850</td>
<td></td>
<td>6,050</td>
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<td>25-Jan</td>
<td>Fines</td>
<td>350</td>
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<tr>
<td>25-Jan</td>
<td>Loan Disbursement</td>
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<td>9,350</td>
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<tr>
<td></td>
<td></td>
<td>4,500</td>
<td></td>
<td>4,050</td>
</tr>
</tbody>
</table>

*The cashbook after recording the loan disbursement*

**More loan requests than money?**

The group must decide what to do if there are more requests for loans than there is money in the loan fund.

- Some SILC groups have a maximum size for loans.
- Others have members take turns for getting loans.
- The group may decide to prioritize requests based on their merits.

Each group must decide its own policy. It may want to write the criteria for such decisions in the constitution.

**Next steps**

After the loan disbursements, the group moves to the meeting part 9, the verification of the loan fund closing balance.

**Part 6: Loan repayments**

We now turn to how to manage the payment of interest and the repayment of loans.

Needed: the **loan ledgers**, the **loan repayment bowl**, the **cashbook**, the **loan fund** and the **calculator**.

Interest and loans can be repaid only the monthly loan meetings. The first repayments will be made four weeks after the group has disbursed the first loans: at the eighth meeting.
Review this part of this lesson again before that meeting. Guide the group using the guidelines in Field Exercise B10b.

The repayments are handled during part 6 of the meeting: after the members have paid in their weekly savings (part 5), but before the group expenses are paid out (part 7).

6.1. **Checking who owes what.** The secretary checks the loan ledgers to see which members have outstanding loans, and announces the total amount that each member owes. This includes all members who have outstanding loans, not just those who have to repay the loan principal today.

6.2. **Repaying.** Each borrower announces the amount of interest or principal he or she is repaying. The borrower gives this amount to the money counter and the treasurer. They verify the amount and put the money in the loan repayment bowl.

6.3. **Recording payments.** The secretary enters the payment in the member’s loan ledger, and calculates and records the balance.

6.4. **Calculating amount due.** The secretary then calculates the new amount of interest and announces the member’s new amount due.

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**Loan ledger for a borrower who repays the interest due only**

**Early or late repayments**

A borrower may decide to repay all or part of a loan early. In such a case, just follow the same procedure as above: the secretary enters the payment in the member’s loan ledger, and calculates and records the balance. The secretary then calculates the new amount of interest and announces the member’s new amount due.

If the member has repaid the loan in full, the balance will be zero, and no more interest must be paid.

If a borrower does not pay the interest at a particular meeting, the group chairperson should check the constitution to see what to do. Most SILC groups charge a fine for overdue payments.
A loan ledger for a borrower who repays the interest due plus part of the principal can be set up using either the flat balance or declining balance method.

### Flat vs Declining Balance to Calculate Interest

The example above uses a **flat balance** to calculate the amount of interest due. The amount of interest charged depends on the amount of the original loan, not on the amount still owed. The member will pay the same amount of interest even though she has already repaid part of the loan principal.

The group may also decide to use a **declining balance** to calculate the interest (see Lesson B5). If so, the secretary calculates the new amount of interest due as a percentage of the **new balance**, not of the original loan.

### Repaying the Loan Principal

At the end of the loan period, the borrower must repay the remaining balance of the loan, including any interest due.

Follow the same procedure as above: the secretary enters the payment in the member’s loan ledger, and calculates and records the balance (it should be zero).
If the member does not repay the loan in full on time, the chairperson will check the constitution to see what to do. Normally, SILC groups charge a fine for overdue loans.

Members should make sure they repay their loans before the final meeting – otherwise the total outstanding will be deducted from their savings, and they will receive a smaller portion of the share-out.

**What to do if a borrower does not repay**

If a borrower does not repay, the group has to decide what to do. It should follow the rules set down in the constitution. But it is impossible to anticipate all possible situations. Some options:

- **Find out the reasons for the problem.** Perhaps the borrower genuinely cannot repay because of some situation outside his or her control. Or perhaps the borrower is merely trying to take advantage of the group’s goodwill. A visit from the chairperson and other committee members can clarify the true situation.

- **Deduct the amount** of the loan and accumulated interest from the borrower’s total savings. That will reduce the amount of payout the borrower gets at the share-out at the end of the cycle. If the amount owed is more than the borrower’s total savings, the borrower’s savings will be zero.

- **Give more time for repayment.** Extend the period of the loan so the borrower has a chance to repay. To make it easier for the borrower (and more likely that the group gets the money back), the group may require the borrower to repay in installments, but with a fine or additional interest charged.

- **If the borrower has a valid reason for not repaying,** consider converting some or all of the loan into a grant, payable out of the social fund. Valid reasons may include a disaster or personal tragedy such as a fire, a divorce or death.

- **Write off the loan.** In the worst case, the group may have to accept that it will not get part or all of the money back. This means less money will be available in the loan fund to lend out to members, and less to share out at the end of the operating cycle. The group may consider excluding the borrower from the group in the future.

**Counting and recording the loan repayments**

6.5. **Totaling.** After all the loan payments have been made, the money counter and the treasurer count and announce the money in the repayment bowl.

6.6. **Balancing the cashbook.** The secretary adds up the meeting’s repayments to confirm it tallies with the amount announced. He or she records the total loan repayments in the cashbook in the “cash in” column, and balances the cashbook.
Cashbook after recording the loan repayments

Next steps

After the loan repayments, the group moves to the meeting part 7, the group expenses.

<table>
<thead>
<tr>
<th>Date</th>
<th>What Happened</th>
<th>Cash In</th>
<th>Cash Out</th>
<th>Balance</th>
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Old balance

Loan repayment at this meeting

New balance
Quiz for Lesson B10

1. The chairwoman of the HOPE SILC group says that all the loan fund disbursements and repayments should be done at the same time. Is she right?
   A. Yes, she is correct.
   B. No. The disbursements must come before the repayments.
   C. No. The repayments must come before the disbursements.
   D. No. The repayments and disbursements are done at different meetings.

Correct answer: C. The repayments come before the group expenses and disbursements. This ensures that a maximum amount of money is available in the loan fund before money is paid out of it.

2. The HOPE SILC group is discussing loans from the loan fund. What does the amount each person must pay as interest each month depend on?

Select all that apply.
   A. The amount of the loan.
   B. The interest rate set in the constitution.
   C. The loan period.
   D. The reason for the loan.

Correct answers: A, B. The amount of interest depends on the size of the loan and the interest rate.

3. The HOPE SILC group charges 10% interest on loans, using the flat balance method to calculate the interest due. Two months ago, Jenipher took out a loan for 3,000 shillings; she has repaid some early, but still has a balance of 2,000 shillings. How much interest does she owe this month?
   A. Nothing.
   B. 100 shillings (10% of 3,000 minus 2,000)
   C. 200 shillings (10% of 2,000)
   D. 300 shillings (10% of 3,000)
   E. 500 shillings (10% of 3,000 plus 2,000)

Correct answer: D. This is 10% of the original loan amount (3,000 shillings).
4. The secretary of the HOPE SILC group is trying to calculate Joash’s loan balance. He borrowed 3,000 shillings. The interest so far is 600 shillings, and he has repaid 1,000 shillings. How much is his balance?
   
   A. 4,600 shillings  
   B. 3,600 shillings  
   C. 2,600 shillings  
   D. 1,400 shillings  

   Correct answer: C. This is calculated as 3,000 + 600 = 3,600 shillings total due, minus 1,000 shillings repaid = 2,600 shillings.

5. George has missed several meetings and his loan is due at the next meeting. What should the group do?
   
   A. Nothing. They should wait to see if he comes to the next meeting, then decide what to do if he does not repay his loan.  
   B. The chairperson should visit him to see what the problem is, and report back to the general assembly.  
   C. The group should send a delegation to visit George and threaten him if he does not repay the loan.  
   D. They should expel George from the group.  

   Correct answer: B. The chairperson should check with George to see what the problem is and remind him of his obligations.

6. George has missed the meeting at which he was supposed to repay his loan. What should the group do?
   
   A. Visit George’s house and take items of the same value as the loan.  
   B. Check the constitution and implement its provisions for the non-repayment of loans.  
   C. Expel George from the group.  
   D. Report George to the police.  

   Correct answer: B. The constitution should contain a provision for what to do in such cases.
Field Exercise B10a: First loan disbursements

Conduct this session at the first monthly loan meeting. This starts off like a regular savings meeting, with these parts: (1) meeting opening (2) social fund transactions, (3) verification of the loan fund opening balance, (4) payment of outstanding fines, (5) savings, and (7) group expenses. (Note that part (6), repayment of loans, will first take place in the second monthly loan meeting – see Field Exercise B10b.)

After (7) the group expenses part, guide the group through the loan disbursement procedure.

Objectives
This session will enable the participants to make disbursements from the loan fund.

Time required
30 minutes

Suggested procedure
1. Allow the group to conduct the regular meeting activities (parts 1–5 and 7).

Part 8: Loan disbursements (30 minutes)
2. The money counter and treasurer combine all the loan fund cash (the previous meeting’s loan fund balance, savings deposits, loan repayments, fines payments – but not the social fund cash), count and announce the available cash balance. The secretary confirms the amount from the cashbook.

3. The chairperson asks members to submit their requests for loans (all loan requests must give the amount, purpose, and duration). The general assembly discusses the loan requests according to the criteria in the constitution, and approves or rejects each one. They can approve loans up to the total amount in the loan fund.

4. Once the loan decisions have been made, the secretary announces the names of the borrowers, the amounts to be borrowed, the interest to be paid and the loan duration. As each borrower’s name is called, the money counter and treasurer count out the loan amount and hand it to the borrower, who then counts the money.

5. The secretary records the loan details in the member’s loan ledger, calculates and announces the amount due (including the interest charge), and each borrower signs against their loan.

6. After all loans are distributed, the secretary calculates and records the total amount disbursed in the cashbook in the “cash out” column, and balances the cashbook.

7. Circulate the ledger book and help members identify the loan purpose and amount in the loan ledger page, and the total amount lent out in the “cash out” column in the cashbook.

8. Allow the chairperson to continue with the next part of the meeting (Part 10, meeting close).
**Field Exercise B10b: First loan repayments**

Conduct this session when the first loans are due to be repaid. This will be at the second monthly loan meeting. Borrowers with loans that are due today must repay the principal plus any interest due. Borrowers with outstanding loans that are not due today will just have to pay the interest they owe.

This starts off like a regular savings meeting, with these parts: (1) meeting opening (2) social fund transactions, (3) verification of the loan fund opening balance, (4) payment of outstanding fines, and (5) savings.

After (5) the savings part, guide the group through the loan repayment procedure.

**Objectives**

This session will enable the participants to make repayments into the loan fund.

**Time required**

30 minutes

**Suggested procedure**

1. Allow the group to conduct the regular meeting activities (parts 1–5 and 7).

**Part 6: Loan repayments**

2. The secretary consults the loan ledgers to determine which members have outstanding loans, and announces the total amount due from each member.

3. Each borrower announces his or her payment and gives it to the money counter and treasurer, who verify the amount and put the money in the loan repayment bowl.

4. The secretary enters the payment in the member’s loan ledger, and calculates, records and announces the member’s new amount due (including interest charge).

5. After all the loan payments have been made, the money counter and treasurer count and announce the money in the repayment bowl.

6. The secretary adds up the meeting’s repayments to confirm it tallies with the amount announced, records the total loan repayments in the cashbook in the “cash in” column, and balances the cashbook.

7. Circulate the ledger book, open to a loan ledger and to the cashbook. Help members identify transactions and balances, and the total cash received.

8. Allow the chairperson to continue with the next part of the meeting (part 7, group expenses).
Document I: Complete meeting steps

The 10 parts of a regular meeting are:

1. Meeting opening
2. Social fund transactions
3. Verifying the loan fund opening balance
4. Payment of outstanding fines
5. Savings
6. Repayment of loans (only in loan meetings)
7. Group expenses
8. Loan disbursements (only in loan meetings)
9. Verifying the loan fund closing balance
10. Meeting close

Part 1 – Meeting opening
1. The chairperson calls the general assembly to order and develops the Meeting Agenda.
2. The key holders unlock and open the cashbox.
3. The money counter places the Fines bowl outside of the group circle.
4. The secretary reads the names of the members one by one, and marks the Register (present ✓, absent X, excused E). (If a member arrives after attendance has been taken, the member’s mark will be changed from “absent” to “late” by circling the X mark)

Part 2 – Social fund transactions
5. The chairperson asks the members to recall the social fund balance from the previous meeting.
6. The secretary announces the social fund balance recorded in the social fund ledger and members are asked to confirm.
7. The money counter and the treasurer count and announce the amount in the social fund bag. The cash must tally with the members’ recollection and the amount written in the register. Any difference must be reconciled to the satisfaction of the general assembly before continuing the meeting.
8. The secretary reads the names of the members one by one. Each member in turn announces his/her social fund contribution amount and gives it to the money counter and the treasurer, who confirm the amount and place it in the social fund bowl. The secretary records each social fund contribution in the social fund ledger.
9. After all members have contributed, the money counter and the treasurer count the total cash collected and announce the amount to the group.
10. The secretary confirms the amount with his/her calculations and records it in the social fund ledger.
11. The secretary verifies in the social fund payout ledger whether any members are to repay social fund loans. If there are, each member announces their payment and gives their money to the money counter and the treasurer who confirm the amounts and place them in another bowl. The secretary records the repayment in the social fund payout ledger.
12. The money counter and the treasurer count and announce the total social fund repayments.

13. The secretary confirms and records this amount in the social fund ledger.

14. The money counter and the treasurer combine the previous meeting’s social fund balance with the meeting’s collections and repayments, count and announce the total to the group. The secretary confirms this with his/her calculations and announces the available cash in the social fund.

15. The chairperson asks if anyone needs support from the social fund.

16. Members present their requests to the general assembly.

17. The general assembly deliberates on these requests, following the rules of their group constitution.

18. The money counter and treasurer give cash for approved requests to the recipients. The secretary records social fund payouts in the social fund payout ledger, and the members sign.

19. The secretary records the total social fund disbursements in the social fund ledger.

20. The money counter and the treasurer count and announce the total amount remaining in the social fund.

21. The secretary confirms this amount with his/her calculations and announces the closing cash balance in the social fund. The chairperson asks the members to remember the social fund balance for the next meeting.

22. The cash for the social fund is placed in a separate bag and put in the cashbox.

Note: The social fund cash is never mixed with other cash and must not be disbursed as normal loans. Also, it is not recorded in the cashbook as income to avoid money getting mixed up with loan funds. This is to ensure that social funds are there on hand when emergencies arise.

Part 3 – Verification of loan fund opening balance

23. The chairperson asks the members to recall the loan fund balance from the previous meeting.

24. The secretary announces the balance recorded in the cashbook and members are asked to confirm.

25. The money counter and the treasurer count and announce the amount in the loan fund bag. The cash must tally with the members’ recollection and the amount written in the cashbook. Any difference must be reconciled to the satisfaction of the general assembly before continuing the meeting.

Part 4 – Payment of outstanding fines

26. The secretary consults the fines due ledger and announces which members owe fines, and how much.

27. Members concerned announce and pay fines to the money counter and the treasurer who verify the amount, announce it to the group and place it in the fines bowl. The secretary records in the fines due ledger that the fines have been paid.

Note: throughout the meeting, members who are fined should pay immediately into the fines bowl. The secretary does not record that amount in the fines due ledger. However, if the member
cannot pay the fine that day, the fine amount is recorded in the fines due ledger and will be verified at the next meeting.

Part 5 – Savings

28. The secretary reads the names of the members one by one. Each member in turn announces his/her savings contribution and gives it to the money counter and the treasurer, who confirm the amount and place it in the savings bowl.

29. The secretary records the amount contributed against the members’ name in the savings ledger, calculates and records the member’s total savings, and announces the member’s meeting savings and total savings.

30. After all members have contributed, the money counter and the treasurer count and announce the total amount contributed.

31. The secretary adds up the meeting’s savings contributions to confirm it tallies with the amount announced, and records the total amount saved in the savings ledger. The secretary records the total savings collected in the cashbook in the “cash in” column, and balances the cashbook.

32. The secretary calculates and announces the group’s cumulative savings, and records it in the savings ledger.

Part 6 – Repayment of loans (this part only occurs in loan meetings)

33. The secretary consults the loan ledgers to determine which members have outstanding loans, and announces the total amount due by the member.

34. Each borrower announces his/her payment and gives it to the money counter and the treasurer, who verify the amount and put the money in the loan repayment bowl.

35. The secretary enters the payment in the member’s loan ledger, and calculates, records and announces the member’s new amount due (including interest charge).

36. After all the loan payments have been made, the money counter and the treasurer count and announce the money in the repayment bowl.

37. The secretary adds up the meeting’s repayments to confirm it tallies with the amount announced, records the total loan repayments in the cashbook in the “cash in” column, and balances the cashbook.

Part 7 – Group expenses

38. If there will be group expenses before the next meeting, the treasurer gives money to the member who will handle the expenses. (The member must bring a receipt and show what was purchased. Any change will be recorded in the cashbook in the “cash in” column).

39. The secretary records the expenses in the cashbook in the “Cash Out” column, and balances the cashbook.

Part 8 – Loan disbursements (this part only occurs during loan meetings)

40. The money counter and the treasurer count and announce the amount in the fines bowl.

41. The secretary records this amount in the cashbook in the “cash in” column, and balances the cashbook.
42. The money counter and the treasurer combine all the loan fund cash (previous meeting’s loan fund balance, savings deposits, loan repayments, fines payments – but not the social fund cash), count and announce the available cash balance.

43. The secretary confirms the amount from the cashbook.

44. The chairperson asks members to submit their requests for loans (all loan requests must mention the amount, purpose, and duration).

45. The general assembly analyzes loan requests according to the criteria in the group’s constitution.

46. Once loan decisions have been made, the secretary announces the name of the borrower, the amount to be borrowed, interest to be paid and the loan duration. As each borrower’s name is called, the money counter and the treasurer counts out the loan amount and hands it to the borrower who then counts the money.

47. The secretary records the loan details in the member’s loan ledger, calculates and announces the amount due (including interest charge), and each borrower signs against their loan.

48. After all loans are distributed, the secretary calculates and records the total amount disbursed in the cashbook in the “cash out” column, and balances the cashbook.

Part 9 – Verification of loan fund closing balance
49. The money counter and the treasurer count and announce any new money in the fines bowl.

50. The secretary records this amount in the cashbook in the “cash in” column, and balances the cashbook.

51. The money counter and the treasurer combine all the loan fund cash (previous meeting’s loan fund balance, savings deposits, loan repayments, fines payments – but not the social fund cash), count and announce the available cash balance.

52. The secretary reports if the cashbook balance matches the cash on hand announced by the money counter and the treasurer. Any difference must be reconciled to the satisfaction of the general assembly before closing the meeting. The chairperson asks the members to remember the loan fund balance and the social fund balance for the next meeting.

Part 10 – Meeting close
53. The secretary adds up the total number of members present (including members who were late) and records it in the register. The secretary records fines for absent members in the fines due ledger.

54. The secretary puts the ledger book in the cashbox, together with the cash on hand and the social fund cash (in its own bag).

55. The key holders lock the cashbox and the treasurer takes the locked cashbox.

56. The chairperson asks members to discuss items under any other business and facilitates discussion.

57. The chairperson announces the date of the next meeting and asks members to agree and confirm it.

58. The chairperson declares that the meeting is over and people are free to leave.
Lesson B11. Share-out meeting and the next cycle

In this lesson
After this lesson, you will be able to:

- Help the participants decide what to do with their remaining social fund.
- Help the participants share out the contents of the loan fund.
- Analyze the group’s financial performance.
- Help the group start a new operating cycle (if they wish to do so).

When it decides on its constitution, the group decides how long the operating cycle will be (see Lesson B6). For a new SILC, this may be between 6 and 12 months long.

At the end of this period, the group holds a special meeting to share out the money that has accumulated in the loan fund and the social fund. This lesson shows you how to conduct this meeting so all the members get their fair share of money. The guide for conducting the meeting itself is in Field Exercise B11.

Before the share-out meeting
To be ready to conduct the share out, the group should make its last social fund and savings transactions beforehand.

- The group should not make loans that go past the end of the operating cycle.
- All members must have repaid their loans from the social fund.
- All members must have repaid their loans from the loan fund.
• All members must have paid any *fines* due.

If a member still owes money, his or savings should be used to clear their debts. The member’s individual savings total will be reduced – and that will affect the amount of profit that member receives.

**Starting the meeting**

Needed: the **social fund**, the **loan fund**, the **social fund ledger**, and the **cashbook**.

1. **Opening.** The chairperson opens the meeting, the key holders open the cashbox, and the secretary takes attendance.

2. **Verifying the balances.** The treasurer and money counter count the money in both the social fund and the loan fund, and the secretary checks the **social fund ledger** and the **cashbook** to confirm they are correct. The group should resolve any differences before proceeding.

**Social fund carry-over to the next cycle**

The group deals with the **social fund** first. The principle behind the share-out is that each member gets an equal share (since they have all paid in an equal amount). The amount does **not** depend on whether someone has benefited from the social fund.

It is a good idea to carry over some money from the social fund to the next operating cycle. This is so the fund can immediately meet social needs at the beginning of the next cycle. The rest of the money is shared out to the members.

Some questions to consider:

• How did the group use the social fund?

• What was the largest amount paid out at any one meeting?

• What happened when the social fund did not have enough money to meet valid requests?

The group may decide to share out all the money among the members. But if they do this, the fund will not have enough money to help members early in the next cycle. Most groups decide to carry over a reasonable amount in the fund, and to share out the rest.
Sharing out the social fund

Needed: the social fund, the social fund ledger, and the calculator.

3. Social fund carryover. The group decides how much money to keep in the social fund.

4. Calculating each member’s share. The secretary then calculates how much is due to each member. Each member gets an equal amount. If there is not enough small change to give each member a share, the secretary rounds down the amount due to each member. The remainder goes back into the social fund.

5. Paying out the share. The treasurer and money counter then give the calculated amount to each member.

6. Recording. The secretary records the amount distributed as a payout in the social fund ledger. The amount carried over is recorded as the balance.

Example of sharing out the social fund

The HOPE SILC group’s social fund contains 12,700 shillings. The largest amount paid out at any one meeting was 7,500 shillings. The group decides to carry over this amount to the next cycle. That leaves 5,200 shillings to share out equally among the 15 members.

But that leaves 5,200 / 15 = 346.7 shillings, an awkward amount to give to each member. So the secretary rounds it down to 340 shillings per member.

The remainder goes back into the social fund, which now equals 7,600 shillings carried over to the next cycle.

<table>
<thead>
<tr>
<th>Social fund balance</th>
<th>12,700</th>
</tr>
</thead>
<tbody>
<tr>
<td>To carry over</td>
<td>7,500</td>
</tr>
<tr>
<td>Remainder to share out</td>
<td>12,700 − 7,500</td>
</tr>
<tr>
<td>Per member</td>
<td>5,200 / 15 = 346.7, rounded down to 340</td>
</tr>
<tr>
<td>Shared out</td>
<td>340 × 15</td>
</tr>
<tr>
<td>To carry over</td>
<td>12,700 − 5,100</td>
</tr>
</tbody>
</table>

Sharing out the loan fund

The group now turns to the loan fund. This will be a much larger sum of money to share out: it consists of the members’ weekly savings contributions since the beginning of the operating cycle, the interest payments, and any fines paid.

The principle behind the share-out is that each member gets a share in proportion to the amount he or she has paid in in the form of savings. If someone has saved a lot, that person will get a bigger share than someone who has saved only a little.

The amount that someone gets does not depend on the amount of interest he or she has paid on loans, or the amount of fines he or she has paid.
The amount each member gets at the share-out depends on how much he or she has saved.

Deducting outstanding amounts
Needed: the loan ledger, the fines due ledger, the savings ledger and the calculator.

If one or more member still owes the loan fund money, the amount must be deducted from his or her savings before the share-out.

7. **Outstanding loans and fines.** The secretary checks in the loan ledgers and the fines due ledger whether anyone still owes money. If so, the secretary deducts this amount from that person’s total savings in the savings ledger.

Calculating each member’s savings and earnings
Needed: the loan fund, the loan ledger, the fines due ledger, the savings ledger, the cashbook, the share-out form, and the calculator.

8. **Names and savings.** The secretary writes each member’s name in the first column of the share-out form, and the total amount that person has saved in the second column. This information is in the savings ledger.

9. **Total savings.** The secretary writes the total savings at the bottom of the second column, and writes the same number below the “÷” sign in the “total group savings” column.
10. **Loan fund total.** The money counter and the treasurer count the money in the **loan fund** and announce the total. This total should agree with the current balance in the **cashbook**.

11. On the **share-out form**, the secretary writes the loan fund total below the “×” sign in the “total loan fund (cash)” column.

12. **Calculating shares.** Using a calculator, the secretary calculates each member’s individual share using this formula:

   \[
   \text{Share of a member} = \frac{\text{That member’s individual savings} \times \text{Loan fund total}}{\text{Total group savings}}
   \]

   The secretary announces and records each member’s individual share.

**Examples of working out shares of the loan fund**

The HOPE SILC group has a total group savings of 143,200 shillings.

There is a total of 186,160 shillings in the loan fund.

- Irene Akinyi has saved a total of 9,800 shillings.
- Maureen Wanjiku has saved a total of 5,000 shillings.

How much should Irene and Maureen be paid?

| Total group savings | 143,200 |
Irene Akinyi’s share is 12,470 shillings, while Maureen’s share is 6,500 shillings.

Irene’s share is nearly twice as big as Maureen’s as she has saved nearly twice as much.

### Sharing out

The loan fund may not have enough small change available, and the amounts calculated may be awkward or impossible to hand out exactly. So the group should agree on a way to round down the amounts to the closest 5 or 10 shillings. Each member risks losing at most 4 or 9 shillings.

13. **Rounding down.** For members whose amount does not end in 5 or 0, the secretary rounds down the amount and records the rounded down amount in the “Individual share – rounded down” column. For all other members, the secretary transfers the total individual share amount directly to the “Individual share – rounded down” column.

<table>
<thead>
<tr>
<th>#</th>
<th>Member</th>
<th>Individual cumulative Savings</th>
<th>Total group savings</th>
<th>Total Loan Fund (cash)</th>
<th>Individual share</th>
<th>Individual share - rounded down</th>
<th>Signature</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Irene Akinyi</td>
<td>9,800</td>
<td>143,200</td>
<td>186,160</td>
<td>12,470</td>
<td>12,740</td>
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<tr>
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<td></td>
</tr>
<tr>
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<td></td>
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</tr>
<tr>
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</tr>
<tr>
<td>5</td>
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<td></td>
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</tr>
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<td>16,315</td>
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</tr>
<tr>
<td>7</td>
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<td>8</td>
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<tr>
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<tr>
<td>14</td>
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<td></td>
<td>6,370</td>
<td>6,370</td>
<td></td>
</tr>
</tbody>
</table>

**Totals:** 143,200

Chairperson Signature: ____________________  Moneycounter Signature: ____________________
Secretary Signature: ____________________  Treasurer Signature: ____________________

**Calculating the individual shares in the share-out form**
14. **Totaling and checking.** After all the amounts are recorded, the secretary calculates and records the total for the “Individual share – rounded down” column. This must be the same or less than the amount in the “Total loan fund (cash)” column.

15. **Announcing shares.** The secretary reads out each member’s name, how much they saved during the cycle, and how much they are getting as individual share-out (rounded down).

16. **Sharing out.** The treasurer and money counter count out and give each member their share-out money. Each member counts their share-out money and signs the share-out form to confirm receipt. After each member has taken their share-out money, the chairperson, secretary, money counter and treasurer sign the share-out form.

17. **Counting the remainder.** The money counter and treasurer count the money remaining in the loan fund. This is the difference between the total that has been shared out and the total loan fund cash before the share-out. The remainder goes back into the loan fund for the beginning of the next cycle.

<table>
<thead>
<tr>
<th>#</th>
<th>Member</th>
<th>Individual cumulative savings</th>
<th>Total group savings</th>
<th>Total Loan Fund (cash)</th>
<th>Individual share</th>
<th>Individual share - rounded down</th>
<th>Signature</th>
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<tr>
<td>8</td>
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<tr>
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<td>6,370</td>
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<tr>
<td><strong>Totals:</strong></td>
<td>143,200</td>
<td><strong>186,150</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Rounding down individual shares in the share-out form**

- This amount ends in a 0 or a 5, so can be transferred directly to the next column.
- This amount does not end in a 0 or a 5, so has to be rounded down in the next column.
After the share-out, the loan fund will be empty (or nearly empty). Members can opt to start investing their savings immediately to start a new cycle.

### Table: Completed share-out form

<table>
<thead>
<tr>
<th>Member</th>
<th>Individual cumulative savings</th>
<th>Total group savings</th>
<th>Total Loan Fund (cash)</th>
<th>Individual share</th>
<th>Individual share rounded down</th>
<th>Signature</th>
</tr>
</thead>
<tbody>
<tr>
<td>Irene Akinyi</td>
<td>9,800</td>
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<td>12,740</td>
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<td>6,500</td>
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<td>Maureen</td>
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<tr>
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<td>Christine</td>
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<tr>
<td>Josephat Gwedi</td>
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<td>Henry</td>
</tr>
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<td>George Charo</td>
<td>5,150</td>
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</tr>
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<tr>
<td>Michael Onyancha</td>
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<td>31,200</td>
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<td>Michael</td>
</tr>
<tr>
<td>Albert Mwenda</td>
<td>4,950</td>
<td></td>
<td></td>
<td>6,435</td>
<td>6,435</td>
<td>Albert</td>
</tr>
<tr>
<td>David Cheriot</td>
<td>4,900</td>
<td></td>
<td></td>
<td>6,370</td>
<td>6,370</td>
<td>David</td>
</tr>
<tr>
<td><strong>Totals:</strong></td>
<td><strong>143,200</strong></td>
<td><strong>186,160</strong></td>
<td><strong>186,150</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Chairperson Signature:** ____________________
**Moneycounter Signature:** ____________________
**Secretary Signature:** ____________________
**Treasurer Signature:** ____________________

### Looking back: Financial analysis

18. **Financial analysis.** The end of the cycle is a good time for members to reflect on:

- **What to do with their money.** They may decide to spend it on something, or invest all or part of it in the next savings cycle.

- **What increased the amount they received at the end.** Interest payments and fines make the total grow. The group can earn more if it lends out more of its loan fund and ensures that members repay on time, with interest.

- **Why some people got bigger payouts than others.** Bigger savers get bigger shares of the total. Individual members can earn more profit if they save more.

One of the reasons groups have a maximum savings amount is to prevent someone from saving a lot in the last few weeks of the cycle, so increasing their share even though their savings did not contribute to the loans earlier in the cycle.
Members may wish to reinvest part of their savings and profit in the next cycle

Looking back: The group

19. **Group membership and rules.** The group should also reflect on what worked well and what did not. As one cycle ends and a new one begins, it is a good time for transitions.

- Members who do not want to continue can **leave the group**.
- **New members** can join the group. They may be attracted when they see members get a lump sum at the share-out. If the group wants to attract new members, it can invite friends and neighbors to join them in the share-out celebration. But remember that the group must stay a reasonable size. If a lot of people want to join, a new group should be started.
- The group should review and make any changes needed to their **constitution**. They should especially look at the lending and savings rules based on their experience from the cycle that has just ended.
- The group should hold **elections** to the management committee.
Starting a new operating cycle

20. **Next cycle.** At the end of the cycle, the group should decide on the next operating cycle.

- **Should there be a next cycle?** Most groups want to continue!
- **When should members invest for the next cycle?** They may choose to reinvest their funds on the day of the share-out and put the money back in the cashbox. Or they can pay in a lump sum at the first meeting of the next cycle.
- **How much can each member invest to begin the next cycle?** If they start off with a larger sum (say, up to five times the minimum savings amount), there will be more money in the loan fund to lend out early in the next cycle. The lending can get off to a faster start. The members do not have to all invest the same amount.

Starting a new ledger book

Needed: New **ledger book**, with **register, social fund ledger, savings ledger** and **cashbook**.

21. **New ledger book.** The secretary starts a new ledger book for the new cycle. You may have to help him or her prepare the ledger book (see Lesson B7). The secretary creates a new **register** with the names of the members who wish to continue, and leaving extra lines for new members.

22. **Initial social fund investment.** In the new ledger book, the secretary notes the amount carried over to the social fund at the bottom of the first column of the **social fund register** (under “social fund balance”)

23. **Initial loan fund investments.** In the new ledger book, the secretary creates a new **register** and records each member’s investments in the **savings ledger** as the “initial savings balance”. The secretary, money counter, and treasurer should follow the same process of collecting money as for the regular savings contribution. New members will make their first savings contributions at the first meeting of the new cycle. For now, the secretary will note that their initial balance is 0.
24. **Cashbook.** The total amount is recorded in the **cashbook** as “member investment” in the “cash in” column.

- **Amount carried over from the previous cycle’s loan fund.**
- **Total of the members’ initial investment (from the savings ledger).**
- **New balance.**

**Initial entries in the new cashbook**
Meeting close

Needed: the social fund ledger, the cashbook, the cashbox, and the keys.

25. Initial investments. If the group is carrying any cash balance forward to the next cycle in the social fund or loan fund, the money counter and the treasurer count and announce the balances. The secretary confirms that the balances announced match the amounts in the cashbook and group records. Any differences should be resolved to the satisfaction of the members before finishing. The chairperson asks the members to remember the balances for the next meeting.

26. Closing the cashbox. Secretary puts the ledger book in the cashbox, together with the social fund and loan fund (in their own bags). The key holders lock the cashbox, and the treasurer takes the locked cashbox.

The next cycle

As SILC groups gain experience, they may wish to add to their activities. Some possibilities:

- **Bank account.** They may wish to open an account with a bank, a microfinance institution or a mobile phone company, to keep part of their money.

- **Special-purpose funds.** They may decide to open special funds, like the social fund, for specific purposes – such as for education or group expenses.

- **Physical assets.** They may want to invest in physical assets such as livestock, grain, furniture, equipment or buildings. For example, they may decide to buy grain at harvest time when the price is low, and store it until the price goes up. They can then sell at a profit.

- **Borrowing money.** The group may need to borrow money, for example to invest in a business. Or it may act as a conduit to borrow money from a microfinance institution to lend out to individual members.

All these things are for stable, experienced groups. A new group should not try to do them.

Paying for your services

This manual has described how to set up, train and support SILC groups as part of a donor-supported project. But donor support ends, and projects close down. What happens when this happens?

The formation and training of SILC groups is a valuable service that demands considerable skills. There is a high demand for this service in many areas, and many people are willing to pay for it.

In CRS’s approach, field agents eventually become private service providers who continue to set up and support SILC groups. They do this on their own (without any support from CRS), as part of a network of other service providers. They fund themselves by charging their clients (the SILC groups) for their services.

After the end of your training, you should charge all groups for your services. And when you help start new groups, you should make it clear that they will have to pay for your training and support from the start.
You must agree with the group beforehand the details of this payment. Do they need your services? Are they willing to pay for them? How much will it cost? How often will they pay you?

You must charge a fee that is low enough for the groups to afford, but is high enough to pay for your time and effort.

When you have gained enough experience, you can consider training apprentices to help you and to support new groups.

See the CRS guide *Private service provider implementation manual* for more details.

**That’s it!**

You have now guided a group through the entire process of establishing a SILC and running the first cycle of savings, loans and share-out. Congratulate the group members on their success.

Congratulate yourself too. You have learned how to set up, train and support SILC groups. In the process, you have learned a good deal of community organizing and financial management. These are valuable skills that you can use in the future. Good luck!
Quiz for Lesson B11

1. True or false? It is OK to give out social fund loans at the share-out meeting.
   A. True
   B. False
   Correct answer: B. Since there will be no more meetings at which to repay such loans, groups should disburse grants from the social fund only.

2. If a member has a debt outstanding with the group at the time of share-out, the group should first:
   A. Ask the member to repay the debt within a few months.
   B. Use the member’s savings to clear the debt, thereby reducing their part of the share-out.
   C. Go the member’s home and confiscate assets worth as much as the debt.
   D. Ask the member’s friends or relatives help them pay the debt.
   Correct answer: B. The savings is like collateral that should be applied to cancel debt before anything else.

3. True or false? It is never a good idea to share out the money remaining in the social fund.
   A. True
   B. False
   Correct answer: B. Members always have the option to share out the remaining funds.

4. Each member’s share of the group’s profits depends on:
   A. Whether they held a leadership position in the group.
   B. How much they saved over the cycle.
   C. Whether they plan to continue with the group the next cycle.
   D. How many other members they brought into the group.
   Correct answer: B. None of the other factors are considered in the calculation.

5. What is the correct way to calculate the amount of money each person gets at the share-out?
   A. The amount each person has saved, multiplied by the interest rate.
   B. The amount each person has saved, multiplied by the loan fund total, divided by the total group savings.
   C. The total group savings divided by the number of people in the group.
D. The loan fund total divided by the number of people in the group.
Correct answer: B. This looks complicated, but it is the fairest way to share out the group’s money.

6. Which of the following typically occurs between first and second cycle?
Select all that apply.
   A. Some members decide to leave the group.
   B. New members want to join the group.
   C. Amendments to the constitution are made.
   D. Management committee elections take place.
Correct answer: A, B, C, D.
Field Exercise B11. Share-out meeting
This is the last meeting in the cycle. It guides the group through sharing out the contents of the loan fund – their accumulated savings plus profit. After this, the group can start a new savings and lending cycle.

To be ready for the share-out, the group should schedule its last social fund and savings transactions before the share-out meeting. If it decides to save or conduct social fund transactions at the share-out meeting, it should not disburse any loans (it may pay out social fund grants).

The group should also ensure all members have repaid their loans and cleared any outstanding fines. If they have not, the group uses a member’s savings to clear his or her debts. That will reduce the member’s individual savings total.

If the group wishes to continue for a new cycle, it may need a new ledger book. If necessary, help the secretary prepare one (see Lesson B7).

Objectives
This session will enable the participants to:

- Decide what to do with their remaining social fund.
- Request the secretary to calculate member savings and earnings.
- Receive their savings and earnings for the cycle.
- Analyze the cycle’s financial performance.
- Decide when and how to analyze their completed cycle.

Equipment needed
- Share-out form, calculator.

Expected outputs
- Money paid into the social and loan funds, and recorded in the ledger book.

Time required
2 hours

Suggested procedure

Session objectives (5 minutes)
1 Explain today’s objectives: the members will decide what to do with the remaining social fund money, calculate and receive their earnings for the cycle, and look back on the whole cycle.

Meeting opening (5 minutes)
2 Make sure the group begins by taking attendance and verifying the balances in both the social fund and loan fund. Any differences must be resolved before continuing the meeting.

Social fund carry-over to the next cycle (20 minutes)
3 Ask the following questions. If someone gives an incorrect answer, let the group agree on the correct answer.
- How much money is there currently in the social fund?
- What did you use the social fund for?
- What is the largest amount paid out in one meeting (for one or several requests)?
- Were there times when there wasn’t enough money in the social fund to satisfy all valid demands? What did you do in those situations?

4. Ask small groups to discuss how much of the social fund should be kept over for the next cycle? Why? Considerations: If the group shares out all of the social fund, it might not be able to help members in the first few weeks or months of the new cycle. To avoid this, many groups keep a reasonable amount in the social fund. Any money not kept in the social fund will be shared out equally among members.

5. Help the chairperson to facilitate a presentation by all groups and to arrive at a consensus.

6. If the group keeps a portion of the social fund for the next cycle, have the money counter and treasurer count and put that amount back in the social fund bag. Then ask the money counter and treasurer to count the money that is not being carried over, and put it in a bowl. Ask the secretary to calculate how much goes to each person (the total in the bowl, divided by the number of members). Round down the amount for each member if there is not enough small change (put any remainder back in the social fund to carry over to the next cycle). Invite the treasurer and money counter to give each member his or her share. Get the secretary to record the share-out and carry-over in the social fund ledger.

**Calculate members’ savings and earnings (30 minutes)**

7. Show the share-out form to the members and explain that it will be used to calculate how much money each member will receive. Give the secretary the share-out form and ask him/her to write each member’s name in the first column. Ask the secretary to read out from the savings register the amount saved by each member during the cycle, and to write it in the share-out form’s “savings” column. Note: If a member had not cleared his or her debts, and savings were used to clear the debts, the member’s savings will be reduced.

8. Ask the secretary to calculate and announce the total amount of group savings for the cycle, and write it twice on the share-out form: in the “totals” line of the savings column, and below the “÷” sign in the “total group savings” column.

9. Ask the money counter and the treasurer to count and announce the total amount in the loan fund. Ask the secretary to write the amount below the “X” sign in the “total loan fund (cash)” column.

10. Show the secretary how to calculate, announce and record each member’s individual share, using a calculator. The formula is: Individual share = Individual savings, divided by Total group savings, multiplied by Loan fund cash.

11. Circulate the completed share-out form among the members, showing them how the calculation was done. Explain that each member has saved a certain proportion of the total group savings, and that proportion will be applied to the total loan fund cash.

12. Explain that it is not possible to pay out the exact amounts calculated because there are not enough small coins. Ask the group to agree on how to round down the amounts, for
example to the closest 5 or 10 shillings. This means that each member will forego at most 4 or 9 shillings.

13 Show the secretary how to round down every member’s share-out, and record the amount in the “individual share – rounded down” column. Have the secretary calculate and record the total for that column, to confirm it is not more than the available loan fund cash.

14 Ask the secretary to read out each member’s name, how much they saved during the cycle, and how much they are getting as their individual share-out (rounded down). Ask the treasurer to give each member their share-out money. Each member should count their money, and sign the share-out form to confirm receipt. After all have got their money, ask the chairperson, secretary, money counter and treasurer to sign the share-out form.

15 Ask the money counter and treasurer to count and announce how much money is left in the loan fund. Facilitate a group discussion on how to use the money.

Financial analysis of the completed cycle (25 minutes)
16 Ask the members these questions:
   • Why did they get back more money than they had saved during the cycle? The “extra” money is profit from interest on loans, fines, and other income.
   • Why did some members earn more than others? [The group’s total profit is divided in proportion to member savings. Members who saved more got more profit.]
   • What can you do in the next cycle to increase your profit? [The group can earn more profit if it lends out more of its loan fund, and ensures members repay on time, with interest. Individual members can earn more profit if they save more.]

Evaluation of the cycle just completed (10 minutes)
17 Invite small discussion groups to reflect on the cycle they have just completed. Ask these questions: What went well during the cycle? What did not go well? What could the group do differently next time? Do they wish to continue in a new cycle?

Planning the next cycle (20 minutes)
18 Ask the small groups to discuss the next cycle. When should they start investing for this cycle? Why? How much can each member invest to begin the second cycle? Considerations: If members do not invest to start the second cycle, there will be little money in the first few weeks for making loans. The beginning of the cycle is the one time when some members can invest more than 5 times the minimum savings. Members can either reinvest today and keep the money in the cashbox, or at the first meeting in the next cycle.

19 Help the chairperson facilitate a discussion so that the group reaches a consensus.

20 If some members are reinvesting for the second cycle, get the secretary to record their individual investments in a new ledger book as “initial savings balance” in the savings register, and the total amount in the cashbook as “member investment” in the cash in column.

21 If the group is carrying any cash balance forward to next cycle (social fund or loan fund), have the money counter and treasurer count and announce the balances. The secretary
confirms that the amounts tally with her/his records. Any differences should be resolved to the satisfaction of the members before finishing. The chairperson asks the members to remember the balances for the next meeting. The key holders lock the cashbox, and the treasurer takes the locked cashbox.

22 If they wish to continue in a new cycle, invite the group to discuss details. What changes should be made? When can new members join? Would they like you to help them? **Considerations:** The management committee should be elected at the beginning of each cycle. Some members can leave the SILC, and new members can join. Remind the group that if they need your assistance, they will have to pay for it.

23 Help the chairperson to facilitate a discussion and come to consensus.

**Meeting close (5 minutes)**

24 Congratulate the group members on successfully completing their first cycle. Wish them the best for the next one.
Section C: Group monitoring

This third and final section of the guide presents two tools to monitor groups:

- **Document J: The SILC group monitoring form**
- **Document K: The SILC health diagnosis form.**

**SILC group monitoring form**

Field agents must fill out this form (**Document K**) every month for each group they are supporting. Collect the data at a group meeting in collaboration with the group secretary.

Some of the information comes from observations or from questioning members; the rest can be copied from the ledger book.

See the second page of the form for explanations of the information to collect.

The data are entered into a database that allows program managers to track program performance, and provide feedback to field agents on their own performance.

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**Health diagnosis form**

After a SILC group has been established and the members trained, the field agent continues to monitor and support it. The group moves through three phases (see **Lesson A2** for details):

- **An intensive phase** of about 3 months, when the field agent attends all the weekly meetings.
- **A development phase** of another 3 months, when the agent attends meetings every other week.
- **A maturity phase**, for the remainder of the first cycle, when the agent attends only the monthly loan meetings.

To determine whether a group is ready to move from one phase to the next, the field agent should fill out a SILC health diagnosis form (**Document K**).

If the group scores highly, the field agent can reduce the frequency of monitoring and support visits. If it scores low, the form helps identify areas where the field agents need to provide more support.
### Document J: Group monitoring form

Fill this form out at each monthly group meeting

**Name of agent:** ________________________  **Supervisor:** ________________________

**Period:** ________________________

<table>
<thead>
<tr>
<th>Commentary</th>
<th>N° of the member</th>
<th>Value of loans outstanding</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2</td>
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<tr>
<td></td>
<td>3</td>
<td>1</td>
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<td>4</td>
<td>2</td>
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<td>5</td>
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<td>26</td>
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<td>29</td>
<td>27</td>
</tr>
<tr>
<td></td>
<td>30</td>
<td>28</td>
</tr>
</tbody>
</table>

**Row 17** (value of loans outstanding) + **Row 19** (loan fund cash in box and at bank) + **Row 22** (property now)
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>B</td>
<td>Row 15 (savings) + Row 21 (property at start of cycle) + Row 23 (debts)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>A – B =</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

If result (A-B) is negative, check the data. If it’s still negative, find out what has happened to the missing money.

Options for 27: N. No services provided in quarter 1. Services provided for free (no money, no goods, no labor) 2. Regular payment (every meeting, every month, etc.) 3. Fee for services 4. Payment at share-out

### Explanation of items in Document K

<table>
<thead>
<tr>
<th></th>
<th>Description</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Name of group</td>
<td>The name of the group given by its members</td>
</tr>
<tr>
<td>2</td>
<td>Group number</td>
<td>The number assigned to the group by the field agent or the program. It must be unique</td>
</tr>
<tr>
<td>3</td>
<td>Linkage to external savings</td>
<td>Whether or not the group is saving with a regulated financial institution such as a bank or post office or mobile money</td>
</tr>
<tr>
<td>4</td>
<td>Linkage to external credit</td>
<td>Whether or not the group is borrowing from a regulated financial institution such as a bank or microfinance institution or person</td>
</tr>
<tr>
<td>5</td>
<td>Date of first training meeting</td>
<td>The date that the group was first trained in order to save and lend. This might be before or on the date that it first started to save</td>
</tr>
<tr>
<td>6</td>
<td>Date savings started this cycle</td>
<td>The date that the group started to save in the current cycle. This is not the date that the group was created.</td>
</tr>
<tr>
<td>7</td>
<td>Group trained by</td>
<td>Describe what your title was when you did your first training for this group: field agent, private service provider or apprentice</td>
</tr>
<tr>
<td>8</td>
<td>Members at start of cycle</td>
<td>The number of group members when it started its savings and credit activities during the current cycle.</td>
</tr>
<tr>
<td>9</td>
<td>Date of data collection</td>
<td>The date on which the data on this form were collected</td>
</tr>
<tr>
<td>10</td>
<td>Registered members at time of visit</td>
<td>The number of people that members consider to be members of the group. This is not just the number of people at the meeting (some may be absent). This is the sum of registered men and women</td>
</tr>
<tr>
<td>11</td>
<td>Registered men at time of visit</td>
<td>The number of men who are considered by the other members to be members of the group. Not just those who are present</td>
</tr>
<tr>
<td>12</td>
<td>Registered women at time of visit</td>
<td>The number of women who are considered by the other members to be members of the group. Not just those who are present</td>
</tr>
<tr>
<td>13</td>
<td>No. of members attending meeting</td>
<td>The number of members who are present during the meeting at which the data was collected</td>
</tr>
<tr>
<td>14</td>
<td>Dropouts since start of cycle</td>
<td>The number of members who have left the group for any reason (e.g., death, moving, personal reasons, being thrown out for failure to pay a debt etc.) since the start of the current cycle.</td>
</tr>
<tr>
<td>15</td>
<td>Value of savings this cycle</td>
<td>This applies only to the current cycle. Record the amount of shares/savings in the savings ledger and subtract any that have been cancelled. Do NOT include interest paid or fines</td>
</tr>
<tr>
<td>16</td>
<td>No. of loans outstanding</td>
<td>The number of loans with any balance remaining unpaid (whether on-time or late)</td>
</tr>
<tr>
<td>17</td>
<td>Value of loans outstanding</td>
<td>The total of all balances of loans outstanding remaining unpaid.</td>
</tr>
<tr>
<td>18</td>
<td>Write-off since start of cycle</td>
<td>The amount of any loan that the group has decided is uncollectible. This will be a cumulative figure for the cycle.</td>
</tr>
<tr>
<td>19</td>
<td>Loan fund cash in box &amp; at bank</td>
<td>The amount of any cash in the loan fund bag in the box, plus any money allocated to the loan fund that is deposited in any type of financial institution or stored by a group on a mobile phone</td>
</tr>
<tr>
<td>20</td>
<td>Cash in other funds</td>
<td>Cash in all other types of funds (social fund, education, expenses, etc.) held in the box or deposited to any type of financial institution. It should not include any money that belongs to the loan fund.</td>
</tr>
<tr>
<td>21</td>
<td>Property at start of cycle</td>
<td>The purchase price of physical assets (livestock, grain, furniture, equipment, buildings, etc.) which the group owned before the start of the current cycle, before it started its current-cycle savings</td>
</tr>
<tr>
<td>22</td>
<td>Property now</td>
<td>The purchase price of physical assets that the group owns at the time of collecting these data.</td>
</tr>
<tr>
<td>23</td>
<td>Debts</td>
<td>The total value of any money owed to anyone (individual or institution) by the group.</td>
</tr>
<tr>
<td>24</td>
<td>Village</td>
<td>The name of the village where the group meetings happen.</td>
</tr>
</tbody>
</table>

You should know. Fixed for this cycle.
<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>25</td>
<td><strong>Cycle</strong></td>
<td>Record the current cycle (1, 2, 3, etc.)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Ask the members. Fixed for this cycle</td>
</tr>
<tr>
<td>26</td>
<td><strong>Group payment to agent</strong></td>
<td>Record the amount of cash (<em>convert goods to cash</em>) received from the group as payment for services this quarter.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>You should know.</td>
</tr>
<tr>
<td>27</td>
<td><strong>Payment arrangement</strong></td>
<td>Select the payment for the private service from the list provided</td>
</tr>
<tr>
<td></td>
<td></td>
<td>You should know.</td>
</tr>
<tr>
<td>28</td>
<td><strong>Group monitored by apprentice</strong> <em>(write name)</em></td>
<td>Write the name of the apprentice who monitored the group</td>
</tr>
<tr>
<td></td>
<td></td>
<td>You should know.</td>
</tr>
</tbody>
</table>
## Document K: SILC health diagnosis form

<table>
<thead>
<tr>
<th>Issue</th>
<th>For 3 points</th>
<th>For 2 points</th>
<th>For 1 point</th>
<th>No points</th>
<th>Points earned</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. <strong>Attendance</strong>: How many members attended the meeting?</td>
<td>Almost all members</td>
<td>Most members</td>
<td>Around one half</td>
<td>Less than one half</td>
<td></td>
</tr>
<tr>
<td>2. How many members <strong>arrived late</strong>?</td>
<td>None</td>
<td>Less than 2</td>
<td>5 or less</td>
<td>More than 5</td>
<td></td>
</tr>
<tr>
<td>3. Did the <strong>chairperson, secretary, and both money counters</strong> perform their duties well?</td>
<td>Yes, all 4 acted very well</td>
<td>3 did, but not all</td>
<td>Only 2 did well.</td>
<td>All or 3 need improvement.</td>
<td></td>
</tr>
<tr>
<td>4. Were <strong>fines paid</strong> following the constitution? (on the day of the meeting or previous meetings too-inquire from the group and ledger book)</td>
<td>Yes for all fines categories.</td>
<td>Yes for some fines categories</td>
<td>Not consistent with Fines.</td>
<td>Never have charged Fines.</td>
<td></td>
</tr>
<tr>
<td>5. Did the SILC members participate in the <strong>discussions</strong> on loans or group policy?</td>
<td>All members were participating.</td>
<td>Several participated but not all.</td>
<td>Only a few participated.</td>
<td>Only chairperson &amp; secretary talked</td>
<td></td>
</tr>
<tr>
<td>6. Were <strong>meeting procedures</strong> followed: including balance verification, paying social funds &amp; savings, repayment &amp; taking new loans, announcements?</td>
<td>Yes, all items followed.</td>
<td>All but one item not followed.</td>
<td>Two items were not followed.</td>
<td>Three or more items not followed.</td>
<td></td>
</tr>
<tr>
<td>7. How many members <strong>regularly save</strong> since the start of the cycle?</td>
<td>Almost all members</td>
<td>Most members</td>
<td>Around one half</td>
<td>Less than one half</td>
<td></td>
</tr>
<tr>
<td>8. Is the <strong>cashbook</strong> up to date and equal the amount in the box?</td>
<td>Current &amp; equals amt in box.</td>
<td>Not current, but would equal amt in box.</td>
<td>Very little difference to amount in box.</td>
<td>Not current and does not equal amt. in box</td>
<td></td>
</tr>
<tr>
<td>9. Is the <strong>loan ledger</strong> correct for: 1. Loan entry (including interest &amp; signature), 2. repayment &amp; comments, 3. loan rollover and 4. Totals?</td>
<td>Yes, it is almost perfect.</td>
<td>3 parts are complete with few mistakes.</td>
<td>Two are incomplete, 2 need improvement.</td>
<td>Only one of the four sections are complete.</td>
<td></td>
</tr>
<tr>
<td>10. Did the secretary <strong>announce</strong> cash, social fund, loans outstanding &amp; net worth at the end of the meeting?</td>
<td>Yes, all items</td>
<td>Cash, social fund, but not loans</td>
<td>Only one amount announced</td>
<td>No Announcement</td>
<td></td>
</tr>
</tbody>
</table>

**Condition**: Good health = 21 to 30, Uncertain health = 11 to 20, Sick = 0 to 10

Total points:

Observations & recommendations:

(Continue on back if necessary)

<table>
<thead>
<tr>
<th>Signature of secretary:</th>
<th>Signature of chairperson:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Signature of field agent:</td>
</tr>
</tbody>
</table>
Practice for Section C
For each of the two forms in this section, make three copies and fill them out completely using dummy data that you make up. Make sure that all calculations are correct, and include your (imagined) recommendations for each group on the health diagnosis form, based on the number of points the group has scored.
Resource materials

Documents used in the lessons and field exercises


Vanmeenen, Guy, 2011. Minimum requirements for SILC project design and implementation.

Additional resources

